



# Banco Latinoamericano de Comercio Exterior, S.A.

## COMPLIANCE

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CORPORATE POLICY

PREVENTION OF MONEY LAUNDERING, FINANCING OF  
TERRORISM AND FINANCING OF THE PROLIFERATION OF MASS  
DESTRUCTION WEAPONS

AML/CFT/FPWMD

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## A. INTRODUCTION

Bladex is a Latin American multinational bank focused on financing foreign trade and regional integration in Latin America. The Bank's client base consists of commercial banks, state-owned entities, and private corporations in the Region.

The Bank, including its Board of Directors and all of its staff, is committed as an Organization to comply with all laws, regulations and guidelines, local and international, that are applicable to Bladex, its subsidiaries and the New York Agency related to the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, hereinafter "Anti- Money Laundering". For this purpose, it has established policies and procedures adjusted to the specific risk profile of its products, services, clients and geographical location.

The Bank has established in its organizational structure an independent Compliance Area that is responsible for implementing the necessary policies and procedures to allow the faithful compliance with the Bank's obligations related to "Anti-Money Laundering" regulations and internal policies in force in the Republic of Panama, in the United States of America, and in any other country where Bladex operates.

The Compliance Area has developed the "Know Your Customer" policy, to understand and define the specific risk profile of its clients and products, as well as the transaction monitoring procedures that allow to understand the nature of the transactions and to identify possible suspicious operations. Together with the different departments of the Bank, it has also identified the key controls that allow the Organization to mitigate the risks inherent to the business and to comply with all external rules and internal policies.

The policies defined below establish the criteria approved by the Bank's Board of Directors, which is the minimum framework for action through which the Bank will apply the principles of reasonably knowing each client with whom it maintains a contractual or business relationship. These policies are developed and translated into detailed processes and procedures for each applicable case, in accordance with the requirements of each jurisdiction. These policies must be reviewed and approved by the Board of Directors at least once a year.

For the successful implementation of the "Know Your Customer" and "Anti-Money Laundering" policies, the cooperation of all the Bank's collaborators is required. That is why it is necessary to be diligent, both when onboarding a new customer and when reviewing each transaction, especially those considered high risk.

It is the obligation of each collaborator to report, through the means established by the Organization for these purposes, any suspicion related to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

## **B. REGULATORY FRAMEWORK**

The Superintendency of Banks of Panama regulates and supervises Bladex, its subsidiaries, its overseas offices and agencies. In addition to the Superintendency of Banks, in Panama, the representative offices are subject to the regulations and supervision of the regulators of the respective host countries, in the case of the New York Agency, the regulations and supervision of the Federal Reserve Bank of New York (FRBNY) and New York State Department of Financial Services (NYDFS).

### **1. Laws of Panama**

Bladex operates in the Republic of Panama under a general license granted by the National Banking Commission, an entity that was replaced by the Superintendency of Banks of Panama, which currently regulates and supervises the Bank. Under the general license, Bladex is authorized to carry out banking activities within and outside the Republic of Panama.

On February 26, 1998, Decree-Law No. 9 was adopted in Panama, as amended by Executive Decree No. 52 of 2008, becoming the sole text of the Banking Law in Panama. In addition, on April 27, 2015, Law No. 23 was passed, which determines the adoption of measures to prevent money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

Likewise, all agreements, circulars and resolutions issued by the Superintendency of Banks of Panama are mandatory to guarantee and regulate compliance with all laws applicable to the Panamanian Financial System.

All regulations issued by the Superintendency of Banks of Panama are published on its website: [www.superbancos.gob.pa](http://www.superbancos.gob.pa).

### **2. Laws of Mexico**

Bladex's Representative Office in Mexico is governed by the Law of Credit Institutions, which regulates the establishment and operation of representative offices of foreign financial institutions in Mexico. In addition, this office is subject to the regulations and provisions applicable to the establishment and operation of representative offices of foreign financial institutions issued by the Ministry of Finance and Public Credit (SHCP), as well as the provisions issued by the SHCP and the Bank of Mexico regarding financial policies. It is also subject to inspection and supervision by the National Banking and Securities Commission.

The subsidiary BLX Soluciones, S.A. de C.V. is governed by the Law of Credit Institutions and is subject to the regulations and provisions of the National Banking and Securities Commission (CNBV), as well as the National Commission for the Protection and Defense of Users of Financial Services.

### **3. Laws of Argentina**

Bladex's Representative Office in Argentina operates under the guidelines of the Central Bank of the Republic of Argentina, which establishes the regulations applicable to the representatives of foreign financial entities. The Representative Office in Argentina is governed by:

- Law 25,246 against Money Laundering and the Financing of Terrorism and its complementary regulations.
- Rules on Prevention of Money Laundering and Other Illicit Activities issued by the BCRA.
- Rules on Prevention of Terrorist Financing issued by the BCRA.
- Resolution UIF N°30-E/2017 on the measures and procedures that, in the financial sector, financial and exchange institutions must observe to prevent, detect and report the facts, acts, omissions or transactions that may originate or be linked to the commission of the crimes of money laundering and financing of terrorism.
- Resolution UIF N°29/2013 on the Prevention of Terrorist Financing.

#### 4. Laws of Brazil

Bladex Representação Ltda. is the subsidiary incorporated under the laws of Brazil that acts as the Bank's representative office in Brazil. Bladex Representação Ltda. is subject to the supervision of the Central Bank of Brazil, which regulates and supervises the activities of the representative offices of foreign financial institutions in Brazil.

#### 5. Laws of Colombia

The Colombian Representative Office operates under the supervision of the Colombian Financial Superintendency. This regulator issues provisions to which Bladex's Representative Office is subject.

#### 6. Laws of the United States of America (New York Agency)

- **Laws of the State of New York** Bladex New York Agency operates under a license granted by the New York Department of Financial Services. It is subject to the supervision of the New York State Banking Department (NYSBD), as well as laws regulating the operations of foreign banks in New York State.
- **Federal Laws:** In addition to the laws of the State of New York, the New York Agency is subject to federal regulations, primarily the International Banking Act of 1978 (IBA), whose regulations establish general guidelines for foreign bank offices operating in the United States.

Under the Foreign Bank Supervision Enhancement Act the New York Agency must comply with reporting and review requirements imposed by the Federal Reserve Board of Governors, which has the authority to supervise the commencement, operation, and eventual termination of foreign banks' activities in the United States.

## C. ORGANIZATIONAL STRUCTURE

Bladex Board of Directors has incorporated to the administrative structure of the Organization a function called Compliance Officer, who has sufficient authority, hierarchy and independence from the other employees and Executives of the Bank, to develop, implement, manage and supervise the Compliance Program as well as a Manual for the Prevention of Money Laundering to ensure that the Bank, its Subsidiaries, Representative Offices and Agencies comply with the laws and policies applicable in the different countries where Bladex operates, with special attention to issues related to the prevention of Money Laundering, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction.

This program is reviewed and approved by the Compliance and Anti-Money Laundering Committee of the Bank's Board of Directors at least once (1) a year or as required by changes in the respective laws, regulations or policies and its progress is evaluated and submitted to the Board.

In addition, the New York Agency has a Compliance Officer dedicated exclusively to its activities, who has the authority and independence to implement and manage the Compliance Program, which is in accordance with the regulations applicable to it by the U.S. regulators, mainly the "Bank Secrecy Act", the "Anti-Money Laundering and Counter-Financing of Terrorism" regulations and the sanctions administered by OFAC.

### 1. Board of Directors

The Bank's Board of Directors is responsible for implementing the system for Combating Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction and for providing an internal environment that facilitates its development. To this end, the Board of Directors is responsible for:

- Annually approving the Compliance Program and the area budget;
- Appointing a Compliance Officer with the characteristics, responsibilities and powers required under the current regulations;
- Ratifying the Manual on Combating Money Laundering, the Financing of Terrorist and the Proliferation of Weapons of Mass Destruction;
- Ratifying the Bylaws of the Compliance and Anti-Money Laundering Committee;
- Ratifying the system for Combating Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, in accordance with the Bank's risk profile;
- Approving the risk rating method for customers;
- Providing the resources (human, technological, among others) and infrastructure that allow, considering the size of the institution and the complexity of its operations and/or services, the adequate fulfillment of the functions and responsibilities of the Compliance Officer.

- If applicable, approving topics related to Prevention of Money Laundering, Prevention of Terrorist Financing and Prevention of the Proliferation of Weapons of Mass Destruction of the different Committees.

## 2. Compliance and Anti-Money Laundering Committee

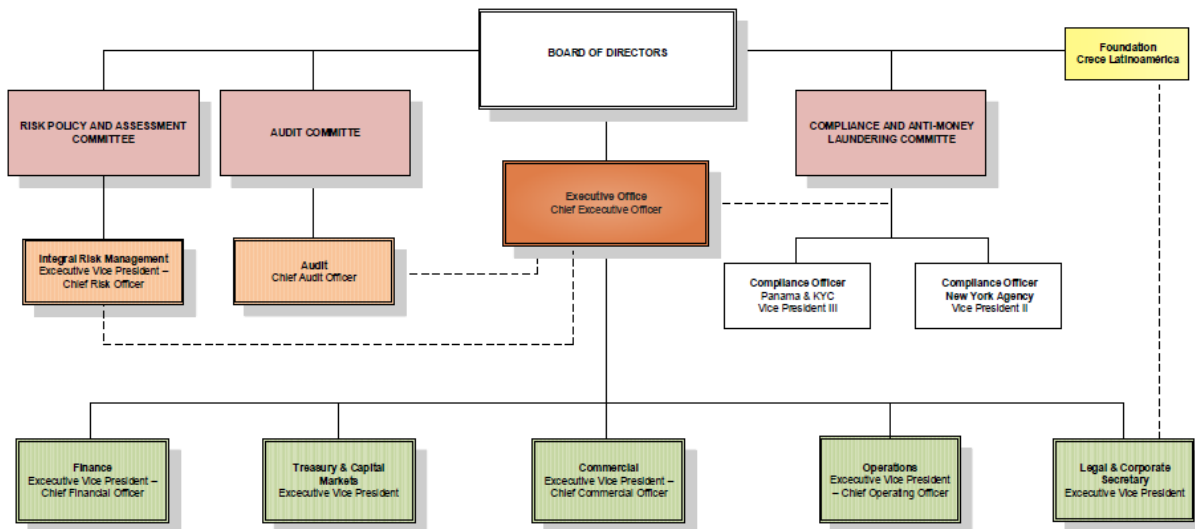
Bladex’s Compliance and Anti-Money Laundering Committee is a standing Committee of the Bank's Board of Directors, in which members of the Bank's Management also participate, in compliance with regulatory requirements of the Superintendency of Banks of the Republic of Panama.

The Committee will support the Board of Directors in the fulfillment of its responsibilities in compliance matters and will also fulfill those functions assigned to it by applicable laws and regulations in compliance matters, including the responsibility of directing, at the strategic level, the Bank's compliance program.

## 3. Executive Committee

The Executive Committee is a standing committee of Bladex, whose main objective is to direct and carry out the administrative management of the Bank based on the delegation of powers by the Board of Directors.

The Executive Committee will review compliance issues to ensure that decisions and resolutions of the Board of Directors and its Committees are properly implemented.



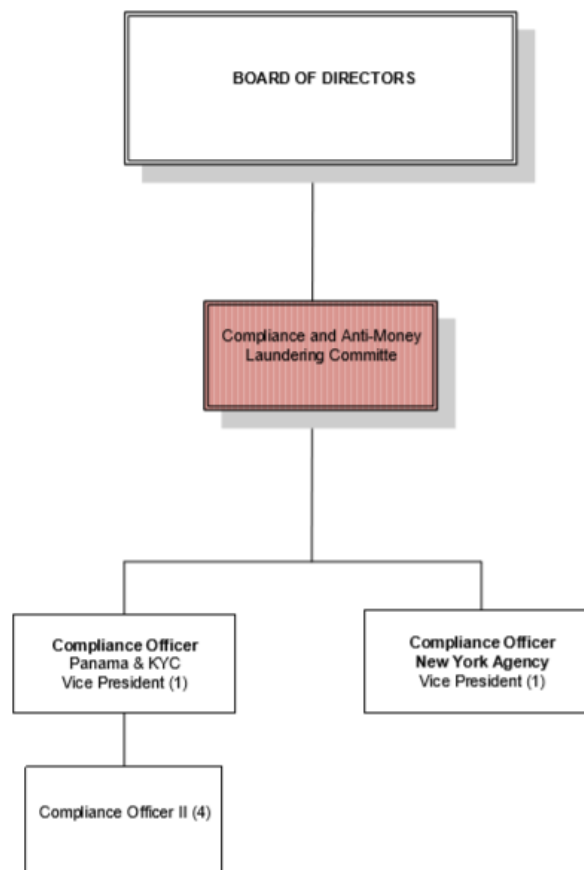
Within its functions, the Executive Committee has the responsibility to ensure that in their respective areas they comply with the policies and procedures established for the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as to approve the onboarding or reactivation of PEP and High AML Rating clients.



#### 4. Ethics Committee

The Bank's Ethics Committee is the management body responsible for the interpretation, implementation, application and ongoing evaluation of the provisions of the Organization's Code of Ethics. In addition, it is responsible for addressing reported cases of deviations from policies and procedures governing honest and ethical behavior, as well as any conflicts of interest or non-compliance with the Code of Ethics, suspicious activity related to Money Laundering, Financing of Terrorism, Financing the Proliferation of Weapons of Mass Destruction, Bribery or FCPA violations, or activities that could constitute insider trading, fraud or attempted fraud, accounting records that do not comply with generally accepted accounting principles, and unexplained or unwarranted disappearance of funds or securities.

#### 5. Compliance Area Organizational Chart



#### D. MONEY LAUNDERING PREVENTION PROGRAM

To examine with special attention the clients and any type of transaction that can be particularly linked to the crime of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, regardless of its amount, as established by the regulation applicable to the Bank.

To meet this regulatory requirement, the Bank establishes preventive measures in all its activities, paying special attention to its main activity which is to grant credit to banks, corporations and companies in the Latin American and Caribbean region.

Due to their nature, trade finance activities are susceptible to fraud, money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction and even the indirect participation of persons or countries listed in OFAC or other international restrictions on money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

Therefore, Bladex has identified the risk factors of money laundering, terrorism financing and financing of the proliferation of weapons of mass destruction that could exist in these types of financing and, therefore, has established the controls to mitigate such risks, such as verification of the underlying transactions that imply a risk for the Bank.

## **1. Risk Mitigation**

Bladex permanently reinforces its controls, regulations and procedures to prevent or detect any attempt to carry out money laundering operations, through the use of the credit facilities it grants. In this sense, the following risk factors are taken into account in the "Anti-Money Laundering":

### **1.1. Tax havens and underlying transactions in tax haven countries**

In cases where the underlying transaction is with countries that are considered tax havens by the OECD, the relevant information will be obtained to identify the actual beneficiaries of the transaction.

### **1.2. Countries listed by the FATF**

Extended or enhanced due diligence is applied to transactions that are directly or indirectly related to FATF-listed countries. In these cases, the approval of the Compliance Area must be obtained. However, countries included in the Red List may not be linked or be part of a transaction directly or indirectly.

### **1.3. OFAC List**

No transactions involving individuals or companies listed on the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) list will be processed.

### **1.4. Type of Transactions**

Bladex will not engage in any type of transaction with countries, financial institutions or international transactions that have been deemed by the United States Secretary of the Treasury to be high risk in the areas of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction.

In addition, the following transaction-related controls will be maintained:

- Commercial details where the merchandise or product is not related to the business activity of the importer and exporter.
- Activities or products considered high risk, including those subject to international export restrictions (military equipment, weapons, ammunition, nuclear material, chemicals, etc.)
- Clear over- or under-invoicing of prices of goods and/or services.
- A clear misrepresentation of the quantities or types of goods imported or exported.
- An apparent unnecessary business structure, whose reason is to hide the true nature of the business.
- Payment to third parties not involved in the financed transaction.
- Ports of embarkation or disembarkation and goods not related to the L/C or participants in the underlying transaction.

## 2. Evaluation Criteria

The policies and procedures for "Anti-Money Laundering" are mandatory for all employees of the Bank. Therefore, the Compliance Area will resolve the cases that require an interpretation of the application of the policy to comply with the inherent requirements of the policy, in accordance with the supporting documentation that allows such determination and that do not imply a risk for the Bank.

Additionally, the Compliance Area is responsible for maintaining updated policies related to the Prevention of Money Laundering, Prevention of Terrorist Financing and Prevention of Proliferation of Weapons of Mass Destruction of the Bank, the risks associated with these crimes and the criteria applied to the countries where Bladex operates.

Such policies must be reviewed annually, when required by modification of the corresponding regulation or by improvements that Bladex or its Auditors identify for diligent compliance with the Program.

## 3. Independent Testing of Compliance Issues

The Bank's Internal Audit unit is responsible for the evaluation and permanent monitoring of the internal control system and the compliance with Money Laundering risk management policies. The Internal Audit function must be independent in its management and the staff must be qualified and trained in the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.

The Compliance Program shall provide for an independent review of the Prevention System at least once a year, which may also be conducted by External Auditors. This review requires:

- Verifying that the Bank complies with the legal and regulatory standards in force regarding the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.
- Verifying the degree of implementation of the processes, procedures and internal controls contained in this Manual.
- Evaluating the quality of the prevention system adopted by the Bank, in light of best practices and applicable international standards.

The results of such reviews must be reported to the Bank's Board of Directors with their respective action plans, and the Compliance Officer must inform the Compliance and Anti-Money Laundering Committee about the progress and follow up.

#### **4. Training Program**

Bladex permanently promotes the development of personnel training programs, so that employees have the ability to recognize warning signs and suspicious operations related to Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction, applying internal procedures.

All new directors, managers and employees who join the Bank must go through an induction process on the Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction within thirty (30) calendar days after joining the Bank, as well as an Annual Training Plan for all personnel at the Bank's Headquarters, the NY Agency, the Representative Offices and the Subsidiaries, in order to keep every employee updated on the policies, procedures and internal controls to prevent the misuse of the services they provide, as well as the various criminal modalities used for Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction.

#### **E. "KNOW YOUR CUSTOMER" POLICY**

The "Know Your Customer" policy covers all types of contractual or business relationships between the Bank and its customers. For this reason, it is important to reasonably identify the client and to know its business, the markets in which it operates, shareholders, main executives and all those persons who have controlling influence, among other aspects.

To meet each and every one of the requirements established by the Bank in terms of knowing the customer is the responsibility of each executive authorized by Bladex to get a customer onboard, through a commercial, correspondent or treasury relationship.

Therefore, stating or alleging ignorance of the Bank's legal provisions, policies and internal manuals (intentional blindness), assuming that these are issues that do not affect Bladex, does not relieve any employee from his or her responsibility for non-compliance with "Anti-Money Laundering" policies and procedures established by the Bank. All employees must consult the Compliance Area if they have any doubts.

The "Know your Customer" policy has the following objectives:

- To reasonably know the identity and activities of the customer.
- To establish criteria that allow the timely detection of suspected activities relating to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.
- To protect Bladex's reputation and reduce the risk that its services be used to legitimize funds that are the product of illegal activities, which could cause, among other negative implications, the confiscation of clients' money and the imposition of criminal, administrative and/or monetary sanctions on Bladex itself, its directors and/or collaborators.
- To establish the guidelines aimed at having certainty that the institutional and corporate clients with whom a contractual or business relationship is maintained have physical presence (actual commercial activity) and that they are duly organized and regulated in the country where they operate.

In accordance with the provisions of Article 4 of Law 23 of April 27, 2015, a customer is considered to be any legal entity that establishes, maintains or has maintained on a regular or occasional basis a contractual or business relationship for the provision of any product or service inherent to our activity. For Bladex, customers are classified as follows:

- **Corporations**
  - Directly related legal entities
  - Guarantors
  - Secondary market legal entities
  - Non-Financial Counterparts
- **Financial Institutions**
  - Private Equity Banks
  - State Banks
  - Central and Multilateral Banks
  - Non-Banking Financial Institutions
  - Counterparts (Financial Institutions and Non-Banking Financial Institutions)
- **Individuals**
  - Only special cases whose relationship purpose is to be a Guarantor

Regardless of the historical link between the Bank's Management and its customers, Management emphasizes the need to maintain a close relationship with the customer that allows the Bank to keep up to date on any changes that may occur. For this reason, the Bank maintains a limit and customer recommendation workflow, which allows the integration of credit risk and know your customer information and documentation, into one single file. This workflow includes different scenarios, ranging from the limit

recommendation process for new customers, the renewal process for existing customer lines, the limit modification process, the line extension process, the line cancellation process and the customer profile update process.

## 1. Client Risk

To the extent that the activities of the Bank's customers are known and properly understood, irregular or unusual behavior in their activity or abrupt changes in their activity will be detected and consequently investigated. The primary purpose of applying the "due diligence" concept is to detect signs that, although they may not evidence unusual behavior, do not go unnoticed and are duly reviewed.

A client risk classification matrix was defined in accordance with the parameters required by local regulations and based on international standards, FATF recommendations and the provisions of the Federal Financial Institutions Examination Council (FFIEC) BSA/AML Examination Manual, which is approved annually or when required, by the Compliance and Anti-Money Laundering Committee and subsequently ratified by the Board of Directors.

## 2. Review Approach

Bladex maintains its clients classified in three categories that are Low, Medium and High according to the so-called AML (Anti-Money Laundering) risk.

For this reason, it conducts two types of due diligence procedures: "Due Diligence" which includes Medium/Low Risk clients and "Enhanced Due Diligence" for High Risk clients.

To the extent that the activities of the Bank's customers are known and properly understood, irregular or unusual behavior in their activity or abrupt changes in their activity will be detected and consequently investigated. The primary purpose of applying the "due diligence" concept is to detect signs that, although they may not evidence unusual behavior, do not go unnoticed and are duly reviewed.

When dealing with High Risk clients, the Enhanced Due Diligence will include the following aspects:

- Special investigations (specific searches on the Internet including public pages of justice entities) to the client and related parties;
- Senior Management Approval (Executive Committee);
- Evaluation and approval of 100% of the operations.

Without prejudice to clients that according to the Bank's risk assessment are considered high risk, the following persons will be included in this category:

- Politically Exposed Persons (PEP)
- Clients operating in Free Zones

- Clients with capital or partners from non-cooperative territories or countries according to the Financial Action Task Force (FATF).
- Any other classified as high risk by the Bank

### 3. Risk Assessment

As part of its policy, prior to onboarding each customer and periodically for the updating of profiles, a validation of the documents provided will be made against the matrix of onboarding requirements. The risk rating given to the client, whether high, medium or low, is also taken into consideration.

### 4. Risk Mitigation

Bladex applies due diligence when establishing a line of credit with a client, as well as in the transactions that are made through the monitoring process.

The transactions that a client can make with Bladex are those previously authorized by the Risk Area, after a quantitative and qualitative analysis of the client. Therefore, the client's transactional profile and the level of credit acceptance will depend on the credit risk analysis.

In addition to the credit risk analysis of a client, the following aspects have been recognized as mitigating factors in the compliance with the established Anti-Money Laundering regulations:

- The business relationship (active, passive or contingent) is not established until the "Due Diligence" process has been completed. For this purpose, the Bank will have different levels of responsibility in place in the process of onboarding and updating clients.
- Different levels of operational responsibility will be kept in place for the active, passive and contingent transactions performed.
- The Compliance Area will evaluate the results of each "Due Diligence" and "Enhanced Due Diligence" process.
- For the Due Diligence process on financial institutions, Bladex requests the "Patriot Act Certification" and the AML/CFT survey.
- The Anti-Money Laundering surveys related to the "Know Your Customer" Policy are intended to verify if the internal procedures and policies of the banks that are clients of Bladex are aligned with international standards.
- No relationship will be established, or transactions processed with participants and countries that are sanctioned on OFAC or similarly restrictive lists.

Each Business Area Officer in conjunction with the Comprehensive Risk Management Area maintains and monitors information related to each of the Bank's clients. Therefore, every time an Officer visits his or her clients, he or she will be obliged to make a visit report and keep a copy in the client's file, whether it is a Credit or Treasury file, for its due control and follow-up. This documentation will serve as a basis and control to comply with the annual update of files required by the regulators.

Clients will be updated according to their risk level:

- High Risk: at least every 12 months
- Medium Risk: at least every 24 months
- Low Risk: at least every 36 months

If there are substantial changes in the client's profile it will be necessary to perform the client's KYC Update process. If in such case, the AML rating of the client is raised to High, the Compliance Area will make the corresponding verifications and obtain the approval of Senior Management (Executive Committee).

## 5. Identification of Ultimate Beneficiary

The Ultimate Beneficiary shall mean the natural person(s) who owns, controls or exercises significant influence over the account relationship, contractual or business relationship, or the natural person in whose name or benefit a transaction is carried out, which also includes natural persons who exercise final control over a legal person, trusts and other legal structures.

Every client of Bladex must have the due identification of its ultimate beneficiary. When a legal person is the ultimate beneficiary, due diligence will be extended until knowing who the ultimate natural person (owner or controller) is.

- **Corporations:** in the case of corporations, the relevant steps are taken to identify the shareholders who hold a percentage equal to or greater than ten percent (10%) of the shares issued by our client.
- **State Entities:** in case the ultimate beneficiary is the Panamanian State or a foreign State, reasonable steps must be identified and taken to verify the identity of the relevant natural person who holds the position of senior manager.
- **Trusts and Private Interest Foundations:** in the case of those clients whose shareholders are trusts or private interest foundations holding a percentage equal to or greater than ten percent (10%) of the shares issued by our client, the protector, controller, administrator, advisors or other persons, if any, who make decisions regarding the assets of the trust and/or foundation must be identified.

In the case of other legal entities, whose ultimate beneficiaries cannot be identified through the holding of shares, a certification or affidavit is requested detailing the ultimate beneficiary or beneficiaries.

## 6. Internal Controls

Bladex is a bank that operates with corporate clients, companies and financial institutions, previously evaluated and identified by the Risk Area. Therefore, given the characteristics of the services it offers and its risk profile, the established schemes for the Prevention of Money Laundering, Financing of Terrorism



and Financing of the Proliferation of Weapons of Mass Destruction are based on the transactions that are carried out, taking into account the "red flags" or risk factors that exist on the underlying operations and that arise in foreign trade operations.

The "red flags" or risk factors considered by the Compliance Area are evaluated and presented in the Risk Assessment report of the Program for Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, so that they are controlled in each of the transactions carried out, and are presented, when required, in reports to the Board of Directors' Compliance and Anti-Money Laundering Committee.

These reports are prepared by the Compliance Area as a sample of the measures applicable by the Bank, as well as the statistical count of the operations that were previously monitored and/or reviewed by Compliance staff.

### **6.1. Transaction Monitoring**

The Anti-Money Laundering monitoring is an ongoing and systematic process. Through the monitoring process, Compliance Area verifies the efficiency and effectiveness of the due diligence applied by the different responsible officers.

The monitoring of transactions allows us to evaluate if the Bank complies with the requirements, processes and procedures established in this policy and the compliance manual. Likewise, it is an important factor to know accurately the integrity of the Bank's global controls, as well as its risk management processes for money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction.

Monitoring of transactions is performed after their disbursement, as established by the Compliance Area's review plan and the compliance risk profile of each client, product, service or geographic location.

## **7. Suspicious Operations**

The Bank maintains procedures in place for the prevention and monitoring of transactions, which allows it to detect any unusual or suspicious activity. Likewise, it has an anonymous whistleblowing system of suspicious transactions, which facilitates collaborators and clients to send reports of situations without disclosing the origin of the report, aimed at detecting, investigating and following up on potential suspicious activities.

Any activity that is considered unusual or outside the approved profile of the client is subject to due investigation to determine the feasibility or not of submitting a suspicious activity report to the competent authority.

Staff members who have reported an unusual or suspicious operation or have knowledge of an undesired client due to its ties to illegal activities and/ or money laundering have a confidentiality obligation and under

no circumstances will disclose to the client or persons related to the suspicious activity any information related to the reported event.

The Compliance Area has the necessary power and independence to send the corresponding authority a suspicious activity report when the information has merit, in accordance with the procedure determined. The Compliance and AML Committee and the Board of Directors will be notified that a Suspicious Operation Report has been sent.

## **8. Undesired Clients**

For Bladex, "Undesired Clients" are considered to be those legal entities that carry out economic activities that due to their high propensity to risk of money laundering and financing of terrorism can expose the entity to legal, reputational, operational and contagion risks.

Likewise, non-target market shall be understood as those clients or potential clients that are included in risk lists, as well as those that have been reported to the authorities due to suspicion of money laundering and/or financing of terrorism.

The bank has adopted a policy of not processing any type of transaction of persons or companies that are included on OFAC lists, UN resolutions, European Union sanctions, UKHM Treasury and other applicable lists.

In addition, the following types of clients will not be accepted by the Bank:

### **8.1. By reason of the Client**

Bladex will not establish any relation with legal persons who:

- The entity that has reported to the authorities for suspicion of money laundering, financing of terrorism, financing of proliferation of weapons of mass destruction or underlying crimes.
- Are listed on OFAC, UN, EU and/or other lists for the prevention of money laundering and/or the financing of terrorism, taking into account the sanctions and/or directives applicable to the entity and the nature of the transaction being carried out.
- Any of its managing partner(s) appear in the lists mentioned in the previous paragraph.

### **8.2. By reason of the Jurisdiction**

Bladex will not establish any relation with legal persons:

- Who have their registered office or are organized, as the case may be, in countries sanctioned by OFAC or that are included in the red list of the FATF, with attention to the sanctions and/or directives applicable to the entity and the nature of the transaction that is being carried out.

- Whose income is derived from countries sanctioned by OFAC or included in the red list of the FATF, with attention to the sanctions and/or directives applicable to the entity and the nature of the transaction that is being carried out.

### **8.3. By reason of Economic Activities**

Legal entities that exercise the economic activities listed below cannot establish any relationship with Bladex:

- Games of chance for example: Casinos, online casinos, bingos, slot machines, lotteries, betting shops, among others.
- Money exchange houses, money service businesses. For example: Buying and selling foreign currency, check cashing, money order processing, FOREX business, among others.
- Pawn shops: Retail trade of second hand material.
- Activities related to illegal mining. Mining companies without control or social and environmental regulation from the State or Jurisdiction where they operate.
- Weapons Manufacturing and trading of weapons and war material.
- International Trading Companies (dedicated to the activities listed above).
- Intermediation and commercialization of Works of Art
- Adult entertainment industry: Companies producing pornographic materials, brothels or related activities.
- Shell Banks
- Bearer Shares Companies
- Businesses that operate with virtual money (crypto-currencies or bitcoins)
- National Post and Telegraphs

### **8.4. Environmental Protection**

Due to its negative impact on the environment, the non-financing of clients or operations with the following characteristics must be ensured:

- Exchange and commercialization of wildlife or derived products that are regulated under CITES (Convention of International Trade in Endangered Species on Wild Fauna and Flora).
- Sawmills or purchases of sawing equipment for use in tropical rain forests.
- Production or commercialization of pesticides and herbicides subject to restrictions or prohibitions contained in international treaties and agreements.
- Exchange or production of substances that affect the ozone layer and that are subject to restrictions contained in international treaties and conventions.

## **F. KNOW-YOUR-EMPLOYEE POLICY**

Bladex adequately selects and supervises the conduct of its employees, especially those who hold positions related to customer management and information control, in addition, there is an established profile of the employee which will be updated annually, for the duration of the employment relationship.

In addition, Bladex has rules of conduct contained in the Code of Ethics, which aims to guide the actions of each of its employees, managers and directors, for the proper development of the system to prevent money laundering, terrorism financing and financing of the proliferation of weapons of mass destruction.

#### **G. KNOW-YOUR-SUPPLIER POLICY**

All suppliers will be analyzed according to their technical capacity, financial soundness and reputation required to guarantee the fulfillment of the obligations and/or services to be provided to the Bank.

At the time of contracting and annually, all critical suppliers will be reviewed by the Risk and Compliance Department to validate their financial standing, which will ensure that they offer a safe service to the Bank and that both suppliers and their affiliates and subsidiaries are not related to money laundering crimes.

#### **H. ANTI-CORRUPTION & ANTI-BRIBERY POLICY**

The Foreign Corrupt Practices Act, or commonly known as the "FCPA", is a law enacted by the United States in 1997 regarding corrupt practices abroad. The FCPA is a law that prohibits U.S. companies or any of their subsidiaries, regardless of where their operations and employees are located, from directly or indirectly encouraging bribery of foreign public officials in order to benefit from this action. Non-compliance can result in stiff penalties ranging from financial penalties, to placing the Bank under court supervision, or a court order to liquidate the Bank.

Bladex, in compliance with the FCPA, prohibits making or giving any type of donation to a public official for the purpose of influencing any act or decision to help the Bank obtain an improper advantage.

The Compliance Officer must be the one to ensure that all areas involved adequately manage the risks of money laundering, corruption and bribery, with the purpose of reporting this behavior to the Ethics Committee or the Board of Directors.

#### **I. DUE DILIGENCE FOR CORRESPONDENT BANKING RELATIONSHIP**

Bladex provides correspondent service, which involves payments to third parties, only to those of its Class A shareholders (Financial Institutions) who request it. This service is offered by Bladex, provided that the following requirements are met:

- Bladex reserves the right to make payments to third parties. In other words, Bladex will apply its criteria to comply with the standards of prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.

- The client must certify that it has internal policies and procedures in place to comply with the international standards on Prevention of Money Laundering, Terrorism Financing and Financing of the Proliferation of Weapons of Mass Destruction that allow it to know the participants of the operation.
- Bladex will not make payments to third parties or in countries that are listed on the OFAC list issued by the U.S. Department of the Treasury, except as permitted by OFAC.
- The client/representative bank must provide, at a minimum, the following payer and payee information:
  - Name or Business Name
  - Physical address or postal address.
  - Bank account number and transaction amount.
  - Purpose of the transaction
- Every operation or transaction is subject to the Due Diligence processes, which must be in accordance with the level of risk it represents.
- Bladex will not make payments to third parties against banks that have no physical presence in their home jurisdiction, or that have no affiliation with a financial group subject to consolidated supervision.

As part of its internal policy, Bladex prohibits the establishment, maintenance, administration or management of any type of correspondent relationship with the following categories of financial institutions:

- those that do not have physical presence in any country or shell banks, unless they are subsidiaries of a bank with a physical presence and that because they are subsidiaries are subject to the supervision of government entities that supervise the parent company.
- Financial institutions for which there is some information that allows inferring or suspecting that they may be related to activities of a criminal nature.
- those whose nature makes it impossible to verify the legitimacy of their activities.
- those that refuse to provide the required information or documentation.
- those located in jurisdictions or territories that do not cooperate in the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.

#### **J. CONCLUSIONS OF THE COMPLIANCE AND ANTI-MONEY LAUNDERING COMMITTEE**

The Bladex's Board of Directors and Management does not delegate to the Compliance Area the responsibility of the proper conduct of all operations performed by the Bank. This responsibility falls on each of the members of the Bank.

The primary responsibility of the Compliance Area is to maintain an effective Compliance Program in place that includes fostering a culture of compliance and Prevention of Money Laundering within Bladex and ensuring that all employees have the necessary information, training and resources to comply with applicable policies, standards and procedures.

Therefore, the Bank's Management, through each of the supervisors and/or persons responsible for each area, must:

1. Keep an updated copy of the Anti-Money Laundering policies and procedures within the reach of each of the Bank's employees or available on the Bank's Intranet.
2. Ensure that at least once a year all personnel receive training on Anti-Money Laundering. If deemed necessary, request specific training from the Compliance Area on the topics that may require reinforcement.
3. Instruct the personnel in charge about the obligation to comply with the procedures derived from the Anti-Money Laundering policy.
4. Collaborate with the authorities in their fight against the crimes of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.