Banco Latinoamericano de Comercio Exterior S.A.

May 28, 2025

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This report does not constitute a rating action.

Ratings Score Snapshot

SACP: bbb

Anchor	bb+	
Business position	Adequate	0
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		1

Support: --

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Additional factors: ---

Issuer credit rating
BBB/Stable/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Broad financial flexibility given its liquid short-term loan portfolio with highly creditworthy customers, which enables it to quickly rebalance its portfolio composition.	Global trade uncertainty could lead to a sharp contraction in the real economy, denting trade finance growth in the region.
Sound asset quality indicators due to its prudent risk appetite and loan book with wide geographic and industry diversification.	High concentration in the trade finance business, which faces rising competition and could constrain the bank's margins.
Strong and stable capitalization supported by its sound capital base and recurrent growing bottom-line results.	

We believe Bladex's business will remain stable amid trade uncertainty and potential spillovers to the real economy in the region. Although we believe risks are still on the downside for the global economy--especially amid lower growth in the region--we expect Bladex's bottom line results to continue to grow in 2025-2026, thanks to steady credit growth, stable net interest margins, and a manageable cost of risk.

We believe Bladex's highly revolving loan portfolio and broad geographic diversification will enable the bank to benefit from opportunities that could arise for specific countries and industries with high-end customers while maintaining its risk appetite profile unchanged. We forecast the bank's loan portfolio will grow about 8.5%-10.0% on average while operating revenue will increase about 5% during the next two years.

We anticipate Bladex will maintain strong capitalization despite a rising dividend distribution in the next 12-24 months. We forecast the bank's persistent internal capital generation will enable it to support its expected credit growth while maintaining strong capital metrics, with a risk-adjusted capital ratio of about 11.6% in 2025-2026. Although the bank has increased its dividend payment during the last few quarters, we think Bladex is committed to maintaining a solid capital base and can shift its capital policy relatively quickly. Therefore, we believe the bank could adjust its dividend policy if its internal capital generation isn't sufficient to leverage expected business growth while maintaining its historical capitalization.

We expect Bladex to continue its prudent risk and liquidity management with a low-risk appetite. Although we expect lower economic growth and uncertainty for some countries in the region, we believe Bladex's sound risk management, strict underwriting practices, and moderate risk tolerances will enable it to maintain healthy asset quality and low credit losses during the next two years. We expect the bank's nonperforming assets (NPAs) to remain less than 0.5% of its total portfolio in the next 12-24 months. Likewise, we anticipate Bladex will keep its prudent funding and liquidity management given the broad geographic diversification of its funding sources and its high-quality liquid securities investment portfolio.

Outlook

Our stable outlook for the next 12 months reflects our expectation that the bank will maintain resilient credit growth and business stability despite the global economic slowdown and persistent trade policy uncertainty in the region. We believe Bladex will maintain healthier asset quality than other banks in Latin America and a risk-adjusted capital (RAC) ratio above 10% in the next 12-24 months.

Downside scenario

We could lower the ratings on Bladex if its RAC ratio falls below 10% during in the next 24 months, which could stem from a deterioration of its internal capital generation due to a sharp increase of provisions or much higher dividend distributions than we expect. We also could lower our ratings if Bladex's asset quality deteriorates sharply and consistently compared to historical levels.

Upside scenario

We could upgrade Bladex if the projected RAC ratio is consistently above 15% in the next 12-24 months thanks to a consistent increase of its internal capital generation that bolsters its capital base. Additionally, the bank would have to maintain a prudent risk appetite, a sound risk position with asset quality metrics in line with historical levels, a stable deposit base, and adequate liquidity.

Key Metrics

Banco Latinoamericano de Comercio Exterior S.A.--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024a	2025f	2026f
Growth in operating revenue	58.8	59.7	14.3	3.6-4.4	4.6-5.6
Growth in customer loans	18.4	6.8	16.2	7.2-8.8	8.1-9.9
Growth in total assets	15.5	15.7	10.4	6.0-7.3	7.1-8.6
Net interest income/average earning assets (NIM)	1.7	2.4	2.4	2.1-2.4	2.1-2.3
Cost to income ratio	33.1	27.2	26.5	27.0-28.4	27.8-29.2
Return on average common equity	8.9	14.6	16.2	14.2-15.7	13.5-14.9
Return on assets	1.1	1.7	1.8	1.5-1.9	1.5-1.8
New loan loss provisions/average customer loans	0.3	0.4	0.2	0.2-0.2	0.2-0.3
Gross nonperforming assets/customer loans	0.4	0.1	0.2	0.2-0.2	0.2-0.2
Net charge-offs/average customer loans	0.0	0.4	0.0	0.0	0.2-0.2
Risk-adjusted capital ratio	11.8	12.1	11.6	11.4-12.0	11.3-11.9

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

Anchor: 'bb+ 'Anchor According To Bladex's Blended Country-Risk Exposures

The anchor or starting point for our ratings for Bladex is 'bb+'. This reflects the weighted average economic risk in the countries in which the bank has exposure through its loan book and its long-term securities portfolio. The anchor also reflects the industry risk for the Panamanian banking system, where Bladex is domiciled.

As of March 2025, Bladex has a commercial portfolio with exposure in more than 15 countries in Latin America. The bank’s largest exposures by loans and contingencies were Brazil (14%), Mexico (12%) and Guatemala (11%), while its exposure to developed economies represented 7%. In addition, Bladex’s exposures with less than 10% of its commercial portfolio is spread across many countries in the region, which can vary notably each quarter according to the bank’s strategy and given the short-term nature of its loan portfolio. Likewise, the bank’s credit investment portfolio comprises high-quality liquid debt instruments, where 53% consist of readily quoted U.S. securities.

Panama is gradually aligning with global reporting standards and strengthening its institutional framework. Panama has fully adopted International Financial Reporting Standards (IFRS) 9, Basel III capital requirements, and its liquidity coverage ratio to enhance the banking system's liquidity and resilience. In fourth-quarter 2023, the regulator established a capital conservation buffer for banks operating in Panama with gradual adoption over the next two years.

We expect solid profitability for the banking system during the next two years, stemming from relatively stable net interest margins, manageable noninterest expenses, and controlled credit losses.

However, one of the main challenges for banks is the system's lack of a lender of last resort or an effective deposit insurance system to support distressed financial institutions. Still, we think the government, through Banco Nacional de Panama, could provide liquidity to the banking system if needed.

Bladex's credit portfolio distribution by country
Data as of March 2025

Country	Economic risk	% of total outstanding
Ecuador	10	4%
Bolivia	10	0%
Argentina	10	3%
El Salvador	9	1%
Guatemala	7	10%
Honduras	8	2%
Jamaica	8	1%
Dominican Republic	8	8%
Costa Rica	7	4%
Colombia	7	9%
Trinidad & Tobago	7	1%
Brasil	7	12%
Paraguay	7	1%
México	6	11%
Panamá	6	5%
Perú	6	7%
Uruguay	5	1%
Chile	4	5%
United States	3	7%
Non LatAm	3	7%
Multilateral	3	1%

Source: S&P Global Ratings.

Business Position: Highly Revolving Loan Portfolio Provides Financial Flexibility Amid Global Trade Uncertainty

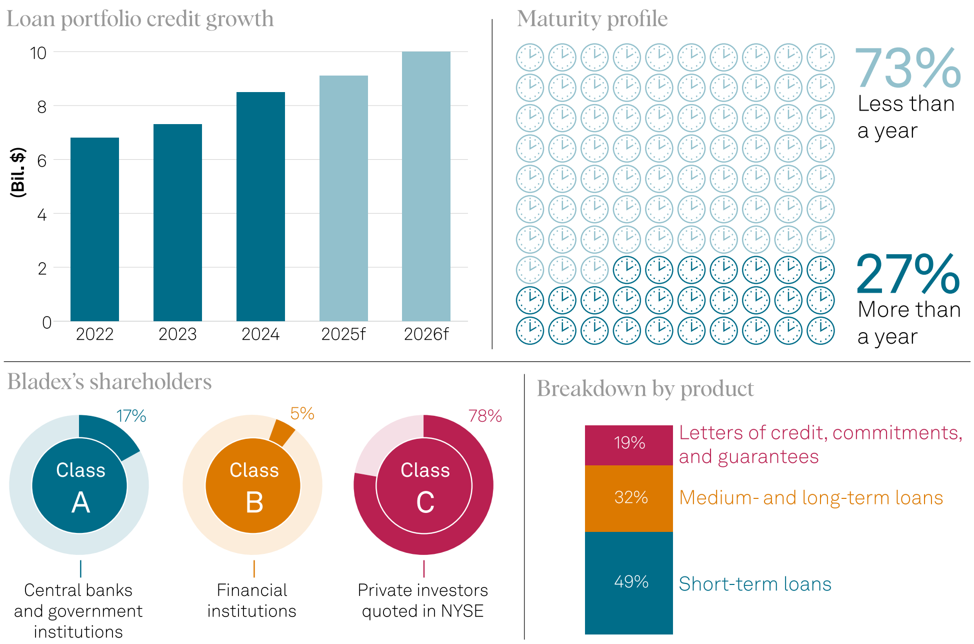
Bladex has a resilient business and a leading role in trade finance in Latin America. We expect the bank to maintain sound governance practices and prudent underwriting standards. Coupled with the historical stickiness of its 'Class A' shareholders--central banks and their designees—this helps stabilize the bank's business despite market stress.

In our view, the risks for the global economic activity remain on the downside due to the uncertainty in U.S. trade policy and its impact on the real economy. We anticipate materially slower growth and still tight credit conditions for various countries in Latin America given potentially lower or halted investment while tariff-related inflation could keep interest rates high, denting companies' financing costs.

Nevertheless, we believe the Bladex's short-term portfolio--73% of the commercial portfolio matures within a year—with creditworthy borrowers, allows Bladex to rebalance its portfolio toward specific countries and sectors that align with its appetite relatively quickly. We therefore believe Bladex could take advantage of business opportunities that could arise in the region. We expect steady credit demand to allow Bladex to keep increasing its customer base, which also enables the bank to offer a wider range of trade finance products and grow its fee business.

We forecast Bladex will grow its loan book at about 8.5%-10.0% during 2025-2026, while maintaining a healthy and diversified portfolio without eroding its capital metrics, leading the bank to increase its operating revenue at about 5% the next two years.

Bladex's commercial portfolio breakdown



f--forecast. NYSE--New York Stock Exchange. Source: S&P Global Ratings.

Capital And Earnings: Sound Capitalization Due To Its Recurrent Net Profit Growth And Despite Its Higher Dividend Payment

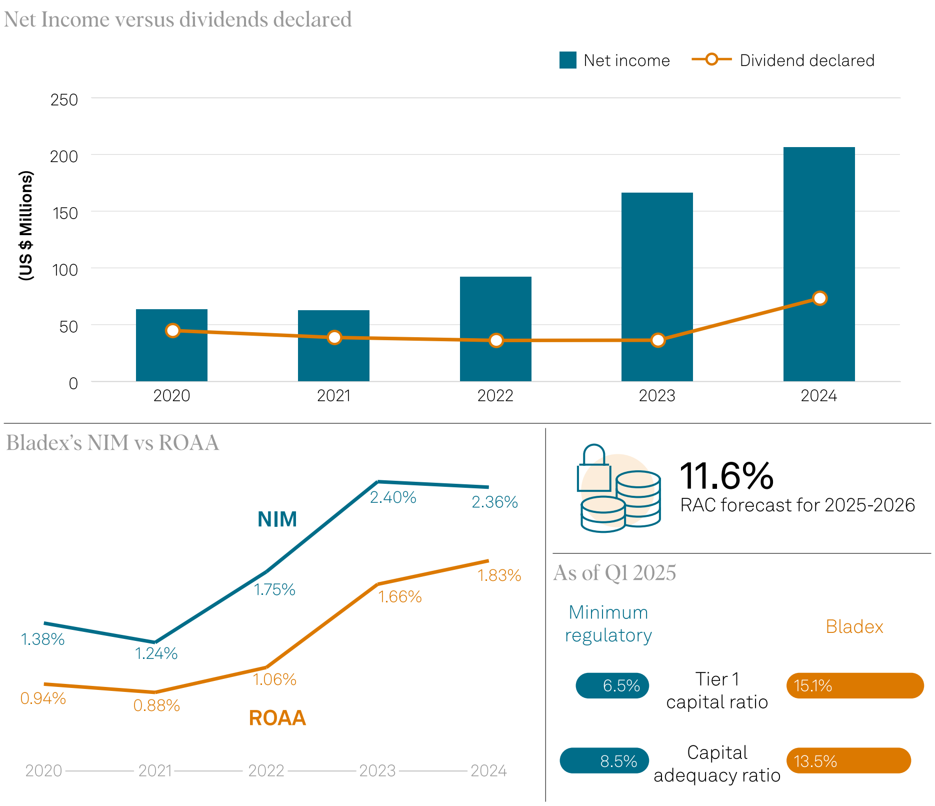
Bladex has sound, stable capitalization that we believe will remain a credit strength during 2025-2026. We expect Bladex's RAC ratio to be about 11.6% for the next two years, based on our expectation of the bank's bottom-line results remaining sharply higher than its five-year average. We believe the bank's persistent internal capital generation will enable it to maintain a solid capital base despite our expectation of a dividend payment about $90 million-$100 million per year in 2025-2026, compared to its five-year average of $46 million. We base our projections on the following assumptions:

- Average GDP growth in Latin America's largest five economies (Brazil, Mexico, Chile, Peru, and Colombia) of 1.7% in 2025 and 2.1% in 2026;
- Average loan portfolio growth of about 8.5%-10.0% in 2025-2026;
- Cost-to-income ratio of about 28% in the next two years;
- Healthy asset quality, with NPAs to loans below 0.5% in the next two years;
- Cost of risk (measured as new loan loss reserves as percentage of average customer loans) of about 0.3%; and

- Dividend payout ratio of about 43%-45% in 2025-2026.

We forecast Bladex's net interest margins at about 2.2% in the next two years. Coupled with the recurrent credit expansion and manageable cost of risk, this will enable the bank to continue to grow its bottom-line through 2026. We expect Bladex to continue developing capabilities to support higher business volumes and increase its revenue to more than offset the growth of its administrative expenses. While the banks' administrative expenses doubled given the bank's recurrent investment in technology and growing the labor force, it improved its efficiency ratio to 26.5%--from 38% in 2021. We forecast a return on adjusted assets about 1.5%-1.7% the next two years.

Bladex's capital and earnings



f--forecast. NIM -- Net interest margin, ROAA -- Return on average assets. Source: S&P Global Ratings.

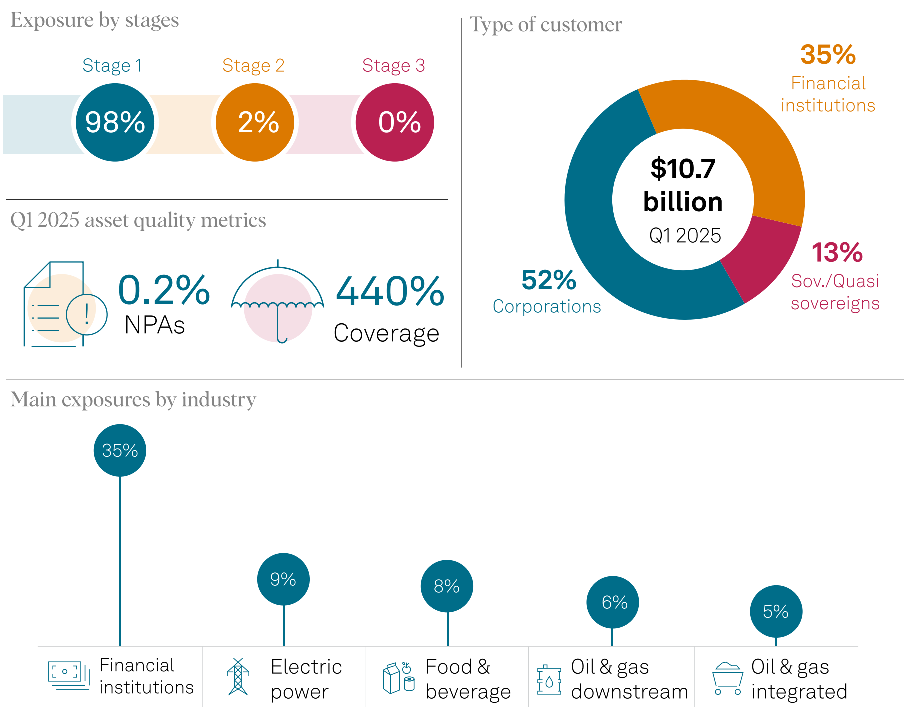
Risk Position: Healthy Asset Quality Given The Bank's Financial Flexibility And Prudent Risk Management

We expect Bladex to remain one of the banks with the healthiest asset quality metrics in Latin America, with low NPAs and credit losses during 2025-2026. We also believe the bank will continue benefiting from its broad geographic and sector diversification, with 40% of operations in countries with investment-grade sovereign ratings, and exposure to top-rated countries outside the region, which mitigate risks.

Although our baseline incorporates slower growth among many countries in Latin America for the next 12 months, we believe the diversified composition of Bladex's loan portfolio could partially mitigate the potential risks of companies being unable to meet their financial obligations under adverse market conditions. Specifically, Bladex's exposure to regulated financial institutions (mostly banks) represents about 35% of its portfolio, while its largest exposures in other sectors are to high-end large corporations and quasi-sovereign entities--some of them state-owned oil companies-–that operate in key sectors. In our view, this fact--coupled with the bank's financial flexibility given the short-term nature of its loans--will help Bladex to maintain its asset quality during 2025-2026.

We forecast Bladex's NPAs will continue representing less than 0.5% of its total portfolio, with a credit coverage of more than 4x during the next two years. Nonetheless, we will closely monitor the impact and the spillover from the tariff shock and persistent uncertainty on the real economy and potential harm on the bank's metrics during the next quarters.

Bladex's asset quality & exposure (%)



NPAs--Nonperforming assets. Source: S&P Global Ratings.

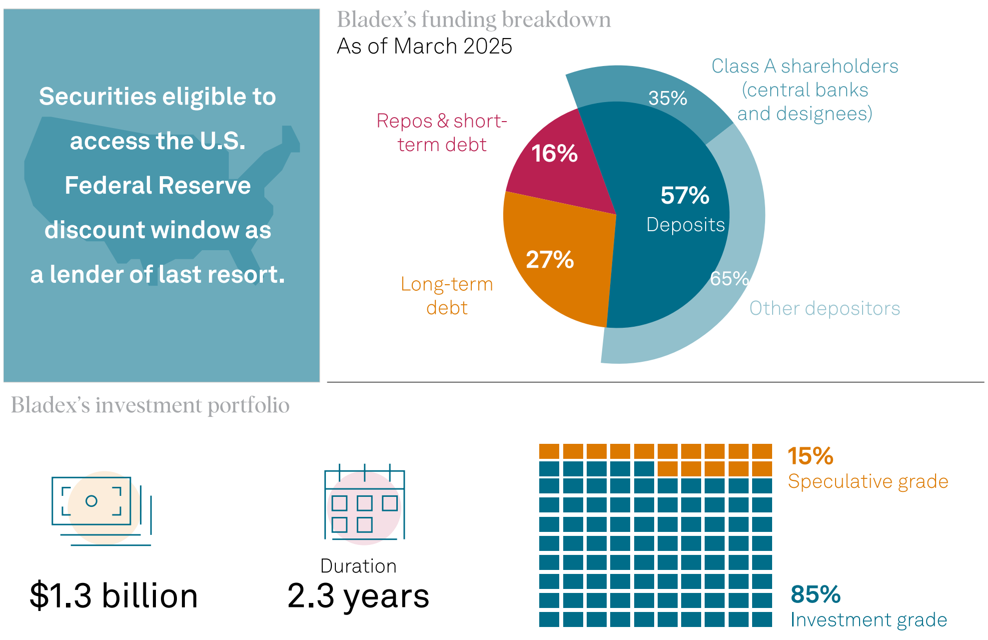
Funding And Liquidity: Stable Deposits And Wide Access To Wholesale Funding Coupled With A Liquid Investment Portfolio

Bladex's funding has broad geographic and product diversification, alongside a stable deposit base that represents 57% of the bank's funding sources. In particular, Bladex's deposit base benefits from the large presence of central banks, which are Bladex's Class A stockholders and account for 35% of the bank's total deposits. In addition, even though the bank relies heavily on wholesale funding sources, we believe the bank will benefit from its ample access to international markets to raise long- and short-term debt in diverse currencies–-such as U.S. dollars, Mexican pesos, and euros. Likewise, we expect Bladex to keep various available credit lines with correspondent banks in diverse countries.

We also anticipate Bladex will continue to prudently manage its liquidity. Bladex's investment portfolio consists mainly of high-quality liquid securities held at amortized cost and helps the bank to diversify its credit risk exposures. This is because most of these securities have low or no correlation with exposures to countries in Latin America.

Bladex's investment portfolio totaled $1.3 billion as of March 2025, or about 10% of total assets. The average maturity of this portfolio is 2.3 years and 85% of it consists of investment-grade credit securities--53% readily quoted U.S. securities-- eligible for the U.S. Federal Reserve discount window. In our view, the bank's potential access to the Fed as lender of last resort mitigates liquidity risk in case of financial stress.

Bladex's funding and liquidity key figures



Source: S&P Global Ratings.

Additional Rating Factors

We have a positive comparable ratings adjustment on the bank--equivalent to one notch--reflecting Bladex's solid risk management, low risk appetite, and prudent underwriting, all of which have resulted in healthier asset quality than those of other banks in the region. Additionally, we expect the bank to maintain sound capitalization and stable funding sources with high capacity to raise debt in international markets--including its access to the Fed discount window--while raising bottom-line results, which will support its business stability during the next 12-24 months.

Environmental, Social, And Governance: ESG Factors Have Neutral Influence On Bladex's Ratings

Environmental, social, and governance factors have no influence on our credit rating analysis of Bladex. We think the bank has experienced management and governance, evidenced by prudent underwriting, sound capitalization, and targeted markets for growth. In addition, Bladex's corporate governance practices comply with diverse local regulations, mainly Panama as its legal domicile, and the U.S. given Bladex's branch in the country and its listing on the New York Stock Exchange (NYSE: BLX).

We believe environmental and social risks are gaining relevance for Bladex's board, therefore, we expect the bank will continue developing sustainability policies and key performance indicators to keep enhancing its oversight and integrate these topics in the bank's overall strategy over the next few years. In particular, during recent years Bladex adopted internal ESG taxonomies while updating its Environmental and Social Risk Analysis System (SARAS). Nonetheless, we believe the bank is relatively behind other large groups in the region regarding the public disclosure of some of this information--such as the measurement of scope 3 greenhouse emissions and the lack of public commitments regarding the Paris Agreement.

Finally, while some of the countries where Bladex operates are somewhat exposed to natural disasters, the bank maintains broad geographic and industry diversification in the region. We therefore expect the bank's credit and operating losses to remain very low.

Key Statistics

Banco Latinoamericano de Comercio Exterior S.A. Key Figures

Mil. $	2024	2023	2022	2021	2020
Adjusted assets	11,855	10,741	9,282	8,037	6,289
Customer loans (gross)	8,462	7,280	6,816	5,755	4,938
Adjusted common equity	1,334	1,201	1,067	990	1,038
Operating revenues	304	266	167	105	99
Noninterest expenses	80	73	55	40	37
Core earnings	206	166	92	63	64

Banco Latinoamericano de Comercio Exterior S.A. Business Position

(%)	2024	2023	2022	2021	2020
Total revenues from business line (currency in millions)	304	266	167	105	99
Trading and sales income/total revenues from business line	0.2	(0.0)	(0.9)	(0.5)	(4.5)
Other revenues/total revenues from business line	0.0	0.2	0.2	0.4	1.1
Investment banking/total revenues from business line	0.2	(0.0)	(0.9)	(0.5)	(4.5)
Return on average common equity	16.2	14.6	8.9	6.2	6.2

Banco Latinoamericano de Comercio Exterior S.A. Capital And Earnings

(%)	2024	2023	2022	2021	2020
Tier 1 capital ratio	15.5	15.4	15.3	19.1	26.0
S&P Global Ratings' RAC ratio before diversification	11.6	12.1	11.8	12.7	15.59
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	85.4	87.6	88.8	82.7	93.0
Fee income/operating revenues	14.6	12.2	11.9	17.4	10.5
Market-sensitive income/operating revenues	0.2	(0.0)	(0.9)	(0.5)	(4.5)
Cost to income ratio	26.5	27.2	33.1	38.0	37.5

Banco Latinoamericano de Comercio Exterior S.A. Capital And Earnings

Preprovision operating income/average assets	2.0	1.9	1.3	0.9	0.9
Core earnings/average managed assets	1.8	1.7	1.1	0.9	0.9
N.M.--Not meaningful.					

Banco Latinoamericano de Comercio Exterior S.A. Risk Position

(%)	2024	2023	2022	2021	2020
Growth in customer loans	16.2	6.8	18.4	16.5	(16.6)
Total managed assets/adjusted common equity (x)	8.9	8.9	8.7	8.1	6.1
New loan loss provisions/average customer loans	0.2	0.4	0.3	0.0	(0.0)
Net charge-offs/average customer loans	0.0.	0.4	0.0	0.0	N.M.
Gross nonperforming assets/customer loans + other real estate owned	0.2	0.1	0.4	0.2	0.2
Loan loss reserves/gross nonperforming assets	461.8	594.0	183.4	377.1	374.6
N.M.--Not meaningful.					

Banco Latinoamericano de Comercio Exterior S.A. Funding And Liquidity

(%)	2024	2023	2022	2021	2020
Core deposits/funding base	54.3	47.15	39.3	43.5	60.3
Customer loans (net)/customer deposits	153.5	162.2	210.9	188.2	156.0
Long-term funding ratio	81.9	78.4	71.2	72.3	92.5
Stable funding ratio	109.0	109.6	93.6	96.1	114.7
Short-term wholesale funding/funding base	18.7	24.3	32.6	31.6	9.0
Broad liquid assets/short-term wholesale funding (x)	1.5	1.3	0.8	0.9	2.6
Broad liquid assets/total assets	25.9	27.6	23.7	25.2	19.4
Broad liquid assets/customer deposits	56.2	66.7	68.7	66.6	38.8
Net broad liquid assets/short-term customer deposits	21.9	18.8	(17.7)	(7.8)	30.0
Short-term wholesale funding/total wholesale funding	43.4	46.0	53.8	56.0	22.5

Rating Component Scores

Rating Component Scores	
Issuer Credit Rating	BBB/Stable/A-2
SACP	bbb
Anchor	bb+
Business position	Adequate (0)
Capital and earnings	Strong (1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	1
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of May 22, 2025)*		
Banco Latinoamericano de Comercio Exterior S.A.		
Issuer Credit Rating		BBB/Stable/A-2
Senior Unsecured		
CaVal (Mexico) National Scale		mxAAA
Senior Unsecured		BBB
Issuer Credit Ratings History		
14-Apr-2021	*Foreign Currency*	BBB/Stable/A-2

Ratings Detail (as of May 22, 2025)*		
03-Apr-2019		BBB/Negative/A-2
22-Jun-2017		BBB/Stable/A-2
14-Apr-2021	*Local Currency*	BBB/Stable/A-2
03-Apr-2019		BBB/Negative/A-2
22-Jun-2017		BBB/Stable/A-2
Sovereign Rating		
Panama		BBB-/Stable/A-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.