



**MANAGEMENT'S DISCUSSION AND  
ANALYSIS OF OUR FINANCIAL  
CONDITION AND RESULTS OF  
OPERATIONS  
AS OF JUNE 30, 2025**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements, and with the other financial information included in this offering memorandum. Our consolidated financial statements included in this offering memorandum have been prepared in accordance with Honduran Banking GAAP. Our future results may vary substantially from those discussed herein because of various factors that affect our business, including, but not limited to, those discussed under “Forward-Looking Statements” and “Risk Factors” and other factors discussed in this offering memorandum.

### Overview

We are one of the largest financial services groups in Honduras and through our subsidiaries, we offer a wide range of corporate and retail banking services, insurance, pension fund management and other financial services to more than 4.6 million clients as of June 30, 2025. We were recognized as a financial group by the CNBS in 2012 and our main subsidiary, Banco Atlántida was founded in 1913. We believe that our businesses benefit from significant synergies from being part of a financial group.

Our businesses are mainly focused on three segments: (i) *banking*, primarily through our subsidiaries Banco Atlántida, one of the largest banks in Honduras based on total assets as of June 30, 2025, according to the CNBS, Banco Atlántida El Salvador and Banco Atlántida Nicaragua; (ii) *insurance*, through our subsidiaries Seguros Atlántida, one of the largest insurance providers in Honduras based on total assets as of June 30, 2025, according to the CNBS, and Atlántida Vida; and (iii) *pension fund management*, through our subsidiary AFP Atlántida, the largest private pension fund administrator in Honduras based on assets under management as of June 30, 2025, according to data published by our competitors, and our indirect subsidiary, AFP Confia, the largest private pension fund administrator in El Salvador based on assets under management as of June 30, 2025, according to the SSF. We also offer financial leasing, securities brokerage services, outsourcing services, information technology services, investment fund management services, logistics services and bonded warehouse services through our other subsidiaries. For the six months ended June 30, 2025 and 2024, our banking segment represented 70.4% and 71.2% of our total consolidated revenue, respectively, our insurance segment represented 18.2% and 17.0% of our total consolidated revenue, respectively, our pension funds management segment represented 5.5% and 5.9% of our total consolidated revenue, respectively, and our others segment represented 5.9% and 5.9% of our total consolidated revenue, respectively. For the years ended December 31, 2024 and 2023, our banking segment represented 70.9% and 68.6% of our total consolidated revenue, respectively, our insurance segment represented 17.2% and 18.8% of our total consolidated revenue, respectively, our pension funds management segment represented 5.9% and 7.1% of our total consolidated revenue, respectively, and our others segment represented 6.0% and 5.5% of our total consolidated revenues, respectively. We believe that our multi-product and multi-channel business model offers our clients a diverse group of products, thereby enabling us to exploit synergies among our various business segments.

For the six months ended June 30, 2025 and 2024, Banco Atlántida had net income of L390,474 thousand and L847,164 thousand and a ROAE of 5.1% and 11.8% as of June 30, 2025 and June 30, 2024, respectively; for the same periods, Seguros Atlántida had net income of L199,706 thousand and L119,069 thousand and a ROAE of 29.6% and 19.1% and AFP Atlántida had net income L133,718 thousand and L109,799 thousand and a ROAE of 30.8% and 26.1%, respectively.

For the years ended December 31, 2024 and 2023, Banco Atlántida had net income of L1,172,153 thousand and L1,302,109 thousand, respectively, and a ROAE of 8.1% and 9.5% as of December 31, 2024 and December 31, 2023, respectively; for the same periods, Seguros Atlántida had net income of L252,423 thousand and L160,735 thousand, and a ROAE of 19.2% and 13.0%, respectively; AFP Atlántida had net income L236,002 thousand and L226,386 thousand, and a ROAE of 26.1% and 25.4%, respectively.

Our operations in Honduras include Banco Atlántida, Seguros Atlántida and AFP Atlántida, which are among the most profitable entities in the Honduran banking, insurance and pension fund management industries, according to the CNBS. Banco Atlántida has a leading position in the local market in terms of total assets, loans and interest receivable and deposits from clients and other banks, with market shares of 18.3%, 20.4% and 21.1%, respectively, as of June 30, 2025, according to data from the CNBS. Seguros Atlántida is one of the largest insurance companies in terms of gross written premiums, with a market share of 14.7% as of June 30, 2025, according to data from the CNBS. In addition, AFP Atlántida is the largest private pension fund manager in the Honduran market with a 60.3% market share in terms of managed funds, according to data published by our competitors as of June 30, 2025.

We have one of the largest banking distribution networks in Honduras. As of June 30, 2025, we had 5,820 points of service in Honduras, which together with our insurance distribution network and operations in El Salvador, Nicaragua, Panamá, and Ecuador, total 6,183 points of service as follows:

- 353 branches (169 agencies, 86 teller windows embedded within corporate client offices, 23 drive thru and 75 branches related to the other lines of business that make up INVATLAN);
- 1,443 ATMs (489 proprietary ATMs and 954 third-party network ATMs); and
- 4,387 non-correspondent banking agents.

We also operate in El Salvador and Nicaragua through our subsidiaries. Our operations in El Salvador include Banco Atlántida El Salvador and AFP Confia. As further explained below, Banco Atlántida El Salvador was established through our acquisition of Banco Procredit in 2016. Banco Atlántida El Salvador's market share in El Salvador was 5.2%, 5.4% and 5.0%, respectively, of the El Salvador banking industry's total assets, loans and interest receivable and deposits from clients and other banks as of June 30, 2025, according to data from the SSF. For the six months ended June 30, 2025 and 2024, Banco Atlántida El Salvador had a net income of L34,428 thousand and L62,749 thousand and a ROAE of 2.1% and 4.4% as of June 30, 2025 and June 30, 2024, respectively. For the years ended December 31, 2024 and 2023, Banco Atlántida El Salvador had a net income of L84,547 thousand and L223,991 thousand and a ROAE of 2.8% and 8.3%, as of December 31, 2024 and December 31, 2023, respectively. Our acquisition of Banco Procredit allowed us to obtain control of AFP Confia, which is a significant player in the pension fund management business in El Salvador. As of June 30, 2025 and June 30, 2024, AFP Confia had a market share of 51.2% and 51.3% in terms of total assets under management, respectively and 48.0% and 47.9% in terms of total number of clients, respectively, in each case according to data from the SSF. For the six months ended June 30, 2025 and 2024, AFP Confia had a net income of L239,634 thousand and L210,624 thousand and a ROAE of 75.2% and 70.8% as of June 30, 2025 and June 30, 2024, respectively. For the years ended December 31, 2024 and 2023, AFP Confia had a net income of L372,960 thousand and L354,963 thousand and a ROAE of 54.5% and 62.2%, as of December 31, 2024 and December 31, 2023, respectively.

In Nicaragua, Banco Atlántida Nicaragua began operating on September 23, 2019 and is the most recently established bank in the country. Banco Atlántida Nicaragua is still a relatively small bank. As of December 31, 2024, the most recent date for which data is available, Banco Atlántida Nicaragua had a market share of 0.7% based on total assets and 1.0% share based on total loans, according to data from SIBOIF. For the six months ended June 30, 2025 and 2024, Banco Atlántida Nicaragua had a net loss of L32,233 thousand and L16,520 thousand. For the years ended December 31, 2024 and 2023, Banco Atlántida Nicaragua had a net loss of L42,902 thousand and L38,547 thousand. Banco Atlántida Nicaragua's ROAE was (12.1%) and (7.7%), as of June 30, 2025 and December 31, 2024, respectively.

The table below details our assets and equity in our main businesses as of June 30, 2025 and December 31, 2024.

	As of June 30, 2025				As of December 31, 2024			
	Assets		Equity		Assets		Equity	
	(L in thousands)	%	(L in thousands)	%	(L in thousands)	%	(L in thousands)	%
<b>INVATLAN</b>								
Banking .....	238,576,105	92.26%	20,500,726	107.28%	224,884,757	92.43%	19,863,839	107.40%
Insurance .....	6,146,694	2.38%	2,603,351	13.62%	4,984,351	2.05%	2,076,921	11.23%
Pension Fund Management .....	1,728,207	0.67%	1,397,684	7.31%	1,993,085	0.82%	1,616,522	8.74%
Others <sup>(1)</sup> .....	19,255,082	7.45%	9,831,634	51.45%	17,457,039	7.18%	9,200,815	49.75%
Holding Company .....	23,028,860	8.91%	12,776,932	66.86%	21,479,528	8.83%	11,921,872	64.46%
	288,734,948	111.65%	47,110,327	246.52%	270,798,760	111.31%	44,679,969	241.58%
Intercompany Adjustments .....	(30,130,251)	(11.65%)	(28,000,141)	(146.52%)	(27,505,626)	(11.31%)	(26,184,850)	(141.58%)
<b>Total Consolidated</b> .....	<u>258,604,697</u>	<u>100.00%</u>	<u>19,110,185</u>	<u>100.00%</u>	<u>243,293,136</u>	<u>100.00%</u>	<u>18,495,119</u>	<u>100.00%</u>

- (1) Others consists of the assets and equity of our less significant businesses, which are involved in financial leasing services, securities brokerage services, back office and credit card support services, information technology services, investment fund management services, logistics services and bonded warehouse services.

For the six months ended June 30, 2025, we had total consolidated revenue of L18,588,260 thousand (US\$711,665 thousand) and income before non-controlling interest of L457,867 thousand (US\$17,530 thousand) compared to total consolidated revenue of L14,936,887 thousand and income before non-controlling interest of L1,031,326 thousand for the six months ended June 30, 2024. For the year ended December 31, 2024, we had total consolidated revenue of L31,432,589 thousand (US\$1,203,419 thousand) and income before non-controlling interest of L1,535,283 thousand (US\$58,779 thousand) compared to total consolidated revenue L25,736,293 thousand and income before non-controlling interest of L1,690,227 thousand for the year ended December 31, 2023, and total consolidated revenue of L23,009,027 thousand and income before non-controlling interest of L1,672,628 thousand for the year ended December 31, 2022.

Our principal business activities to date have been the operation of our bank subsidiaries, insurance subsidiaries and our pension fund management subsidiaries, where we provide a variety of financial services to our commercial and retail customers. We believe there are significant opportunities for us to expand these activities and achieve greater synergies and scale in our business activities, both in Honduras and elsewhere in certain areas of Central America where there are underserved markets. We intend to consider acquisitions that will allow us to expand our business geographically and provide a wider range of products and services that can ultimately strengthen our competitive position.

## Closed Acquisitions

For example, in the past three years, we have completed the following financially non-significant acquisitions:

Company	Acquisition date	Country	Ownership	Price	Segment	Description
Pacific Bank	December 2022	Panama	100%	US\$17,008,815	Banking	Banking institution offering a range of services, including personal banking (savings and checking accounts, loans, credit cards), corporate banking (commercial loans, trade finance, cash management), and international banking services.
Atlántida Casa de Valores Ecuador	March 2023	Ecuador	80%	US\$6,586,364	Other	Securities brokerage firm focused on offering services for trading securities and advisory.
Atlántida Inteligencia de Mercados S.A.	March 2023	Ecuador	80%	US\$572,727	Other	Financial technology company providing business intelligence and digital financial solutions.
Atlántida Insurance S.A.	March 2023	Ecuador	80%	US\$5,000	Insurance	Insurance advisory and brokerage firm providing personalized insurance solutions, working with various insurance companies to find the best coverage options for their clients in areas such as life, health, and property insurance.
Fiduciaria Atlántida Administradora de Fondos y Fideicomisos S.A.	March 2023	Ecuador	80%	US\$2,290,909	Other	Trust and fiduciary services company, providing secure and reliable solutions for asset management. The company specializes in structuring and managing trusts and estates, providing security and professional administration of assets according to the specific needs of their clients, whether individuals or corporations.
Credi Prime S.A.	March 2023	Ecuador	80%	US\$4,000,000	Other	Company offering credit and financing solutions, specializing in generating and administering nationwide automotive credit.
Capital Prime S.A.	March 2023	Ecuador	80%	US\$400,000	Other	Portfolio management company focusing on reducing operational costs through technology, transparency, and efficiency, offering integrated solutions for debt recovery.
Lynx Labs, S.A.	April 2023	Honduras	51%	US\$280,000	Other	Software development company providing custom software solutions and offering services including as web and mobile development, UX/UI design and cloud infrastructure support, primarily using developers based in Latin America.
Seguros Atlántida El Salvador	July 2023	El Salvador	100%	US\$12,768,356	Insurance	Insurance company offering a broad portfolio of insurance solutions, including auto insurance, home insurance, health insurance, and various commercial insurance policies.
Microfinanciera Fundeser S.A.	December 2024	Nicaragua	100%	US\$12,000,000	Other	Microfinance company offering tailored financial solutions to micro and small entrepreneurs, particularly in rural areas. Services include agricultural, livestock, housing, and business loans.
Banco Atlántida Ecuador (formerly Banco D-Miro S.A.)	April 2024	Ecuador	80%	US\$2,000,000	Banking	Banking institution offering a range of financial products and services through its online platform. Banco Atlántida Ecuador (Banco D-MIRO) provides innovative and accessible banking solutions, including digital accounts, online transfers, and other financial tools designed for the modern user.
Seguros Atlántida Ecuador S.A.HDI	June 2025	Ecuador	80%	US\$13,400,000	Insurance	Insurance company offering a range of insurance products for individuals and businesses, including auto, home, health, and life insurance.

In July 2024, we acquired a 45% non-controlling interest in EBN Capital, the investment fund manager of EBN Bank, a commercial bank headquartered in Spain in which we acquired a 9.9% interest in 2021.

## **Recently Closed and Pending Acquisitions**

### ***Recently Closed***

In April 2025, we announced the acquisition of a controlling interest in Grupo Sonisa through a stock swap executed via an equity call with an exchange ratio of 5.14 of our common shares for each share of Grupo Sonisa. See “Summary—Recent Developments—May 2025 Equity Issuance”. Grupo Sonisa is a Belizean financial services holding company with core operations in insurance and banking, primarily through its subsidiaries Atlantic Insurance Company and Atlantic Bank. The stock swap was fully subscribed on September 30, 2025 and as such the Grupo Sonisa Acquisition is considered consummated as of that date. See “Summary—Recent Developments—Recently Closed and Pending Acquisitions”.

### ***Pending***

In February 2025, we announced that we had signed a share purchase agreement with EBN Bank relating to our purchase of an additional 49.97% of its common stock (bringing our total share ownership to 59.94%) for a purchase price of approximately 83.6 million euros. As of June 30, 2025, we held 9.97% share ownership in EBN Bank. The consummation of the EBN Bank Acquisition is subject to customary closing conditions, including obtaining certain regulatory approvals in Spain. We currently expect the EBN Bank Acquisition to be consummated during the fourth quarter of 2025. See “Summary—Recent Developments—Recently Closed and Pending Acquisitions”.

Since the Grupo Sonisa Acquisition has only recently closed and the EBN Bank Acquisition remains subject to regulatory approval and has not yet been consummated, our consolidated financial statements and other financial and operating data included herein do not give effect to the Recently Closed and Pending Acquisitions, and we cannot predict what effect the integration of these operations will have on our balance sheet or results of operations.

Nonetheless, we expect our future results of operations will be affected by the Recently Closed and Pending Acquisitions, given that, upon consummation, the Recently Closed and Pending Acquisitions are expected to be significant when measured in terms of the investment, asset and income tests used to assess the materiality of an acquisition or a disposition under Rule 3-05 or Article 11 of Regulation S-X. Therefore, while no separate financial statements of Grupo Sonisa or EBN Bank or pro forma financial statements are included to give effect to the acquisition are included in this offering memorandum, to facilitate potential investors’ assessments of our business and results of operations upon the consummation of the Recently Closed and Pending Acquisitions, we have included certain limited historical operating information for Grupo Sonisa or EBN Bank, based on their operating information published with the Belizean and Spanish banking regulator as of and for the years ended December 31, 2024 and 2023 and/or as of and for the six months ended June 30, 2025 and 2024. As such, any information about Grupo Sonisa and EBN Bank is not complete and may be subject to updates or adjustments once the transaction is consummated and we are able to review and/or audit such information.

We are actively evaluating a number of additional business opportunities with respect to banking and insurance activities, as well as activities that we believe will be complementary to our existing activities, such as pension fund management, asset management, financial leasing and customer service administration.

## Key Factors Affecting our Financial Condition and Results of Operations

### Effects of Changes in Interest Rates

Changes in interest rates usually affect, among others, the following areas of our business:

- financial margin;
- volume of loans originated;
- market value of our financial assets; and
- gains or losses from sales of loans and securities.

Increases in short-term interest rates can reduce our financial margin, comprising most of our revenue. A significant portion of our subsidiaries' assets, including loans, are long-term assets. In contrast, most deposits are short-term deposits. When interest rates increase, Banco Atlántida and the other Banking Subsidiaries must pay higher interest on deposits while interests earned on assets do not increase as rapidly. This can cause a decrease in profits. Interest rate increases could result in adverse changes in our financial margin, thus reducing our growth rate or even resulting in decreases as compared to prior periods.

Increases in interest rates may reduce the value of our financial assets. We hold a substantial portfolio of loans and debt securities that have both fixed and variable interest rates. The market value of a security with a fixed interest rate generally decreases when prevailing interest rates increase. This may have an adverse effect on our earnings and financial condition. In addition, we may incur costs (which, in turn, could impact our results) as our subsidiaries implement strategies to reduce and mitigate future interest rate exposure. The market value of an obligation with a variable interest rate can be adversely affected when interest rates increase due to a lag in the implementation of repricing terms.

Assets and liabilities have been classified by the domicile of Banco Atlántida as domestic (operations in Honduras) or foreign (operations outside Honduras) and by currency denomination (*lempiras* or US. Dollars). Domestic operations include *lempira* (local currency of our operations in Honduras) and U.S. Dollar-denominated assets and liabilities. Foreign operations include U.S. Dollar-denominated assets and liabilities. U.S. Dollars have been converted to *lempiras* using the exchange rate published by the Central Bank at the relevant dates. For more information, see "Exchange Rates." For purposes of this section, U.S. Dollars-denominated assets and liabilities include: (i) Domestic U.S. Dollar, which includes all transactions conducted in Honduras or on behalf of Honduran residents in U.S. Dollar and (ii) Foreign U.S. Dollar, which includes all transactions performed with entities outside Honduras, such as multilateral and correspondent banks.

### Assets and Liabilities Rates in Lempiras

Given that 75.2% and 76.0% of our consolidated interest income for the six months ended June 30, 2025 and the year ended December 31, 2024, respectively, is derived from Banco Atlántida, the table below sets forth the weighted average interest rates of assets and liabilities on *lempiras* of Banco Atlántida as of June 30, 2025, and as of December 31, 2024, 2023 and 2022, as published by the Central Bank. The table also shows the reference rate published by the Central Bank.

The assets and liabilities rates in *lempiras* are as follows:

	As of June 30,		As of December 31,	
	2025	2024	2023	2022
Assets (loans-BASA)	12.5%	8.8%	9.9%	10.1%
System Average Assets Rate	14.6%	13.1%	11.4%	11.2%
Liabilities (deposits-BASA)	6.3%	4.4%	3.1%	2.2%
Monetary Policy Rate	5.8%	5.8%	3.0%	3.0%

The Honduran banking industry generally does not set interest rates by reference to a reference rate; however, the weighted average interest rates of the assets (loans) and liabilities (deposits) denominated in *lempiras* of the Honduran banking industry are slightly influenced by the minimum offer rate that the Central Bank allows for its treasury notes. As of June 30, 2025, this rate was 5.8% as a result of increases of 175 basis points and 100 basis points in October 2024 and August 2024, respectively. Both increases were the result of measures adopted by the Honduran Government to mitigate the effects of the global crisis on the national economy.

The average interest rate of Banco Atlántida on *lempira*-denominated assets (loans) was 12.5% as of June 30, 2025, compared to 8.8% as of December 31, 2024. For the six months ended June 30, 2025, Banco Atlántida's *Lempiras*-denominated loan portfolio decreased 0.6% below the 0.6% growth of the financial system according to the CNBS during the same period.

Banco Atlántida's average interest rate on *lempira*-denominated liabilities (deposits) increased to 6.3% as of June 30, 2025 compared to 4.4% as of December 31, 2024. As of December 31, 2024, compared to December 31, 2023, Banco Atlántida's *lempira*-denominated deposits have grown 4.6%, while the local financial system grew by 8.2% during the same period, according to the CNBS.

## Assets and Liabilities - Interest Rates in Foreign Currency

The following table presents the weighted average interest rates of Banco Atlántida's assets and liabilities denominated in foreign currency as of June 30, 2025, and as of December 31, 2024, 2023 and 2022.

The assets and liabilities rates in U.S. Dollars are as follows:

	As of June 30,	As of December 31,		
	2025	2024	2023	2022
Assets (loans-BASA)	10.0%	7.2%	7.5%	8.4%
System Average Assets Rate	10.9%	10.6%	9.4%	6.9%
Liabilities (Deposits-BASA)	4.4%	3.6%	2.3%	1.8%
System Average Liabilities Rate	3.1%	3.3%	2.4%	1.9%

As of June 30, 2025, Banco Atlántida's average interest rate on assets (loans) denominated in foreign currency was 10.0%, compared to 7.2% as of December 31, 2024. As of December 31, 2024 and 2023, Banco Atlántida's average interest rate on assets (loans) denominated in foreign currency was 7.2% and 7.5%, respectively. Banco Atlántida's loan portfolio denominated in U.S. Dollars increased 12.0% between December 31, 2024 and June 30, 2025, while the local financial system increased 6.2% during the same period, according to the CNBS.



Banco Atlántida's average interest rate on liabilities (deposits) denominated in foreign currency was 4.4% as of June 30, 2025. As of December 31, 2024 and 2023 Banco Atlántida's average interest rate on liabilities (deposits) denominated in foreign currency was 3.6% and 2.3%, respectively. Banco Atlántida's foreign currency-denominated deposits grew at a rate of 14.6% as of June 30, 2025, while deposits for the local financial system as a whole grew at a rate of 10.8% during the same period, according to data from the CNBS.

## Effects of Family Remittances

For the six months ended June 30, 2025, family remittances that entered Honduras totaled US\$5,799.8 million, which represented an increase of 25.3% with respect to the same period in 2024. For the year ended December 31, 2024, family remittances that entered Honduras totaled US\$9,742.9 million, which represented an increase of 6.2% with respect to the same period in 2023.

The table below sets forth the cumulative amount of family remittances for the periods indicated:

<b>For the six months ended June 30,</b>	<b>Amount (US\$ in millions)</b>	<b>Year-on-year Change (%)</b>
2025 .....	5,799.8	25.3%
2024 .....	4,627.6	2.6%

  

<b>For the year ended December 31,</b>	<b>Amount (US\$ in millions)</b>	<b>Year-on-year Change (%)</b>
2024 .....	9,742.9	6.2%
2023 .....	9,177.4	5.7%
2022 .....	8,683.5	17.8%
2021 .....	7,369.9	28.4%

Source: Central Bank of Honduras

The income received by Banco Atlántida from the handling of family remittances consists mainly of commissions on exchange transactions, commissions on money orders and other related fees. Banco Atlántida processed US\$1,656.8 million in family remittances, representing an increase of 36.8% during the six months ended June 30, 2025 (which represented 28.6% of the Honduran market according to the Central Bank) compared to US\$1,211.2 million in family remittances to Honduras from abroad for the six months ended June 30, 2024 (26.2% of the market according to the Central Bank).

For the year ended December 31, 2024, Banco Atlántida processed US\$2,588.3 million in family remittances, representing an increase of 19.1% (which represented 26.6% of the Honduran market according to the Central Bank) compared to US\$2,174.0 million in family remittances to Honduras from abroad for the year ended December 31, 2023, 23.7% of the market according to the Central Bank).

## Competition

We face intense competition in all our business segments, which can materially affect our growth, market share, margins and profitability. For more information, see "Honduras Financial Services Industry."

## Inflation

A rise in inflation rates may impact our performance mainly because all our assets are not adjusted for the effects of inflation. In addition, material increases in the inflation rate could result in lower demand for, and affect the pricing of, our services and products. Because much of our costs and expenses are fixed, we may not be able to reduce costs in the event of inflation. Increases in the rate of inflation could also negatively impact our loan portfolio.

The Honduran economy has been characterized by moderate inflation in recent years. As of June 30, 2025, the inflation rate was 4.7%, mainly explained by the prices of food and non-alcoholic beverages, which contributed 1.43% of the inflation rate, as well as hotels and restaurants, housing, water, electricity, gas and others fuels contributing 0.6% of the inflation rate; transportation, contributing 0.4%; personal care, contributing 0.3% and furniture and items for home maintenance, contributing 0.3%. As of December 31, 2024, the inflation rate was 3.9%, mainly explained by a combination of government subsidy measures particularly on fuel and electricity which, according to the Central Bank, reduced inflation by approximately 53 basis points, the inflation slowdown in 2024 reflects a stabilization of price dynamics following the extraordinary pressures observed in previous years. As of December 31, 2024, the inflation rate was 3.9%, compared to 5.2% as of December 31, 2023. According to the Central Bank, the inflation target for 2024 was achieved, since it remained below the range of 4.0% ( $\pm 100$  basis points) range agreed with the IMF.

## Exchange Rates

We are exposed to currency risk any time an open position in a currency other than *lempira* is held. Volatility in *lempira* exchange rates could result in higher risks associated with such positions.

In addition, any devaluation or depreciation of the local currency of the different countries in which we operate compared to the U.S. Dollar could have a negative impact on the ability of our subsidiaries' clients to repay loans and make insurance premium payments, which in turn could have an adverse effect on our financial condition and results of operations.

In recent years, the exchange rate of the *lempira* compared to the U.S. Dollar has depreciated at a stable rate. The *lempira* exchange rate is characterized by cyclical fluctuations in line with the export seasons of Honduras' main agricultural commodities and the high demand for foreign currency to pay for imported goods. The exchange rate as of June 30, 2025 was L26.1194 per US\$1.00, according to the Central Bank. For more information, see "Exchange Rates."

## Demographic trends

During the last four years the behavior of the main demographic variables of the country has been as shown in the following table:

Period	Population (millions)	% Change	GDP * (US\$)	% Change	Poverty rate	% Change	Unemployment rate	% Change
2024 .....	9.9	1.5%	3,758	6.4%	62.9%	(1.2%)	6.1%	0.0%
2023 .....	9.7	1.5%	3,534	8.0%	64.1%	11.7%	6.1%	(30.8%)
2022 .....	9.6	1.6%	3,272	10.0%	52.4%	(1.3%)	8.8%	3.2%
2021 .....	9.5	1.6%	2,974	18.4%	53.7%	(4.0%)	8.5%	(22.6%)
2020 .....	9.3	1.1%	2,564	(6.6%)	57.7%	16.6%	10.7%	91.1%

\* GDP per capita

We expect these trends to benefit our business, particularly our main business segments of banking, insurance and pension fund management, because as the population increases, unemployment rates decrease and GDP per capita increases, the need for financial services is expected to increase accordingly.

## Bank loans

The growth rate of Banco Atlántida's loan portfolio, specifically for its retail banking business, can be attributed to a low banking penetration. In terms of bank penetration, the ratio of loans (as published by the CNBS) to GDP (as published by the Central Bank) was 70.5%, as of December 31, 2024 (the latest date for which data is available).

According to the Central Bank, for the six months ended June 30, 2025, the growth rate of bank loans in the private sector was 7.9%, compared to a growth rate of 11.7%, 18.0% and 18.9% for the years ended December 31, 2024, 2023, and 2022, respectively. This growth was primarily due to increased demand for financing from households and businesses, driven by buoyant domestic consumption, improved economic prospects, and more accessible financial conditions. Furthermore, the expansion of financial inclusion and the use of digital channels facilitated access to credit, especially in the informal sector and non-urban regions. Part of the growth is also explained by nominal factors, such as inflation and exchange rate depreciation, which increased the total value of credit granted.

## **Critical Accounting Policies under Honduran Banking GAAP**

We prepare our consolidated financial statements in accordance with Honduran Banking GAAP. The notes to our audited financial statements contain a summary of our material accounting policies. The following discussion describes those areas that require considerable management judgment or involve a higher degree of complexity in the application of the accounting policies that currently affect our financial condition and results of operations. For more information, see Note 2 to our audited financial statements.

*Allowances for Loan and Interest Losses:* Financial institutions in Honduras are required to classify loan portfolios based upon their recoverability rate and maintain a reserve for allowance for loan and interest losses according to the corresponding status of the loans. The classification of a loan portfolio is subject to adjustment by the CNBS in the event that such institution's eligibility criteria differ from those established in resolutions No. 209/08-05-2020 and No. 210/08-05-2020 issued by the CNBS. The balance of the allowance represents the amount considered by a bank's management team as sufficient to cover the expected losses to which the entity is exposed to according to the level of the assumed risk and the impairment degree of the credit transactions.

*Assets held for sale:* Financial institutions in Honduras are required to record foreclosed assets resulting from unpaid loans and, after two years, these assets start to amortize 100% of their value in a straight line form on a monthly basis for three additional years until their book value becomes zero, unless the assets are sold. In 2012, the CNBS issued resolution No. 180/06-02-2012 establishing that profits obtained from sale transactions financed with loans granted by the selling bank will be deferred and recognized proportionally as each payment made in respect of the loan is received.

*Interest Non-Accrual:* Financial institutions in Honduras are required to reverse the interest income of loans past due after 90 days of recording those interests in accounts to maintain control over the interest income suspended by calculating the interest without considering income until such loans become normalized or cancelled.

*Additional Requirements of Capital:* Financial institutions in Honduras are required to comply at all times with the capital adequacy minimum requirement of 10%, and an additional 2.5% buffer, which is progressively built up at a rate of 0.25% every six months until the required 2.5% is reached. As of June 30, 2025 the buffer requirements is 2.25%. The CNBS may review, on a bi-annual basis, the risk-weighted average of an institution's assets and, in the event of a deficiency, provide the bank with a reasonable time period to comply.

During 2016 the Honduran banks made the partial transition to IFRS following the guidelines of the CNBS. Under the CNBS' initiative, banks will continue to report their respective allowance for loan and interest losses, foreclosed asset recognition and other severance payment reserves using Honduran Banking GAAP.

## **Principal line items in our consolidated statement of comprehensive income**

Below is a description of certain significant line items from our consolidated statement of comprehensive income.

*Interest income:* includes interest from loans and advances to customers, interest from investment securities and interest from cash and cash equivalents deposits in other banks.

*Interest expense:* includes interest paid on deposits, on bonds and financing obtained from other financial institutions.

*Loan impairment charges:* represents the provisions we set aside in respect of our loan portfolio in order to ensure we always maintain a coverage ratio of 110% over our NPL as required by the CNBS. For more information regarding “credit risk,” see Note 3 to our audited financial statements, included elsewhere in this offering memorandum.

*Proceeds from services:* includes (a) services mostly related to our bonding warehouse business, (b) commissions which comprise revenues from our banking (such as gains on foreign exchange transactions, credit and debit card related fees, remittances fees, loan commissions and administration of public and private collection services) and pension fund subsidiaries, (c) leases and (d) other income (credit card processing revenues attributed to Banco Atlántida, as well as other income stemming from our pension fund management business and our bonding warehouse unit).

*Profit from insurance activities:* includes results of premiums earned, minus the acquisition and renewal costs, minus expenses for insurance claims. Premiums earned include premiums on life, group life and property and casualty plans, direct insurance and reinsurance. Acquisition and renewal cost includes insurance agents’ commissions, as well as satellite localization services, extraordinary commissions for supervisors and agents, bonuses, fees, inspection and risk costs, vehicle assistance and reinsurance. Expenses for insurance claims include claims for life insurance, group plans, and property and casualty.

*Other expenses:* includes staff expenses, administrative expenses and depreciation and amortization expenses. Personnel costs include wages and salaries, bonuses, personnel outsourcing contracts, severance payments, medical assistance, employer dues, and travel expenses. Administrative expenses include security, marketing, communications, facilities maintenance and repair, deposit insurance contribution, leases, external counseling, utilities, insurance premiums, office supplies, non-income taxes and dues. Amortization and depreciation include amortization of fixed assets, facilities, installations while amortization includes that of software applications and foreclosed assets.

*Non-operating income (expense):* includes income from dividends, sale of assets available for sale, recoveries, and gain on selling of property, plant and equipment. It also includes non-operating and non-recurrent income and expenses.

*Income tax:* subsidiaries based in Honduras declare the highest rate among three tax regimes in order to determine their applicable income tax. We were subject to the payment of income tax equal to a 1% rate over total assets. The remaining Honduran entities paid income taxes at the rate of 25% on adjusted income. Lastly, entities whose net income exceeds L1,000 thousand are required to pay 5% of additional tax on the net taxable income.

## Results of Operations for the Six Months Ended June 30, 2025 Compared to the Six Months Ended June 30, 2024

The following table shows the principal components of our condensed consolidated interim statement of comprehensive income for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
Interest income	11,080,699	8,339,944	2,740,755	32.9%
Interest expense	6,865,950	4,410,033	2,455,917	55.7%
<b>Financial profit</b>	<b>4,214,749</b>	<b>3,929,911</b>	<b>284,838</b>	<b>7.2%</b>
Loan impairment charges	1,161,730	1,003,175	128,555	12.4%
<b>Financial profit, net of impairment charges</b>	<b>3,053,019</b>	<b>2,896,736</b>	<b>156,283</b>	<b>5.4%</b>
Income from insurance activities	3,132,413	2,428,337	704,076	29.0%
Expenses from insurance activities	2,752,568	2,186,256	566,312	25.9%
<b>Profit from insurance activities</b>	<b>379,845</b>	<b>242,081</b>	<b>137,764</b>	<b>56.9%</b>
Services	117,975	144,785	(26,810)	(18.5%)
Commissions	3,066,508	2,595,010	471,498	18.2%
Leases	67,218	8,962	58,256	650.0%
Other income	260,390	265,144	(4,754)	(1.8%)
<b>Total Proceeds from services</b>	<b>3,512,091</b>	<b>3,013,901</b>	<b>498,190</b>	<b>16.5</b>
Staff expenses	2,191,359	1,994,834	196,525	9.9%
General and administrative expenses	3,863,752	3,227,533	636,219	19.7%
Depreciation and amortization	736,866	488,657	248,209	50.8%
<b>Total other expenses</b>	<b>6,791,977</b>	<b>5,711,024</b>	<b>1,080,953</b>	<b>18.9%</b>
<b>Operating income</b>	<b>152,978</b>	<b>441,694</b>	<b>(288,716)</b>	<b>(65.4%)</b>
<b>Non-operating income (expenses)</b>				
Income from dividends	4,626	2,546	2,080	81.7%
Gain on assets available for sale	183,533	131,121	52,412	40.0%
Gain on sale of property, plant and equipment	7,384	57,645	(50,261)	(87.2%)
Interest tax	(51,176)	(48,816)	(2,360)	4.8%
Other income, net	667,514	963,393	(295,879)	(30.7%)
<b>Total non-operating income (expenses)</b>	<b>811,881</b>	<b>1,105,889</b>	<b>(294,008)</b>	<b>(26.6%)</b>
<b>Income before income tax and non-controlling interest</b>	<b>964,859</b>	<b>1,547,583</b>	<b>(582,724)</b>	<b>(37.7%)</b>
Income tax and deferred income tax	506,992	516,257	(9,265)	(1.8%)
<b>Income before non-controlling interest</b>	<b>457,867</b>	<b>1,031,326</b>	<b>(573,459)</b>	<b>(55.6%)</b>
Net income attributable to non-controlling interests	88,896	161,269	(72,373)	(44.9%)
<b>Net Income</b>	<b>368,971</b>	<b>870,057</b>	<b>(501,086)</b>	<b>(57.6%)</b>

An analysis of the components of our condensed consolidated interim statement of comprehensive income set forth in the foregoing table follows:

## Interest Income

The following table presents the components of our interest income for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
<b>Interest Income</b>				
Loans and advances to customers .....	9,477,941	7,030,660	2,447,281	34.8%
Financial leasing .....	392,823	275,517	117,306	42.6%
Investment securities.....	1,043,014	878,934	164,080	18.7%
Interest earning deposits .....	166,921	154,833	12,088	7.8%
<b>Total, interest income</b> .....	<b>11,080,699</b>	<b>8,339,944</b>	<b>2,740,755</b>	<b>32.9%</b>

Interest income increased by 32.9%, or L2,740,755 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to an increase in interest income on loans and advances to customers of 34.8% as further explained below.

Interest income on loans and advances to customers increased by 34.8%, or L2,447,281 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, which is primarily a result of an increase of 15.1% in average loan volume, which in turn reflected an increase of L1,339,478 thousand in interest income and a 17.1% increase in the average interest rate, rising from 10.0% as of June 30, 2024 to 11.7% as of June 30, 2025.

Interest income on financial leasing increased by 42.6%, or L117,306 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to an increase of 10.3% in the average lease volume, which in turn reflected an increase of L38,018 thousand in interest income, and an increase of 29.3% in the average interest rate, rising from 12.9% as of June 30, 2024 to 16.7% as of June 30, 2025.

Interest income on investment securities increased by 18.7%, or L164,080 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to an increase of 22.1% in the average investments volume. This increase was partially offset by a decrease of 2.8% in the average interest rate, which went decreased from 6.4% as of June 30, 2024 to 6.2% as of June 30, 2025.

Interest income on interest earning deposits increased by 7.8%, or L12,088 thousand, for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024, primarily due to an increase in the average interest earnings deposits volume of 16.5%. This increase was partially offset by a decrease in the average interest rates of 7.4%, which decreased from 3.7% in June 30, 2024 to 3.4% in June 30, 2025.

## Interest Expense

The following table presents the components of our interest expense for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
<b>Interest Expense</b>				
Deposits from customers	5,141,622	2,889,022	2,252,600	78.0%
Financial obligations	1,101,853	886,172	215,681	24.3%
Financial securities of own emission	622,475	634,839	(12,364)	(1.9%)
<b>Total interest expense</b>	<b>6,865,950</b>	<b>4,410,033</b>	<b>2,455,917</b>	<b>55.7%</b>

Interest expense increased by 55.7%, or L2,455,917 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily as a result of a 78.0% increase in interest expense on deposits from customers and 24.3% increase in interest expense on loans obtained from financial obligations, as further explained below.

Interest expense on deposits increased by 78.0%, or L2,252,600 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to an increase in the volume of our term deposits (L23,933,382 thousand), savings accounts (L6,557,136 thousand) and a decrease in checking accounts (L2,769,226 thousand), as well as an increase in the rates we paid on our deposits, which lead to an interest expense increase of L2,252,600 thousand.

Interest expense on financial obligations increased by 24.3%, or L215,681 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily as a result of the an increase of 14.9% in loans volume and an increase in the average interest rate of 8.2% which went from 6.8% as of June 30, 2024 to 7.3% as of June 30, 2025.

Interest expense of financial securities of own emission guaranteed decreased by 1.9%, or L12,364 thousand, mainly due to a decrease of 2.1% in bonds and notes guaranteed volume and an increase of 0.2% in average interest rate.

## Loan impairment charges

The following table presents the loan impairment charges, NPL ratio, the coverage ratio and provision for loan losses for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
Loan impairment charges.....	1,161,730	1,003,175	128,555	12.4%
NPL ratio <sup>(1)</sup> .....	1.8%	2.5%	0.7	28.0%
Coverage ratio <sup>(2)</sup> .....	103.0%	112.0%	9.0	8.0
Allowance for loan and interest losses.....	3,177,915	3,991,000	(813,085)	20.3%

(1) NPL ratio is calculated by dividing total non-performing loans by total gross loan portfolio.

(2) Coverage ratio is calculated as allowance for loan and interest losses divided by the sum of non-performing loan portfolio: past-due, overdue loans, over-due in legal execution and refinanced loan portfolio: past-due.

Loan impairment charges increased by 12.4%, or L128,555 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, with our delinquency rate decreasing to 1.9% as of June 30, 2025 as compared to 2.2% as of June 30, 2024 and our coverage ratio decreasing to 103.0% as of June 30, 2025 as compared to 112.0% as of June 30, 2024.

During the six months ended June 30, 2025, loan impairment charges attributable to the retail banking portfolio increased by 18.9%, or L174,798 thousand, as compared to the six months ended June 30, 2024, primarily due to due to a slight impairment of the retail portfolio, which required the creation of more reserves and portfolio write-offs.

During the six months ended June 30, 2025, loan impairment charges attributable to the SME banking portfolio increased by 23.3%, or L20,045 thousand, as compared to the six months ended June 30, 2024, primarily due to a slight impairment taken in respect of some clients which required a L432,895 thousand increase in reserves, as well as an increase of L15,418 thousand and L20,550 thousand due to the incorporation of Banco Atlántida Ecuador (formerly Banco D-Miro) and Microfinanciera FUNDESER, respectively. This increase was partially offset by a decrease in credit card and overdrafts reserves requirements by L316,881 thousand and L130,318 thousand, respectively, which in turn primarily reflected the recovery of some accounts and the write-off of others.

During the six months ended June 30, 2025, loan impairment charges attributable to the corporate portfolio decreased by 305.7%, or L66,336 thousand, as compared to the six months ended June 30, 2024, of which L125,430 thousand correspond to overdrafts recovered, as well as L32,896 thousand to credit card recovered. This decrease was partially offset by an increase in loan reserves of L91,977 thousand due to a slight impairment of the loan portfolio and a small growth in the loan portfolio.

Allowance for loan and interest losses decreased by L813,085 thousand to L3,177,915 thousand for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024. This decrease was mainly due to loan portfolio written off by L3,218,413 thousand, partially offset by impairment charges of L2,374,490 thousand.

## Proceeds from Services

The following table presents the components of proceeds from services for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
Services.....	117,975	144,785	(26,810)	(18.5%)
Commissions.....	3,066,508	2,595,010	471,498	18.2%
Leases.....	67,218	8,962	58,256	650.0%
Other income <sup>(1)</sup> .....	260,390	265,144	(4,754)	(1.8%)
<b>Total proceeds from services.....</b>	<b>3,512,091</b>	<b>3,013,901</b>	<b>498,190</b>	<b>16.5%</b>

(1) Other income consists of gains on purchase/sale of foreign currency, change in value of assets and liabilities held for sale, fees for account management, gain on sale of financial assets and other income (diverse).

Proceeds from services increased by 16.5%, or L498,190 thousand, for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024, mainly due to, an increase of 18.2% or L471,498 thousand in commission income, an increase of 650.0% or L58,256 thousand leases income, partially offset by a 18.5% decrease in services income, as further explained below.

The decrease in service income of 18.5%, or L26,810 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to a decrease in advice services volume by L19,802 thousand, primarily due to decreased activity by our advice subsidiaries, decrease in software licenses income by L2,990 thousand and a decrease in other services by L6,670 thousand.

The increase in commission income of 18.2%, or L471,498 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to: (i) an increase of L62,880 thousand in credit and debit card commissions income, mainly due to an increase of L32,998 thousand from VISA/Master Card incoming commission income and an increase of L39,262 thousand from VISA/Master Card outgoing commission income, partially offset by a decrease of L9,671 thousand in commission income by cash withdrawals and consumptions; (ii) an increase of L67,216 thousand in loan commission income, mainly due to an increase in loans disbursements which led to increases in income of L15,302 thousand in Banco Atlántida, L36,434 thousand in Banco Atlántida El Salvador and L5,642 thousand in Pacific Bank; (iii) an increase of L46,660 thousand in commission income for bank transfers and money order, mainly due to an increase in transactions of Banco Atlántida; (iv) an increase of L9,922 thousand in trust managements fees, mainly due to an increase in assets under management of Fiduciaria Atlántida; (v) an increase of L10,510 thousand in bank acceptance fees, mainly due to extraordinary transactions made by Banco Atlántida; (vi) an increase of L59,354 thousand in affiliation fees; and (vii) an increase of L194,916 thousand in other commission income mainly due to the increases of L18,225 thousand in ACH transfer fees, L48,000 thousand in incoming consumption fees, L13,667 thousand in Visa and Master Card membership renewal fees, L3,551 thousand in debt insurance on credit cards fees, L8,850 thousand in commission on transactions made by Atlántida banking agents, L25,382 thousand in Auxilio Plus assistance plans fees, L8,762 thousand in debit card acquiring fee, and L14,858 thousand in other Visa and Master Card services fees, as well as increases in other commissions income of L34,535 thousand and L4,444 thousand in Banco Atlántida El Salvador and Banco Atlántida Ecuador, respectively.



The increase in lease income of 650.0%, or L58,256 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to our consolidation of COALSA's results of operations which generated income of L48,864 thousand.

The decrease in other income of 1.8%, or L4,754 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, was primarily due to (i) a decrease of L63,07 thousand in other income mainly due to the decrease in the volume of other activities. This decrease was partially offset by an increase of L22,085 thousand in foreign currency selling fees, which in turn was mainly due to partial recovery of the exchange market in Honduras, and an increase of L37,960 thousand in gain on sales of financial instruments, which in turn was mainly due to the increase in Banco Atlántida's financial instruments sales activities.

## Profit from insurance activities

The following table presents the components of profit from insurance activities for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
Income from insurance activities.....	3,132,413	2,428,337	704,076	29.0%
Expenses from insurance activities.....	2,752,568	2,186,256	566,312	25.9%
<b>Profit from insurance activities.....</b>	<b>379,845</b>	<b>242,081</b>	<b>137,764</b>	<b>56.9%</b>

Profit from insurance activities increased by 56.9%, or L137,764 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, primarily due to the income and expense movements discussed below.

Income from insurance activities increased by 29.0%, or L704,076 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to: (i) an increase of L473,461 thousand in the business volume, led by increases of L219,162 thousand in Seguros Atlántida, L144,257 thousand in Seguros Atlántida El Salvador and L24,042 thousand in Atlántida Vida, as well as an increase of L85,999 thousand due to the incorporation of Seguros Atlántida Ecuador; (ii) an increase by L42,104 thousand in ceded reinsurance commissions; (iii) an increase of L29,181 thousand in surety bond premiums; (iv) an increase of L16,383 thousand in forecast reserves; and (v) and increase of L170,050 thousand in variation in reserves for claims pending settlement due to: increases of L38,662 thousand in Seguros Atlántida, L5,053 thousand in Seguros Atlántida El Salvador, and L74,087 thousand in Atlántida Vida, as well as an increase of L52,248 thousand due to the incorporation of Seguros Atlántida Ecuador. This increase was partially offset by a decrease of L35,286 thousand in variation of reserves for ongoing risk, and a decrease of L19,423 thousand in claims recovered from foreign reinsurers.

Expenses for insurance activities increased by 25.9%, or L566,312 thousand, for the six months ended June 30, 2025, as compared to six months ended June 30, 2024, mainly due to (i) an increase of L55,847 thousand in claims; (ii) an increase of L219,282 thousand in premiums ceded to foreign reinsurers due to an increase in business volume which led to increases of L87,789 thousand in Seguros Atlántida, L120,297 thousand in Seguros Atlántida El Salvador and L4,719 thousand in Atlántida Vida, as well as an increase of L6,477 thousand due to the incorporation of Seguros Atlántida Ecuador; (iii) an increase of L88,661 thousand in variation in reserves for ongoing risks; (iv) an increase of L56,093 thousand in forecast reserves; (v) an increase of L71,971 thousand in insurance commissions; (vi) an increase of L27,654 thousand in cancellations of insurance premiums; and (vii) an increase in other technical expenses of L54,569 thousand. This increase was partially offset by a decrease of L14,667 thousand in incurred and unreported claims

## Other expenses

The following table presents the components of other expenses for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
(L in thousands, except percentages)				
Staff expenses .....	2,191,359	1,994,834	196,525	9.9%
General and administrative expenses.....	3,863,752	3,227,533	636,219	19.7%
Depreciation and amortization.....	736,866	488,657	248,209	50.8%
<b>Total, other expenses.....</b>	<b>6,791,977</b>	<b>5,711,024</b>	<b>1,080,953</b>	<b>18.9%</b>

Other expenses increased by 18.9%, or L1,080,953 thousand, for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024, mainly due to an increase of 9.9% in staff expenses, an increase of 19.7% in general and administrative expenses and an increase of 50.8% in depreciation and amortization, as further explained below.

Staff expenses increased by 9.9%, or L196,525 thousand, for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024, mainly due to: (i) an increase in headcount and salary adjustments which led to increases in salary expenses of L28,786 thousand in Banco Atlántida, L8,282 thousand in Banco Atlántida Nicaragua and L12,128 thousand in the other companies of the our company; (ii) the incorporation of Banco Atlántida Ecuador (formerly Banco D-Miro), Microfinanciera FUNDESER and Seguros Atlántida Ecuador by which led to increases in salary expenses of L19,413 thousand, L28,451 thousand, and L7,117 thousand, respectively; (iii) an increase in overtime and bonuses by L24,313 thousand; (iv) an increase in employer contributions by L15,011 thousand; (v) an increase of L11,608 thousand in insurance premiums; (vi) an increase of L16,810 thousand in employment benefits; and (vii) an increase of L15,988 thousand in other personnel expenses.

General and administrative expenses increased by 19.7%, or L636,219 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to: (i) an increase of L121,972 thousand in commission expenses, which in turn was primarily due to a L67,720 thousand increase in incoming/outgoing commission expenses, an increase of L10,458 thousand in acquiring commission expense, and an increase in other commission expense of L43,794 thousand; (ii) a L214,445 thousand increase in other administrative expenses, which in turn was primarily due to increases in subscriptions, energy, security, cash logistic, and other several expenses; (iii) a L18,043 thousand increase in dividend tax expense; (iv) a L37,686 thousand increase in contributions; (v) a L158,567 thousand increase in advertising and marketing expenses; (vi) a L25,909 thousand increase in contributions to local regulatory bodies, (vii) a L8,550 thousand increase in communications expenses; and (viii) a L6,092 thousand increase in loyalty program expense. This increase was partially offset by L14,196 thousand decrease in maintenance expense and a L8,794 thousand decrease in professional fees expense.

Depreciation and amortization increased by 50.8%, or L248,209 thousand, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, mainly due to the increase in the capitalization of software and applications, the acquisition of vehicles, computer equipment and the amortization of improvements to properties leased by Banco Atlántida, and the amortization of other intangibles.

## Non-operating income (expenses)

The following table presents the components of the non-operating income (expenses) for the six months ended June 30, 2025 and 2024:

	June 30,		Change	
	2025	2024		%
	(L in thousands, except percentages)			
Income from dividends.....	4,626	2,546	2,080	81.7%
Gain on assets available for sale.....	183,533	131,121	52,412	40.0%
Gain on sale of property, plant and equipment .....	7,384	57,645	(50,261)	(87.2%)
Interest tax.....	(51,176)	(48,816)	(2,360)	4.8%
Other income, net.....	667,514	963,393	(295,879)	(30.7%)
<b>Total non-operating income (expenses) .....</b>	<b>811,881</b>	<b>1,105,889</b>	<b>(294,008)</b>	<b>(26.6%)</b>

Non-operating income decreased by 26.6%, or L294,008 thousand, during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to a decrease in other income (expense) net of L295,879 thousand, a decrease of L50,261 thousand in gain on sale of property, plant and equipment, partially offset by an increase of L52,412 thousand in gain on sale of assets held for sale, as explained below.

Income from dividends increased by 81.7%, or L2,080 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to the receipt of dividends of L1,382 thousand and L653 thousand from BLADDEX.

Gain on assets available for sale increased by 40.0%, or L52,412 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to an extraordinary sale of assets held for sale made during the second quarter of 2025.

Gain on sale of property, plant and equipment decreased by 87.2%, or L50,261 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to the recognition by Banco Atlántida El Salvador of a gain on sale of fixed assets of L47,863 thousand as a result of an extraordinary sale of fixed assets made by the bank in the first half of 2024, and no similar sale in the six months ended June 30, 2025.

Other income, net decreased by 30.7%, or L295,879 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, mainly due to (i) a decrease of L478,014 thousand in income from valuation of investments caused by the recognition of other income for L865,454 thousand due to the valuation effect of a share split of the VISA shares held by us, which occurred in the six months ended June 30, 2024; (ii) a decrease in income by deferred tax by L13,591 thousand; (iii) an increase in other expenses due to the absorption of accumulated losses of Banco Atlántida Ecuador (formerly Banco D-Miro) by L1,201,315 thousand, (iv) and an increase in other expense by L70,264 thousand. These decreases were partially offset by (i) an increase of L179,758 thousand in income by fluctuation in exchange rates; (ii) an increase of L57,257 thousand in income due to the recovery of written off loan portfolio; (iii) an increase in commission on loan portfolio by L20,554 thousand; (iv) an increase in other financial income by L42,420 thousand; (v) and an increase in other income by L165,572 thousand, of which L86,537 thousand correspond to bad will relating to our acquisition of Seguros Atlántida Ecuador (formerly Seguros HDI) and deferred income of L30,000 thousand.

## Income before tax and non-controlling interest

Income before tax and non-controlling interest decreased by 37.7% to L964,589 thousand for the six months ended June 30, 2025 from L1,547,583 thousand for the corresponding period in 2024 as a result of the factors discussed above.

## Income Tax and Deferred Income Tax

Income tax and deferred income tax decreased by 1.8%, or L9,265 thousand, for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024, as a result of the decrease in our income before taxes.

## **Net income**

As a result of the foregoing, our net income decreased by 57.6% to L368,971 thousand for the six months ended June 30, 2025 from L870,057 thousand for the six months ended June 30, 2024. Average shareholders' equity increased by 5.5% to L18,121,295 thousand for the six months ended June 30, 2025, from L17,176,945 thousand for the six months ended June 30, 2024. Our ROAE was 4.1% as of June 30, 2025.

## Results of Operations for the Year ended December 31, 2024 Compared to the Year ended December 31, 2023

The following table shows the principal components of our consolidated statement of comprehensive income for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Interest income .....	17,772,127	14,306,425	3,465,702	24.2%
Interest expense .....	9,956,656	6,659,075	3,297,581	49.5%
<b>Financial profit</b> .....	<b>7,815,471</b>	<b>7,647,350</b>	<b>168,121</b>	<b>2.2%</b>
Loan impairment charges .....	2,245,935	1,242,022	1,003,913	80.8%
<b>Financial profit, net of loan impairment charges</b> .....	<b>5,569,536</b>	<b>6,405,328</b>	<b>(835,792)</b>	<b>(13.0%)</b>
Income from insurance activities .....	5,176,641	4,686,596	490,045	10.5%
Expenses from insurance activities .....	4,745,518	4,259,742	485,776	11.4%
<b>Profit from insurance activities</b> .....	<b>431,123</b>	<b>426,854</b>	<b>4,269</b>	<b>1.0%</b>
Services .....	201,968	302,054	(100,086)	(33.1%)
Commissions .....	5,520,324	4,665,103	855,221	18.3%
Leases .....	134,332	16,059	118,273	736.5%
Other income .....	452,654	526,186	(73,532)	(14.0%)
<b>Total Proceeds from services</b> .....	<b>6,309,278</b>	<b>5,509,402</b>	<b>799,876</b>	<b>14.5%</b>
Staff expenses .....	4,026,740	3,670,026	356,714	9.7%
General and administrative expenses .....	6,907,092	6,107,998	799,094	13.1%
Depreciation and amortization .....	1,022,154	926,367	95,787	10.3%
<b>Total other expenses</b> .....	<b>11,955,986</b>	<b>10,704,391</b>	<b>1,251,595</b>	<b>11.7%</b>
<b>Operating income</b> .....	<b>353,951</b>	<b>1,637,193</b>	<b>(1,283,242)</b>	<b>(78.4%)</b>
<b>Non-operating income (expenses)</b>				
Income from dividends .....	32,733	7,353	25,380	345.2%
Gain on assets available for sale .....	277,513	711,826	(434,313)	(61.0%)
Gain on sale of property, plant and equipment .....	160,888	95,714	65,174	68.1%
Interest tax .....	(97,213)	(76,434)	(20,779)	27.2%
Other income, net .....	1,703,409	418,977	1,284,432	306.6%
<b>Total non-operating income (expenses)</b> .....	<b>2,077,330</b>	<b>1,157,436</b>	<b>919,894</b>	<b>79.5%</b>
<b>Income before income tax and non-controlling interest</b> .....	<b>2,431,281</b>	<b>2,794,629</b>	<b>(363,348)</b>	<b>(13.0%)</b>
Income tax and deferred income tax .....	895,998	1,104,402	(208,404)	(18.9%)
<b>Income before non-controlling interest</b> .....	<b>1,535,283</b>	<b>1,690,227</b>	<b>(154,944)</b>	<b>(9.2%)</b>
Net income attributable to non-controlling interests .....	292,945	230,912	62,033	26.9%
<b>Net Income</b> .....	<b>1,242,338</b>	<b>1,459,315</b>	<b>(216,977)</b>	<b>(14.9%)</b>

An analysis of the components of our consolidated statement of comprehensive income set forth in the foregoing table follows:

## Interest Income

The following table presents the components of our interest income for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
<b>Interest Income</b>				
Loans and advances to customers .....	14,940,088	11,934,634	3,005,454	25.2%
Financial leasing .....	622,210	403,276	218,934	54.3%
Investment securities.....	1,893,410	1,664,507	228,903	13.8%
Interest earning deposits .....	316,419	304,008	12,411	4.1%
<b>Total, interest income.....</b>	<b>17,772,127</b>	<b>14,306,425</b>	<b>3,465,702</b>	<b>24.2%</b>

Interest income increased 24.2%, or L3,465,702 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to an increase in interest on loans and advances to customers of 25.2%, an increase of 13.8% in interest on investment securities, and an increase of 54.3% in interest on financial leasing, as further explained below.

Interest income on loans and advances to customers increased by 25.2%, or L3,005,454 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily as a result of (i) an increase of L1,690,534 thousand mainly due to an increase in loans volume in local and foreign currency by 10.5% and 17.1%, respectively, and (ii) an increase of L1,314,920 thousand due to the increase in average interest rates on loans, which increased from 9.2% in 2023 to 10.3% in 2024.

Interest income on financial leasing increased by 54.3%, or L218,934 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to (i) an increase of L140,827 thousand from a 29.3% increase in the volume of financial leases, and (ii) an increase of L78,107 thousand as a result of the increase in interest rates described above.

Interest income on investment securities increased by 13.8%, or L228,903 thousand, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily due to an increase in the volume of investments which led to an increase in interest income by L263,771 thousand. This increase was partially offset by a decrease of L34,868 thousand due to a decrease in average interest rate on investment securities, which decreased from 6.7% in 2023 to 6.5% in 2024.

Interest income on interest earning deposits increased by 4.1%, or L12,411 thousand, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily due to (i) an increase in deposits volume of 3.9% which led to an increase in interest income of L6,789 thousand and (ii) an increase of L5,622 thousand as a result of the increase in interest rates described above.

## Interest Expense

The following table presents the components of our interest expense for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
<b>Interest Expense</b>				
Deposits from customers .....	6,677,841	4,171,291	2,506,550	60.1%
Financial obligations.....	2,003,721	1,267,086	736,635	58.1%
Financial securities of own emissions.....	1,275,094	1,220,698	54,396	4.5%
<b>Total interest expense .....</b>	<b>9,956,656</b>	<b>6,659,075</b>	<b>3,297,581</b>	<b>49.5%</b>

Interest expense increased by 49.5%, or L3,297,581 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily as a result of a 60.1% increase in interest expense on deposits from customers and 58.1% increase in interest expense on financial obligations, as further explained below.

Interest expense on deposits increased 60.1%, or L2,506,550 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to (i) an increase of L1,315,044 thousand as a result of the increase in interest rates, and (ii) an increase of L1,191,506 thousand due to an increase of 12.9% in deposits volume.

Interest expense on financial obligations increased by 58.1%, or L736,635 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to (i) an increase of L551,877 thousand as a result of an increase volume and (ii) an increase of L184,758 thousand as a result of the increase in interest rates described above.

Interest expense on financial securities of own emission increased by 4.5%, or L54,396 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to (i) an increase of L25,627 thousand mainly due to a 1.8% increase in bonds volume, and (ii) an increase of L28,769 thousand mainly due to a 2.6% increase in interest rates.

## Loan impairment charges

The following table presents the loan impairment charges, NPL ratio, the coverage ratio and provision for loan losses for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Loan impairment charges.....	2,245,935	1,242,022	1,003,913	80.8%
NPL ratio <sup>(1)</sup> .....	2.2%	2.4%	-	-
Coverage ratio <sup>(2)</sup> .....	110.0%	111.1%	-	-
Allowance for loan and interest losses.....	3,921,479	3,764,394	157,085	4.2%

(1) NPL ratio is calculated by dividing total non-performing loans by total gross loan portfolio.

(2) Coverage ratio is calculated as allowance for loan and interest losses divided by the sum of non-performing loan portfolio: past-due, overdue loans, over-due in legal execution and refinanced loan portfolio: past-due.

Loan impairment charges increased by 80.8%, or L1,003,913 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, with our delinquency rate decreasing to 2.2% as of December 31, 2024 as compared to 2.4% as of December 31, 2023 and our coverage ratio decreasing to 110.0% as of December 31, 2024 as compared to 111.1% as of December 31, 2023.

During the year ended December 31, 2024, loan impairment charges attributable to the retail banking portfolio increased by 228.7%, or L1,527,783 thousand, as compared to the year ended December 31, 2023, primarily due to an increase in loan and credit card delinquencies in the consumer portfolio following the COVID-19 pandemic, which required an increase in the allowance for loan losses by L162,619 thousand. The increase in the allowance for loan losses was partially offset by a decrease in loan impairment charges in the mortgage portfolio by L124,836 thousand, primarily due to the recovery of several overdue loans.

During the year ended December 31, 2024, loan impairment charges attributable to the SME banking portfolio decreased by 30.6%, or L23,823 thousand, as compared to the year ended December 31, 2023, due to the execution of legal procedures against some clients to recover its debts.

During the year ended December 31, 2024, loan impairment charges attributable to the corporate portfolio decreased by 100.8%, or L500,049 thousand, as compared to the year ended December 31, 2023, primarily due to a corporate loan write off.

Allowance for loan and interest losses increased by L157,085 thousand to L3,921,479 thousand for the year ended December 31, 2024, as compared to the year ended December 31, 2023. This increase was mainly due to loan impairment charges of L2,245,935 thousand, an increase of L265,787 thousand as compared to the year ended December 31, 2023, due to the incorporation of new subsidiaries, partially offset by charge-offs of loans made during 2024 by L1,365,196 thousand.

## Proceeds from Services

The following table presents the components of proceeds from services for the years ended December 31, 2024 and 2023:

	<b>December 31,</b>		<b>Change</b>	
	<b>2024</b>	<b>2023</b>		<b>%</b>
	<b>(L in thousands, except percentages)</b>			
Services.....	201,968	302,054	(100,086)	(33.1%)
Commissions.....	5,520,324	4,665,103	855,221	18.3%
Leases .....	134,332	16,059	118,273	736.5%
Other income <sup>(1)</sup> .....	452,654	526,186	(73,532)	(14.0%)
<b>Total proceeds from services.....</b>	<b>6,309,278</b>	<b>5,509,402</b>	<b>799,876</b>	<b>14.5%</b>

(1) Other income consists of gains on purchase/sale of foreign currency, change in value of assets and liabilities held for sale, fees for account management, gain on sale of financial assets and other income (diverse).

Proceeds from services increased by 14.5%, or L799,876 thousand, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, mainly due to a 18.3% increase in our commission income of L855,221 thousand and a 736.5% increase in our lease income. These increases were partially offset by a decrease of 33.1%, or L100,086 thousand, in our services income and a decrease of 14.0%, or L73,532 thousand, in our other income, in each case as further explained below.

The decrease in services income of 33.1%, or L100,086 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, was primarily due to (i) the reclassification of L94,123 thousand to leases income due to an expansion of the business model to including both leasing and warehousing services and (ii) a decrease of L5,122 thousand in bonded warehouses services, mainly due to a decrease in volume of clients.



The increase in commissions income of 18.3%, or L855,221 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, was primarily due to (i) an increase of L356,546 thousand in credit and debit card commissions income, mainly due to an increase of L108,338 thousand from Visa and Mastercard incoming commissions income, an increase of L189,913 thousand from Visa and Mastercard outgoing commissions income, and an increase of L57,978 thousand in commission income by cash withdrawals and consumptions, (ii) an increase of L81,214 thousand in loan commission income, mainly due to an increase in loans disbursements which led to an increase in income of L30,268 thousand in Banco Atlántida, L21,947 thousand in Banco Atlántida El Salvador and L17,123 thousand in Pacific Bank, (iii) an increase of L95,392 thousand in commission income for bank transfers and money order, mainly due to an increase in transaction volumes at Banco Atlántida, (iv) an increase of L21,689 thousand in trust managements fees, mainly due to an increase in assets under management at Fiduciaria Atlántida, (v) an increase of L40,423 thousand in bank acceptance fees, mainly due to extraordinary transactions made by Banco Atlántida, and (vi) an increase of L252,855 thousand in other commission income primarily as a result of mainly due to the increases of L36,895 thousand in ACH transfer fees, L47,631 thousand in incoming consumption fees, L7,385 thousand in Visa and Mastercard membership renewal fees, L10,503 thousand in debt insurance on credit cards fees, L9,208 thousand in commission on transactions made by Atlántida banking agents, L43,563 thousand in Auxilio Plus assistance plans fees, L70,864 thousand in debit card acquiring fees, and L7,456 thousand in other Visa and Mastercard services fees.

The increase in lease income of 736.5%, or L118,273 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, was primarily due to a significant increase in the business volume mainly due to the reclassification of L94,123 thousand from services income once internal accounting was separated after the formal expansion of the business model to include both warehousing and leasing services, and an increase of L5,513 thousand primarily due to a larger number of properties leased as compared to the year ended December 31, 2023.

The decrease in other income of 14.0%, or L73,532 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, was primarily due to (i) a decrease of L39,159 thousand in gain on sales of financial instruments mainly due to the decrease in Banco Atlántida's financial instruments sales activities, and (ii) a decrease of L56,175 thousand in other income. This decrease was partially offset by an increase of L22,616 thousand in currency selling fees mainly due to partial recovery of the foreign exchange market in Honduras.

## Profit from insurance activities

The following table presents the components of profit from insurance activities for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Income from insurance activities .....	5,176,641	4,686,596	490,045	10.5%
Expenses from insurance activities .....	4,745,518	4,259,742	485,776	11.4%
<b>Profit from insurance activities .....</b>	<b>431,123</b>	<b>426,854</b>	<b>4,269</b>	<b>1.0%</b>

Profit from insurance activities increased by 1.0%, or L4,269 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to the income and expense movements discussed below.

Income from insurance activities increased by 10.5%, or L490,045 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to (i) an increase of L310,146 thousand in net premiums issued by Seguros Atlántida, (ii) an increase of L67,616 thousand in premiums on surety policies, (iii) an increase of L30,042 thousand from reinsurer ceded fees and (iv) an increase of L127,212 thousand from claims recovered from reinsurers. These increases were partially offset by a decrease of L49,090 thousand in the variation of technical reserves for ongoing risk.

Expenses for insurance activities increased by 11.4%, or L485,776 thousand, for the year ended December 31, 2024, as compared to year ended December 31, 2023, mainly due to (i) an increase of L93,154 thousand in claims, (ii) an increase of L94,419 thousand in premium returns and cancellations, (iii) an increase of L159,288 thousand in premiums ceded to reinsurers and (iv) an increase of L156,133 thousand in variation in reserves for risks in progress. These increases were partially offset by a decrease of L103,090 thousand in incurred and unreported claims.

## Other expenses

The following table presents the components of other expenses for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Staff expenses .....	4,026,740	3,670,026	356,714	9.7%
General and administrative expenses .....	6,907,092	6,107,998	799,094	13.1%
Depreciation and amortization.....	1,022,154	926,367	95,787	10.3%
<b>Total, other expenses .....</b>	<b>11,955,986</b>	<b>10,704,391</b>	<b>1,251,595</b>	<b>11.7%</b>

Other expenses increased by 11.7%, or L1,251,595 thousand, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, mainly due to an increase of 9.7% in staff expenses, an increase of 13.1% in general and administrative expenses and an increase of 10.3% in depreciation and amortization, as further explained below.

Staff expenses increased by 9.7%, or L356,714 thousand, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, mainly due to (i) an increase of L129,727 thousand in connection with salary adjustments, (ii) an increase of L55,317 thousand mainly due to the integration of Banco Atlántida Ecuador (Banco D-Miro) and FUNDESER Nicaragua into our consolidated results, (iii) an increase of L123,239 thousand in expenses for bonuses, (iv) an increase of L29,707 thousand in employee health insurance expenses, (v) an increase of L23,443 thousand in employer contributions (which includes pensions, social security and severance, among others), and (vi) an increase of L12,072 thousand in training expenses. These increases were partially offset by a decrease of L34,165 thousand in travel expenses.

General and administrative expenses increased 13.1%, or L799,094 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to (i) an increase of L382,628 thousand in commissions expenses primarily due to a L330,206 thousand increase in incoming and outgoing commissions expenses, an increase of L12,860 thousand in acquiring commissions expenses, and an increase in other commissions expenses of L39,561 thousand (ii) a L246,020 thousand increase in other administrative expenses due to increases in leases, subscriptions and energy costs, among others, (iii) a L42,451 thousand increase in loyalty programs, (iv) a L43,299 thousand increase in contributions; (v) L141,500 thousand increase in expenses for outsourced services; (vi) L63,790 thousand increase in expenses for professional fees; (vii) L58,499 thousand increase in contributions to local regulatory bodies, (viii) L47,634 thousand increase in communications expenses and (ix) L47,892 thousand increase in security expenses. These increases were partially offset by (i) a L73,435 thousand decrease in dividend tax expenses, (ii) a L57,691 thousand decrease in marketing expenses, (iii) a L113,070 thousand decrease in maintenance expenses and (iv) a L86,119 thousand decrease in various other minor expenses.

Depreciation and amortization expenses increased by 10.3%, or L95,787 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to (i) an increase of L63,647 thousand in such expenses in connection with computer programs and licenses, (ii) an increase of L35,374 thousand in connection computer equipment, (iii) an increase in L21,873 thousand in connection with buildings, (iv) an increase of L10,002 thousand in connection with intangible assets, (v) an increase of L55,584 thousand in connection with leased assets, and (vi) an increase of L8,130 thousand in connection with vehicles. These increases were partially offset by a decrease of L108,026 thousand in connection with the amortization of foreclosure assets.

## Non-operating income (expenses)

The following table presents the components of the non-operating income (expenses) for the years ended December 31, 2024 and 2023:

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Income from dividends.....	32,733	7,353	25,380	345.2%
Gain on assets available for sale.....	277,513	711,826	(434,313)	(61.0%)
Gain on sale of property, plant and equipment .....	160,888	95,714	65,174	68.1%
Interest income.....	(97,213)	(76,434)	(20,779)	27.2%
Other income, net .....	1,703,409	418,977	1,284,432	306.6%
<b>Total non-operating income (expenses) .....</b>	<b>2,077,330</b>	<b>1,157,436</b>	<b>919,894</b>	<b>79.5%</b>

Non-operating income (expenses) increased by 79.5% or L919,894 thousand, during the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to an increase in income from dividends of L25,380 thousand, and an increase of L1,284,432 thousand in other income net, as explained below, partially offset with a decrease of L434,313 thousand in gain on assets available for sale.

Income from dividends increased by 345.2%, or L25,380 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to (i) a L16,740 thousand dividend received from EBN Capital reflecting a full year of dividends following our acquisition of a non-controlling interest in July 2023, and (ii) a L14,320 thousand dividend from Visa, Inc.

Gain on assets available for sale decreased by 61.0%, or L434,313 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly reflecting the non-recurring effect of extraordinary sales made in 2023 that were not repeated during 2024.

Gain on sale of property, plant and equipment increased by 68.1%, or L65,174 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to a L90,446 thousand profit from the sale of an aircraft made during 2024.

Other income, net increased 306.6%, or L1,284,432 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, mainly due to (i) an increase of L731,026 thousand in net income from valuation of financial assets held for sale, (ii) an increase of L13,902 thousand in other financial income/expenses (net), (iii) an increase of L377,294 thousand in other income/(expenses) net, (iv) an increase of L92,676 thousand in release of reserve of financial assets, (v) an increase of L64,833 thousand due to the fluctuation in exchange rates, net (vi) a decrease of L4,699 thousand in losses due to theft, assault and fraud.

## Income before tax and non-controlling interest

Income before tax and non-controlling interest decreased 13.0% to L2,431,281 thousand for the year ended December 31, 2024 from L2,794,629 thousand for the corresponding period in 2023 as a result of the factors discussed above.

## Income tax and deferred income tax

Income tax and deferred income tax decreased by 18.9%, or L208,404 thousand, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, as a result of the decrease in our income before taxes. Our effective income tax rate was 36.9% at December 31, 2024 as compared to 39.5% at December 31, 2023.

## **Net income**

As a result of the foregoing, our net income decreased by 14.9% to L1,242,338 thousand for the year ended December 31, 2024 from L1,459,315 thousand for the year ended December 31, 2023. Average shareholders' equity decreased 1.1% to L17,238,399 thousand for the year ended December 31, 2024, from L17,421,670 thousand for the year ended December 31, 2023. Our ROAE was 7.2% as of December 31, 2024, as compared to 8.4% for as of December 31, 2023.

## Results of Operations for the Year ended December 31, 2023 Compared to the Year ended December 31, 2022

The following table shows the principal components of our consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Interest income .....	14,306,425	11,769,670	2,536,755	21.6%
Interest expense .....	6,659,075	4,387,678	2,271,397	51.8%
<b>Financial profit .....</b>	<b>7,647,350</b>	<b>7,381,992</b>	<b>265,358</b>	<b>3.6%</b>
Loan impairment charges .....	1,242,022	1,359,314	(117,292)	(8.6%)
<b>Financial profit, net of impairment charges .....</b>	<b>6,405,328</b>	<b>6,022,678</b>	<b>382,650</b>	<b>6.4%</b>
Income from insurance activities .....	4,686,596	5,291,120	(604,524)	(11.4%)
Expenses from insurance activities .....	4,259,742	4,905,160	(645,418)	(13.2%)
<b>Profit from insurance activities .....</b>	<b>426,854</b>	<b>385,960</b>	<b>40,894</b>	<b>10.6%</b>
Services .....	302,054	76,041	226,013	297.2%
Commissions .....	4,665,103	4,462,201	202,902	4.5%
Leases .....	16,059	9,471	6,588	69.6%
Other income .....	526,186	674,705	(148,519)	(22.0%)
<b>Total Proceeds from services .....</b>	<b>5,509,402</b>	<b>5,222,418</b>	<b>286,984</b>	<b>5.5%</b>
Staff expenses .....	3,670,026	3,003,386	666,640	22.2%
General and administrative expenses .....	6,107,998	5,636,364	471,634	8.4%
Depreciation and amortization .....	926,367	827,684	98,683	11.9%
<b>Total other expenses .....</b>	<b>10,704,391</b>	<b>9,467,434</b>	<b>1,236,957</b>	<b>13.1%</b>
<b>Operating income .....</b>	<b>1,637,193</b>	<b>2,163,622</b>	<b>(526,429)</b>	<b>(24.3%)</b>
<b>Non-operating income (expenses)</b>				
Income from dividends .....	7,353	11,982	(4,629)	(38.6%)
Gain on assets available for sale .....	711,826	388,450	323,376	83.2%
Gain on sale of fixed assets .....	95,714	13,441	82,273	612.1%
Interest tax .....	(76,434)	(70,129)	(6,305)	9.0%
Other income, net .....	418,977	311,946	107,031	34.3%
<b>Total non-operating income (expenses) .....</b>	<b>1,157,436</b>	<b>655,690</b>	<b>501,746</b>	<b>76.5%</b>
<b>Income before income tax and non-controlling interest ....</b>	<b>2,794,629</b>	<b>2,819,312</b>	<b>(24,683)</b>	<b>(0.9%)</b>
Income tax and deferred income tax .....	1,104,402	1,146,684	(42,282)	(3.7%)
<b>Income before non-controlling interest .....</b>	<b>1,690,227</b>	<b>1,672,628</b>	<b>17,599</b>	<b>1.1%</b>
Net income attributable to non-controlling interests .....	230,912	239,475	(8,563)	(3.6%)
<b>Net Income .....</b>	<b>1,459,315</b>	<b>1,433,153</b>	<b>26,162</b>	<b>1.8%</b>

An analysis of the components of our consolidated statement of comprehensive income set forth in the foregoing table follows:

### Interest Income

The following table presents the components of our interest income for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
<b>Interest Income</b>				
Loans and advances to customers .....	11,934,634	10,173,702	1,760,932	17.3%
Financial leasing .....	403,276	288,825	114,451	39.6%
Investment securities .....	1,664,507	1,192,825	471,682	39.5%
Interest earning deposits .....	304,008	114,318	189,690	165.9%
<b>Total, interest income .....</b>	<b>14,306,425</b>	<b>11,769,670</b>	<b>2,536,755</b>	<b>21.6%</b>

Interest income increased 21.6%, or L2,536,755 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to an increase in interest on loans and advances to customers of 17.3% and an increase on interest on investments securities of 39.5%, as further explained below.

Interest income on loans and advances to customers increased by 17.3%, or L1,760,932 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily as a result of (i) an increase of L1,708,546 thousand mainly due to an increase of 17.5% and 13.9% in loans

volume in local and foreign currency and (ii) an increase of L52,386 thousand mainly due to the increase in average interest rates, which increased from 9.15% in 2022 to 9.24% in 2023.

Interest income on financial leasing increased by 39.6%, or L114,451 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to an increase of L131,691 thousand due to an increase of 47.9% in the volume of leasing. This increase was partially offset by a decrease of L17,241 thousand due to a decrease in the average interest rate on leasing products due to the strategy to improve market share.

Interest income on investment securities increased by 39.5%, or L471,682 thousand, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, primarily due to (i) an increase of L287,979 thousand as a result of a 13.9% increase in investments volume, and (ii) an increase of L183,703 thousand due to an increase in interest rates as a result of the increase in interest rates described above.

Interest income on interest earning deposits increased by 165.9%, or L189,690 thousand, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, primarily due to an increase of L212,357 thousand as a result of the increase in interest rates described above. This increase was partially offset by a decrease of L22,667 thousand due to a 21.8% decrease in the volume of deposits.

## Interest Expense

The following table presents the components of our interest expense for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
<b>Interest Expense</b>				
Deposits from customers	4,171,291	2,766,921	1,404,370	50.8%
Financial obligations	1,267,086	726,254	540,832	74.5%
Financial securities of own emission	1,220,698	894,503	326,195	36.5%
<b>Total interest expense</b>	<b>6,659,075</b>	<b>4,387,678</b>	<b>2,271,397</b>	<b>51.8%</b>

Interest expense increased by 51.8%, or L2,271,397 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily as a result of a 50.8% increase in interest on deposits from customers and 74.5% increase in interest on financial obligations, as further explained below.

Interest expense on deposits from customers increased 50.8% or L1,404,370 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to (i) an increase of L736,922 thousand due to a 29.1% increase in the volume of our term deposits, (ii) an increase of L36,006 thousand due to a 16.3% increase in checking accounts volume, and (iii) an increase of L682,160 thousand as a result of the increase in interest rates described above. This increase was partially offset by a decrease of L45,252 thousand in savings accounts interest expense.

Interest expense on financial obligations increased by 74.5% or L540,832 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily as a result of (i) the increase in market rates that was a part of the measures adopted by the governments in the countries in which we operate in response to the global financial crisis, which led to an increase in expense of L287,861 thousand and (ii) an increase of L252,971 thousand due to a 30.8% increase in volume of loans obtained from banks.

Interest expense on financial securities of own emission increased by 36.5% or L326,195 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to an (i) increase of L221,980 thousand mainly due to a 22.7% increase in bonds volume, and (ii) an increase of L104,215 thousand mainly due to the increase in interest rates described above.

## Loan impairment charges

The following table presents the loan impairment charges, NPL ratio, the coverage ratio and provision for loan losses for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Loan impairment charges .....	1,242,022	1,359,314	(117,292)	(8.6%)
NPL ratio <sup>(1)</sup> .....	2.4%	2.4%	-	-
Coverage ratio <sup>(2)</sup> .....	111.1%	124.8%	-	-
Allowance for loan and interest losses .....	3,764,394	3,584,536	179,858	5.0%

(1) NPL ratio is calculated by dividing total non-performing loans by total gross loan portfolio.

(2) Coverage ratio is calculated as allowance for loan and interest losses divided by the sum of non-performing loan portfolio: past-due, overdue loans, over-due in legal execution and refinanced loan portfolio: past-due.

Loan impairment charges decreased by 8.6%, or L117,292 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, our delinquency rate as of December 31, 2023 and 2022 was 2.4%, and our coverage ratio decreased to 111.1% as of December 31, 2023 as compared to 124.8% as of December 31, 2022.

During the year ended December 31, 2023, loan impairment charges attributable to the retail banking portfolio increased by 10.0%, or L60,459 thousand, as compared to the year ended December 31, 2022, primarily due to an increase in loan and credit card delinquencies following the COVID-19 pandemic.

During the year ended December 31, 2023, loan impairment charges attributable to the SME banking portfolio decreased by 38.9%, or L46,623 thousand, as compared to the year ended December 31, 2022, primarily due to the execution of legal procedures against some clients to recover debts.

During the year ended December 31, 2023, loan impairment charges attributable to the corporate portfolio decreased by 20.9%, or L131,365 thousand, as compared to the year ended December 31, 2022, of which L158,415 thousand correspond to a decrease in impairment charges of Banco Atlántida El Salvador, primarily due to the cancellation of several clients' debts partially offset by an increase in the impairment charges of Banco Atlántida by L32,067 thousand.

Allowance for loan and interest losses increased by L179,858 thousand to L3,764,394 thousand for the year ended December 31, 2023, as compared to the year ended December 31, 2022. This increase was mainly due to the recognition of loan impairment charges of L1,242,022 thousand and charge-off of loan portfolio of L989,038 thousand.

## Proceeds from Services

The following table presents the components of proceeds from services for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Services .....	302,054	76,041	226,013	297.2%
Commissions .....	4,665,103	4,462,201	202,902	4.5%
Leases .....	16,059	9,470	6,589	69.6%
Other income <sup>(1)</sup> .....	526,186	674,705	(148,519)	(22.0%)
<b>Total, proceeds from services .....</b>	<b>5,509,402</b>	<b>5,222,418</b>	<b>286,984</b>	<b>5.5%</b>

(1) Other income consists of gains on purchase/sale of foreign currency, change in value of assets and liabilities held for sale, fees for account management, gain on sale of financial assets and other income (diverse).

Proceeds from services increased by 5.5%, or L286,984 thousand, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, mainly due to an increase of 297.2% in our services income and an increase in our commission income of 4.5%, partially offset by a 22.0% decrease in other income, as further explained below.

The increase in services income of 297.2%, or L226,013 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, was primarily due to (i) the integration of Grupo Sur Atlántida and Subsidiaries and LynxLabs into our consolidated results, which led to an increase in other services by L165,675 thousand and L6,784 thousand, respectively, (ii) an increase of other services from Infatlan and COALSA by L24,756 thousand and L4,340 thousand, respectively, and (iii) an increase of L9,600 thousand in income from bonded warehouses mainly due to the increase in volume of clients.

The increase in commission income of 4.5%, or L202,902 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, was primarily due to (i) an increase of L415,234 thousand in credit and debit card commissions income mainly due to an increase of L116,301 thousand from Visa and Mastercard incoming commissions income, an increase of L271,212 thousand from Visa and Mastercard outgoing commissions income, and an increase of L18,945 thousand in commissions income by cash withdrawals and consumptions, (ii) an increase of L57,009 thousand in bank transfers and money orders income mainly due to an increase in transaction volume, (iii) an increase of L56,284 thousand in trust managements fees mainly due to an increase in assets under management volume at Fiduciaria Atlántida, and (iv) an increase of in other commissions income of L305,712 thousand due to the increases L20,155 thousand in bank acceptance income fees, L46,097 thousand in ACH transfer fees, L14,443 thousand in incoming consumption fees, L28,057 thousand in Visa and Mastercard membership renewal fees, L12,122 thousand in debt insurance on credit card fees, L14,146 thousand in commissions on transactions made by Atlántida banking agents, L56,301 thousand in Auxilio Plus assistance plans fees, and L16,015 thousand in debit card acquiring fees. These increases were partially offset by (i) a decrease of L52,874 thousand in loan commissions of Banco Atlántida y Banco Atlántida El Salvador, and (ii) a decrease of L602,441 thousand in affiliation fees of AFP Confía primarily due to the changes made by regulatory bodies in El Salvador.

The increase in lease income of 69.6%, or L6,589 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, was primarily due to an increase in income from foreclosure of leased assets and other properties.

The decrease in other income of 22.0% or L148,519 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, was primarily due to (i) a decrease of L120,017 thousand in currency sales fees, and (ii) a decrease of L50,583 thousand in sales of financial instruments. This decrease was partially offset by an increase of L20,792 thousand in other income for primarily due to an increase in account management and certification issuance services.

## Profit from insurance activities

The following table presents the components of profit from insurance activities for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Income from insurance activities.....	4,686,596	5,291,120	(604,524)	(11.4%)
Expenses from insurance activities.....	4,259,742	4,905,160	(645,418)	(13.2%)
<b>Profit from insurance activities.....</b>	<b>426,854</b>	<b>385,960</b>	<b>40,894</b>	<b>10.6%</b>

Profit from insurance activities increased by 10.6%, or L40,894 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to the income and expense movements discussed below.



Income from insurance activities decreased by 11.4%, or L604,524 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to (i) a decrease of L757,181 thousand in premiums issued by Atlántida Vida, (ii) a decrease of L147,198 thousand due to the variation of technical reserves for ongoing risk, (iii) a decrease of L3,717 thousand in salvage and claims recovery. These decreases were partially offset by (i) an increase of L65,678 thousand in premiums issued by Seguros Atlántida, (ii) an increase of L98,188 thousand due to the incorporation of premiums issued by Seguros Atlántida El Salvador, (iii) an increase of L117,353 thousand in recovered claims from reinsurers, (iv) an increase of L13,882 thousand in ceded reinsurance commissions, (v) an increase of L4,529 thousand in recoveries for sureties paid and (vi) an increase of L4,116 thousand due to release of reserve for impairment of premiums receivable.

Expenses for insurance activities decreased by 13.2%, or L645,418 thousand, for the year ended December 31, 2023, as compared to year ended December 31, 2022, mainly due to (i) a decrease of L438,467 thousand due to variation of the technical reserve for ongoing risk, (ii) a decrease L152,828 thousand in ceded claims, (iii) a decrease of L60,810 thousand in cancellations of insurance premium, (iv) a decrease of L3,785 thousand in premiums for excess loss contracts and (v) a decrease of L8,217 thousand in premiums ceded to reinsurers. These decreases were partially offset by (i) an increase of L4,602 thousand in claims settlement expenses, (ii) an increase of L5,041 thousand in insurance bonuses for intermediaries, (iii) an increase of L4,597 thousand in allowance for impairment of premiums receivable, (iv) an increase of L3,526 thousand in incurred but not reported claims, and (v) an increase of L1,297 thousand in other technical reserve expenses.

## Other expenses

The following table presents the components of other expenses for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Staff expenses .....	3,670,026	3,003,386	666,640	22.2%
General and administrative expenses.....	6,107,998	5,636,364	471,634	8.4%
Depreciation and amortization .....	926,367	827,684	98,683	11.9%
<b>Total, other expenses.....</b>	<b>10,704,391</b>	<b>9,467,434</b>	<b>1,236,957</b>	<b>13.1%</b>

Other expenses increased by 13.1%, or L1,236,957 thousand, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, mainly due to an increase of 22.2% in staff expenses, an increase of 8.4% in general and administrative expenses and an increase of 11.9% in depreciation and amortization, as further explained below.

Staff expenses increased by 22.2% or L666,640 thousand, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, mainly due to (i) an increase of L271,461 thousand for salary adjustments and an increase of L96,101 thousand for an increase in headcount as a result of the integration of Grupo Sur Atlántida and subsidiaries into our consolidated results, (ii) an increase of L181,672 thousand in expenses for bonuses, (iii) an increase of L24,641 thousand in travel expenses and (iv) an increase of L72,312 thousand in employee health insurance expenses.

General and administrative expenses increased 8.4%, or L471,634 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to: (i) an increase by L431,296 thousand in commissions expenses of Banco Atlántida, primarily due to an increase in due to a L355,444 thousand increase in incoming and outgoing commissions expenses, an increase of L3,188 thousand in acquiring commissions expense, and an increase in other commissions expense of L72,663 thousand, (ii) a L14,516 thousand increase in loyalty programs expenses, (iii) a L50,632 thousand increase in contributions expense, (iv) a L98,201 thousand increase in dividend tax expense, (v) a L126,753 thousand increase in professional fees, (vi) a L30,485 thousand increase in security services expense, (vii) a L64,422 thousand increase in marketing expense, (viii) a L90,449 thousand increase in maintenance expense, (ix) a L54,982 thousand increase in communications expense, (x) a L10,940 thousand increase in contribution expense to local regulatory bodies, (xi) a L24,602 thousand increase in transfer expense and (xii) a L89,478 thousand increase in other expenses. These increases in expenses were partially offset by a decrease of L624,216 thousand in outsourced expenses of AFP Confía, which in turn was primarily due to the extraordinary reduction in insurance premiums on pension funds as a result of a change in the regulation on pensions funds of El Salvador.

Depreciation and amortization increased by 11.9%, or L98,683 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to (i) an increase in of L121,032 thousand in connection with computer programs and licenses, (ii) an increase of L34,181 thousand in connection with computer equipment, (iii) an increase of L20,914 thousand in connection with buildings, (iv) an increase of L5,534 thousand in connection with leased assets, (v) an increase of L4,994 thousand in connection with vehicles. This increase was partially offset by (i) a decrease of L87,567 thousand in connection with the amortization of foreclosure assets, and (ii) a decrease of L1,752 thousand for amortization of other intangibles.

### Non-operating income (expenses)

The following table presents the components of the non-operating income (expenses) for the years ended December 31, 2023 and 2022:

	December 31,		Change	
	2023	2022	HNL	%
	(L in thousands, except percentages)			
Income from dividends	7,353	11,982	(4,629)	(38.6%)
Gain on assets available for sale	711,826	388,450	323,376	83.2%
Gain on sale of fixed assets	95,714	13,441	82,273	612.2%
Interest tax	(76,434)	(70,129)	(6,305)	9.0%
Other income, net	418,977	311,946	107,031	34.3%
<b>Total non-operating income (expenses)</b>	<b>1,157,436</b>	<b>655,690</b>	<b>501,746</b>	<b>76.5%</b>

Non-operating income increased by 76.5% or L501,746 thousand, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to an increase of L323,376 thousand in gain on assets available for sale, an increase of L82,273 thousand in gain on sale of fixed assets and an increase of L107,031 thousand in other income net, which were partially offset by a decrease in income from dividends of L4,629 thousand, as explained below.

Income from dividends decreased by 38.6%, or L4,629 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to a decrease in dividends income of Banco Atlántida by L3,649 thousand due to a decrease in dividends received from our ownership interests in affiliates.

Gain on assets available for sale increased by 83.2%, or L323,376 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to extraordinary sales of assets held for sale made by Banco Atlántida during 2023.

Gain on sale of fixed assets increased by 612.2%, or L82,273 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to sales of properties made by Banco Atlántida (El Salvador) and Banco Atlántida.

Other income, net increased 34.3%, or L107,031 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, mainly due to (i) an increase in net income from valuation of financial assets held for sale by L187,092 thousand, (ii) an increase in other financial income by L150,841 thousand due to L98,329 thousand increase in other income of Atlántida Capital and (iii) a L56,144 thousand increase in other income by the incorporation of Credi Prime into our consolidated results of operations. These increases in other income were partially offset by (i) an increase in expense by fluctuation in exchange rates by L27,152 thousand, (ii) an increase in losses due to theft, assault and fraud by L10,740 thousand, (iii) an increase of L93,448 thousand in expenses due the incorporation of Grupo Sur into our consolidated results of operations and (iv) a decrease in release of reserves for financial assets by L81,978 thousand.

## Income before tax and non-controlling interest

Income before tax and non-controlling interest decreased 0.9% to L2,794,629 thousand for the year ended December 31, 2023 from L2,819,312 thousand for the corresponding period in 2022 as a result of the factors discussed above.

## Income Tax

Income tax expense decreased by 3.7%, or L42,282 thousand, for the year ended December 31, 2023, as compared to the year ended December 31, 2022, as a result of the decrease in our income before taxes. Our effective income tax rate was 39.5% at December 31, 2023 as compared to 40.7% at December 31, 2022.

## Net income

As a result of the foregoing, our net income increased by 1.8% to L1,459,315 thousand for the year ended December 31, 2023 from L1,433,153 thousand for the year ended December 31, 2022. Average shareholders' equity increased 15.7% to L17,421,670 thousand for the year ended December 31, 2023, from L15,056,787 thousand for the year ended December 31, 2022. Our ROAE was 8.4% as of December 31, 2023, as compared to 9.5% as of December 31, 2022.

## Liquidity and Funding

The following discussion of liquidity and funding is on a consolidated basis. Banco Atlántida represents our primary source of funds, and its liquidity comes from client deposits, loans from banks and financial institutions and debt securities.

Banco Atlántida's primary sources of funds have traditionally consisted of deposits, loans and borrowings from banks, as well as debt securities issued and subordinated debt.

The following table sets forth our primary sources of funding on a consolidated basis as of June 30, 2025 and December 31, 2024, and as of December 31, 2023 and 2022:

	June 30, 2025	December 31, 2024	Change	
				%
	(L in thousands, except percentages)			
Deposits in checking accounts	22,858,621	25,599,819	(2,741,198)	(10.7%)
Deposits in saving accounts	67,763,858	58,243,652	9,520,206	16.3%
Fixed term deposits	89,391,739	79,480,638	9,911,101	12.5%
Restricted deposits and term deposits at maturity	2,417,487	1,929,258	488,229	25.3%
<b>Total deposits</b>	<b>182,431,705</b>	<b>165,253,367</b>	<b>17,178,338</b>	<b>10.4%</b>
Financial obligations	31,864,826	35,921,496	(4,056,670)	(11.3%)
Bonds and guaranteed notes	12,547,948	12,620,751	(72,803)	(0.6%)
<b>Total</b>	<b>226,844,479</b>	<b>213,795,614</b>	<b>13,048,865</b>	<b>6.1%</b>

	December 31,		Change	
	2024	2023		%
	(L in thousands, except percentages)			
Deposits in checking accounts	25,599,819	28,545,724	(2,945,905)	(10.3%)
Deposits in saving accounts	58,243,652	55,723,694	2,519,958	4.5%
Fixed term deposits	79,480,638	57,680,409	21,800,229	37.8%
Restricted deposits and term deposits at maturity	1,929,258	1,445,325	483,933	33.5%
<b>Total deposits</b>	<b>165,253,367</b>	<b>143,395,152</b>	<b>21,858,215</b>	<b>15.2%</b>
Financial obligations	35,921,496	26,642,433	9,279,063	34.8%
Bonds and guaranteed notes	12,620,751	13,413,611	(792,860)	(5.9%)
<b>Total</b>	<b>213,795,614</b>	<b>183,451,196</b>	<b>30,344,418</b>	<b>16.5%</b>

	December 30,		Change	
	2023	2022		%
	(L in thousands, except percentages)			
Deposits in checking accounts	28,545,724	23,707,141	4,838,583	20.4%
Deposits in saving accounts	55,723,694	53,218,617	2,505,077	4.7%
Fixed term deposits	57,680,409	41,553,483	16,126,926	38.8%
Restricted deposits and term deposits at maturity	1,445,325	1,070,761	374,564	35.0%
<b>Total deposits</b>	<b>143,395,152</b>	<b>119,550,002</b>	<b>23,845,150</b>	<b>19.9%</b>
Financial obligations	26,642,433	22,405,253	4,237,180	18.9%
Bonds and guaranteed notes	13,413,611	12,729,459	684,152	5.4%
<b>Total</b>	<b>183,451,196</b>	<b>154,684,714</b>	<b>28,766,482</b>	<b>18.6%</b>

As of June 30, 2025, total deposits increased by 10.4% to L182,431,705 thousand, as compared to L165,253,367 thousand as of December 31, 2024, primarily as a result of an increase of L9,911,101 thousand in fixed term deposits, as well as an increase of L9,520,206 thousand in deposits in savings accounts due to the change in strategy to capture new and more savings deposits.

As of December 31, 2024, total deposits for increased by 15.2% to L165,253,367 thousand, as compared to L143,395,152 thousand as of December 31, 2023, primarily as a result of an increase of 37.8% in fixed term deposits due to short-term liquidity concerns due to the Government's decision to restrict the financial system liquidity by increasing the legal reserve requirement.

As of June 30, 2025, financial obligations were L31,864,826 thousand, compared to L35,921,496 thousand as of December 31, 2024, representing a decrease of 11.3%, primarily due to a decrease in report operations. As of December 31, 2024, financial obligations were L35,921,496 thousand, compared to L26,642,433 thousand as of December 31, 2023, representing an increase of 34.8%, primarily due to an increase in financing obtained to meet the demand of resources from our clients.

Banco Atlántida has lines of credit with 21 global financial institutions with which it has had longstanding correspondent relationships. Some of its main providers of credit facilities include IFC, PROPARCO, CABEI, Global Climate Partnership Fund, Banco Central de Honduras (BCH), Eco Business Fund, Citibank N.A., Wells Fargo Bank N.A. and Commerzbank AG. As of June 30, 2025, we had an aggregate amount of L14,324,716 thousand (US\$548,432 thousand) in uncommitted lines of credit from foreign institutions on a consolidated basis, of which L4,663,217 thousand (US\$178,535 thousand) was available to draw upon. As of December 31, 2024, we had an aggregate amount of L13,997,772 thousand (US\$535,915 thousand) in uncommitted lines of credit from foreign institutions on a consolidated basis, of which L6,807,164 thousand (US\$260,617 thousand) was available to draw upon.

Bonds and guaranteed notes were L12,547,948 thousand as of June 30, 2025, compared to L12,620,751 thousand as of December 31, 2024, representing a slight decrease of 0.6%, which was primarily the result of a decrease of the financial obligations of Banco Atlántida El Salvador and the cancellation of the foreign currency bonds of Banco Atlántida. Bonds and guaranteed notes were L12,620,751 thousand as of December 31, 2024, compared to L13,413,611 thousand as of December 31, 2023, representing a decrease of 5.9%, which was primarily the result of a decrease of the financial obligations of Banco Atlántida El Salvador and the cancellation of the foreign currency bonds of Banco Atlántida. Bonds and guaranteed notes consisted of corporate bond issuances in the local and foreign market with a fixed maturity date and variable interest payments. See Note 19 to our audited financial statements.

Through our asset and liability management policy, we seek to ensure that sufficient liquidity is available to honor withdrawals of deposits, repay other liabilities at maturity, extend loans or other forms of credit to clients, pay liabilities derived from the insurance policies we issue, and meet working capital needs. The minimum amount of liquidity that our main subsidiaries are required to maintain depends on the reserve requirements established by the Central Bank, as well as the technical and mathematical statutory reserves required by our insurance operations. For more information, see “Regulation and Supervision—General Regulation Applicable to Honduran and Salvadoran Insurance Companies—Significant Insurance Company Regulations of Honduras—Reserves.” We meet these requirements by maintaining a proper balance between maturity profile and diversity of our sources of funding.

We expect that deposits, loans and borrowings from banks and debt securities issued, in combination with the proceeds from this offering, will be sufficient to meet our liquidity requirements over the next 12 months.

## Regulatory Capital

As a holding company, we are not required to maintain regulatory capital adequacy ratio on a consolidated basis. However, pursuant to Honduran capitalization requirements, Banco Atlántida is required to maintain specified levels of regulatory capital as a percentage of its risk-weighted assets (capital ratio) of 12.25% or above. As of June 30, 2025, December 31, 2024, and 2023, Banco Atlántida’s capital adequacy ratio was 11.8%, 12.2%, and 12.3%, respectively.

The following table sets forth Banco Atlántida’s capital on an unconsolidated basis as compared to the minimum capital requirements as of the dates indicated:

	June 30,	December 31,	
	2025	2024	2023
	(L in thousands)		
Total, Tier 1 .....	10,883,001	10,392,336	9,873,988
Total, Tier 2 .....	6,016,122	6,368,066	5,633,360
<b>Total, Regulatory Capital .....</b>	<b>16,899,123</b>	<b>16,760,402</b>	<b>15,507,348</b>
Total, Risk weighted assets .....	143,504,509	137,171,296	126,123,669
Regulatory Capital as percentage of risk weighted assets.....	11.8%	<b>12.2%</b>	<b>12.3%</b>

In addition, pursuant to Salvadoran capitalization requirements, Banco Atlántida El Salvador is required to maintain specified levels of regulatory capital as a percentage of its risk-weighted assets (capital ratio) of 12.0%. As of June 30, 2025, December 31, 2024, and 2023, Banco Atlántida El Salvador’s capital adequacy ratio was 12.0%, 13.0%, and 12.9%, respectively.

The following table sets forth Banco Atlántida El Salvador's capital on an unconsolidated basis as compared to the minimum capital requirements as of the dates indicated:

	June 30,	December 31,	
	2025	2024	2023
	(L in thousands)		
Total, Tier 1 .....	117,038	117,038	92,933
Total, Tier 2 .....	6,256	5,526	16,362
<b>Total, Regulatory Capital .....</b>	<b>123,294</b>	<b>122,564</b>	<b>109,295</b>
Total, Risk weighted assets .....	1,023,943	945,059	844,220
Regulatory Capital as percentage of risk weighted assets.....	12.0%	13.0%	12.9%

Under Nicaraguan capitalization requirements, Banco Atlántida Nicaragua is required to maintain specified levels of regulatory capital as a percentage of its risk-weighted assets (capital ratio) of 10.0%. As of June 30, 2025, December 31, 2024 and 2023, Banco Atlántida Nicaragua's capital adequacy ratio was 28.3%, 30.0%, and 39.8%, respectively.

The following table sets forth Banco Atlántida Nicaragua's capital adequacy ratio on an unconsolidated basis as compared to the minimum capital requirements as of the dates indicated:

	June 30,	December 31,	
	2025	2024	2023
	(L in thousands)		
Total, Tier 1 .....	747,384	805,080	863,784
Total, Tier 2 .....	(45,958)	(63,601)	(57,138)
<b>Total, Regulatory Capital .....</b>	<b>701,426</b>	<b>741,479</b>	<b>806,646</b>
Total, Risk weighted assets .....	2,477,745	2,474,725	2,026,662
Regulatory Capital as percentage of risk weighted assets.....	28.3%	30.0%	39.8%

Under Panamanian capitalization requirements, Pacific Bank is required to maintain specified levels of regulatory capital as a percentage of its risk-weighted assets (capital adequacy ratio) of 8.0%. As of June 30, 2025, December 31, 2024 and 2023, Pacific Bank's capital adequacy ratio was 20.1%, 23.8%, and 29.7%, respectively.

The following table sets forth Pacific Bank's capital adequacy ratio on an unconsolidated basis as compared to the minimum capital requirements as of the dates indicated:

	June 30,	December 31,	
	2025	2024	2023
	(Panamanian Balboa in thousands)		
Total, Tier 1 .....	29,250	29,250	29,250
Total, Tier 2 .....	(1,117)	(1,476)	(3,286)
<b>Total, Regulatory Capital .....</b>	<b>28,133</b>	<b>27,774</b>	<b>25,962</b>
Total, Risk weighted assets .....	140,210	116,585	87,240
Regulatory Capital as percentage of risk weighted assets.....	20.1%	23.8%	29.7%

Under Ecuadorian capitalization requirements, Banco Atlántida Ecuador (formerly Banco D-Miro) is required to maintain specified levels of regulatory capital as a percentage of its risk-weighted assets (technical equity) of 9.0%. As of June 30, 2025 and December 31, 2024, Banco Atlántida Ecuador's technical equity ratio was 16.6%, and 18.1%, respectively.

The following table sets forth Banco Atlántida Ecuador's technical equity on an unconsolidated basis as compared to the minimum capital requirements as of the dates indicated:

	June 30, 2025	December 31, 2024
	(US\$ in thousands)	
Total, Tier 1 .....	13,320	12,583
Total, Tier 2 .....	(382)	4,727
<b>Total, Regulatory Capital .....</b>	<b>12,938</b>	<b>13,310</b>
Total, Risk weighted assets .....	78,198	73,703
Regulatory Capital as percentage of risk weighted assets.....	16.6%	18.1%

## Commitments and contractual obligations

We enter into various commitments and contractual obligations that may require future cash payments.

The following table summarizes our commitments and contractual obligations as of June 30, 2025.

(L in thousands, except rates)	Less than 30 days <sup>(1)</sup>	31 to 90 days	91 days to 1 year	Between 1 and 5 years	More than 5 years	Total
Deposits for clients and other banks .....	49,393,1	46,609,8	51,332,2	29,105,2	5,991,21	182,431,7
.....	48	45	85	15	2	05
.....	2,960,17	4,798,36	10,653,0	5,719,75	7,733,48	31,864,82
Financial obligations .....	6	6	49	1	4	6
.....	.....	1,442,62	8,344,31	2,499,50	.....	12,657,62
Bonds and guaranteed notes .....	32,127	8	0	1	339,061	7
.....	52,385,4	52,850,8	70,329,6	37,324,4	14,063,7	226,954,1
Total .....	51	39	44	67	57	58
% of Total .....	23.08%	23.29%	30.99%	16.45%	6.20%	100.00%

## Capital expenditures

Capital expenditures totaled L1,596,618 thousand for the six months ended June 30, 2025 compared to L1,415,885 thousand for the same period in 2024, mainly due to an increase in intangibles development such a software, licenses among others, and construction in progress of property and equipment. Capital expenditures totaled L2,881,215 thousand for the year ended December 31, 2024 compared to L1,949,834 thousand for the same period in 2023, mainly due to an increase in intangibles development such a software, licenses among others, and construction in progress of property and equipment. For more information, see Notes 11 and 12 of our audited financial statements.

## Off-Balance sheet arrangements

In the normal course of business, we are a party to a number of off-balance sheet activities that have credit, market and operational risk and are not reflected in our financial statements. These activities include commitments to extend credit not otherwise accounted for as contingent loans, such as guarantees, letters of credit and loans under contract pending disbursement, including credit lines and syndicated loans. We provide our clients with services related to the issuance and confirmation of commercial and stand-by letters of credit and to the issuance of guarantees. Our letters of credit and idle credit documents totaled L1,497,852 thousand as of June 30, 2025, L956,647 thousand as of December 31, 2024, and L673,875 thousand as of December 31, 2023. Our securities and bank guarantees issued totaled L8,978,417 thousand as of June 30, 2025, L6,093,976 thousand as of December 31, 2024, and L6,479,459 thousand as of December 31, 2023. Our loans under contract pending disbursement totaled L8,978,417 thousand as of June 30, 2025, L8,690,882 thousand as of December 31, 2024, and L7,592,212 thousand as of December 31, 2023.

The credit risk of both on-and off-balance sheet financial instruments varies based on many factors, including the value of collateral held and other security arrangements. To mitigate credit risk, we generally determine the need for specific covenant, guarantee and collateral requirements on a case-by-case basis, depending on the nature of the financial instrument and the client's creditworthiness. We may also require commitment letters and oral assurances. The amount and type of collateral held to reduce credit risk varies, but may include real estate, machinery, equipment, inventory and accounts receivable, as well as cash on deposit, stocks, bonds and other marketable securities that are generally held in our possession or by another appropriate custodian or depository. This collateral is valued and inspected on a regular basis to ensure both its existence and adequacy. Additional collateral is required when appropriate as determined by the credit committee of our subsidiaries.

### **Qualitative and Quantitative Disclosure about Market Risks**

We are exposed to risks in the ordinary course of business, particularly credit risk, liquidity risk, exchange rate risk and interest rate risk. For a discussion on how we regularly assess and manage our exposures to these risks, see Note 4 to our audited consolidated financial statements contained elsewhere in this offering memorandum