

Banco Latinoamericano de Comercio Exterior, S.A.

INTERNAL AUDIT CHARTER



Revised:	Comments
15 April 2024	Approved by the Audit Committee on April 15, 2024 and by the Board of Directors on April 16, 2024.
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9 December 2019	Approved by the Audit Committee on December 9, 2019 and by the Board of Directors on December 10, 2019.
10 December 2018	Approved by the Audit Committee on December 10, 2018 and by the Board of Directors on December 11, 2018.
11 December 2017	Approved by the Audit and Compliance Committee on December 11, 2017 and by the Board of Directors on December 12, 2017.

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I. Purpose

The purpose of this Charter is to define the scope, authority and responsibility of the Internal Audit function of Banco Latinoamericano de Comercio Exterior, S.A. (“the Bank”), so that the Internal Audit area achieves its established objectives and adds value and contributes to the achievement of the Bank’s strategic objectives through its independent and objective assurance and consulting activities.

II. Definition of Internal Audit

Internal audit is an independent and objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization achieve its objectives by providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

III. Purpose and Authority

The responsibilities of the Internal Audit function shall be established by the Board of Directors, through the Audit Committee (“the Committee”), as part of its oversight function, taking into account applicable regulations and international standards. In order to ensure professional and proper performance, the Internal Audit activity shall ensure that it establishes its practice in accordance with the mandatory guidelines issued by the Institute of Internal Auditors, which include the definition of Internal Audit, the Code of Ethics and the Global Internal Audit Standards for the Professional Practice. These guidelines provide principles for the basic requirements for the professional practice of internal auditing and for the evaluation of its effectiveness and quality.

In order to perform their duties, the Internal Audit staff shall have free access to all records, files (in any printed, digital or optical media), documents, reports and assets of the Bank. Consequently, both Management and all employees of the Bank are obliged to provide the assistance requested by the Internal Audit staff without restriction, for which the Internal Audit shall use the existing formal channels. The cooperation provided by the Bank’s staff to the Internal Audit shall be considered as part of their professional duties.

Similarly, Internal Audit may exercise its functions in any area or department of the Bank, as well as in the Representative Offices and the Agency established abroad.

The Internal Audit staff shall be bound to observe the strictest confidentiality in all aspects of their work, particularly with regard to matters in which they have been involved in the performance of their duties. However, they shall make the reports and working papers relating to all audits carried out available to the regulatory authorities.

Organization

Internal Audit shall have full independence of judgment in the performance of its duties. Internal Audit reports administratively to the Chief Executive Officer and functionally to the Audit Committee. The head of Internal Audit shall communicate and interact directly with the Committee and the Board, either at their regular meetings or as deemed necessary.

In exercising its functional relationship with Internal Audit, the Committee shall:

- Approve the Charter, structure and activities of Internal Audit.
- Review and approve the Internal Audit Manual and report to the Board.
- Approve the annual plan and budget for Internal Audit and review the progress of its implementation.
- Ensure that there are no restrictions or limitations on the work of Internal Audit and that Internal Audit has the necessary resources to carry out its duties.
- Review the effectiveness of the Internal Audit function, including compliance with international standards applicable to the function.
- Recommend to the Board of Directors the selection, appointment and dismissal of the Chief Internal Auditor and review the annual performance level, remuneration and succession plan.

The Chief Executive Officer of the Bank should support the internal audit function by placing the Chief Internal Auditor at an appropriate level within the Bank's organizational structure and by facilitating direct and open communication with Vice Presidents and managers. The Chief Executive Officer should also maintain an appropriate flow of information with the Chief Internal Auditor to keep him/her informed of the Bank's activities, plans and initiatives. The Chief Executive Officer may, at the request and with the approval of the Committee, request such assurance and advisory work as he/she deems necessary in light of the Bank's objectives and risks.

V. Independence and Objectivity

Internal Audit should be free from interference in determining the scope of its audits, in performing its work, and in communicating its results; therefore, internal auditors should carry out the responsibilities of the internal audit function in an unbiased and neutral manner.

Internal Audit should be independent of the activities it audits and should be vigilant to the possibility of conflicts of interest. The functions assigned within the organizational structure of Internal Audit should be sufficient to enable it to carry out its duties and responsibilities.

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Internal auditors should exercise the highest degree of professional objectivity in gathering, evaluating, and communicating information about the activity or process under review. Internal auditors are expected to make a balanced assessment of all the relevant circumstances and form their own judgments without being unduly influenced by their own interests or by others. Therefore, internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment.
- Shall not accept anything that may impair or be presumed to impair their professional judgment.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

The Chief Internal Auditor shall certify to the Committee, at least annually, the status of the organizational independence of the Internal Audit function.

On an annual basis, the Executive Vice President, Audit will formally meet privately with the Audit Committee (without members of management present) to discuss various topics at the discretion of the Executive Vice President, Audit and/or the members of the Committee.

VI. Responsibilities and Duties

The Bank's Internal Audit function is responsible for the evaluation and ongoing monitoring of the internal control system.

Its main responsibilities are:

- Submit annually for the approval of Management and the Committee, the risk-based Audit Plan and the Area's budget enabling it to obtain the necessary resources to carry it out.
- Direct, coordinate and supervise compliance with the Audit Plan and ensure that the services provided by the area meet the quality standards required by the profession.
- Regularly report to the Committee on compliance with the Internal Audit Plan and on the status of significant findings reported to Management.
- Provide at least semi-annual reports to the Committee and the CEO on the overall status of internal controls, including at a minimum:
 - The results of the tests performed.
 - Recommendations regarding any deficiencies, together with a timetable for remediation.

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- A statement by the persons responsible for the respective areas regarding the deficiencies identified in previous audits and the measures effectively taken to correct them.

The scope of the Internal Audit function includes, but is not limited to, reviewing and evaluating the adequacy and effectiveness of the Bank's governance, risk management and control processes; and the quality of performance in carrying out assigned responsibilities to achieve established goals and objectives. This includes:

- Assisting the Audit Committee in fulfilling its responsibilities under the current Charter and applicable regulations, including coordinating the activities and evaluating the performance of the external auditors.
- Evaluating the internal control structure to determine whether it provides reasonable assurance for the achievement of the Bank's objectives, monitoring the effectiveness and efficiency of the control structure, and recommending actions to strengthen the control structure.
- Evaluating any significant changes in the control structure resulting from changes in processes.
- Examining the reliability of management and financial information systems, including information technology systems.
- Verifying the application and effectiveness of Comprehensive Risk Management policies, including off-balance sheet transactions.
- Evaluating the effectiveness of and compliance with Corporate Governance procedures.
- Reviewing the reasonableness of the figures contained in the financial statements and other reports for external use.
- Monitoring the controls established by the Bank for the generation of accounting and financial information and the controls over the validation of reports before they are sent to the relevant regulatory bodies.
- Monitoring the action plans designed by Management to address the regulators' findings from their inspections and reporting on the status of these to the Management Committee and the Audit Committee.
- Verifying the Management's compliance with the regulations, agreements and resolutions issued by the Board of Directors.
- Checking compliance with Codes, Policies, Standards and Procedures that regulate the Bank's activities.

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The Internal Audit practice may also include consulting services, either as part of its normal or routine activities, or in response to special requests from the Committee and the Board of Directors.

Consulting services are those consulting and other specific activities, the nature and scope of which are agreed with the main area managers and which are aimed at adding value and improving the Bank's operations.

VII. Internal Audit Work Plan

At least annually, the Executive Vice President, Internal Audit shall submit to the Committee for review and approval an Internal Audit Work Plan, and subsequent amendments as appropriate. The proposed Internal Audit Work Plan shall be shared with the Chief Executive Officer and the Executive Committee for comment. The Work Plan shall include a schedule of activities and details of budget and resource requirements for the next fiscal year. If changes to the Plan or budget are requested, the impact of resource constraints and any significant changes should be communicated to management and the Committee.

The Internal Audit Work Plan shall be developed based on the prioritization of the Bank's audit universe using a risk-based methodology. It shall also take into account the information and requirements requested by Management and the Committee.

The Chief Internal Auditor may review and adjust the work plan as necessary in response to identified emerging risks or changes in the Bank's business, processes, controls and information systems. Any significant deviation from the approved Work Plan should be formally communicated to Management and the Committee through periodic activity reports.

VIII. Reporting and Monitoring

Upon completion of the Internal Audit work and after reaching a conclusion on its findings, the Auditor-in-Charge or designee shall prepare and issue a written report for distribution as appropriate. The Internal Audit report should include the response of those responsible with sufficient authority to take corrective action on the findings identified.

Management's response included in the Audit Report should include the date by which corrective action is expected to be taken or an explanation of corrective action that will not be taken. The Internal Audit function will be responsible for the proper follow-up of the findings and recommendations of the work. All significant findings will be kept in an open issues file until the implementation of action plans agreed with the responsible parties has been verified.

The Chief Internal Auditor shall report regularly to management and the Committee on the progress of the work plan, compliance with the budget and the results of the audits performed, including significant findings and the follow-up to

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agreed action plans on findings identified in previous audits. In addition, it may provide any other information it deems relevant.

IX. Quality Assurance Program

The internal audit function shall maintain a quality assurance and improvement program in place covering all aspects of its activities. The program should include an assessment of the compliance of the Bank's internal audit function with the mandatory guidance issued by the Institute of Internal Auditors, including the definition of Internal Audit, the Code of Ethics, and the Global Internal Audit Standards for the Professional Practice. The program should also evaluate the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The head of Internal Audit shall report to Management and the Committee on the results of the Internal Audit Quality Assurance Program, including an annual report on ongoing internal evaluations and at least every five (5) years on external evaluations.

X. Amendments

This Charter may be amended at the request of the Committee or the Board, or as proposed by the Chief Internal Auditor, in response to changes in mandatory guidance issued by the Institute of Internal Auditors or other applicable regulations. Approval of this Charter and any amendments thereto shall be recorded in the minutes of the Committee's meetings.

Latest revision approved by the Audit Committee at its meeting on April 15, 2024

Latest revision approved by the Board of Directors at its meeting on: April 16, 2024