



# PILLAR 3 DISCLOSURES

REPORT 2025



**Atlantic Bank**

## Message from the Chief Executive Officer (CEO)



Dear Atlantic Bank Customers and Stakeholders,

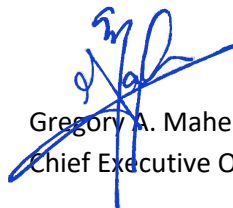
It is my pleasure to present Atlantic Bank Limited’s inaugural Pillar 3 Report. This milestone reflects our commitment to transparency, accountability, and the continued strength and resilience of Belize’s financial system.

Atlantic Bank continues to execute its strategic vision through a strong focus on its core institutional pillars of Customer Experience, Efficiency, and Innovation. During the year, the Bank advanced several initiatives aimed at enhancing digital capabilities, improving service delivery, and strengthening operational efficiency across the organization. These efforts form part of our broader commitment to providing accessible, modern, and reliable financial services to our customers.

Underlying these strategic initiatives is a strong and disciplined risk management framework. Atlantic Bank recognizes that sustainable growth, innovation, and financial strength can only be achieved through prudent risk management, sound governance, and strong capital and liquidity positions. Accordingly, the Bank remains committed to maintaining robust risk management practices, effective internal controls, and compliance with applicable regulatory standards.

We remain dedicated to meeting and exceeding regulatory expectations and to working collaboratively with all stakeholders on key priorities that support the stability and long-term strength of the financial sector.

We look forward to continuing this journey with openness and responsibility as we strengthen trust in our institution and the broader financial system we serve.



Gregory A. Maheia  
Chief Executive Officer

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# 1 Introduction

## Atlantic Bank Overview

Atlantic Bank Limited (the “Bank”) is a commercial bank established in 1971 and headquartered in Belize City. The Bank provides deposit-taking and lending services to retail customers, micro, small and medium enterprises (MSMEs), and corporate clients across Belize through a nationwide network of branches, ATMs, and digital channels. Atlantic Bank Limited is a majority-owned subsidiary of Sociedad de Inversiones S.A. de C.V. (SONISA), a banking holding company, founded and headquartered in Honduras.

The Bank is licensed as a domestic bank and authorized dealer in foreign exchange and is regulated and supervised by the Central Bank of Belize (the “CBB”) under the Domestic Bank and Financial Institutions Act (DBFIA), the Capital Exchange Control Act, the Money Laundering and Terrorism (Prevention) Act (MLTPA), and other applicable regulations.

## Basel framework

The Bank complies with the Basel II/III framework as implemented in Belize. The framework is built on the three pillars of the Basel II framework:

**Pillar 1:** Establishes the minimum capital levels banks must maintain to cover key risks, including credit risk, market risk, and operational risk, and support financial stability and loss-absorbing capacity.

**Pillar 2:** Enhances the Pillar I framework through the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP). This pillar ensures that banks assess their overall capital adequacy in relation to their full risk profile and maintain capital levels above minimum regulatory requirements where necessary.

**Pillar 3:** Promotes transparency and market discipline through standardized public disclosures. Pillar III requires banks to disclose material risk exposures, capital adequacy, and risk management practices, enabling stakeholders to make informed assessments of the Bank’s financial strength and risk profile.

## Disclosure framework

**Purpose:** The purpose of Pillar 3 disclosures is to complement the minimum capital requirements under Pillar 1 and the supervisory review process under Pillar 2 by promoting market discipline through enhanced public disclosure. These disclosures provide information regarding the Bank’s risk profile, capital adequacy, risk management practices, and regulatory capital position.

This report provides transparent and comprehensive disclosures regarding Atlantic Bank Limited’s risk profile, risk management practices, capital adequacy, and regulatory capital position in accordance with regulatory requirements. This report complements the Bank’s audited financial statements and provides additional qualitative and quantitative information on the Bank’s exposure to credit, liquidity, operational, and other material risks.

**Scope of consolidation:** The disclosures in this report are prepared on a solo basis for Atlantic Bank Limited unless otherwise stated.

**Basis of preparation:** This document presents the Bank’s annual Pillar 3 disclosures as at 31 December 2025. The disclosures have been prepared in line with the disclosure templates introduced under DBFIA Practice Direction No. 10: Consolidated Basel II/III Capital Framework published on 31 August 2025.

This document has been prepared solely to comply with Pillar 3 disclosure requirements, and for no other purpose. It therefore does not constitute any form of financial statement on Atlantic Bank Limited or of its wider banking group, nor does it constitute any form of contemporary or forward-looking record or opinion on the performance of the Bank or of its wider banking group.

Except where otherwise stated, financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and applicable prudential regulatory requirements.

**Assurance:** The information presented in this Pillar 3 report is not required to be, and has not been, subjected to external audit. Users of this report are encouraged to consult the Bank’s audited financial statements, available on the Atlantic Bank Limited website,<sup>1</sup> for more comprehensive information.

**Reference to audited financial statements:** Certain quantitative and qualitative information included in this report is derived from the Bank’s audited financial statements for the year ended 31 December 2025.

**Reporting currency:** The Pillar 3 disclosures in this report are presented in Belize dollars.

**Frequency, Media, and Location:** In accordance with regulatory disclosure requirements, the Bank makes its Pillar 3 disclosures on an annual basis. Disclosures are published on the Atlantic Bank Limited website aligning with the publication date of the Bank’s financial statements.

**Verification:** Although the Pillar III disclosures are not required to be externally audited, this document has been subject to a structured internal review process involving senior management. This process is designed to ensure that disclosures are accurate, complete, and prepared in accordance with applicable regulatory requirements. Key elements of the control framework include formal review and challenge by the Risk Management function as well as validation of underlying data sources and reconciliation to financial and regulatory reports where applicable. Clear roles and responsibilities are defined for the preparation, review, and approval of disclosures.

**Materiality and Confidentiality:** Under regulatory guidelines, banks are permitted to exercise discretion in determining whether it considers requested information to be immaterial, confidential, proprietary, or not meaningful to users and may accordingly choose not to disclose part or all of such requested information. As at 31 December 2025, no such omissions were applied.

**Presentation of Information:** Within this document some row and column references are based on those prescribed in the Pillar 3 templates. Any rows or columns that are not applicable have not been shown. Certain fixed format disclosure tables include specific requirements for comparatives. Where a comparative is not prescribed, the comparative period provided is the 12-month reporting period prior to the reporting period of this report.

**Excluded templates:** Some Pillar 3 templates were not applicable to Atlantic Bank Limited as at 31 December 2025 – the table below lists the excluded templates together with a summary of the reasons for their exclusion.

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<sup>1</sup> See: [Atlantic Bank Limited](#)

**Table 1: Excluded Templates**

<b>Template reference</b>	<b>Template name</b>	<b>Reasons for exclusion</b>
PV1	Prudent Valuation Adjustments (PVAs)	This template is not applicable to the Bank as the Bank does not engage in activities or transactions that would give rise to prudent valuation adjustments. Therefore, there are no reportable exposures.
CCRA	Qualitative disclosure related to CCR	This template is not applicable to the Bank as the Bank does not engage in transactions that give rise to counterparty credit risk (CCR) exposures and is currently not subject to CCR capital requirements.
CCR1	Analysis of CCR exposures by approach	This template is not applicable to the Bank as the Bank does not engage in transactions that give rise to CCR exposures. Therefore, there are no reportable exposures.
CCR8	Exposures to central counterparties	This template is not applicable to the Bank as the Bank does not engage in clearing activities or maintain exposures to central counterparties. Therefore, there are no reportable disclosures.
OR1	Historical losses	This template is mandatory for: (i) all banks that are in the second or third business indicator (BI) bucket and (ii) all banks in the first BI bucket which have received supervisory approval to include internal loss data to calculate their operational risk capital requirements. Atlantic Bank does not include internal loss data to calculate operational risk capital requirements. Therefore, there are no reportable disclosures.
SECA	Qualitative disclosure requirements related to securitization exposures	This template is not applicable to the Bank as the Bank does not engage in securitization transactions and therefore has no securitization exposures to disclose.
SEC4	Securitization exposures in the banking book and associated capital requirements – bank acting as investor	This template is not applicable to the Bank as the Bank does not invest in securitization transactions and therefore has no securitization exposures to disclose.
MRA	General qualitative disclosure requirements related to market risk	This template is not applicable to the Bank as the Bank does not engage in trading activities and therefore has no reportable exposures.
MR3	Market risk under the simplified standardized approach	This template is not applicable to the Bank as the Bank does not engage in trading activities subject to the standardized approach and therefore has no reportable exposures.

**Attestation by Chief Executive Officer (CEO)**

I confirm that Atlantic Bank Limited’s 2025 Pillar 3 disclosures, to the best of my knowledge, comply with the Pillar 3 Disclosure Requirements under the Consolidated Basel II/III Capital Framework as implemented in Belize, and have been prepared in compliance with Atlantic Bank Limited’s internal processes, systems and controls.



**Gregory A. Maheia**  
Chief Executive Officer

## 2 Overview of Risk Management, Key Prudential Metrics and RWA

This chapter provides an overview of the Bank’s risk management framework, capital adequacy, liquidity position, and overall risk profile. It presents both qualitative and quantitative disclosures in accordance with the applicable disclosure requirements and, where necessary, explains the key drivers of changes in the Bank’s regulatory metrics during the reporting period.

The chapter covers the following disclosure templates:

- **KM1 – Key Metrics:** Presents a summary of the Bank’s key prudential indicators, including regulatory capital, capital ratios, liquidity coverage ratio (LCR), net stable funding ratio (NSFR), and risk-weighted assets. The template highlights the Bank’s overall financial resilience and tracks movements in these metrics over time.
- **OVA – Bank Risk Management Approach:** Describes the Bank’s overarching risk management framework, including governance structures, risk appetite, internal controls, and the processes used to identify, measure, monitor, and manage material risks. It also outlines the roles and responsibilities of the Board, senior management, and risk management functions in maintaining a sound risk culture.
- **OV1 – Overview of Risk-Weighted Assets (RWA):** Provides a breakdown of the Bank’s RWAs by major risk category, including credit risk, market risk, and operational risk. The template explains the primary drivers of changes in RWAs during the reporting period and illustrates how business growth and balance sheet composition affect the Bank’s regulatory capital requirements.

### 2.1 Key Metrics

#### Pillar 3 Disclosure 1: KM1

The Bank is subject to capital and liquidity requirements under the Consolidated Basel II/III Capital Framework, as implemented in Belize. The table below presents the applicable risk-based capital and liquidity requirements to which the Bank was subject as of 31 December 2025.

**Table 2: Risk-Based Capital and Liquidity Requirements**

	Ratio (%)
<b>Risk-based Capital Requirements</b>	
CET1 Capital Ratio	5.50
Tier 1 Capital Ratio	7.00
Total Capital Ratio <sup>2</sup>	9.00
<b>Liquidity Requirements</b>	
Liquidity Coverage Ratio (LCR)	100.00
Net Stable Funding Ratio (NSFR)	100.00

Table KM1 summarizes the Bank’s risk-based capital and liquidity ratios for the period ended 31 December 2025 and for each of the four previous quarters.

<sup>2</sup> Also referred to as the bank’s Capital Adequacy Ratio (CAR)

Changes in capital funds were primarily driven by a \$5 million share issuance and retained earnings from improved profitability. Risk-weighted assets (RWAs) increased from \$1.38 billion in Q4 2024 to \$1.43 billion in Q4 2025, driven by growth in the Bank's banking book and reflecting ongoing lending and investment activity.

High-quality liquid assets (HQLA) increased by approximately \$100 million year over year, primarily due to the placement of excess liquidity in qualifying securities.

**Table 3: KM1 – Key Metrics**

<i>\$ in thousands</i>		a	b	c	d	e
		25Q4	25Q3	25Q2	25Q1	24Q4
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	140,034	127,522	127,558	127,729	115,476
2	Tier 1	147,476	134,889	134,850	134,946	122,618
3	Total capital	197,361	184,318	183,904	180,184	167,825
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	1,433,565	1,443,763	1,433,896	1,390,775	1,376,177
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	9.77	8.83	8.90	9.18	8.39
6	Tier 1 ratio (%)	20.06	18.18	18.30	18.89	17.30
7	Total capital ratio (%)	13.77	12.77	12.83	12.96	12.20
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.27	3.33	3.40	3.68	2.89
<b>Liquidity Coverage Ratio (LCR)<sup>3</sup></b>						
15	Total high-quality liquid assets (HQLA)	448,141	281,743	289,524	329,276	197,784
16	Total net cash outflow	293,414	179,400	136,407	208,088	125,926
17	LCR ratio (%)	159.05	163.19	212.25	166.91	157.05
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	1,305,562	1,297,998	1,305,562	1,291,045	1,221,825
19	Total required stable funding	1,251,544	1,284,990	1,251,544	1,104,212	1,206,295
20	NSFR ratio (%)	104.32	101.01	104.32	116.92	101.29

In the table above:

- The CET1 capital ratio (row 5) is calculated as CET1 capital divided by risk-weighted assets (RWAs), the Tier 1 capital ratio (row 6) is calculated as Tier 1 capital divided by RWAs, and the Total capital ratio (row 7) is calculated as Total Capital divided by RWAs.
- LCR (row 17) is calculated as Total High-Quality Liquid Assets (HQLA) divided by Total Net Cash Outflows.
- NSFR (row 20) is calculated as Total Available Stable Funding divided by Total Required Stable Funding.

<sup>3</sup> HQLA, net cash outflows, and LCR are calculated as the simple averages of the three months within the quarter.

- Row 12 represents, as a percentage, the level of CET1 capital left available after subtracting the minimum amount of CET1 capital required to meet total Pillar 1 requirements.

## 2.2 Risk Management Approach

### Pillar 3 Disclosure 2: OVA

#### How the Business Model Determines and Interacts with the Bank's Overall Risk Profile

The Bank's business model, centered on retail and commercial banking, drives its exposure to risks. The Bank's strategic objective is to deliver sustainable, risk-adjusted shareholder returns by maintaining a balanced portfolio of lending, deposit-taking, investment, and fee-based activities. Each of these activities carries inherent risks, which are identified, measured, monitored, and managed in line with internal requirements and supervisory expectations. All risk management activities are guided by the Bank's risk management framework which is overseen by the Chief Risk Officer.

#### Key Risks Arising from the Business Model and How They Are Reflected in Risk Disclosures

Key risks related to the Bank's business model include:

- **Credit Risk:** Represents the potential for financial losses resulting from borrowers failing to meet their contractual obligations. The Bank's credit risk exposure arises primarily from its commercial and retail lending activities, which constitute the core of its business model. Credit risk also includes credit concentration risk which materializes via large obligor and sectoral concentrations. The disclosures in this document are provided in accordance with regulatory requirements and include but are not limited to:
  - Portfolio composition and quality
  - Industry and geographical concentrations
  - Credit risk management approach
  - Credit risk capital requirements
  - Credit risk mitigation techniques
- **Operational Risk:** Represents the potential for failures in internal processes, systems, or people, or external events that can have an adverse impact on the Bank's reputation, financial performance, and/or business continuity. The Bank operates a broad IT and physical infrastructure network that supports its operations and service delivery which exposes it to potential disruptions from system failures, cyber threats, human error, and external events, necessitating strong internal controls and business continuity planning. Disclosures in this document are provided in accordance with regulatory requirements and include but are not limited to:
  - Operational risk capital requirements
  - Operational risk management approach
  - Operational risk mitigation techniques
- **Funding/ Liquidity Risk:** Represents the current or prospective risk that the Bank will be unable to meet its financial obligations as they fall due. The Bank is exposed to liquidity risks arising from potential mismatches between assets and liabilities largely driven by its lending and deposit-taking activities. Disclosures in this document are provided in accordance with regulatory requirements and include but are not limited to:

- Liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Liquidity risk management approach
- Liquidity risk mitigation techniques
- **IRRBB:** Represents the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates. The Bank's is exposed to IRRBB through its lending and deposit-taking activities. Disclosures are provided in accordance with regulatory requirements and include but are not limited to:
  - IRRBB risk management
  - IRRBB risk mitigation techniques
  - Changes in Economic Value of Equity (EVE) and Net Interest Income (NII) calculations

### **Interaction Between the Bank's Risk Profile and the Board-Approved Risk Appetite**

The Bank's risk profile reflects the aggregate level and composition of risks arising from its business activities while the Bank's Risk Appetite defines the maximum level of risk the Bank is willing to assume in pursuit of its strategic objectives, expressed through qualitative statements and quantitative limits.

The interaction between the Bank's risk profile and its Risk Appetite is managed through an integrated risk management framework, ensuring that risk exposures remain within approved thresholds. All risks at the Bank are managed in accordance with the risk appetite set by the Board of Directors.

Alignment of the Bank's risk profile and risk appetite is achieved through several mechanisms:

1. **Clearly Defined Governance Structure:** A three-lines-of-defense model is implemented to ensure clear accountability and independent oversight of risk-taking activities.
2. **Internal Control Framework:** A robust internal control framework is in place, comprising clearly defined policies, procedures, and risk limits.
3. **Enterprise Risk Management Approach:** Establishes the enterprise-wide principles and procedures that guide how the Bank identifies, measures, monitors, and manages all risks across the organization. It also defines expectations for risk awareness and culture, ensuring a unified approach to risk management across the Bank.
4. **Ongoing Monitoring and Reporting:** A structured framework for the monitoring and reporting of risks is in place, with clear roles and responsibilities, reporting standards, and escalation protocols. Both senior management and the Board receive regular updates on the Bank's risk profile ensuring that any material deviations, breaches, or risk concentrations are promptly managed to maintain alignment with board-defined limits and strategic objectives.

### **Risk Governance Structure**

The Bank's risk governance structure ensures that risks are identified, assessed, monitored, and managed in a consistent and controlled manner. The Bank applies a three-lines-of-defense model:

- **Governing and Oversight:** The Board of Directors holds ultimate responsibility for the Bank's overall risk strategy and risk appetite. Its key roles include:
  - Approving the Bank's risk management approach and risk appetite statements
  - Providing oversight of material risks and KRIs

- Ensuring that risk taking aligns with the Bank’s strategic objectives, capital capacity, and legal regulatory requirements
- **Senior Management:** The Senior Management Team (SMT), led by the Chief Executive Officer, is responsible for implementing the risk strategy approved by the Board. Key responsibilities include:
  - Operationalizing the risk appetite across business units
  - Ensuring that adequate resources, systems and controls are in place
  - Escalating material risk issues to the Board and its committees
- **First Line of Defense:** This line is responsible for identifying and managing the risks inherent in their activities. It includes all functions that originate and own risk such as Business, Operations, Information Technology (IT), Finance, and Human Resources (HR). Primary responsibilities include:
  - Ensuring risks are managed within approved limits
  - Implementing risk policies and procedures
  - Escalation of irregularities and/or risk events/ incidents
- **Second Line of Defense - Risk Management and Compliance Functions:** The Risk Management and Compliance functions comprise the second line of defense and are responsible for independent oversight of the Bank’s risk exposures. Primary responsibilities include:
  - Developing risk policies and procedures
  - Monitoring and reporting on risk exposures and compliance with policies and procedures
  - Conducting independent risk assessments, stress testing, and scenario analysis
  - Challenging and reviewing first-line decisions and ensuring adherence to the Bank’s risk appetite
- **Third Line of Defense - Internal Audit:** The Independent Audit function provides independent assurance on the effectiveness of the Bank’s risk management. It offers objective evaluation of how effectively the first and second lines are managing risk and reports findings independently to senior management and the Board.

### Risk Culture and Communication

The Bank embeds and enforces its risk culture through a combination of formal documents, communication tools, and governance and oversight arrangements. A strong risk culture relies on employees understanding expected behaviors, being able to challenge risk-taking appropriately, and ensuring that the Bank consistently responds to breaches of policy or risk appetite. Key components of the Bank’s risk culture and communication include:

- **Code of Conduct:** Atlantic Bank’s Code of Conduct acts as a foundational document that communicates the Bank’s values, expectations of behavior, and principles for responsible decision-making.
- **Policies and Procedures:** Policies and procedures explain how risks are identified, measured, and reported; define risk appetites and limits; and establish risk mitigation strategies.
- **Training and Awareness:** Regular and ad hoc training (e.g., AML/CTF, cybersecurity) reinforces risk responsibilities.
- **Governance and Oversight:** The Board and senior management receive regular reporting on risk exposures, breaches, and emerging issues, enabling oversight of adherence to the Bank’s risk appetite. The Internal Audit function operates independently and reports on the effectiveness of the internal control environment to the Board or its designated committees.

- **Communication Channels:** The Bank promotes a speak-up culture and provides the necessary mechanisms and forums (e.g., cross-departmental meetings) for employees to share risk information and challenge risk-taking

### **Risk Measurement Systems**

All risk exposures are subject to measurement, and the Bank relies on a combination of regulatory prescribed and internally derived approaches to measuring risks. The objectives of risk measurement are to:

- Ensure transparency and consistency
- Define appropriate Key Risk Indicators (KRIs)
- Define early-warning indicators
- Inform strategic decision-making processes

### **Risk Reporting**

The Bank maintains a formalized risk reporting framework to ensure that the Board of Directors and Senior Management receive timely, accurate, and comprehensive information on the Bank's risk profile. This framework supports effective oversight, informed decision-making, and alignment with the Bank's risk appetite and strategic objectives.

Risk reporting covers all material risk categories, including credit risk, liquidity risk, operational risk, compliance and regulatory risk, and strategic and reputational risk. Enterprise risk reporting is primarily coordinated by the Risk Management function, with inputs from various units and departments. In certain cases, specific units or departments assume ownership of particular risk reporting responsibilities.

Reports are submitted to senior management and the Board on a regular basis. Ad hoc reporting is also performed in response to emerging risks, limit breaches, or significant market, regulatory, or operational developments.

### **Stress Testing**

Stress testing covers all material risks and portfolios across a range of adverse but plausible macroeconomic, interest-rate, and idiosyncratic scenarios. Results inform capital planning, liquidity buffers, calibration of the Bank's risk appetite, and guide contingency planning.

### **Risk Mitigation**

The Bank employs a range of strategies to mitigate risks arising from its business model. These strategies are tailored to the specific risk types, the local operating environment, aligned with the Risk Appetite, and are embedded within the Bank's overall risk management framework.

Risk mitigation strategies are implemented through policies and procedures, internal control frameworks, and training. Findings from monitoring activities, internal audits, and regulatory reviews are used to refine risk mitigation strategies and strengthen controls. This ensures that the Bank's approach remains responsive to evolving risks and market conditions.

A more detailed discussion of risk-specific mitigation techniques is provided in the relevant sections of this document.

## 2.3 Overview of Risk-Weighted Assets (RWA)

### Pillar 3 Disclosure 3: OV1

Under the standardized approach, the total risk-weighted assets (RWA) of the Bank reflect the overall risk profile arising from its credit and operational activities, as captured in its balance sheet. The Bank is required to measure credit and operational RWA:

- **Credit Risk:** Credit risk RWA continues to represent the largest share of total RWA, consistent with the bank's business model focused on retail, MSME, and corporate lending. Movements in credit RWA during the reporting period are primarily driven by changes in loan volumes and shifts in the asset mix between different types of products, collateral types, and counterparties.
- **Operational Risk:** Operational risk RWA is stable, reflecting the use of the standardized approach and the consistent operational footprint of the bank. Changes are limited to normal business expansion and operational scaling rather than material risk events.

The table below presents an overview of total RWA used for risk-based capital requirement calculations. Changes in credit RWA reflect normal movements in asset volumes due to the Bank's lending activities, while changes in operational RWA reflect routine variations consistent with the Bank's operational footprint.

**Table 4: OV1 – Overview of Risk-Weighted Assets (RWA)**

		RWA		Minimum Capital Requirements
		2025	2024	2025
<i>\$ in thousands</i>				
1	Credit risk (excluding counterparty credit risk)	1,296,392	1,244,724	116,675
6	Counterparty credit risk (CCR)	0	0	0
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
20	Market risk	0	0	0
24	Operational risk	137,173	131,452	12,347
<b>29</b>	<b>Total</b>	<b>1,433,565</b>	<b>1,376,176</b>	<b>129,022</b>

In the table above:

- Minimum credit risk capital requirement is calculated as 9% of RWAs.
- Minimum operational risk capital requirement is calculated as 12% of operational RWAs.
- The Bank is not subject to capital requirements for counterparty credit risk (CCR), settlement risk, securitization exposures in the banking book, or market risk.

### 3 Standardized Risk-Weighted Assets

This chapter covers CMS2 – Standardized RWA for Credit Risk at Asset Class Level, which provides a detailed breakdown of the Bank’s credit risk exposures and the corresponding risk-weighted assets (RWAs) calculated under the standardized approach. The template categorizes exposures by asset class—such as sovereigns, banks, corporates, retail portfolios, residential mortgages, commercial real estate, and other assets—and applies the relevant regulatory risk weights prescribed by the Bank’s prudential framework. Changes in RWAs over the reporting period may reflect shifts in portfolio mix, growth in lending exposures, changes in collateralization, or movements in counterparty credit quality.

#### 3.1 Standardized RWA for Credit Risk at Asset Class Level

##### Pillar 3 Disclosure 4: CMS2

The risk-weighted assets reported under the Standardized Approach reflect the Bank’s credit risk profile across its core business activities.

Changes in credit RWA are driven by expected growth in the Bank’s lending portfolio. Corporate and retail RWA increased by 4% and 33% year-on-year, respectively. Ongoing bad debt management has reduced non-performing RWA by \$19 million year-on-year.

**Table 5: CMS2 – Standardized RWA for Credit Risk by Asset Class**

2025		d
<i>\$ in thousands</i>		<b>RWA calculated using the standardized approach</b>
1	Sovereign	14,697
	Of which: categorized as MDB/PSE in SA	14,697
2	Banks and other financial institutions	136,871
3	Equity	64,355
4	Purchased receivables	0
5	Corporates	720,083
6	Retail	224,765
	Of which: other retail	143,489
	Of which: retail residential mortgages	81,276
7	Past Due Exposures (over 90 days)	13,499
8	Others	118,471
9	Off-Balance Sheet Exposures	3,651
<b>10</b>	<b>Total</b>	<b>1,296,392</b>

2024		d
<i>\$ in thousands</i>		RWA calculated using the standardized approach
1	Sovereign	15,454
	Of which: categorized as MDB/PSE in SA	15,454
2	Banks and other financial institutions	189,651
3	Equity	59,444
4	Purchased receivables	0
5	Corporates	692,337
6	Retail	167,866
	Of which: other retail	85,705
	Of which: retail residential mortgages	82,161
7	Past Due Exposures (over 90 days)	32,817
8	Others	79,733
9	Off-Balance Sheet Exposures	7,422
<b>10</b>	<b>Total</b>	<b>1,244,724</b>

## 4 Composition of Capital

This chapter covers the qualitative and quantitative disclosure requirements relating to the Bank's regulatory capital position and capital structure. It provides transparency on the composition, quality, and key features of regulatory capital, as well as the reconciliation of regulatory capital elements to the statement of financial position. The disclosures enable users to assess the Bank's capacity to absorb losses, support business growth, and maintain compliance with applicable prudential capital requirements.

The section includes the following templates:

- CCA – Main Features of Regulatory Capital Instruments:** Provides detailed information on the key terms and conditions of the Bank's regulatory capital instruments, including common equity, retained earnings, and any qualifying additional capital instruments. The template outlines the features that determine the eligibility of these instruments for regulatory capital purposes, such as permanence, subordination, loss-absorption capacity, dividend or coupon restrictions, and redemption provisions. The disclosure enables users to assess the quality and structure of the Bank's capital base and its capacity to absorb losses under stressed conditions.
- CC1 – Composition of Regulatory Capital:** Presents a comprehensive breakdown of the Bank's regulatory capital components, including Common Equity Tier 1 (CET1), Additional Tier 1 (AT1), and Tier 2 capital, along with all applicable regulatory adjustments and deductions. The template demonstrates how total regulatory capital is derived and provides transparency on the elements that support the Bank's capital adequacy ratios. It also highlights the extent to which capital resources are available to absorb losses and support ongoing operations and business growth.
- CC2 – Reconciliation of Regulatory Capital to Statement of Financial Position:** Reconciles the Bank's regulatory capital disclosures to the audited statement of financial position, ensuring consistency between prudential reporting and published financial statements. The template identifies the mapping of balance sheet accounts to regulatory capital components and explains material adjustments, exclusions, or regulatory deductions applied for capital adequacy purposes. This disclosure enhances transparency by

enabling users to understand how accounting balances are translated into regulatory capital measures under the applicable prudential framework.

## 4.1 Main Features of Regulatory Capital Instruments

### Pillar 3 Disclosure 5: CCA

All capital instruments included in the capital base meet the requirements set out in the Consolidated Basel II/III Framework as implemented in Belize. For regulatory purposes, capital is categorized into two tiers, depending on the degree of permanence and loss-absorbency exhibited. These are Tier 1 and Tier 2 capital which are described below.

#### Tier 1 capital

- Tier 1 capital is going concern capital and is available for use to cover risks and losses whilst enabling the organization to continue trading
- Tier 1 capital comprises permanent Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) instruments, subject to applicable regulatory adjustments:
  - CET1 capital represents the highest quality of regulatory capital and the most loss-absorbing form of capital. It consists primarily of permanent share capital issued by the Bank, which is fully paid-up and immediately available to absorb losses; the Statutory Reserve Fund maintained under Section 38 of the DBFIA; retained earnings; and other eligible reserves and accumulated resources recognized within shareholders' equity in the Bank's balance sheet. CET1 capital may be subject to regulatory deductions and adjustments. CET1 instruments are characterized by their perpetual nature, full subordination to all other claims in liquidation, and the absence of any contractual obligation to make distributions, which are fully discretionary and may be cancelled at the Bank's discretion.
  - Additional Tier 1 (AT1) capital consists of subordinated instruments that provide a secondary layer of going-concern loss-absorbing capital. AT1 instruments are perpetual or long-dated instruments that rank senior only to CET1 capital in a liquidation scenario but are subordinated to depositors and all other creditors.

#### Tier 2 capital

- Tier 2 capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of the Bank and its capacity to absorb losses. Tier 2 capital primarily comprises subordinated debt instruments with an original maturity of at least five years, which are subject to amortization (haircutting) as they approach maturity in accordance with applicable regulatory requirements. These instruments are subordinated to senior creditors and are designed to provide loss-absorbing capacity on a gone-concern basis.

The Bank's own funds for regulatory purposes consists of the following:

- **CET1 Capital:**
  - **Common Stock and Related Stock Surplus (row 1 of Table CC1):** Represents the capital invested by the Bank's shareholders, including common share capital and any additional paid-in capital. This forms a core part of CET1 capital and provides a permanent source of funding to absorb losses.

- **Retained Earnings (row 2 of Table CC1):** Comprises cumulative profits that have been reinvested in the Bank. Retained earnings strengthen CET1 capital and serve as an important buffer against unexpected losses.
- **Accumulated OCI and Other Reserves (row 3 of Table CC1):** This includes approved reserves funded from profits or retained earnings that are available to absorb losses under stress. For the Bank this consists of the Statutory Reserve Fund which is a requirement for all Bank's under Section 38 of the DBFIA and is funded through 25% of year end profits on an annual basis; and the Bank's Contingency Reserve Fund which is funded through 10% of year end profits on an annual basis.
- **AT1 Capital:**
  - **Qualifying Instruments (row 31 of Table CC1):** Additional instruments that are perpetual in nature and can absorb losses on a going-concern basis. For the Bank, this includes subordinated debt sourced from within its banking group to support capital strength.
- **Tier 2 Capital:**
  - **Regulatory Provisions (row 50 of Table CC1):** These include regulatory mandated provisions under applicable laws and regulations, supplementing T2 capital. Under regulatory guidelines, the Bank includes general loan loss reserves, which are mandated by the Central Bank and capped at 1% of performing loans, as part of Tier 2 capital.
  - **Revaluation Reserves (row 50a of Table CC1):** These include cumulative unrealized gains and losses on items recorded through other comprehensive income rather than net income. For the Bank this consists of unrealized gains and losses on financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) under IFRS 9.

A description of the main features of common equity Tier 1 (CET1), additional Tier 1 (AT1), and Tier 2 (T2) capital instruments are published in a separate document on the Bank's website.

## 4.2 Composition of Regulatory Capital

### Pillar 3 Disclosure 6: CC1

The main drivers of changes in the Bank's regulatory capital during the reporting period were the issue of common stock and earnings retentions. Movements in RWA due to changes in loan volumes, portfolio composition, and credit quality also contributed to variations in capital ratios.

Table 6: CC1 – Composition of Regulatory Capital

		a	a	b
<i>\$ in thousands</i>		2025	2024	CC2 Reference
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	104,219	99,219	a
2	Retained earnings	(5,331)	(21,008)	b
3	Accumulated other comprehensive income (and other reserves)	41,146	37,265	c
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)	-	-	d
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>140,034</b>	<b>115,476</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	-	-	
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	-	-	
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	-	
11	Cash flow hedge reserve	-	-	
13	Securitization gain on sale	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined benefit pension fund net assets	-	-	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	-	
17	Reciprocal cross-holdings in common equity	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
26	National specific regulatory adjustments	-	-	
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	-	-	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 capital</b>	<b>-</b>	<b>-</b>	
<b>29</b>	<b>Common Equity Tier 1 capital (CET1)</b>	<b>140,034</b>	<b>115,476</b>	
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	-	-	
31	Of which: classified as equity under applicable accounting standards	7,442	7,142	f
32	Of which: classified as liabilities under applicable accounting standards	-	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	-	-	
35	Of which: instruments issued by subsidiaries subject to phase-out	-	-	
<b>36</b>	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>7,442</b>	<b>7,142</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own additional Tier 1 instruments	-	-	
38	Reciprocal crossholdings in additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	-	-	
<b>43</b>	<b>Total regulatory adjustments to additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	
<b>44</b>	<b>Additional Tier 1 capital (AT1)</b>	<b>7,442</b>	<b>7,142</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>147,476</b>	<b>122,618</b>	
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
50	Provisions	10,393	9,970	h
50a	Revaluation Reserves for long-term assets whose value fluctuate.	39,003	35,237	g
<b>51</b>	<b>Tier 2 capital before regulatory adjustments</b>	<b>49,396</b>	<b>45,207</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments	-	-	

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53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-
54	Investments in the capital and other liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity.	-	-
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
<b>57</b>	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>58</b>	<b>Tier 2 capital</b>	<b>49,396</b>	<b>45,207</b>
<b>59</b>	<b>Total regulatory capital (= Tier 1 + Tier2)</b>	<b>196,872</b>	<b>167,825</b>
<b>60</b>	<b>Total risk-weighted assets</b>	<b>1,433,565</b>	<b>1,376,176</b>
<b>Capital adequacy ratios and buffers</b>			
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	9.77	8.39
62	Tier 1 capital (as a percentage of risk-weighted assets)	10.29	8.91
63	Total capital (as a percentage of risk-weighted assets)	13.73	12.20
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements, expressed as a percentage of risk-weighted assets)	-	-
65	Of which: capital conservation buffer requirement	-	-
66	Of which: bank-specific countercyclical buffer requirement	-	-
68	Common Equity Tier 1 capital (%) available after meeting the bank's minimum capital requirements	4.27	2.89
<b>Amounts below the thresholds for deduction (before risk-weighting)</b>			
72	Non-significant investments in the capital and other liabilities of other financial entities	-	-
73	Significant investments in the common stock of financial entities	-	-
74	MSR (net of related tax liability)	-	-
75	DTA arising from temporary differences (net of related tax liability)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardized approach (prior to application of cap)	-	-
77	Cap on inclusion of provisions in Tier 2 capital under standardized approach	-	-

### 4.3 Reconciliation of Regulatory Capital to Statement of Financial Position

#### Pillar 3 Disclosure 7: CC2

The following table compares the Bank's accounting and regulatory balance sheets as of 31 December 2025. The regulatory scope of consolidation is the basis for the calculation of the Bank's regulatory capital as presented in table CC1.

**Table 7: CC2 – Reconciliation of Regulatory Capital to Statement of Financial Position**

	As at 31 December 2025		CC1 Reference	
	Balance sheet as in published financial statements	Balance sheet under regulatory scope of consideration		
<i>\$ in thousands</i>				
<b>Assets</b>				
1	Cash and cash equivalents	63,148	63,148	
2	Balances with the Central Bank of Belize	208,614	208,614	
3	Due from banks	355,526	357,151	
4	Loans and advances to customers	1,108,574	1,130,013	
5	Securities	406,848	408,207	
6	Other assets and receivables	43,785	43,785	
7	Property, plant and equipment	63,193	63,193	
8	Intangible assets	1,980	1,980	
<b>9</b>	<b>Total assets</b>	<b>2,251,668</b>	<b>2,276,091</b>	
<b>Liabilities</b>				
10	Due to banks	13,462	13,462	
11	Customer accounts	1,994,498	1,994,498	
12	Other liabilities and payables	32,482	32,482	
<b>13</b>	<b>Total liabilities</b>	<b>2,040,442</b>	<b>2,040,442</b>	
<b>Shareholders' equity</b>				
14	Paid-in share capital	102,695	102,695	a
15	Share premium	1,524	1,524	b
16	Statutory reserve	38,882	38,882	c
17	Contingency reserve	2,265	2,265	d
18	Securities reserve	39,003	39,003	g
19	Loan loss reserves	10,393	10,882	h
20	Retained Earnings	9,024	(5,331)	e
<b>21</b>	<b>Total shareholders' equity</b>	<b>203,785</b>	<b>189,919</b>	
22	Perpetual instruments	7,142	7,142	f
<b>23</b>	<b>Total shareholders' equity</b>	<b>210,926</b>	<b>197,061</b>	
<b>24</b>	<b>Total liabilities and equity</b>	<b>2,251,368</b>	<b>2,237,503</b>	

	As at 31 December 2024		CC1 Reference	
	Balance sheet as in published financial statements	Balance sheet under regulatory scope of consideration		
<i>\$ in thousands</i>				
<b>Assets</b>				
1	Cash and cash equivalents	50,045	50,045	
2	Balances with the Central Bank of Belize	145,489	145,489	
3	Due from banks	585,893	588,265	
4	Loans and advances to customers	1,032,993	1,064,658	
5	Securities	174,806	175,635	
6	Other assets and receivables	16,040	16,040	
7	Property, plant and equipment	56,477	56,477	
8	Intangible assets	1,939	1,939	
<b>9</b>	<b>Total assets</b>	<b>2,063,683</b>	<b>2,098,548</b>	
<b>Liabilities</b>				
10	Due to banks	26,958	26,958	
11	Customer accounts	1,815,297	1,815,297	
12	Other liabilities and payables	26,422	26,422	
<b>13</b>	<b>Total liabilities</b>	<b>1,868,678</b>	<b>1,868,678</b>	
<b>Shareholders' equity</b>				
14	Paid-in share capital	97,695	97,695	a
15	Share premium	1,524	1,524	b
16	Statutory reserve	36,109	36,109	c
17	Contingency reserve	1,156	1,156	d
18	Securities reserve	35,237	35,237	g
19	Loan loss reserves	26,063	9,970	h
20	Retained Earnings	(9,920)	(21,008)	e
<b>21</b>	<b>Total shareholders' equity</b>	<b>187,863</b>	<b>160,682</b>	
22	Perpetual instruments	7,142	7,142	f
<b>23</b>	<b>Total equity</b>	<b>195,005</b>	<b>167,824</b>	
<b>24</b>	<b>Total liabilities and equity</b>	<b>2,063,683</b>	<b>2,036,502</b>	

In the table above:

- The Central Bank of Belize requires the use of Regulatory Loan Loss Provisions for capital adequacy purposes per DBFIA Practice Direction No. 3<sup>4</sup>:
  - Regulatory General Loan Loss Provisions apply to performing loans and are eligible as Tier 2 capital up to 1% of performing loan balances. These amounts are not recognized in IFRS financial statements.
  - Regulatory Specific Loan Loss Provisions apply to non-performing loans and are excluded from capital as they relate to identified credit deterioration. These amounts are not recognized in IFRS financial statements.
  - Regulatory Loan Loss Reserves is an equity account funded through the appropriation of retained earnings. The balance in this account must always equal the portion of total regulatory loan loss

<sup>4</sup> For more information, see [Practice Direction 3 - Central Bank of Belize](#).

provisions (general plus specific) that exceed total loan loss provisions under IFRS. These amounts are recognized as an equity account in the Bank’s IFRS financial statements.

- Retained earnings used for regulatory purposes exclude current-year profits and are updated post-audit, in line with supervisory expectations.

## 5 Capital Distribution Constraints

This chapter covers template CDC – Capital Distribution Constraints and provides quantitative and qualitative disclosures on the capital ratio(s) below which capital distribution constraints are triggered as required under the applicable prudential framework. The disclosures allow meaningful assessment by market participants of the likelihood of capital distributions becoming restricted.

### Pillar 3 Disclosure 8: CDC

The DBFIA outlines capital distribution constraints that may limit banks’ ability to pay dividends or make discretionary distributions for the purpose of preserving capital buffers and ensuring ongoing compliance with regulatory requirements.

The figures reported below reflect applicable regulatory distribution constraints. No additional internal restrictions have been imposed beyond those required by the Central Bank of Belize. Additional information on the applicable regulatory framework is available on the Central Bank’s website.<sup>5</sup>

**Table 8: CDC – Capital Distribution Constraints**

		CET1 capital ratio that would trigger capital distribution constraints (%)	Current CET1 capital ratio (%)
1	CET1 minimum requirement plus capital buffers ( <u>not</u> taking into account CET1 capital used to meet other minimum regulatory capital)	5.50	9.77
2	CET1 capital plus capital buffers (taking into account CET1 capital used to meet other minimum regulatory capital)	5.50	

<sup>5</sup> See: [Central Bank of Belize](#)

## 6 Links Between Financial Statements and Regulatory Exposures

This chapter covers the qualitative and quantitative disclosure requirements relating to differences between the accounting and regulatory treatment of exposures. It explains how balances reported in the financial statements are adjusted for prudential reporting purposes and provides transparency on the sources of differences between accounting carrying values and regulatory exposure amounts. These disclosures help users understand the relationship between the Bank's financial reporting framework and the regulatory framework used to calculate capital requirements and RWAs.

The section includes the following templates:

- **LIA – Explanations of Differences Between Accounting and Regulatory Exposure Amounts:** Provides a narrative explanation of the key differences between accounting values reported in the financial statements and the exposure amounts used for regulatory capital purposes. The template discusses the prudential adjustments, exposure treatments, and regulatory assumptions that give rise to these differences. It also explains how off-balance sheet items, provisions, collateral, and credit risk mitigation techniques are treated under the regulatory framework compared to accounting standards.
- **L11 – Differences Between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories:** Presents a reconciliation between the accounting scope of consolidation and the regulatory scope used for prudential reporting. The template identifies and maps financial statement line items to the relevant regulatory risk categories, such as credit risk, operational risk, and other regulatory exposures. This disclosure helps users understand how the Bank's reported financial position is translated into the regulatory framework used to determine capital adequacy requirements.
- **L12 – Main Sources of Differences Between Regulatory Exposure Amounts and Carrying Values in Financial Statements:** Quantifies the principal sources of differences between the carrying values reported in the financial statements and the regulatory exposure amounts used in capital calculations. The template highlights adjustments arising from differing netting rules, provisions, credit conversion factors, and credit risk mitigation techniques. It provides insight into the extent to which regulatory methodologies alter exposure values for prudential purposes and the resulting impact on risk-weighted assets and regulatory capital requirements.

### 6.1 Explanations of Differences between Accounting and Regulatory Exposure Amounts

#### Pillar 3 Disclosure 9: LIA

**Table L11:** The basis of the information used for accounting purposes differs from that used for calculating regulatory capital requirements. The principal difference is that accounting impairment allowances are not netted in the regulatory balance sheet. Additional differences arise from prudential regulatory adjustments and prescribed capital treatments, including deductions from capital, differing treatment of impairment provisions, application of credit conversion factors to off-balance sheet exposures, and regulatory recognition criteria for collateral, guarantees, and certain balance sheet items.

**Table LI2:** Off-balance sheet items are stated before the application of Credit Conversion Factors (CCF) in column a of Table 9. The impact of CCFs (if any) are displayed in columns b to d of Table 9.

## 6.2 Differences between Accounting and Regulatory Scopes of Consolidation

### Pillar 3 Disclosure 10: LI1

The following table provides a reconciliation of the Bank’s assets and liabilities as of 31 December 2025 on an accounting basis to the Bank’s balance sheet under the regulatory scope of consolidation. It also breaks down how carrying values under the scope of regulatory consolidation are allocated to the different risk frameworks under the standardized approach.

**Table 9: LI1 – Differences between Accounting and Regulatory Scopes of Consolidation**

		As at 31 December 2025						
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				Not subject to capital requirements or subject to deduction from capital
				Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
<i>\$ in thousands</i>								
<b>Assets</b>								
1	Cash and cash equivalents	63,148	63,148	63,148	-	-	-	-
2	Balances with the Central Bank of Belize	208,614	208,614	208,614	-	-	-	-
3	Due from banks	355,526	357,151	357,151	-	-	-	-
4	Loans and advances to customers	1,108,574	1,130,160	1,079,605	-	-	-	-
5	Securities	406,848	408,207	408,207	-	-	-	-
6	Other assets and receivables	43,785	43,785	43,785	-	-	-	-
7	Property, plant and equipment	63,193	63,193	63,193	-	-	-	-
8	Intangible assets	1,980	1,980	1,980	-	-	-	-
<b>9</b>	<b>Total assets</b>	<b>2,251,668</b>	<b>2,276,238</b>	<b>2,225,684</b>	-	-	-	-
<b>Liabilities</b>								
10	Due to banks	13,462	13,462	-	-	-	-	13,462
11	Customer accounts	1,994,498	1,994,498	-	-	-	-	1,994,498
12	Other liabilities and payables	32,482	32,482	-	-	-	-	32,482
<b>13</b>	<b>Total liabilities</b>	<b>2,040,442</b>	<b>2,040,442</b>	-	-	-	-	<b>2,040,442</b>
<b>Equity</b>								
14	Share capital	102,695	102,695	-	-	-	-	-
15	Share premium	1,524	1,524	-	-	-	-	-
16	Statutory reserve	38,882	38,882	-	-	-	-	-
17	Contingency reserve	2,265	2,265	-	-	-	-	-
18	Securities reserve	39,003	39,003	-	-	-	-	-
19	Loan loss reserves	10,393	10,393	-	-	-	-	-
20	Retained earnings / (deficit)	9,024	(5,331)	-	-	-	-	-
<b>21</b>	<b>Total Shareholder Equity</b>	<b>203,785</b>	<b>189,430</b>	-	-	-	-	-
22	Perpetual instruments	7,442	7,442	-	-	-	-	-
<b>23</b>	<b>Total Equity</b>	<b>211,226</b>	<b>196,871</b>	-	-	-	-	-
<b>24</b>	<b>Total Liabilities and Equity</b>	<b>2,251,668</b>	<b>2,237,313</b>	-	-	-	-	<b>2,040,442</b>

		As at 31 December 2024						
		Carrying values of items:						
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<i>\$ in thousands</i>								
<b>Assets</b>								
1	Cash and cash equivalents	50,045	50,045	50,045	-	-	-	-
2	Balances with the Central Bank of Belize	145,489	145,489	145,489	-	-	-	-
3	Due from banks	585,893	588,265	588,265	-	-	-	-
4	Loans and advances to customers	1,032,993	1,064,658	989,185	-	-	-	-
5	Securities	174,806	175,635	175,635	-	-	-	-
6	Other assets and receivables	16,040	16,040	16,040	-	-	-	-
7	Property, plant and equipment	56,477	56,477	56,477	-	-	-	-
8	Intangible assets	1,939	1,939	1,939	-	-	-	-
<b>9</b>	<b>Total assets</b>	<b>2,063,683</b>	<b>2,098,548</b>	<b>2,023,074</b>	-	-	-	-
<b>Liabilities</b>								
10	Due to banks	26,958	26,958	-	-	-	-	26,958
11	Customer accounts	1,815,297	1,815,297	-	-	-	-	1,815,297
12	Other liabilities and payables	26,422	26,422	-	-	-	-	26,422
<b>13</b>	<b>Total liabilities</b>	<b>1,868,678</b>	<b>1,868,678</b>	-	-	-	-	<b>1,868,678</b>
<b>Equity</b>								
14	Share capital	97,695	102,695	-	-	-	-	-
15	Share premium	1,524	1,524	-	-	-	-	-
16	Statutory reserve	36,109	38,882	-	-	-	-	-
17	Contingency reserve	1,156	2,265	-	-	-	-	-
18	Securities reserve	35,237	39,003	-	-	-	-	-
19	Loan loss reserves	26,063	10,393	-	-	-	-	-
20	Retained earnings / (deficit)	(9,920)	(5,331)	-	-	-	-	-
<b>21</b>	<b>Total Shareholder Equity</b>	<b>187,863</b>	<b>189,430</b>	-	-	-	-	-
22	Perpetual instruments	7,142	7,442	-	-	-	-	-
<b>23</b>	<b>Total Equity</b>	<b>195,005</b>	<b>196,871</b>	-	-	-	-	-
<b>24</b>	<b>Total Liabilities and Equity</b>	<b>2,063,683</b>	<b>2,065,549</b>	-	-	-	-	<b>1,868,678</b>

## 6.3 Differences Between Regulatory and Accounting Scope

### Pillar 3 Disclosure 11: LI2

The following table provides information on the main sources of differences (other than due to different scopes of consolidation which are shown in Template LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

**Table 10: LI2 – Main Sources of Differences between Regulatory and Accounting Carrying Values**

		a	b	c	d	e
<b>2025</b>		<b>Items subject to:</b>				
<i>\$ in thousands</i>		<b>Total</b>	<b>Credit risk framework</b>	<b>Securitization framework</b>	<b>Counterparty credit risk framework</b>	<b>Market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)</b>	<b>2,276,238</b>	<b>2,225,684</b>	-	-	-
<b>2</b>	<b>Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)</b>	-	-	-	-	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation (Row 1 – Row 2)</b>	<b>2,276,238</b>	<b>2,225,684</b>	-	-	-
4	Off-balance sheet amounts	179,327	3,651	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	21,439	-	-	-
8	Differences due to the use of credit risk mitigation techniques	-	29,113	-	-	-
9	Other differences	-	-	-	-	-
<b>10</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>2,455,565</b>	<b>2,279,887</b>	-	-	-

		a	b	c	d	e
<b>2024</b>						
		Items subject to:				
		Total	Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
<i>\$ in thousands</i>						
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)</b>	<b>2,098,548</b>	<b>2,023,074</b>	-	-	-
<b>2</b>	<b>Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)</b>	-	-	-	-	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation (Row 1 – Row 2)</b>	<b>2,098,548</b>	<b>2,023,074</b>	-	-	-
4	Off-balance sheet amounts	167,459	7,342	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	51,364	-	-	-
8	Differences due to the use of credit risk mitigation techniques	-	24,109	-	-	-
9	Other differences	-	-	-	-	-
<b>10</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>2,266,007</b>	<b>2,105,890</b>	-	-	-

## 7 Asset Encumbrance

This chapter covers the ENC – Asset Encumbrance disclosure requirement. The disclosure distinguishes between assets that are unencumbered and freely available for use, and assets that have been pledged, secured, or otherwise committed in a manner that restricts the Bank’s ability to sell, transfer, or use them to obtain additional funding or liquidity. It provides transparency into the extent to which the Bank’s balance sheet remains available to support ongoing funding, liquidity management, and contingency financing needs.

### Pillar 3 Disclosure 12: ENC

Atlantic Bank’s primary funding source is its customer deposit base. Given the nature of the Belizean economy and structural features such as capital controls, the Bank generally does not rely on secured funding. Accordingly, its low level of asset encumbrance reflects this position.

The Bank is required to maintain a non-interest-bearing deposit with the CBB, equivalent to 6.5% of its average deposit liabilities measured over a four-week period. As at 31 December 2025, the minimum requirement amounted to \$124.9 million (31 December 2024: \$115.1 million). The Bank routinely maintains a surplus balance in this account, reflecting normal settlement activity via the Automated Payment and Securities Settlement System (APSSS).

**Table 11: ENC – Asset Encumbrance**

2025	a	b	c	d
<i>\$ in thousands</i>	Encumbered assets	Central Bank Facilities	Unencumbered assets	Total
Cash and cash equivalents	-	-	63,148	63,148
Balances with the Central Bank of Belize	-	208,614	-	208,614
Due from banks	-	-	355,526	355,526
Loans and advances to customers	-	-	1,108,574	1,108,574
Securities	-	-	406,848	406,848
Other assets and receivables	-	-	43,785	43,785
Property, plant and equipment	-	-	63,193	63,193
Intangible assets	-	-	1,980	1,980
<b>Total</b>	-	<b>208,614</b>	<b>2,043,055</b>	<b>2,251,668</b>

2024	a	b	c	d
<i>\$ in thousands</i>	Encumbered assets	Central Bank Facilities	Unencumbered assets	Total
Cash and cash equivalents	-	-	50,045	50,045
Balances with the Central Bank of Belize	-	145,489	-	145,489
Due from banks	-	-	585,893	585,893
Loans and advances to customers	-	-	1,032,993	1,032,993
Securities	-	-	174,806	174,806
Other assets and receivables	-	-	16,040	16,040
Property, plant and equipment	-	-	56,477	56,477
Intangible assets	-	-	1,939	1,939
<b>Total</b>	-	<b>145,489</b>	<b>1,918,193</b>	<b>2,063,683</b>

## 8 Remuneration

This chapter covers the qualitative and quantitative disclosure requirements relating to the Bank's remuneration framework and compensation practices for Material Risk Takers (MRTs). It provides transparency on the governance, structure, and outcomes of the Bank's remuneration policies, including how compensation arrangements are aligned with prudent risk-taking, long-term financial performance, and the Bank's overall risk management objectives. The disclosures also outline the remuneration awarded during the financial year and any special or non-standard compensation payments made to MRTs.

The chapter includes the following templates:

- **REMA – Remuneration Policy:** Provides a qualitative overview of the Bank's remuneration framework, including the governance arrangements, decision-making processes, and key principles guiding compensation practices. The template describes how remuneration policies are aligned with the Bank's strategic objectives, risk appetite, and long-term sustainability. It also outlines the roles and responsibilities of the Board in overseeing remuneration practices, as well as the mechanisms used to ensure that incentive structures do not encourage excessive risk-taking.
- **REM1 – Remuneration Awarded During Financial Year:** Presents quantitative information on remuneration awarded to Material Risk Takers during the reporting period. The template includes a breakdown of fixed and variable compensation, deferred remuneration, and other compensation components by business area or staff category. It provides insight into the scale and structure of remuneration awards and supports transparency regarding how compensation is linked to performance and risk outcomes.
- **REM2 – Special Payments:** Discloses information on special remuneration payments (if any) made during the financial year, including guaranteed bonuses, sign-on awards, severance payments, retention incentives, or other exceptional compensation arrangements. The template enhances transparency around non-routine remuneration practices and allows users to assess the nature and magnitude of payments that fall outside the Bank's standard remuneration framework.

### 8.1 Remuneration Policy

#### Pillar 3 Disclosure 13: REMA

##### Governance

The Bank's remuneration framework is overseen by the Board of Directors. The Board is responsible for setting the principles, parameters and governance framework for the Bank's remuneration policy and overseeing its implementation. This includes determining the framework and policies for the remuneration of the executive directors and other senior management, wider workforce remuneration and alignment with culture and conduct. All remuneration decisions are

##### Scope

The Bank's remuneration policy covers all employees. It covers fixed pay, variable pay, and employment benefits.

##### Material Risk-Takers

Material Risk-Takers (MRTs) are identified in accordance with applicable regulatory criteria. As per the DBFIA, they include individuals whose roles have a significant influence on the Bank's risk profile, such as the CEO, members of the Senior Management Team (SMT), and other employees who may be designated as MRTs by the Board or the CEO based on the nature, scope, and impact of their responsibilities.

### **Key features and objectives of the Bank's remuneration policy**

The Bank seeks to align remuneration with the successful performance of the business and, through this, the delivery of long-term, superior and sustainable returns to shareholders. The bank's remuneration policy is specifically designed to attract, retain, and motivate employees. Key features and objectives include:

- Aligning remuneration with the bank's long-term strategy and risk profile;
- Supporting a balanced pay-for-performance culture across all levels of the organization; and
- Ensuring compliance with applicable legal and regulatory requirements.

### **Link between Pay and Performance**

The Bank maintains a formal salary scale framework with clearly defined compensation ranges aligned to employee seniority, responsibilities, and grade level. The framework is designed to support equitable and consistent remuneration practices across the institution while ensuring alignment with the Bank's strategic objectives, risk management principles, and market competitiveness.

Progression within salary bands and promotion to higher grades are contingent upon sustained satisfactory performance, demonstrated competence, achievement of individual and departmental objectives, and adherence to the Bank's policies and values. Performance evaluations are conducted annually through a structured appraisal process that assesses both quantitative and qualitative measures, including operational effectiveness, professional conduct, leadership capabilities, and compliance with applicable regulatory and internal standards.

### **Variable remuneration**

Variable remuneration for employees is primarily comprised of cash bonuses and/or passage grants and is determined based on a combination of Bank-wide, business-line, and individual performance indicators. The remuneration framework is designed to align employee incentives with the Bank's long-term strategic objectives, prudent risk-taking practices, and overall financial performance.

Performance measures used in determining variable remuneration include the following:

- Bank-wide metrics – including profitability, capital adequacy ratios, and return on equity;
- Business-line metrics – including segment-specific profitability, portfolio quality, asset growth, and operational efficiency;
- Individual performance metrics – including achievement of assigned objectives, adherence to compliance and risk management standards, leadership effectiveness, and overall professional conduct.

Other forms of variable remuneration, including equity-based compensation such as shares, may be granted to material risk-takers or senior management, where appropriate, and are subject to review and approval by the Board and any applicable regulatory requirements.

## 8.2 Remuneration Awarded During the Financial Year

### Pillar 3 Disclosure 14: REM1

The table below outlines remuneration awarded for the year ended 31 December 2025.

**Table 12: REM1 – Remuneration Awarded During Financial Year**

2025		a	b
<i>\$ in thousands</i>		Senior management	Other material risk-takers
1	Number of employees	10	0
2	Fixed remuneration		
	Total fixed remuneration	1,268	0
3	Of which: cash-based	1,268	0
9	Number of employees	10	0
10	Variable remuneration		
	Total variable remuneration	170	0
11	Of which: cash-based	170	0
17	Total remuneration (rows 2 + 10)	1,438	0

### Pillar 3 Disclosure 15: REM2

No special payments for senior management or other material risk takers were made during the financial year.

**Table 13: REM2 – Special Payments**

<i>\$ in thousands</i>	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management	10	0	10	0	10	0
Other material risk-takers	0	0	0	0	0	0

## 9 Credit Risk

This chapter covers the qualitative and quantitative disclosure requirements relating to the Bank's credit risk profile under the Basel regulatory framework. It provides transparency on how credit exposures are measured, managed, and reported for prudential purposes, including the application of credit risk mitigation techniques, exposure classification, and the calculation of risk-weighted assets (RWAs) under the standardized approach. The disclosures explain both the composition and quality of the credit portfolio, as well as the key drivers of changes in credit risk exposures and associated capital requirements over the reporting period.

The chapter includes the following Basel credit risk templates:

- **CRA – General Qualitative Information About Credit Risk:** Provides insight into the bank's risk profile as a result of its business model. It also provides an overview of the Bank's credit risk management approach including governance structures, internal controls, and assurance.
- **CR1 – Credit Quality of Assets:** Provides an overview of the Bank's gross credit exposures, including performing and non-performing exposures, provisions, and net values. The template highlights the overall credit quality of the portfolio and the extent to which exposures are subject to impairment or credit deterioration.
- **CR2 – Changes in Stock of Non-Performing Loans and Advances:** Explains movements in non-performing loans (NPLs) over the reporting period, including inflows, outflows, write-offs, recoveries, and reclassifications. It provides insight into credit risk dynamics and asset quality trends.
- **CRB – Additional Disclosure Related to the Credit Quality of Assets:** Supplements the quantitative templates with additional qualitative and quantitative information on the credit quality of the Bank's assets. It defines key credit risk management concepts, including "past due" and "impaired" exposures, and provides further context on how asset quality is monitored, measured, and reported.
- **CRB-A – Additional Disclosure Related to Prudential Treatment of Problem Assets:** Provides additional information on the identification, classification, and regulatory treatment of problem assets. The template outlines how non-performing and impaired exposures are managed, including approaches to provisioning, write-offs, restructuring, and other remedial actions. It also explains the prudential considerations applied to problem assets and how they are reflected in regulatory reporting and capital adequacy assessments.
- **CRC – Qualitative Disclosure Related to Credit Risk Mitigation Techniques:** Provides qualitative information on the Bank's overall credit risk mitigation approach and how it uses collateral. The disclosure allows users to understand the difference between internal collateral used to support lending in a prudential manner and regulatory treatment of collateral.
- **CR3 – Credit Risk Mitigation Techniques:** Discloses the extent to which eligible collateral, guarantees, and credit derivatives are used to reduce credit risk exposures. The template shows how credit risk mitigation reduces exposure values and contributes to lower capital requirements.
- **CRD – Qualitative Disclosure on Banks' Use of External Credit Ratings Under the Standardized Approach for Credit Risk:** Discloses the extent to which the Bank relies on external credit ratings for risk-weighting purposes under the standardized approach.
- **CR4 – Standardized Approach – Credit Risk Exposure and CRM Effects:** Presents credit risk exposures under the standardized approach after the application of credit risk mitigation techniques. It demonstrates how exposures are adjusted for collateral and guarantees before being risk-weighted.
- **CR5 – Standardized Approach – Exposures by Asset Class and Risk Weight:** Provides a breakdown of credit exposures by asset class and regulatory risk weight buckets. It shows how different types of assets contribute to total RWAs and reflects the credit quality and risk profile of the portfolio.

## 9.1 General Qualitative Information about Credit Risk

### Pillar 3 Disclosure 16: CRA

#### Overview

Credit risk represents the potential for financial loss arising from a borrower's failure to meet contractual obligations under facilities or commitments extended by the Bank. The Bank's primary credit risk exposure arises from its commercial and retail lending activities, which constitute the core of its business model. Credit risk also includes concentration risk which materializes via large obligor and sectoral concentrations. To a lesser extent, the Bank's investment activities may give rise to credit risk.

#### Operating Context

The Bank operates within a small, open, and service-oriented economy, and its credit portfolio is therefore inherently exposed to cyclical and seasonal fluctuations in employment, capital inflows, and tourism activity. These macroeconomic dynamics directly influence borrower repayment capacity and overall credit performance. Given the Bank's strategic focus on commercial lending, sectoral and single-obligor concentrations are also an inherent feature of its business model. While the Bank actively pursues portfolio diversification, the limited size and structural characteristics of the domestic economy constrain the extent to which concentration risk can be significantly reduced. In this context, credit risk management is shaped by both structural economic constraints and internal portfolio composition, requiring a disciplined approach to underwriting, concentration monitoring, and ongoing portfolio surveillance.

#### How the business model translates into the components of the bank's credit risk profile

The Bank's retail and commercial lending activities are the primary drivers of its credit risk profile. Investment activities also drive credit risk, but to a lesser extent. Key components include:

- **Retail lending:** This is typically the most diversified credit segment within the Bank. Retail products include mortgages, personal loans, overdrafts, and credit cards. Primary risks include default and recovery risks. The Bank can experience potential losses from both amounts advanced and commitments to extend credit to customers.
- **Corporate and MSME lending:** This is typically the largest credit segment within the Bank, from an aggregate exposure perspective. Products include term loans, overdrafts, credit cards, trade finance facilities, financial guarantees, and lines of credit to businesses of varying sizes, across various industries and sectors, often backed by collateral or guarantees. Primary risks include default, recovery, and concentration risks. The Bank can experience potential losses from both amounts advanced and commitments to extend credit to customers.
- **Investment activities:** The Bank invests in accordance with its yield management objectives and applicable regulatory requirements. Exposures are primarily limited to high-quality instruments, including sovereign debt and deposits with highly rated counterparties. Primary risks include concentration and counterparty risks, particularly where limited placement options result in overexposure to certain counterparties or asset types.

### **Criteria and approach used for defining credit risk management policy and for setting credit risk limits**

Credit risk management at Atlantic Bank is supported by a holistic view of the credit risk cycle, covering the macroeconomic context, the transaction, the customer and the portfolio.

Policies are established based on the Bank's risk appetite, strategic objectives, and prevailing economic conditions. These policies define the principles for underwriting, adjudication, collateral requirements, and portfolio monitoring, and are aligned with applicable regulatory guidelines and international best practices. The policy framework is subject to periodic review to ensure continued relevance considering evolving market conditions and the Bank's risk profile.

Credit risk limits are set using a structured approach that considers the Bank's capital base, risk appetite, and concentration risk tolerances. Limits are established across multiple dimensions, including single obligors, borrower groups, sectors, and products, where relevant. The calibration of limits is informed by historical performance, stress testing outcomes, and forward-looking assessments of key risk drivers, including macroeconomic trends and sectoral vulnerabilities.

### **Structure and organization of credit risk management and control function**

The Bank operates under a three lines of defense framework to ensure robust management, control, and independent assurance over credit risk activities.

**First Line – Credit Risk Management (Business Units):** Credit risk management is primarily the responsibility of the business units that originate and manage credit exposures. These functions are responsible for:

- Identifying and assessing credit risk at origination through the use of established underwriting standards, credit assessment methodologies<sup>6</sup>, and due diligence procedures
- Ensuring lending decisions are consistent with the Bank's credit policies and risk appetite
- Monitoring borrower performance and taking early remedial actions where deterioration is observed
- Maintaining compliance with underwriting standards, portfolio limits and regulatory requirements

**Second Line – Risk Control and Compliance Functions:** The second line provides independent oversight and challenge to the first line:

- The Risk Management function develops credit risk frameworks, policies, methodologies, and limits. It monitors portfolio quality, performs independent risk assessments, and ensures adherence to the Bank's risk appetite framework. Crucially, it provides independent risk review and approval for all credit activities, subject to a structured hierarchy of delegated authorities and exposure limits.
- The Compliance function ensures that credit activities comply with applicable laws, regulations, and supervisory requirements, including AML/CFT obligations where relevant. It also provides guidance on regulatory interpretation and monitors compliance breaches.

Together, these functions provide independent monitoring, reporting, and escalation of credit risk issues, and ensure that credit risk is managed within approved limits and regulatory expectations.

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<sup>6</sup> As of the date of this report, the Bank is actively revising its internal credit assessment methodology with a view to replacing it with a Borrower Risk Scoring and Rating framework. The new framework is intended to be more robust, comprehensive, and transparent, and it will enhance the consistency and objectivity of credit risk assessment across the lending book.

**Third Line – Internal Audit:** Internal Audit provides independent and objective assurance on the effectiveness of the overall credit risk management and control environment. It:

- Reviews the adequacy and effectiveness of credit risk governance, controls, and processes
- Assesses compliance with internal policies, regulatory requirements, and risk frameworks
- Evaluates the effectiveness of both first and second line functions
- Reports findings directly to the Board Audit Committee, ensuring independence from management

**Governance and Oversight:** The Board of Directors sets the Bank’s risk appetite, approves key policies, large exposures, and oversees management’s implementation of effective credit risk management practices. The Board delegates day-to-day execution to senior management. The Chief Executive Officer (CEO) is accountable to the Board of Directors for the overall implementation of the Bank’s risk management framework.

### **Relationships between credit risk management, risk control, compliance and internal audit functions**

The three lines of defense operate in a coordinated but independent manner. The first line owns and manages credit risk, the second line sets frameworks and provides oversight, and the third line independently validates the effectiveness of both. Issues identified by the Risk or Compliance functions are escalated to management committees and, where necessary, to Board-level committees. Internal Audit findings are tracked for remediation by management under Board oversight.

### **Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors**

Credit risk reporting is designed to ensure transparency, support informed decision-making, and enable both management and the Board to effectively oversee credit risk and the performance of the credit risk management function. It covers all on- and off-balance sheet exposures, including loans and advances, commitments, guarantees, and other contingent liabilities. Reporting is presented across multiple dimensions to enable a comprehensive view of credit risk, including by product, sector, geography (where relevant), and customer segment. It also incorporates both point-in-time and trend analysis to support forward-looking assessment of the banking book.

Senior management receives regular reports focused on portfolio performance, emerging risks, and limit monitoring. Key components include:

- Portfolio composition and growth by segment and product
- Asset quality indicators, including arrears and non-performing loans
- Credit loss metrics, including expected credit loss (ECL) provisions and write-offs
- Concentration analysis (single obligor, group, sector) relative to approved and regulatory limits
- Watchlist exposures
- Stress testing results and forward-looking risk assessments where applicable

These reports support active portfolio management, risk identification, and timely corrective actions.

The Board receives aggregated and strategic-level reporting on a regular basis, supplemented by ad hoc updates as required. Reporting to the Board focuses on:

- Alignment of the credit portfolio with the approved risk appetite and strategic objectives
- Trends in asset quality

- Material concentrations and large exposures
- Significant risk developments, including sectoral or macroeconomic vulnerabilities
- Adequacy of provisioning and capital relative to credit risk exposures
- Key policy developments, exceptions, and limit breaches
- Effectiveness of the credit risk management framework and internal controls

## 9.2 Credit Quality of Assets

### Pillar 3 Disclosure 17: CR1

The table below provides a detailed overview of the Bank's asset quality by presenting the distribution of exposures across defaulted and non-defaulted categories, as well as the level of provisions recorded during the reporting period.

Defaulted exposures are those exposures that are considered non-performing in line with the regulatory criteria prescribed in DBFIA Practice Direction No. 2.

Accounting allowances are calculated in accordance with IFRS 9. Accounting allowances are not allocated as provisions for credit losses on exposures under the standardized approach as implemented in Belize.

**Table 14: CR1 – Credit Quality of Assets**

2025	a	b	c	d	e	g	
	Gross carrying values of:			Of which: ECL accounting provisions for credit losses on SA exposures			
	Defaulted exposures (A)	Non-defaulted exposures (B)	Allowances/Impairments (C)	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values (A+B-C)	
\$ in thousands							
1	Due from banks	-	231,492	1,625	-	-	229,867
2	Loans	34,938	1,095,075	21,439	-	-	1,108,574
3	Debt securities	-	341,255	1,189	-	-	340,066
4	Off-balance sheet exposures	-	179,327	72	-	-	179,256
<b>5</b>	<b>Total</b>	<b>34,938</b>	<b>1,847,149</b>	<b>24,324</b>	<b>-</b>	<b>-</b>	<b>1,857,763</b>

2024	a	b	c	d	e	g	
	Gross carrying values of:			Of which: ECL accounting provisions for credit losses on SA exposures			
	Defaulted exposures (A)	Non-defaulted exposures (B)	Allowances/Impairments (C)	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values (A+B-C)	
\$ in thousands							
1	Due from banks	-	238,936	2,371	-	-	236,565
2	Loans	64,480	1,000,179	31,665	-	-	1,032,993
3	Debt securities	-	115,234	668	-	-	114,566
4	Off-balance sheet exposures	-	167,459	154	-	-	167,305
5	<b>Total</b>	<b>64,480</b>	<b>1,521,808</b>	<b>34,859</b>	-	-	<b>1,551,429</b>

### 9.3 Changes in the Stock of Defaulted Loans and Debt Securities

#### Pillar 3 Disclosure 18: CR2

The table below provides a detailed overview of changes in the stock of defaulted loans and loan commitments (including off-balance sheet exposures) and debt securities for the reporting period.

Changes in the stock of defaulted loans and debt securities are primarily driven by recovery and collection activities, including, but not limited to, legal foreclosure proceedings, negotiated settlements, loan restructurings, and write-offs.

Non-performing inflows remained low (at less than 1% of the performing portfolio), reflecting improved portfolio management across the Bank's business lines, supported by enhanced recovery and collections practices. Write-offs were relatively high compared to prior years, but this was a direct result of the Bank's efforts to resolve legacy non-performing loans and utilize its strong provisioning to sanitize the loan book. As a result of these efforts, NPLs were reduced by 45% year-on-year.

**Table 15: CR2 – Changes in Stock of Defaulted Loans and Debt Securities**

		Gross carrying amount
\$ in thousands		
1	Defaulted loans and debt securities at 31 December 2024	64,480
2	Loans and debt securities that have defaulted since the last reporting period	5,957
3	Returned to non-defaulted status	873
4	Amounts written off	12,827
5	Other changes	21,798
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>34,938</b>

## 9.4 Additional Disclosure Related to the Credit Quality of Assets

### Pillar 3 Disclosure 19: CRB

#### The scope and definitions of ‘past-due’ and ‘impaired’ exposures used for accounting purposes

The Bank defines ‘past-due’ exposures as all exposures for which contractual payments of principal or interest are overdue by one or more days. For internal monitoring and disclosure purposes, past-due exposures are segmented into ‘arrear’ buckets based on the number of days past due, including exposures between 1 and 30, 31 and 60, 61 and 90, and more than 90 days past due, and are recognized in the Bank’s financial statements in accordance with applicable accounting standards.

Under IFRS 9, impaired exposures are those classified as Stage 3 (credit-impaired) financial assets. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. As a backstop indicator, exposures that are more than 90 days past due are presumed to be credit-impaired. However, impairment may also be identified based on qualitative factors, such as borrower distress or other borrower- or transaction-specific factors.

In accordance with current regulatory guidelines, loans and other interest-bearing exposures are considered non-performing when principal and/or interest are due and unpaid for 90 days or more, based on pre-established repayment terms, or when interest payments equivalent to 90 days or more have been capitalized. Overdrafts and other credit facilities without pre-established repayment terms are considered non-performing when deposits are insufficient to cover interest capitalized for 90 days or more.

Differences may arise between the accounting classification of credit-impaired exposures and the regulatory definition of non-performing exposures, particularly due to the use of a “more than 90 days past due” backstop under IFRS 9 compared with a “90 days or more past due” threshold under regulatory guidelines. In addition, regulatory guidelines allow certain exceptions for exposures to the agriculture and marine sectors, permitting a delay in recognizing impairment.

#### Differences between the definition of past due and default for accounting and regulatory purposes

For accounting purposes under IFRS 9, an exposure is considered past due when a contractual payment of principal or interest is not made on its due date. Past-due status is used as an indicator of increased credit risk and potential credit impairment, but it does not automatically result in default classification. IFRS 9 introduces a rebuttable presumption that exposures that are more than 30 days past due have experienced a significant increase in credit risk (Stage 2), and those that are more than 90 days past due are considered credit-impaired (Stage 3), unless this presumption is rebutted. However, default (credit impairment) may also be identified based on qualitative factors, such as borrower distress or other indicators of unlikelihood to pay.

For regulatory purposes, default is defined in line with current prudential guidelines as occurring when an obligor is unlikely to pay its credit obligations in full, or when the exposure is 90 days or more past due. This definition is stricter and more rules-based, with less reliance on judgment compared to accounting standards. In this context, past due is a measure of delinquency, while default (or non-performing status) is a regulatory classification that triggers specific supervisory and capital treatment.

A key difference arises in the application of the 90-day threshold: IFRS 9 uses a “more than 90 days past due” backstop for identifying credit-impaired exposures, whereas current Central Bank guidelines apply a “90 days or more past due” criterion for default or non-performing classification. Additionally, IFRS 9 allows for greater use of

forward-looking information and expert judgment in determining credit impairment, while the regulatory definition of default is prescriptive and standardized.

### **The extent of past-due exposures that are not considered to be impaired and the reasons for this**

Past-due exposures are generally not considered impaired until they exceed 90 days past due, consistent with the backstop under IFRS 9. Exposures that are less than 90 days past due are typically classified as performing (Stage 1) or, where there has been a significant increase in credit risk, as Stage 2. These exposures are not considered impaired because short-term arrears are often temporary, may result from administrative or liquidity timing issues, and do not necessarily indicate a borrower's inability to meet contractual obligations. In addition, historical experience and forward-looking assessments may generally support an expectation of full recovery. As of the reporting date, approximately 88% of the bank's past-due exposures are not considered impaired and are classified as Stage 1 or Stage 2.

### **Methods used for determining accounting provisions for credit losses**

Expected credit losses are calculated in line with IFRS 9 for qualifying on- and off-balance sheet instruments using an internally developed estimation models. The IFRS 9 methodology is a forward-looking assessment of potential cash shortfalls over the expected life of an instrument and is based on three key parameters: Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). For performing exposures (Stage 1), a 12-month expected credit loss is recognized, reflecting losses arising from default events that are possible within the next 12 months. For exposures that have experienced a significant increase in credit risk (Stage 2) or are credit-impaired (Stage 3), lifetime expected credit losses are recognized. Expected credit losses are allocated against individual exposures to determine net carrying amounts for accounting and presentation purposes.

### **Categorization of ECL accounting provisions in general and specific categories for standardized approach exposures.**

ECL accounting provisions are not allocated to general or specific categories for standardized approach exposures.

### **Restructured exposures**

The Bank's definition of a restructured exposure aligns with the regulatory definition per DBFIA Practice Direction No. 2. Specifically, all credit facilities which have been refinanced, rescheduled, rolled over, or otherwise modified under more favorable terms and conditions for the borrower because of weaknesses in the borrower's financial condition and/or repayment ability are considered restructured. All decisions regarding restructuring are subject to review and management or board approval, where necessary.

### **Quantitative disclosures on the credit quality of the Bank's assets**

The following quantitative disclosures are presented in accordance with requirements (e) through (h) of CRB, relating to additional information on the credit quality of assets.

The Bank maintains a broadly diversified credit portfolio, although this is influenced by structural limitations within the Belizean economy. Notable concentrations exist in the real estate, tourism, and building and construction sectors, which are inherently interconnected and exhibit a degree of correlation. In general, no individual sector represents more than 25% of the overall credit portfolio.

Diversification is more constrained within the Bank's investment portfolio. Due to the shallow local capital market and capital exchange controls, there is a limited supply of investable securities. As a result, exposures are largely concentrated in sovereign-backed instruments and debt issued by local public utilities.

**Table 16: Breakdown of Exposures by Industry**

		As at 31 December			
		2025		2024	
		Gross carrying value	Share of Total	Gross carrying value	Share of Total
<i>\$ in thousands</i>		\$	%	\$	%
<b>Loans and Advances</b>					
1	Real Estate	227,834,825	20.16	213,799,045	20.08
2	Tourism	221,384,211	19.59	199,896,601	18.78
3	Building and Construction	194,555,165	17.22	169,866,983	15.96
4	Agriculture	153,733,034	13.60	146,733,178	13.78
5	Personal Loans	122,630,001	10.85	108,552,233	10.20
6	Distributions	90,804,062	8.04	88,366,498	8.30
7	Professional Services	73,373,185	6.49	63,957,643	6.01
8	Transportation	17,286,696	1.53	40,257,650	3.78
9	Manufacturing	11,402,258	1.01	6,112,114	0.57
10	Government Services	10,636,763	0.94	16,767,724	1.57
11	Marine Products	3,392,761	0.30	3,454,952	0.32
12	Forestry	1,459,726	0.13	851,581	0.08
13	Entertainment	763,553	0.07	1,334,696	0.13
14	Mining & Exploration	411,994	0.04	621,446	0.06
15	Financial Institutions	344,880	0.03	4,086,103	0.38
16	Utilities	0	0.00	0	0.00
<b>17</b>	<b>Total Loans</b>	<b>1,130,013,114</b>	<b>100.00</b>	<b>1,064,658,446</b>	<b>100.00</b>
<b>Debt Securities</b>					
18	Government	252,934,200	74.12	28,500,000	24.73
19	Utilities	45,245,100	13.26	45,245,100	39.26
20	Tourism	17,500,000	5.13	15,000,000	13.02
21	Agriculture	13,145,960	3.85	13,928,932	12.09
22	Distribution	6,930,000	2.03	7,060,000	6.13
23	Real Estate	5,500,000	1.61	5,500,000	4.77
<b>24</b>	<b>Total Debt Securities</b>	<b>341,255,260</b>	<b>100.00</b>	<b>115,234,032</b>	<b>100.00</b>

The Bank's operational footprint contributes directly to regional concentrations. It maintains a significant presence in the Belize District—the most populous district in the country—through its network of branches and agencies.

The composition of regional exposures is expected to evolve in response to shifting economic priorities, policy changes, and broader factors macroeconomic factors. The Bank's most active regions remain Belize, Cayo, and Stann Creek, which together account for approximately 89% of total loans.

Exchange controls limit the extent to which the Bank can invest abroad. As a result, approximately 82% of the Bank's exposure to debt securities is concentrated domestically, with local issuers.

**Table 17: Breakdown of Exposures by Geographical Region**

		As at 31 December			
		2025		2024	
		Gross carrying value	Share of Total	Gross carrying value	Share of Total
\$ in thousands		\$	%	\$	%
<b>Loans and Advances</b>					
1	Belize District	651,807,832	57.68	628,438,309	59.03
2	Cayo District	217,587,959	19.26	210,777,163	19.80
3	Stann Creek District	146,601,438	12.97	95,097,373	8.93
4	Orange Walk District	54,682,179	4.84	51,648,483	4.85
5	Corozal District	49,482,278	4.38	44,131,904	4.15
6	Toledo District	9,851,428	0.87	34,565,214	3.25
<b>8</b>	<b>Total Loans</b>	<b>1,130,013,114</b>	<b>100.00</b>	<b>1,064,658,446</b>	<b>100.00</b>
<b>Debt Securities</b>					
9	Belize	280,455,260	82.18	95,234,032	82.64
10	United States	60,800,000	17.82	20,000,000	17.36
<b>11</b>	<b>Total Debt Securities</b>	<b>341,255,260</b>	<b>100.00</b>	<b>115,234,032</b>	<b>100.00</b>

The table below provides a breakdown of the Bank's credit exposures by residual maturity. Overall, the portfolio reflects the Bank's business model, which is centered on commercial exposures that often have longer maturities. Residential mortgages account for a majority of exposures with residual maturities greater than 10 years, also reflecting the Bank's strategic preference for collateralized lending.

**Table 18: Breakdown of Exposures by Residual Maturity**

		As at 31 December			
		2025		2024	
		Gross carrying value	Share of Total	Gross carrying value	Share of Total
\$ in thousands		\$	%	\$	%
<b>Loans and Advances</b>					
1	On-Demand	125,501,244	11.11	155,756,084	14.63
2	1 year	87,675,807	7.76	33,645,142	3.16
3	3 years	181,802,708	16.09	118,450,137	11.13
4	5 years	133,994,968	11.86	203,506,422	19.11
5	10 years	369,430,898	32.69	300,903,987	28.26
6	More than 10 years	231,607,488	20.50	252,396,673	23.71
<b>7</b>	<b>Total Loans and Advances</b>	<b>1,130,013,114</b>	<b>100.00</b>	<b>1,064,658,446</b>	<b>100.00</b>
<b>Debt Securities</b>					
8	1 year	183,756,246	53.85	34,990,046	30.36
9	3 years	59,740,000	17.51	1,630,000	1.41
10	5 years	50,594,914	14.83	21,800,000	18.92
11	10 years	47,164,100	13.82	56,813,986	49.30
<b>12</b>	<b>Total Debt Securities</b>	<b>341,255,260</b>	<b>100.00</b>	<b>115,234,032</b>	<b>100.00</b>

The Bank's impaired portfolio reached a gross carrying amount of \$36.7 million in 2025, representing approximately 3.2% of gross exposures. Strategic initiatives to resolve legacy non-performing and impaired loans have resulted in a significant year-on-year improvement in asset quality. Provision coverage stood at 47% of the

total impaired portfolio as of 31 December 2025. Given that the vast majority of the Bank's loan book consists of collateral-backed loans, recovery forecasts remain positive.

Geographically, most impaired exposures are concentrated in the Belize and Cayo districts, which are also the Bank's two largest credit markets. The sectors with the highest levels of impaired exposures are transportation and tourism, reflecting the boom-and-bust cycle of the tourism industry in Belize, high levels of competition, and changes in visitor preferences.

**Table 19: Amounts of Impaired Exposures by Industry and Geographical Area**

		Gross carrying value							IFRS9
		Belize	Cayo	Corozal	Orange	Stann	Toledo	Accounting	
<i>\$ in thousands</i>		District	District	District	Walk	Creek	District	Provisions	
1	Agriculture	349,308	19,850	0	150,599	0	0	223,171	
2	Building and Construction	1,349,627	854,755	0	75,869	129,626	46,065	525,651	
3	Distributions	4,626,528	15,570	40,867	166,946	71,537	0	2,215,119	
4	Forestry	0	0	0	30,000	0	0	1,220	
5	Manufacturing	3,869	67,370	3,310	28,474	0	0	45,319	
6	Marine Products	4,891	0	34,743	50,464	0	0	89,859	
7	Personal Loans	2,610,084	854,335	204,848	349,662	257,646	45,297	3,817,991	
8	Professional Services	744,107	44,500	0	0	10,124	0	212,692	
9	Real Estate	2,296,774	864,154	538,932	478,993	356,407	21,433	1,000,939	
10	Tourism	5,421,674	68,857	14,188	20,541	53,738	0	3,346,559	
11	Transportation	12,409,114	787,702	96,575	0	0	17,509	5,946,987	
<b>13</b>	<b>Total Loans and Advances</b>	<b>29,815,976</b>	<b>3,577,093</b>	<b>933,463</b>	<b>1,351,547</b>	<b>879,079</b>	<b>130,305</b>	<b>17,425,509</b>	

		Gross carrying value							IFRS9
		Belize	Cayo	Corozal	Orange	Stann	Toledo	Accounting	
<i>\$ in thousands</i>		District	District	District	Walk	Creek	District	Provisions	
1	Agriculture	37,885	3,313,418	128,596	1,450,339	108,617	0	237,683	
2	Building and Construction	797,887	1,342,830	22,268	60,489	139,326	46,648	763,718	
3	Distributions	4,547,077	189,049	108,033	90,701	102,505	18,780	3,220,474	
4	Entertainment	5,396	0	0	0	0	0	5,396	
5	Financial Institutions	37,250	0	0	0	0	0	966	
6	Manufacturing	6,952	163	5,297	12,471	60,431	0	8,194	
7	Marine Products	4,891	0	0	0	0	0	4,891	
8	Personal Loans	1,889,166	584,480	183,460	201,235	118,284	40,059	1,391,763	
9	Professional Services	83,262	52,475	3,673	0	28	0	56,224	
10	Real Estate	2,106,914	692,888	70,713	108,683	96,848	897	1,677,042	
11	Tourism	27,556,821	139,106	1,202	0	87,855	0	14,185,958	
12	Transportation	15,969,848	690,058	18,894	0	0	0	7,985,359	
<b>13</b>	<b>Total Loans and Advances</b>	<b>53,043,349</b>	<b>7,004,468</b>	<b>542,136</b>	<b>1,923,918</b>	<b>713,893</b>	<b>106,383</b>	<b>29,537,669</b>	

Loans more than 90 days past due reached \$34.8 million in 2025—slightly below the impaired portfolio, reflecting management actions regarding certain exposures deemed to show significant payment difficulty. The arrears portfolio totaled \$316.89 million (28% of gross exposures), representing a 14% year-on-year increase; however, it remains within the Bank’s risk appetite and is considered adequately managed by the Bank’s portfolio management and recoveries units. Greater policy clarity has enabled faster and more equitable resolutions of delinquent facilities, and the Bank expects improvements in its arrears portfolio in 2026.

**Table 20: Ageing Analysis of Accounting Past-Due Exposures**

		As at 31 December			
		2025		2024	
		Gross Carrying Value	Share of Total	Gross Carrying Value	Share of Total
<i>\$ in thousands</i>		\$	%	\$	%
<b>Loans and Advances</b>					
1	1-30 DPD	234,150,294	73.90	166,587,142	60.05
2	31-60 DPD	35,111,058	11.08	40,935,147	14.76
3	61-90 DPD	12,779,594	4.03	5,911,709	2.13
4	91+ DPD	34,811,754	10.99	63,989,661	23.07
<b>5</b>	<b>Total Loans and Advances</b>	<b>316,852,700</b>	<b>100.00</b>	<b>277,423,658</b>	<b>100.00</b>

The Bank’s restructured portfolio represents only 1.7% of gross loans. Restructuring is considered a last resort within the Bank’s credit risk management approach and is reserved for borrowers and transactions that exhibit significant weaknesses in repayment capacity. Historically, restructuring interventions have enabled the remediation of these weaknesses and improved performance. Inevitably, some transactions cannot be salvaged and are classified as impaired, either under the IFRS 9 backstop or sooner based on management’s judgment.

Total restructured exposures reached \$20.1 million in 2025, reflecting a 17% year-on-year decrease. Impaired restructured facilities account for just 4.4% of total restructured exposures.

**Table 21: Breakdown of Restructured Exposures based on Impairment Status**

		As at 31 December			
		2025		2024	
		Impaired	Not Impaired	Impaired	Not Impaired
<i>\$ in thousands</i>		\$	\$	\$	\$
<b>Loans and Advances</b>					
1	Original Terms	17,101,884	900,579,504	15,132,167	777,698,541
2	Refinanced	18,690,129	173,527,550	47,821,987	199,499,901
3	Restructured	895,449	19,218,597	379,992	24,125,859
<b>4</b>	<b>Total Loans and Advances</b>	<b>36,687,462</b>	<b>1,093,325,652</b>	<b>63,334,146</b>	<b>1,001,324,300</b>

## 9.5 Additional Disclosure Related to Prudential Treatment of Problem Assets

### Pillar 3 Disclosure 20: CRB-A

#### Identification of non-performing exposures

Exposures are considered non-performing when they are more than 90 days past due on any material credit obligation. Overdraft facilities are classified as non-performing where either (i) the approved limit has been exceeded for more than 90 consecutive days, or (ii) interest or fees remain unpaid for more than 90 days.

In addition to the quantitative 90-day threshold, the Bank may apply qualitative indicators of unlikelihood to pay. Accordingly, exposures may be classified as non-performing prior to reaching 90 days past due where there is evidence that the obligor is unlikely to meet its credit obligations in full without realization of collateral. Such assessments are made on a case-by-case basis and are subject to internal governance and credit risk management processes.

The identification of an exposure as non-performing does not affect its categorization as impaired for accounting purposes or as defaulted in accordance with the applicable regulatory framework. For classification purposes, no distinction is made between segments (e.g., commercial and retail exposures).

### **Definition and measurement of past due**

The Bank defines an exposure as 'past due' when any contractual payment of principal, interest, or fees has not been received by the due date (i.e., one day past due). Days past due are calculated on a 360-day basis.

### **Exit criteria**

An exposure exits non-performing status when all past-due amounts, including principal, interest, and any applicable fees, have been fully repaid, and there are no indicators of unlikelihood to pay.

In line with IFRS 9 staging requirements, exposures are subject to a probation period of six consecutive months of sustained, satisfactory payment performance before exiting stages. During this probation period:

- The obligor must demonstrate consistent compliance with the original or restructured contractual terms.
- No new past-due amounts or credit deterioration indicators should arise.

Exposures may transition from Stage 3 (credit-impaired) to Stage 2 following successful completion of the probation period. A similar approach applies for transitions from Stage 2 to Stage 1. In cases of repeated migration between stages or evidence of heightened credit risk volatility, management may, based on judgment and internal policies, extend the probation period or maintain the exposure in a higher risk category to ensure prudent risk recognition.

### **Definition of forbore exposures**

A forbore exposure is an exposure in respect of which the Bank has granted concessions to a borrower experiencing financial difficulty that it would not otherwise have considered under normal commercial terms. Such concessions are intended to alleviate the borrower's financial burden and may include modifications to the original contractual terms. Restructured facilities are subject to the same exit criteria as non-restructured loans but may be subject to a longer probation period to justify stage migrations under the Bank's IFRS 9 methodologies. As a general principle, restructuring is considered to give rise to a Significant Increase in Credit Risk (SICR), and such exposures are classified as Stage 2 under the Bank's IFRS 9 methodologies.

The following table displays performing and non-performing exposures including provisions by stage.

**Table 22: Exposures by Performance Category**

2025																			
		Gross Carrying Value						Accumulated impairment/ allowances						Net Carrying Value					
		Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:		
<i>\$ in thousands</i>		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>Loans and Advances</b>		<b>567,513</b>	<b>525,812</b>	<b>1,876</b>	<b>0</b>	<b>0</b>	<b>34,812</b>	<b>571</b>	<b>3,442</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>17,282</b>	<b>566,942</b>	<b>522,370</b>	<b>1,733</b>	<b>0</b>	<b>0</b>	<b>17,529</b>
1	Commercial	394,733	393,028	1,444	0	0	26,302	100	2,644	85	0	0	12,664	394,633	390,383	1,359	0	0	13,638
2	Retail	172,780	132,784	431	0	0	8,510	471	798	58	0	0	4,618	172,309	131,986	373	0	0	3,891
<b>Debt Securities</b>		<b>341,255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>340,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	Central Government	252,934	0	0	0	0	0	607	0	0	0	0	0	252,327	0	0	0	0	0
4	Commercial	88,321	0	0	0	0	0	582	0	0	0	0	0	87,739	0	0	0	0	0
<b>Off-Balance Sheet Exposures</b>		<b>1,671</b>	<b>10,536</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,667</b>	<b>10,469</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Commercial	1,671	10,536	0	0	0	0	5	67	0	0	0	0	1,667	10,469	0	0	0	0
<b>6</b>	<b>Total</b>	<b>910,440</b>	<b>536,348</b>	<b>1,876</b>	<b>0</b>	<b>0</b>	<b>34,812</b>	<b>1,765</b>	<b>3,509</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>17,282</b>	<b>908,675</b>	<b>532,839</b>	<b>1,733</b>	<b>0</b>	<b>0</b>	<b>17,529</b>

2024																			
		Gross Carrying Value						Accumulated impairment/ allowances						Net Carrying Value					
		Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:		
<i>\$ in thousands</i>		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<b>Loans and Advances</b>		<b>549,149</b>	<b>443,281</b>	<b>8,239</b>	<b>41</b>	<b>8,854</b>	<b>55,095</b>	<b>57</b>	<b>1,860</b>	<b>280</b>	<b>0</b>	<b>210</b>	<b>29,257</b>	<b>549,091</b>	<b>441,421</b>	<b>7,959</b>	<b>41</b>	<b>8,644</b>	<b>25,838</b>
1	Commercial	386,612	326,789	6,246	0	5,290	50,021	48	1,784	223	0	128	26,033	386,564	325,005	6,023	0	5,162	23,988
2	Retail	162,536	116,492	1,993	41	3,563	5,074	9	76	57	0	82	3,224	162,527	116,416	1,935	41	3,482	1,850
<b>Debt Securities</b>		<b>115,234</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>668</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114,566</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	Sovereign	28,500	0	0	0	0	0	60	0	0	0	0	0	28,440	0	0	0	0	0
4	Commercial	86,734	0	0	0	0	0	608	0	0	0	0	0	86,126	0	0	0	0	0
<b>Off-Balance Sheet Exposures</b>		<b>2,649</b>	<b>23,421</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>149</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,644</b>	<b>23,272</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Commercial	2,649	23,421	0	0	0	0	5	149	0	0	0	0	2,644	23,272	0	0	0	0
<b>6</b>	<b>Total</b>	<b>667,032</b>	<b>466,702</b>	<b>8,239</b>	<b>41</b>	<b>8,854</b>	<b>55,095</b>	<b>731</b>	<b>2,009</b>	<b>280</b>	<b>0</b>	<b>210</b>	<b>29,257</b>	<b>666,301</b>	<b>464,693</b>	<b>7,959</b>	<b>41</b>	<b>8,644</b>	<b>25,838</b>

From the tables above, it can be seen that:

- Performing exposures represent the majority of the Bank's loan book, with limited provisioning requirements.
- A small proportion of exposures that are not more than 90 days past due, but have not yet completed their probation period, continue to be classified as Stage 3.
- Non-performing exposures are primarily concentrated in the commercial segment.
- Current provisioning provides adequate coverage for impaired exposures.

The following table displays restructured exposures according to performing and non-performing status including provisions by stage.

**Table 23: Restructured Exposures by Performance Category**

2025																			
		Gross Carrying Value						Accumulated impairment/ allowances						Net Carrying Value					
		Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:		
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<i>\$ in thousands</i>																			
<b>Loans and Advances</b>		<b>0</b>	<b>19,219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>895</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>292</b>	<b>0</b>	<b>19,145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>603</b>
1	Commercial	0	16,201	0	0	0	137	0	60	0	0	0	88	0	16,141	0	0	0	50
2	Retail	0	3,018	0	0	0	758	0	14	0	0	0	204	0	3,004	0	0	0	554
<b>Debt Securities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	Central Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Off-Balance Sheet Exposures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>6</b>	<b>Total</b>	<b>0</b>	<b>19,219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>895</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>292</b>	<b>0</b>	<b>19,145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>603</b>

2024																			
		Gross Carrying Value						Accumulated impairment/ allowances						Net Carrying Value					
		Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:			Performing Exposures, of which in IFRS 9 stage:			Non-Performing Exposures, of which in IFRS 9 stage:		
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
<i>\$ in thousands</i>																			
<b>Loans and Advances</b>		<b>0</b>	<b>21,915</b>	<b>0</b>	<b>0</b>	<b>2,211</b>	<b>380</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>89</b>	<b>0</b>	<b>21,907</b>	<b>0</b>	<b>0</b>	<b>2,167</b>	<b>291</b>
1	Commercial	0	19,208	0	0	1,776	367	0	6	0	0	38	76	0	19,202	0	0	1,738	291
2	Retail	0	2,707	0	0	435	13	0	2	0	0	7	12	0	2,705	0	0	428	0
<b>Debt Securities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3	Sovereign	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Off-Balance Sheet Exposures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>6</b>	<b>Total</b>	<b>0</b>	<b>21,915</b>	<b>0</b>	<b>0</b>	<b>2,211</b>	<b>380</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>89</b>	<b>0</b>	<b>21,907</b>	<b>0</b>	<b>0</b>	<b>2,167</b>	<b>291</b>

From the tables above, it can be seen that:

- Restructured exposures represent a very small portion of total loans and are consistently classified at Stage 2 under the Bank's IFRS 9 approach.

## 9.6 Qualitative Disclosure Related to Credit Risk Mitigation Techniques

### Pillar 3 Disclosure 21: CRC

#### Core features of the Bank's internal collateral approach

Credit approval is solely based on a borrower's repayment capacity, assessed independently of any collateral or guarantees. In determining this capacity, the Bank evaluates a borrower's net cash flows without reliance on third-party support or pledged assets. Collateral and guarantees are considered secondary sources of repayment and are intended to provide additional protection by mitigating potential losses in the event of default, rather than substituting for the borrower's underlying creditworthiness.

The Bank maintains robust policies and procedures governing the evaluation, recognition, and ongoing management of collateral. These frameworks are designed to ensure that collateral values are reliable, enforceable, and prudently valued, and that its use remains consistent with sound credit risk management practices. Key principles guiding the Bank's approach include:

- **Eligibility Criteria:** The Bank defines clear eligibility criteria for acceptable forms of collateral, including real estate, cash and cash equivalents, fixed deposits, and other readily realizable assets. Acceptance criteria consider legal enforceability, ownership clarity, marketability, and jurisdictional validity to ensure that collateral can be effectively realized in the event of borrower default.
- **Prudent Valuation:** Collateral is valued at origination by qualified, independent professionals. The Bank may apply haircuts to reflect market volatility, liquidity considerations, and potential forced-sale conditions. Collateral values are subject to periodic review based on the risk profile of the exposure and the nature of the asset.
- **Legal Certainty and Enforceability:** All collateral arrangements are supported by legally enforceable documentation. Security interests are properly perfected in accordance with applicable laws, including registration of charges, custody of title documents, and, where appropriate, independent legal opinions.
- **Enforcement Practices:** The Bank maintains clearly defined procedures for the enforcement and realization of collateral in the event of default. When enforcement is required, the Bank exercises its collateral rights in a manner that is transparent, consistent, and fully compliant with applicable laws, regulations, and supervisory guidance.

Internal mitigation techniques can be grouped into the following categories:

- **Collateral:** Collateral refers to assets pledged to the Bank to secure the performance of a borrower's obligations. By granting this security, the borrower provides the Bank with enforceable rights over specified assets. In the event of default, the Bank may realize the economic value of these assets through regulated legal procedures and apply the proceeds toward repayment of the outstanding debt and other legally permitted fees. Collateral is a key credit risk mitigation technique, given the nature of the Belizean market and the limited availability of alternative forms of credit risk mitigation. For the Bank, collateral forms a core component of its underwriting approach, which is commonly summarized within the "7 C's of Credit," namely: character, capacity, capital, collateral, conditions, cash flow, and control. Collateral is typically classified as follows:

- **Real estate:** Usually implemented through first-charge mortgages over immovable property. This may include residential homes, office buildings, commercial premises, mixed-use and single-purpose developments, urban land, rural land, as well as properties under construction or development projects in progress.
- **Chattel (movable assets):** Secured through liens or charges over movable property. These assets may include vehicles, vessels, machinery, industrial equipment, and other tangible movable items.
- **Pledges over financial instruments:** These provide the Bank with rights to offset or recover debt using financial assets such as cash deposits, bonds, treasury instruments, shares, or other marketable securities.
- **Pledges on receivables and other rights:** Includes assignment of accounts receivable, insurance proceeds, contract rights, or other income streams, allowing the Bank to collect directly from these sources in case of default.
- **Corporate security structures (debentures and all-asset charges):** In corporate lending, mitigation often extends beyond specific assets to broader security arrangements:
  - **Debentures:** Companies may issue debentures in favor of the Bank, creating either fixed charges over specific assets or floating charges over a class of assets. A floating charge typically covers circulating assets such as inventory, receivables, and cash, and may crystallize into a fixed charge upon default. The Bank may take security over substantially all present and future assets of a company.
  - **Negative pledge and covenants:** Borrowers may also agree not to create additional security interests in favor of other lenders without the Bank's consent, preserving the Bank's priority position.
- **Financial Guarantees:** In addition to collateral and corporate security structures, repayment risk may be mitigated through guarantees provided by third parties:
  - **Personal guarantees:** These are commitments by individuals—typically shareholders, directors, or key principals—to repay the borrower's obligations if the borrower defaults. Personal guarantees enhance credit support by linking repayment to the guarantor's personal net worth and income.
  - **Corporate guarantees:** A related company (such as a parent or affiliated entity) may guarantee the obligations of a borrowing entity. This is particularly common in group structures, where stronger entities support weaker or newly established subsidiaries.
  - **Joint and several guarantees:** Where multiple guarantors are involved, guarantees may be structured on a joint and several basis, allowing the Bank to pursue any one or more guarantors for the full amount of the debt.

### Eligible collateral for regulatory capital purposes

For regulatory capital purposes, the Bank recognizes only those mitigation techniques that meet the eligibility requirements set out in the Central Bank of Belize's Pillar I guidelines on credit risk mitigation. Permitted mitigation techniques can be grouped into the following categories:

- **Collateral:** Only the following collateral instruments are eligible for recognition under the simple approach:<sup>7</sup>
  - Cash (as well as certificates of deposit or comparable instruments issued by the lending bank) on deposit with the bank that is incurring the counterparty exposure.
  - Gold.
  - Select debt securities and equities.
- **On-balance sheet netting:** Where banks have legally enforceable netting arrangements for loans and deposits, they may calculate capital requirements on the basis of net credit exposures.
- **Third-party guarantees:** These are limited to sovereign entities or other externally rated guarantors, and subject to specific operational requirements as set out in applicable regulatory guidelines.

## 9.7 Credit Risk Mitigation Techniques-Overview

### Pillar 3 Disclosure 22: CR3

The table below breaks down the carrying amount for loans and advances and debt securities by type of collateral only as permitted for regulatory capital purposes.

**Table 24: CR3 – Credit Risk Mitigation Techniques**

2025						
<i>\$ in thousands</i>		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Advances	1,116,566	26,129	26,129	-	-
2	Debt securities	341,255	-	-	-	-
<b>3</b>	<b>Total</b>	<b>1,457,821</b>	<b>26,129</b>	<b>26,129</b>	-	-
4	Of which defaulted	34,938	-	-	-	-

2024						
<i>\$ in thousands</i>		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and Advances	991,981	41,012	41,012	-	-
2	Debt securities	115,234	-	-	-	-
<b>3</b>	<b>Total</b>	<b>1,107,215</b>	<b>41,012</b>	<b>41,012</b>	-	-
4	Of which defaulted	64,480	-	-	-	-

<sup>7</sup> For more information, see Central Bank of Belize Pillar I Guidelines available at: [Central Bank of Belize](#)

## 9.8 Qualitative Disclosure on Banks' Use of External Credit Ratings Under the Standardized Approach for Credit Risk

### Pillar 3 Disclosure 23: CRD

The standardized approach requires banks to use, where possible, risk assessments prepared by external credit assessment institutions (ECAI) to determine the risk weightings applied to rated counterparties.

The Bank's use of external credit ratings depends on their availability and, as of the date of this report, applies exclusively to foreign counterparties that are rated by CBB-approved ECAs.<sup>8</sup> For regulatory purposes under the standardized approach, the Bank is required to use the highest applicable risk weight that maps to ECAI ratings.

## 9.9 Standardized Approach-Credit Risk Exposure and Credit Risk Mitigation

### Pillar 3 Disclosure 24: CR4

Under prudential guidelines, the Bank first applies credit risk mitigants to reduce exposures and then applies Credit Conversion Factors (CCFs), if applicable, permitted under the standardized approach.

The table below presents the Bank's exposures by key asset class, including carrying amounts net of credit risk mitigation (CRM) and credit conversion factors (CCF), as well as risk-weighted assets (RWAs). RWA density is calculated as total RWAs divided by exposures after the application of CCF and CRM. On-balance sheet amounts are reported gross of accounting allowances under IFRS 9, as these are not used to determine credit risk exposures under the standardized approach.

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<sup>8</sup> As of the date of this report, the Central Bank of Belize recognizes the following ECAs for capital adequacy purposes: Moody's Investor Service, Standard and Poor's (S&P), and Fitch Rating Services.

**Table 25: CR4 – Credit Risk Exposures and CRM under the Standardized Approach**

2025		a		b	c		d	e		f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density				
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density			
<i>\$ in thousands</i>		\$	\$	\$	\$	\$	%			
1	Cash	63,161	0	63,161	0	3	0.00			
2	Sovereigns and their central banks	402,932	0	402,932	0	0	0.00			
3	Non-central government public sector entities	73,484	0	73,484	0	14,697	1.13			
4	Multilateral development banks	0	0	0	0	0	0.00			
5	Banks	415,830	0	415,830	0	136,870	10.56			
6	Covered bonds	0	0	0	0	0	0.00			
7	Corporates	190,186	179,327	163,311	3,651	166,962	12.88			
8	Subordinated debt, equity and other capital	0	0	0	0	0	0.00			
9	Retail	191,318	0	191,318	0	143,489	11.07			
10	Claims secured by Residential Mortgages not past due	164,791	0	162,551	0	81,275	6.27			
11	Claims secured with Commercial Mortgages not past due	556,774	0	556,774	0	556,774	42.95			
12	Past Due Exposures (Over 90 days)	34,938	0	13,499	0	13,499	1.04			
13	Other assets	182,823	0	182,823	0	182,823	14.10			
<b>14</b>	<b>Total</b>	<b>2,276,238</b>	<b>179,327</b>	<b>2,225,684</b>	<b>3,651</b>	<b>1,296,392</b>	<b>100.00</b>			

2024		a		b		c		d		e		f	
		Exposures before CCF and CRM				Exposures post-CCF and post-CRM				RWA and RWA density			
		On-balance sheet amount		Off-balance sheet amount		On-balance sheet amount		Off-balance sheet amount		RWA		RWA density	
<i>\$ in thousands</i>		\$		\$		\$		\$		\$		%	
1	Cash	50,449	0			50,449	0			81	0.01		
2	Sovereigns and their central banks	153,624	0			153,624	0			0	0.00		
3	Non-central government public sector entities	77,268	0			77,268	0			15,454	1.25		
4	Multilateral development banks	0	0			0	0			0	0.00		
5	Banks	606,676	0			606,676	0			189,874	15.34		
6	Covered bonds	0	0			0	0			0	0.00		
7	Corporates	175,078	167,459			132,775	7,342			132,775	10.73		
8	Subordinated debt, equity and other capital	0	0			0	0			0	0.00		
9	Retail	114,273	0			114,273	0			85,705	6.93		
10	Claims secured by Residential Mortgages not past due	157,960	0			156,452	0			82,161	6.64		
11	Claims secured with Commercial Mortgages not past due	559,562	0			559,562	0			559,562	45.21		
12	Past Due Exposures (Over 90 days)	64,480	0			32,817	0			32,817	2.65		
13	Other assets	139,178	0			139,178	0			139,178	11.25		
14	<b>Total</b>	<b>2,098,548</b>	<b>167,459</b>			<b>2,023,074</b>	<b>7,342</b>			<b>1,237,606</b>	<b>100.00</b>		

## 9.10 Standardized Approach-Exposures by Asset Classes and Risk Weights

### Pillar 3 Disclosure 25: CR5

Table CR5 presents the breakdown of exposures under the Standard Approach by asset class and risk weighting (corresponding to the risk attributed to exposure according to the risk criterion under the Standard Approach).

**Table 26: CR5 – Exposures by Asset Classes and Risk Weights under the Standardized Approach**

2025		Risk Weight						Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	50%	75%	100%	Other	
1	Cash	63,148	13	-	-	-	-	63,161
2	Sovereigns and their central banks	402,932	-	-	-	-	-	402,932
3	Non-central government public sector entities	-	73,484	-	-	-	-	73,484
4	Multilateral development banks	-	-	-	-	-	-	-
5	Banks	-	238,592	176,172	-	1,066	-	415,830
6	Covered bonds	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	163,311	-	163,311
8	Subordinated debt, equity and other capital	-	-	-	-	-	-	-
9	Retail	-	-	-	191,318	-	-	191,318
10	Claims secured by Residential Mortgages not past due	-	-	162,551	-	-	-	162,551
11	Claims secured with Commercial Mortgages not past due	-	-	-	-	556,774	-	556,774
12	Past Due Exposures (Over 90 days)	-	-	-	-	13,499	-	13,499
13	Other assets	-	-	-	-	182,823	-	182,823
<b>14</b>	<b>Total</b>	<b>466,080</b>	<b>312,089</b>	<b>338,723</b>	<b>191,318</b>	<b>917,473</b>	<b>-</b>	<b>2,225,684</b>

2025		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
	Risk weight	thousands \$	thousands \$	%	thousands \$
1	Less than 40%	-	175,686	1.0	1,713
2	40–70%	-	3,407	50.0	1,704
3	75%	-	-	-	-
4	85%	-	-	-	-
5	90–100%	-	234	100.0	234
6	105–130%	-	-	-	-
7	150%	-	-	-	-
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
<b>11</b>	<b>Total exposures</b>	<b>-</b>	<b>179,327</b>	<b>151.0</b>	<b>3,651</b>

\* Weighting is based on off-balance sheet exposure (pre-CCF).

2024		Risk Weight						Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	50%	75%	100%	Other	
1	Cash	50,045	405	-	-	-	-	50,450
2	Sovereigns and their central banks	153,624	-	-	-	-	-	153,624
3	Non-central government public sector entities	-	77,268	-	-	-	-	77,268
4	Multilateral development banks	-	-	-	-	-	-	-
5	Banks	-	397,378	198,245	-	11,053	-	606,676
6	Covered bonds	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	132,775	-	132,775
8	Subordinated debt, equity and other capital	-	-	-	-	-	-	-
9	Retail	-	-	-	114,273	-	-	114,273
10	Claims secured by Residential Mortgages not past due	-	-	148,582	-	7,870	-	156,452
11	Claims secured with Commercial Mortgages not past due	-	-	-	-	559,562	-	559,562
12	Past Due Exposures (Over 90 days)	-	-	-	-	32,817	-	32,817
13	Other assets	-	-	-	-	139,177	-	139,177
<b>14</b>	<b>Total</b>	<b>203,669</b>	<b>475,051</b>	<b>346,827</b>	<b>114,273</b>	<b>883,254</b>	<b>-</b>	<b>2,023,074</b>

2024		<i>On-balance sheet exposure</i>	<i>Off-balance sheet exposure (pre-CCF)</i>	<i>Weighted average CCF*</i>	<i>Exposure (post-CCF and post-CRM)</i>
<b>Risk weight</b>		<i>thousands \$</i>	<i>thousands \$</i>	<i>%</i>	<i>thousands \$</i>
1	Less than 40%	-	162,413	2.6	4,205
2	40–70%	-	3,817	50.0	1,909
3	75%	-	-	-	-
4	85%	-	-	-	-
5	90–100%	-	1,229	100.0	1,229
6	105–130%	-	-	-	-
7	150%	-	-	-	-
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
<b>11</b>	<b>Total exposures</b>	<b>-</b>	<b>167,459</b>	<b>152.6</b>	<b>7,342</b>

\* Weighting is based on off-balance sheet exposure (pre-CCF).

## 10 Sovereign Exposures

### Pillar 3 Disclosure 26: SOV1

The table below presents the Bank's holdings of sovereign exposures by significant jurisdictions. Per Exchange Control Direction No. 19 (2024), the Bank must obtain prior approval from the Central Bank of Belize to invest funds abroad.

Most of the Bank's sovereign holdings are Government of Belize Treasury Bills and Notes. A very small portion consists of United States Treasury Bills.

**Table 27: SOV1 – Exposures to Sovereign Entities**

2025		a	b	c
		Banking book sovereign exposures (after CCF and CRM)	Trading book sovereign exposures	Risk-weighted assets
<i>\$ in thousands</i>				
<b>1</b>	<b>Total</b>	<b>463,732</b>	<b>0</b>	<b>15,160</b>
2	Belize	402,932	0	0
2a	<i>of which: denominated in domestic currency</i>	402,932	0	0
3	United States	60,800	0	15,160
3a	<i>of which: denominated in domestic currency</i>	0	0	0

2024		a	b	c
		Banking book sovereign exposures (after CCF and CRM)	Trading book sovereign exposures	Risk-weighted assets
<i>\$ in thousands</i>				
<b>1</b>	<b>Total</b>	<b>173,624</b>	<b>0</b>	<b>7,000</b>
2	Belize	153,624	0	0
2a	<i>of which: denominated in domestic currency</i>	153,624	0	0
3	United States	20,000	0	7,000
3a	<i>of which: denominated in domestic currency</i>	0	0	0

## 11 Operational Risk

This chapter covers the disclosure requirements for operational risk. It provides both qualitative and quantitative information on the Bank's operational risk management framework, including the governance structure, risk identification processes, and the approaches used for measuring, monitoring, and reporting operational risk exposures. The disclosures also explain how operational risk is incorporated into the Bank's overall risk management framework and how it contributes to regulatory capital requirements.

The chapter includes the following templates:

- **ORA – Operational Risk Management Approach:** Provides a qualitative overview of the Bank's operational risk management framework. It describes the governance structure, policies, and procedures used to identify, assess, monitor, and control operational risks. The template also outlines the roles and responsibilities of the Board and management, as well as the tools and systems used to support effective operational risk oversight and risk mitigation.
- **OR2 – Business Indicator and Subcomponents:** Discloses the Business Indicator (BI) and its subcomponents and how they are used for the calculation to operational risk capital. Narratove commentary is provided to explain any significant changes and the drivers of those changes..
- **OR3 – Minimum Required Operational Risk Capital:** Discloses the calculation of regulatory capital requirements for operational risk. The template outlines the methodology used to determine capital charges, reflecting the Bank's operational risk exposure under the applicable regulatory framework. It demonstrates how operational risk contributes to overall risk-weighted assets and capital adequacy ratios.

### 11.1 General Qualitative Information on a Bank's Operational Risk Framework

#### Pillar 3 Disclosure 27: ORA

##### Overview

Operational risk represents the potential for failures in internal processes, systems, or people, or external events that can have an adverse impact on the Bank's reputation, financial performance, and/or business continuity.

##### Operating Context

The Bank operates a broad IT and physical infrastructure network that supports its operations and service delivery which exposes it to potential disruptions from system failures, cyber threats, human error, and external events.

##### Policies, frameworks and guidelines for the management of operational risk

The objectives of operational risk management are to:

- Identify, assess, and monitor operational risks across all business activities;
- Minimize the likelihood and impact of losses arising from inadequate or failed internal processes, people, systems, or external events;
- Ensure the effectiveness of internal controls and promote a strong risk and compliance culture;
- Safeguard the Bank's assets, customers, and reputation;
- Ensure business continuity and operational resilience in the event of disruptions;
- Support compliance with applicable laws, regulations, and internal policies; and
- Provide timely and accurate reporting to management and the Board to support informed decision-making.

Operational risk management is implemented through a clearly defined policy framework, structured around the following key areas:

- **People:** Policies and guidelines address the human element of risk and control, including:
  - Skills, competence, and training requirements;
  - Staff recruitment and retention;
  - Performance management;
  - Clearly defined roles and responsibilities;
  - Segregation of duties to reduce the risk of error or fraud; and
  - Organizational culture, conduct, and risk awareness.
  - Establishment of deterrent controls designed to reduce the likelihood of fraud, insider dealing or sabotage
- **Processes:** Policies and guidelines govern the design and execution of business processes, including:
  - Process workflows and procedural documentation;
  - Approval hierarchies and delegation of authority;
  - Embedded preventive and detective controls designed to reduce the likelihood of errors, omissions, or unauthorized activity; and
  - Ongoing review and enhancement of control effectiveness.
- **Technology and Infrastructure:** Policies and guidelines cover the resilience, integrity, and security of the Bank's technological and physical environment, including:
  - Maintenance and security of hardware, systems, and physical facilities;
  - Data quality, integrity, and availability;
  - System reliability and operational availability;
  - Business continuity and disaster recovery arrangements; and
  - Embedded preventive and detective controls are designed to reduce the likelihood of system failures, minimize vulnerabilities, cyber-attacks, or unauthorized access.

### **Structure and organization of the operational risk management and control function**

The Bank's three lines of defense framework ensures adequate management, control, and independent assurance over operational risk management:

**First Line – Operational Risk Management (Business, Finance, HR, Operational and IT Units):** The first line of defense comprises the Bank's business, HR, operational and IT units, which are responsible for the day-to-day identification, management, and control of operational risks arising from their activities. They are responsible for:

- Identifying, assessing, and managing operational risks within their respective areas
- Implementing and maintaining effective internal controls and procedures
- Ensuring that activities and decisions are consistent with the Bank's policies and risk appetite
- Monitoring processes and promptly identifying and reporting risk events, control failures, or incidents
- Taking timely corrective action to address identified weaknesses or breaches

**Second Line – Risk Control and Compliance Functions:** The second line provides independent oversight and challenge to the first line:

- The Risk Management function develops risk frameworks, policies, methodologies, and limits. It monitors operational performance, performs independent risk assessments, and ensures adherence to the Bank's risk appetite framework.
- The Compliance function provides guidance on regulatory interpretations and ensures that processes and systems are designed and implemented in a manner that supports adherence to legal, regulatory, and compliance requirements.

Together, these functions provide independent monitoring, reporting, and escalation of market risk issues and ensure that market risk is managed within approved limits and regulatory expectations.

**Third Line – Internal Audit:** Internal Audit provides independent and objective assurance on the effectiveness of the overall risk management and control environment. It:

- Reviews the adequacy and effectiveness of risk governance, controls, and processes
- Assesses compliance with internal policies, regulatory requirements, and risk frameworks
- Evaluates the effectiveness of both first- and second-line functions
- Reports findings directly to the Board Audit Committee, ensuring independence from management

**Governance and Oversight:** The Board of Directors sets the Bank's risk appetite, approves key policies, and oversees management's implementation of effective operational risk management practices. The Board delegates day-to-day execution to senior management. The Chief Executive Officer (CEO) is accountable to the Board of Directors for the overall implementation of the Bank's risk management framework.

### **Operational risk measurement system**

For regulatory capital purposes, operational risk is measured using the Standardized Approach, with capital requirements derived from the Bank's Business Indicator (BI). The Standardized Approach links operational risk capital to the scale and structure of the Bank's income-generating activities, using the Business Indicator as a proxy for exposure. This ensures capital adequacy reflects both the size and complexity of the institution's operations.

Internally, risk measurement tools, including loss event data collection, risk and control self-assessments, key risk indicators, and scenario analysis are used to measure operational risks.

### **Scope and main content of reporting framework on operational risk to executive management and the Board of Directors**

The Bank maintains a formalized risk reporting framework to ensure that the Board of Directors and Senior Management receive timely, accurate, and comprehensive information on the Bank's operational risk. This framework supports effective oversight, informed decision-making, and alignment with the Bank's risk appetite and strategic objectives.

Risk reporting is the responsibility of the respective risk-owning (first-line) departments, including Operations, Finance, Information Technology (IT), Human Resources (HR), and the business units. Each department is accountable for the identification, monitoring, and reporting of risks arising within its area of responsibility.

The Risk Management function provides a coordinated framework for risk reporting, ensuring consistency in risk taxonomy, reporting standards, and the aggregation of risk information across the Bank. It also supports escalation of material risks to senior management and the Board, as well as relevant Board committees.

Risk reports are submitted to senior management and the Board on a regular basis. In addition, ad hoc reporting is undertaken in response to emerging risks, limit breaches, or significant market, regulatory, or operational developments.

### **Risk mitigation used in operational risk management**

Risk mitigation in operational risk management is primarily achieved through robust governance structures, a comprehensive policy framework, and an enterprise-wide internal control framework.

The Three Lines of Defense model clearly defines roles and responsibilities across the first, second, and third lines, supported by oversight from the Board and its relevant committees.

The Bank's policy framework establishes the principles, standards, and procedures that govern risk management activities across the organization, ensuring consistent application of controls and accountability across all business functions.

The Bank's control framework is tailored to the complexity of its operations, the local operating environment, and the Bank's risk appetite. It comprises four primary types of control measures:

- **Deterrent Measures:** A strong control environment is established to deter behavior such as insider dealing, fraud, and sabotage. Controls are supported by clearly defined policies, codes of conduct, staff training, and disciplinary procedures. The Bank maintains a zero-tolerance stance toward unethical, illegal, or non-compliant conduct. These measures are designed to discourage misconduct by both internal and external parties.
- **Prevention Measures:** These controls are designed to reduce the likelihood of risks events occurring. These include segregation of duties, authorization and approval limits, system access controls, and pre-transaction approvals. Collectively, these controls ensure that risks are mitigated at the point of initiation before transactions or processes are executed.
- **Detection Measures:** Detective controls are implemented to identify and flag anomalies, control breaches, or emerging risks in a timely manner. These include reconciliations, exception reporting, internal audit reviews, and ongoing monitoring activities. Such controls enable prompt identification and escalation of issues for management attention.
- **Corrective Measures:** Corrective controls are applied to address identified issues and mitigate their impact. These include root cause analysis, implementation of remedial actions, policy and procedural enhancements, and process improvements. The objective is to prevent recurrence and continuously strengthen control effectiveness.

### **Risk transfer used in operational risk management**

It is not possible to eliminate all risks entirely, even with robust governance frameworks and the implementation of strong internal controls. As such, the Bank inevitably remains exposed to residual risk, which is the level of risk that persists after the implementation of risk mitigation measures. Where controls reduce, but do not fully

remove, exposure to material risks, the remaining residual risk is continuously monitored and evaluated to ensure it remains within acceptable thresholds.

For residual risks deemed material, the Bank considers risk transfer mechanisms where appropriate and available. This includes, but is not limited to, the use of insurance arrangements to transfer certain operational risks, such as fraud, property damage, or business interruption, to third-party providers. The selection of such mechanisms is based on a cost-benefit assessment, availability of coverage, and alignment with the Bank's overall risk management strategy.

Additionally, business planning at the Bank considers potential loss absorption and contingency requirements, ensuring that budgets are risk-informed and aligned with historical loss experience. The Bank also maintains a contingency reserve fund, funded through retained earnings, which is established to provide a capital buffer and strengthen the Bank's capacity to absorb losses and support operations during periods of stress. This reflects the institutional knowledge and resilience developed during the COVID-19 pandemic.

Notwithstanding the use of risk transfer tools and contingency planning, the Bank recognizes that certain risks cannot be fully transferred or eliminated. Accordingly, residual risk management remains an integral part of the Bank's ongoing risk governance process, supported by regular monitoring, reporting, and review to ensure continued alignment with the Bank's risk appetite and operational resilience objectives.

## 11.2 Business Indicator and Subcomponents

### Pillar 3 Disclosure 28: OR2

The table below presents the Bank's Business Indicator Component (BIC) score under the standardized approach for operational risk under Basel II/III. The BIC is designed to measure a bank's size and risk exposure using income-based indicators.

**Table 28: OR2 – Business Indicator and Subcomponents**

<i>\$ in thousands</i>		a	b	c
		<b>As at 31 December</b>		
		<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>BI and its subcomponents</b>				
<b>1</b>	<b>Interest, lease and dividend component (ILDC)</b>	<b>39,741</b>		
1a	Interest and lease income	108,706	101,831	95,689
1b	Interest and lease expense	23,233	25,760	25,508
1c	Interest-earning assets	1,764,645	1,685,199	1,594,549
1d	Dividend income	2,596	2,371	758
<b>2</b>	<b>Services component (SC)</b>	<b>63,149</b>		
2a	Fee and commission income	63,834	59,689	55,492
2b	Fee and commission expense	33,516	30,034	23,734
2c	Other operating income	4,071	4,910	1,451
2d	Other operating expense	1,626	2,658	2,518
<b>3</b>	<b>Financial component (FC)</b>	<b>0</b>		
3a	Net P&L on the trading book	0	0	0
3b	Net P&L on the banking book	0	0	0
<b>4</b>	<b>BI</b>	<b>102,890</b>		
<b>5</b>	<b>Business indicator component (BIC)</b>	<b>12,347</b>		

In the table above:

- **Row 1:**  $ILDC = \text{Min} [\text{Abs} (\text{Interest income} - \text{Interest expense}); 2.25\% * \text{Interest-earning assets}] + \text{Dividend income}$ . In the formula, all the terms are calculated as the average over three years. The interest-earning assets (statement of financial position item) are the total gross outstanding loans and advances, interest-bearing securities and lease assets measured as at the reporting date.
  - **Row 1a:** Interest income from all financial assets and other interest income (includes interest income from financial and operating leases and profits from leased assets).
  - **Row 1b:** Interest expenses from all financial liabilities and other interest expenses (includes interest expense from financial and operating leases, losses, depreciation and impairment of operating leased assets).
  - **Row 1c:** Total gross outstanding loans, advances, interest-bearing securities (including government bonds) and lease assets measured at the end of each financial year.
  - **Row 1d:** Dividend income from investments in stocks and funds not consolidated in the bank's financial statements, including dividend income from non-consolidated subsidiaries, associates and joint ventures.
- **Row 2:**  $\text{Service component (SC)} = \text{Max} (\text{Fee and commission income}; \text{Fee and commission expense}) + \text{Max} (\text{Other operating income}; \text{Other operating expense})$ . In the formula, all the terms are calculated as the average over three years: T, T-1 and T-2.
  - **Row 2a:** Income received from providing advice and services. Includes income received by the bank from the outsourcing of financial services.
  - **Row 2b:** Expenses paid for receiving advice and services. Includes outsourcing fees paid by the bank for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services (e.g. logistical, IT, human resources).
  - **Row 2c:** Income from ordinary banking operations not included in other BI items but of a similar nature (income from operating leases should be excluded).
  - **Row 2d:** Expenses and losses from ordinary banking operations not included in other BI items but of a similar nature and from operational loss events (expenses from operating leases should be excluded).
- **Row 3:**  $\text{Financial component (FC)} = \text{Abs} (\text{Net P\&L Trading Book}) + \text{Abs} (\text{Net P\&L Banking Book})$ . In the formula, all the terms are calculated as the average over three years: T, T-1 and T-2.
  - **Row 3a:** This comprises (i) net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities); (ii) net profit/loss from hedge accounting; and (iii) net profit/loss from exchange differences.
  - **Row 3b:** This comprises (i) net profit/loss on financial assets and liabilities measured at fair value through profit and loss; (ii) realized gains/losses on financial assets and liabilities not measured at fair value through profit and loss (loans and advances, assets available for sale, assets held to maturity, financial liabilities measured at amortized cost); (iii) net profit/loss from hedge accounting; and (iv) net profit/loss from exchange differences.
- **Row 4:** The BI is the sum of the three components: ILDC, SC and FC.

## 11.3 Template OR3-Minimum Required Operational Risk Capital

### Pillar 3 Disclosure 29: OR3

The table below presents the minimum required capital for operational risk using the standardized approach. The operational risk capital charge is 12% of the BIC while operational RWAs are calculated as 11.11 times the minimum ORC.

**Table 29: OR3 – Minimum Required Operational Risk Capital**

<i>\$ in thousands</i>		As at 31 December	
		2025	2024
1	Business indicator component (BIC)	102,890	98,599
2	Internal loss multiplier (ILM)	1	1
3	Minimum required operational risk capital (ORC)	12,347	11,832
4	Operational risk RWA	137,173	131,452

## 12 Interest Rate Risk in the Banking Book (IRRBB)

This chapter covers the disclosure requirements for the Bank's Interest Rate Risk in the Banking Book (IRRBB). It provides both qualitative and quantitative information on the Bank's approach to identifying, measuring, monitoring, and managing interest rate risk arising from non-trading activities. The disclosures also explain the Bank's governance framework, risk appetite, and the methodologies used to assess and, where applicable, capitalize IRRBB in line with regulatory expectations.

The chapter includes the following templates:

- IRRBBA – IRRBB Risk Management Objective and Policies:** Provides a qualitative overview of the Bank's IRRBB risk management framework, including the objectives, governance arrangements, and policies governing interest rate risk in the banking book. The template explains how the Bank identifies and measures interest rate risk arising from mismatches in asset and liability repricing profiles, and how this risk is managed within approved limits. It also outlines the roles of the Board and senior management in overseeing IRRBB, as well as the key assumptions and modelling approaches used in behavioral and scenario analysis.
- IRRBB1 – Quantitative Information on IRRBB:** Presents quantitative disclosures on the Bank's exposure to interest rate risk in the banking book under prescribed shock and stress scenarios. The template presents the impact of parallel interest rate movements on the Bank's economic value of equity (EVE) and net interest income (NII). It provides insight into the sensitivity of the Bank's balance sheet to interest rate changes and demonstrates how IRRBB is monitored and managed within the Bank's risk appetite and regulatory framework.

### 12.1 RRBB Risk Management Objective and Policies

#### Pillar 3 Disclosure 30: IRRBBA

##### Operating Context

IRRBB risk exposure in Belize is inherently limited by structural features of the domestic financial system. Belize's stable interest rate environment, underpinned by a fixed exchange rate regime, reduces the frequency and

magnitude of interest rate shocks. In addition, capital controls constrain cross-border capital flows, limiting the transmission of external interest rate volatility into the domestic banking system.

Notwithstanding these structural mitigants, the Bank monitors IRRBB exposures, recognizing that vulnerabilities could emerge under scenarios of external shocks, policy adjustments, or changes to the exchange rate regime, which could introduce greater interest rate variability and amplify the impact of existing balance sheet mismatches.

### How the Bank defines IRRBB for purposes of risk control and measurement

The Bank defines Interest Rate Risk in the Banking Book (IRRBB) as the current and prospective risk to the Bank's earnings and economic value arising from adverse movements in interest rates within the banking book. The primary components of IRRBB include:

- **Gap risk:** Reflects the risk arising from timing mismatches in the repricing of interest rate-sensitive assets, liabilities, and off-balance sheet positions.
- **Basis risk:** Reflects the risk resulting from imperfect correlation between interest rate indices used to price different instruments, leading to unexpected changes in spreads.
- **Option risk:** Reflects the risk arising from embedded or explicit options in banking book positions, such as prepayment options in loans or early withdrawal features in deposits, which may be exercised in response to interest rate changes.

### Description of the Bank's overall IRRBB management

The objectives of IRRBB management are to:

- **Protect Earnings:** The Bank aims to minimize the impact of changes in interest rates on its net interest income, ensuring stable and predictable profitability.
- **Safeguard Economic Value:** The Bank seeks to preserve the long-term economic value of its assets, liabilities, and off-balance-sheet positions against fluctuations in interest rates.
- **Maintain Balance Sheet Stability:** The Bank manages the structure and composition of its assets and liabilities to reduce sensitivity to interest rate movements.
- **Support Strategic Decision-Making:** Provide insight into interest rate risk to guide the Bank's lending, investment, and funding decisions.
- **Comply with Regulatory Requirements:** Ensure adherence to regulatory standards and supervisory expectations regarding interest rate risk management.

IRRBB management is implemented through the Bank's Three Lines of Defense model and a comprehensive policy framework governing lending, investment, deposit-taking, and funding activities.

**First Line – Business and Treasury:** Under the first line of defense, business units, Treasury, and finance functions are responsible for identifying, managing, and controlling IRRBB arising from their activities. This includes pricing decisions, product structuring, investment decisions, and the management of repricing mismatches across assets and liabilities.

**Second Line – Risk Management:** The second line of defense, comprising the Risk Management function, is responsible for independent oversight of risk-taking activities. It is responsible for the development of methodologies, validation of assumptions, monitoring of risk limits, and escalation of material exposures to senior management and the Asset and Liability Management Committee (ALCO).

**Third Line – Internal Audit:** The third line of defense, Internal Audit, provides independent assurance on the effectiveness of the IRRBB framework, including governance, controls, and adherence to policies and regulatory expectations.

**Governance and Oversight:** The Board of Directors sets the Bank's risk appetite, approves key policies, and oversees management's implementation of effective IRRBB management. The Board delegates day-to-day execution to senior management.

### Mitigation strategies

IRRBB mitigation is achieved through the following strategies:

- **Balance Sheet Structuring:** The Bank's primary mitigation strategy for IRRBB is balance sheet structuring, adjusting the composition of assets and liabilities. The objectives of this approach include duration matching to keep the overall duration of assets and liabilities closely aligned, thereby limiting exposure to interest rate changes. It also involves product mix adjustments, such as managing asset maturities and the proportion of floating versus fixed-rate exposures. Additionally, the Bank seeks to diversify exposures to avoid concentration in specific tenors or rate types, while maintaining a conservative investment strategy.
- **Pricing and Product Design:** The Bank incorporates features such as prepayment penalties to reduce uncertainty in cash flows arising from early loan repayments. It also maintains a responsive approach to the repricing of products in line with market conditions.
- **Capital and Buffer Management:** The Bank aims to maintain adequate capital and earnings buffers to absorb potential losses and preserve margins in the face of interest rate volatility.
- **Internal Capital Adequacy Assessment Process (ICAAP):** The Bank's ICAAP framework is used to inform capital allocation decisions and to set appropriate limits for both short- and long-term interest rate sensitivity. The Bank also conducts annual stress testing of its Economic Value of Equity (EVE) to identify potential vulnerabilities.

### The periodicity of the calculation of the Bank's IRRBB measures and specific measures used to gauge IRRBB sensitivity

Interest rate risk exposure is assessed annually as part of the Bank's ICAAP. More frequent calculations may be conducted based on emerging risks or changes in regulatory or market conditions.

### Description of interest rate shock and stress scenarios used to estimate changes in economic value and in earnings

The Bank evaluates its exposure to interest rate risk by applying parallel and non-parallel shifts to its yield curve. For each rate shift (shock) scenario, the Bank calculates the resulting change in economic value ( $\Delta$ EVE), reflecting the present value impact of interest rate changes on assets, liabilities, and off-balance sheet instruments. Changes in earnings are calculated in the same way using a static balance sheet approach.

The Bank considers macroeconomic scenarios in which a broad deterioration of business activity could occur, including increased drawdowns on committed lines of credit due to liquidity constraints faced by businesses; counterparty credit rating migrations; higher baseline IFRS 9 provision rates; and funding and liquidity pressures through a variety of deposit stress and asset deterioration scenarios. However, the Bank does not make specific assumptions regarding key macroeconomic variables such as unemployment or inflation, as there is currently no straightforward mapping of these variables to changes in system or bank performance. Instead, the Bank assumes general downside economic scenarios characterized by tight liquidity for workers, employers, and households, leading to an increased need for emergency funding and a deterioration in existing obligations. The Bank also does

not make specific assumptions about when deterioration might occur or the recovery path; instead, it assumes that deterioration could occur at any point and models it as an instantaneous shock.

### **Key modelling and parametric assumptions used in calculating changes in economic value and in earnings**

Key modelling and parametric assumptions are documented and submitted for regulatory review as part of the Bank's annual ICAAP. The Bank seeks to maintain methodological consistency; however, assumptions may be updated to reflect changes in data availability, market conditions, and the operating environment.

- **Cash Flow Slotting and Discounting:** Positions are slotted into standardized time bands based on contractual repricing or maturity dates, or behavioral assumptions where applicable. Net cash flows are discounted using a risk-free yield curve under the prescribed Basel interest rate shock scenarios. In the absence of a liquid domestic yield curve, the Bank constructs a proxy yield curve using available government securities rates as reference points, with interpolation applied across maturities.
- **Treatment of Non-Maturity Deposits:** Non-maturity deposits are segmented into core and non-core components in line with standardized constraints. Core deposits are considered stable and less sensitive to interest rate changes, while non-core deposits are more rate sensitive. Standardized caps are applied to:
  - The proportion of deposits classified as core; and
  - The maximum average repricing maturity assigned to core deposits, differentiated by customer segment.
- **Prepayment and Early Withdrawal Assumptions:** Behavioral assumptions for loan prepayments and early withdrawals of term deposits are based on a combination of historical analysis and expert judgment. Prepayment risk is not considered material in the Belizean context. Early withdrawal rates are differentiated by customer segment, with wholesale deposits exhibiting higher sensitivity.
- **Treatment of Non-Performing Exposures:** Cash flows from non-performing exposures are primarily based on collateral realization, net of applicable haircuts. Recovery cash flows are discounted to present value using assumptions on recovery timing informed by historical experience and expert judgment.

### **Hedging of IRRBB**

The Bank does not pursue hedging strategies for IRRBB due to the low level of practical risk and the limited availability of suitable hedging instruments.

## 12.2 Quantitative Information on IRRBB

### Pillar 3 Disclosure 31: IRRBB1

The Bank's Economic Value of Equity (EVE) sensitivity analysis indicates a moderate exposure to interest rate risk in the banking book (IRRBB), with the most significant impact observed under a parallel upward interest rate shock. Overall, the results suggest the Bank is moderately liability-sensitive to rising interest rates, consistent with a balance sheet structure where asset repricing occurs more slowly than liability repricing. However, the Bank's capital position is considered adequate to absorb the assessed EVE impacts under the tested scenarios.

Net Interest Income (NII) sensitivity indicates the Bank is more exposed to downward rate scenarios, with short-term profitability benefiting in rising rate environments. Conversely, in declining rate scenarios, reductions in interest income outweigh funding cost adjustments, resulting in lower margins.

These results are incorporated into the Bank's ICAAP framework and are subject to ongoing monitoring and annual stress testing to ensure continued alignment with the Bank's risk appetite and regulatory expectations for IRRBB management.

**Table 30: IRRBB1 – EVE and NII Sensitivity**

\$ in thousands	$\Delta$ EVE	$\Delta$ NII
<b>Period</b>	<b>2025</b>	<b>2025</b>
Parallel up	-35,722	6,609
Parallel down	40,995	-15,829
<b>Period</b>	<b>2025</b>	<b>2024</b>
<b>Tier 1 capital</b>	140,035	115,476

## 13 Liquidity Risk

This chapter covers the Bank's liquidity risk management framework and its regulatory liquidity disclosures. It provides both qualitative and quantitative information on how the Bank identifies, measures, monitors, and manages liquidity risk to ensure it maintains sufficient liquidity buffers and stable funding sources under normal and stressed conditions. The chapter also outlines compliance with key regulatory liquidity standards, including the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

The chapter includes the following templates:

- **LIQA – Liquidity Risk Management:** Provides a qualitative overview of the Bank's liquidity risk management framework. It describes the governance structure, policies, and processes used to manage liquidity risk, including cash flow forecasting, liquidity stress testing, contingency funding planning, and intraday liquidity monitoring.
- **LIQ1 – Liquidity Coverage Ratio (LCR):** Presents the Bank's Liquidity Coverage Ratio, which measures the extent to which high-quality liquid assets (HQLA) are sufficient to cover net cash outflows over a 30-day stress scenario. The template provides a breakdown of HQLA composition, expected cash outflows and inflows, and the resulting LCR percentage. It demonstrates the Bank's short-term liquidity resilience and its ability to withstand acute liquidity stress events.
- **LIQ2 – Net Stable Funding Ratio (NSFR):** Discloses the Bank's Net Stable Funding Ratio, which assesses the stability of the Bank's funding profile over a one-year horizon. The template compares available stable funding (ASF) with required stable funding (RSF) based on the liquidity characteristics of assets and off-balance sheet exposures. It highlights the extent to which the Bank relies on stable, longer-term funding sources to support its balance sheet structure and long-term liquidity resilience.

### 13.1 Liquidity Risk Management

#### Pillar 3 Disclosure 32: LIQA

##### Operating Context

Liquidity risk entails the potential losses that may be incurred by the Bank as a result of its inability to secure funding on the market and/or the higher borrowing costs of new sources of finance.

The Bank's funding profile is supported by a large, stable, and diversified deposit base. Domestic capital controls contribute to a relatively closed financial system, enhancing deposit stability while reducing exposure to sudden liquidity shocks that may arise due to capital flight. Given the structural characteristics of the Belizean financial system, liquidity risk is adequately managed through balance sheet structuring and liquidity buffers. Nonetheless, the Bank maintains the capacity to adjust its funding mix, pricing strategies, and asset composition in response to emerging liquidity pressures or changes in market conditions.

##### Governance of liquidity risk management

The objectives of the Bank's liquidity risk management function are:

- **Ensure the Bank can meet its obligations:** The Bank aims to always have sufficient cash and liquid assets to meet its short-term commitments, including customer withdrawals, loan disbursements, and other financial obligations.

- **Maintain confidence:** The Bank strives to maintain the trust of its depositors, investors, and regulators, even in times of market stress.
- **Balance sheet optimization:** The Bank manages its assets and liabilities to meet liquidity needs while maximizing return on assets.
- **Regulatory Compliance:** The Bank ensures that it is in full compliance with all liquidity standards and regulatory requirements, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)
- **Prepare for contingencies:** The Bank manages liquidity to be able to address unexpected liquidity shocks, ensuring business continuity.

### **Structure and responsibilities for liquidity risk management**

Liquidity management is implemented through the Bank's Three Lines of Defense model and a comprehensive policy framework governing liquidity risk identification, measurement, monitoring, and control.

**First Line – Business Units, Operations and Payments Teams, and Treasury:** Under the first line of defense, business units, payments teams, and the Bank's treasury are responsible for identifying, managing, and controlling liquidity risk arising from their activities.

The treasury is the primary owner of liquidity management, funding, cash positioning, and liquidity buffers. The Bank's business units (e.g., lending, deposits) are responsible for structuring products and activities in a way that aligns with the Bank's liquidity risk appetite. Operations and Payments Teams handle settlement flows, payment obligations, and operational cash movements.

**Second Line – Risk Management:** The second line of defense, comprising the risk management and compliance functions, is responsible for the independent measurement, monitoring, and reporting of liquidity risk exposures. It provides independent oversight and ensures that liquidity risk policies and practices are consistently understood and applied. This includes ongoing engagement with business units, periodic training, and formal risk reporting to senior management and the Board. It also is responsible for reviewing and challenging Treasury's assumptions, such as cash flow projections and stress scenarios.

**Third Line – Internal Audit:** The third line of defense, Internal Audit, provides independent assurance on the effectiveness of the Bank's liquidity risk framework, including governance, controls, and adherence to policies and regulatory expectations.

**Governance and Oversight:** The Board of Directors sets the Bank's risk appetite, approves key policies, and oversees management's implementation of effective liquidity risk management. The Board delegates day-to-day execution to senior management. The Assets and Liabilities Committee (ALCO) directly oversee liquidity risk appetite and governance.

### Internal liquidity reporting

The Bank's liquidity profile is monitored and reported daily by the Treasury to senior management using clearly defined reporting standards. Key liquidity metrics tracked include the Bank's regulatory qualifying liquid asset position, compliance with regulatory requirements, and concentrations across counterparties, currencies, and instrument types. Ad hoc reporting is also undertaken as needed in response to emerging risks or changes in market conditions.

### Communication of liquidity risk strategy, policies and practices

The Bank's liquidity risk strategy, policies, and practices are communicated through a structured governance and reporting framework designed to ensure clarity, accountability, and alignment across all levels of the organization.

At the strategic level, the Board of Directors approves the Bank's liquidity risk appetite, which is articulated through formal policies and supporting standards. These documents define the Bank's approach to liquidity risk management, including funding strategies, buffer requirements, and contingency funding plans.

Senior management is responsible for translating the Board-approved strategy into actionable limits, guidelines, and operational procedures. Regular ALCO meetings serve as a key forum for communicating liquidity risk positions, reviewing compliance with risk appetite, and discussing emerging risks and market developments.

Externally, the Bank meets its disclosure obligations through regulatory filings and Pillar 3 disclosures, providing stakeholders with transparent information on its liquidity risk framework, exposures, and management practices.

### Funding Strategy

The Bank's funding activities are centrally managed and focused on maintaining a stable and diversified deposit base. The treasury function actively manages the funding profile to promote stability, limit concentration risk, and maintain a low overall cost of funds. All activities related to funding are subject to policy limits as per the Bank's Liquidity Policy.

The Bank has a limited reliance on external wholesale borrowing and primarily utilizes internal liquidity buffers to support operations during periods of stress. Where additional funding is required, the Bank has a strategic preference for intra-group sources and medium- to long-term funding tenors to support balance sheet stability.

### Liquidity risk mitigation techniques

The Bank manages liquidity risk primarily through prudent balance sheet management. Liquidity risk management is further supported by a focus on relationship banking, ongoing monitoring and by maintaining a conservative to moderate loan-to-deposit ratio. Specific mitigation techniques include:

- **Maintenance of High-Quality Liquid Assets (HQLA):** The Bank maintains a buffer of unencumbered, high-quality liquid assets that can be readily converted into cash with minimal loss of value.
- **Diversified and Stable Funding Base:** Subject to local market constraints, the Bank maintains a diversified funding structure across:
  - Customer segments (retail vs wholesale)
  - Products (demand, savings, term deposits)
  - Counterparties
- **Centralized Funding and Treasury Management:** Funding activities are centrally managed by the Bank's treasury function, enabling:
  - Consolidated liquidity risk oversight

- Efficient allocation of funding
  - Active monitoring of funding gaps and mismatches
- **Maturity Mismatch Management:** The Bank monitors and manages cash flow mismatches across different time horizons through:
  - Gap analysis
  - Maturity laddering
- **Stress Testing and Scenario Analysis:** Annual liquidity stress tests as part of the Bank's ICAAP are used to assess the adequacy of existing liquidity buffers and inform risk appetite and limits.
- **Limits and Risk Appetite Framework:** The Bank establishes and monitors limits such as:
  - Liquidity coverage ratios
  - Funding concentration limits
- **Collateral Management:** The Bank maintains a pool of eligible, unencumbered assets that can be leveraged to secure financing as necessary.

### How stress testing is used

Stress testing is a key component of the Bank's liquidity and capital risk management framework and is used to inform capital planning under the Bank's ICAAP, as well as the calibration of internal capital and liquidity buffers.

The Bank conducts liquidity stress tests across a range of adverse but plausible scenarios, including institution-specific stress, market-wide disruptions, and combined scenarios. These exercises assess the Bank's ability to meet its obligations under stressed conditions by modeling the impact on cash inflows and outflows, funding access and stability, and the availability and usability of liquid assets.

Stress testing results are used to evaluate the adequacy of the Bank's liquidity buffers and to identify potential funding gaps over different time horizons. Where vulnerabilities are identified, management considers appropriate mitigating actions, including adjustments to funding strategies, strengthening of liquidity reserves, or activation of elements within the Contingency Funding Plan.

In addition, stress testing informs the calibration of internal limits, early warning indicators, and risk appetite metrics, ensuring that these remain aligned with the Bank's risk profile and prevailing market conditions. Outcomes are regularly reported to senior management and the Board, and are incorporated into strategic decision-making, including balance sheet planning and capital adequacy assessments under ICAAP.

### Contingency funding plans

A core feature of the Bank's Contingency Funding Plan is its Contingency Reserve Fund, which is funded annually through an appropriation of 10% of net profits. The purpose of this reserve is to provide a dedicated source of capital support in periods of stress, thereby enhancing the Bank's resilience to unexpected funding disruptions.

Table 31: Liquidity Gap Analysis

2025							
<i>\$ in thousands</i>	On demand/						Total
	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
<b>Assets</b>							
Cash and cash equivalents	63,148	0	0	0	0	0	63,148
Balances with the Central Bank of Belize	208,614	0	0	0	0	0	208,614
Due from banks	253,366	7,000	30,000	10,000	0	55,160	355,526
Loans and advances to customers	57,378	28,373	21,848	81,438	315,001	604,536	1,108,574
Securities	95,214	14,087	134	74,956	99,938	122,518	406,848
Other assets and receivables	5,670	0	0	0	0	0	5,670
<b>Total assets</b>	<b>683,390</b>	<b>49,460</b>	<b>51,982</b>	<b>166,394</b>	<b>414,939</b>	<b>782,214</b>	<b>2,148,380</b>
<b>Liabilities</b>							
Due to banks	128	3,333	3,333	6,667	0	0	13,462
Customer accounts	1,785,425	46,939	32,468	105,611	23,656	400	1,994,498
Other liabilities and payables	26,504	0	0	0	0	0	26,504
<b>Total liabilities</b>	<b>1,812,057</b>	<b>50,272</b>	<b>35,801</b>	<b>112,277</b>	<b>23,656</b>	<b>400</b>	<b>2,034,464</b>
<b>Net liquidity position</b>	<b>-1,128,666</b>	<b>-812</b>	<b>16,181</b>	<b>54,117</b>	<b>391,283</b>	<b>781,814</b>	<b>113,916</b>
<b>Off-balance sheet exposures</b>	<b>216,757</b>	<b>3,745</b>	<b>1,398</b>	<b>3,421</b>	<b>3,407</b>	<b>0</b>	<b>228,728</b>
2024							
<i>\$ in thousands</i>	On demand/						Total
	Less than 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
<b>Assets</b>							
Cash and cash equivalents	50,045	0	0	0	0	0	50,045
Balances with the Central Bank of Belize	145,489	0	0	0	0	0	145,489
Due from banks	414,245	38,000	100,000	10,000	0	23,648	585,893
Loans and advances to customers	109,604	20,589	19,345	19,032	320,405	544,018	1,032,993
Securities	13,376	4,953	7,023	9,808	23,649	115,996	174,806
Other assets and receivables	5,259	0	0	0	0	0	5,259
<b>Total assets</b>	<b>738,019</b>	<b>63,542</b>	<b>126,368</b>	<b>38,841</b>	<b>344,054</b>	<b>683,663</b>	<b>1,994,486</b>
<b>Liabilities</b>							
Due to banks	292	3,333	3,333	6,667	13,333	0	26,958
Customer accounts	1,535,983	48,430	43,513	161,336	25,843	186	1,815,292
Other liabilities and payables	21,230	0	0	0	0	0	21,230
<b>Total liabilities</b>	<b>1,557,505</b>	<b>51,763</b>	<b>46,846</b>	<b>168,003</b>	<b>39,177</b>	<b>186</b>	<b>1,863,480</b>
<b>Net liquidity position</b>	<b>-819,486</b>	<b>11,778</b>	<b>79,522</b>	<b>-129,162</b>	<b>304,877</b>	<b>683,476</b>	<b>131,005</b>
<b>Off-balance sheet exposures</b>	<b>246,333</b>	<b>593</b>	<b>4,554</b>	<b>14,579</b>	<b>3,567</b>	<b>250</b>	<b>269,876</b>

**Table 32: Funding Sources by Products and Counterparties**

<i>\$ in thousands</i>	As at 31 December			
	2025		2024	
	Carrying value	% of total	Carrying value	% of total
<b><u>Retail Deposits</u></b>				
Chequing	235,220	11.79	181,931	10.02
Savings	576,597	28.91	515,874	28.42
Time Deposits	104,628	5.25	113,469	6.25
<b>Total Retail</b>	<b>916,444</b>	<b>45.95</b>	<b>811,274</b>	<b>44.69</b>
<b><u>Wholesale Deposits</u></b>				
Chequing	920,180	46.14	754,363	41.56
Savings	35,989	1.80	67,405	3.71
Time Deposits	121,885	6.11	182,255	10.04
<b>Total Wholesale</b>	<b>1,078,054</b>	<b>54.05</b>	<b>1,004,023</b>	<b>55.31</b>
<b>Total funding from deposits</b>	<b>1,994,498</b>	<b>100.00</b>	<b>1,815,297</b>	<b>100.00</b>

## 13.2 Liquidity Coverage Ratio (LCR)

### Pillar 3 Disclosure 33: LIQ1

The Liquidity Coverage Ratio (LCR) is a regulatory liquidity standard introduced under the Basel Committee on Banking Supervision Basel III framework. Its objective is to ensure that banks maintain sufficient high-quality liquid assets (“HQLA”) to withstand a severe short-term liquidity stress scenario lasting 30 calendar days.

The LCR is calculated as the ratio of HQLA to total net cash outflows over the next 30 calendar days. Banks are required to maintain an LCR of at least 100%, meaning that available liquid assets should be sufficient to cover projected net cash outflows during the stress period.

#### Explanation of the main drivers and inputs that contribute to the LCR

HQLA are assets that can be readily converted into cash with little or no loss in value during periods of market stress. These assets are categorized into levels based on liquidity characteristics:

- **Level 1 assets:** Cash, central bank reserves, and certain sovereign securities. These may be included without limit and generally without haircut.
- **Level 2A assets:** Certain government and corporate securities subject to regulatory haircuts.
- **Level 2B assets:** Lower-rated corporate bonds, equities, and certain securitizations, subject to stricter haircuts and caps.

Net cash outflows represent expected cash outflows minus expected cash inflows during a 30-day stress period, subject to prescribed assumptions and caps.

Outflows are calculated using regulatory run-off rates applied to different liability categories, including retail and wholesale deposits, as well as committed but undrawn credit facilities. Inflows are similarly calculated using regulatory inflow rates assigned by asset type. Contractual cash inflows from performing loan repayments, maturing receivables, and other eligible sources are included in the standardized LCR calculation. Total inflows are generally capped at 75% of total expected outflows to ensure banks maintain a minimum level of High-Quality Liquid Assets (HQLA).

## Composition of HQLA

The Bank's HQLA consists only of Level 1 assets including cash, balances with the Central Bank of Belize, and securities issued by the Government of Belize.

## Concentration of funding and liquidity sources

A diversified funding base is a key element of Atlantic Bank's liquidity risk management framework. The majority of the Bank's funding is sourced from customer deposits, including both retail and wholesale deposits. Historically, the Bank has not relied significantly on borrowings or other external sources of funding.

The table below presents the breakdown of the Bank's cash outflows and cash inflows, as well as its available high quality liquid assets, calculated as the simple averages of month end observations over Q4 of 2025.

**Table 33: LIQ1 – Liquidity Coverage Ratio**

		2025	
		Total unweighted value (average)	Total weighted value (average)
<i>\$ in thousands</i>			
Number of data points used in the calculation of averages		3	3
<b>High-quality liquid assets</b>			
1	Total HQLA	448,141	448,141
<b>Cash outflows</b>			
2	Retail deposits and deposits from small business customers	886,688	95,184
5	Unsecured wholesale funding, of which:	1,073,982	485,856
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	1,073,982	485,856
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	-	-
14	Other contractual funding obligations	614	-
15	Other contingent funding obligations	187,305	6,892
16	<b>Total Cash Outflows</b>	<b>2,148,589</b>	<b>587,932</b>
<b>Cash inflows</b>			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	336,226	293,867
19	Other cash inflows	1,303	652
20	<b>Total Cash Inflows</b>	<b>337,529</b>	<b>294,518</b>
		<b>Total adjusted value</b>	
21	Total HQLA		448,141
22	Total net cash outflows		293,414
23	Liquidity Coverage Ratio (%)		159.05

## 13.3 Net Stable Funding Ratio (NSFR)

### Pillar 3 Disclosure 34: LIQ2

The net stable funding ratio (NSFR) is a regulatory metric which represents required stable funding against available stable funding. This metric requires banks to maintain a solid balance sheet in which assets and off-balance sheet activities are funded with stable liabilities.

The Bank monitors this metric on a quarterly basis, as per the regulatory requirement. The Bank benefits from a high weighting of customer deposits, which are more stable, from permanent liquidity needs deriving from commercial activity funded by medium- and long-term instruments and limited use of short-term funding. Combining them has enabled Atlantic Bank to maintain a balanced liquidity structure, reflected in a NSFR higher than 100% as of December 2025.

Table 34: LIQ2 – Net Stable Funding Ratio

<i>\$ in thousands</i>	Unweighted value by residual maturity				Weighted Value	
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
<b>Available stable funding (ASF) item</b>						
1	<b>Capital, of which:</b>	<b>196,871</b>	-	-	-	<b>196,871</b>
2	Regulatory capital	196,871	-	-	-	196,871
3	Other capital instruments	-	-	-	-	-
4	<b>Retail deposits and deposits from small business customers</b>	<b>811,804</b>	<b>57,035</b>	<b>33,741</b>	<b>12,344</b>	<b>287,720</b>
7	<b>Wholesale funding, of which:</b>	<b>956,162</b>	<b>37,728</b>	<b>71,480</b>	<b>11,305</b>	<b>832,339</b>
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	956,162	37,728	71,480	11,305	832,339
11	<b>Other liabilities:</b>	<b>35,582</b>	-	<b>13,333</b>	-	<b>19,359</b>
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	35,582	-	13,333	-	19,359
14	<b>Total ASF</b>					<b>1,336,289</b>
<b>Required stable funding (RSF) item</b>						
15	<b>Total NSFR high-quality liquid assets (HQLA)</b>					<b>9,607</b>
16	<b>Deposits held at other financial institutions for operational purposes</b>	<b>166,435</b>	-	-	<b>169,000</b>	<b>207,915</b>
17	<b>Performing loans and securities, of which:</b>	<b>89,457</b>	<b>142,799</b>	<b>56,990</b>	<b>1,032,062</b>	<b>973,715</b>
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	913	-	10,603	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	140,843	55,420	715,660	868,326
21	With a risk weight of less than or equal to 20% under the Basel II standardized approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	1,044	1,570	162,177	105,389
23	With a risk weight of less than or equal to 50% under the standardized approach for credit risk	-	1,044	1,570	162,177	105,389
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	89,457	-	-	143,621	-
26	<b>Other assets:</b>	<b>118,473</b>	<b>11,009</b>	<b>762</b>	<b>23,168</b>	-
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	-	-	-	-	-
29	NSFR derivative assets	-	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31	All other assets not included in the above categories	118,473	11,009	762	23,168	153,412
32	<b>Off-balance sheet items</b>	<b>179,327</b>	-	-	-	<b>17,933</b>
33	<b>Total RSF</b>					<b>1,209,169</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>110.51</b>

## 14 Supplementary Risk Disclosures

This section provides qualitative disclosures on risks that are not covered or required in specific Pillar 3 quantitative templates but are considered relevant to the Bank's risk profile and risk management framework.

### **Correspondent Banking Concentration Risk**

The Bank relies on correspondent banking relationships to facilitate cross-border payments, foreign currency settlement, and international trade-related transactions. These correspondent banking relationships are critical not only to the Bank's operations, but also to the broader Belizean economy, as they facilitate the procurement of essential imports and the collection and settlement of export proceeds. The Bank also contributes directly to the maintenance of foreign currency inflows and overall system foreign reserves, which are particularly important during periods of global macroeconomic and financial stress.

Disruption or termination of such relationships could adversely affect the Bank's ability to process international transactions and support the efficient flow of cross-border commerce. Accordingly, the Bank places significant emphasis on maintaining strong correspondent banking relationships with highly rated and financially sound international banking institutions.

This is supported by robust risk management practices, strong AML/CFT controls, sound governance frameworks, and ongoing engagement with correspondent counterparties. Given the structure of the local financial system, reliance on correspondent banking relationships remains an inherent feature of the Bank's operations.

### **De-risking Risk**

The Bank is exposed to the risk that correspondent banking relationships may be terminated or restricted due to external regulatory developments or changes in risk appetite, particularly relating to AML/CFT requirements. Such actions may result in disruption to cross-border payment services, increased costs, or loss of access to certain financial services.

The Bank mitigates this risk through strict adherence to applicable AML/CFT requirements, maintenance of robust compliance frameworks, and ongoing due diligence and communication with correspondent institutions.

### **Cyber Risk**

The Bank is exposed to cyber risk arising from unauthorized access, system failure, data breaches, ransomware, or other malicious cyber activities. Such events may result in operational disruption, financial loss, regulatory penalties, or reputational damage.

Cyber risk is managed through layered security controls, including network security, access management, system monitoring, incident response planning, and regular staff training. Cyber resilience is continuously reviewed as part of the operational risk framework.

### **Conduct Risk**

Conduct risk arises from the potential for inappropriate or non-compliant behavior by employees or intermediaries that may result in customer harm, regulatory breaches, or reputational damage.

The Bank manages conduct risk through internal policies, staff training, control frameworks, and governance oversight. These measures are designed to ensure fair treatment of customers and compliance with applicable laws and regulations.

### **AML/CFT Risk**

The Bank is exposed to money laundering and terrorist financing risks through its domestic and cross-border activities. Failure to effectively manage these risks may result in regulatory sanctions, reputational damage, or loss of correspondent banking relationships.

The Bank maintains a risk-based AML/CFT framework comprising customer due diligence, enhanced due diligence for higher-risk customers, transaction monitoring, sanctions screening, and ongoing staff training.

### **Climate and Weather Risk**

The Bank is exposed to physical climate-related risks, including hurricanes, storms, flooding, and other extreme weather events. These events may affect operational continuity, borrower repayment capacity, and collateral values.

The Bank addresses climate and weather risk through business continuity planning, incorporation of relevant considerations into credit risk assessments, and ongoing monitoring of environmental conditions.

### **Strategic Risk**

Strategic risk arises from inadequate business strategy, ineffective execution, or failure to respond appropriately to changes in the operating environment. This may result in suboptimal financial performance or failure to meet long-term objectives.

The Bank manages strategic risk through Board-approved strategic planning processes, regular performance monitoring, and alignment of strategic decisions with risk appetite and capital considerations.

### **Reputational Risk**

Reputation risk arises from adverse public perception due to actual or perceived failures in governance, compliance, or operational performance. Such events may negatively affect customer confidence, funding stability, and business relationships.

The Bank mitigates reputation risk through strong governance frameworks, regulatory compliance, transparent communication practices, and effective management of operational and conduct risks.

## 15 Appendix 1: Important Notices and Disclosures

### **Basis of Preparation and Use of Non-IFRS Measures**

Unless otherwise stated, the financial information contained in this report has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Certain disclosures may include measures or metrics that are not defined under IFRS (“non-IFRS measures”). These measures are presented to provide additional insight into the Bank’s financial position, risk profile, and performance. Such measures may not be directly comparable with similarly titled measures used by other financial institutions and should therefore be considered supplementary to, and not a substitute for, IFRS measures.

### **Information Basis and Limitations**

The information presented in this report reflects the position of Atlantic Bank Limited as of the reporting date indicated herein. Certain information may be based on internal models, estimates, assumptions, or management judgments and is therefore subject to inherent limitations and uncertainties. While the Bank has taken reasonable care in preparing this report, the information is provided solely for the purpose of meeting Pillar 3 disclosure requirements and may not be directly comparable with disclosures made by other institutions. The information contained in this report is not required to be subject to, and has not been subject to, external audit.

### **Forward-looking Statements**

This report may contain forward-looking statements relating to the Bank’s future financial condition, business performance, strategies, or expectations. Forward-looking statements are based on current assumptions, estimates, and projections and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Forward-looking statements speak only as of the date on which they are made. Atlantic Bank Limited undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except where required by applicable law or regulation.

### **Third-party Information**

Certain information contained in this report may be obtained from publicly available sources or third parties believed to be reliable. However, such information has not been independently verified by Atlantic Bank Limited, and the Bank makes no representation or warranty as to its accuracy, completeness, or suitability.

### **Methodology and Model Limitations**

Certain figures, estimates, and risk measures included in this report are derived using specific methodologies, models, assumptions, and historical data. These methodologies and models are subject to limitations and may require the application of expert judgment. Accordingly, the resulting figures should be interpreted as indicative assessments rather than precise predictions or forecasts.

### **Regulatory Framework**

This report has been prepared with reference to the Pillar 3 Guidelines and other applicable regulatory requirements and supervisory expectations issued by the Central Bank of Belize. The disclosures contained herein reflect the Bank’s interpretation and application of such requirements as at the reporting date.

### **User Responsibility**

This report should be read in conjunction with the Bank's audited financial statements and other regulatory disclosures. Users of this report are responsible for evaluating the information presented and exercising their own judgment in interpreting the disclosures contained herein.