North American Development Bank
Ordinary Capital Resources

Consolidated Financial Statements (unaudited)

March 31, 2025

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Contents

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Consolidated Balance Sheets
As of March 31, 2025 and December 31, 2024

Assets	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash and cash equivalents:		
Held at other financial institutions	$ 83,294,536	$ 75,072,070
Repurchase agreements	45,800,000	9,300,000
Total cash and cash equivalents	129,094,536	84,372,070
Held-to-maturity investment securities, at amortized cost	4,598,924	4,550,451
Available-for-sale investment securities, at fair value	1,077,029,052	1,151,890,144
Loans outstanding	1,216,552,193	1,132,807,686
Allowance for credit losses	(25,788,355)	(27,577,193)
Unamortized loan fees	(5,914,303)	(6,695,299)
Foreign currency exchange rate adjustment	(81,036,244)	(89,306,267)
Hedged items for loans, at fair value	(3,632,980)	(12,400,026)
Net loans outstanding	1,100,180,311	996,828,901
Interest receivable	13,134,231	14,978,282
Other receivables	1,096,640	870,053
Furniture, equipment and leasehold improvements, net	312,092	267,207
Other assets	140,184,685	147,806,193
Total assets	$ 2,465,630,471	$ 2,401,563,301

The accompanying notes are an integral part of these consolidated financial statements.

North American Development Bank
Ordinary Capital Resources

Consolidated Balance Sheets
As of March 31, 2025 and December 31, 2024

Liabilities and Equity	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Liabilities:		
Current liabilities		
Accounts payable	$ 808,225	$ 1,081,614
Accrued liabilities	3,008,664	3,148,937
Accrued interest payable	10,538,572	12,736,980
Due to Environment Investment and Capacity Facility (EICF)	–	11,300,000
Other liabilities	44,849,540	52,497,043
Short-term debt, net of discounts and unamortized debt issuance costs	128,707,126	128,707,491
Foreign currency exchange rate adjustment	12,654,385	9,055,545
Net short-term debt	141,361,511	137,763,036
Total current liabilities	200,566,512	218,527,610
Long-term liabilities:		
Long-term lease payable	–	37,922
Long-term post-retirement benefits payable	3,354,507	3,293,062
Deferred U.S. capital contribution	165,000,000	165,000,000
Long-term debt, net of discounts and unamortized debt issuance costs	1,177,842,353	1,177,711,807
Foreign currency exchange rate adjustment	9,067,676	(25,541,126)
Hedged items for debt, at fair value	(4,192,232)	(5,300,748)
Net long-term debt	1,182,717,797	1,146,869,933
Total long-term liabilities	1,351,072,304	1,315,200,917
Total liabilities	1,551,638,816	1,533,728,527
Equity:		
Subscribed capital	6,000,000,000	6,000,000,000
Less callable capital	(5,100,000,000)	(5,100,000,000)
Less due from shareholders or restricted	(348,000,000)	(394,000,000)
Paid-in capital	552,000,000	506,000,000
Retained earnings	335,942,040	331,679,509
Accumulated other comprehensive income	26,045,168	30,150,807
Non-controlling interest	4,447	4,458
Total equity	913,991,655	867,834,774
Total liabilities and equity	$ 2,465,630,471	$ 2,401,563,301

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income (unaudited)
For the Three Months Ended March 31, 2025 and 2024

	For the Three Months Ended March 31,	
	2025	2024
Interest income:		
Loans	$ 20,768,100	$ 20,376,377
Investments	12,821,263	10,751,944
Total interest income	33,589,363	31,128,321
Interest expense	18,270,814	17,466,716
Net interest income	15,318,549	13,661,605
Provision for credit losses	(2,890,426)	156,720
Net interest income after provision for credit losses	18,208,975	13,504,885
Operating expenses (income):		
General and administrative:		
Personnel	4,822,124	4,471,973
Administrative	892,773	889,879
Consultants and contractors	846,702	533,168
Other	(332,847)	(182,717)
Grant operating reimbursements, net	(390,490)	(431,493)
Depreciation	23,334	16,498
Total operating expenses	5,861,596	5,297,308
Net operating income	12,347,379	8,207,577
Non-interest and non-operating income (expenses):		
Gain (loss) on sale of securities, net	5,372	(141,103)
Fees and other income (expense), net	62,148	264,496
Income (expense) from foreign currency adjustments and hedging activities	(8,152,379)	740,973
Total non-interest and non-operating income (expense)	(8,084,859)	864,366
Net income	4,262,520	9,071,943
Non-controlling interest in net loss	(11)	(18)
Controlling interest in net income	$ 4,262,531	$ 9,071,961

The accompanying notes are an integral part of these consolidated financial statements.

North American Development Bank
Ordinary Capital Resources

Consolidated Statements of Comprehensive Income (unaudited)
For the Three Months Ended March 31, 2025 and 2024

	For the Three Months Ended March 31,	
	2025	**2024**
Net income	$ 4,262,520	$ 9,071,943
Non-controlling interest in net loss	(11)	(18)
Controlling interest in net income	4,262,531	9,071,961
Other comprehensive income:		
Available-for-sale investment securities:		
Change in unrealized gains (losses) during the period, net	8,050,485	(4,660,748)
Reclassification adjustment for net losses (gains) included in net income	(5,372)	141,103
Total unrealized gains (losses) on available-for-sale investment securities	8,045,113	(4,519,645)
Foreign currency translation adjustment	3,439	6,803
Unrealized gains (losses) on hedging activities:		
Foreign currency translation adjustment, net	(9,788,840)	28,408,490
Fair value of cross-currency interest rate swaps and options, net	(2,365,351)	(22,443,787)
Total unrealized gain (loss) on hedging activities	(12,154,191)	5,964,703
Total other comprehensive income (loss)	(4,105,639)	1,451,861
Total comprehensive income	$ 156,892	$ 10,523,822

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the Three Months Ended March 31, 2025 and Year Ended December 31, 2024

	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
Beginning balance, January 1, 2024	$ 506,000,000	$ 309,966,937	$ 2,293,932	$ 4,494	$ 818,265,363
Net income	–	21,712,572	–	–	21,712,572
Other comprehensive income	–	–	27,856,875	–	27,856,875
Non-controlling interest	–	–	–	(36)	(36)
Ending balance, December 31, 2024 (audited)	506,000,000	331,679,509	30,150,807	4,458	867,834,774
Capital contribution	46,000,000	–	–	–	46,000,000
Net income	–	4,262,531	–	–	4,262,531
Other comprehensive loss	–	–	(4,105,639)	–	(4,105,639)
Non-controlling interest	–	–	–	(11)	(11)
Ending balance, March 31, 2025 (unaudited)	$ 552,000,000	$ 335,942,040	$ 26,045,168	$ 4,447	$ 913,991,655

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (unaudited)

For the Three Months Ended March 31, 2025 and 2024

	For the Three Months Ended March 31, 2025	2024
Cash flows from operating activities		
Net income	$ 4,262,531	$ 9,071,961
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	23,334	16,498
Amortization of net premiums (discounts) on investments	(4,681,943)	(3,454,925)
Change in fair value of swaps, options, hedged items and other non-cash items	12,972,852	(11,461,617)
Non-controlling interest	(11)	(18)
(Gain) loss on sale of securities, net	(5,372)	141,103
Provision for credit losses	(2,890,426)	156,720
Post-retirement benefits payable	61,445	65,922
Change in other assets and liabilities:		
(Increase) decrease in interest receivable	1,844,051	(5,281,934)
(Increase) decrease in accounts receivable	(226,587)	287,463
Increase in securities settlement receivable	–	(30,060,143)
Increase (decrease) in accounts payable	(273,389)	3,366,780
Increase in accrued liabilities	(140,273)	(501,126)
Increase (decrease) in accrued interest payable	(2,198,408)	1,869,188
Decrease in due to EICF	(11,300,000)	(2,000,000)
Net cash used in operating activities	(2,552,196)	(37,784,128)
Cash flows from lending, investing, and development activities		
Capital expenditures	(68,219)	(55,291)
Loan principal repayments	16,902,079	12,328,916
Loan disbursements	(105,034,970)	(41,045,705)
Purchase of available-for-sale investment securities	(249,255,884)	(212,965,903)
Proceeds from sales and maturities of available-for-sale investments	338,731,656	234,124,865
Net cash provided by (used in) lending, investing, and development activities	1,274,662	(7,613,118)
Cash flows from financing activities		
Capital contribution	46,000,000	–
Proceeds from other borrowings	–	25,067,706
Net cash provided by financing activities	46,000,000	25,067,706
Net increase (decrease) in cash and cash equivalents	44,722,466	(20,329,540)
Cash and cash equivalents, beginning of period	84,372,070	53,731,480
Cash and cash equivalents, end of period	$ 129,094,536	$ 33,401,940
Supplemental cash information		
Cash paid during the year for interest	$ 7,581,238	$ 9,068,871
Significant non-cash transactions		
Foreign currency translation adjustment	$ (9,788,840)	$ 28,408,490
Change in fair value of cross-currency interest rate swaps, net	(2,365,351)	(22,443,787)
Change in fair value of available-for-sales investments, net	8,045,113	(4,519,645)
Other real estate owned (OREO) received as loan principal repayment	4,388,384	–

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Purpose

The North American Development Bank (NADBank or the Bank) was established on January 1, 1994 by an agreement between the Governments of the United States of America (the United States or U.S.) and the United Mexican States (Mexico) that was signed by their respective Presidents on November 16 and 18, 1993 (the Charter). The Bank was created to finance environmental infrastructure projects in the U.S.-Mexico border region. On March 16, 1994, the President of the United States issued an Executive Order designating the Bank as an international organization under the International Organization Immunities Act.

The Bank is governed by a Board of Directors (the Board) appointed by the two countries. Its operations are subject to certain limitations outlined in the Charter. The geographic jurisdiction of the Bank is within 100 kilometers north and 300 kilometers south of the U.S.-Mexico border. The primary activities of the Bank are providing loan and grant financing and technical assistance for environmental infrastructure projects approved by the Board and administering grant funding provided by other entities. The Bank is headquartered in San Antonio, Texas, and also has an office in Ciudad Juarez, Chihuahua (Juarez Office).

In June 1998, the Board authorized the establishment of a financial institution to provide NADBank financing to public and private sector entities in Mexico, and since 2006 it has operated as the Corporación Financiera de América del Norte, S.A. de C.V. SOFOM E.N.R. As of March 31, 2025 and December 31, 2024, NADBank held 99.95% of COFIDAN's shares and the Government of Mexico held 0.05%. The non-controlling interest is reflected in the consolidated balance sheets and consolidated statements of income and represents the ownership of the Government of Mexico through the Ministry of Finance and Public Credit (SHCP).

On December 28, 2022, the Board approved the establishment of the Environment Investment and Capacity Facility (EICF) to hold the Bank's grant funds available for construction and technical assistance purposes, including funds provided by third-party donors. With the establishment of the grant facility, the activities of the Bank are conducted through either Ordinary Capital Resources or the EICF, which are accounted for separately. All grant and technical assistance activities are reported under the EICF, while all other operations of the Bank are reported through Ordinary Capital Resources.

These consolidated financial statements reflect the operations of the Bank through the Ordinary Capital Resources and its subsidiary, COFIDAN.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates in Financial Statements

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and are presented in a manner consistent with that of an international organization. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the

2. Summary of Significant Accounting Policies (continued)

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include the valuation of investments, allowance for credit losses, the fair value of derivative instruments included in other assets and other liabilities, long-term post-retirement benefits payable and debt. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements of the Bank include the accounts of the Ordinary Capital Resources and its subsidiary, COFIDAN. All material intercompany accounts and transactions with COFIDAN have been eliminated in the consolidation. In accordance with U.S. GAAP, EICF does not meet the criteria for consolidation; therefore, the financial statements of EICF are accounted for and issued separately.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash deposits, money market accounts with other financial institutions and overnight repurchase agreements. As of March 31, 2025, cash deposits with other financial institutions in demand deposit accounts and interest-bearing accounts totaled $2,670,356 and $80,624,180, respectively. As of December 31, 2024, cash deposits with other financial institutions in demand deposit accounts and interest-bearing accounts totaled $496,109 and $74,575,961, respectively.

Repurchase Agreements

The Bank has entered into repurchase agreements with other financial institutions. Shorter term repurchase agreements, which are included in cash and cash equivalents, may occur daily and involve U.S. government and U.S. agency securities. Longer term repurchase agreements may be part of collateralized borrowings. The underlying securities related to the repurchase transactions are held in the possession of the respective financial institution. Additional information on investment securities and borrowings is provided in Notes 3 and 6, respectively.

Investment Securities

The Bank's investments are classified into the following categories:

Held-to-maturity (HTM) **–** This category is composed of those debt securities for which the Bank has the positive intent and ability to hold to maturity. These securities are carried at amortized cost.

Trading **–** This category is composed of debt securities that are bought and held for resale in the near term. These securities are carried at fair value, and changes in market value are recognized in the consolidated statements of income.

Available-for-sale (AFS) **–** This category is composed of debt securities that are not classified as either trading or held-to-maturity securities. These securities are carried at fair value, with unrealized holding gains and losses excluded from earnings and reported as a net amount in a separate component of comprehensive income or loss until realized.

2. Summary of Significant Accounting Policies (continued)

The accretion of discounts and the amortization of premiums are computed using the effective interest method. Realized gains and losses are determined using the specific identification method.

Taxation
Pursuant to its Charter, as further implemented in the U.S. under the International Organizations Immunities Act, the Bank, its property, other assets, income, and the operations it carries out pursuant to the Charter, are immune from all taxation and customs duties.

Furniture, Equipment, and Leasehold Improvements
Furniture and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. The estimated useful life is three years for computers and five years for furniture and other equipment. Leasehold improvements are recorded at cost and amortized over their useful life, or the life of the lease, whichever is less.

Retained Earnings
Retained earnings are classified as either reserved or undesignated. Undesignated retained earnings in excess of one percent (1.0%) of total assets are used to fund four reserves in the following order of priority:

Debt Service Reserve – This reserve is maintained in an amount equal to 12 months of interest due on the Bank's outstanding debt at each fiscal year-end.

Operating Expenses Reserve – This reserve is maintained in an amount equal to 12 months of the operating budget expenses at each fiscal year-end.

Special Reserve – This reserve is maintained in an amount equal to the sum of 1% of undisbursed loan commitments, 3% of the outstanding balance of disbursed loans and 3% of the outstanding balance of guaranties, less the allowance for credit losses, with a targeted minimum of $30 million. Amounts in the Special Reserve are to be used to pay costs associated with the enforcement of the Bank's rights under its loan and guaranty agreements and to offset losses on any loan or guaranty.

Capital Preservation Reserve – This reserve is intended to maintain the value of the paid-in capital in real terms and is indexed to the U.S. annual inflation rate.

Additional information on retained earnings of the Bank is provided in Note 7.

Loans
Loans are reported at the principal amount, net of allowance for credit losses, unamortized loan fees, foreign currency exchange rate adjustment and fair value of hedged items. Interest income on loans is recognized in the period earned. Net loan commitment and origination fees are deferred and amortized over the life of the loan as an adjustment to loan interest income.

2. Summary of Significant Accounting Policies (continued)

Loans that are past due 90 days or more as to principal or interest, or where reasonable doubts exist as to timely collection, including loans that are individually identified as being impaired, are generally classified as nonperforming loans unless well secured and in the process of collection.

Loans are generally placed on nonaccrual status when principal or interest is delinquent for 180 days (unless adequately secured and in the process of collection) or circumstances indicate that the full collection of principal and interest is in doubt. When a loan is placed in nonaccrual status, accrued interest deemed uncollectible is reversed through current-year interest income.

In cases where a borrower experiences financial difficulty, the Bank may make certain modifications to the contractual terms of the loan. If the borrower's ability to meet the revised payment schedule is uncertain, the loan is classified as a nonaccrual loan.

At each reporting period, the Bank assesses whether assets continue to display similar risk characteristics. If particular assets no longer display similar risk characteristics to the overall portfolio, the bank performs an individual assessment of expected credit losses. The individual assessment of expected credit loss is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate or the fair value of the collateral, if the loan is collateral dependent.

Payments received on nonaccrual loans are applied first to the recorded principal in the loan asset. If collection of the recorded principal in the loan is fully expected and the loan does not have a remaining unrecovered prior charge-off associated with it, payments are recognized as interest income. Nonaccrual loans may be returned to accrual status when contractual principal and interest are current, prior charge-offs have been recovered, and the ability of the borrower to fulfill the contractual repayment terms is fully expected. All three of these conditions must be met in order to return a loan to accrual status. If previously unrecognized interest income exists upon reinstatement of a nonaccrual loan to accrual status, interest income will only be recognized upon receipt of cash payments applied to the loan.

The Bank may acquire assets through foreclosure or in full or partial satisfaction of a loan. These assets are recorded at fair value less estimated selling costs at the time of acquisition, and are included in other assets as other real estate owned (OREO). They are evaluated and adjusted for impairment, if any.

Loan Portfolio Risk Rating

The Bank uses a loan credit risk scorecard methodology developed by an internationally recognized credit rating agency. The scorecard methodology is based on a model that scores quantitative and qualitative variables to address both project and borrower risks and is tailored to the characteristics of each transaction and project type. The analysis includes financial and operating metrics relevant to the overall performance of the project or loan, as well as relevant credit risk mitigating measures.

2. Summary of Significant Accounting Policies (continued)

For each loan, a letter rating is assessed using the scorecard methodology. Loans in Mexico with sovereign/sub-sovereign repayment sources or guarantees are capped at BBB, equivalent to the foreign currency issuer rating of Mexico.

The loan portfolio is classified using the following risk grades and scale.

Loan Credit Rating

Scale	Risk Grade	Description
A	AAA	Highest credit quality, minimum credit risk
	AA+ AA AA-	Very high quality, very low credit risk
	A+ A A-	High credit quality, strong payment capacity
B	BBB+ BBB BBB-	Good credit quality, adequate payment capacity
	BB+ BB BB-	Moderate credit quality, likely to meet obligations, some uncertainty under adverse conditions
	B+ B B-	Low credit quality, still able to meet obligations, highly vulnerable to adverse conditions
C	CCC+ CCC CCC-	Very low credit quality, highly vulnerable, high risk of default with some possibility of recovery
D	D	In or near default, lowest possible rating

Allowance for Credit Losses

The allowance for credit losses is calculated in accordance with Accounting Standards Codification (ASC) Topic 326 *Financial Instruments – Credit Losses*, which applies to financial assets, including loans receivable and held-to-maturity investment securities measured at amortized cost, available-for-sale investment securities measured at fair value, related interest receivables, and undisbursed loan commitments and requires that allowances for credit losses be measured based on management's estimate of credit losses over the life of the financial instruments.

Determining the expected allowance for credit losses involves significant judgment and reflects management's best estimate based on the current information available, including: 1) past events; 2) current conditions; and 3) reasonable and supportable forecasts.

2. Summary of Significant Accounting Policies (continued)

Loans – For outstanding loans, the allowance for credit losses is calculated based on the estimated probability of default using the risk horizon (remaining life) of the loan, which is mapped to the undiscounted default probability table provided by the same credit rating agency used to develop the Bank's credit risk grades. The estimated credit losses for outstanding loans are reported separately as a contra-asset to loans outstanding on the consolidated balance sheet.

For undisbursed loan commitments, the liability for expected credit losses is calculated based on the projected probability of default and loss given default. The estimated credit losses for undisbursed loan commitments are reported as a component of other liabilities on the consolidated balance sheet.

The allowance for credit losses is maintained at a level considered appropriate by management to provide for estimable losses inherent over the contractual life of the loan portfolio. Changes to the allowance are recorded as an expense or recovery of provision for loan losses in the consolidated statements of income. Additional information on the allowance for credit losses related to loans is provided in Note 4.

Held-to-Maturity (HTM) Investment Securities – For these securities, management estimates the credit losses on an individual basis based on credit loss history, current conditions, and reasonable and supportable forecasts.

Available-for-sale (AFS) Investment Securities – For AFS investment securities with fair values lower than amortized cost, an impairment loss is recognized in earnings only if the Bank has the intent to sell the investment securities or if it is more-likely-than-not required to sell the investment securities before recovery of the amortized cost. If the Bank intends to hold and is not required to sell the debt securities, it will evaluate the securities to determine if a credit loss exists. If a portion of the decline in fair value below amortized cost is due to credit-related factors, it is recognized as an allowance for credit losses in the consolidated balance sheet with a related charge to provisions for credit losses in the consolidated statements of income. Available-for-sale securities are charged off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible.

Additional information on the allowance for credit losses on investment securities is provided in Note 3.

Revenue Recognition

Interest income from financial instruments, such as investments, loans and swaps used for hedging purposes, is recognized in the period earned and is not within the scope of Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts and Customers*.

Foreign Currency

COFIDAN is located in Mexico and operates primarily using the local functional currency. Accordingly, all assets and liabilities of COFIDAN are translated using the exchange rate in effect at the end of the period, and revenue and costs are translated using average exchange rates for the period. The resulting cumulative translation adjustment is included in accumulated other comprehensive income.

2. Summary of Significant Accounting Policies (continued)

Derivatives

The lending activities of the Bank include making loans that are denominated in Mexican pesos. When such loans are not funded with debt proceeds denominated in Mexican pesos, the Bank enters into cross-currency interest rate swaps to convert the Mexican pesos back into U.S. dollars to mitigate its exposure to fluctuations in foreign currency exchange rates and interest rates. As of March 31, 2025, the Bank had entered into agreements with 13 swap counterparties.

All derivative financial instruments are recorded at fair value on the consolidated balance sheets. Certain swaps relating to the lending activities of the Bank are designated as fair value hedges of interest rate risk. Certain swaps and options related to debt activities are designated as cash flow or fair value hedges. Changes in the fair value of the cash flow hedges are reported in other comprehensive income. For fair value hedges and the hedged items, changes in the fair value are reported as net income (expense) from hedging activities in the consolidated statements of income.

The Bank discontinues hedge accounting prospectively if it determines that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of the hedged item, or if it is no longer probable that the hedged loan repayment will occur. If hedge accounting is discontinued because the hedge ceases to be effective, the Bank will continue to record the swap at fair value with changes in value reflected in earnings for the period, and any fair value adjustments included in other comprehensive income will be recognized in the consolidated statements of income over the remaining life of the loan or debt. If it is probable that the hedged loan repayments will not occur, gains and losses accumulated in other comprehensive income (loss) are recognized immediately in earnings.

Derivatives executed with counterparties are subject to a master netting arrangement. The net fair value of derivatives by counterparty is offset with the outstanding balance of the collateral received from or paid to the counterparty for financial reporting purposes. Additional information on the amounts subject to master netting arrangements and collateral is provided in Note 5.

Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Bank carries cross-currency swaps, cross-currency interest rate swaps, interest rate swaps, options, hedged items and available-for-sale debt securities at fair value. To determine the fair market value of its financial instruments, the Bank uses the fair value hierarchy, which is based on three levels of inputs as follows:

> *Level 1* **–** Quoted prices in active markets for identical assets or liabilities, which the reporting entity has the ability to access at the measurement date. This category generally includes U.S. government securities.

2. Summary of Significant Accounting Policies (continued)

Level 2 **–** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. This category generally includes U.S. agency securities, corporate debt securities, other fixed-income securities, Mexican government securities, securities pledged under collateralized borrowings, mortgage-backed securities, cross-currency swaps, cross-currency interest rate swaps, interest rate swaps and options. For these consolidated financial statements, the Bank also obtains dealer quotations for comparative purposes to assess the reasonableness of the pricing models.

Level 3 **–** Unobservable inputs that are supported by little or no market activity and that are significant in determining the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes the fair value of hedged items where independent pricing information is not available for a significant portion of the underlying assets or liabilities.

Additional information on the fair value of the financial instruments of the Bank is provided in Note 10.

Accumulated Other Comprehensive Income
The components of other comprehensive income are reported in the consolidated statements of comprehensive income for the periods presented and in Note 7.

Reclassifications
Certain amounts in the prior-year consolidated financial statements have been reclassified to conform to the current-year consolidated financial statement presentation.

3. Investments

All investments held by the Bank are classified as either held-to-maturity or available-for-sale securities. The following schedule summarizes investments as of March 31, 2025 and December 31, 2024.

		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
March 31, 2025				
Held-to-maturity:				
U.S. government securities	$ 4,598,924	$ –	$ (507)	$ 4,598,417
Total held-to-maturity investment securities	4,598,924	–	(507)	4,598,417
Available-for-sale:				
U.S. government securities	399,210,991	84,574	(3,603,096)	395,692,469
U.S. agency securities	63,273,547	36,479	(1,177,887)	62,132,139
Corporate debt securities	176,334,589	1,381,879	(1,068,771)	176,647,697
Other fixed-income securities	61,974,977	296,950	(678,238)	61,593,689
Mexican government securities	101,453,829	79,004	(410,700)	101,122,133
Securities pledged under collateralized borrowings[1]	271,481,027	3,752,804	(603,341)	274,630,490
Mortgage-backed securities	5,616,765	555	(406,885)	5,210,435
Total available-for-sale investment securities	1,079,345,725	5,632,245	(7,948,918)	1,077,029,052
Total investment securities	$ 1,083,944,649	$ 5,632,245	$ (7,949,425)	$ 1,081,627,469
December 31, 2024				
Held-to-maturity:				
U.S. government securities	$ 4,550,451	$ 692	$ –	$ 4,551,143
Total held-to-maturity investment securities	4,550,451	692	–	4,551,143
Available-for-sale:				
U.S. government securities	420,758,117	108,186	(5,260,434)	415,605,869
U.S. agency securities	86,493,676	24,551	(1,869,199)	84,649,028
Corporate debt securities	183,072,357	804,026	(1,918,118)	181,958,265
Other fixed-income securities	64,411,188	231,602	(953,273)	63,689,517
Mexican government securities	131,862,449	116,634	(620,937)	131,358,146
Securities pledged under collateralized borrowings[1]	271,316,125	2,027,351	(2,563,169)	270,780,307
Mortgage-backed securities	4,338,018	–	(489,006)	3,849,012
Total available-for-sale investment securities	1,162,251,930	3,312,350	(13,674,136)	1,151,890,144
Total investment securities	$ 1,166,802,381	$ 3,313,042	$ (13,674,136)	$ 1,156,441,287

[1] Additional information on the securities pledged under collateralized borrowings is provided in Note 6.

3. Investments (continued)

As of March 31, 2025 and December 31, 2024, accrued interest on held-to-maturity and available-for-sale securities totaled $4,543,325 and $4,929,866, respectively, and is reported as a component of interest receivable in the consolidated balance sheets.

The following schedule summarizes unrealized losses and the fair value of investments aggregated by category and the length of time individual securities have been in a continuous unrealized loss position as of March 31 2025 and December 31, 2024.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2025						
Held-to-maturity securities	$ 4,598,417	$ 507	$ –	$ –	$ 4,598,417	$ 507
Available-for-sale:						
U.S. government securities	156,590,096	40,545	152,275,619	3,562,551	308,865,715	3,603,096
U.S. agency securities	18,763,373	247,032	36,717,049	930,855	55,480,422	1,177,887
Corporate debt securities	21,808,215	180,662	55,343,203	888,109	77,151,418	1,068,771
Other fixed-income securities	15,326,306	151,113	16,249,656	527,125	31,575,962	678,238
Mexican government securities	–	–	9,763,740	410,700	9,763,740	410,700
Securities pledged under collateralized borrowings[1]	141,641,543	603,341	–	–	141,641,543	603,341
Mortgage-backed securities	–	–	3,736,062	406,885	3,736,062	406,885
Total available-for-sale investment securities	354,129,533	1,222,693	274,085,329	6,726,225	628,214,862	7,948,918
Total temporarily impaired securities	$ 358,727,950	$ 1,223,200	$ 274,085,329	$ 6,726,225	$ 632,813,279	$ 7,949,425
December 31, 2024						
Held-to-maturity securities	$ –	$ –	$ –	$ –	$ –	$ –
Available-for-sale:						
U.S. government securities	59,619,775	160,655	187,490,287	5,099,779	247,110,062	5,260,434
U.S. agency securities	18,909,401	478,515	59,011,917	1,390,684	77,921,318	1,869,199
Corporate debt securities	39,011,835	474,485	68,313,261	1,443,633	107,325,096	1,918,118
Other fixed-income securities	15,016,396	244,836	18,377,897	708,437	33,394,293	953,273
Mexican government securities	17,054,333	33,313	9,616,950	587,624	26,671,283	620,937
Securities pledged under collateralized borrowings[1]	175,157,133	2,563,169	–	–	175,157,133	2,563,169
Mortgage-backed securities	–	–	3,849,012	489,006	3,849,012	489,006
Total available-for-sale investment securities	324,768,873	3,954,973	346,659,324	9,719,163	671,428,197	13,674,136
Total temporarily impaired securities	$ 324,768,873	$ 3,954,973	$ 346,659,324	$ 9,719,163	$ 671,428,197	$ 13,674,136

[1] Additional information on the securities pledged under collateralized borrowing is provided in Note 6.

None of the unrealized losses identified in the preceding table were related to credit-related factors of an issuer as of March 31, 2025 and December 31, 2024. This assessment is based on the overall high quality of the investment portfolio, the underlying risk characteristics for the types of investment securities, credit ratings and other qualitative factors, including historical credit loss experience. As of

3. Investments (continued)

those same dates, the Bank did not have the intent to sell any of the securities with unrealized losses and believed that it was more- likely-than-not that the Bank would not be required to sell any such securities before a recovery of cost. Therefore, as of March 31, 2025 and December 31, 2024, no allowance for credit losses for investment securities was recorded.

Contractual maturities of investments as of March 31, 2025 and December 31, 2024 are summarized in the following table.

	Held-to-Maturity Securities		Available-for-Sale Securities	
	Fair Value	**Amortized Cost**	**Fair Value**	**Amortized Cost**
March 31, 2025				
Less than 1 year	$ 4,598,417	$ 4,598,924	$ 487,549,795	$ 489,681,250
1–5 years	–	–	580,654,125	580,441,111
5–10 years	–	–	3,614,697	3,606,599
More than 10 years	–	–	–	–
Mortgage-backed securities	–	–	5,210,435	5,616,765
	$ 4,598,417	$ 4,598,924	$ 1,077,029,052	$ 1,079,345,725
December 31, 2024				
Less than 1 year	$ 4,551,143	$ 4,550,451	$ 535,614,259	$ 537,990,273
1–5 years	–	–	611,249,394	618,717,840
5–10 years	–	–	1,177,479	1,205,799
More than 10 years	–	–	–	–
Mortgage-backed securities	–	–	3,849,012	4,338,018
	$ 4,551,143	$ 4,550,451	$ 1,151,890,144	$ 1,162,251,930

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table summarizes sale and maturity activity of investment securities for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31,	
	2025	**2024**
Held-to-maturity investment securities:		
Proceeds from maturities	$ –	$ –
Available-for-sale investment securities:		
Proceeds from sales and maturities	338,731,656	234,124,865
Gross realized gains	5,372	30,499
Gross realized losses	–	171,602

3. Investments (continued)

The following table sets forth the net unrealized gains (losses) on securities available-for-sale and the reclassification adjustments required for the three months ended March 31, 2025 and the year ended December 31, 2024.

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Net unrealized loss on investment securities available-for-sale, beginning of period	$ (10,361,786)	$ (16,866,019)
Net unrealized gains on investment securities available-for-sale, arising during the period	8,050,485	6,590,066
Reclassification adjustments for net gains on investment securities available-for-sale included in net income	(5,372)	(85,833)
Net unrealized loss on investment securities available-for-sale, end of period	$ (2,316,673)	$ (10,361,786)

4. Loans

The following schedule summarizes loans outstanding as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Loan balance	$ 1,216,552,193	$ 1,132,807,686
Allowance for credit losses	(25,788,355)	(27,577,193)
Unamortized loan fees	(5,914,303)	(6,695,299)
Foreign currency exchange rate adjustment	(81,036,244)	(89,306,267)
Fair value of hedged items	(3,632,980)	(12,400,026)
Net loans outstanding	$ 1,100,180,311	$ 996,828,901

At March 31, 2025 and December 31, 2024, outstanding undisbursed loan commitments on signed loan agreements totaled $172,436,287 and $229,381,525, respectively.

As of March 31, 2025, the Bank also had $171,094,100 in Board-approved loans, for which loan agreements were under development.

The Bank records a reserve for off-balance sheet credit exposure for its undisbursed loan commitments. As of March 31, 2025 and December 31, 2024, this reserve totaled $2,467,724 and $3,569,312, respectively, and is reported as a component of other liabilities on the consolidated balance sheets.

The Bank under certain circumstances offered below-market-rate loans under its Low Interest Rate Lending Facility (LIRF) program, which was terminated in May 2013. As of March 31, 2025 and December 31, 2024, the Bank had LIRF loans outstanding of $8,049,971 and $8,991,878, respectively.

4. Loans (continued)

The following table presents the loan portfolio by environmental sector as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Water	$ 277,205,457	$ 243,089,617
Air quality	92,940,897	94,982,500
Sustainable energy	692,773,925	675,920,730
Urban development	33,976,110	35,767,996
Sustainable buildings	79,698,185	38,168,550
Sustainable food value chains	24,957,619	29,878,293
Green manufacturing	15,000,000	15,000,000
	$ 1,216,552,193	$ 1,132,807,686

The following table presents the loan portfolio by borrower type as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Private	$ 823,735,317	$ 769,085,617
Public	347,802,880	317,229,828
Public-private	45,013,996	46,492,241
	$ 1,216,552,193	$ 1,132,807,686

In public-private transactions, a private company is the borrower backed by tax revenue from a public entity.

4. Loans (continued)

The following table presents the loan portfolio by risk category and country as of March 31, 2025 and December 31, 2024. These risk categories are defined in Note 2, along with additional information on how the Bank evaluates credit quality.

Risk Category	March 31, 2025 Mexico	March 31, 2025 United States	March 31, 2025 Total	December 31, 2024 Mexico	December 31, 2024 United States	December 31, 2024 Total
AAA	$ –	$ –	$ –	$ –	$ –	$ –
AA+	–	23,045,000	23,045,000	–	23,045,000	23,045,000
AA	–	1,990,000	1,990,000	–	1,990,000	1,990,000
AA-	–	20,800,000	20,800,000	–	21,090,000	21,090,000
A+	–	–	–	–	–	–
A	–	4,160,000	4,160,000	–	4,160,000	4,160,000
A-	–	107,570,462	107,570,462	–	110,225,542	110,225,542
BBB+	90,440,000	12,080,000	102,520,000	90,440,000	12,080,000	102,520,000
BBB	222,907,895	–	222,907,895	190,008,384	–	190,008,384
BBB-	60,194,937	85,860,136	146,055,073	33,014,777	77,774,404	110,789,181
BB+	97,055,740	18,635,010	115,690,750	85,808,210	18,618,634	104,426,844
BB	128,950,652	117,914,243	246,864,895	131,526,987	101,027,170	232,554,157
BB-	42,235,117	72,984,625	115,219,742	42,235,117	74,114,829	116,349,946
B+	63,102,208	2,904,845	66,007,053	65,279,049	1,410,000	66,689,049
B	39,279,554	–	39,279,554	39,597,140	–	39,597,140
B-	–	–	–	–	–	–
CCC to C	–	–	–	–	–	–
D	4,441,769	–	4,441,769	9,362,443	–	9,362,443
	$ 748,607,872	$ 467,944,321	$ 1,216,552,193	$ 687,272,107	$ 445,535,579	$1,132,807,686

The following tables present the loan portfolio by risk category and period committed as of March 31, 2025 and December 31, 2024.

Risk Category	March 31, 2025	Year of Loan Commitment 2024	2023	2022	2021	Prior	Total Loans at March 31, 2025
AAA	$ –	$ –	$ –	$ –	$ –	$ –	$ –
AA+ to AA-	–	–	20,800,000	–	23,045,000	1,990,000	45,835,000
A+ to A-	–	–	–	61,685,000	–	50,045,462	111,730,462
BBB+ to BBB-	–	57,641,127	155,436,848	21,044,064	1,600,000	235,760,930	471,482,969
BB+ to BB-	40,000,000	124,437,992	37,210,998	–	–	276,126,397	477,775,387
B+ to B-	1,494,845	9,000,000	10,235,860	–	1,410,000	83,145,901	105,286,606
C	–	–	–	–	–	–	–
D	–	–	–	4,441,769	–	–	4,441,769
Total	$ 41,494,845	$ 191,079,119	$ 223,683,706	$ 87,170,833	$ 26,055,000	$ 647,068,690	$ 1,216,552,193

4. Loans (continued)

Risk Category	Year of Loan Commitment 2024	2023	2022	2021	2020	Prior	Total Loans at December 31, 2024
AAA	$ –	$ –	$ –	$ –	$ –	$ –	$ –
AA+ to AA-	–	20,800,000	–	23,045,000	–	2,280,000	46,125,000
A+ to A-	–	–	63,000,000	–	19,253,782	32,131,760	114,385,542
BBB+ to BBB-	49,555,395	118,827,276	21,061,450	1,600,000	11,422,521	200,850,923	403,317,565
BB+ to BB-	107,285,682	37,476,235	887,236	–	3,903,983	303,777,811	453,330,947
B+ to B-	9,000,000	8,706,225	–	1,410,000	–	87,169,964	106,286,189
C	–	–	–	–	–	–	–
D	–	–	9,362,443	–	–	–	9,362,443
Total	$ 165,841,077	$ 185,809,736	$ 94,311,129	$ 26,055,000	$ 34,580,286	$ 626,210,458	$ 1,132,807,686

As of March 31, 2025 and December 31, 2024, the Bank had one collateral-dependent loan on non-accrual with an outstanding balance of $4,441,769 and $9,362,443, respectively, and an associated allowance for credit losses of $1,775,330 and $5,557,633, respectively. In 2025, the Bank received land with a principal repayment value of $4,388,384. The OREO acquired in partial satisfaction of a loan is reported as a component of other assets in the consolidated balance sheet as of March 31, 2025. Additional information on valuation of the asset is provided in Notes 2 and 13, and related disclosures on other assets can be found in Note 5.

For the three months ended March 31, 2025 and the year ended December 31, 2024, no loans were modified.

An age analysis of past-due loans, including both accruing and non-accruing loans, as of March 31, 2025 and December 31, 2024, is shown in the following table.

	Loans 30–89 days past due	Loans 90 or more days past due	Total loans 30+ days past due
March 31, 2025	$ –	$ –	$ –
December 31, 2024	–	–	–

There were no loans past due 90 or more days accruing interest as of March 31, 2025 and December 31, 2024.

4. Loans (continued)

The following table summarizes the allowance for credit losses related to loans by classification as of March 31, 2025 and December 31, 2024.

	Allowance for Credit Losses	Total Loans Outstanding
March 31, 2025		
Mexico:		
Construction	$ 7,801,514	$ 235,855,671
Operation	9,461,740	512,752,201
Total Mexico	17,263,254	748,607,872
United States:		
Construction	4,359,528	291,132,770
Operation	4,165,573	176,811,551
Total United States	8,525,101	467,944,321
	$ 25,788,355	$ 1,216,552,193
December 31, 2024		
Mexico:		
Construction	$ 4,260,299	$ 138,274,694
Operation	15,361,791	548,997,413
Total Mexico	19,622,090	687,272,107
United States:		
Construction	4,008,509	272,649,199
Operation	3,946,594	172,886,380
Total United States	7,955,103	445,535,579
	$ 27,577,193	$ 1,132,807,686

4. Loans (continued)

The following schedule summarizes the changes in the allowance for credit losses related to loans for the three months ended March 31, 2025 and the year ended December 31, 2024.

		Change in Allowance for Credit Losses		
	Beginning Balance	**Provision for Credit Losses**	**Loan (Charge-offs) Recoveries**	**Ending Balance**
March 31, 2025				
Mexico:				
Construction	$ 4,260,299	$ 3,541,215	$ –	$ 7,801,514
Operation	15,361,791	(5,900,051)	–	9,461,740
Total Mexico	19,622,090	(2,358,836)	–	17,263,254
United States:				
Construction	4,008,509	351,019	–	4,359,528
Operation	3,946,594	218,979	–	4,165,573
Total United States	7,955,103	569,998	–	8,525,101
	$ 27,577,193	$ (1,788,838)	$ –	$ 25,788,355
December 31, 2024				
Mexico:				
Construction	$ 672,458	$ 3,587,841	$ –	$ 4,260,299
Operation	10,699,509	4,662,282	–	15,361,791
Total Mexico	11,371,967	8,250,123	–	19,622,090
United States:				
Construction	2,459,284	1,549,225	–	4,008,509
Operation	2,714,944	1,231,650	–	3,946,594
Total United States	5,174,228	2,780,875	–	7,955,103
	$ 16,546,195	$ 11,030,998	$ –	$ 27,577,193

For the three months ended March 31, 2025, provision for credit losses totaled $(2,890,426) which included $(1,101,588) in credit loss provisions for undisbursed loan commitments reported as a component of other liabilities. For the year ended December 31, 2024, provision for credit losses totaled $10,498,847, which included $(532,151) in credit loss provisions for undisbursed loan commitments reported as a component of other liabilities. The provision for credit losses is reflected in the consolidated statement of income.

For the three months ended March 31, 2025 and the year ended December 31, 2024, there were no loan charge-offs or recoveries.

5. Other Assets and Other Liabilities

The following table summarizes other assets and other liabilities as of March 31, 2025 and December 31, 2024.

	Assets	Liabilities
March 31, 2025		
Swaps and options, net	$ 169,313,227	$ 42,381,817
Collateral from counterparties	(31,242,918)	–
Credit valuation adjustment	(2,493,295)	–
Right-of-use lease asset	219,287	–
Off-balance sheet credit exposure	–	2,467,723
Other real estate owned	4,388,384	–
Total	$ 140,184,685	$ 44,849,540
December 31, 2024		
Swaps and options, net	$ 177,269,560	$ 48,927,732
Collateral from counterparties	(27,225,203)	–
Credit valuation adjustment	(2,516,818)	–
Right-of-use lease asset	278,654	–
Off-balance sheet credit exposure	–	3,569,311
Total	$ 147,806,193	$ 52,497,043

The following table presents swaps and options subject to counterparty master netting arrangements at March 31, 2025 and December 31, 2024.

	Assets	Liabilities
March 31, 2025		
Cross-currency swaps and cross-currency interest rate swaps	$ 150,860,332	$ 60,126,549
Interest rate swaps	19,744,062	9,311,059
Options	25,764,624	–
	196,369,018	69,437,608
Master netting by counterparty	(27,055,791)	(27,055,791)
Total swaps and options, net	$ 169,313,227	$ 42,381,817
December 31, 2024		
Cross-currency swaps and cross-currency interest rate swaps	$ 150,246,018	$ 68,953,365
Interest rate swaps	25,993,580	6,358,178
Options	27,413,773	–
	203,653,371	75,311,543
Master netting by counterparty	(26,383,811)	(26,383,811)
Total swaps and options, net	$ 177,269,560	$ 48,927,732

6. Debt

The following tables summarize the notes payable and other borrowings as of March 31, 2025 and December 31, 2024.

			March 31, 2025					
Issue Date	Maturity Date	Rate (%)	Principal Amount	Unamortized Premium/ (Discount)	Unamortized Debt Issuance Costs	FX Translation Adjustment	Fair Value of Hedged Items	Net Debt
Notes Payable								
USD Issuance								
12/17/12	12/17/30	3.30	$ 50,000,000	$ –	$ (98,192)	$ –	$ (4,192,232)	$ 45,709,576
CHF Issuance								
04/30/15	04/30/25	0.25	128,706,754	7,292	(6,920)	12,654,385	–	141,361,511
04/26/17	10/26/27	0.20	124,443,117	112,074	(183,849)	16,918,020	–	141,289,362
07/24/18	07/24/26	0.30	126,415,858	27,394	(133,794)	14,945,280	–	141,254,738
05/28/20	11/28/28	0.20	186,316,116	9,637	(461,437)	17,243,922	–	203,108,238
05/28/20	05/27/33	0.55	165,614,326	464,351	(665,023)	15,327,932	–	180,741,586
10/30/24	10/30/30	1.1525	163,417,766	–	(760,355)	(5,093,291)	–	157,564,120
NOK Issuance								
03/10/17	03/10/31	2.47	86,724,283	–	(125,162)	(17,979,314)	–	68,619,807
03/10/17	03/10/32	2.47	86,724,283	–	(136,478)	(17,979,314)	–	68,608,491
Total notes payable			1,118,362,503	620,748	(2,571,210)	36,037,620	(4,192,232)	1,148,257,429
Other Borrowings								
MXN								
12/14/22 [1]	12/01/27	TIIE var.	100,000,606	–	(14,790)	(3,351,574)	–	96,634,242
10/27/23 [1]	10/01/29	TIIE var.	65,083,916	–	–	(6,934,387)	–	58,149,529
01/23/24 [1]	10/01/29	TIIE var.	25,067,706	–	–	(4,029,598)	–	21,038,108
Total other borrowings			190,152,228	–	(14,790)	(14,315,559)	–	175,821,879
			$ 1,308,514,731	$ 620,748	$ (2,586,000)	$ 21,722,061	$ (4,192,232)	$ 1,324,079,308

CHF = Swiss franc; MXN = Mexican peso; NOK= Norwegian krone; USD = U.S. dollar.
[1] Collateralized borrowing in the form of a repurchase agreement.

6. Debt (continued)

			December 31, 2024					
Issue Date	Maturity Date	Rate (%)	Principal Amount	Unamortized Premium/ (Discount)	Unamortized Debt Issuance Costs	FX Translation Adjustment	Fair Value of Hedged Items	Net Debt
Notes Payable								
USD Issuance								
12/17/12	12/17/30	3.30	$ 50,000,000	$ –	$ (102,489)	$ –	$ (5,300,748)	$ 44,596,763
CHF Issuance								
04/30/15	04/30/25	0.25	128,706,754	28,423	(27,686)	9,055,545	–	137,763,036
04/26/17	10/26/27	0.20	124,443,117	119,848	(201,736)	13,319,182	–	137,680,411
07/24/18	07/24/26	0.30	126,415,858	31,777	(159,254)	11,346,441	–	137,634,822
05/28/20	11/28/28	0.20	186,316,116	10,033	(492,972)	12,061,594	–	197,894,771
05/28/20	05/27/33	0.55	165,614,326	466,402	(685,407)	10,721,418	–	176,116,739
10/30/24	10/30/30	1.1525	163,417,766	–	(794,396)	(9,123,990)	–	153,499,380
NOK Issuance								
03/10/17	03/10/31	2.47	86,724,283	–	(130,428)	(23,271,893)	–	63,321,962
03/10/17	03/10/32	2.47	86,724,283	–	(141,394)	(23,271,893)	–	63,310,996
Total notes payable			1,118,362,503	656,483	(2,735,762)	836,404	(5,300,748)	1,111,818,880
Other Borrowings								
MXN								
12/14/22 [1]	12/01/27	TIIE var.	100,000,606	–	(16,154)	(5,004,064)	–	94,980,388
10/27/23 [1]	10/01/29	TIIE var.	65,083,916	–	–	(7,928,617)	–	57,155,299
01/23/24 [1]	10/01/29	TIIE var.	25,067,706	–	–	(4,389,304)	–	20,678,402
Total other borrowings			190,152,228	–	(16,154)	(17,321,985)	–	172,814,089
			$ 1,308,514,731	$ 656,483	$ (2,751,916)	$ (16,485,581)	$ (5,300,748)	$ 1,284,632,969

CHF = Swiss franc; MXN = Mexican peso; NOK= Norwegian krone; USD = U.S. dollar.
[1] Collateralized borrowing in the form of a repurchase agreement.

Notes Payable

The notes payable are unsecured, rank equally with all other unsecured indebtedness, and cannot be redeemed prior to their maturity, at which time they will be redeemed at 100% of their principal amount. Interest payments are due semiannually or annually.

The fair value of a hedge relating to an interest rate swap on notes payable denominated in U.S. dollars was reported at March 31, 2025 and December 31, 2024 as other assets of $(4,192,232) and $(5,300,748), respectively. The fair value of the hedges relating to cross-currency swaps and cross-currency interest rate swaps on notes payable not denominated in U.S. dollars was reported at March 31, 2025 and December 31, 2024 as other assets of $62,702,144 and $47,491,226, respectively, and as other liabilities of $41,003,374 and $48,927,731, respectively. The fair value of hedges relating to

6. Debt (continued)

options on notes payable not denominated in U.S. dollars was reported at March 31, 2025 and December 31, 2024 as other assets of $25,764,624 and $27,413,773, respectively. Additional information on the fair value of financial instruments and derivatives is provided in Notes 10 and 11.

Other Borrowings

The other borrowings of the Bank are with another financial institution. The borrowings are in Mexican pesos and are collateralized in the form of repurchase agreements using U.S. Treasury Notes, which are reflected on the consolidated balance sheets as available-for-sale investment securities. These borrowings have variable interest rates referenced to Mexico's Benchmark Interbank Deposit Rate (TIIE).

The following table summarizes the maturities of the notes payable and other borrowings as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Less than one year	$ 128,706,754	$ 128,706,754
1-2 years	126,415,858	126,415,858
2-3 years	224,443,723	224,443,723
3-4 years	186,316,116	186,316,116
4-5 years	90,151,622	90,151,622
5-10 years	552,480,658	552,480,658
More than 10 years	–	–
Total	$ 1,308,514,731	$ 1,308,514,731

The following table summarizes short-term and long-term debt as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Short-term debt:		
Notes payable	$ 128,706,754	$ 128,706,754
Total short-term debt	128,706,754	128,706,754
Long-term debt:		
Notes payable	989,655,749	989,655,749
Other borrowings	190,152,228	190,152,228
Total long-term debt	1,179,807,977	1,179,807,977
Total debt	$ 1,308,514,731	$ 1,308,514,731

7. Equity

Subscribed Capital

At March 31 2025 and December 31, 2024, the shareholders of the Bank had subscribed to 600,000 shares of capital stock, with a par value of $10,000 per share. Subscribed capital is divided into paid-in and callable capital. Callable capital are shares that the Bank can request that its shareholders pay under Chapter II, Article II, Section 3(d) of the Bank's Charter. As defined in the Charter, subscribed shares can be unqualified or qualified. Qualified shares are subject to the respective domestic legal requirements of each subscribing country. Unqualified shares have completed the domestic legal requirements. The Bank's capital at March 31, 2025 and December 31, 2024 is shown in the following tables.

	Mexico		United States		Total	
	Shares	**USD Million**	**Shares**	**USD Million**	**Shares**	**USD Million**
March 31, 2025						
Subscribed capital	300,000	$ 3,000.0	300,000	$ 3,000.0	600,000	$ 6,000.0
Qualified callable capital	(78,200)	(782.0)	(102,000)	(1,020.0)	(180,200)	(1,802.0)
Unqualified callable capital	(176,800)	(1,768.0)	(153,000)	(1,530.0)	(329,800)	(3,298.0)
Qualified paid-in capital	(13,800)	(138.0)	–	–	(13,800)	(138.0)
Total funded paid-in capital	31,200	312.0	45,000	450.0	76,200	762.0
Restricted from commitments	–	–	(16,500)	(165.0)	(16,500)	(165.0)
Transferred to Domestic Programs (MX 1999; US 2018)	–	(22.5)	–	(22.5)	–	(45.0)
Total paid-in capital	31,200	$ 289.5	28,500	$ 262.5	59,700	$ 552.0
December 31, 2024						
Subscribed capital	300,000	$ 3,000.0	300,000	$ 3,000.0	600,000	$ 6,000.0
Qualified callable capital	(104,267)	(1,042.7)	(102,000)	(1,020.0)	(206,267)	(2,062.7)
Unqualified callable capital	(150,733)	(1,507.3)	(153,000)	(1,530.0)	(303,733)	(3,037.3)
Qualified paid-in capital	(18,400)	(184.0)	–	–	(18,400)	(184.0)
Total funded paid-in capital	26,600	266.0	45,000	450.0	71,600	716.0
Restricted from commitments	–	–	(16,500)	(165.0)	(16,500)	(165.0)
Transferred to Domestic Programs (MX 1999; US 2018)	–	(22.5)	–	(22.5)	–	(45.0)
Total paid-in capital	26,600	$ 243.5	28,500	$ 262.5	55,100	$ 506.0

In 1994, Mexico and the United States subscribed to the Bank's capital of 300,000 shares ($3 billion) with equal commitments from each country. All shares from the initial subscription were unqualified since May 2009.

In 2015, the member countries agreed to a General Capital Increase (GCI) of 300,000 shares ($3 billion), also with equal commitments from each government, bringing the Bank's subscribed capital to $6 billion. Mexico submitted its letter of subscription on May 6, 2016, and the United States submitted its letter of subscription on September 1, 2016.

7. Equity (continued)

On January 27, 2025, the Bank received a payment of $46 million in paid-in capital from Mexico and, on January 30, 2025, Mexico unqualified 30,667 shares of its General Capital Increase (GCI) subscription, consisting of 4,600 shares of paid-in capital ($46 million) and 26,067 shares of callable capital ($260.67 million). As of March 31, 2025, Mexico has unqualified 8,700 shares of paid-in capital and 49,300 shares of callable capital from its GCI subscription. As of December 31, 2024, Mexico had unqualified 4,100 shares of paid-in capital and 23,233 shares of callable capital from its GCI subscription.

As of March 31, 2025 and December 31, 2024, the United States has unqualified 22,500 shares of paid-in capital from its GCI subscription. Of these shares, 16,500 shares were restricted from commitment, until Mexico unqualifies corresponding payments. As such, the restricted shares are recorded as a deferred U.S. capital contribution. As of those same dates, the United States has also unqualified 25,500 shares of callable capital from its GCI subscription.

In accordance with Board Resolution BR 2020-7, the shareholders have until December 31, 2028, or such later dates as the Board of Directors shall determine, to unqualify the remaining shares of their subscriptions.

Retained Earnings

At March 31, 2025 and December 31, 2024, retained earnings are classified as reserved or undesignated as shown in the following table.

	March 31, 2025	December 31, 2024
Reserved retained earnings		
Debt Service Reserve	$ 74,700,000	$ 74,700,000
Operating Expenses Reserve	29,884,160	29,884,160
Special Reserve	30,000,000	30,000,000
Capital Preservation Reserve	176,720,188	172,979,223
Total reserved retained earnings	311,304,348	307,563,383
Undesignated retained earnings	24,637,692	24,116,126
Total retained earnings	$ 335,942,040	$ 331,679,509

Additional information regarding the reserve funds listed above is provided in Note 2.

7. Equity (continued)

Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2025 and the year ended December 31, 2024.

	Beginning Balance	Period Activity	Ending Balance
March 31, 2025			
Net unrealized gain (loss) on available-for-sale investment securities	$ (10,361,786)	$ 8,045,113	$ (2,316,673)
Post-retirement benefit liability adjustment	672,637	-	672,637
Foreign currency translation adjustment	282,197	3,439	285,636
Unrealized gain (loss) on hedging activities:			
Foreign currency translation adjustment	(10,634,096)	(9,788,840)	(20,422,936)
Fair value of cross-currency interest rate swaps and options, net	50,191,855	(2,365,351)	47,826,504
Net unrealized gain (loss) on hedging activities	39,557,759	(12,154,191)	27,403,568
Total accumulated other comprehensive income	$ 30,150,807	$ (4,105,639)	$ 26,045,168
December 31, 2024			
Net unrealized gain (loss) on available-for-sale investment securities	$ (16,866,019)	$ 6,504,233	$ (10,361,786)
Post-retirement benefit liability adjustment	285,079	387,558	672,637
Foreign currency translation adjustment	328,367	(46,170)	282,197
Unrealized gain (loss) on hedging activities:			
Foreign currency translation adjustment	(39,994,658)	29,360,562	(10,634,096)
Fair value of cross-currency interest rate swaps and options, net	58,541,163	(8,349,308)	50,191,855
Net unrealized gain on hedging activities	18,546,505	21,011,254	39,557,759
Total accumulated other comprehensive income	$ 2,293,932	$ 27,856,875	$ 30,150,807

Hedging Activities in Other Comprehensive Income (Loss)

The following table summarizes the change in net unrealized gains (losses) on derivatives designated as cash flow hedges and their related hedged items included in other comprehensive income for the three months ended March 31, 2025 and the year ended December 31, 2024.

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Cross-currency swaps, options and hedged items for debt, net	$ (12,154,191)	$ 21,011,254

7. Equity (continued)

For the three months ended March 31, 2025 and the year ended December 31, 2024, no amounts were reclassified from other comprehensive income and recorded as a component of income (expenses) from foreign currency exchange rate adjustment and hedging activities in the consolidated statements of income.

8. EICF Transfers and Reimbursements

As part of the establishment of the EICF, the Board agreed to continue providing support to the EICF by transferring a portion of allocable income from the Bank's Ordinary Capital Resources. For the three months ended March 31, 2025 and 2024, no transfers were made.

All operating expenses of the Bank are paid through the accounts of the Ordinary Capital Resources, including those related to grant operations under the EICF. Operating expenses incurred for third-party grants are subject to reimbursement to the Bank. Such reimbursements represent personnel expenses, net of administrative expenses, and are recorded in the consolidated income statements as net grant operating reimbursements. For the three months ended March 31, 2025 and 2024, the Bank recognized $390,490 and $431,493, respectively, in net reimbursements from the EICF.

9. Employee Benefits

401(a) Retirement Plan
The Bank has a 401(a) Retirement Plan for its employees. This plan provides for employee and nondiscretionary employer contributions. For the three months ended March 31, 2025 and 2024, the Bank expended $353,860 and $329,092, respectively, relating to the plan.

Post-retirement Health Insurance Plan
The Bank has a post-retirement health insurance plan for qualifying employees based on number of years of service and age. Qualified retirees may purchase group health insurance coverage at the current employee rate subject to the plan limits. The plan is funded by the Bank as benefits are paid. The Bank paid benefits of $27,055 and $23,078 for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the unfunded portion of the plan totaled $3,524,757 and is reflected in the consolidated balance sheet as a component of accrued liabilities and long-term post-retirement benefits payable of $170,250 and $3,354,507, respectively. As of December 31, 2024, the unfunded portion of the plan totaled $3,451,062 and is reflected in the consolidated balance sheet as a component of accrued liabilities and long-term post-retirement benefits payable of $158,000 and $3,293,062, respectively.

9. Employee Benefits (continued)

The following table presents the change in benefit obligations as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Beginning balance	$ 3,451,062	$ 3,543,778
Service expense	57,000	253,000
Interest expense	43,750	138,000
Net benefits paid	(27,055)	(96,158)
Actuarial (gain) loss	–	(387,558)
Ending balance	$ 3,524,757	$ 3,451,062

The change in post-retirement health plan assets as of March 31 2025 and December 31, 2024, is presented in the following table.

	March 31, 2025	December 31, 2024
Beginning balance	$ –	$ –
Employer contributions	27,055	96,158
Net benefits paid	(27,055)	(96,158)
Ending balance	$ –	$ –

The following table presents post-retirement health plan liabilities as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
Current liabilities	$ 170,250	$ 158,000
Non-current liabilities	3,354,507	3,293,062
Total	$ 3,524,757	$ 3,451,062

The net periodic benefit cost of the post-retirement health plan for the three months ended March 31, 2025 and 2024, is presented in the following table.

	Three Months Ended March 31,	
	2025	2024
Service expense	$ 57,000	$ 63,250
Interest expense	43,750	34,500
Total	$ 100,750	$ 97,750

9. Employee Benefits (continued)

Service expenses are reflected in the consolidated statements of income as a component of personnel under operating expenses. Interest expense in relation to post-retirement benefit obligations is reported as a component of net fees and other income (expense) in the consolidated statements of income.

The assumptions used to determine the benefit obligations as of March 31, 2025 and December 31, 2024, are presented in the following table.

	March 31, 2025	**December 31, 2024**
Discount rate	5.18%	5.18%
Current healthcare cost trend rate	7.60%	7.60%
Ultimate healthcare cost trend rate	5.00%	5.00%
Year in which ultimate trend is reached	2035	2035

The assumptions used to determine the net periodic post-retirement benefit costs of the plan as of March 31, 2025 and December 31, 2024, are presented below.

	March 31, 2025	**December 31, 2024**
Discount rate	4.36%	4.36%
Current healthcare cost trend rate	6.30%	6.30%
Ultimate healthcare cost trend rate	5.00%	5.00%
Year in which ultimate trend is reached	2028	2028

The following schedule summarizes the estimated cash obligations that are expected to be paid for post-retirement health benefits.

April 1 – December 31, 2025	$	118,500
Year ending December 31:		
2026		207,000
2027		243,000
2028		273,000
2029		269,000
2030-2034		1,701,000

10. Fair Value of Financial Instruments

Information on how the Bank measures fair value and classifies the levels of fair value inputs is provided in Note 2.

Available-for-sale Securities – Securities classified as available-for-sale are reported at fair value using Levels 1 and 2 observable inputs. For these securities, the Bank obtains fair value measurements from an independent pricing service, which are based on prices quoted for the exact or like-kind instrument.

Hedged Items for Loans – Hedged items for loans are reported at fair value using Level 3 unobservable inputs. The fair value of these hedged items is estimated by discounting each cash flow stream using the benchmark swap curve of the contractual currency and converting the resulting net present value at the spot exchange rate, as well as using external pricing models and counterparty pricing. Cash flows in Mexican pesos (MXN) are discounted using the MXN swap curve. Cash flows in U.S. dollars are discounted using the Secured Overnight Financing Rate (SOFR) curve.

Cross-currency Swaps and Cross-currency Interest Rate Swaps – Cross-currency swaps and cross-currency interest rate swaps are reported at fair value using Level 2 observable inputs. The fair value of these swaps is estimated based on discounting procedures, whereby each cash flow stream is discounted using the benchmark swap curve of the respective currency and converting the resulting net present value at the spot exchange rate, as well as other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. These swaps are all Mexican-peso for U.S.-dollar operations except for eight (8) debt issuances in foreign currencies for U.S.-dollar operations. Cash flows in Mexican pesos are discounted using the MXN swap curve. Cash flows in Swiss francs (CHF) are discounted using the CHF swap curve. Cash flows in Norwegian kroner (NOK) are discounted using the NOK swap curve. Cash flows in U.S. dollars are discounted using the USD Overnight Index Swap (OIS) or SOFR curve.

Interest Rate Swaps – Interest rate swaps are reported at fair value using Level 2 observable inputs. The fair value of these swaps is estimated based on discounting procedures, whereby the cash flows in U.S. dollars are discounted using the SOFR curve and cash flows in Mexican pesos are discounted using MXN swap curve, as well as on other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Options – Options are reported at fair value using Level 2 observable inputs. The Bank uses options to hedge its foreign exchange exposure related to debt issuance.

Hedged Items for Debt – Hedged items for debt are reported at fair value using Level 3 unobservable inputs. The fair value of the hedged items is estimated based on discounting procedures, whereby each cash flow stream is discounted using the SOFR curve for USD issuances, as well as on external pricing models and counterparty pricing.

10. Fair Value of Financial Instruments (continued)

The following table summarizes the carrying amounts and fair value of the Bank's financial instruments measured at fair value as of March 31, 2025 and December 31, 2024.

	March 31, 2025		December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Available-for-sale securities	$ 1,077,029,052	$ 1,077,029,052	$ 1,151,890,144	$ 1,151,890,144
Loans, net of interest rate swaps	247,667,357	244,034,377	246,540,838	234,140,812
Cross-currency swaps and cross-currency interest rate swaps	150,860,332	150,860,332	150,246,018	150,246,018
Interest rate swaps	19,744,062	19,744,062	25,993,580	25,993,580
Options	25,764,624	25,764,624	27,413,773	27,413,773
Liabilities				
Long-term debt	50,000,000	45,807,768	50,000,000	44,699,253
Cross-currency interest rate swaps	60,126,549	60,126,549	68,953,365	68,953,365
Interest rate swaps	9,311,059	9,311,059	6,358,178	6,358,178

10. Fair Value of Financial Instruments (continued)

The Bank's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 are summarized in the following tables by the valuation level of the inputs used to measure fair value. Additional information on how the Bank measures and classifies the levels of fair-value inputs is provided in Note 2.

	Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
March 31, 2025				
Assets				
Available-for-sale (AFS) securities:				
U.S. government securities	$ 395,692,469	$ –	$ –	$ 395,692,469
U.S. agency securities	–	62,132,139	–	62,132,139
Corporate debt securities	–	176,647,697	–	176,647,697
Other fixed-income securities	–	61,593,689	–	61,593,689
Mexican government securities	–	101,122,133	–	101,122,133
Securities pledged under collateralized borrowings	–	274,630,490	–	274,630,490
Mortgage-backed securities	–	5,210,435	–	5,210,435
Total AFS securities	395,692,469	681,336,583	–	1,077,029,052
Cross-currency swaps and cross-currency interest rate swaps	–	150,860,332	–	150,860,332
Interest rate swaps	–	19,744,062	–	19,744,062
Options	–	25,764,624	–	25,764,624
Hedged items for loans	–	–	(3,632,980)	(3,632,980)
Total assets at fair value	$ 395,692,469–	$ 877,705,601	$ (3,632,980)	$ 1,269,765,090
Liabilities				
Cross-currency interest rate swaps	$ –	$ 60,126,549	$ –	$ 60,126,549
Interest rate swaps	–	9,311,059	–	9,311,059
Hedged items for debt	–	–	(4,192,232)	(4,192,232)
Total liabilities at fair value	$ –	$ 69,437,608	$ (4,192,232)	$ 65,245,376

10. Fair Value of Financial Instruments (continued)

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2024				
Assets				
Available-for-sale (AFS) securities:				
U.S. government securities	$ 415,605,869	$ –	$ –	$ 415,605,869
U.S. agency securities	–	84,649,028	–	84,649,028
Corporate debt securities	–	181,958,265	–	181,958,265
Other fixed-income securities	–	63,689,517	–	63,689,517
Mexican government securities	–	131,358,146	–	131,358,146
Securities pledged under collateralized borrowings	–	270,780,307	–	270,780,307
Mortgage-backed securities	–	3,849,012	–	3,849,012
Total AFS securities	415,605,869	736,284,275	–	1,151,890,144
Cross-currency swaps and cross-currency interest rate swaps	–	150,246,018	–	150,246,018
Interest rate swaps	–	25,993,580	–	25,993,580
Options	–	27,413,773	–	27,413,773
Hedged items for loans	–	–	(12,400,026)	(12,400,026)
Total assets at fair value	$ 415,605,869	$ 939,937,646	$ (12,400,026)	$ 1,343,143,489
Liabilities				
Cross-currency interest rate swaps	$ –	$ 68,953,365	$ –	$ 68,953,365
Interest rate swaps	–	6,358,178	–	6,358,178
Hedged items for debt	–	–	(5,300,748)	(5,300,748)
Total liabilities at fair value	$ –	$ 75,311,543	$ (5,300,748)	$ 70,010,795

10. Fair Value of Financial Instruments (continued)

The following table summarizes the changes to hedged items included in financial assets and liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3) for the three months ended March 31, 2025 and the year ended December 31, 2024. Additional information on how the Bank measures fair value is provided in Note 2.

Fair Value of Level 3 Instruments	**Three Months Ended March 31, 2025**	**Year Ended December 31, 2024**
Assets		
Beginning balance	$ (12,400,025)	$ 1,296,457
Total realized and unrealized gains (losses):		
Included in earnings (expenses)	8,767,045	(13,696,482)
Included in other comprehensive income (loss)	–	–
Purchases	–	–
Settlements	–	–
Transfers in/out of Level 3	–	–
Ending balance	$ (3,632,980)	$ (12,400,025)
Liabilities		
Beginning balance	$ (5,300,748)	$ (4,458,154)
Total realized and unrealized (gains) losses:		
Included in (earnings) expenses	1,108,516	(842,594)
Included in other comprehensive income (loss)	–	–
Purchases	–	–
Settlements	–	–
Transfers in/out of Level 3	–	–
Ending balance	$ (4,192,232)	$ (5,300,748)

11. Derivative Instruments

The Bank uses cross-currency swaps, cross-currency interest rate swaps, interest rate swaps, and options to mitigate its exposure to fluctuations in foreign currency exchange (FX) rates and/or interest rates for its loans and debt. The fair value of the swaps outstanding as of each reporting period end is included in other assets or other liabilities, depending on whether the Bank is in a favorable or unfavorable position as of the reporting period date. Certain swaps and options have been designated as accounting hedges, while other swaps not designated as accounting hedges are considered economic hedges.

The Bank enters into cross-currency interest rate swaps that are matched to the terms of the loans denominated in Mexican pesos that the Bank has entered into directly or through COFIDAN. In the latter case, the swaps are entered into on the exact same terms COFIDAN signs with its borrowers. The Bank has also entered into cross-currency swaps and cross-currency interest rate swaps for its long-term notes payable issued in Swiss francs and Norwegian kroner. These swaps are structured so that the notional amounts mature to match the expected maturity of the related loans and notes payable.

11. Derivative Financial Instruments (continued)

The Bank enters into interest rate swaps for some loans and one of its long-term notes payable. The swaps are structured so that the notional amounts match the expected maturity of the related loans and notes payable. Certain swaps have been designated as hedging instruments because they hedge the risk of changes in the fair value of fixed-rate loans and notes payable due to changes in the designated benchmark interest rate.

The Bank uses options to hedge a portion of its long-term notes payable. The options have been designated as hedging instruments and are structured to match the expected maturity of the notes payable.

The Bank may be required to post or receive collateral based on the outstanding fair value of its derivatives and other collateralized borrowings. Cash collateral and receivables totaling $31,242,918 and $27,225,203 were posted from counterparties to the Bank as of March 31, 2025 and December 31, 2024, respectively. As of those same dates, no collateral was posted by the Bank.

11. Derivative Financial Instruments (continued)

The notional amounts and estimated fair values of the swaps and options outstanding at March 31, 2025 and December 31, 2024, are presented in the following table. The fair value of these swaps is estimated using internal valuation models with observable market data inputs.

	March 31, 2025		December 31, 2024	
	Notional Amount	**Estimated Fair Value**	**Notional Amount**	**Estimated Fair Value**
Derivative assets				
Designated as accounting hedges:				
Cross-currency swaps for debt	$ 175,965,221	$ 32,981,250	$ 175,965,221	$ 33,697,451
Cross-currency options for debt	175,965,221	25,764,624	175,965,221	27,413,773
Interest rate swaps for loans	76,563,589	8,241,301	160,841,494	13,239,029
	428,494,031	66,987,175	512,771,936	74,350,253
Not designated as accounting hedges:				
Cross-currency interest rate swaps for debt	489,565,730	46,916,132	489,565,730	33,819,407
Cross-currency interest rate swaps for loans	209,810,022	70,962,950	250,110,300	82,729,160
Interest rate swaps for loans	55,431,639	11,502,761	56,782,405	12,754,551
	754,807,391	129,381,843	796,458,435	129,303,118
Derivative liabilities				
Designated as accounting hedges:				
Interest rate swaps for debt	50,000,000	4,192,232	50,000,000	5,300,747
Interest rate swaps for loans	171,103,768	4,608,321	27,847,774	839,003
	221,103,768	8,800,553	77,847,774	6,139,750
Not designated as accounting hedges:				
Cross-currency interest rate swaps for debt	208,466,658	58,198,612	208,466,658	68,953,365
Cross-currency interest rate swaps for loans	70,687,444	1,927,937	–	–
Interest rate swaps for loans	11,498,428	510,506	11,498,428	218,428
	290,652,530	60,637,055	219,965,086	69,171,793

There were no swaps that were considered ineffective due to borrower default as of March 31, 2025 and December 31, 2024.

Gains and Losses on Derivative Cash Flows

Cross-currency Swaps and Options –The fair value adjustments of cross-currency swaps and options designated as cash flow hedges are included in the consolidated statements of comprehensive income. Amounts are reclassified to earnings when the hedged items are included in earnings. The accumulated net unrealized gain (loss) related to the swaps and options included in accumulated other comprehensive income totaled $27,403,568 and $39,557,759 at March 31, 2025 and December 31, 2024, respectively.

11. Derivative Financial Instruments (continued)

Interest Rate Swaps – For interest rate swaps designated as fair value hedges, the changes in their fair value due to changes in the SOFR curve offset the changes in the fair value of the loans and debt (hedged items) and are included in income (expense) from foreign currency exchange rate adjustments and hedging activities.

Income (Expense) from Foreign Currency Exchange Rate Adjustments and Hedging Activities
The following table summarizes the income (expense) from foreign currency exchange rate adjustments and hedging activities for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Foreign currency exchange rate adjustments	$ (16,804,164)	$ (45,693,711)
Credit valuation adjustment	23,523	738,743
Changes in hedged items and derivative instruments:		
Hedged items for loans and fair value swaps	(15,223,215)	7,302,076
Hedged items for debt and fair value swaps	23,851,477	38,393,865
	8,628,262	45,695,941
Income (expense) from foreign currency exchange rate adjustments and hedging activities	$ (8,152,379)	$ 740,973

Income (expense) from foreign currency exchange rate adjustments and hedging activities is included as a component of non-operating income (expenses) in the consolidated statements of income.

12. Credit Risk Associated with Financial Instruments

The Bank is subject to certain credit risk. Financial instruments that potentially subject the Bank to significant concentrations of credit risk consist principally of cash equivalents, investments, loans receivable, options and swaps. The Bank maintains cash equivalents, investments and certain other financial instruments with various major financial institutions. The Bank performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. The Bank evaluates the creditworthiness of each customer on a case-by-case basis and continually monitors the financial stability of each borrower.

13. Fair Value of Non-financial Assets

Certain non-financial assets, including OREO acquired in full or partial satisfaction of a loan, are measured at fair value on a nonrecurring basis. Upon initial recognition, these assets are typically

13. Fair Value of Non-financial Assets (continued)

reported at fair value using Level 3 unobservable inputs, such as third-party appraisals and estimated selling costs. As of March 31, 2025, the Bank had OREO of $4,388,384 reported at fair value using third-party appraisals, adjusted for estimated selling costs.

14. Commitments

In the normal course of business, the Bank has various outstanding commitments, in addition to the loans receivable disclosed in Note 4 and borrowings disclosed in Note 6. Under agreements with consultants and contractors in effect on March 31, 2025, the Bank has obligations to make payments contingent upon the future performance of the consultants and contractors under the terms of their respective contracts and, therefore, they are not recorded in the consolidated financial statements.

Operating Lease Commitments

The Bank rents office space for its headquarters in San Antonio, Texas, under an operating lease that expires on February 28, 2026. As of March 31, 2025, the right-of-use lease asset totaled $219,287 and is reflected in the consolidated balance sheet as a component of other assets. As of that same date, the operating lease obligation is reflected in the consolidated balance sheets in accrued liabilities and as an operating lease liability of $219,287. For the three months ended March 31, 2025 and 2024, operating lease expenses recognized on a straight-line basis totaled $60,183 and $59,280, respectively, and are included as a component of operating expenses in the consolidated statements of income.

As of March 31, 2025, the weighted average term of the lease remaining was 0.9 years and the weighted average discount rate used on the lease liability was 1.26%, which is considered a risk-free rate by the Bank in determining the present value of future lease payments as follows:

April 1 – December 31, 2025	$	180,549
Two months ending February 28, 2026		40,122
Total operating lease		220,671
Discount		(1,384)
Operating lease liability	$	219,287

15. Subsequent Event

On April 23, 2025, the Bank entered into an unsecured line of credit agreement with another financial institution in the amount of up to MXN $1 billion (~$50 million USD equivalent) with a maturity date of March 25, 2028. The line of credit carries a variable interest rate referenced to Mexico's Compounded in advance Overnight Funding TIIE rate (TIIEF). As of May 1, 2025, no funds have been drawn from this line of credit.