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

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF
THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____
Commission File Number 1-11414

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

(Exact name of Registrant as specified in its charter)

FOREIGN TRADE BANK OF LATIN AMERICA, INC.

(Translation of Registrant's name into English)

REPUBLIC OF PANAMA

(Jurisdiction of incorporation or organization)

**Torre V, Business Park
Avenida La Rotonda, Urb. Costa del Este
P.O. Box 0819-08730
Panama City, Republic of Panama
*(Address of principal executive offices)***

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P.O. Box 0819-08730
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

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

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

None

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

None

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

6,342,189	Shares of Class A Common Stock
2,089,075	Shares of Class B Common Stock
28,108,597	Shares of Class E Common Stock
0	Shares of Class F Common Stock
36,539,861	Total Shares of Common Stock

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

Yes No

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

Yes No

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

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

Yes No

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

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer
 Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

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In this Annual Report on Form 20-F, or this Annual Report, references to the “Bank” or “Bladex” are to Banco Latinoamericano de Comercio Exterior, S.A., a specialized multinational bank incorporated under the laws of the Republic of Panama (“Panama”), and its consolidated subsidiaries described in Item 4.A “Information on the Company – History and Development of the Company.” References to Bladex’s consolidated financial statements (the “Consolidated 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 loans at amortized cost, gross of 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 securities at fair value through other comprehensive income (“FVOCI”) and securities at amortized cost, gross of interest receivable and the allowance for expected credit losses. References to “U.S. dollars” or “\$” are to United States (“U.S.”) dollars. References to the “Region” are to Latin America and the Caribbean. The Bank accepts deposits and raises funds principally in U.S. dollars, grants loans mostly in U.S. dollars and publishes its Consolidated Financial Statements in U.S. dollars. The numbers and percentages set forth in this Annual Report have been rounded and, accordingly, may not total exactly.

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Mr. Carlos Daniel Raad, Chief Investor Relations Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Raad at +507 366-4925 ext. 7925. Written requests may also be sent via e-mail to Mr. Raad at draad@bladex.com or ir@bladex.com.

Summary of Risk Factors

The Bank’s business, results of operations, financial conditions and cash flows are subject to, and could be materially adversely affected by, a number of risks and uncertainties, including risks relating to the nature of the Bank’s business as a financial institution and its operations in the Region. The following list summarizes some, but not all, of these risks. Please read the information in the section entitled “Risk Factors” for a more thorough description of these and other risks.

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.
- Defaults by one or more financial institutions could adversely affect financial markets generally and the Bank specifically.
- 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 in 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.
- Reforms to and replacement of interbank offered rates (“IBORs”) and certain other rates or indices may adversely affect the Bank’s business, financial condition and results of operations.

- SOFR differs from former London Interbank Offered Rate (“LIBOR”) in a number of material respects and has a limited history.
- The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR.
- Inflation and corresponding increases in market interest rates may adversely affect the value of the Bank’s financial instruments.
- 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.
- Operational problems or errors can 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.
- The Bank’s hedging strategy may not be able to prevent losses.
- 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.
- 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, the Bank’s 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.
- Expansion and/or enforcement of U.S. economic or financial sanctions, requirements or trade embargoes could have a material adverse effect on the Bank.
- Changes in applicable law and regulation may have a material adverse effect on the Bank.
- Any failure by the Bank to maintain effective internal control over financial reporting may adversely affect investor confidence and, as a result, the value of investments in the Bank’s securities.
- 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.
- The loss of senior management, or the Bank’s ability to attract and maintain key personnel, could have a material adverse effect on it.
- 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.
- 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.

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.
- The Bank's mission is focused on supporting trade and regional 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 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.
- 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.
- 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.
- Climatic and natural phenomena such as tropical storms, floods, mudslides and earthquakes may adversely affect lending volume and the quality of the Loan Portfolio.

Forward-Looking Statements

In addition to historical information, this Annual Report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements may appear throughout this Annual Report. The Bank uses words such as "believe," "intend," "expect," "anticipate," "plan," "may," "will," "should," "estimate," "potential," "project" and similar expressions to identify forward-looking statements. Such statements include, among others, those concerning the Bank's expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors or events that could cause actual results to differ materially from these forward-looking statements include the risks described in the section titled "Risk Factors." Factors or events that could cause the Bank's actual results to differ may emerge from time to time, and it is not possible for the Bank to predict all such factors or results. The Bank undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law or regulation. Forward-looking statements include statements regarding:

- 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 inflationary pressures, fluctuations in employment, disruption of supply chains, 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 the wider conflict in the Middle East, the Russian-Ukrainian conflict and 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") on the Bank's financial condition;
- the risks related to the discontinuation of other reference rates, and the related replacement of those rates with other reference rates available in the market, such as the Secured Overnight Financing Rate ("SOFR"), including increased expenses, litigation and the effectiveness of hedging strategies, the execution of the Bank's strategies and initiatives, including its revenue diversification strategy;
- 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;
- credit and other risks of lending and investment activities; and
- the Bank's ability to sustain or improve its operating performance.

In addition, the statements included under the headings “Item 4.B. Business Overview—Strategies for 2024 and Subsequent Years” and “Item 5.D. Trend Information” are forward-looking statements. Given the risks and uncertainties surrounding forward-looking statements, undue reliance should not be placed on these statements. Many of these factors are beyond the Bank’s ability to control or predict. The Bank’s forward-looking statements speak only as of the date of this Annual Report. Other than as required by law, the Bank undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not required in this Annual Report.

Item 2. Offer Statistics and Expected Timetable

Not required in this Annual Report.

Item 3. Key Information

A. Reserved

B. Capitalization and Indebtedness

Not required in this Annual Report.

C. Reasons for the Offer and Use of Proceeds

Not required in this Annual Report.

D. Risk Factors

The Bank's business, results of operations, financial conditions and cash flows are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause the Bank's actual results to vary materially from recent results or anticipated future results. Investors should consider, among other things, all of the information set out in this Annual Report and particularly the risk factors with respect to Bladex and the Region in which Bladex operates. In general, investing in financial instruments of issuers in emerging market countries such as Panama involves a higher degree of risk than investing in financial instruments of U.S. and European issuers. Additional risks and uncertainties not presently known to the Bank or that its management currently deems immaterial may also impair the Bank's business operations.

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 trade policies or international trade disputes, significant inflationary or deflationary price changes, disruptions in one or more concentrated economic sectors, the current or anticipated impact of climate change, acute and/or chronic extreme weather events or natural disasters, 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 a high inflation 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. 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, and could result in elevated unemployment, which could impact investor risk appetite, potentially increasing delinquency rates. It is also possible that high inflation may limit the scope of monetary support, including cuts to the federal funds rate, in the event of an economic downturn, resulting 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. Escalation of tensions between the United States and the People's Republic of China (China) could lead to further U.S. 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. 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 EU, the UK 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. In addition, it is estimated that more than one million people have been displaced inside Ukraine and many of those displaced have sought refuge in Poland and other neighboring countries, and as the conflict continues these numbers may increase. 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, including the recent direct attack by Iran on Israel, has recently 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 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. While in most jurisdictions in the Region the pandemic-related governmental measures related to the COVID-19 pandemic have been reversed, resurgence of any other pandemic or variants of COVID-19, ineffectiveness of vaccines and continuance or imposition of new pandemic control measures may result in additional adverse effects on the regional and global economy negatively affecting the Bank's results of operations and financial condition. Should inflationary pressures or other adverse global market conditions persist, or should the emergence of new variants of COVID-19 or any other pandemic lead to additional economic or market disruptions, we may experience increased client defaults, continued and increasing credit and valuation losses in our Credit Portfolio, loan commitments and other assets, and impairments of other financial assets. These factors and other consequences of pandemics or epidemics, including the COVID-19 pandemic, 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. 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 such as the COVID-19 pandemic, 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 December 31, 2023, 39% of the Bank’s total deposits represented deposits from central banks or their designees (i.e., the Bank’s Class A shareholders), 30% of the Bank’s deposits represented deposits from private sector commercial banks, brokers and financial institutions, 25% of the Bank’s deposits represented deposits from state-owned and private, corporations and international organizations, and 6% of the Bank’s deposits represented deposits from state-owned banks. 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 the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the Russia-Ukraine war and the remaining impact of the COVID-19 pandemic, which in turn could have a material adverse effect on the Bank's financial condition, results of operations and cash flows.

The Bank's businesses are subject to market risk 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 the ongoing effects of the ongoing conflict between Israel, Hamas and Iran and the wider conflict in the Middle East, the Russia-Ukraine war and the remaining impact of the COVID-19 pandemic, 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.

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 December 31, 2023, the Bank's Commercial Portfolio increased 11% to \$8,521 million, from \$7,706 million as of December 31, 2022, due to higher lending origination year-over-year and expansion of both client and product base as a result of a strong demand due to increased economic activity, trade flows and commodity prices in the Region. Increases in the Bank's lending activity led to corresponding increases in the Bank's funding activities as well as an increase in provisions for credit losses. As a result, in 2023 the Bank focused its increased lending origination on portfolio diversification and an increase in cross-selling initiatives, preserving the high quality of borrowers.

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 certain other 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 expected cessation of Bloomberg Short-Term Bank Yield Index and the expected replacement of the Equilibrium Interest Rate (or TIE) in Mexico in 2025), could expose the Bank to various financial, operational, supervisory, conduct and legal risk.

Use of ARR 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. ARR 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 ARR 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 ARR 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 ARR 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 ARR 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 ARR 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.

SOFR differs from LIBOR in a number of material respects and has a limited history.

Compounded Daily SOFR differs from LIBOR in a number of material respects, including that Compounded Daily SOFR is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SOFR may behave materially differently as interest reference rates for the Bank’s securities. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to LIBOR which is an unsecured rate. For example, since publication of SOFR began on April 3, 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SOFR in its current form began in April 2018 and therefore has a limited history. The future performance of SOFR may therefore be difficult to predict based on the limited historical performance. The level of SOFR during the term of the Bank’s securities may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR such as correlations, may change in the future.

The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR.

The New York Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. In addition, the

administrator may alter, discontinue or suspend calculation or dissemination of SOFR. The administrator has no obligation to consider the interests of any of the Bank's debt holders when calculating, adjusting, converting, revising or discontinuing SOFR.

Inflation and corresponding increases in market interest rates may adversely affect the value of the Bank's financial instruments.

Although the nominal interest rate used to calculate interest payments on the Bank's debt securities may not be linked to a consumer price index or to other inflation measures, the real return an investor will receive may be affected by external factors such as inflation, taxes or investment costs. In particular, rising prices inevitably reduce the purchasing power of the interest payments that investors will receive. Investment in any financial instrument with a fixed rate component involves the risk that if market interest rates increase above the interest rate paid on such instruments from time to time, this may adversely affect their market value, as the return realized may then be less than the return an investor could realize from another equivalent investment at the relevant time. In this way, movements in market interest rates can adversely affect the price of the Bank's debt instruments and, in turn, could result in losses to investors who sell such debt instruments prior to maturity.

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.

In addition, originally in response to the COVID-19 pandemic, 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 EU, the UK 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, the Bank's 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 and as of the date of this annual report continues to be included in such 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. 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. Further, during 2017, the EU 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 EU 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, the Bank’s 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 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 2024, 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, 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 15.4% as of December 31, 2023. In addition, as of December 31, 2023, 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 its 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.

Any failure by the Bank to maintain effective internal control over financial reporting may adversely affect investor confidence and, as a result, the value of investments in the Bank's 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 Securities and Exchange Commission (“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.

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.

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. 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 already facing the remaining economic challenges of the COVID-19 pandemic. 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 changes, including the persistent effects of the COVID-19 pandemic, 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, 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.

Adverse changes affecting the economies in the Region could have a significant adverse impact on the quality of the Bank's credit exposures, including increased allowance for losses, debt restructurings and loan losses. In turn, these effects could also have an adverse impact on the Bank's asset growth, asset quality, prospects, profitability and financial condition.

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 December 31, 2023, 49% of the Bank's Credit Portfolio was outstanding to borrowers in the following five countries: Brazil (\$1,124 million, or 12%), Colombia (\$1,030 million, or 11%), Mexico (\$984 million, or 10%), Guatemala (\$804 million, or 8%), and Dominican Republic (\$800 million, or 8%).

In addition, as of December 31, 2023, of the Bank's total Credit Portfolio balances, 6% were to five borrowers in Colombia, 6% were to five borrowers in Guatemala, 5% were to five borrowers in Dominican Republic, 5% were to five borrowers in Brazil 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 share price.

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 and aluminum. The United States, the UK, the EU, Canada and other countries have also imposed various sanctions and trade restrictions on Chinese individuals and companies. In response, China has also imposed tariffs against certain American products.

Additionally, the United States, UK, EU, 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 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, the related effects of the COVID-19 pandemic, increasing inflationary pressures alongside other factors, continuing to disrupt supply chains in several industries globally and in the Region. It remains to be seen how supply chains will continue to be impacted by new variants or localized COVID-19 outbreaks. The mismatch between supply and demand has pushed up 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, 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 2023. The early and 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, have contributed to a decline in headline inflation. Core inflation has also started to ease, as price pressures are becoming less generalized, although it remains elevated amid strong labor markets and positive output gaps in some countries. Despite easing global inflation, the leading developed economies have not reduced interest rates. As a result, financing costs were high throughout the year and are expected to remain so 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 2023 as a result of a number of factors, including lower food and energy prices resulting from monetary policy tightening, there is considerable uncertainty around the pace and scope of inflation reduction in the Region. Tighter labor markets, wage pressures, and a history of backward indexation continue to create uncertainty around inflation reduction, as do the potential effects of El Niño conditions which could disrupt agricultural output in the Region. The recent reversal of subsidies and tax cuts that had been introduced in 2022 also continues to weigh on inflation reduction efforts. 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 December 31, 2023, \$1,331 million, or 18% of the Bank's Loan Portfolio was comprised of oil/gas related loans, and \$239 million, or 3% of the Bank's Loan Portfolio was comprised of agribusiness loans. 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, diseases such as COVID-19, war such as the conflict between Israel, Hamas and Iran and the wider conflict in the Middle East or the war in Ukraine 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. 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.

Item 4. Information on the Company

A. History and Development of the Company

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.

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 Panama.

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, and its telephone number is +507 210-8500.

The New York Agency, which began operations on March 27, 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 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."

The following is a description of the Bank's subsidiaries:

- 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 representative office 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.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. ("BLX Solutions") was incorporated under the laws of Mexico on June 13, 2014 and suspended its operations on July 28, 2021. Bladex Head Office owns 99.9% of BLX Solutions and Bladex Development owns the remaining 0.1%. BLX Solutions specialized in offering financial leasing and other financial products, such as loans and factoring.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Information is also available on the Bank's website at: <http://www.bladex.com>

B. Business Overview

Overview

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

Bladex participates in the financial and capital markets throughout the Region, through two business segments.

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. The array of products and services include the origination of bilateral short- and medium-term loans, structured and syndicated credits, loan commitments and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers' liabilities under acceptances. The majority of the Bank's short-term loans are extended in connection with specifically identified foreign trade transactions. Through its revenue diversification strategy, the Bank's Commercial Business Segment has introduced a broader range of products, services and solutions associated with foreign trade, including co-financing arrangements, underwriting of syndicated credit facilities, structured trade financing (in the form of factoring and vendor financing) and financial leasing.

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 (international scale credit rating), , and financial instruments related to the Bank's 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 and which consist mainly of deposits, short- and long-term borrowings and debt.

Historically, trade finance has been afforded favorable treatment in the context of debt restructurings of Latin American borrowers. This has been, in part, due to the perceived importance that governments and other borrowers in the Region have attributed to maintaining access to trade finance. The Bank believes that, in the past, the combination of its focus on trade finance and the composition of its Class A shareholders has been instrumental in obtaining certain exceptions regarding U.S. dollar convertibility and transfer limitations imposed on the servicing of external obligations, or preferred creditor status. Although the Bank maintains both its focus on trade finance and its Class A shareholders' participations, it cannot guarantee that such exceptions will be granted in future debt restructurings.

As of December 31, 2023, the Bank had 93 employees, or 35% of its total employees, across its offices responsible for marketing the Bank's financial products and services to existing and potential new customers.

Recent Developments

The risks of a global recession in 2023 moderated as the year progressed, with an economic soft landing scenario becoming more likely as the year went on. The weak and even negative growth projections made during the first part of the year underwent recurring upward revisions as 2023 progressed. Despite the intensification and resurgence of some geopolitical conflicts, activity proved resilient, with positive development both in terms of demand and supply. According to information published by the International Monetary Fund ("IMF") in January 2024, the global economy grew by 3.1% in 2023.

In the United States and several major emerging market and developing economies, economic growth estimates were stronger than expected in the second half of 2023. In several cases, government and private spending contributed to the upswing, with real disposable income gains supporting consumption amid labor markets that remained tight and households drawing down on their accumulated pandemic-era savings. A supply-side expansion also took hold, with a broad-based increase in labor force participation, the resolution of certain pandemic-era supply chain problems, including declining delivery times. However, this positive momentum was not felt everywhere, with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment.

The Region experienced a significant economic slowdown in 2023, with growth of only 2.5% based on IMF estimates. This slowdown occurred in the context of high inflation, restrictive monetary conditions, weak global trade and adverse weather

events. Although these Regional results lagged behind overall global performance, they do reflect the Region's resilience to the volatility in the global context, which was characterized by recurring increases in interest rates in advanced economies and geopolitical factors.

Despite these difficulties, growth in Brazil and Mexico exceeded previous forecasts. Brazil's positive performance was due to the fact that agricultural production was higher than expected, private consumption was stronger and exports increased in the first three quarters of the year. Similarly, Mexico recorded higher-than-expected growth in both private consumption and investment.

In contrast, growth was weaker than expected in other large Regional economies, including Argentina, Colombia, and Peru, with recent business surveys pointing to weakening confidence and manufacturing activity. Inflation in the Region has generally continued to ease in 2023, with Argentina being an important exception. Headline consumer price inflation has recently fallen close to the targets of most central banks, in part reflecting moderating energy prices. The deceleration in core inflation in most of the Region likely reflects the results of early monetary tightening measures initiated in 2021. As a result, real interest rates have risen over the past year as inflation has fallen, also highlighting the will of the majority of central banks in the Region that opted for a restrictive monetary policy, in order to contain inflationary pressure and anchor their expectations, weighing the risks that it would generate on consumption. and investment.

However, higher interest rates have weighed on the cost of servicing debt, increasing the imperative for fiscal consolidation. The pace of fiscal adjustment has depended on several factors, including the level of public debt, the impact of commodity prices on public finances, in which South American commodity exporters have an advantage over Central American and Caribbean commodity importers, and the governments' political will to implement austerity or consolidation measures. Taking into account these various factors, concerns about solvency persisted in countries such as Argentina, Bolivia, Ecuador and El Salvador.

Terms-of-trade developments have continued to vary across the Region. Energy exporters have continued to benefit from high fossil fuel prices, while slowing external growth, particularly in China, has weighed on metal prices and the export earnings of metal producers. Agricultural commodity prices remain elevated compared to the pre-pandemic period. However, differing climatic conditions have seen some exporters benefit more than others, as conditions have been favorable for Brazil's soy bean harvest, compared to a reduction in Argentine grain production due to the extended drought.

Environmental, Social and Governance (ESG)

The Bank's Commitment to ESG

The Bank's Board and Executive Committee 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 has 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 perceives the implementation of ESG practices as an opportunity to make its risk management processes more robust and identify new areas of growth within its business. While the Bank does not seek to decrease the number of financing sources available to it or seek to limit financing of certain sectors, it does expect to integrate ESG considerations into its business in order to drive value for its shareholders and the communities in which it operates.

In 2023, the Bank commenced the implementation of the ESG strategy, previously crafted in collaboration with ESG consultants during 2022. This initiative aimed to define a sustainability and ESG strategy that is linked to, and delivers on, the Bank's purpose and business strategy. Through this work, the Bank outlined the foundational policies and processes and a clear roadmap to start institutionalizing the sustainability and ESG program at Bladex. The proposed steps were designed in accordance with best practices, in alignment with both industry recognized standards as well as the Bank's corporate strategy.

This project with the consultant seeks to address banking requirements in accordance with market standards, regulatory mandates, and alignment with the Bank's corporate strategy. The project encompasses key elements such as defining relevant topics, establishing robust risk methodologies, exploring sustainable products for our clients, and implementing effective measurement and disclosure strategies for carbon footprint. the Bank's focus extends beyond regulatory compliance to

proactively aligning with market expectations, solidifying the Bank's commitment to transparent and sustainable banking practices.

Bladex is committed to transparently reporting ongoing progress to its stakeholders. The Bank has been a member of the U.N. Global Compact since 2011 and publishes an annual report on its corporate social responsibility efforts on its website <https://www.bladex.com/en/sustainability>.

Governance

Oversight of ESG

As an overseer of risk and a steward of long-term shareholder value, the Bank's Board has the ultimate responsibility for the oversight of ESG-related risks and opportunities that impact the Bank's business. During 2023, the Compliance, Anti-Money Laundering and Sustainability Committee provided primary oversight of the Bank's ESG initiatives and programs. This Committee is best positioned to oversee ESG due to the expertise and make up of its directors, and the existing strong focus on governance and compliance topics that are critical to the Bank's business. Other Committees also play a relevant role and receive regular updates on ESG progress and goals.

ESG strategy, policies, and reporting are managed by an ESG Working Group, chaired by the Bank's CEO as the executive sponsor. The working group consists of cross departmental leaders in the Bank's organization including risk, strategic planning, communications, finance, legal, and investor relations. This group will further work with subject matter experts to ensure implementation of work streams and to collect data and information for reporting purposes.

Enterprise Risk Management

The Risk Policy and Assessment Committee (the "CPER", for its acronym in Spanish) is responsible for reviewing all policies related to prudent enterprise risk management. The CPER Committee also reviews and assesses exposures to the risks facing the business, including ESG risk factors such as business continuity, cybersecurity, and climate-related risks. The CPER Committee performs its duties based on reports received regularly from management and through its interactions with the Enterprise Risk Management area and other members of the Bank's management. The risk management team at Bladex is responsible for ensuring there are proper policies and procedures in place for escalation in the event of an emergency or other event that can disrupt business practices.

Business Ethics

The Bank's Code of Ethics outlines its business ethics and compliance expectations and applies to all Directors, officers and employees. The Code of Ethics requires that each individual should endeavor to deal fairly, honestly and constructively with governmental and regulatory bodies, customers, and suppliers and prohibits any individual's taking unfair advantage through manipulation, concealment, abuse of privileged information or misrepresentation of material facts. Furthermore, it imposes an express duty on all Directors, officers and employees to act in the best interest of the Bank.

All Directors, officers and employees of the Bank are required to avoid any situation that might cause a conflict of interest. Any issues should be promptly reported using the Bladex Ethics Line. Information about how to submit a report or complaint is communicated in annual training to all Bladex employees, and available on the Bank's website.

The Code of Ethics also imposes additional requirements with respect to the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President - Accountant, including an obligation to adhere to high ethical business standards and to be sensitive about situations that could result in actual or apparent conflicts of interest. Any violation of the Code of Ethics constitutes grounds for disciplinary action, including dismissal and possible legal action. In situations involving one of the above mentioned executives, where the appearance or the potential of a conflict of interest is involved, but where the executive does not believe that a significant conflict of interest exists, the executive is required to obtain approval from the Audit Committee before getting involved in that situation.

Directors, officers and employees must avoid any transaction, investment, interest or association that competes with the Bank's business for personal gain and must abstain from misappropriating the Bank's corporate opportunities, through the use of the Bank's information or through the use of such person's position at the Bank. Directors, officers and employees

must refrain from buying or selling the Bank's shares or securities based on confidential or privileged information of material importance to the Bank and its business.

ESG in Credit Risk Analysis

The Bank aims to manage its business for the long term while providing value for its clients and shareholders by considering ESG issues in its processes for managing and governing risk across its financial services and investments. During 2021, Bladex developed a Social and Environmental Risk Policy based on the IFC's and other recognized entities' frameworks which allows the integration of environmental and social issues in the Bank's risk assessment considerations and determinations. The Bank assigned an Environmental and Social Rating to its portfolio and started the process to review and identify existing companies with robust, publicly available ESG information. During 2023, the Bank completed the evaluation of its entire portfolio, focusing mainly on high risk clients. For 2024, the Bank aims to retain the services of a consulting firm for measuring the carbon footprint of the Bank's Commercial Portfolio, as well as defining the potential exposure of the Bank's clients to climate risk.

Social

Human Capital Management

The Bank considers human capital the backbone for all its business activities and, as such, employees' well-being is the basis for meeting the Bank's objectives. The Bank's human capital strategy is underpinned by an unwavering engagement to its values of commitment, humility, excellence, respect and integrity. The Bank takes a holistic approach that evaluates the full employee experience, from recruitment, selection and onboarding, to benefits, training and professional development, engagement and volunteering.

The Bank employees' performance evaluation has two components: a corporate performance, measured through the Bank's net income, and an individual performance, measured by the employee's contribution to the Bank's objectives, for which we have established Balance Scorecards, Commercial Scorecards and Functional Scorecards. All of these determine employees' variable compensation. For top management and certain other executive positions, a relevant portion of variable compensation in the form of Restricted Stock Unit's deferred for a period of three years.

We have positioned Bladex as an attractive company for employees to build a career. Most of the Bank's vacancies or new positions are offered internally prioritizing the professional growth of our employees. We equip them with tools, resources and opportunities designed to build critical skills and enhance their career path within our organization. We request employee feedback on a regular basis and are continuously evolving and adapting to meet the changing needs of the organization. In addition, since the pandemic we have maintained the possibility of a hybrid model to work from home when necessary. Furthermore, to address employee wellness, we sponsor the participation of employees in sports events, offer a wellness application with pre-ordered exercise lessons and provide activities such as coffee chats, an internal social network, and a calendar of events to keep employees connected and engaged.

We ensure full compliance with health and safety standards and undergo comprehensive internal audit processes to meet any gaps in our management system. We maintain a wellness program based on six key pillars focused on employee's physical, mental, financial, environmental, nutritional, and social health.

Diversity, Equity, and Inclusion

Diversity is among the factors considered by the Board's Nomination, Compensation and Operations Committee when evaluating candidates for positions on the Bank's Board of Directors. The Nomination, Compensation and Operations Committee generally views and values diversity from the perspective of professional and life experiences and recognizes that diversity in professional and life experiences may include considerations of gender, race, national origin or other characteristics that can contribute to the Bank's strategic vision and mission. Gender diversity has been strengthened by having four female Directors on the ten-member Board of Directors, with the recent appointment of Mrs. Tarciana Paula Gomes Medeiros as Director representing Class A shareholders since April 17, 2024 and the appointment of Mrs. Angelica Ruiz Celis as Class E Director since March 30, 2023. Moreover, the fact that seven different nationalities are represented on the ten-member Board of Directors reflects the importance placed on diversity by the Board of Directors.

The presence of different nationalities and cultures among our employees enhances the Bank’s brand and makes it an attractive employer for talent acquisition. Having a multicultural work environment is one of the Bank’s main strengths which facilitates business management across the Region. The Bank’s goal is to have all employees, regardless of their race, ethnicity, religion, age, gender, national origin, or other characteristics, feel valued, respected and accepted for their unique characteristics and contributions to the Bank.

The Bank has in place a Diversity, Equity and Inclusion Policy (the "Diversity Policy") defining roles and responsibilities aiming to promote in all the Bank's operations an environment of respect and protection that recognizes the value of diversity. The Diversity Policy recognizes meritocracy as the key component driving the professional development of each employee within the Bank.

As of April 16, 2024	Alexandra M. Aguirre	Ricardo Manuel Arango	Silvina Batakis	Isela Costantini	Mario Covo	José Alberto Garzón	Miguel Heras Castro	Roland Host	Fausto de Andrade Ribeiro	Angélica Ruiz
Knowledge and Skills										
Corporate Governance	•	•		•		•			•	
Public Board Experience	•	•		•	•	•	•	•	•	
Executive Management Experience		•	•	•		•		•	•	•
Financial Expertise		•			•	•	•	•	•	
Legal	•	•				•			•	
Government / Regulatory Experience		•	•			•	•	•	•	
Risk Management		•			•	•	•	•	•	
International	•	•		•	•		•	•	•	•
ESG	•			•		•				
Gender										
Male		•			•	•	•	•	•	
Female	•		•	•						•
Race / Ethnicity										
African or Black										
Alaskan Native or American Indian										
Asian										
Hispanic or Latin	•	•	•	•	•	•	•	•	•	•
Native Hawaiian or Pacific Islander										
White	•	•	•	•	•	•	•	•	•	•
LGBTQ										

Community Giving

Fundación Crece Latinoamérica – Gonzalo Menéndez Duque (the “Foundation”) is the Bank’s strategic social investment vehicle that contributes to sustainable development in the Region at the community level. In partnership with non-profit organizations and with the support of the Bank's corporate volunteers the Foundation has played an important role promoting positive social and environmental impact during 2023. The Bank focuses its efforts mainly on educational and environmental initiatives. On the educational front, the Bank has supported underprivileged schools, acting as benefactors of school canteens, implementing infrastructure improvements, and providing scholarships for higher education. On the environmental front, the Bank has established partnerships with institutions to promote environmental awareness in the community, actively promoting recycling. As a result, in 2023 Bladex participated in the reconstruction of a rural bridge using recycled plastic, and actively promoting recycling. For more information, please visit our Corporate Social Responsibility website: <https://www.bladex.com/en/sustainability>.

Environment

Climate Risk

Multiple events have rapidly increased the attention paid to the financial services sector's role in climate change. As evolving political, regulatory, and market conditions incentivize and accelerate the transition to a low-carbon economy, the Bank plans to actively monitor the channels through which physical and transition risks must be identified, assessed, and mitigated. The Bank recognizes that a variety of climate-related financial risks may manifest over a long duration, as well as the possibility that events or developments could drive a more immediate impact. The Bank is conducting an initial assessment of the most likely transmission channels for climate risk and then it will further build capabilities to assess, monitor, and respond to the potential short-term and longer-term horizon risks posed by climate change.

The Bank has determined not to finance certain operations due their potential negative impact on the environment. These include production of or trade of ozone depleting substances, trade in wildlife or wildlife products, commercial logging operations or equipment, and production on pesticides and herbicides subject to international restrictions or bans.

Environmental Stewardship

The Bank's operational footprint is relatively small, however, the Bank still takes initiatives to reduce the negative environmental impact in areas where it has some degree of control to do so. The Bank maintains a paper-free culture that promotes reduced consumption of paper and ink. The Bank's headquarters in Panama is LEED certified since 2013 and is built for optimal energy efficiency. The Bank practices recycling on-site, including e-waste which is collected, recycles, and properly disposed by a certified third party.

Strategies for 2024 and Subsequent Years

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 "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 Bank's management with key performance indicators linked to the results of the plan and a variable individual compensation linked to the success of the projects related thereto, are concrete steps that the Bank has taken which aim to ensure the successful implementation of the medium-term Strategic Plan. 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.

Optimization of 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 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 effectiveness of the optimization phase of the Strategic Plan has allowed the Bank to both significantly grow the Bank's customer base in strategic markets and also increase lending margins through an efficient pricing policy on an expanded client base.

The expansion phase of the Strategic Plan will be focused on broadening the Bank's product offering. 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 aims 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 is in the initial phase of a vendor selection processes for its treasury software, and 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, by committing significant human and financial resources to modernize its technological infrastructure, the Bank intends to support the business strategy and boost its performance on new digital platforms, which management believes will increase and streamline its processing capacity and enhance the client-focus services and experience. 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, while focusing on business scaling.

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 Risk Policy and Assessment Committee (the "CPER", for its acronym in Spanish) of the Bank's Board of Directors (the "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 December 31, 2023, the Bank's legal lending limit prescribed by Panamanian law for corporations and sovereign borrowers amounted to \$301 million, and for financial institutions and financial groups amounted to \$361 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 December 31, 2023, 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) gross loans at amortized cost excluding interest receivable, allowance for loan losses, unearned interest and deferred fees (collectively, 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 securities at FVOCI and securities at amortized cost, gross of interest receivable and the allowance for expected credit losses.

As of December 31, 2023, the Credit Portfolio amounted to \$9,532 million, compared to \$8,726 million as of December 31, 2022 and \$7,365 million as of December 31, 2021. The \$806 million, or 9% increase during 2023 compared to 2022 was largely attributable to the Bank's higher lending origination and the growth of the Bank's client base, as new client onboarding and sustained cross-selling efforts delivered increased business volumes.

Commercial Portfolio

The Bank’s Commercial Portfolio amounted to \$8,521 million as of December 31, 2023, compared to \$7,706 million as of December 31, 2022, and \$6,540 million as of December 31, 2021. The \$815 million, or 11% increase during 2023 compared to 2022, resulted from the Bank’s 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 December 31, 2023, 69% of the Bank’s Commercial Portfolio remaining-term profile was scheduled to mature within one year, compared to 72% as of December 31, 2022 and 75% as of December 31, 2021, 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%, and 46%, respectively, of the Bank’s Commercial Portfolio, while trade-related finance transactions represented 66%, 60% and 64%, respectively, of the Bank’s short-term origination. See “Description of Business of Bladex—Business Activities—Loan Portfolio.”

As of December 31, 2023, the exposure of the Commercial Portfolio’s 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 38% of the total Commercial Portfolio, and corporations represented 62% of the total Commercial Portfolio, of which 36% and 64% 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, 2023, except for certain sectors such as oil/gas (downstream) at 8%, food and beverage, electric power and oil/gas (integrated), each at 7%, and metal manufacturing at 6%, of the Commercial Portfolio as of December 31, 2023.

Geographically, 41% of the Commercial Portfolio remained distributed in investment grade countries as of December 31, 2023, an increase of 2% from December 31, 2022. On a country-risk basis, Brazil continued to represent the largest country-risk exposure at 13% of the total Commercial Portfolio, followed by Colombia at 12%, Mexico at 11%, and Guatemala, the Dominican Republic and Peru, each at 9% 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.

The following table sets forth the distribution of the Bank’s Commercial Portfolio by product category as of December 31 of each year:

	As of December 31,			
	2023	%	2022	%
	(in \$ millions, except percentages)			
Loans at amortized cost	\$ 7,196	84.4	\$ 6,763	87.8
Loan commitments and financial guarantee contracts	1,064	12.5	779	10.1
Customers’ liabilities under acceptances	261	3.1	164	2.1
Total	\$ 8,521	100.0	\$ 7,706	100.0

Loan Portfolio

As of December 31, 2023, the Bank’s Loan Portfolio totaled \$7,196 million, compared to \$6,763 million as of December 31, 2022 and \$5,735 million as of December 31, 2021. The \$433 million, or 6% Loan Portfolio increase during 2023 was mainly attributable to higher lending origination during the year, as the Bank focused on expanding its customer and product bases with new client onboarding and cross-selling efforts. As of December 31, 2023, the Loan Portfolio had an average remaining maturity term of 424 days, and 56% of the Bank’s Loan Portfolio was scheduled to mature within one year, compared to an average remaining maturity of 398 days, or 59% maturing within one year as of December 31, 2022, and 372 days, or 59% maturing within one year as of December 31, 2021.

As of December 31, 2023, the Bank’s credit-impaired loans totaled \$10 million (or 0.14% of the Loan Portfolio), compared to \$30 million (or 0.45% of the Loan Portfolio) as of December 31, 2022 and \$11 million (or 0.18% of the Loan Portfolio) as of December 31, 2021. Credit-impaired loans decreased in 2023 mainly due to the write-off taken by the Bank in 2023 of a single credit-impaired exposure to a non-bank financial intermediary classified as Stage 3 (under accounting standard IFRS 9) in 2022. As of December 31, 2023, \$10 million in credit-impaired loans were related to a single credit in the retail trade sector, which resulted in individually assigned allowances for credit losses of \$6.9 million, representing 68% of the notional exposure.

Loans classified as Stage 1 under IFRS 9, with credit conditions unchanged since origination, increased by 4% during 2023, as a result of the Loan Portfolio growth during the year, while loans classified as Stage 2 under IFRS 9, which represent loan

exposures whose credit conditions have deteriorated since origination, increased by 211% year-over-year, representing 4% of total Loan Portfolio as of December 31, 2023.

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,					
	2023	% of Total Loans	2022	% of Total Loans	2021	% of Total Loans
	(in \$ millions, except percentages)					
Argentina	\$ 52	0.7	\$ 56	0.8	\$ 74	1.3
Belgium	14	0.2	25	0.4	17	0.3
Bolivia	0	0.0	0	0.0	3	0.1
Brazil	1,009	14.0	980	14.5	1,102	19.2
Canada	23	0.3	0	0.0	0	0.0
Chile	455	6.3	417	6.2	625	10.9
Colombia	939	13.0	702	10.4	795	13.9
Costa Rica	285	4.0	261	3.9	181	3.2
Dominican Republic	637	8.9	580	8.6	275	4.8
Ecuador	191	2.7	111	1.6	38	0.7
El Salvador	83	1.2	30	0.4	73	1.3
France	27	0.4	127	1.9	179	3.1
Guatemala	704	9.8	746	11.0	432	7.5
Honduras	222	3.1	176	2.6	32	0.6
Hong Kong	15	0.2	3	0.0	18	0.3
Jamaica	102	1.4	14	0.2	5	0.1
Japan	12	0.2	15	0.2	0	0.0
Luxembourg	90	1.3	115	1.7	118	2.1
Mexico	838	11.6	823	12.2	727	12.7
Panama	374	5.2	533	7.9	203	3.5
Paraguay	187	2.6	151	2.2	99	1.7
Peru	536	7.4	479	7.1	344	6.0
Singapore	146	2.0	152	2.2	58	1.0
Trinidad & Tobago	133	1.8	129	1.9	141	2.4
United Kingdom	37	0.5	51	0.8	42	0.7
United States of America	74	1.0	53	0.8	19	0.3
Uruguay	11	0.2	34	0.5	135	2.3
Total	\$ 7,196	100.0	\$ 6,763	100.0	\$ 5,735	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, 2023, the Bank’s combined Loan Portfolio associated with European country risk represented \$168 million, or 2.4% of the total Loan Portfolio, compared to \$318 million, or 4.7% of the total Loan Portfolio as of December 31, 2022 and \$357 million, or 6.2% as of December 31, 2021.

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,					
	2023	% of Total Loans	2022	% of Total Loans	2021	% of Total Loans
	(in \$ millions, except percentages)					
Private sector commercial banks and financial institutions	\$ 2,248	31.2	\$ 2,245	33.2	\$ 2,124	37.0
State-owned commercial banks	465	6.5	720	10.7	568	9.9
State-owned organizations	1,205	16.7	1,116	16.5	1,085	18.9
Private corporations	3,192	44.4	2,553	37.7	1,934	33.8
Sovereign	86	1.2	129	1.9	24	0.4
Total	\$ 7,196	100.0	\$ 6,763	100.0	\$ 5,735	100.0

As of December 31, 2023, the Bank’s Loan Portfolio industry exposure mainly included: (i) 38% in the financial institutions sector; (ii) 23% in the industrial sector, mostly comprised of food and beverage (7%), electric power (5%), metal manufacturing (5%), other manufacturing industries (2%), plastic and packaging (1%), petrochemical (1%), miscellaneous manufacturing (1%), and paper (1%); and (iii) 19% in the oil/gas sector, which in turn was divided into downstream (10%), integrated (7%) and upstream (2%). No other industry sector exceeded 7% 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, 2023, by type of rate and type of borrower:

	As of December 31, 2023			
	(in \$ millions)			
	Due in one year or less	Due after one year through five years	Due after five years	Total
FIXED RATE				
Private sector commercial banks and financial institutions	\$ 1,173	\$ 0	\$ 0	\$ 1,173
State-owned commercial banks	401	0	0	401
State-owned organizations	656	49	0	705
Private corporations	1,393	67	4	1,464
Sovereign	31	55	0	86
Subtotal	\$ 3,654	\$ 171	\$ 4	\$ 3,829
FLOATING RATE				
Private sector commercial banks and financial institutions	\$ 405	\$ 640	30	\$ 1,075
State-owned commercial banks	55	9	0	64
State-owned organizations	47	412	40	499
Private corporations	573	1,133	23	1,729
Sovereign	0	0	0	0
Subtotal	\$ 1,080	\$ 2,194	\$ 93	\$ 3,367
Total	\$ 4,734	\$ 2,365	\$ 97	\$ 7,196

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.

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 \$1,064 million, or 12% of the total Commercial Portfolio, as of December 31, 2023, compared to \$779 million, or 10% of the total Commercial Portfolio, as of December 31, 2022 and \$604 million, or 9% of the total Commercial Portfolio, as of December 31, 2021. Confirmed and stand-by letters of credit, and guarantees covering commercial risk represented 79% of the total loan commitments and financial guarantee contracts as of December 31, 2023, compared to 84% and 80%, as of December 31, 2022 and 2021, respectively

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,					
	2023		2022		2021	
	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	\$ 4	0.4	\$ 4	0.5	\$ 3	0.5
Brazil	84	7.9	55	7.0	0	0.0
Canada	25	2.3	0	0.0	0	0.0
Chile	16	1.5	45	5.8	42	6.9
Colombia	68	6.3	54	7.0	51	8.4
Costa Rica	52	4.9	56	7.2	83	13.7
Denmark	0	0.0	12	1.5	0	0.0
Dominican Republic	158	14.9	21	2.7	17	2.7
Ecuador	164	15.4	196	25.1	128	21.2
El Salvador	0	0.0	0	0.0	5	0.9
France	51	4.8	67	8.6	48	7.9
Germany	15	1.4	10	1.3	7	1.2
Guatemala	98	9.2	55	7.0	58	9.6
Honduras	1	0.1	4	0.5	18	3.0
Mexico	84	7.9	69	8.9	4	0.7
Netherlands	1	0.1	0	0.0	0	0.0
Panama	28	2.7	19	2.5	67	11.1
Paraguay	0	0.0	3	0.4	9	1.6
Peru	106	10.0	81	10.4	39	6.5
Singapore	7	0.7	24	3.1	11	1.8
United States of America	0	0.0	3	0.4	0	0.0

Uruguay	102	9.5	1	0.1	14	2.3
Total loan commitments and financial guarantee contracts	\$ 1,064	100.0	\$ 779	100.0	\$ 604	100.0

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, consisting of 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.

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

	As of December 31,		
	2023	2022	2021
	(in \$ millions)		
Securities at amortized cost	\$ 999	\$ 942	\$ 631
Securities at FVOCI	12	78	194
Investment Portfolio	\$ 1,011	\$ 1,020	\$ 825
Interest receivable	13	12	9
Allowance	(2)	(8)	(2)
Total securities, net	\$ 1,022	\$ 1,024	\$ 832

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 their municipalities.

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,					
	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
	(in \$ millions, except percentages)					
Australia	\$ 5	0.5	\$ 9	0.9	\$ 10	1.2
Brazil	31	3.1	70	6.8	99	12.0
Canada	38	3.8	13	1.3	14	1.7
Chile	79	7.8	113	11.0	106	12.8
Colombia	24	2.3	54	5.3	38	4.6
Costa Rica	8	0.8	10	1.0	2	0.2
Dominican Republic	5	0.5	5	0.5	5	0.6
Germany	15	1.5	0	0.0	0	0.0
Guatemala	0	0.0	0	0.0	3	0.4
Ireland	15	1.5	9	0.9	0	0.0
Israel	5	0.5	5	0.5	5	0.6
Italy	14	1.3	0	0.0	0	0.0
Japan	38	3.8	4	0.4	0	0.0
Mexico	62	6.2	101	10.0	56	6.7
Multilateral Organizations	12	1.2	35	3.4	105	12.8
Norway	10	1.0	0	0.0	0	0.0
Panama	34	3.3	29	2.8	23	2.8

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Peru	31	3.0	61	5.9	64	7.8
South Korea	2	0.3	0	0.0	0	0.0
United Kingdom	43	4.3	0	0.0	0	0.0
United States of America	540	53.3	502	49.3	295	35.8
Total	\$ 1,011	100.0	\$ 1,020	100.0	\$ 825	100.0

As of December 31,

2023		2022		2021	
Amount	%	Amount	%	Amount	%

(in \$ millions, except percentages)

Private sector commercial banks and financial institutions	\$ 312	30.8	\$ 251	24.6	\$ 128	15.5
State-owned commercial banks and financial institutions	47	4.6	85	8.3	181	21.9
Sovereign debt	49	4.9	64	6.3	52	6.3
State-owned organizations	21	2.0	52	5.1	43	5.2
Private corporations	582	57.7	568	55.7	421	51.1
Total	\$ 1,011	100.0	\$ 1,020	100.0	\$ 825	100.0

As of December 31,

2023		2022		2021	
Amount	%	Amount	%	Amount	%

(in \$ millions, except percentages)

In one year or less	\$ 157	15.6	\$ 301	29.5	\$ 178	21.5
After one year through five years	846	83.6	711	69.7	647	78.5
After five years through ten years	8	0.8	8	0.8	0	0.0
Total	\$ 1,011	100.0	\$ 1,020	100.0	\$ 825	100.0

As of December 31, 2023, 2022 and 2021, securities held by the Bank of any single issuer did not exceed 10% of the Bank's equity.

Securities at amortized cost

As of December 31, 2023, 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 investment securities acquired 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 investment securities and \$59 million in proceeds from the sale of investment securities. 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.

As of December 31, 2022, the Bank's securities at amortized cost increased to \$942 million, from \$631 million as of December 31, 2021. The \$311 million, or 49% increase during the year in the securities at amortized cost portfolio was mostly attributable to \$459 million of investment securities acquired in 2022 as part of the strategy 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 \$133 million in proceeds received from the redemption of investment securities. As of December 31, 2022, securities at amortized cost with a carrying value of \$300 million were pledged to secure repurchase transactions accounted for as secured financings.

Securities at FVOCI

As of December 31, 2023, 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 investment securities during 2023, which was partly offset by \$12 million of investment securities acquired 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.

As of December 31, 2022, the Bank’s securities at FVOCI decreased to \$78 million, from \$194 million as of December 31, 2021. The \$116 million decrease during the year in the securities at FVOCI was mainly attributable to \$113 million in proceeds received from redemption of investment securities during 2022. As of December 31, 2022, the Bank’s securities at FVOCI consisted of corporate debt securities classified as HQLA in accordance with the specifications of the Basel Committee.

Total Gross Outstandings by Country

The following table sets forth the aggregate gross amount of the Bank’s cross-border outstandings, consisting of cash and due from banks, interest-bearing deposits in banks, securities at FVOCI, securities and loans at amortized cost, and accrued interest receivable, as of December 31 of each year:

	As of December 31,					
	2023		2022		2021	
	Amount	% of Total Outstandings	Amount	% of Total Outstandings	Amount	% of Total Outstandings
	(in \$ millions, except percentages)					
Argentina	\$ 55	0.5	\$ 58	0.6	\$ 76	1.0
Brazil	1,057	10.2	1,062	11.7	1,207	15.4
Chile	541	5.2	534	5.9	734	9.4
Colombia	982	9.5	764	8.4	836	10.7
Costa Rica	296	2.9	273	3.0	184	2.3
Dominican Republic	657	6.4	591	6.5	281	3.6
Ecuador	196	1.9	112	1.2	38	0.5
France	28	0.3	128	1.4	185	2.4
Guatemala	717	6.9	754	8.3	437	5.6
Honduras	224	2.2	178	2.0	33	0.4
Jamaica	102	1.0	14	0.2	5	0.1
Luxembourg	91	0.9	116	1.3	118	1.5
Mexico	909	8.8	938	10.3	790	10.1
Multilateral Organizations	87	0.8	60	0.7	106	1.4
Panama	419	4.0	579	6.4	234	3.0
Paraguay	189	1.8	154	1.7	98	1.3
Peru	573	5.5	545	6.0	409	5.2
Singapore	147	1.4	153	1.7	58	0.7
Trinidad & Tobago	133	1.3	129	1.4	141	1.8
United States of America	2,528	24.4	1,713	18.8	1,523	19.4
Uruguay	12	0.1	34	0.4	135	1.7
Other countries (1)	415	4.0	207	2.1	207	2.5
Total (2)	\$ 10,358	100.0	\$ 9,096	100.0	\$ 7,835	100.0

(1) “Other countries” consists of cross-border outstandings to countries in which cross-border outstandings did not exceed 1% for any of the periods indicated. “Other countries” in 2023 was comprised of, El Salvador (\$83 million), United Kingdom (\$83 million), Japan (\$66 million), Canada (\$62 million), Germany (\$21 million), Ireland (\$15 million), Hong

Kong (\$15 million), Italy (\$15 million), Belgium (\$14 million), Switzerland (\$14 million), Norway (\$10 million), Spain (\$5 million), Australia (\$5 million), Israel (\$5 million) and South Korea (\$2 million). “Other countries” in 2022 was comprised of, United Kingdom (\$56 million), El Salvador (\$30 million), Belgium (\$25 million), Japan (\$19 million), Switzerland (\$17 million), Canada (\$14 million), Spain (\$13 million), Australia (\$10 million), Ireland (\$10 million), Germany (\$5 million), Israel (\$5 million) and Hong Kong (\$3 million). “Other countries” in 2021 was comprised of El Salvador (\$74 million), United Kingdom (\$43 million), Hong Kong (\$18 million), Belgium (\$18 million), Canada (\$14 million), Australia (\$10 million), Switzerland (\$10 million), Israel (\$5 million), Spain (\$4 million), Netherlands (\$4 million), Japan (\$4 million) and Bolivia (\$3 million).

(2) The outstandings by country does not include loan commitments and financial guarantee contracts, and other assets. See Item 4.B. “Business Overview— Loan Commitments and Financial Guarantee Contracts.”

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

As of December 31, 2023, overall cross border outstandings totaled \$10,358 million, a \$1,262 million, or 14% increase compared to \$9,096 million as of December 31, 2022, mainly as a result of the Bank’s Loan Portfolio growth during the year, as part of the Bank’s commercial initiatives focused on new client onboarding and cross-selling efforts.

As of December 31, 2022, overall cross border outstandings totaled \$9,096 million, a \$1,261 million, or 16% increase compared to \$7,835 million as of December 31, 2021, mainly as a result of the Bank’s Loan Portfolio growth during the year, including Investment Portfolio growth as part of the Bank’s strategy to increase Treasury’s investment management activities to complement the Bank’s commercial initiatives.

Cross-border outstanding exposures in countries outside the Region correspond principally to the Bank’s liquidity placements and secured credits related to transactions carried out in the Region. See Item 5, “Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity.”

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

	As of December 31,		
	2023	2022	2021
	(in \$ millions)		
Private sector commercial banks and financial institutions	\$ 2,675	\$ 2,586	\$ 2,300
State-owned commercial banks and financial institutions	607	844	756
Central banks	1,884	1,145	1,201
Sovereign debt	136	195	76
State-owned organizations	1,240	1,177	1,131
Private corporations	3,816	3,149	2,371
Total	\$ 10,358	\$ 9,096	\$ 7,835

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,		
	2023	2022	2021
	(in \$ millions)		
Argentina	\$ 4.7	\$ 4.7	\$ 5.5
Brazil	25.6	15.1	9.8
Chile	11.3	8.1	3.2
Colombia	32.6	16.2	12.1

Costa Rica	10.4	9.2	7.7
Dominican Republic	20.2	9.3	3.4
Ecuador	15.1	12.6	9.0
El Salvador	2.2	2.3	1.2
Guatemala	24.1	17.0	10.9
Honduras	6.3	6.1	0.8
Jamaica	3.3	2.5	1.6
Mexico	35.4	24.8	17.3
Panama	6.8	6.0	5.9
Paraguay	2.7	2.5	1.5
Peru	20.5	8.7	3.3
Trinidad and Tobago	6.8	6.3	7.2
Uruguay	1.2	1.5	0.5
Other countries (1)	36.9	13.8	3.3
Total revenues	\$ 266.1	\$ 166.7	\$ 104.2

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.

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 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.

During the year ended December 31, 2022, the Bank recorded total revenues of \$166.7 million, representing a \$62.5 million or a 60% increase compared to 2021. 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.

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 Item 3.D., “Key Information–Risk Factors.”

Supervision and Regulation

General

The Superintendent 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”). 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 Superintendent of Banks has signed and executed agreements or letters of understanding with 28 foreign supervisory authorities regarding the sharing of supervisory information under principles of reciprocity, appropriateness, national agreement and confidentiality. These entities include the U.S. Federal Reserve Board, the Federal Reserve Bank, the Office of the Comptroller of the Currency of the Treasury Department, or 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 Superintendent of Banks to the principles of comprehensive and consolidated supervision.

Banks in Panama are subject to the Decree Law 9 of February 26, 1998, as amended, as well as banking regulations issued by the Superintendent 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 Superintendent 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 must at all times maintain: (i) a paid-in capital of no less than U.S.\$10 million and (ii) an adjusted capital of not less than 8% of total risk-weighted assets (Capital Adequacy Ratio). The Superintendent of Banks has the power to impose additional capital adequacy requirements not contemplated above on any financial institution to secure the stability of Panama’s financial system.

Adjusted capital consists of the sum of: (i) primary capital (Tier I Capital), (ii) secondary capital (Tier II 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 of July 2024, banks will be 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 Superintendent of Banks.
- (ii) Additional primary capital includes instruments issued by a bank that comply with the criteria to be classified as ordinary primary capital and that are not classified as ordinary primary capital, issuance premiums from financial instruments considered ordinary primary capital, financial instruments that are held by a third party and are issued by consolidated affiliates of the bank, and any other financial instrument resulting from capital adjustments of ordinary primary capital.
- (iii) Capital Conservation Buffer includes an additional capital buffer of 2.5% 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, (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, and (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).

Dynamic Reserves

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 with 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.

General License Banks are required to maintain a ratio of ordinary primary capital over risk-weighted assets of 4.50% and a capital conservation buffer of ordinary primary capital over risk weighted assets of 2.5%. The Superintendent of Banks has adopted a progressive cumulative application of the capital conservation buffer starting with a minimum of 0.50% by July 1st, 2024, and increasing by 0.75% by July 1st, 2025 and 1.25% by July 1st, 2026. In addition, General License Banks are required to maintain a ratio of primary capital over risk weighted assets of 6.00%.

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. The minimum reserve requirements depend on the classification of the loan as follows: Normal loans 0%; Special Mention loans 2%; Sub-standard loans 15%; Doubtful loans 50%; and Unrecoverable 100%. 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 Superintendent of Banks. In any event, the internal financial models must comply with the aforementioned 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 Superintendent 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 Superintendent 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. The Superintendent of Banks may impose concentration limits and cash requirements, as well as weights per type of liquid assets.

The Superintendent 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 liquidity coverage ratio (“LCR”) established by the Superintendency of Banks. The regulation establishes two bands of ratios that can be applicable to banks in Panama. The Superintendency of Banks determines, according to internal criteria, the band applicable to each bank. The band 1 banks are required to gradually reach a ratio of 50% and the band 2 banks are required to gradually reach a ratio of 100%, each by 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 standards of discretion 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. None of the Chief Executive Officer, 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 must 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.

The Superintendency of Banks has adopted new regulations regarding corporate governance of banks. As of December 2023, Banks will be 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 Financing 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 of Banks.

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, 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.

United States Law

The Bank operates the New York Agency, a New York state-licensed agency in White Plains, New York, and maintains a direct wholly-owned non-banking subsidiary in Delaware, Bladex Holdings, which is not engaged in banking activities.

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 statutes, 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 \$2 million with respect to its total third-party liabilities and such pledge may be up to 1% of the agency's third party liabilities, or upon meeting eligibility criteria, up to a maximum amount of \$100 million. As of December 31, 2022, 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.

Seasonality

The Bank’s business is not materially affected by seasonality.

Raw Materials

The Bank is not dependent on sources or availability of raw materials.

C. Organizational Structure

For information regarding the Bank’s organizational structure, see Item 18, “Financial Statements,” note 1.

D. Property, Plant and Equipment

The Bank leases its headquarters, which comprises 4,187 square meters of office space, located at Business Park - Tower V, Costa del Este, Panama City, Panama. 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.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

This section, which generally discusses the Bank's financial condition and results from operations as of and for the periods ending December 31, 2023, 2022 and 2021, and includes year-on-year comparisons of those results, should be read in conjunction with the Financial Statements and the notes thereto included elsewhere in this Annual Report. See Item 18, “Financial Statements.” The Bank’s consolidated financial position as of December 31, 2021 should be read in conjunction

with the Bank's audited financial statements included in the Bank's Annual Report on Form 20-F for the year ended December 31, 2022, filed with the SEC on April 28, 2023. 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. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. The Bank's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this Annual Report.

The Bank's Consolidated Financial Statements and the financial information discussed below have been prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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.

A. 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 Year Ended December 31,		
	2023	2022	2021
	(in \$ thousands, except per share amounts and percentages)		
Total interest income	\$ 679,260	\$ 332,621	\$ 140,883
Total interest expense	(446,077)	(184,610)	(54,101)
Net interest income	233,183	148,011	86,782
Other income (expense):			
Fees and commissions, net	32,519	19,791	18,298
Loss on financial instruments, net	(45)	(1,410)	(1,296)
Other income, net	462	280	422
Total other income, net	32,936	18,661	17,424
Total revenues	266,119	166,672	104,206
Provision for credit losses	(27,463)	(19,521)	(2,328)
Gain on non-financial assets, net	0	0	742
Operating expenses:			
Salaries and other employee expenses	(47,232)	(34,219)	(21,652)
Depreciation of equipment, improvements to leased property and investment property	(2,280)	(2,154)	(2,749)
Amortization of intangible assets	(814)	(561)	(742)
Other expenses	(22,172)	(18,177)	(14,780)
Total operating expenses	(72,498)	(55,111)	(39,923)
Profit for the year	\$ 166,158	\$ 92,040	\$ 62,697
Basic earnings per share (in US dollars)	\$ 4.55	\$ 2.54	\$ 1.62
Diluted earnings per share (in US dollars)	\$ 4.55	\$ 2.54	\$ 1.62
Weighted average basic shares (in thousands of shares)	36,481	36,304	38,796
Weighted average diluted shares (in thousands of shares)	36,481	36,304	38,796
Return on average total assets ⁽¹⁾	1.69 %	1.03 %	0.93 %
Return on average total equity ⁽²⁾	14.68 %	8.95 %	6.10 %

⁽¹⁾ For the years 2023, 2022 and 2021, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for 2023, 2022 and 2021 is calculated on the basis of daily average balances.

⁽²⁾ For the years 2023, 2022 and 2021, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for 2023, 2022 and 2021 is calculated on the basis of daily average balances.

Profit for the year

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 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 charges 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.

Bladex’s profit for 2022 totaled \$92.0 million, or \$2.54 per share, compared to \$62.7 million, or \$1.62 per share for 2021. The \$29.3 million, or 47% increase in profits was primarily attributable to (i) the \$61.2 million, or 71% increase in net interest income, mainly resulting from the enhancement of lending spreads, the continued positive impact of higher market rates and increased average credit balances and (ii) the \$1.2 million, or 7% increase in total other income mainly derived from the increase in fees and commissions from the Bank’s structuring, syndication and letters of credit business. These combined effects were mostly offset by (i) a \$17.2 million, or 739% increase in provision charges for credit losses, mainly driven by the growth in the Bank’s Credit Portfolio and to individually assessed credit provision allocations on impaired financial instruments classified as Stage 3, and (ii) a \$15.2 million, or 38% increase in operating expenses mostly associated with the Bank’s focus on strengthening its execution capabilities, including new hires resulting in an increased salary base, a new performance-based variable compensation policy implemented in 2022, which closely aligns compensation with strategy implementation and financial performance and returns, along with other expenses related in each case to the implementation of the Bank strategy, including an assessment aimed at improving the Bank’s internal processes and technology.

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 Year Ended December 31,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Net interest income by Business Segment			
Commercial	\$ 203.8	\$ 133.3	\$ 83.8
Treasury	29.4	14.7	3.0
Total Net Interest Income	\$ 233.2	\$ 148.0	\$ 86.8
Net interest margin	2.49 %	1.71 %	1.32 %
Net interest spread	1.84 %	1.39 %	1.15 %

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 table 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 2023 compared to 2022 and 2022 compared to 2021. 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.

	2023 vs. 2022			2022 vs. 2021		
	Volume(*)	Rate(*)	Net Change	Volume(*)	Rate(*)	Net Change
	(in \$ thousands)					
Increase (decrease) in interest income						
Interest bearing deposits with banks	\$ 14,153	\$ 47,633	\$ 61,786	\$ 358	\$ 17,292	\$ 17,650
Investment securities	(1,617)	10,043	8,426	10,191	3,870	14,061
Loans	9,318	267,109	276,427	42,880	117,147	160,027
Total increase (decrease)	\$ 21,854	\$ 324,785	\$ 346,639	\$ 53,429	\$ 138,309	\$ 191,738
(Increase) decrease in interest expense						
Demand deposits	(3,676)	(15,009)	(18,685)	(65)	(5,791)	(5,856)
Time deposits	(11,854)	(120,459)	(132,313)	(105)	(47,236)	(47,341)
Total Deposits	(15,530)	(135,468)	(150,998)	(170)	(53,027)	(53,197)
Securities sold under repurchase agreement and short-term borrowings and debt	7,777	(62,541)	(54,764)	(25,260)	(16,065)	(41,325)
Long-term borrowings and debt, net	(12,909)	(42,796)	(55,705)	(14,534)	(21,452)	(35,986)
Total (increase) decrease	\$ (20,662)	\$ (240,805)	\$ (261,467)	\$ (39,964)	\$ (90,544)	\$ (130,508)
Increase (decrease) in net interest income	\$ 1,192	\$ 83,980	\$ 85,172	\$ 13,465	\$ 47,765	\$ 61,230

(*) 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.

Interest Income Variation

2023 vs. 2022

For the year ended December 31, 2023, the Bank's interest income totaled \$679.3 million, compared to \$332.6 million during the year ended December 31, 2022. The \$346.6 million, or 104% increase in interest income during 2023 was primarily attributable to the combined effect of (i) a \$324.8 million rate-driven increase in interest income for total interest-earning assets which was primarily associated with a 386 basis point increase in average lending rates to 8.19%, attributable to increasing lending spreads and the impact of higher market rates in 2023, and (ii) the \$21.8 million volume-driven increase in interest income associated with the increase of average interest-earning assets balances. Overall, the average interest rate received on interest-earning assets increased to 7.15% in 2023 from 3.78% in 2022.

2022 vs. 2021

For the year ended December 31, 2022, the Bank's interest income totaled \$332.6 million, compared to \$140.9 million during the year ended December 31, 2021. The \$191.7 million, or 136% increase in interest income during 2022 was primarily attributable to the combined effect of (i) \$138.3 million rate-driven increase in interest income for total interest-earning assets mostly associated with a 186 basis point increase in average lending rates to 4.33%, attributable to increasing lending spreads and the impact of higher market rates in 2022, and (ii) the \$53.4 million volume-driven increase in interest income associated with the increase of average interest-earning assets balances.

Interest Expense Variation

2023 vs. 2022

For the year ended December 31, 2023, the Bank recorded an interest expense of \$446.1 million, a \$261.5 million, or 142% annual increase compared to \$184.6 million in 2022. This annual increase was primarily the result of (i) the \$240.8 million rate-driven increase in interest expense for total interest-bearing liabilities, attributable to the impact of higher market rates in 2023 and (ii) the \$20.7 million volume-driven increase in interest expense which was due to the increase in the Bank's

average balance of interest-bearing liabilities in 2023. Overall, the average interest rate paid on interest-bearing liabilities increased to 5.30% in 2023 from 2.39% in 2022.

2022 vs. 2021

For the year ended December 31, 2022, the Bank recorded an interest expense of \$184.6 million, a \$130.5 million, or 241% annual increase compared to \$54.1 million in 2021. This annual increase was primarily the result of (i) the \$90.5 million rate-driven increase in interest expense for total interest-bearing liabilities, attributable to the impact of higher market rates in 2022 and (ii) the \$40.0 million volume-driven increase in interest expense which was due to the increase in the Bank's average balance of interest-bearing liabilities in 2022. Overall, the average interest rate paid on interest-bearing liabilities increased to 2.39% in 2022 from 0.96% in 2021.

Net Interest Income Variation

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.

2022 vs. 2021

For the year ended December 31, 2022, the Bank's net interest income totaled \$148.0 million, compared to \$86.8 million during the year ended December 31, 2021. The \$61.2 million, or 71% increase in net interest income during 2022 was the result of the combined effect of increasing lending spreads and the impact of higher market rates in 2022, which positively impacted net interest income by \$47.8 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 \$13.5 million in 2022 when compared to 2021.

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:

Description	For the Year ended For the Year ended December 31,								
	2023			2022			2021		
	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	\$ 1,584	\$ 80.6	5.02 %	\$ 1,033	\$ 18.8	1.80 %	\$ 831	\$ 1.2	0.14 %
Investment securities ⁽¹⁾	974	32.5	3.28 %	1,039	24.0	2.28 %	566	9.9	1.73 %
Loans	6,816	566.2	8.19 %	6,606	289.8	4.33 %	5,181	129.8	2.47 %
Total interest-earning assets	\$ 9,374	\$ 679.3	7.15 %	\$ 8,678	\$ 332.6	3.78 %	\$ 6,578	\$ 140.9	2.11 %
Allowance for loan losses	(51)			(51)			(41)		
Non-interest-earning and other assets	498			274			176		
Total Assets	\$ 9,821			\$ 8,901			\$ 6,713		
Interest-Bearing Liabilities									
Demand deposits	\$ 505	25.3	4.94 %	\$ 356	6.6	1.82 %	\$ 328	1.0	0.30 %
Time deposits	3,514	191.8	5.38 %	2,997	59.4	1.96 %	2,972	11.9	0.39 %
Deposits ⁽²⁾	4,019	217.1	5.33 %	3,353	66.0	1.94 %	3,300	12.9	0.38 %
Securities sold under repurchase agreements and short-term borrowings and debt	1,893	103.4	5.39 %	2,212	48.1	2.14 %	695	5.9	0.84 %

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Long-term borrowings and debt, net ⁽³⁾	2,383	125.6	5.20 %	2,052	70.5	3.39 %	1,540	35.3	2.26 %
Total interest-bearing liabilities	\$ 8,295	\$ 446.1	5.30 %	\$ 7,617	\$ 184.6	2.39 %	\$ 5,535	\$ 54.1	0.96 %
Non-interest bearing liabilities and other liabilities	394			255			151		
Total Liabilities	\$ 8,689			\$ 7,872			\$ 5,686		
Total equity	1,132			1,029			1,027		
Total Liabilities and Equity	\$ 9,821			\$ 8,901			\$ 6,713		
Net interest spread			1.84 %			1.39 %			1.15 %
Net interest income and net interest margin		\$ 233.2	2.49 %		\$ 148.0	1.71 %		\$ 86.8	1.32 %

(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 3.29%, 2.34% and 1.80%, for 2023, 2022 and 2021, 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.

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 Year Ended December 31,		
	2023	2022	2021
	(in \$ thousands)		
Structured loans	\$ 7,427	\$ 4,926	\$ 4,269
Documentary and standby letters of credit	20,844	14,033	12,120
Other commissions, net	4,248	832	1,909
Fees and commissions, net	\$ 32,519	\$ 19,791	\$ 18,298

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 \$6.8 million, or 49% year-over-year increase in commissions from the Bank's letter of credit business, due to higher economic activity and increased trade flows in Latin America, and (ii) the \$2.5 million year-over-year increase in the Bank's transaction-based structuring and syndication business, as the Bank was able to close four mandated structured transactions during 2023, in a total principal amount of \$1,787 million, compared to seven transactions closed during 2022, in a total principal amount of \$1,232 million. Other commissions, net, which are mostly comprised of the opening and confirmation of credit commitments and guarantee contracts, net of commission expenses, registered a 410% year-over-year increase in 2023.

During the year ended December 31, 2022, fees and commissions totaled \$19.8 million, compared to \$18.3 million for the year ended December 31, 2021. The \$1.5 million, or 8% increase in fees and commissions was mainly attributable to: (i) a \$1.9 million, or 16% year-over-year increase in commissions from the Bank's letter of credit business, due to higher economic activity and increased trade flows in Latin America, and (ii) the \$0.7 million year-over-year increase in the Bank's transaction-based structuring and syndication business, as the Bank was able to close seven mandated structured transactions during 2022, for a total principal amount of \$1,232 million, compared to four transactions closed during 2021, for a total principal amount of \$629 million. Other commissions, net, which are mostly comprised of the opening and confirmation of credit commitments and guarantee contracts, net of commission expenses, registered a 56% year-over-year decrease in 2022.

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 Year Ended December 31,		
	2023	2022	2021
	(in \$ thousands)		
Gain (loss) on derivative financial instruments and foreign currency change, net	\$ 3,813	\$ (1,920)	\$ (1,870)
Realized gain on financial instruments at fair value through profit or loss	0	510	0
(Loss) gain on sale of financial instruments at amortized cost	(3,858)	0	333
Unrealized gain on financial instruments at fair value through profit or loss	0	0	227
Realized gain on financial instruments at FVOCI	0	0	14
Loss on financial instruments, net	\$ (45)	\$ (1,410)	\$ (1,296)

During the year ended December 31, 2023, the Bank recorded a net loss on financial instruments of \$0.05 million, compared to a net loss on financial instruments of \$1.4 million for the year ended December 31, 2022, and a net loss on financial instruments of \$1.3 million for the year ended December 31, 2021. The \$0.05 million loss on financial instruments during 2023 was mainly attributable to a \$3.9 million loss generated from the sale of financial instruments at amortized cost, compensated by a \$3.8 million gain 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 short-and long-term *certificados bursatiles* program in Mexico (the “Mexico Program”).

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 at amortized cost corresponds to income derived from the Bank’s selected loan sales. During the years ended in December 31, 2023, 2022 and 2021, the Bank reported no results from sale of loans.

Other income, net

During the year ended December 31, 2023, the Bank recorded \$0.5 million in other income, net, compared to \$0.3 million and \$0.4 million for the years ended December 31, 2022, and 2021, 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 year ended December 31, 2023, the Bank’s provision charges 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 charges 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.

For the year ended December 31, 2022, the Bank’s provision charges for credit losses totaled \$19.5 million compared to the provisions for credit losses of \$2.3 million for the year ended December 31, 2021. The increase in provision charges for credit losses in 2022 was mostly related to (i) the growth of the Credit Portfolio, as balances increased 18% year-over-year at

the end of 2022 when compared to 2021 and (ii) individually assessed credit provision allocations on Stage 3 impaired financial instruments as balances increased during the year to \$35 million from \$11 million in 2021.

Gain on non-financial assets, net

For each of the years ended December 31, 2023 and 2022 the Bank had zero gains on non-financial assets, compared to a \$0.7 million gain in 2021. The Bank did not have investment properties measured at fair value through profit or loss during 2023 and 2022. For the year ended December 31, 2021, the Bank realized the sale of investment properties measured at fair value through profit or loss, which resulted in a gain of \$0.7 million.

Operating Expenses

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.

During the year ended December 31, 2022, the Bank's operating expenses totaled \$55.1 million, compared to \$39.9 million for the year ended December 31, 2021. The \$15.2 million or 38% increase in operating expenses during 2022 were mostly associated with the Bank's focus on strengthening its execution capabilities, including new hires resulting in an increased salary base, a new performance-based variable compensation policy implemented in 2022, which closely aligns compensation with strategy implementation and financial performance and returns, along with other expenses related to the Bank's strategy implementation, including an assessment aimed at improving the Bank's internal processes and technology.

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 Year Ended December 31,		
	2023	2022	2021
	(in \$ thousands, except percentages)		
COMMERCIAL:			
Net interest income	\$ 203,748	\$ 133,354	\$ 83,792
Other income, net	33,792	20,809	19,188
Total revenues	237,540	154,163	102,980
Provision for credit losses	(26,785)	(13,376)	(1,050)
Gain on non-financial assets, net	0	0	742
Operating expenses	(57,324)	(43,156)	(30,751)
Profit for the segment	\$ 153,431	\$ 97,631	\$ 71,921
TREASURY:			
Net interest income	\$ 29,435	\$ 14,657	\$ 2,990
Other expense, net	(856)	(2,148)	(1,764)
Total revenues	28,579	12,509	1,226
Provision for credit losses	(678)	(6,145)	(1,278)
Operating expenses	(15,174)	(11,955)	(9,172)
Profit (loss) for the segment	\$ 12,727	\$ (5,591)	\$ (9,224)

TOTAL:			
Net interest income	\$	233,183	\$ 148,011 \$ 86,782
Other income, net		32,936	18,661 17,424
Total revenues		266,119	166,672 104,206
Provision for credit losses		(27,463)	(19,521) (2,328)
Gain on non-financial assets, net		0	0 742
Operating expenses		(72,498)	(55,111) (39,923)
Total profit for reportable segments	\$	166,158	\$ 92,040 \$ 62,697

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, loan commitments, and financial guarantee contracts such as issued and confirmed letters of credit, stand-by letters of credit, guarantees covering commercial risk, and other assets consisting of customers’ liabilities under acceptances. See Item 4, “Information on the Company – Business Overview – 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 sales and distribution in the primary market; (iv) gain (loss) on sale on financial instruments measured at FVTPL; (v) reversal (provision) for credit losses; (vi) gain (loss) on other non-financial assets, net; and (vii) direct and allocated operating expenses.

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 charge 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.

Year 2022 vs. Year 2021

The Bank's profit from the Commercial Business Segment totaled \$97.6 million for 2022, a \$25.7 million, or 36% increase from \$71.9 million in 2021. This was mainly a result of (i) a \$49.6 million, or 59% increase in net interest income, primarily as a result of the continued positive impact of higher market rates and increased average loan balances and (ii) a \$1.6 million, or 8% increase in other income, primarily as a result of increased income from the Bank's letters of credit business (which increased by \$1.9 million or 16%) and increased fees and commissions income from the Bank’s improved transaction-based structuring and syndication activity (which increased by \$0.7 million). These results were partially offset by (i) a \$12.3 million provision charge for credit losses as a result of higher provisions requirements associated with increased Commercial Portfolio balances during 2022 and individual reserves allocated to impaired loans, as credit impaired loan balances increased during 2022 to \$30 million from \$11 million in 2021, and (ii) a \$12.4 million, or 40% increase in operating expenses mostly associated with the Bank’s focus on strengthening its execution capabilities, a new performance-based variable compensation policy implemented in 2022, along with other expenses related to 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, short- and long-term borrowings and debt.

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

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.

Year 2022 vs. Year 2021

The Treasury Business Segment reported a loss of \$5.6 million for 2022, compared to a loss of \$9.2 million for 2021. The \$3.6 million, or 39% decrease in losses from the Treasury Business Segment was mainly due to a \$11.3 million, or 920% increase in total revenues mainly derived from the net effect of the continued positive impact of higher market rates, an optimized average liquidity level and increased average investment portfolio balances. These results were offset by a \$4.9 million, or 381% increase in provisions for credit losses resulting from individual reserves allocated to impaired securities from the Bank's Investment Portfolio classified as Stage 3 during 2022, coupled with higher operating expenses of \$12.0 million for 2022, compared to \$9.2 million for 2021 as the Bank strengthened its work force, a new performance-based variable compensation structure implemented in 2022 and other expenses mostly related to strategy implementation.

Changes in Financial Position Information

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

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
	(in \$ thousands)	
Assets		
Cash and due from banks	\$ 2,047,452	\$ 1,241,586
Securities, net	1,022,131	1,023,632
Loans, net	7,220,520	6,760,434
Customers' liabilities under acceptances	261,428	163,345
Derivative financial instruments - assets	157,267	68,159
Equipment and leasehold improvements, net	16,794	17,282
Intangibles, net	2,605	2,104
Other assets	15,595	7,368
Total Assets	\$ 10,743,792	\$ 9,283,910
Liabilities and Equity		
Demand deposits	\$ 510,195	\$ 233,757
Time deposits	3,897,954	2,956,959
	4,408,149	3,190,716
Interest payable	42,876	14,670
Total deposits	4,451,025	3,205,386
Securities sold under repurchase agreement	310,197	300,498
Borrowings and debt, net	4,351,988	4,416,511
Interest payable	49,217	47,878
Lease Liabilities	16,707	16,745
Acceptance outstanding	261,428	163,345
Derivative financial instruments - liabilities	40,613	33,761
Allowance for losses on loan commitments and financial guarantee contract	5,059	3,628
Other liabilities	53,734	26,811
Total Liabilities	\$ 9,539,968	\$ 8,214,563
Equity		
Common stock	\$ 279,980	\$ 279,980
Treasury stock	(110,174)	(114,097)
Additional paid-in capital in excess of value assigned to common stock	122,046	120,498
Capital reserves	95,210	95,210
Regulatory reserves	136,019	136,019
Retained earnings	673,281	543,612
Other comprehensive income (loss)	7,462	8,125
Total Equity	\$ 1,203,824	\$ 1,069,347
Total Liabilities and Equity	\$ 10,743,792	\$ 9,283,910

2023 vs. 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% slight 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 at amortized cost, 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 over \$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 majority 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 a 1% decrease, compared to \$4,417 million as of December 31, 2022, 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 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 on the Bank's successful strategy execution and favorable market conditions.

2022 vs. 2021

As of December 31, 2022, total assets amounted to \$9,284 million, a 15% increase compared to \$8,038 million as of December 31, 2021, 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 \$1,242 million as of December 31, 2022, resulting in a slight decrease of \$11 million, or 1%, compared to \$1,253 million as of December 31, 2021.

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 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 \$1,024 million, or 11% of total assets as of December 31, 2022, a 23% increase compared to \$832 million, or 10% of total assets as of December 31, 2021.

As of December 31, 2022, the Bank's loans at amortized cost, or the Loan Portfolio, totaled \$6,763 million, compared to \$5,735 million as of December 31, 2021. The \$1,028 million, or 18% Loan Portfolio increase as of December 31, 2022 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 a proactive origination approach and cross-selling enhancement, given increased economic activity in the Region and higher commodity prices and trade flows.

As of December 31, 2022, total liabilities amounted to \$8,215 million, a \$1,168 million or 17% increase, compared to \$7,046 million as of December 31, 2021, which was mainly attributable to increased funding sources in the form of borrowings and debt, which amounted to \$4,417 million or a 34% increase as of December 31, 2022, compared to December 31, 2021, as the Bank continued to rely on short-term borrowings, as well as issuances in the capital markets. Deposit balances totaled \$3,191 million as of December 31, 2022, a \$155 million or 5% increase compared to \$3,036 million as of December 31, 2021, mostly associated with typical year-end fluctuations in deposit balances from central banks and other financial institutions. As a result, deposit balances as a percentage of total liabilities decreased to 39% as of December 31, 2022, compared to 43% of total liabilities as of December 31, 2021. The plurality of the deposits are placed by central banks or designees (i.e., Class A shareholders of the Bank), accounting for 45% and 49% of total deposits at the end of 2022 and 2021, respectively.

The Bank’s equity consists of issued and fully paid ordinary common stock and retained earnings. Total equity increased by 8% to \$1,069 million as of December 31, 2022, compared to \$992 million as of December 31, 2021. The increased equity level during 2022 was primarily due to the net effect of profits totaling \$92 million in 2022, net of \$36 million in declared cash dividends driven by strong core income mainly from the continued trend of higher net interest income and increased fees and commissions.

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 to 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	2.28	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 transaction 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 transaction 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 in accordance to Moody’s Investors Service.

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 – Significant accounting policies to the Consolidated Financial Statements.

The following table sets forth information regarding the Bank's impaired credits as of the dates indicated:

	As of December 31,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Credit-impaired loans	\$ 10	\$ 30	\$ 11
Credit-impaired securities	0	5	0
Impaired credits	\$ 10	\$ 35	\$ 11
Asset-specific allocation from the allowance for loan losses	7	26	5
Credit-impaired loans as a percentage of Loan Portfolio	0.1 %	0.4 %	0.2 %
Impaired credits as a percentage of Credit Portfolio	0.1 %	0.4 %	0.1 %

As of the end of each reported period, the Bank did not have credit-impaired loans in its Loan Portfolio without related allowances.

The following table sets forth the distribution of the Bank's loans write-off by gross carrying amount against the allowance for loan losses by country for the periods indicated:

	For the year ended December 31,					
	2023	%	2022	%	2021	%
	(in \$ millions, except percentages)					
Mexico	\$ 21	100 %	\$ 0	0 %	\$ 0	0 %
Panama	0	0 %	1	100 %	0	0 %
Total	\$ 21	100 %	\$ 1	100 %	\$ 0	0 %

During the year ended December 31, 2023, the Bank had write-offs against the allowance for loan losses totaling \$21.1 million, representing 0.31% of that year's average Loan Portfolio, compared to \$0.9 million, representing 0.01% of that year's average Loan Portfolio in 2022, and compared to zero write-offs in 2021. The year-over-year write-off increase in 2023 was due to an impaired credit of a single non-bank financial intermediary borrower, which resulted in a \$21.1 million write-off against its individually assigned allowance for credit losses.

In addition, during the year ended December 31, 2023, the Bank had a total of \$7 million of investment securities write-offs against allowance for expected credit losses. The Bank did not have investment securities write-offs against allowance for expected credit losses in 2022 and 2021.

In the three-year period ended December 31, 2023, the Bank disbursed \$53,458 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,		
	2023	2022	2021
	(in \$ thousands)		
Credit-impaired loans:			
Mexico:			
Non-bank financial intermediaries	\$ 0	\$ 20,000	\$ 0
Panama:			
Private corporations	10,107	10,107	10,593
Total credit-impaired loans	\$ 10,107	\$ 30,107	\$ 10,593
Credit-impaired securities:			
Mexico:			

Non-bank financial intermediaries	\$ 0	\$ 4,995	\$ 0
Total credit-impaired securities	<u>\$ 0</u>	<u>\$ 4,995</u>	<u>\$ 0</u>
Total impaired credits	<u>\$ 10,107</u>	<u>\$ 35,102</u>	<u>\$ 10,593</u>

As of December 31, 2023, the Bank had impaired credits of \$10 million (or 0.11% of the Credit Portfolio), compared to \$35 million (or 0.40% of the Credit Portfolio) as of December 31, 2022 and \$11 million (or 0.14% of the Credit Portfolio) as of December 31, 2021. As of December 31, 2023, outstanding impaired credits, in a total amount of \$10 million were related to a single borrower in the retail trade sector, accounting for 100% of the Bank’s total impaired credits classified as Stage 3 (under accounting standard IFRS 9), with individually assigned allowance for credit losses of \$6.9 million, representing 68% 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 9. As of December 31, 2023, the exposure of four clients for a total of \$69.6 million, or 1.0% of the Loan Portfolio, were considered as potential problem loans under these guidelines, compared to two clients for a total of \$48.1 million, or 0.7% of the Loan Portfolio as of December 31, 2022.

Allowance for losses on financial instruments

The following table sets forth information regarding the Bank’s allowance for losses with respect to the total Credit Portfolio outstanding as of December 31 of each year:

	As of December 31,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Components of the allowance for losses			
Allowance for loan losses:			
Balance at beginning of the year	\$ 55.2	\$ 41.5	\$ 41.2
Provisions (reversals)	25.3	13.5	0.1
Recoveries	0.0	1.1	0.2
Loans write-off	(21.1)	(0.9)	0.0
Balance at the end of the year	<u>\$ 59.4</u>	<u>\$ 55.2</u>	<u>\$ 41.5</u>
Allowance for loan commitments and financial guarantee contract losses:			
Balance at beginning of the year	\$ 3.6	\$ 3.8	\$ 2.9
Provisions (reversals)	1.5	(0.2)	0.9
Balance at end of the year	<u>\$ 5.1</u>	<u>\$ 3.6</u>	<u>\$ 3.8</u>
Allowance for Investment Portfolio losses:			
Balance at beginning of the year	\$ 8.0	\$ 1.8	\$ 0.5
Provisions (reversals)	0.6	6.2	1.3
Write-off	(7.0)	0.0	0.0
Balance at end of the year	<u>\$ 1.6</u>	<u>\$ 8.0</u>	<u>\$ 1.8</u>
Total allowance for expected credit losses	<u>\$ 66.1</u>	<u>\$ 66.8</u>	<u>\$ 47.1</u>
Total allowance for expected credit losses to total Credit Portfolio	0.69 %	0.77 %	0.64 %

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 total credit allowance for losses amounted to \$66.8 million as of December 31, 2022, representing 0.77% of the total Credit Portfolio, compared to \$47.1 million and 0.64%, respectively, as of December 31, 2021, and \$44.6 million and 0.75%, respectively, as of December 31, 2020. The \$19.7 million year-over-year increase in 2022 was mainly associated with (i) the growth of the Credit Portfolio, as balances increased 18% year-over-year at the end of 2022 when compared to 2021 and (ii) individually assessed credit provision allocations on Stage 3 impaired financial instruments as balances increased during the year to \$35 million from \$11 million in 2021.

The following table sets forth information regarding the Bank's allowance for losses allocated by country of exposure as of the dates indicated:

	As of December 31,					
	2023		2022		2021	
	Total	%	Total	%	Total	%
	(in \$ millions, except percentages)					
Allowance for loan losses						
Argentina	\$ 3.4	5.7	\$ 3.9	7.1	\$ 12.5	30.1
Brazil	4.4	7.4	3.9	7.1	4.5	10.8
Canada	1.7	2.9	0.0	0.0	0.0	0.0
Chile	1.0	1.7	0.4	0.7	0.8	1.9
Colombia	4.0	6.7	2.4	4.2	3.7	8.9
Costa Rica	1.0	1.7	2.9	5.3	3.0	7.2
Dominican Republic	2.7	4.5	2.1	3.8	0.5	1.2
Ecuador	6.6	11.2	3.4	6.2	0.6	1.4
El Salvador	1.8	3.0	0.5	0.9	2.6	6.3
Guatemala	3.4	5.7	3.4	6.2	2.2	5.3
Honduras	5.9	9.9	3.8	6.9	1.2	2.9
Jamaica	1.7	2.9	0.1	0.2	0.1	0.2
Mexico	4.2	7.1	19.1	34.6	2.4	5.8
Panama	9.2	15.5	6.6	12.0	5.5	13.3
Peru	6.2	10.4	0.3	0.5	0.1	0.3
Other (1)	2.2	3.7	2.4	4.3	1.8	4.4
Total Allowance for loan losses	\$ 59.4	100.0 %	\$ 55.2	100.0 %	\$ 41.5	100.0 %
Allowance for loan commitments and financial guarantee contract losses						
Canada	1.1	21.6	0.0	0.0	0.0	0.0
Ecuador	\$ 1.9	37.3	\$ 2.1	58.3	\$ 1.9	50.0
Other (1)	2.1	41.1	1.5	41.7	1.9	50.0
Total allowance for loan commitments and financial guarantee contract losses	\$ 5.1	100.0 %	\$ 3.6	100.0 %	\$ 3.8	100.0 %
Allowance for Investment Portfolio losses						
Mexico	0.1	6.3	4.4	55.0	0.1	5.6
United States of America	0.8	49.9	2.4	29.9	0.6	33.2
Other (1)	0.7	43.8	1.2	15.1	1.1	61.2
Total allowance for Investment Portfolio losses	\$ 1.6	100.0 %	\$ 8.0	100.0 %	\$ 1.8	100.0 %

	As of December 31,					
	2023		2022		2021	
	Total	%	Total	%	Total	%
(in \$ millions, except percentages)						
Total allowance for credit losses						
Argentina	\$ 3.4	5.1	\$ 3.9	5.8	\$ 12.5	26.5
Brazil	5.2	7.9	4.8	7.2	5.2	11.0
Canada	2.8	4.2	0.0	0.0	0.0	0.0
Chile	1.2	1.8	0.5	0.7	0.9	2.0
Colombia	4.4	6.7	2.7	4.0	4.0	8.5
Costa Rica	1.2	1.8	3.5	5.2	4.0	8.5
Dominican Republic	3.1	4.7	2.1	3.1	0.5	1.1
Ecuador	8.5	12.9	5.5	8.2	2.5	5.3
El Salvador	1.8	2.7	0.5	0.7	2.8	5.9
Guatemala	3.7	5.6	3.6	5.4	2.4	5.1
Honduras	5.9	8.9	3.8	5.7	1.4	3.0
Jamaica	1.7	2.6	0.1	0.2	0.1	0.2
Mexico	4.5	6.8	23.6	35.3	2.5	5.3
Panama	9.3	14.1	6.7	10.0	5.7	12.1
Peru	6.3	9.5	0.4	0.7	0.2	0.4
United States of America	1.0	1.5	2.6	3.9	0.6	1.3
Other (1)	2.1	3.2	2.5	3.9	1.8	3.8
Total Allowance for credit losses	\$ 66.1	100.0 %	\$ 66.8	100.0 %	\$ 47.1	100.0 %

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

The following table sets forth information regarding the Bank's allowance for 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,					
	2023		2022		2021	
	Total	%	Total	%	Total	%
(in \$ millions, except percentages)						
Private sector commercial banks and Financial Institutions	\$ 15.6	23.6	\$ 32.8	49.1	\$ 11.0	23.4
State-owned commercial banks	3.5	5.3	4.0	6.0	4.2	8.9
State-owned organization	5.3	8.0	4.7	7.0	4.0	8.5
Private corporations	40.1	60.7	23.1	34.6	27.7	58.8
Sovereign	1.6	2.4	2.2	3.3	0.2	0.4
Total	\$ 66.1	100.0 %	\$ 66.8	100.0 %	\$ 47.1	100.0 %

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 December 31,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Total allowance for credit losses to impaired credits ⁽¹⁾	654 %	190 %	445 %
Allowance for credit losses	\$ 66.1	\$ 66.8	\$ 47.1
Impaired credits	\$ 10	\$ 35	\$ 11
Total allowance for expected credit losses to total Credit Portfolio	0.69 %	0.77 %	0.64 %
Allowance for expected credit losses	\$ 66.1	\$ 66.8	\$ 47.1
Credit Portfolio	\$ 9,532	\$ 8,726	\$ 7,365
Impaired credits to Credit Portfolio	0.11 %	0.40 %	0.14 %

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Impaired credits	\$ 10	\$ 35	\$ 11
Credit Portfolio	\$ 9,532	\$ 8,726	\$ 7,365
Total allowance for loan losses to Credit-impaired loans ⁽¹⁾	588 %	183 %	392 %
Allowance for loan losses	\$ 59.4	\$ 55.2	\$ 41.5
Credit-impaired loans	\$ 10	\$ 30	\$ 11
Total allowance for loan losses to Loan Portfolio	0.83 %	0.82 %	0.72 %
Allowance for loan losses	\$ 59.4	\$ 55.2	\$ 41.5
Loan Portfolio	\$ 7,196	\$ 6,763	\$ 5,735
Credit-impaired loans to Loan Portfolio	0.14 %	0.45 %	0.18 %
Credit-impaired loans	\$ 10	\$ 30	\$ 11
Loan Portfolio	\$ 7,196	\$ 6,763	\$ 5,735
Charge-offs to average Loan Portfolio ⁽²⁾	0.31 %	0.01 %	0.00 %
Private Corporations	\$ 0	\$ 1	\$ 0
Non-bank financial intermediaries	\$ 21	\$ 0	\$ 0
Total charge-offs	\$ 21	\$ 1	\$ 0
Average Loan Portfolio	\$ 6,816	\$ 6,601	\$ 5,177

(1) Total impaired credits consist 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 2023, 2022 and 2021, is calculated on the basis of daily average balances.

Selected Financial Ratios

	As of and for the Year Ended December 31,		
	2023	2022	2021
	(in \$ thousands, except per share data and ratios)		
Weighted average basic shares	36,481	36,304	38,796
Weighted average diluted shares	36,481	36,304	38,796
Basic shares period end	36,540	36,325	36,231
Per Common Share Data:			
Basic earnings per share	4.55	2.54	1.62
Diluted earnings per share	4.55	2.54	1.62
Book value per share (period end) ⁽¹⁾	32.95	29.44	27.37
Regular cash dividends declared per share	1.00	1.00	1.00
Selected Financial Ratios:			
<i>Performance Ratios:</i>			
Return on average total assets ⁽²⁾	1.69 %	1.03 %	0.93%
Return on average total equity ⁽³⁾	14.68 %	8.95 %	6.10%
Net interest margin ⁽⁴⁾	2.49 %	1.71 %	1.32%
Net interest spread ⁽⁴⁾	1.84 %	1.39 %	1.15%
Efficiency Ratio ⁽⁵⁾	27.2 %	33.1 %	38.3%
Total operating expenses to average total assets	0.74 %	0.62 %	0.59%
Regular cash dividend payout ratio ⁽⁶⁾	22.0 %	39.4 %	61.9%
<i>Liquidity Ratios:</i>			
Liquid assets ⁽⁷⁾ / total assets	18.61 %	13.67 %	17.47%
Liquid assets ⁽⁷⁾ / total deposits ⁽⁸⁾	45.35 %	39.77 %	46.26%
<i>Capital Ratios:</i>			
Total equity to total assets	11.20 %	11.52 %	12.34%
Average total equity to average total assets ⁽⁹⁾	11.53 %	11.56 %	15.30%
Total assets to total equity	8.9x	8.7x	8.1x
Tier 1 capital to risk-weighted assets (Basel III – IRB) ⁽¹⁰⁾	15.4 %	15.3 %	19.1%
Risk-weighted assets (Basel III – IRB) ⁽¹⁰⁾	\$ 7,805,982	\$ 6,995,827	\$ 5,188,610
Capital Adequacy Ratio (Regulatory) ⁽¹¹⁾	13.6 %	13.2 %	15.6 %
Risk-weighted assets (Regulatory) ⁽¹¹⁾	\$ 8,898,408	\$ 8,117,913	\$ 6,513,267
Leverage Ratio (Regulatory) ⁽¹²⁾	9.7 %	9.7 %	10.8 %

- (1) 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.
- (2) For the years 2023, 2022 and 2021, return on average total assets is calculated as profit for the year divided by average total assets. Average total assets for 2023, 2022 and 2021, is calculated on the basis of daily average balances.
- (3) For the years 2023, 2022 and 2021, return on average total equity is calculated as profit for the year divided by average total equity. Average total equity for 2023, 2022 and 2021, is calculated on the basis of daily average balances.
- (4) For the years 2023, 2022 and 2021, 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 2023, 2022 and 2021, 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 Item 5.A., "Operating and Financial Review and Prospects—Operating Results—Net Interest Income and Margins."
- (5) Efficiency ratio is total operating expenses as a percentage of total revenues.
- (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, as well as corporate debt securities rated A- or above. See Item 5.B. "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity" and Item 18, "Financial Statements," note 5.
- (8) Total deposits refers to demand deposits and time deposits, excluding interest payable.
- (9) For the years 2023, 2022 and 2021, average total assets and average total equity are calculated on the basis of daily average balances.
- (10) 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.
- (11) As defined by the Superintendency of Banks of Panama through Rules No. 01-2015 and 03-2016, based on Basel III standardized approach.
- (12) 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.

B. Liquidity and Capital Resources

Liquidity

Liquidity refers to the Bank's ability to maintain adequate cash flows to fund operations and meet obligations and other commitments on a timely basis.

As established by the Bank's liquidity policy, the Bank's liquid assets are held in overnight deposits with the Federal Reserve Bank of New York 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 fluid access to a significant base of correspondent banks and from debt capital markets investors across the globe, which have maintained and even increased their availability of funding to the Bank. In addition, Bladex, through its New York Agency, has maintained and, more recently, successfully tested its access to the FED’s discount window. The Bank plans to hold a portfolio of high-quality assets eligible to be submitted to the FED’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 December 31 of each year:

	As of December 31,		
	2023	2022	2021
	(in \$ millions)		
United States of America	\$ 1,904	\$ 1,194	\$ 1,292
Other O.E.C.D. countries	1	0	0
Multilateral Organizations	87	60	105
Latin America	7	15	8
Total	\$ 1,999	\$ 1,269	\$ 1,405

The Bank’s liquid assets, in the form of cash and cash equivalents and highly rated corporate debt securities (above ‘A-’), totaled \$1,999 million as of December 31, 2023, compared to \$1,269 million as of December 31, 2022, as a result of the Bank’s 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 December 31, 2023 and 2022 was 205.8% and 167.5%, respectively. Liquid assets to total assets ratio amounted to 19% as of December 31, 2023, compared to 14% as of December 31, 2022, while at these same dates, the liquid assets to total deposits ratios were 45% and 40%, respectively.

As of December 31, 2023, \$1,884 million, or 94% of the Bank’s liquid assets were held in deposits with the Federal Reserve Bank of the United States of America, compared to \$1,145 million, or 90% as of December 31, 2022. As of December 31, 2023, \$12 million, or 1% of total liquid assets represented corporate debt securities classified as HQLA in accordance with the specifications of the Basel Committee, compared to \$78 million, or 6% as of December 31, 2022.

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 December 31, 2023 and 2022 amounted to \$748 million and \$583 million, respectively, representing 17% and 18% 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 December 31, 2023 and 2022, the Bank’s short-term loans and investment securities (maturing within one year based on original contractual term) totaled \$4,087 million and \$4,008 million, respectively. As of December 31, 2023 and 2022, these instruments combined had an average original term to maturity of 197 and 200 days, respectively, and an average remaining term to maturity of 143 days and 124 days, respectively.

Medium-term assets (loans and investment securities maturing beyond one year based on original contractual term) totaled \$4,119 million and \$3,775 million as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, these medium-term assets had an average original term to maturity of three years, nine months (1,381 days) and three years, nine months (1,367 days), respectively; and an average remaining term to maturity of two years and eight months (970 days), and two years and eight months (991 days), respectively.

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 annual report, 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

Credit Rating from Standard & Poor'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 31, 2023. 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 November 28, 2023. The outlook has been revised to stable from negative.

Credit Rating from Fitch Ratings Ltd. ("Fitch")

The Bank's credit ratings from Fitch were affirmed at "BBB/F2" on August 17, 2023. The outlook remained stable.

Critical factors supporting the Bank's investment-grade credit ratings mainly include its solid tier one capitalization, prudent risk management, its historically solid asset quality and financial performance, and stable 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.

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 December 31,		
	2023	2022	2021
	(in percentages)		
Deposits	48.6 %	40.3 %	44.9 %
Securities sold under repurchase agreements	3.4	3.8	6.3
Short-term borrowings and debt, net	19.0	27.8	23.4
Long-term borrowings and debt, net	29.0	28.1	25.4
Total interest-bearing liabilities	100.0 %	100.0 %	100.0 %

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

Deposits

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The Bank obtains deposits principally from central and commercial banks primarily located in the Region. As of December 31, 2023, 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, 2023, 2022 and 2021, was 47 days, 38 days and 40 days, respectively. As of December 31, 2023, deposits from the Bank's five largest depositors, all except two of which were central and state-owned banks in the Region, represented 33% of the Bank's total deposits, compared to 38% as of December 31, 2022. 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,		
	2023	2022	2021
	(in \$ millions)		
Argentina	\$ 154	\$ 156	\$ 161
Bahamas	15	2	5
Barbados	0	3	5
Bolivia	3	0	0
Brazil	495	361	294
Canada	0	2	0
Cayman Islands	50	0	0
Chile	83	78	265
Colombia	145	73	104
Costa Rica	381	118	122
Curacao	14	0	0
Dominican Republic	178	86	183
Ecuador	514	288	291
El Salvador	37	25	35
France	38	5	21
Germany	147	5	160
Guatemala	129	116	70
Haiti	78	74	95
Honduras	227	261	168
Japan	0	4	0
Luxembourg	50	50	40
Mexico	103	41	0
Multilateral	210	220	150
Netherlands	12	1	0
Netherlands Antilles	0	0	5
Nicaragua	0	1	1
Panama	765	775	513
Paraguay	118	115	195
Peru	40	71	0
Singapore	32	30	0
South Korea	20	0	0
Spain	82	29	0
Trinidad and Tobago	25	24	20
United Kingdom	82	0	0
United States of America	172	132	128

Uruguay	9	45	5
Total	\$ 4,408	\$ 3,191	\$ 3,036

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 December 31, 2023, the Bank had outstanding Repos for \$310 million, compared to outstanding Repos for \$300 million as of December 31, 2022 and \$428 million as of December 31, 2021.

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, Japan, Canada, Europe and multilateral organizations.

As of December 31, 2023, short-term borrowings and debt totaled \$1,725 million, a 21% decrease compared to \$2,196 million as of December 31, 2022, 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, 2023 was 137 days, compared to 155 days as of December 31, 2022.

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,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Short-term borrowings, debt (*)			
Amount outstanding at year-end	\$ 1,725	\$ 2,196	\$ 1,582
Maximum amount outstanding at any month-end	\$ 1,810	\$ 2,196	\$ 1,582
Average amount outstanding during the year	\$ 1,621	\$ 1,826	\$ 487
Weighted average interest rate on average amount outstanding	5.73 %	2.20 %	1.01 %
Weighted average interest rate on amount outstanding at year end	6.12 %	4.54 %	0.71 %

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

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.

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 December 31, 2023, gross long-term borrowings and debt increased 18% to \$2,636 million, from \$2,231 million as of December 31, 2022, as a result of the Bank’s commercial lending origination activities and its liquidity position management. As of December 31, 2023 the average term remaining to maturity of the Bank’s medium and long-term borrowing and debt was one year and 11 months (710 days), compared to two years and five months (905 days) as of December 31, 2022.

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,		
	2023	2022	2021
	(in \$ millions, except percentages)		
Long-term borrowings and debt (*)			
Amount outstanding at year-end	\$ 2,636	\$ 2,231	\$ 1,728
Maximum amount outstanding at any month-end	\$ 2,636	\$ 2,234	\$ 1,728
Net average amount outstanding during the year	\$ 2,383	\$ 2,052	\$ 1,539
Weighted average interest rate on average amount outstanding	5.20 %	3.39 %	2.26 %
Weighted average interest rate on amount outstanding at year end	5.32 %	4.72 %	2.22 %

(*) Gross of transaction costs of \$8.2 million, \$8.7 million and \$6.0 million as of December 31, 2023, 2022 and 2021, respectively.

Global syndicated loans continue to provide a vehicle to access new sources of financing. As of December 31, 2023, the Bank has two outstanding syndicated loans in an aggregate principal amount of \$423 million:

- In March 2022, the Bank closed a \$300 million syndicated loan in which, Wells Fargo Bank, N.A. and Sumitomo Mitsui Banking Corporation acted as Joint Lead Arrangers and Bookrunners. The lenders were a mix of banks that have participated in prior syndications and new lenders from the United States, Asia and Europe.
- In addition, in November 2022, the Bank closed a \$123 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 December 31, 2023, the Bank was in compliance with all covenants.

Debt Capital Markets

Program in Mexico

In 2021 Mexican National Registry of Securities (Registro Nacional de Valores) authorized increasing the aggregate amount of the Mexico Program from MXN10 billion to MXN25 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 December 31, 2023, the total principal amount outstanding of issuances of “certificados bursátiles” in the Mexican capital markets under this Mexico Program was MXN21.80 billion (twenty-one billion, eight hundred million Mexican Pesos), equivalent to \$1,279 million.

There are seven outstanding medium-term issuances (series) under the Mexico Program: Series Bladex 20-2 in the principal amount of MXN4,085,000,000 (four billion, eighty-five million Mexican pesos) which matures in May, 2025; Series Bladex 21 in the principal amount of MXN6,000,000,000 (six billion Mexican pesos) which matures in November, 2024; Series Bladex 22 in the principal amount of MXN1,256,222,200 (one billion, two hundred fifty-six million, two hundred twenty-two thousand, two hundred Mexican pesos) which matures in February 2026; Series Bladex 22-2 in the principal amount of MXN4,237,142,400 (four billion, two hundred thirty-seven million, one hundred forty-two thousand, four hundred Mexican pesos) which matures in August 2027; Series Bladex 23 in the principal amount of MXN3,500,000,000 (three billion, five hundred million Mexican pesos) which matures in August 2027; Series Bladex 23-2 in the principal amount of MXN1,500,000,000 (one billion, five hundred million Mexican pesos) which matures in August 2027 and Series Bladex 23-3 in the principal amount of MXN475,000,000 (four hundred and seventy-five million Mexican pesos) which matures in October 2029.

In addition, as of December 31, 2023, there were three outstanding short-term issuances under the Mexico Program: Series 00223 in the principal amount of MXN250,000,000 (two hundred fifty million Mexican pesos) which matures in March 2024; Series 00323 in the principal amount of MXN312,250,000 (three hundred twelve million, two hundred fifty thousand Mexican pesos) which matures in April 2024 and Series 00423 in the principal amount of MXN181,818,100 (one hundred eighty-one million, eight hundred eighteen thousand, one hundred Mexican pesos) which matures in June 2024.

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 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 December 31, 2023, there are 21 outstanding issuances (series) under the Panama Program. The total outstanding principal amount of issuances under this program was \$125 million with an average term of three years.

Euro Medium Term Note Program

The Bank renewed its Euro Medium-Term Note 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 2023, the Bank issued \$92 million in new private placements; and as of December 31, 2023, private issuances through its Euro Medium-Term Note Program amounted to \$381 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 December 31, 2023.

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, 2023:

	Amount (*)	Weighted Average Cost
	(in \$ millions, except percentage)	
Short-term Repos and borrowings at fixed interest rate		
Due in 0 to 30 days	\$ 30	6.21 %
Due in 31 to 90 days	409	5.84 %
Due in 91 to 180 days	282	6.16 %
Due in 181 to 365 days	217	6.14 %
Total	\$ 938	6.02 %
Short-term borrowings at floating interest rate		
Due in 0 to 30 days	\$ 48	10.16 %
Due in 31 to 90 days	426	10.48 %
Due in 91 to 180 days	187	8.55 %
Due in 181 to 365 days	245	8.03 %
Total	\$ 906	9.41 %
Short-term placements at fixed interest rate		
Due in 181 to 365 days	1	6.00 %
Total	\$ 1	6.00 %
Short-term placements at floating interest rate		
Due in 31 to 90 days	\$ 15	11.78 %
Due in 91 to 180 days	70	11.91 %
Total	\$ 85	11.89 %
Medium and long-term borrowings at fixed interest rate		
Due in 31 to 90 days	105	2.51 %
Total	\$ 105	2.51 %
Medium and long-term borrowings at floating interest rate		
Due in 91 to 180 days	75	6.32 %
Due in 1 through 6 years	463	6.70 %
Total	\$ 538	6.64 %
Medium and long-term placements at fixed interest rate		
Due in 31 to 90 days	55	3.77 %
Due in 91 to 180 days	73	1.72 %
Due in 181 to 365 days	81	2.76 %
Due in 1 through 6 years	1,247	5.59 %
Total	\$ 1,456	5.17 %
Medium and long-term placements at floating interest rate		
Due in 181 to 365 days	\$ 354	11.70 %
Due in 1 through 6 years	288	11.78 %
Total	\$ 642	11.74 %
Grand Total	\$ 4,671	7.30 %

(*) Gross of prepaid commissions of \$8.5 million as of December 31, 2023.

See Item 3.D., “Key Information--Risk Factors—Risks Relating to the Bank’s Business--The effects of the COVID-19 pandemic have adversely affected, and are expected to continue to adversely affect, the Bank’s businesses and results of

operations, and its duration and future impacts on the economy in the Region and on its businesses, results of operations and financial condition remain uncertain,” and Item 5.D., “Operating and Financial Review and Prospects—Trend Information.”

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 2023, 2022 and 2021.

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 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.

For the year ended December 31, 2021, net cash used by operating activities was \$872 million, mainly attributable to a net increase of \$822 million in loans and a net decrease of \$103 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 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 in proceeds from the redemption of securities at amortized cost and \$113 million in proceeds from the redemption of securities at FVOCI.

For the year ended December 31, 2021, net cash used in investing activities was \$446 million, primarily as a result of the \$618 million in purchases of securities at amortized cost, which was partially offset by \$123 million in proceeds from the redemption of securities at amortized cost.

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 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.

For the year ended December 31, 2021, the net cash provided by financing activities was \$1,683 million, which was primarily the result of a \$1,197 million net increase in short-term borrowings and debt, along with \$417 million from the increase in securities sold under repurchase agreements and the \$267 million in proceeds from long-term borrowings and debt, which was partially offset by the repayment of \$98 million in long-term borrowings and debt, \$60 million paid for repurchases of common stock and \$39 million paid as cash dividends.

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, 2023. 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	\$ 2,047	\$ 2,044	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3
Investment Portfolio ⁽¹⁾	1,011	10	4	60	83	854	0
Loans ⁽¹⁾	7,196	1,703	2,589	1,699	915	290	0
Total interest-earning assets	10,254	3,757	2,593	1,759	998	1,144	3
Non-interest earning assets, allowance for credit losses and other asset	490	0	0	0	0	0	490
Total assets	\$ 10,744	\$ 3,757	\$ 2,593	\$ 1,759	\$ 998	\$ 1,144	\$ 493
Interest-bearing liabilities							
Deposits	\$ 4,408	\$ 2,692	\$ 862	\$ 442	\$ 343	\$ 59	\$ 10

Securities sold under repurchase agreements	310	0	310	0	0	0	0
Borrowings and debt ⁽²⁾	4,352	1,260	1,393	382	484	833	0
Total interest-bearing liabilities	9,070	3,952	2,565	824	827	892	10
Non-interest-bearing liabilities and other liabilities	470	0	0	0	0	0	470
Total liabilities	\$ 9,540	3,952	2,565	824	827	892	480
Total Stockholders' equity	1,204	0	0	0	0	0	1,204
Total liabilities and stockholders' equity	\$ 10,744	\$ 3,952	\$ 2,565	\$ 824	\$ 827	\$ 892	\$ 1,684
Interest rate sensitivity gap	—	(195)	28	935	171	252	(1,191)
Cumulative interest rate sensitivity gap	—	(195)	(167)	768	939	1,191	0
Cumulative gap as a % of total interest-earning assets	—	-2%	-2%	7%	9%	12%	0%

(1) Gross of interest receivable, loss allowance and unearned interest and deferred fees.

(2) Gross of prepaid commissions.

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.

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

Equity

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

	As of December 31,		
	2023	2022	2021
	(in \$ thousands)		
Common stock	\$ 279,980	\$ 279,980	\$ 279,980
Treasury stock	(110,174)	(114,097)	(115,799)
Additional paid-in capital in excess of value assigned to common stock	122,046	120,498	120,043
Capital reserves	95,210	95,210	95,210
Regulatory reserves	136,019	136,019	136,019
Retained earnings	673,281	543,612	487,885
Other comprehensive income (loss)	7,462	8,125	(11,548)
Total equity	\$ 1,203,824	\$ 1,069,347	\$ 991,790

The Bank's equity consists of issued and fully paid ordinary common stock and retained earnings. 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.

As of December 31, 2022, total equity increased to \$1,069 million, compared to \$992 million as of December 31, 2021 and \$1,038 million as of December 31, 2020. Total equity increased \$78 million, or 8% during the year ended December 31, 2022, primarily due to profits totaling \$92 million, resulting in increased retained earnings on 2022 profits for \$544 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 Superintendent of Banks.

For the Bank’s expected credit reserves, the line-item “Regulatory Reserves” established by the Superintendent of Banks presents the difference between the application of the accounting standard under IFRS 9 and the prudential regulations of the Superintendent of Banks to comply with the requirements of Rule No. 4-2013.

As of December 31, 2023, 2022, and 2021, the total amount of the regulatory reserves calculated according to the guidelines of Rule No. 4-2013 of the Superintendent of Banks was \$136.0 million, appropriated from retained earnings for purposes of compliance with local regulatory requirements. This appropriation is restricted from dividend distribution in order to comply with local regulations.

As of December 31, 2023, 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 15.4%, compared to 11.5% and 15.3%, respectively, as of December 31, 2022. The 2023 total assets to total equity ratio was 8.9x compared to 8.7x in 2022.

As of December 31, 2023, the Bank’s regulatory Capital Adequacy Ratio, calculated according to the guidelines of the Superintendent of Banks, was 13.6%, compared to 13.2% as of December 31, 2022

See Item 4, “Information on the Company—Business Overview—Supervision and 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 the Bank’s future credit exposure or funding requirements.

As of December 31, 2023, the Bank’s off-balance sheet arrangements, as defined in the Instructions to Item 5.E. of Form 20-F, 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 December 31,		
	2023	2022	2021
	(in \$ thousands)		
Documentary letters of credit	\$ 345,608	\$ 304,789	\$ 214,230
Stand-by letters of credit and guarantees – Commercial risk	490,626	351,625	268,196
Total off-balance sheet arrangements	\$ 836,234	\$ 656,414	\$ 482,426
Credit commitments	227,472	122,960	121,333
Total loan commitments and financial guarantee contracts	\$ 1,063,706	\$ 779,374	\$ 603,759

Fees and commission income from off-balance sheet arrangements amounted to \$25 million for the year ended December 31, 2023, compared to \$15 million and \$14 million for the years ended December 31, 2022, and 2021, respectively.

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 December 31, 2023, total

allowance for loan commitments and financial guarantee contracts losses amounted to \$5 million, compared to \$4 million as of December 31, 2022 and \$4 million as of December 31, 2021.

Material Contractual Obligations

The following tables set forth information regarding the Bank’s contractual obligations and commercial commitments as of December 31, 2023.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
	(in \$ millions)				
Deposits	\$ 4,408	\$ 4,329	\$ 79	\$ 0	\$ 0
Securities sold under repurchase agreements	310	310	0	0	0
Short-term borrowings and debt (1)	1,725	1,725	0	0	0
Long-term borrowings and debt (1)	2,636	638	1,833	155	10
Accrued interest payable	92	92	0	0	0
Future contractual interest payable, not yet accrued (2)	377	120	210	39	8
Leasehold obligations	17	1	16	0	0
Total contractual obligations	\$ 9,565	\$ 7,215	\$ 2,138	\$ 194	\$ 18

(1) Gross of prepaid commissions of \$8.5 million as of December 31, 2023. 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, 2023 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.

Other Commercial Commitments	Amount of Commitment Expiration by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
	(in \$ millions)				
Letters of credit (3)	\$ 607	\$ 590	\$ 17	\$ 0	\$ 0
Stand-by letters of credit	422	422	0	0	0
Guarantees	69	54	15	0	0
Other commercial commitments	227	97	129	1	0
Total Commercial Commitments	\$ 1,325	\$ 1,163	\$ 161	\$ 1	\$ 0

(3) Includes customers’ liabilities under acceptances outstanding (on-balance sheet assets) for a total amount of \$261 million as of December 31, 2023.

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.

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

Not applicable.

D. Trend Information

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

- The outlook is subject to several downside risks. These include financing and debt-related stress; disruptions from any pandemic, extreme weather events, natural disasters and geopolitical events. In the medium term, any failure to implement productivity-enhancing and other necessary reforms will hinder growth.
- The possibility of a sharper-than-projected global slowdown—or outright global recession—represents a significant downside risk for the Region, particularly commodity exporters. Slowing global growth and weak demand from China has already caused agro and metal prices to fall substantially since mid-year 2022. Should growth decline more than expected in 2024, energy and agricultural commodity prices could also weaken more significantly, resulting in deteriorating terms of trade across much of South America. Terms of trade in Latin America and the Caribbean are closely correlated with investment growth, which could turn deeply negative due to reduced investment in commodity production, and because lower export earnings would dampen domestic demand generally. As in the mid-2010s, the result could be a drawn-out period of weak growth, potentially reinforced by a tendency toward fiscal pro-cyclicality in commodity exporters.
- Unexpectedly persistent inflation and additional interest rate increases in advanced economies may result in a severe external financing shock. Further monetary tightening than assumed in the U. S., in particular, could precipitate a sudden acceleration of capital outflows. This could lead to widening borrowing spreads and depreciating currencies, or further depletion of reserves in countries intervening to stabilize exchange rates. Some large Regional economies, such as Colombia, currently have current account deficits, and could become vulnerable to shifts in market sentiment. Among smaller Latin America and the Caribbean economies, especially some in the Caribbean and Central America that are highly indebted, external financing needs appear large relative to GDP. Further tightening of global financial conditions could result in balance of payments stresses in these economies, which could trigger financial crises.
- The Bank's results may be affected by changes in global economic conditions, including the prices of oil and other commodities, uncertainties regarding U.S. policies affecting the dollar exchange rate, liquidity access, interest rates, slower economic growth in developed countries and trading partners, and the effect that these changes may have on the economic condition of countries in the Region, including the Region's foreign trade growth, and, therefore, the growth of the Bank's trade financing business.
- The Region may be impacted by weaker currencies against the United States dollar given concerns about continual rate increases. Any U.S. monetary tightening, in conjunction with rising inflation, could prompt many of the Region's central banks to tighten monetary policy. The resulting increased interest rates could lead to weaker asset quality because borrowers' repayment capacity might be reduced, which could likely lead to an increase in non-performing loans.
- Inflationary pressures in the United States and across the Region, which may call for an even faster withdrawal of monetary accommodation, the potential change in investor risk sentiment and associated tighter global and domestic financial conditions also represent major risks to the recovery. Any increase in long-term interest rates in the United States could restrict global financial conditions and put pressure on financial markets in emerging economies. Excess liquidity in international markets could be reversed in a disorderly way.
- There are vulnerabilities associated with an increase in the levels of public debt, in part derived from the fiscal stimulus granted in various countries and its impact on the sustainability of public finances.
- Possible distortions in the valuation of some financial assets could lead to an abrupt correction in their prices. As a result, capital flows to the Region could be significantly curtailed. A slowdown in capital flows could potentially destabilize exchange rates and the financing of current account balances, which may cause inflationary pressures and tighter monetary policies. A resulting economic slowdown or related political events in the Region could have a material adverse effect on the growth prospects in the Region, and on the Bank's asset quality and operations.
- Changes in risk perception in the markets in which the Bank operates could lead to increased or decreased competition, and impact the availability of U.S. dollar liquidity, which could affect spreads over the cost of funds on the Bank's Loan Portfolio and, consequently, impact the Bank's net interest spreads.
- The materialization of these risks could generate new episodes of volatility, greater risk aversion and tightening of global financial conditions, which in an environment of high indebtedness could translate into risks to financial stability in some of the most vulnerable economies.

- In view of a splintered political environment and upcoming elections in several countries in the Region, the economic policy trajectory is uncertain. Failure to reach political consensus on fiscal adjustment and the structural reform agenda could have detrimental impacts on growth through a deterioration of consumer, business, or investor sentiment.
- Disruptions related to extreme weather, related partly to climate change, and other natural disasters are a significant source of downside risk for the regional outlook, and for the lives and livelihoods of individuals. Island countries in the Caribbean, together with Central American countries and coastal areas elsewhere, face rising sea levels, more frequent extreme storms, coastal flooding and erosion in the future, while parts of South America, including agricultural areas, face rising risk of drought. In addition, a large swath of the Region is prone to earthquakes. Improving resilience to and preparation for climate-and weather-related events is critical in limiting their economic impact, especially in countries where vulnerability to climate change is elevated.

Year 2023

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 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 charges 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.

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 of lending spreads, increased asset rates which improved the return on equity funding such assets, 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.

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 \$6.8 million, or 49% year-over-year increase in commissions from the Bank's letter of credit business, due to higher economic activity and increased trade flows in Latin America, and (ii) the \$2.5 million year-over-year increase in the Bank's transaction-based structuring and syndication business, as the Bank was able to close four mandated structured transactions during 2023, in a total principal amount of \$1,787 million, compared to seven transactions closed during 2022, in a total principal amount of \$1,232 million. Other commissions, net, which are mostly comprised of the opening and confirmation of credit commitments and guarantee contracts, net of commission expenses, registered a 410% year-over-year increase in 2023.

Return on average total equity ("ROAE"), calculated as profit for the year divided by average total equity, stood at 14.7% for 2023, compared to 8.9% for 2022, mostly due a 81% increase in profits for the year. As of December 31, 2023, the Bank's Tier 1 capital ratio calculated according to Basel III capital adequacy guidelines (utilizing IRB approach for credit risk) was 15.4%, compared to 15.3% as of December 31, 2022. The 2023 Asset to Equity ratio was 8.9x compared to 8.7x in 2022. In addition, as of December 31, 2023, the Bank's Capital Adequacy Ratio, calculated according to the guidelines of the Superintendency of Banks, was 13.6%, compared to 13.2% as of December 31, 2022.

The Bank's 2023 efficiency ratio reached 27%, compared to 33% for 2022, as the 60% increase in total revenues more than offset higher operating expenses. The Bank's 32% increase in operating expenses 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 resulting from the execution of the Bank strategy. The Bank's operating expenses to average assets ratio was 74 basis points in 2023, compared to 62 basis points in 2022.

The weighted average funding cost for the year ended December 31, 2023 was 5.30%, compared to 2.39% for the year ended December 31, 2022, an increase of 291 basis points, attributable to the impact of higher market rates in 2023.

Year 2022

Bladex's profit for 2022 totaled \$92.0 million, or \$2.54 per share, compared to \$62.7 million, or \$1.62 per share for 2021. The \$29.3 million, or 47% increase in profits was primarily attributable to (i) the \$61.2 million, or 71% increase in net interest income, mainly resulting from the enhancement of lending spreads, the continued positive impact of higher market rates and increased average credit balances and (ii) the \$1.2 million, or 7% increase in total other income mainly derived from the increase in fees and commissions from the Bank's structuring, syndication and letters of credit business. These combined effects were mostly offset by (i) a \$17.2 million, or 739% increase in provision charges for credit losses, mainly driven by the growth in the Bank's Credit Portfolio and to individually assessed credit provision allocations on impaired financial instruments classified as Stage 3, and (ii) a \$15.2 million, or 38% increase in operating expenses mostly associated with the Bank's focus on strengthening its execution capabilities, including new hires resulting in an increased salary base, a new performance-based variable compensation policy implemented in 2022, which closely aligns compensation with strategy implementation and financial performance and returns, along with other expenses related in each case to the implementation of the Bank strategy, including an assessment aimed at improving the Bank's internal processes and technology.

For the year ended December 31, 2022, the Bank's net interest income totaled \$148.0 million, compared to \$86.8 million during the year ended December 31, 2021. The \$61.2 million, or 71% increase in net interest income during 2022 was the result of the combined effect of increasing lending spreads and the impact of higher market rates in 2022, which positively impacted net interest income by \$47.8 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 \$13.5 million in 2022 when compared to 2021.

During the year ended December 31, 2022, fees and commissions totaled \$19.8 million, compared to \$18.3 million for the year ended December 31, 2021. The \$1.5 million, or 8% increase in fees and commissions was mainly attributable to: (i) a \$1.9 million, or 16% year-over-year increase in commissions from the Bank's letter of credit business, due to higher economic activity and increased trade flows in Latin America, and (ii) the \$0.7 million year-over-year increase in the Bank's transaction-based structuring and syndication business, as the Bank was able to close seven mandated structured transactions during 2022, for a total principal amount of \$1,232 million, compared to four transactions closed during 2021, for a total principal amount of \$629 million. Other commissions, net, which are mostly comprised of the opening and confirmation of credit commitments and guarantee contracts, net of commission expenses, registered a 56% year-over-year decrease in 2022.

ROAE stood at 8.9% for 2022, compared to a similar level of 6.1% for 2021, mostly due a 47% increase in profits for the year. As of December 31, 2022, the Bank's Tier 1 capital ratio calculated according to Basel III capital adequacy guidelines (utilizing IRB approach for credit risk) was 15.3%, compared to 19.1% as of December 31, 2021. The 2022 Asset to Equity ratio was 8.7x compared to 8.1x in 2021. In addition, as of December 31, 2022, the Bank's Capital Adequacy Ratio, calculated according to the guidelines of the Superintendency of Banks, was 13.2%, compared to 15.6% as of December 31, 2021.

The Bank's 2022 efficiency ratio reached 33%, compared to 38% for 2021, as the 60% increase in total revenues more than offset higher operating expenses. The Bank's 38% increase in operating expenses were mostly associated with the Bank's focus on strengthening its execution capabilities, including new hires resulting in an increased salary base, a new performance-based variable compensation structure implemented in 2022 –closely tied to strategy execution and financial performance and returns, along with other expenses related to the Bank's strategy implementation, including an assessment aimed at improving the Bank's processes and technology. The Bank's operating expenses to average assets ratio was 62 basis points in 2022, compared to 59 basis points in 2021.

The weighted average funding cost for the year ended December 31, 2022 was 2.39%, compared to 0.96% for the year ended December 31, 2021, an increase of 143 basis points, attributable to the impact of higher market rates in 2022.

E. Critical Accounting Estimates

The Bank prepares its Financial Statements in conformity with IFRS as issued by the IASB.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items mostly 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 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 Financial Statements 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 if conditions or underlying circumstances were to change.

See Item 18, “Financial Statements,” note 3.22 “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:

- Allowances for losses on financial instruments and measurement of expected credit losses (See Item 18, “Financial Statements,” notes 3.4, 5, and 6)
- Fair value of financial instruments and its measurement (See Item 18, “Financial Statements,” notes 3.4, 7, and 13)
- Business model assessment (See Item 18, “Financial Statements,” note 3.4).

Item 6. Directors, Executive Officers and Employees

A. Directors and Executive Officers

Directors

The following table and biographies set forth certain information concerning the Directors of the Bank as of the date hereof, including information with respect to each Director’s current position with the Bank and other institutions, class of shares which such Director represents, country of citizenship, the year that each Director’s term expires, and age.

Name	Country of Citizenship	Position Held with The Bank	Year Term Expires	Director Since	Age
CLASS A					
Tarciana Paula Gomes Medeiros Chief Executive Officer Banco do Brasil	Brazil	Director	2025	2024	45
José Alberto Garzón Gaitán Legal Vice President and General Secretary Banco de Comercio Exterior de Colombia	Colombia	Director	2026	2017	53
CLASS E					
Ricardo Manuel Arango Partner Arias, Fábrega & Fábrega	Panama	Director	2025	2016	63
Miguel Heras Castro Managing Partner and Founder MKH Capital Partners	Panama	Chairman of the Board	2027	2015	55
Roland Holst Board Member Sudameris Bank	Paraguay	Director	2025	2017	54
Mario Covo Founding Partner DanaMar LLC, United States	United States	Director	2026	1999	66
Angelica Ruiz Celis Senior Vice President BP Mexico	Mexico	Director	2025	2023	50

ALL CLASSES OF COMMON STOCK ⁽¹⁾

Isela Costantini					
Chief Executive Officer					
GST Financial Services	Argentina	Director	2027	2019	52
Alexandra M. Aguirre					
Partner					
Holland and Knight LLP	United States	Director	2027	2020	47

⁽¹⁾ Denotes class(es) of common stock of the Bank that elect the directors listed.

Tarciana Paula Gomes Medeiros, has been elected a Director of the Board on April 17, 2024, for the remaining term of Mr. Fausto de Andrade Ribeiro. Ms. Gomez Medeiros has served as Chief Executive Officer of Banco do Brasil since 2023 and is a member of the Board of Directors of Brasilprev Seguros e Previdencia S.A. (a private pension and insurance company), Elo Participações, Brazilian Federation of Bank Association (FEBRABAN) and Fundação Banco do Brasil. She has been employed by Banco do Brasil in various capacities since 2000, holding the positions of Relationship Manager, Executive Manager of Loans Solutions for Individuals Office, Business Manager, Head of Commercial Superintendency of BB Seguros and Executive Manager of Customer Service at the Retail Business Office. Ms. Medeiros holds a Bachelor in Business Administration from Faculdade AIEC, a MBA in Leadership, Innovation and Management from PUC-RS, a MBA in BI and Analytics from USP/Esalq and participated in various management and leadership programs at Banco do Brasil. Ms. Medeiros’ professional experience in and related to the banking industry and as a board member qualifies her to serve on the board.

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 with 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.

Ricardo Manuel Arango has served as a Director of the Board since 2016. Mr. Arango is Senior Partner of the law firm of 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. Mr. Arango 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. During his career, 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 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 is admitted to practice law in New York and Panama. 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; diversified perspective based on his

combined legal/business acumen; in-depth understanding of the Bank's business and operations; and experience as a board member for different companies, 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.

Roland Holst has served as a Director of the Board since 2017. Dr. Holst 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 Asunción Stock Exchange and served as a Director of the Board of Banco Central del Paraguay from 2012 to 2017. Dr. Holst was Head of Fixed Income Research at State Street Global Markets in Boston, Massachusetts and Quantitative Analyst at Starmine Corp. in San Francisco, California. Dr. Holst 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. Dr. Holst 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. Dr. Holst's professional experience in the fields of finance and economics and his academic accomplishments qualify him to serve on 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 México. 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.

Angélica Ruiz Celis has served as a Director of the Board since 2023. Ms. Ruiz is Senior Vice President for BP since 2020 and was Head of Country for Mexico at BP from 2018 to 2020. In 2022, Ms. Ruiz was appointed as interim President of BP for Brazil, a position she holds to date. Ms. Ruiz previously served as Vice President Managing Director of LATAM for Vestas from 2015 to 2018, and as Strategy and Commercial Director, Chief Financial Officer and Business Services Director at Petrofac Integrated Energy Services, in Mexico from 2011 to 2014. 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, in Mexico. 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 in Business Administration (MBA) at Instituto Panamericano en Alta Dirección (IPADE). Ms. Ruiz also holds a master of Business Administration (MBA) at Richard Ivey Business School at University of Western Ontario, Canada, a B.A. in Economics at Instituto Tecnológico Autónomo de México, and a B.A. in

Mathematics 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 on the Board.

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 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 Católica do Paraná (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.

Alexandra M. 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.

See Item 10, "Additional Information – Memorandum and Articles of Association" for a description of the shareholders' voting rights with respect to the election of directors.

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	53
Samuel Canineu	Executive Vice President Chief Commercial Officer	Brazil	42
Ana Graciela de Méndez	Executive Vice President Chief Financial Officer	Panama	57
Eduardo Vivone	Executive Vice President Treasury and Capital Markets	Argentina	59
Alejandro Tizzoni	Executive Vice President Chief Risk Officer	Argentina	47
Olazhir Ledezma	Executive Vice President Strategic Planning	Peru	52
Jorge Luis Real	Executive Vice President Chief Legal Officer and Secretary of the Board of Directors	Panama	51
Adriana Lizzeth Díaz	Executive Vice President Chief Audit Officer	Colombia	40
Carlos Daniel Raad	Executive Vice President Chief Investor Relations Officer	Colombia	43
Tatiana Calzada	Executive Vice President Chief Compliance Officer	Panama	53

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 was appointed Executive Vice President – Commercial Banking in 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.

Ana Graciela de Méndez has served as Executive Vice President, Chief Financial Officer or CFO of the Bank since December 2017. She previously served in various capacities within the Bank, including as Senior Vice President of Finance and the alternate to the CFO from 2014 to 2017, as Vice President of Financial Planning and Analysis from 2002 to 2014, and several other assignments within the Bank’s Finance, Commercial and Economic areas since 1990, when she joined the Bank. Ms. Méndez is also a member of the Board of Directors of the Panama Stock Exchange and related companies: where she also participates in the Audit and the Sustainability & CSR Committee. Ms. Méndez holds a Master’s Degree in Finance from the A.B. Freeman School of Business at Tulane University (USA) and from the Business School at Universidad Francisco Marroquin (Guatemala); completed an Advanced Management Program from the Haas School of Business at UC Berkeley (USA); and holds a Bachelor’s Degree in Business and Economics with specialization in Economics and Mathematics, from Albertus Magnus College (USA).

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 was appointed Executive Vice President – Strategic Planning in 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 and was elected as Director of the Corporate, Governance Institute of Panama in 2023.

Adriana Lizzeth Díaz was appointed Executive Vice President, Chief Audit Officer in 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 was appointed Executive Vice President, Chief Investor Relations Officer in 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.

B. Compensation

Compensation of Executive Officers and Directors

The Nomination, Compensation and Operations Committee has reviewed and discussed the below “Compensation of Executive Officers and Directors” section with the Bank’s management, and based on this review and discussion, the Nomination, Compensation and Operations Committee recommended to the Board that the following “Compensation of Executive Officers and Directors” discussion be included in the Bank’s Proxy Statement for the Annual Shareholders’ Meeting held on April 17, 2024 (commonly referred to as the “say on pay” proposal).

Compensation Consultant

The Nomination, Compensation and Operations Committee has authority to retain compensation consulting firms to assist it in the evaluation of executive officer and employee compensation and benefit programs. In 2023, the Nomination, Compensation and Operations Committee retained a specialized consultant to review the Bank’s Salary Compensation scheme.

Executive Officers Compensation

In addition to a fixed base salary, and in order to incentivize the alignment and collaboration of all areas of the Bank, the Bank pays to its executive officers’ variable compensation on an annual basis, based on the extent to which each officer meets certain individual and corporate objectives which are defined by the Board of Directors. This variable compensation is paid in both cash and in stock options and/or restricted stock units.

During the fiscal year ended December 31, 2023, the aggregate amount of variable cash compensation paid by the Bank to its current executive officers for their services was \$1,766,815.

In February 2008, the Board approved the 2008 Stock Incentive Plan (as amended, the “2008 Plan”), which allows the Bank, from time to time, to grant restricted shares, restricted stock units, stock options and/or other stock-based awards to the directors, executive officers and non-executive employees of the Bank. This plan was revised in October 2015 and amended and restated as the 2015 Stock Incentive Plan (“2015 Plan”).

On February 14, 2023, the Bank granted to current executive officers an aggregated of 160,330 restricted stock units corresponding to 2022 performance. These restricted stock units vest 25% of the amount granted per year, with the first vesting on March 14, 2023, one month after the grant date, and the subsequent vestings on each anniversary of the grant date. As of December 31, 2023, the compensation cost charged against the Bank’s 2023 income in connection with these restricted stock units was \$1,482,857. The total remaining compensation cost of \$914,219 will be charged over a period of 3.1 years.

The Bank sponsors a defined contribution plan for its expatriate officers. The Bank’s contributions are determined as a percentage of the eligible officer’s annual salary, with each officer contributing an additional amount withheld from his salary. All contributions are administered by a trust through an independent third party. During 2023, the Bank charged to salaries expense \$58,633 with respect to the contribution plan.

2023 Chief Executive Officer Compensation

The Bank’s current Chief Executive Officer’s compensation for 2023 included an annual base salary of \$500,000, a performance-based variable cash compensation of \$376,923, a grant of restricted stock units valued at \$645,899 and limited perquisites and other benefits amounting to \$8,571.

Results of the 2023 Advisory Vote on Compensation of Executive Officers

At the Bank’s annual meeting of shareholders held on April 26, 2023, the Bank’s shareholders were asked to approve, on an advisory basis, the Bank’s fiscal year 2022 executive officers’ compensation programs (commonly referred to as the “say on pay” proposal). A substantial majority (91.19%) of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Nomination, Compensation and Operations Committee believes that these results affirm the Bank’s shareholders’ support for the Bank’s approach to executive compensation, and therefore did not change its approach in fiscal year 2023. The Nomination, Compensation and Operations Committee will continue working to ensure that the

design of the Bank's executive officers' compensation program is focused on long-term shareholder value creation and emphasizes pay for performance.

Compensation and Risk

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

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

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 shall, 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.

The Bank was not required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to its Clawback Policy, neither was an outstanding balance as of the end of year 2023 of erroneously awarded compensation to be recovered from the application of the policy to a prior restatement.

Board of Directors Compensation

Each non-employee Director of the Bank receives an annual cash retainer of \$85,000 for his or her services as a Director and the Chairman of the Board receives an annual cash retainer in the amount of \$135,000.

The Chairman of the Audit Committee receives an additional annual retainer of \$8,500 and the Chairmen of each of the Nomination, Compensation and Operations Committee, Risk Policy and Assessment Committee, Finance and Business Committee, and Anti-Money Laundering, Compliance and Sustainability Committee each receives an additional annual retainer of \$5,000. The non-Chairman members of the Audit Committee receive an additional annual retainer of \$3,000 and each member of the Board receives an additional annual retainer of \$8,500 for his or her participation in excess of two committees.

The aggregate amount of cash compensation paid by the Bank during the year ended December 31, 2023 to the Directors of the Bank as a group for their services as Directors was \$1,046,000.

As approved by the Board of Directors on December 9, 2014, each non-employee director of the Bank receives an annual equity compensation of 6,000 restricted shares and the Chairman of the Board receives an annual equity compensation of 9,000 restricted shares, granted once a year under the 2015 Plan.

During the fiscal year ended December 31, 2023, the aggregate number of restricted shares awarded to non-employee directors of the Bank as a group under the 2015 Plan was 63,000 Class E shares. These restricted shares vest 35% on each of the first and second anniversaries of the award date, and 30% on the third anniversary of the award date. As of December 31, 2023, the total cost for these restricted shares amounted to \$1,114,470 of which \$474,198 was registered during 2023, and the remaining compensation cost of \$640,272 for these restricted shares will be charged against income over a period of 2.3 years.

Beneficial Ownership

As of December 31, 2023, the Bank's Executive Officers and Directors, as a group, beneficially owned an aggregate of 1,006,316 Class E shares, representing approximately 3.6% (based on 28,108,597 Class E shares outstanding as of December

31, 2023) of all issued and outstanding Class E shares as of such date. “Beneficial ownership”, as the term is used in this section, means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days from December 31, 2023 through the exercise of any option or through the vesting of any restricted stock or restricted stock units. Ordinary shares subject to options that are currently exercisable or exercisable within 60 days, or that constitute restricted stock or restricted stock units that will vest within 60 days, are deemed outstanding for computing the beneficial ownership percentage of the person holding such options, restricted stock or restricted stock units, but are not deemed outstanding for computing the ownership percentage of any other person.

The following table sets forth information regarding beneficial ownership of the Bank’s Class E shares, including restricted stock units and holdings of unvested stock options and unvested restricted stock units by the Bank’s executive officers eligible to receive restricted stock units as of December 31, 2023. Except where noted, all holders listed below have sole voting power and investment power over the shares beneficially owned by them. Unless otherwise noted, the address of each person listed below is c/o Torre V, Business Park, Avenida La Rotonda, Urbanización Costa del Este, Panama, Republic of Panama.

Name	Number of Shares Owned as of December 31, 2023 ⁽¹⁾	Number of Shares that may be acquired within 60 days as of December 31, 2023 ⁽²⁾	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	Unvested Restricted Stock Units ⁽³⁾
Jorge Salas	52,704	19,987	72,691	*	34,306
Tatiana Calzada	1,496	0	1,496	*	0
Samuel Canineu	19,166	8,186	27,352	*	16,371
Adriana Lizzeth Diaz	7,223	973	8,196	*	1,947
Olazhir Ledezma	13,654	4,921	18,575	*	9,844
Ana Graciela de Méndez	19,405	7,992	27,397	*	10,933
Carlos Daniel Raad	7,623	996	8,619	*	1,991
Jorge Luis Real	6,318	3,731	10,049	*	5,529
Alejandro Tizzoni	32,394	12,219	44,613	*	16,934
Eduardo Vivone	25,577	10,500	36,077	*	14,177
Total	185,560	69,505	255,065		112,032

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

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

(2) Includes vested traditional stock options, as well as options, restricted stock units that will vest within 60 days of December 31, 2023.

(3) Includes 70,945, 28,342 and 12,745 unvested restricted stock units granted to executive officers on February 2023, February 2022 and February 2021, under the 2015 Plan, respectively. These restricted stock units vest 25% each period as stated in the Notice of RSU Award. Any unvested portion of the grants referenced above that will not vest within 60 days of December 31, 2023, is not deemed to be beneficially owned by the individuals listed in the table.

The following table sets forth information regarding beneficial ownership of the Bank’s Class E shares, including restricted shares and holdings of unvested restricted shares and unvested stock options by members of the Bank’s Board, as of December 31, 2023:

Name	Number of Shares Owned as of December 31, 2023 ⁽¹⁾	Number of Shares that may be acquired within 60 days as of December 31, 2023 ⁽²⁾	Total Number of Shares Beneficially Owned	Percent of Class Beneficially Owned	Restricted Shares ⁽³⁾
Alexandra M. Aguirre	12,300	—	12,300	*	11,700
Ricardo Manuel Arango	56,025	—	56,025	*	11,700
Silvina Batakis ⁽⁴⁾	0	—	0	*	6,000
Isela Costantini	12,300	—	12,300	*	11,700
Mario Covo	86,027	—	86,027	*	11,700
José Alberto Garzón	30,300	—	30,300	*	11,700
Miguel Heras Castro	514,749	—	514,749		17,550
Roland Holst	37,450	—	37,450	*	11,700
Fausto de Andrade Ribeiro ⁽⁵⁾	2,100	—	2,100	*	6,000
Angélica Ruiz	0	—	0	*	6,000
Total	751,251	—	751,251		105,750

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

(1) Includes Class E shares purchased by the director or restricted shares vested and transferred to the director pursuant to the 2003 Restricted Stock Plan, the 2008 Plan and the 2015 Plan as of such date.

(2) Includes vested / unexercised traditional stock options.

(3) Includes unvested restricted Class E shares granted under the Bank’s 2018 Plan and 2015 Plan. An aggregate amount of 63,000 restricted shares were granted to directors on April 26, 2023; these restricted shares vest 35% in each of the first and second year and 30% in the third year on the relevant grant date’s anniversary.

(4) Ms. Silvina Batakis, a Class “A” Director of Bladex’s Board of Directors tendered her resignation effective April 16, 2024. Ms. Batakis was a member of the Audit Committee and of the Nomination, Compensation and Operations Committee.

(5) Mr. Fausto de Andrade Ribeiro, a Class “A” Director of Bladex’s Board of Directors tendered his resignation effective April 16, 2024. Mr. Ribeiro was a member of the Audit Committee and of the Risk Policy and Assessment Committee. At the Annual Shareholders’ Meeting held on April 17, 2024, the Bank’s Class “A” shareholders elected Ms. Tarciana Paula Gomes Medeiros as Director for the remaining of his term.

For additional information regarding stock options granted to executive officers and directors, see Item 18, “Financial Statements,” note 29.

Stock Ownership Policy for Directors and Executive Officers

Since October 2013, the Board of Directors has adopted share ownership guidelines for directors and executive officers. These guidelines enable the Bank to meet its objective of aligning directors’ and executives’ interests with those of the shareholders.

Under these guidelines, each director, within three years of joining the Board, is required to accumulate 9,000 shares (13,500 for the Chairman of the Board), and to maintain at least this ownership level while serving as a member of the Board. Presently, all Board members are in compliance with the guidelines that apply to them.

The Chief Executive Officer is required to own shares of the Bank’s common stock worth at least two and a half times his annual base salary. Other Executive Officers are required to own stock equal to one time their annual base salary. These executive officers have up to seven years to comply with this share ownership requirement, measured from the later of the date of adoption of these guidelines or the date that they became subject to the guidelines. All executive officers named in the Beneficial Ownership table in this Annual Report are in compliance with the guidelines as they apply to them.

The following elements are included in determining the Directors’ and Executive Officers’ share ownership for purposes of these guidelines: shares owned individually and by minor dependents or spouses; unvested restricted shares and restricted stock units; and vested or unvested stock options.

C. Board Practices

Board Leadership Structure

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide an independent oversight of management. The Bank currently separates the positions of Chief Executive Officer and Chairman of the Board.

As defined by the SEC in Item 407 of Regulation S-K, at least one of the members of the Audit Committee is an “audit committee financial expert”.

In compliance with the Sarbanes-Oxley Act, Section 303A of the New York Stock Exchange Listed Company Manual, the Rules of the Superintendent of Banks, the Bank’s organizational documents and charters of each of the following Board committees, a majority of the members of the Board of Directors, all members of the Audit Committee, and all members of the Nomination, Compensation and Operations Committee of the Bank are independent directors.

The Bank’s Board believes that its leadership structure promotes an effective board that supports and challenges management appropriately.

Meetings of the Board and Committees

Executive sessions of the Bank’s directors are held during each meeting of the Board. Executive sessions over the course of this year were led by Mr. Miguel Heras, as the chairperson of the sessions.

During the fiscal year ended December 31, 2023, the Board held eight meetings. Directors attended an average of 89% of the total number of Board meetings held during the fiscal year ended December 31, 2023.

The following table sets forth the membership and number of meetings for each of the five committees of the Board during the fiscal year ended December 31, 2023:

Name	Audit	Risk Policy and Assessment	Finance and Business	Anti-Money Laundering, Compliance and Sustainability	Nomination, Compensation and Operations
Alexandra M. Aguirre		Member	Member	Member	
Ricardo Manuel Arango		Member	Member	Chairman	
Silvina Batakis ⁽¹⁾	Member				Member
Isela Costantini	Member				Chairman
Mario Covo		Member	Chairman		
José Alberto Garzón	Chairman			Member	Member
Miguel Heras Castro		Chairman	Member		
Roland Holst		Member	Member		
Fausto de Andrade Ribeiro ⁽²⁾	Member	Member			
Angélica Ruiz Celis	Member				Member
Number of Committee Meetings Held in 2023	7	5	5	6	5

1. Ms. Silvina Batakis, a Class “A” Director of Bladex’s Board of Directors tendered her resignation effective April 16, 2024. Ms. Batakis was a member of the Audit Committee and of the Nomination, Compensation and Operations Committee.

2. Mr. Fausto de Andrade Ribeiro, a Class “A” Director of Bladex’s Board of Directors tendered his resignation effective April 16, 2024. Mr. Ribeiro was a member of the Audit Committee and of the Risk Policy and Assessment Committee. At the Annual Shareholders’ Meeting held on April 17, 2024, the Bank’s Class “A” shareholders elected Ms. Tarciana Paula Gomes Medeiros as Director for the remaining of his term.

Audit Committee

The Audit Committee is a standing committee of the Board. According to its Charter, the Audit Committee must be comprised of at least three independent directors. The members of the Audit Committee were Mr. José Alberto Garzón, Ms. Silvina Batakis, Ms. Isela Costantini, Mr. Fausto de Andrade Ribeiro, and Ms. Angélica Ruiz.

The Board has determined that all members of the Audit Committee are independent directors under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the Sarbanes-Oxley Act, Section 303A of NYSE Listed Company Manual, and Rule No. 05-2011 as amended by Rule 05-2014 of the Superintendency of Banks. In addition, at least one of the members of the Audit Committee is an “audit committee financial expert,” as defined by the SEC in Item 407 of Regulation S-K. As of April 16, 2024, the Audit Committee’s financial expert was Mr. Fausto de Andrade Ribeiro.

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

The Audit Committee meets at least six times per year, as required by the Superintendency of Banks and the Committee charter, or more often if the circumstances so require. During the fiscal year ended December 31, 2023, the Audit Committee met seven times.

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

The Charter of the Audit Committee requires an annual self-evaluation of its performance.

The Audit Committee pre approved all audit and non audit services of the Bank’s independent auditors in 2023.

The Audit Committee’s Charter may be found on the Bank’s website at <https://www.bladex.com/en/governance>.

Risk Policy and Assessment Committee

The Risk Policy and Assessment Committee is a standing committee of the Board. According to its charter, the Risk Policy and Assessment Committee must be comprised of at least three directors. The members of the Risk Policy and Assessment Committee were Mr. Miguel Heras Castro (Chair), Ms. Alexandra M. Aguirre, Mr. Ricardo Manuel Arango, Mr. Mario Covo, Mr. Roland Holst and Mr. Fausto de Andrade Ribeiro.

The Risk Policy and Assessment Committee is responsible for reviewing and recommending to the Board, for its approval, all policies related to the prudent enterprise risk management. The Committee also reviews and assesses exposures to the risks facing the Bank’s business within the risk levels the Bank is willing to take in accordance with its applicable policies, including the review and assessment of the quality and profile of the Bank’s credit facilities, the exposure to country, market, liquidity, technological, and information security (including cybersecurity) risks and the analysis of operational risks, which take into account the model risks and legal risks associated with the Bank’s products.

In addition, the Risk Policy and Assessment Committee assesses and approves credit limits and approves management proposals for granting different types of financing up to the legal limit applicable to the Bank in accordance with current regulations on the date of approval of each transaction and/or economic group. It reports to the Board and refers transactions for consideration and approval by the Board when the transaction limit exceeds its delegated authorizations.

The Risk Policy and Assessment Committee performs its duties through the review of reports received regularly from management and through its interactions with the Risk Management area and other members of the Bank’s management. The Risk Policy and Assessment Committee charter requires the Committee to meet at least four times per year. During the fiscal period ended December 31, 2023, the Risk Policy and Assessment Committee held five meetings.

The Risk Policy and Assessment Committee Charter may be found on the Bank's website at <https://www.bladex.com/en/governance>.

Finance and Business Committee

The Finance and Business Committee is a standing committee of the Board. According to its charter, the Finance and Business Committee must be comprised of at least three directors. The current members of the Finance and Business Committee are Mr. Mario Covo (Chair), Ms. Alexandra M. Aguirre, Mr. Ricardo Manuel Arango, Mr. Miguel Heras Castro and Mr. Roland Holst.

The fundamental role of the Finance and Business Committee is to review and analyze all issues related to the development and execution of the Bank's business and its financial management including, among others, capital management, portfolio management (assets and liabilities), liquidity management, gap and funding management, tax related matters and, the financial performance of the Bank in general. The Finance and Business Committee charter requires the Committee to meet at least five times per year. During the fiscal year ended December 31, 2023, the Committee held five meetings.

The Finance and Business Committee Charter may be found on the Bank's website at <https://www.bladex.com/en/governance>.

Anti-Money Laundering, Compliance and Sustainability Committee

The Anti-Money Laundering, Compliance and Sustainability Committee is a standing committee of the Board. The current members of the Anti-Money Laundering, Compliance and Sustainability Committee are Directors Mr. Ricardo Manuel Arango (Chair), Ms. Alexandra M. Aguirre and Mr. José Alberto Garzón, and the Bank's Chief Executive Officer, Executive Vice President-Commercial Banking, Executive Vice President-Chief Risk Officer, Executive Vice President-Strategic Planning, Executive Vice President-Chief Audit Officer, Executive Vice President-Chief Investor Relations Officer, Executive Vice President-Chief Legal Officer and Corporate Secretary, Executive Vice President-Chief Compliance Officer and New York Agency Compliance Officer.

The Anti-Money Laundering, Compliance and Sustainability Committee acts in support of the Board, fulfilling its responsibilities in compliance matters while also fulfilling the functions attributed to them pursuant to applicable laws and regulations related to compliance, including the responsibility to direct the Bank's Compliance Program on a strategic level.

Compliance includes all the laws and regulations that apply to the Bank and are related to: (i) Anti-Money Laundering and the Combating of the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/CFT), (ii) The U.S. Treasury Department's Office of Foreign Assets Control (OFAC), (iii) The Foreign Accounts Tax Compliance Act (FATCA), (iv) The OECD's Common Reporting Standards (CRS), and (v) The Foreign Corrupt Practices Act (FCPA).

With respect to Environmental, Social and Governance (ESG) issues, on which the Bank's sustainability is based, the Board provides that the Committee shall also be in charge of overseeing these initiatives and the work carried out by Management towards the development, implementation and maintenance of a sustainability program for the Bank, reporting to the Board on a regular basis and coordinating with other Board Committees in charge of certain aspects related to social and environmental issues.

During the fiscal year ended December 31, 2023, the Anti-Money Laundering, Compliance and Sustainability Committee held six meetings.

The Anti-Money Laundering, Compliance and Sustainability Committee Charter may be found on the Bank's website at <https://www.bladex.com/en/governance>.

Nomination, Compensation and Operations Committee

The Nomination, Compensation and Operations Committee is a standing committee of the Board. According to its charter, the Nomination, Compensation and Operations Committee must be comprised of at least three directors. The members of the Nomination, Compensation and Operations Committee were Ms. Isela Costantini (Chair), Ms. Silvina Batakis, Mr. José Alberto Garzón and Ms. Angélica Ruiz.

The Charter of the Nomination, Compensation and Operations Committee requires that all members of the Committee be independent directors. No member of the Nomination, Compensation and Operations Committee can be an employee of the Bank. The Board has determined that all members of the Nomination, Compensation and Operations Committee are independent under the terms defined by applicable laws and regulations, including rules promulgated by the SEC under the

Sarbanes-Oxley Act, Section 303A of the Manual for Companies listed on the NYSE, and Rule No. 05-2011 as amended by Rule 05-2014 of the Superintendent of Banks. The Nomination, Compensation and Operations Committee charter requires the Committee to meet at least five times per year. During the fiscal year ended December 31, 2023, the Nomination, Compensation and Operations Committee held five meetings.

The Nomination, Compensation and Operations Committee's primary responsibilities are to assist the Board by: identifying candidates to become Board members and recommending nominees for the annual meetings of shareholders; making recommendations to the Board concerning candidates for Chief Executive Officer and counseling on succession planning for executive officers; recommending compensation for Board members and committee members, including cash and equity compensation; recommending compensation policies for executive officers and employees of the Bank, including cash and equity compensation, policies for senior management and employee benefit programs and plans; reviewing and recommending changes to the Bank's Code of Ethics; and advising executive officers on issues related to the Bank's personnel. Additionally, this Committee submits recommendations on issues related to improving the Bank's operating model and evaluates and proposes technology and communications strategic plans. Further, the Nomination, Compensation and Operations Committee is responsible for promoting continued improvement in the Bank's corporate governance and verifying compliance with all applicable policies.

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

The charter of the Nomination, Compensation and Operations Committee requires an annual self-evaluation of the Committee's performance.

The Nomination, Compensation and Operations Committee Charter may be found on the Bank's website at <https://www.bladex.com/en/governance>.

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

Corporate Governance Practices

The Board has decided not to establish a Corporate Governance Committee. Given the importance that corporate governance has for the Bank, the Board decided to address all matters related to corporate governance at the Board level. The Nomination, Compensation and Operations Committee is responsible for making recommendations to the Board on Corporate Governance matters.

The Bank's corporate governance manual complies with Section 303A of the NYSE's Listed Company Manual/Corporate Governance Rules and is available in the "Corporate Governance" section of the Bank's website at <https://www.bladex.com/en/corporate-governance>.

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

Board of Directors of Banco Latinoamericano de Comercio Exterior, S.A.
c/o Mr. Miguel Heras Castro
Director and Chairman of the Board of Directors
Torre V, Business Park
Avenida La Rotonda, Urbanización Costa del Este
P.O. Box 0819-08730
Panama City, Republic of Panama

In addition, the Bank has selected Ethics Line, an on-line reporting system, to provide shareholders, employees of the Bank, and other interested parties with an alternative channel to report anonymously, any actual or possible violations of the Bank's

Code of Ethics, as well as other work-related situations or irregular or suspicious transactions, accounting matters, internal audit or accounting controls. In order to file a report, a link is provided on the Bank’s website at <http://www.bladex.com>.

D. Employees

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

	As of December 31,		
	2023	2022	2021
Bladex Head Office in Panama	237	208	161
New York Agency	7	6	6
Representative Office in Argentina	3	3	3
Representative Office in Brazil	8	9	6
Representative Office in Mexico	8	7	4
Representative Office in Colombia	5	5	4
Total Number of Permanent Employees	268	238	184

As of December 31, 2023, the Bank's workforce comprised 268 employees, representing 17 nationalities, 96% of which are from Latin American countries. The Bank's human capital is the main backbone of all business activities, ensuring the overall well-being of its employees, it became increasingly important. The Bank’s priority is to provide all employees with an environment that integrates both their professional fulfillment and personal well-being.

Having a multicultural work environment is one of Bladex’s main strengths. The presence of different nationalities and cultures among the Bank’s employees, coupled with the commitment and professionalism demonstrated, led to difficulties being taken as challenges and opportunities, enriching the Bladex brand.

The Bank’s goal is to have all employees, regardless of their race, ethnicity, religion, age, gender, national origin, or other characteristics, feel valued, respected and accepted for their unique characteristics and contributions to Bladex. For more information, please refer to Human Capital Management, and Diversity, Equity, and Inclusion, in the Environmental, Social and Governance section in Item 4.B..

E. Share Ownership

See Item 6.B., “Directors, Executive Officers and Employees–Compensation–Beneficial Ownership.”

F. Disclosure of a registrant’s action to recover erroneously awarded compensation

Not applicable

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

As of December 31, 2023, the Bank was not directly or indirectly owned or controlled by another corporation or any foreign government, and no person was the registered owner of more than 12.3% of the total outstanding shares of voting capital stock of the Bank.

The following table sets forth information regarding the Bank’s shareholders that are the beneficial owners of 5% or more of any one class of the Bank’s voting stock, on December 31, 2023.

	As of December 31, 2023		
	Number of Shares	% of Class	% of Total Common Stock
Class A Common Stock			
Banco de la Nación Argentina Bartolomé Mitre 326 CP 1036 AAF Buenos Aires, Argentina	1,045,348	16.5	2.9
Banco do Brasil SAUN Qd 5, Lote B, Torre II, 12 Andar Edificio Banco do Brasil CEP 70040-912 Brasilia, DF - Brazil	974,551	15.4	2.7
Banco de Comercio Exterior de Colombia Edif. Centro de Comercio Internacional Calle 28 No. 13A-15 C.P. 110311 Bogotá, Colombia	488,547	7.7	1.3
Banco de la Nación (Perú) Ave. República de Panamá 3664 San Isidro, Lima, Perú	446,556	7.0	1.2
Banco Central del Paraguay Federación Rusa y Augusto Roa Bastos Asunción, Paraguay	434,658	6.9	1.2
Banco Central del Ecuador Ave. 10 de Agosto N11- 409 y Briceño Quito, Ecuador	431,217	6.8	1.2
Banco del Estado de Chile Ave. Libertador Bernardo O’Higgins No.1111 Santiago, Chile	323,413	5.1	0.9
Sub-total shares of Class A Common Stock	4,144,290	65.4	11.4
Total Shares of Class A Common Stock	6,342,189	100.0	17.4
Class B Common Stock			
Banco de la Provincia de Buenos Aires San Martín 137 C1004AAC Buenos Aires, Argentina	884,461	42.3	2.4
Banco de la Nación Argentina Bartolomé Mitre 326 CP 1036 AAF Buenos Aires, Argentina	295,945	14.2	0.8
The Korea Exchange Bank 35, Euljiro, Jun-gu Seoul 100-793, Korea	147,173	7.0	0.4
Sub-total shares of Class B Common Stock	1,327,579	63.5	3.6
Total Shares of Class B Common Stock	2,089,075	100.0	5.7

	As of December 31, 2023		
	Number of Shares	% of Class	% of Total Common Stock
Class E Common Stock			
Brandes Investment Partners, L.P. ⁽¹⁾ 4275 Executive Square 5th Floor La Jolla California 92037 United States	4,508,530	16.0	12.3
Sub-total shares of Class E Common Stock	4,508,530	16.0	12.3
Total Shares of Class E Common Stock	28,108,597	100.0	76.9
Class F Common Stock			
Total Shares of Class F Common Stock	0	0.0	0.0
Total Shares of Common Stock	36,539,861		100.0

⁽¹⁾ Source: Schedule 13G/A filing with the U.S. Securities and Exchange Commission dated January 10, 2024.

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

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

Set forth below are the number of shares of each class of the Bank's common stock issued and outstanding as of the dates listed below:

Class of Shares	Number of Shares Outstanding as of		
	December 31, 2023	December 31, 2022	December 31, 2021
Class A Common Shares	6,342,189	6,342,189	6,342,189
Class B Common Shares	2,089,075	2,089,075	2,089,075
Class E Common Shares	28,108,597	27,893,292	27,799,882
Class F Common Shares	—	—	—
Total Common Shares	36,539,861	36,324,556	36,231,146

The number of the Bank's Class A and Class B common shares outstanding as of December 31, 2023 did not change from December 31, 2022. During the year ended December 31, 2023, Class E common shares outstanding increased by 215,305 shares, due to restricted stocks granted to directors and restricted stock units vested during 2023.

As of December 31, 2023, there were a total of 51 holders of record of the Bank's Class E shares, of which 13 were registered with addresses in the United States. Such United States record holders were, as of such date, the holders of record of approximately 86% of the Bank's outstanding Class E shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders reside, as many of

these ordinary shares were held of record by brokers or other nominees. None of the Bank's Class A shares or Class B shares are held in the United States.

The Bank had no preferred stock issued and outstanding as of December 31, 2023.

B. Related Party Transactions

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 set forth above in Item 4.B, "Information on the Company—Business Overview—Supervision and Regulation—Panamanian Law."

As of December 31, 2023, and 2022, the Bank had credit transactions in the normal course of business with 10% and 11%, respectively, of its Class "A" and "B" stockholders. All transactions were made based on arm's-length terms and subject to prevailing commercial criteria and market rates and were subject to all of the Bank's Corporate Governance and control procedures. As of December 31, 2023 and 2022, 6% and 12%, respectively, of the outstanding Loan Portfolio was placed with the Bank's Class "A" and "B" stockholders and their related parties. As of December 31, 2023, 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 2.9% 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 one entity whose director is also a director of the Bank. This entity was Sudameris Bank SAECA, of which the Bank's director, Roland Holst, is also a director. As of December 31, 2023, four loans remained outstanding to Sudameris Bank SAECA for the total amount of \$60 million. These loans were made on June 2, September 28 and October 20, 2023. These outstanding loans had a weighted average interest rate of 7.46%. During 2023, the largest amount outstanding was \$60 million.

All of the abovementioned 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.

For more information regarding the Bank's related party transactions, see Item 18, "Financial Statements," note 28.

C. Interests of Experts and Counsel

Not required in this Annual Report.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

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

At the date of this Annual Report, there have been no legal or arbitration proceedings, which may have, or have had in the recent past, significant effects on the Bank's financial position or profitability, including proceedings pending or known to be contemplated.

Dividends

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

The cash dividend declared per share to the Bank's shareholders totaled \$1.25 per common share for the year ended December 31, 2023, a dividend increase of \$0.25 per common share compared to the \$1.00 per common share cash dividend declared for the years ended December 31, 2022 and 2021.

No special dividends were declared during three-year period ended December 31, 2023.

The following table presents information regarding dividends paid to holders of common shares on the dates indicated:

Payment date	Record date	Dividend per share
March 19, 2024	March 4, 2024	\$0.50
November 16, 2023	October 30, 2023	\$0.25
August 15, 2023	July 31, 2023	\$0.25
May 17, 2023	May 4, 2023	\$0.25
March 28, 2023	March 10, 2023	\$0.25
November 30, 2022	November 14, 2022	\$0.25
August 30, 2022	August 15, 2022	\$0.25
June 1, 2022	May 16, 2022	\$0.25
March 22, 2022	March 7, 2022	\$0.25
November 23, 2021	November 9, 2021	\$0.25
August 24, 2021	August 9, 2021	\$0.25
June 2, 2021	May 17, 2021	\$0.25
March 10, 2021	February 23, 2021	\$0.25

The Bank has no preferred shares issued and outstanding as of December 31, 2023.

B. Significant Changes

Not applicable.

Item 9. The Offer and Listing

A. Offer and Listing Details

The Bank’s Class E shares are listed on the NYSE under the symbol “BLX”. The following table shows the high and low market prices of the Class E shares on the NYSE for the periods indicated:

	Price per Class E Share (in \$) ⁽¹⁾	
	High	Low
2023	25.73	15.71
2022	17.35	12.58
2021	19.33	14.30
2020	22.71	7.73
2019	22.94	16.96
2024:		
March	30.08	27.05
February	28.34	22.93
January	27.06	23.64
2023:		
December	25.73	24.16
November	25.52	22.39
October	22.89	20.02
2024:		
First Quarter	30.08	22.93
2023:		
First Quarter	19.17	15.71
Second Quarter	22.11	16.60
Third Quarter	24.65	21.00

Fourth Quarter	25.73	20.02
2022:		
First Quarter	17.35	14.88
Second Quarter	15.72	12.58
Third Quarter	15.36	13.00
Fourth Quarter	16.81	13.02

⁽¹⁾ Corresponds to the highest and lowest sales price of the stock at any time during any given trading day. Source: NYSE Connect.

B. Plan of Distribution

Not required in this Annual Report.

C. Markets

The Bank’s Class A shares and Class B shares, which were sold in private placements or sold in connection with the Bank’s 2003 rights offering, are not listed on any exchange and are not publicly traded. The Bank’s Class E shares, which constitute the only class of shares publicly traded (listed on the NYSE), represent 76.9% of the total shares of the Bank’s common stock issued and outstanding as of December 31, 2023. The Bank’s Class B shares are convertible into Class E shares on a one-to-one basis. There are no issued or outstanding Class F shares.

D. Selling Shareholders

Not required in this Annual Report.

E. Dilution

Not required in this Annual Report.

F. Expenses of the Issue

Not required in this Annual Report.

Item 10. Additional Information

A. Share Capital

Not required in this Annual Report.

B. Memorandum and Articles of Association

Articles of Incorporation

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

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

The Bank’s Articles of Incorporation provide that the Board shall direct and control the business and management of the assets of the Bank, except for those matters specifically reserved to shareholders by law or the Articles of Incorporation. The Board, however, may grant general and special powers of attorney authorizing directors, officers and employees of the Bank

or other persons to transact such business and affairs within the competence of the Board, as the Board may deem convenient to entrust to such persons.

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

The Board consists of ten members: three Directors elected by the holders of the Class A common shares; five Directors elected by the holders of the Class E common shares; and two Directors elected by the holders of all common shares. For so long as the number of Class F common shares issued and outstanding is equal to or greater than fifteen percent (15%) of the total number of common shares issued and outstanding, the holders of the Class F common shares will have the right to elect one director and the Board will consist of eleven members. As of December 31, 2023, no Class F shares or preferred shares were issued and outstanding.

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

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

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

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

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

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

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

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

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

Neither Bladex's Articles of Incorporation nor its By-Laws contain any provision requiring disclosure with respect to a shareholder's ownership above a certain threshold.

At the Annual Meeting of Shareholders held on April 29, 2020, an amendment to Article 12 of the Bank's Articles of Incorporation was approved to delete a provision that required that the Board of Directors always nominate the Chief Executive Officer from one of the two Directors to be elected by the holders of all of the common shares. This amendment provides further independence at the Board level and also gives the Board more flexibility to nominate persons from a broader scope of candidates, who are not necessarily involved in the day-to-day operations of the Bank.

The Bank's Amended Articles of Incorporation were filed as an exhibit to the Form 20-F for the fiscal year ended December 31, 2020, filed with the SEC on April 28, 2021. See Item 19, "Exhibits" for hyperlink to this document.

The Bank's By-Laws were filed as an exhibit to the Form 20-F for the fiscal year ended December 31, 2009, filed with the SEC on June 11, 2010. See Item 19, "Exhibits" for hyperlink to this document.

C. Material Contracts

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

D. Exchange Controls

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

E. Taxation

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

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

United States Taxes

This summary describes the material U.S. federal income tax consequences of the ownership and disposition of the Class E shares, but does not purport to be a comprehensive description of all of the tax considerations that may be relevant to holders of Class E shares. Except as specifically noted, this summary applies only to current holders that hold Class E shares as capital assets for U.S. federal income tax purposes and does not address classes of holders that are subject to special treatment under the United States Internal Revenue Code of 1986, as amended (the “Code”) such as dealers in securities or currencies, financial institutions, tax-exempt entities, regulated investment companies, insurance companies, securities traders that elect mark-to-market tax accounting, persons subject to the alternative minimum tax, non-U.S. investors (including, without limitation, non-U.S. investors subject to tax as U.S. expatriates and non-U.S. investors holding Class E shares in connection with a U.S. trade or business), persons receiving Class E shares in connection with the performance of services, persons holding Class E shares as part of a hedging, constructive ownership or conversion transaction or a straddle, holders whose functional currency is not the U.S. dollar, or a holder that owns 10% or more (directly, indirectly or constructively) of the shares of the Bank, by vote or value.

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

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

Taxation of Distributions

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

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

A holder of Class E shares that is not a U.S. Holder (“non-U.S. Holder”) generally will not be subject to U.S. federal income tax or withholding tax on distributions received on Class E shares that are treated as dividend income for U.S. federal income tax purposes. Special rules may apply in the case of non-U.S. Holders that are (1) engaged in a U.S. trade or business, (2) former citizens or long-term residents of the United States; (3) “controlled foreign corporations;” (4) corporations that accumulate earnings in excess of an amount that is deemed to be necessary for its reasonable business needs; or (5) certain foreign charitable organizations, each within the meaning of the Code. Such persons should consult their own tax advisors as to the U.S. federal income or other tax consequences of the ownership and disposition of Class E shares.

Taxation of Capital Gains

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

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

Passive Foreign Investment Company Status

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

While the Bank conducts, and intends to continue to conduct, a significant banking business, there can be no assurance that the Bank will satisfy the specific requirements for the active bank exception under the Notice, the Proposed Regulations or the exclusion for qualified banking income. Based on estimates of the Bank’s current and projected gross income and gross assets, the Bank does not believe that it will be classified as a PFIC for the Bank’s current or future taxable years. The determination of whether the Bank is a PFIC, however, is made annually and is based upon the composition of the Bank’s income and assets (including income and assets of entities in which the Bank holds at least a 25% interest), and the nature of the Bank’s activities.

Because final regulations have not been issued and because the Notice and the Proposed Regulations are inconsistent, the Bank’s status under the PFIC rules is subject to uncertainty. While the Bank conducts, and intends to continue to conduct, a significant banking business, there can be no assurance that it will satisfy the specific requirements under the Notice, the

Proposed Regulations or the exclusion for income derived in the active conduct of a banking business. Accordingly, U.S. Holders could be subject to U.S. federal income tax under the rules described below.

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

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

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

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

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

Information Reporting and Backup Withholding

The Bank and any U.S. payor making payments in respect of Class E shares will generally be required to provide the IRS with information concerning certain payments made on Class E shares, including the name, address and taxpayer identification number of the beneficial owner of Class E shares, and the aggregate amount of dividends paid to such beneficial owner during the calendar year. Under the backup withholding rules, a holder may be subject to backup withholding at a current rate of 24% with respect to proceeds received on the sale or exchange of Class E shares within the United States and to dividends paid, unless such holder: (1) is a corporation or comes within certain other exempt categories (including non-U.S. Holders, securities broker-dealers, other financial institutions, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts), and, when required, demonstrates this fact or (2) provides a taxpayer identification number, certifies as to no loss of exemption and otherwise complies with the applicable requirements of the backup withholding rules. Non-U.S. Holders generally are exempt from information reporting and backup withholding, but may be required to provide a properly completed IRS Form W-8BEN or W-8BEN-E (or other similar form) or otherwise comply with applicable certification and identification procedures in order to prove their exemption. Backup withholding is not an additional tax and any amounts withheld from a payment to a holder of Class E shares will be refunded (or credited against such holder’s U.S. federal income tax liability, if any) provided that the required information is timely furnished to the IRS.

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

3.8% Medicare Tax On “Net Investment Income”

Certain U.S. Holders who are individuals, estates or trusts may be required to pay an additional 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of Class E shares.

Foreign Asset Reporting

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

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

Panamanian Taxes

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

General Principle

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

Taxation of Distributions

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

Taxation of Capital Gains

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

F. Dividends and Paying Agents

Not required in this Annual Report.

G. Statement by Experts

Not required in this Annual Report.

H. Documents on Display

Upon written or oral request, the Bank will provide without charge to each person to whom this Annual Report is delivered, a copy of any or all of the documents listed as exhibits to this Annual Report (other than exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents). Written requests for copies should be directed to the attention of Mr. Carlos Daniel Raad, Chief Investor Relations Officer, Bladex, as follows: (1) if by regular mail, to P.O. Box 0819-08730, Panama City, Republic of Panama, and (2) if by courier, to Torre V, Business Park, Avenida La Rotonda, Urb. Costa del Este, Panama City, Republic of Panama. Telephone requests may be directed to Mr. Raad at +507 366-4925 ext.

7925. Written requests may also be sent via e-mail to Mr. Raad at craad@bladex.com or ir@bladex.com. Information is also available on the Bank’s website at: <https://www.bladex.com/en>.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosure About Market Risk

The Bank’s risk management policies, as approved by the Board from time to time, are designed to identify and control the Bank’s credit and market risks by establishing and monitoring appropriate limits on the Bank’s credit and market exposures. Certain members of the Board constitute the 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, 2023 and 2022, 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, 2023:

	Expected maturity date							Total 2023	Fair value 2023
	2024	2025	2026	2027	2028	There- after	Without maturity		
(\$ 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 Dollar	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 %	

	Expected maturity date								
	2024	2025	2026	2027	2028	There- after	Without maturity	Total 2023	Fair value 2023
	(\$ Equivalent in thousands)								
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 Dollar	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 Dollar	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
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 %	—	—	—	—	—	—	

	Expected maturity date						There- after	Without maturity	Total 2023	Fair value 2023
	2024	2025	2026	2027	2028					
(\$ Equivalent in thousands)										
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 Dollar	88,320	11,040	11,040	11,040	—	—	—	121,440	(15,314)	
Euro Dollar fixed rate	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.

As of December 31, 2022:

	Expected maturity date						There- after	Without maturity	Total 2022	Fair value 2022
	2023	2024	2025	2026	2027					
(\$ Equivalent in thousands)										
ASSETS:										
Securities and other financial assets										
Fixed rate										
U.S. Dollars	300,638	242,201	246,183	216,055	6,889	7,977	—	1,019,943	973,526	
Average fixed rate	3.85 %	4.36 %	4.65 %	3.45 %	3.08 %	6.86 %	—	4.10 %		
Loans at amortized cost										
Fixed rate										
U.S. Dollars	3,518,614	134,253	50,731	22,310	21,148	23,410	—	3,770,466	3,774,749	
Average fixed rate	6.25 %	5.08 %	6.05 %	6.34 %	6.37 %	7.18 %	—	6.21 %		
Mexican Peso	51,824	3,514	1,279	—	—	—	—	56,617	57,244	
Average fixed rate	13.01 %	12.75 %	12.75 %	—	—	—	—	12.99 %		
Floating rate										
U.S. Dollars	1,076,150	545,908	412,643	422,075	139,106	93,712	—	2,689,594	2,705,466	
Average floating rate	7.09 %	7.30 %	7.82 %	8.28 %	8.41 %	9.02 %	—	7.56 %		
Mexican Peso	53,032	32,015	103,240	23,690	16,165	18,201	—	246,343	248,193	
Average floating rate	13.58 %	13.13 %	12.69 %	13.66 %	13.39 %	12.43 %	—	13.06 %		
LIABILITIES:										

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Borrowings and Placements⁽¹⁾									
Fixed rate									
U.S. Dollars	1,632,403	181,626	400,000	—	30,000	—	—	2,244,029	2,213,397
Average fixed rate	4.19 %	2.20 %	2.38 %	—	5.81	—	—	3.73 %	
Mexican Peso	—	—	209,908	5,385	211,590	—	—	426,883	415,993
Average fixed rate	—	—	6.96 %	6.50 %	9.45 %	—	—	8.19 %	
Euro Dollar	26,754	52,237	10,702	10,701	10,701	—	—	111,095	109,729
Average fixed rate	0.23 %	3.84 %	0.90 %	0.90 %	0.90 %	—	—	2.12 %	
Japanese Yen	196,245	38,180	7,636	15,425	—	15,272	—	272,758	272,647
Average fixed rate	1.05 %	0.47 %	0.77 %	0.95 %	—	1.27 %	—	0.97 %	
Australian Dollar	—	17,026	—	—	—	9,942	—	26,968	26,344
Average fixed rate	—	1.41 %	—	—	—	7.00 %	—	3.47 %	
Sterling Pound	—	—	—	—	4,464	—	—	4,464	3,888
Average fixed rate	—	—	—	—	1.50 %	—	—	1.50 %	
Swiss Franc	—	10,820	—	—	—	—	—	10,820	10,467
Average fixed rate	—	0.35 %	—	—	—	—	—	0.35 %	
Floating rate									
U.S. Dollars	267,500	75,000	300,000	162,775	—	—	—	805,275	811,369
Average floating rate	5.49 %	4.96 %	5.00 %	5.60 %	—	—	—	5.28 %	
Mexican Peso	452,751	307,644	—	64,419	—	—	—	824,814	826,566
Average floating rate	11.48 %	10.55 %	—	10.61	—	—	—	11.07 %	
INTEREST RATE SWAPS:									
Interest Rate Swaps – Investment Securities									
U.S. Dollars fixed to floating	—	10,000	—	—	—	—	—	10,000	178
Average pay rate	—	4.52 %	—	—	—	—	—	4.52 %	
Average receive rate	—	3.55 %	—	—	—	—	—	3.55 %	
Interest Rate Swaps – Loans									
U.S. Dollars fixed to floating	145,512	10,000	—	—	—	—	—	155,512	409
Average pay rate	3.63 %	5.59 %	—	—	—	—	—	4.61 %	
Average receive rate	6.07 %	6.29 %	—	—	—	—	—	6.18 %	
Interest Rate Swaps – Borrowings									
U.S. Dollars fixed to floating	55,000	—	—	—	—	—	—	55,000	21
Average pay rate	5.40 %	—	—	—	—	—	—	5.40 %	
Average receive rate	5.70 %	—	—	—	—	—	—	5.70 %	
Interest Rate Swaps – Issuances									
U.S. Dollars fixed to floating	20,000	—	—	—	128,000	—	—	148,000	148
Average pay rate	3.60 %	—	—	—	9.20 %	—	—	6.40 %	
Average receive rate	5.60 %	—	—	—	9.20 %	—	—	7.40 %	
CROSS CURRENCY SWAPS:									
Cross Currency Swaps									
Receive U.S. Dollars	1,937	—	—	—	—	—	—	1,937	0
U.S. Dollars fixed rate	—	—	—	—	—	—	—	—	
U.S. Dollars floating rate	8.35 %	—	—	—	—	—	—	8.35 %	
Pay U.S. Dollars	388,035	328,442	226,108	99,253	92,366	39,429	—	1,173,633	0
U.S. Dollars fixed rate	4.22 %	2.14 %	2.19 %	2.43 %	2.05 %	2.75 %	—	2.63 %	
U.S. Dollars floating rate	—	5.90 %	—	—	4.19 %	5.85 %	—	5.31 %	
Receive Mexican Peso	364,088	217,940	209,479	69,803	89,081	—	—	950,391	44,954
Mexican Peso fixed rate	11.64 %	—	6.97 %	6.50 %	9.20 %	—	—	8.57 %	
Mexican Peso floating rate	12.02 %	8.90 %	8.21 %	—	—	—	—	9.71 %	
Pay Mexican Peso	1,827	—	—	—	—	—	—	1,827	133
Mexican Peso floating rate	14.10 %	—	—	—	—	—	—	14.10 %	
Receive Euro Dollar	26,754	53,508	10,701	10,701	—	10,701	—	112,365	(23,177)

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Euro Dollar fixed rate	0.23 %	3.75 %	0.90 %	0.90 %	—	0.90 %	—	1.33 %	
Receive Japanese Yen	—	30,544	15,272	15,425	—	15,271	—	76,512	(6,961)
Japanese Yen fixed rate	—	0.42 %	0.75 %	0.95 %	—	1.27 %	—	0.84 %	
Receive Australian Dollar	—	17,026	—	—	—	10,216	—	27,242	(2,013)
Australian Dollar fixed rate	—	1.41 %	—	—	—	6.81 %	—	4.11 %	
Receive Sterling Pound	—	—	—	—	4,464	—	—	4,464	(656)
Sterling Pound fixed rate	—	—	—	—	1.50 %	—	—	1.50 %	
Receive Swiss Franc	—	—	10,800	—	—	—	—	10,800	311
Swiss Franc fixed rate	—	—	0.35 %	—	—	—	—	0.35 %	

FORWARD CURRENCY EXCHANGE AGREEMENTS:

Receive Japanese Yen/ Pay U.S. Dollars	180,639	—	—	—	—	—	—	180,639	21,883
Average exchange rate	143.53	—	—	—	—	—	—	143.53	
Receive Euro Dollar/ Pay U.S. Dollars	8,533	—	—	—	—	—	—	8,533	37
Average exchange rate	1.065	—	—	—	—	—	—	1.065	
Receive U.S. Dollars/ Pay Brazilian Reales	194	—	—	—	—	—	—	194	(2)
Average exchange rate	5.38	—	—	—	—	—	—	5.38	

(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 December 31, 2023, the Bank had an equivalent of \$337 million in non-U.S. dollar financial assets and \$336 million of non-U.S. dollar financial liabilities, reflecting a net currency position of \$0.7 million. Most of this net currency position came from the Bank's Mexican pesos loan book, which as of December 31, 2023 amounted to the equivalent of \$305 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:

	<u>As of December 31, 2023</u>		<u>As of December 31, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	(in \$ thousands)			
INVESTMENT SECURITIES				
Securities at amortized cost ⁽¹⁾	1,010,266	997,341	945,260	895,154
Securities at FVOCI	11,865	11,865	78,372	78,372
Interest rate swaps ⁽²⁾	10,000	101	10,000	178

⁽¹⁾ As of December 31, 2023 and 2022, the carrying value of securities at amortized cost is net of accrued interest receivable of \$12.4 million and \$11.2 million, and the allowance for expected credit losses of \$1.6 million and \$8.0 million, respectively.

⁽²⁾ As of December 31, 2023 and 2022, includes interest rate swaps that applies for hedge accounting.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

a) Disclosure Controls and Procedures

The Bank maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Such controls include those designed to ensure that information for disclosure is accumulated and communicated to the members of the Board and management, as appropriate to allow timely decisions regarding required disclosure.

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") evaluated the effectiveness of the Bank's disclosure controls and procedures as of December 31, 2023, and concluded that they were effective as of December 31, 2023.

b) Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Management, with the participation and supervision of the Bank's CEO and CFO, has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2023. Such evaluation included (i) the documentation and understanding of the Bank's internal control over financial reporting and (ii) a test of the design and the operating effectiveness of internal controls over financial reporting. This evaluation was the basis of management's conclusions.

Management's evaluation was based on the criteria set forth by the Internal Control-Integrated Framework 2013 of the Committee of Sponsoring Organizations of the Treadway Commission.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Bank's internal control over financial reporting includes policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Bank's transactions and dispositions of its assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that the Bank's receipts and expenditures are being made only in accordance with authorizations of the Bank's management and the Board; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank's assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on the assessment and criteria described above, the Bank's management concluded that, as of December 31, 2023, the Bank's internal control over financial reporting was effective.

The Bank's independent registered public accounting firm, KPMG, has issued an attestation report on the effectiveness of the Bank's internal control over financial reporting.

c) Attestation Report of the Registered Public Accounting Firm



KPMG
Torre PDC, Ave. Samuel Lewis y
Calle 56 Este, Obarrio
Panamá, República de Panamá

Teléfono: (507) 208-0700
Website: kpmg.com.pa

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Banco Latinoamericano de Comercio Exterior, S. A.:

Opinion on Internal Control Over Financial Reporting

We have audited Banco Latinoamericano de Comercio Exterior, S. A. and subsidiaries' (the Bank) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Bank as of December 31, 2023 and 2022, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated April 25, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Bank's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG

Panama City, Republic of Panama
April 25, 2024

d) Changes in Internal Control over Financial Reporting

There has been no change in the Bank’s internal control over financial reporting during the fiscal year ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Bank’s internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The Board has determined that at least one member of the Audit Committee is an “audit committee financial expert,” as defined in the rules enacted by the SEC under the Sarbanes-Oxley Act, Section 303A of NYSE Listed Company Manual, and Rule No. 05-2011, as amended by Rule No. 05-2014, of the Superintendency of Banks. As of April 16, 2024, the Audit Committee’s financial expert was Mr. Fausto de Andrade Ribeiro. Mr. Ribeiro was independent as defined by the NYSE Listed Company Manual and Item 407 of Regulation S-K.

See Item 6.A., “Directors and Executive Officers.”

Item 16B. Code of Ethics

The Bank has adopted a Code of Ethics that applies to the Bank’s principal executive officer, principal financial officer and principal accounting officer and was amended in April of 2023 and approved by the Board of Directors in its meetings held on April 25, 2023, without material-substantive changes.

A copy of the Bank’s amended Code of Ethics was filed with the SEC as an Exhibit to the Annual Report on Form 20-F for the fiscal year ended December 31, 2022, and may also be found on the “Corporate Governance” section of the Bank’s website at <https://www.bladex.com/en/governance> (for purposes of Section 406 of the Sarbanes-Oxley Act of 2002).

Item 16C. Principal Accountant Fees and Services

The following table summarizes the fees paid and/or accrued by the Bank for audit services provided by KPMG, as well as fees paid by the Bank for audit-related services provided by KPMG for each of the last two fiscal years:

	As of December 31,	
	2023	2022
Audit fees	\$ 721,604	\$ 677,892
Audit-related fees	192,600	181,900
Tax fees	48,860	45,800
All other fees	0	0
Total	\$ 963,064	\$ 905,592

The following is a description of the type of services included within the categories listed above:

- Audit fees include aggregate fees billed for professional services rendered by KPMG, for the audit of the Bank’s annual financial statements and services that are normally provided in connection with statutory and regulatory filings or engagements.
- Audit-related fees include aggregate fees billed for assurance and related services by KPMG, that are reasonably related to the performance of the audit or review of the Bank’s financial statements and are not reported under the “Audit fees.” These services are associated primarily with funding programs as part of the normal course of business of the Bank.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and non-audit services to be provided to the Bank by the Bank's independent accounting firm. All of the services related to the audit fees and audit-related fees described above were approved by the Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The corporate governance practices of the Bank and those required by the NYSE for domestic companies in the United States differ in two significant ways:

First, under Section 303A.04 of the NYSE Rules, a listed company must have a nomination/corporate governance committee comprised entirely of independent directors. However, it is common practice among public companies in Panama, including the Bank, not to have a corporate governance committee. Given the importance that corporate governance has for the Bank, the Board decided to address all matters related to corporate governance at the Board level. The Nomination, Compensation and Operations Committee is responsible for making recommendations to the Board on corporate governance matters.

Second, under Section 303A.08 of the NYSE Rules, shareholders must approve all equity compensation plans and material revisions to such plans, subject to limited exceptions. However, under Panamanian law, any contracts, agreements and transactions between the Bank and one or more of its directors or officers, or companies in which they have an interest, only need to be approved by the Board, including equity compensation plans. The Board must inform shareholders of the equity compensation plans and/or material revisions to such plans at the next shareholders' meeting and shareholders may revoke the Board's approval of the equity compensation plans and/or material revisions to such plans at such meeting.

The Bank's corporate governance manual complies with Section 303A of the NYSE's Listed Company Manual/Corporate Governance Rules and is available in the "Governance" section of the Bank's website at <https://www.bladex.com/en/governance>.

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

Board of Directors of Banco Latinoamericano de Comercio Exterior, S.A.
c/o Mr. Miguel Heras Castro
Director and Chairman of the Board of Directors
Torre V, Business Park
Avenida La Rotonda, Urbanización Costa del Este
P.O. Box 0819-08730
Panama City, Republic of Panama

In addition, the Bank has selected Ethics Line, an on-line reporting system, to provide shareholders, employees of the Bank, and other interested parties with an alternative channel to report anonymously, any actual or possible violations of the Bank's Code of Ethics, as well as other work-related situations or irregular or suspicious transactions, accounting matters, internal audit or accounting controls. In order to file a report, a link is provided on the Bank's website at <https://www.bladex.com/en>.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

The Bank's insider trading policies are included in its Code of Ethics (as defined in Item 16B), amended in April of 2023 and approved by the Board of Directors in its meetings held on April 25, 2023.

A copy of the Bank's amended Code of Ethics was filed with the SEC as an Exhibit to the Annual Report on Form 20-F for the fiscal year ended December 31, 2022, and may also be found on the "Corporate Governance" section of the Bank's website at <https://www.bladex.com/en/governance> (for purposes of Section 406 of the Sarbanes-Oxley Act of 2002).

Item 16K. Cybersecurity

Risk Oversight and Governance

The Board recognizes the importance of maintaining the trust and confidence of the Bank's shareholders, clients, and employees, and devotes significant time and attention to oversight of cybersecurity and information security risk. The Risk Policy and Assessment Committee receive regular reporting on cybersecurity and information security risk. The Board and the Risk Policy and Assessment Committee also receive annual training sessions on cybersecurity and information security topics. In 2018, the Risk Policy and Assessment Committee's Charter was updated to expressly include its responsibility for overseeing cybersecurity and information security risks as well as the steps taken by management to understand and mitigate such risks.

The Bank has defined a methodology that allows the identification, evaluation and management of cybersecurity risks and threats. This methodology consists of two fundamental pillars: risk profile and maturity model. The assessment provides a repeatable and measurable process over time, so that senior management can be informed of the risks and measures that must be adopted to manage cybersecurity.

Management and Safeguards

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 applicable policies and procedures by any person with access to the Bank's systems. The Bank also engages independent third-party consultants to review and assess its cybersecurity program.

The Bank's cybersecurity program was developed using a holistic approach, which covers both the technical and strategic measures. This framework is based on five fundamental pillars: Perimeter and Cloud Security, Service and Infrastructure Security, User Security, Third Party Security and Data Security. For all the pillars, the Bank has in place a group of next generation security platforms that help to maintain a strong cybersecurity level.

For the year ended December 31, 2023, Bladex has not been a victim of critical system failures, data loss or cyber-attacks.

PART III

Item 17. Financial Statements

The Bank is providing the financial statements and related information specified in Item 18.

Item 18. Financial Statements

List of Consolidated Financial Statements

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Item 19. Exhibits

List of Exhibits

- Exhibit 1.1. [Amended and Restated Articles of Incorporation](#)
- Exhibit 1.2. [By-Laws](#)
- Exhibit 2.1. [Description of rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934](#)
- Exhibit 8.1. [List of Subsidiaries](#)
- Exhibit 11.1 [Code of Ethics](#)
- Exhibit 12.1. [Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a – 14\(a\) and 15d – 14\(a\)](#)
- Exhibit 12.2. [Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a – 14\(a\) and 15d – 14\(a\)](#)
- Exhibit 13.1. [Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002](#)
- Exhibit 13.2. [Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002](#)
- Exhibit 97.1 Clawback Policy

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

/s/ Jorge Salas
Chief Executive Officer

April 25, 2024

EXHIBIT INDEX

Exhibit

Exhibit 1.1.	Amended and Restated Articles of Incorporation
Exhibit 1.2.	By-Laws
Exhibit 2.1.	Description of rights of each class of securities registered under Section 12 of the Securities Exchange Act of 1934
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Exhibit 97.1	Clawback Policy

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

Consolidated Financial Statements
as of December 31, 2023

(With the Independent Auditors' Report thereon)

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

Consolidated Financial Statements

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KPMG
Torre PDC, Ave. Samuel Lewis y
Calle 56 Este, Obarrio
Panamá, República de Panamá

Teléfono: (507) 208-0700
Website: kpmg.com.pa

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Banco Latinoamericano de Comercio Exterior, S. A.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Banco Latinoamericano de Comercio Exterior, S. A. and subsidiaries (the Bank) as of December 31, 2023 and 2022, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Bank's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 25, 2024 expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the allowance for loan losses

As discussed in Notes 3.4 and 5 to the consolidated financial statements, the Bank's allowance for loan losses (ALL) was \$59.4 million as of December 31, 2023, of which \$46.0 million related to the allowance for loan losses evaluated on a collective basis (collective ALL) and \$13.4 million related to the allowance for loan losses evaluated on an individual basis (individual ALL). Fundamental to the Bank's ALL estimate are the customer credit risk rating and the country risk rating which the Bank assigns to each loan. These ratings are determined using models that incorporate judgmental inputs and assumptions including, for the customer credit risk rating model, quantitative and qualitative factors of customer's financial performance and conditions and, for the country risk rating model, future macroeconomic scenarios and related

assumptions. The Bank applies a three-stage approach to measure ALL. Generally, loans are initially classified in stage 1. Subsequently, the customer credit and country risk ratings are used to assess whether there has been a significant increase in credit risk (SICR), stage 2, or when the financial asset is credit impaired, stage 3. The Bank calculates a collective ALL for loans in stages 1 and 2 and assesses expected credit losses (ECL) on an individual basis for loans in stage 3. Lifetime ECL is recorded when the Bank determines that there has been a SICR (stage 2) or when the financial asset is in default (stage 3); otherwise, a 12-month ECL is recorded (stage 1). The collective ALL is the product of multiplying the Bank's estimates of probability of default (PD), loss given default (LGD) and the exposure at default (EAD) of each loan. The Bank uses models to develop the PD and LGD, which are derived from internal historical default and loss experience adjusted for current conditions. The Bank calculates ECL on an individual basis based on the expected cash flows which consider the possible recovery scenarios including the related collateral valuation when applicable.

We identified the assessment of the collective and individual ALL as a critical audit matter. It requires a high degree of audit effort involving subjective auditor judgment, including specialized skills and knowledge, due to the number and complexity of significant assumptions and the resulting significant measurement uncertainty. The collective and individual ALL methodologies required significant assumptions in the methods and models used to determine the PDs, LGDs and customer credit and country risk ratings. These significant assumptions included: historical observation periods; forecasts of macroeconomic scenarios and customer's financial performance and conditions; and cash flow recovery scenarios.

The following are the primary procedures we performed to address this critical audit matter:

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the Bank's collective and individual ALL estimates. These included controls relating to: (i) model validation related to PD, LGD and collective ALL models, including the historical observation periods; (ii) review and approval of significant assumptions and judgments used by the Bank to determine customer credit and country risk ratings; (iii) data inputs for the collective and individual ALL models, including those used to determine customer credit and country risk ratings, including technology controls over the sources of data and the transfer of information through certain application systems and their processing.
- We involved financial risk management professionals with specialized skills and knowledge, who assisted in: (i) evaluating the Bank's collective and individual ALL methodologies for compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board; (ii) assessing the conceptual soundness and performance testing of the PD and LGD models by inspecting model documentation to determine whether the models are suitable for their intended use; (iii) evaluating the customer credit and country risk rating models by comparing them to relevant industry practices, considering the Bank's business environment; and (iv) for a sample of countries, assessing the macroeconomic variables used by the Bank in each country risk rating by comparing them to publicly available information and performing sensitivity analysis using alternative reliable sources.
- We involved credit risk professionals with specialized skills and knowledge, who assisted in: (i) testing a selection of the Bank's customer credit risk ratings by independently developing a rating using information of the borrower's financial performance and conditions and comparing them to the Bank's ratings; and (ii) evaluating the sources of repayment and any relevant guarantees or underlying collateral used in the individual ALL estimate.

/s/ KPMG

We have served as the Bank's auditor since 2018.

Panama City, Republic of Panama
April 25, 2024

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		<u>165,495</u>	<u>111,713</u>	<u>50,941</u>

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	<u>279,980</u>	<u>(115,799)</u>	<u>120,043</u>	<u>95,210</u>	<u>136,019</u>	<u>487,885</u>	<u>(11,548)</u>	<u>991,790</u>
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	<u>279,980</u>	<u>(114,097)</u>	<u>120,498</u>	<u>95,210</u>	<u>136,019</u>	<u>543,612</u>	<u>8,125</u>	<u>1,069,347</u>
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	<u>279,980</u>	<u>(110,174)</u>	<u>122,046</u>	<u>95,210</u>	<u>136,019</u>	<u>673,281</u>	<u>7,462</u>	<u>1,203,824</u>

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.

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

1. Corporate information

Banco Latinoamericano de Comercio Exterior, S. A. (“Bladex Head Office” and together with its subsidiaries “Bladex” or the “Bank”), headquartered in Panama City, Republic of Panama, is a specialized multinational bank established to support the financing of foreign trade and economic integration in Latin America and the Caribbean (the “Region”). The Bank was established pursuant to a May 1975 proposal presented to the Assembly of Governors of Central Banks in the Region, which recommended the creation of a multinational organization to increase the foreign trade financing capacity of the Region. The Bank was organized in 1977, incorporated in 1978 as a corporation pursuant to the laws of the Republic of Panama, and initiated operations on January 2, 1979. Under a contract law signed in 1978 between the Republic of Panama and Bladex, the Bank was granted certain privileges by the Republic of Panama, including an exemption from payment of income taxes in Panama.

The Bank operates under a general banking license issued by the National Banking Commission of Panama, predecessor of the Superintendence of Banks of Panama (the “SBP”).

In the Republic of Panama, banks are regulated by the SBP through Executive Decree No. 52 of April 30, 2008, which adopts the unique text of Law Decree No. 9 of February 26, 1998, modified by Law Decree No. 2 of February 22, 2008. Banks are also regulated by resolutions and agreements issued by this entity. The main aspects of this law and its regulations include: the authorization of banking licenses, minimum capital and liquidity requirements, consolidated supervision, procedures for management of credit, liquidity and market risks, measures to prevent money laundering, the financing of terrorism and related illicit activities, and procedures for banking intervention and liquidation, among others.

Bladex Head Office’s subsidiaries are the following:

- Bladex Holdings Inc. is a wholly owned subsidiary, incorporated under the laws of the State of Delaware, United States of America (USA), on May 30, 2000. Bladex Holdings Inc. has ownership in Bladex Representação Ltda.
- Bladex Representação Ltda, incorporated under the laws of Brazil on January 7, 2000, acts as the Bank’s representative office in Brazil. Bladex Representação Ltda. is 99.999% owned by Bladex Head Office and the remaining 0.001% is owned by Bladex Holdings Inc.
- Bladex Development Corp. was incorporated under the laws of the Republic of Panama on June 5, 2014. Bladex Development Corp. is 100% owned by Bladex Head Office.
- BLX Soluciones, S.A. de C.V., SOFOM, E.N.R. (“BLX Soluciones”) was incorporated under the laws of Mexico on June 13, 2014 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.

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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 = $\sum(E \times PD \times LGD)$; 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:

	<u>Useful life in years</u>
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.

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Notes to the consolidated financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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Notes to the consolidated financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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
		<u>1,035,160</u>	<u>28,546</u>	<u>—</u>	<u>1,063,706</u>
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
		<u>261,428</u>	<u>—</u>	<u>—</u>	<u>261,428</u>
		<u>1,296,588</u>	<u>28,546</u>	<u>—</u>	<u>1,325,134</u>
Loss allowance		<u>(3,905)</u>	<u>(1,154)</u>	<u>—</u>	<u>(5,059)</u>
Total		<u>1,292,683</u>	<u>27,392</u>	<u>—</u>	<u>1,320,075</u>

	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
		<u>777,674</u>	<u>1,700</u>	<u>—</u>	<u>779,374</u>
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
		<u>163,345</u>	<u>—</u>	<u>—</u>	<u>163,345</u>
		<u>941,019</u>	<u>1,700</u>	<u>—</u>	<u>942,719</u>
Loss allowance		<u>(3,605)</u>	<u>(23)</u>	<u>—</u>	<u>(3,628)</u>
Total		<u>937,414</u>	<u>1,677</u>	<u>—</u>	<u>939,091</u>

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Notes to the consolidated financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Scenario				
Brazil	Base	2.1%	1.9%	2.5%	7.1%
	Upside	3.1%	2.9%	6.0%	10.6%
	Downside	0.7%	0.5%	-1.5%	3.1%
Chile	Base	1.8%	1.7%	1.4%	3.1%
	Upside	2.9%	2.8%	4.9%	6.6%
	Downside	0.6%	0.5%	-2.6%	-0.9%
Colombia	Base	2.4%	3.6%	0.2%	8.4%
	Upside	3.5%	4.7%	3.2%	11.4%
	Downside	1.1%	2.3%	-3.3%	4.9%
Dominican Republic	Base	4.2%	4.8%	3.6%	5.8%
	Upside	5.4%	6.0%	7.1%	9.3%
	Downside	2.9%	3.5%	-0.4%	1.8%
Ecuador	Base	1.8%	2.6%	0.2%	5.7%
	Upside	2.8%	3.6%	3.2%	8.7%
	Downside	0.3%	1.1%	-3.3%	2.2%
Guatemala	Base	3.4%	3.5%	4.7%	5.8%
	Upside	4.4%	4.5%	7.7%	8.8%
	Downside	2.2%	2.3%	1.2%	2.3%
Mexico	Base	2.4%	1.9%	4.9%	6.4%
	Upside	3.4%	2.9%	8.9%	10.4%
	Downside	1.2%	0.7%	0.4%	1.9%
Peru	Base	2.3%	2.9%	2.7%	4.9%
	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).

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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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		Loan commitments		Securities			
	amortized cost		and financial guarantee		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

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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			
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	At amortized cost		FVOCI	
					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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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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 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.

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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 %
Minimum of the year	111.5 %	81.2 %

The following table includes the Bank's liquid assets by country risk:

<i>(in millions of USD dollars)</i>	December 31, 2023			December 31, 2022		
	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:

<i>(in millions of USD dollars)</i>	December 31,	
	2023	2022
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:

<i>(in millions of USD dollars)</i>	December 31,	
	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 %

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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:

<i>(in millions of USD dollars)</i>	December 31,	
	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:

<i>(in millions of USD dollars)</i>	December 31,	
	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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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	

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***5. Financial risk review (continued)****B. Liquidity risk (continued)**

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:

	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

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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

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Notes to the consolidated financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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).

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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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.

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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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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)

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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)
	<u>2,665,436</u>	<u>157,267</u>	<u>(40,613)</u>
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	—
	<u>1,733,454</u>	<u>68,159</u>	<u>(33,761)</u>

⁽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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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					
	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	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					
	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	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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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							
	Notional amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽²⁾	Ineffectiveness recognized in profit or loss ⁽³⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽¹⁾				
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							
	Notional amount	Carrying amount of hedging instruments		Change in fair value used for calculating hedge ineffectiveness	Changes in the fair value of the hedging instruments recognized in OCI ⁽²⁾	Ineffectiveness recognized in profit or loss ⁽³⁾	Amount reclassified from the hedge reserve to profit or loss ⁽⁴⁾
		Asset ⁽¹⁾	Liability ⁽¹⁾				
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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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		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)

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	Changes in the fair value of the hedged items used to calculate the hedge ineffectiveness	Cash flow hedge reserve
	Asset	Liability			
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)

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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

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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.

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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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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		Original Term	
	December 31,		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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

19. Securities sold under repurchase agreements

The 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		Total
	Borrowings	Debt	Borrowings	Debt	
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		Total
	Borrowings	Debt	Borrowings	Debt	
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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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 %

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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	<u>2,635,595</u>	<u>2,231,002</u>

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	<u>2,635,595</u>

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,	<u>4,351,988</u>	<u>4,416,511</u>	<u>3,304,178</u>

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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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
<i>(Thousands of US\$ dollars)</i>			
Profit for the year	166,158	92,040	62,697
<i>(U.S. dollars)</i>			
Basic earnings per share	4.55	2.54	1.62
<i>(Thousands of shares)</i>			
Weighted average of common shares outstanding applicable to basic EPS	36,481	36,304	38,796

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

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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:

<i>(Share units)</i>	"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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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	
				Net gain (loss) on financial instruments
	—	—	41	
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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***27. Business segment information (continued)**

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

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*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***27. Business segment information**

	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

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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.

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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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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.

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Notes to the consolidated financial statements

*(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)***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.

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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 years. 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.

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(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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 %

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
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

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

32. Applicable laws and regulations (continued)

	December 31, 2022					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
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			Total
	Current	Past due	Delinquent	
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

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

Notes to the consolidated financial statements

(Amounts expressed in thousands of U.S. dollars, unless otherwise indicated)

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					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
Loans at amortized cost						
Impaired loans	—	—	—	—	10,107	10,107
Total	—	—	—	—	10,107	10,107

	December 31, 2022					Total
	Normal	Special Mention	Substandard	Doubtful	Unrecoverable	
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 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.

The Bank announced a quarterly cash dividend of \$0.50 US dollar cents per share corresponding to the first quarter of 2024. The cash dividend was approved by the Board of Directors on April 16, 2024 and it was payable on May 15, 2024 to the Bank's stockholders as of April 29, 2024 record date.

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

Name of Subsidiary	Jurisdiction of Incorporation
Bladex Holdings Inc.	United States
Bladex Representação Ltda.	Brazil
Bladex Development Corp.	Panama
BLX Soluciones, S.A. de C.V., SOFOM, E.N.R.	Mexico

CERTIFICATION

I, Jorge Salas, certify that:

1. I have reviewed this Annual Report on Form 20-F of Banco Latinoamericano de Comercio Exterior, S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the Audit Committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 25, 2024

By:

/s/ Jorge Salas
Chief Executive Officer

CERTIFICATION

I, Ana Graciela de Méndez, certify that:

1. I have reviewed this Annual Report on Form 20-F of Banco Latinoamericano de Comercio Exterior, S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the Audit Committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 25, 2024

By:

/s/ Ana Graciela de Méndez

Chief Financial Officer

CERTIFICATION

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Annual Report on Form 20-F (the “Report”) for the period ended December 31, 2023 of Banco Latinoamericano de Comercio Exterior, S.A. (the “Company”).

I, Jorge Salas, the Chief Executive Officer of the Company, certify that:

- (i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2024

By:

/s/ Jorge Salas

Chief Executive Officer

CERTIFICATION

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Annual Report on Form 20-F (the “Report”) for the period ended December 31, 2023 of Banco Latinoamericano de Comercio Exterior, S.A. (the “Company”).

I, Ana Graciela de Méndez, the Chief Financial Officer of the Company, certify that:

- (i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 25, 2024

By:

/s/ Ana Graciela de Méndez

Chief Financial Officer

**BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A. INCENTIVE COMPENSATION
CLAWBACK POLICY**

1. **Policy Overview.** Banco Latinoamericano de Comercio Exterior, S.A. (the “Company”) has adopted this Incentive Compensation Clawback Policy (the “Policy”) in order to help ensure that incentive compensation is paid or awarded based on accurate financial results. This Policy is intended to comply with and be interpreted in accordance with the requirements of Section 303A.14 (“Section 303A.14”) of the New York Stock Exchange (“NYSE”) Listed Company Manual (together with Rule 10D-1 under the Securities Exchange Act of 1934, as amended, the “Recovery Rules”). The Company conducts the majority of its business outside of the United States and its employee population is largely based outside of the United States. The Company anticipates that it may need to rely on the exception to the Recovery Rules (as described below) in the event that recovery of any Overpayment would violate the laws of any applicable foreign country. The provisions of the Recovery Rules shall prevail in the event of any conflict between the text of this Policy and such sections.

In the event of a restatement of the financial results of the Company or one of its subsidiaries due to material non-compliance with any financial reporting requirements, as described below, the Company shall seek recovery of incentive compensation that would not otherwise have been paid or awarded to certain executives if the correct financial results had been used to determine the amount payable.

The Board of Directors of the Company (the “Board”) shall have full authority to interpret and enforce the Policy in accordance with its business judgment and consistent with the Recovery Rules.

2. **Covered Employees.** The Policy applies to the Company’s Chief Executive Officer, President, Chief Financial Officer, or principal accounting officer (or, if there is no such accounting officer, the Controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), and any other officer or person who routinely performs a policy-making function for the Company, its parents or subsidiaries, and any person who meets the aforementioned criteria who may be a former executive officer but served during the applicable performance period with respect to incentive compensation subject to recovery (collectively, the “Covered Employees”). For the sake of clarity, the Policy applies to the “executive officers” identified by the Board pursuant to 17 CFR 229.401(b).
3. **Incentive Compensation.** For purposes of this Policy, “Incentive Compensation” means any compensation that is paid, granted, earned, or vested based wholly or in part on a Financial Performance Measure (defined below) and as identified by the Board in accordance with the Recovery Rules. Except as otherwise determined by the Board, Incentive Compensation shall not include the following: (i) salaries; (ii) amounts received solely at the discretion of the Board and that are not received from a pool that is determined by satisfying a Financial Performance Measure; (iii) amounts received solely upon satisfying one or more subjective standards; (iv) amounts received solely upon satisfying one or more strategic measures or operational measures that are not themselves derived from or based on one or more Financial Performance Measures; and (v) amounts received solely based on service or the passage of time. For purposes of this Policy, “Financial Performance Measure” means any reporting measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also considered to be Financial Reporting Measures for purposes of this Policy. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the United States Securities and Exchange Commission (the “Commission”).
4. **Restatement of Financial Results; Calculation of Overpayment.** In the event of a restatement of the reported financial results of the Company due to material non-compliance with any financial reporting requirements under the United States federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that (a) is material to the previously issued financial statements, or (b) is not material to previously issued financial statements, but would result in a material misstatement if the error were left uncorrected in the current period or the error correction were recognized in the current period, the Board will review the Incentive Compensation received by the Covered Employees during the three completed fiscal years immediately preceding the date of the financial restatement and any transition period as set forth in the Recovery Rules (the “Look-Back Period”). For purposes of this Policy, the date of a financial restatement will be deemed to be the earlier of (i) the date the Board, a committee of the Board, or officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to

prepare a financial restatement, and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a financial restatement.

Except as set forth in paragraph 5 below, the Board shall seek to recover or cancel the amount of Incentive Compensation received by a Covered Employee during the Look-Back Period that is in excess of the amount of Incentive Compensation that would have been received had it been determined based on the restated amounts in the financial restatement (an “Overpayment”). Any Overpayment must be collected from any Covered Employee on a pre-tax basis. The Company’s obligation to recover any Overpayment from a Covered Employee is not dependent on if, or when, the applicable restated financial statements are filed. For the avoidance of doubt, any action by the Company to recover an Overpayment under this Policy from a Covered Employee shall not, whether alone or in combination with any other action, event or condition, be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Employee, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Employee is a party. Incentive Compensation is deemed “received” in the fiscal period that the Financial Performance Measure specified in the applicable Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

- 5. Exceptions to Applicability.** The Board must seek to recover the Overpayment pursuant to this Policy unless the Board makes a determination that recovery would be impracticable, and at least one of the following applies: (a) the direct expense paid to a third party to assist in enforcing recovery would exceed the Overpayment, and a reasonable attempt to recover the Overpayment has already been made and documented, (b) recovery of the Overpayment would violate home country law (provided such law was adopted prior to November 28, 2022 and that an opinion of counsel in such country is obtained stating that recoupment would result in such violation), or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company and its subsidiaries, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder. Notwithstanding the foregoing, the Board must make a reasonable attempt to recover the Overpayment and provide proof of such before concluding impracticability.

- 6. Forms of Recovery.** If the Board seeks recovery for the Overpayment, the Company shall have the right to demand that the Covered Employee pay the Company for, or forfeit, any Overpayment paid or awarded.

To the extent the Covered Employee refuses to pay to the Company an amount equal to the Overpayment, the Company shall have the right to (a) sue for repayment or (b) enforce the Covered Employee’s obligation to make payment through, (i) deduction from unpaid compensation, (ii) set-off, (iii) rescinding or canceling outstanding vested or unvested equity- or cash- based incentive awards, (iv) the reduction or cancellation of future incentive compensation, and (v) any other remedial and recovery action permitted by law, as determined by the Board. Without limiting the Company’s rights, to the extent any shares have been issued under vested awards or such shares have been sold by the Covered Employee, the Company shall have the right to cancel any other outstanding stock-based awards with a value equivalent to the Overpayment, as determined by the Board.

The Company shall not indemnify any Covered Employee or other individual against the loss of any incorrectly awarded or otherwise recouped Overpayment. The Board shall not forgo, settle or release amounts subject to recovery and shall not indemnify or insure Covered Employees against the loss of an Overpayment.

- 7. Disclosure Required.** The Company shall comply with applicable compensation recovery policy disclosure rules of the Commission.

- 8. Board Determination Final.** Any determination by the Board (or by any officer of the Company to whom enforcement authority has been delegated) with respect to this Policy shall be final, conclusive and binding on all interested parties.

- 9. Amendment.** The Policy may be amended by the Board from time to time.

- 10. Non-Exclusivity.** The Company intends that this Policy will be applied to the fullest extent permitted by applicable law. This Policy shall be incorporated by reference into and shall apply to all incentive, bonus, and compensation plans, agreements, and awards on or after the Policy’s adoption by the Board. Nothing in this Policy shall be viewed as limiting the right of the Company to pursue any other remedies or rights of recoupment under or as provided by the Company’s plans, awards or employment agreements or the applicable provisions of any law, rule or regulation (including, without limitation, Section 10D of Securities Exchange Act of 1934, as amended, or Section 304 of the Sarbanes-Oxley Act of 2002), or stock exchange listing requirement (including the Recovery Rules) and any future policy adopted by the Company pursuant to any such law, rule, regulation or requirement.

11. Governing Law and Waiver of Jury Trial. This Policy shall be governed by and construed in accordance with the laws of Panama without regard to conflicts of law thereof or of any other jurisdiction. **In the event of any dispute under the provisions of this Policy, the parties hereby waive the right to any trial by jury in any judicial proceeding to which they are parties involving, either directly or indirectly, any matter arising out of, relating to or connected to this Policy.** The parties shall each bear their own expenses in connection with any dispute under or relating to this Policy.

Approved by the Board of Directors of Banco Latinoamericano de Comercio Exterior, S.A.: October 17, 2023