MULTIBANK INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Interim
Financial Statements

As of March 31, 2025

[Signed]
Juan Carlos Mejía
General Manager

[Signed]
Arnold E. Salgado G.
Vice President of Finance and Accounting
CPA No. 5275

"This document was prepared with the knowledge that their content will be made available to the public investor and the general public".

MULTIBANK INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

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PUBLIC ACCOUNTANT REPORT

We have analytically reviewed the condensed consolidated interim financial statements of Multibank Inc. and Subsidiaries which comprise the condensed consolidated statement of financial position as of March 31, 2025, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these condensed financial statements in accordance with the International Accounting Standard No. 34 - Interim Financial Reporting of International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

We are not aware of any material modifications that should be made to the accompanying interim condensed financial statements. In our consideration, the interim condensed financial statements present fairly, in all material respects, the financial position of Multibank, Inc. and Subsidiaries as of March 31, 2025, and its financial performance and its cash flows for the three months then ended, in accordance with International Accounting Standard No. 34 - Interim Financial Reporting of International Financial Reporting Standards.

[Signed]

Arnold E. Salgado G.
C.P.A. No.5275

April 30, 2025
Panama, Republic of Panama

MULTIBANK INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Financial Position

March 31, 2025

(In U.S. dollars)

Assets	**Note**	**March 31, 2025 (Unaudited)**	**December 31, 2024 (Audited)**
Cash and cash equivalents		19,816,733	23,388,800
Deposits in banks:			
Demand		58,713,501	76,688,220
Time deposits		67,477,917	104,215,899
Total deposits in banks		126,191,418	180,904,119
Total cash, cash equivalents and deposits in banks	6	146,008,151	204,292,919
Investments in securities	4, 7	882,468,240	950,549,313
Loans	4, 8	3,828,982,322	3,824,773,731
Allowance for loan losses	4	(66,351,182)	(73,023,133)
Loans at amortized cost, net		3,762,631,140	3,751,750,598
Property, furniture, equipment and improvements, net		44,524,899	45,390,814
Acceptances outstanding		11,893,170	10,519,738
Other accounts receivable	4	127,505,110	118,678,295
Provision for accounts receivable	4	(1,268,571)	(1,185,237)
Intangible assets		6,747,706	6,980,992
Deferred income tax	15	31,274,003	31,096,675
Other assets		63,417,859	62,556,020
Total assets		5,075,201,707	5,180,630,127

The condensed consolidated statement of financial position must be read in conjunction with the notes which are part of the condensed consolidated interim financial statements.

Liabilities and Equity	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Liabilities:			
Deposits from customers:			
Demand		554,589,353	544,369,793
Savings		528,494,954	542,562,819
Time deposits		2,372,691,079	2,372,116,859
Total deposits from customers	9	3,455,775,386	3,459,049,471
Securities sold under repurchase agreements		160,360,513	183,633,493
Financial obligations	10	560,115,653	651,693,921
Other financial obligations	11	352,445,403	361,989,958
Lease liabilities	12	9,775,239	10,290,718
Acceptances outstanding		11,906,972	10,531,946
Income tax payable		354,878	0
Deferred income tax		135,147	133,611
Other liabilities		100,325,829	94,472,456
Total liabilities		4,651,195,020	4,771,795,574
Equity:			
Common stock	13	183,645,893	183,645,893
Additional paid in capital		(152,873)	(152,873)
Retained earnings		197,859,260	194,672,489
Capital reserves		177,769	177,769
Regulatory reserves		85,577,592	83,257,069
Other comprehensive loss		(43,100,954)	(52,765,794)
Total equity		424,006,687	408,834,553
Total liabilities and equity		5,075,201,707	5,180,630,127

MULTIBANK INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Income

For the period of three months ended March 31, 2025

(In U.S. dollars)

	Note	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Interest income:			
Deposits in banks		1,328,896	1,529,364
Investments at fair value		6,694,884	4,910,485
Investments at amortized cost		697,560	945,458
Loans		66,376,060	65,664,915
Total interest income		75,097,400	73,050,222
Interest expense:			
Deposits from customers		37,522,228	36,798,705
Financial obligations		9,068,729	8,788,659
Other financial obligations		6,951,902	6,929,984
Securities sold under repurchase agreements		1,618,739	1,400,063
Lease liabilities		187,996	210,123
Total interest expense		55,349,594	54,127,534
Interest income, net		19,747,806	18,922,688
Provision for loan and interest losses	4	8,750,785	4,680,026
Release of provision for credit risk of investments and deposits in banks	4	(851,376)	8,707
Provision for account receivable losses	4	83,334	184,867
Interest income, net after provisions		11,765,063	14,049,088
Other income (expenses):			
Gain on financial instruments, net	14	334,310	52,429
Service charges		5,052,827	4,232,734
Insurance premiums, net		3,926,882	2,498,419
Commissions and other fees, net		1,529,696	1,509,417
Gain on foreign currency exchange, net		35,913	4,662
Impairment of assets held for sale		(22,391)	68,057
Other income		2,059,116	1,654,282
Total other income, net		12,916,353	10,020,000
General and administrative expenses:			
Salaries and employee benefits		9,665,423	11,396,879
Depreciation and amortization		1,681,056	1,577,912
Administrative		1,427,890	2,054,751
Occupancy and related expenses		750,469	837,114
Other operating expenses		5,040,565	5,126,495
Total general and administrative expenses		18,565,403	20,993,151
Income before income tax		6,116,013	3,075,937
Current income tax	15	(1,121,313)	(974,114)
Deferred income tax	15	173,871	324,584
Net income		5,168,571	2,426,407

The condensed consolidated statement of income must be read in conjunction with the notes which are part of the condensed consolidated interim financial statements.

MULTIBANK INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Comprehensive Income

For the period of three months ended March 31, 2025

(In U.S. dollars)

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Net income	5,168,571	2,426,407
Other comprehensive results:		
Items that will not be reclassified to the consolidated income statement		
Employee benefits plan - change in actuarial effect	(48,765)	0
Deferred tax related to asset revaluation	0	1,305
Items that are or can be reclassified to the consolidated income statement		
Valuation of investments at FVOCI:		
Net change in fair value	9,727,694	2,281,791
Other comprehensive results	9,678,929	2,283,096
Comprehensive income	14,847,500	4,709,503

The condensed consolidated statement of other comprehensive income should be read in conjunction with the notes which are part of the condensed consolidated interim financial statements.

MULTIBANK INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Changes in Equity

For the period of three months ended March 31, 2025

(In U.S. dollars)

	Attributable to the Company's owners						
	Common shares	Excess paid in acquisition of non-controlling interests	Retained earnings	Capital reserve	Regulatory reserves	Other comprehensive losses	Total
Balance as of January 01, 2024	183,645,893	(152,873)	193,864,270	177,769	79,998,877	(73,507,861)	384,026,075
Net income	0	0	2,426,407	0	0	0	2,426,407
Other comprehensive results							
Net change in fair value	0	0	0	0	0	2,281,791	2,281,791
Deferred tax related to asset revaluation	0	0	0	0	0	1,305	1,305
Transfer to retained earnings	0	0	16,009	0	0	(16,009)	0
Total other comprehensive results	0	0	16,009	0	0	2,267,087	2,283,096
Total comprehensive results	0	0	2,442,416	0	0	2,267,087	4,709,503
Other changes in equity							
Regulatory reserves	0	0	(1,008,791)	0	1,008,791	0	0
Transactions with the Bank's owners							
Advanced dividend tax	0	0	6,146	0	0	0	6,146
Total transactions with the Bank's owners	0	0	6,146	0	0	0	6,146
Balance as of March 31, 2024	183,645,893	(152,873)	195,304,041	177,769	81,007,668	(71,240,774)	388,741,724
Balance as of January 01, 2025	183,645,893	(152,873)	194,672,489	177,769	83,257,069	(52,765,794)	408,834,553
Net income	0	0	5,168,571	0	0	0	5,168,571
Other comprehensive results							
Net change in valuation for investments at FVOCI:							
Net change in fair value	0	0	0	0	0	9,727,694	9,727,694
Employee benefits plan - change in actuarial effect	0	0	0	0	0	(48,765)	(48,765)
Transfer to retained earnings	0	0	14,089	0	0	(14,089)	0
Total other comprehensive results	0 0	0	14,089	0	0	9,664,840	9,678,929
Total comprehensive results	0	0	5,182,660	0	0	9,664,840	14,847,500
Other changes in equity							
Regulatory reserves	0	0	(2,320,523)	0	2,320,523	0	0
Transactions with the Bank's owners							
Contributions and distributions:							
Additional tax	0	0	324,634	0	0	0	324,634
Total transactions with the Bank's owners	0	0	324,634	0	0	0	324,634
Balance as of March 31, 2025	183,645,893	(152,873)	197,859,260	177,769	85,577,592	(43,100,954)	424,006,687

The condensed consolidated statement of changes in equity must be read in conjunction with the notes which are part of the condensed consolidated interim financial statements.

MULTIBANK INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Cash Flows

For the period of three months ended March 31, 2025

(In U.S. dollars)

	Note	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Cash flows from operating activities:			
Net income		5,168,571	2,426,407
Adjustments to reconcile net income to net cash provide by operating activities:			
Depreciation and amortization		1,210,176	1,129,236
Amortization of the right-of-use assets		470,880	448,676
Provision for loan losses	4	8,750,785	4,680,026
(Release) of provision for credit risk of investments and deposits in banks	4	(851,376)	8,707
Provision for accounts receivable losses	4	83,334	184,867
Impairment (Release) of assets held for sale		22,391	(68,057)
(Release) provision for losses on undisbursed commitments		(15,713)	20,683
Interest income, net		(19,747,806)	(18,922,688)
Gain on financial instruments, net	14	(334,310)	(52,429)
Loss on sale and disposal of property and equipment, net		(17,665)	(26,491)
(Gain) loss on sale of assets held for sale		(121,751)	8,711
Dividends earned on investments in securities		(544,927)	(475,814)
Income tax expense	15	947,442	649,530
Changes in operating assets and liabilities:			
Loans		(21,852,440)	6,543,993
Securities sold under agreements to repurchase		(23,744,328)	125,000,000
Other accounts receivables		(8,826,815)	(22,635,910)
Other assets		(3,208,907)	(2,345,199)
Deposits from customers		2,228,211	53,481,759
Other liabilities		5,818,402	14,287,326
Cash generated by operations:			
Interest received		80,201,421	74,568,154
Interest paid		(67,476,090)	(61,271,164)
Dividends received		544,927	475,814
Income tax paid		(766,435)	(792,240)
Net cash (used in) provided by operating activities		(42,062,023)	177,323,897
Cash flows from investing activities:			
Maturities and prepayments of investments securities		83,764,753	26,687,077
Purchase of investments at securities		(7,953,685)	(40,884,177)
Purchase of property and equipment		(476,293)	(372,289)
Proceeds from sale of property and equipment		138,009	33,331
Acquisition of intangible assets		(258,468)	(130,313)
Proceeds from sale of intangible assets		32,562	41
Proceeds from sale of assets held for sale		2,745,886	991,829
Net cash provided by (used in) investing activities		77,992,764	(13,674,501)
Cash flows from financing activities:			
Payment of other financial obligations		(7,000,000)	(3,475,000)
Proceeds from financial obligations		39,725,637	49,371,059
Payment of financial obligations		(126,756,093)	(248,951,641)
Payment of lease liabilities		(512,300)	(440,158)
Complementary Tax		324,634	6,146
Net cash used in financing activities		(94,218,122)	(203,489,594)
(Decrease) in cash and cash equivalents		(58,287,381)	(39,840,198)
Cash and cash equivalents at beginning of the period		198,782,022	177,374,517
Cash and cash equivalents at the end of the period	6	140,494,641	137,534,319

The consolidated statement of cash flows must be read in conjunction with the notes which are part of the consolidated financial statements.

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(In U.S. dollars)

(1) Organization

Multibank Inc. is incorporated under the laws of the Republic of Panama and started operations on July 12, 1990, under a general banking license issued by the Superintendency of Banks of Panama (hereinafter referred to as "the Superintendency"), by means of Resolution N° 918 dated March 28, 1990, which allows it to provide banking services, indistinctly, in Panama or abroad, and conduct any other activity authorized by the Superintendency.

Multibank Inc. is a 100% subsidiary of Multi Financial Group, Inc. (MFG), an entity incorporated in accordance with the laws of the Republic of Panama, through Public Deed No.27,702 dated November 9, 2007. As of September 29, 2021, MFG is 99.57% owned by Multi Financial Holding Inc. (the "Parent Company"). Multi Financial Holding Inc. is wholly owned by Banco de Bogota, S.A., an authorized bank in the Republic of Colombia, which in turn is a subsidiary of Grupo Aval Acciones y Valores, S.A., an entity domiciled in the Republic of Colombia.

The Bank consolidates directly and indirectly with the following entities:

Subsidiary	Activity	Location	Total voting rights
Multi Securities, Inc.	Dealer/Broker	Panama	100%
Multi Trust, Inc.	Trust Company	Panama	100%
Multibank Seguros, S. A.	Insurance	Panama	100%
MB Creditos, S. A	Financial institution	Costa Rica	100%

Multibank Inc. and Subsidiaries; will be referred to collectively as "the Bank".

During the month of August 2022, the Board of Directors of the Multi Trust subsidiary approved to initiate the voluntary liquidation process, a process that was approved by the Superintendency of Banks of Panama through resolution SBP-BAN-R-2023-01031, dated April 11, 2023.

On May 21, 2024, approval of the merger is received between the subsidiaries MB Créditos, S. A. with MB Leasing, S. A., by the SBP through the resolution SBP-2024-03271.

(2) Basis of Preparation of the Condensed Financial Statements

(a) Condensed consolidated financial statements

The Bank prepares its condensed consolidated financial statements incorporating its controlled entities. The Bank controls an entity if and only if it complies with the following elements:

- Power over the entity that entitles the Bank to direct any relevant activity that significantly affects the entity's performance.
- Exposure or rights to variable returns from their participation in the entity.
- Ability to affect those returns through its power over the entity.

(2) Basis of Preparation of the Condensed Financial Statements, continued

To comply with this requirement, the Bank conducts an annual reassessment of all its contractual relationships. New entities are not required to be condensed as a result of this process, including structured entities.

The financial statements of the Bank's subsidiaries are included in thecondensed consolidated financial statements from the date the Bank acquired control or until the date control is lost.

During the consolidation process, the Bank consolidates the assets, liabilities, and gains or losses of the entities under control, previously aligning the accounting policies of all its subsidiaries. This process includes eliminating balances and transactions within the bank and any unrealized and realized income and expenses (except foreign currency translation gains or losses and taxes that are not subject to elimination) arising from transactions within the bank. Unrealized and realized losses are eliminated in the same way as unrealized and realized gains, but only to the extent that there is no evidence of impairment.

(b) Compliance with International Financial Reporting Standards ("IFRS")

The condensed consolidated interim financial statements of the Bank have been prepared in accordance with the International Accounting Standard No.34, Interim Financial Information of the International Financial Reporting Standards (IFRS), they should be read in conjunction with the consolidated financial statements for the period ended December 31, 2024.

IAS No. 34 does not require disclosure in the interim financial information of all the notes that are prepared when preparing the annual financial statements according to the IFRS requirements; however, a selection of informative notes has been included to explain the events and transactions that are important to understand the change and performance of the Bank in its financial position since its last annual financial statement.

The condensed consolidated results of operations for the Interim periods are not necessarily indicative of the results that can be expected for the whole year.

These condensed consolidated interim financial statements were authorized for issuance by the Bank's Management on April 30, 2025.

(c) Basis of measurement

The condensed consolidated financial statements have been prepared on a historical and amortized cost, except for the following accounts in the condensed financial statements:

- Investments at fair value
- Derivatives financial instruments
- Real estate; and
- Assets held for sale.

(2) Basis of Preparation of the Condensed Financial Statements

Initially, the Bank recognizes financial instruments as of the date they are disbursed. Investments in securities and loans at amortized costs are recorded when settled.

(d) *Material Accounting Policies*

The Bank consistently applied the following accounting policies to all periods presented in these condensed financial statements, unless otherwise noted.

In addition, the Bank adopted the Accounting Policy Disclosure (Amendment to IAS 1 and IFRS 2 Practice Document) as of January 2023. The amendments require the disclosure of material rather than significant accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they did impact the accounting policy information related to the disclosed financial instruments in certain cases.

(e) *Functional and presentation currency*

These interim condensed consolidated financial statements are presented in dollars of the United States of America (US) and are the presentation and functional currency of the Bank. US dollars are expressed in units unless otherwise indicated. The balboas ($), the monetary unit of the Republic of Panama, which is at par and is freely exchangeable with the dollar (US $) of the United States of America (E.U.A). The Republic of Panama does not issue its own paper money and, instead, the dollar (US $) of the United States of America is used as the legal and functional currency.

(f) *Use of estimates and judgments*

Preparation of the condensed consolidated financial statements requires the Bank's management to make judgments, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Final results may differ from these estimates. These also require the Bank's management to apply its judgment when applying the Bank's accounting policies.

The information on the most significant areas of uncertainty estimation and critical judgments in applying the accounting policies that have the most important effect on the amounts recognized in the condensed financial statements is disclosed in Note 5.

The Bank has applied the policies to the condensed consolidated financial statements in a manner consistent with those of the consolidated financial statements as of December 31, 2024, which are detailed below:

(a) *Basis of consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(3) Summary of Significant Accounting Policies, continued

To determine the control, the potential voting rights that are currently executable or convertible are considered. The subsidiaries' financial statements are included in the condensed consolidated financial statements from the date on which the control begins until the control ceases.

Investment Entities and Separate Legal Vehicles
The Bank manages and administrates assets held in trust funds and other investment instruments on behalf of investors. The financial statements of these entities are not part of these condensed consolidated financial statements, except when the Bank has control over the entity.

Balances and Transactions Eliminated in the Consolidation
Intragroup transactions, balances, revenue, and expenses in transactions among subsidiaries are eliminated. Losses and gains arising from intragroup transactions recognized as assets or liabilities are also eliminated.

Changes in the ownership of the subsidiaries that do not result in a change of control
Transactions with non-controlling interest that do not result in a loss of control are accounted for as equity transactions, such as transactions with the owners. Any difference between the carrying value of the interest and the amount of the transaction is recorded as an adjustment in retained earnings.

Loss of control
When the Bank ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any non-controlli ng interest and other components of equity. Any resulting gain or loss is recognized in the condensed statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(b) Foreign Currency
Assets and liabilities maintained in foreign currency are converted to the functional currency at the current exchange rate on the reporting date. Gains or losses resulting from foreign currency conversion are reflected in other revenues or other expense accounts in the condensed consolidated statement of income.

Subsidiaries of the Bank
The financial position and results of all the Bank's subsidiaries that have a functional currency different from the Bank's functional currency are converted into the presentation currency as follows:

- Assets and liabilities: at the exchange rate at the period closing date.
- Revenues and expenses: at the average exchange rate.
- Equity accounts: at the historical exchange rate.

The resulting conversion adjustment is carried directly to a separate account in the “Equity” section, under "other comprehensive income.”

(3) Summary of Significant Accounting Policies, continued

(c) Financial assets and liabilities

Financial assets are classified on the date of initial recognition based on the nature and purpose of the financial asset's acquisition.

Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

At initial recognition, financial assets are classified as measured at AC, FVOCI, or FVTPL.

A financial asset is measured at amortized cost and not at FVTPL if it meets both of the following conditions:

1. The asset is kept within a business model to collect contractual cash flows; and

2. The contractual terms of the financial asset establish specific dates for cash flows that represent payments of solely principal and interest on the outstanding balance.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and has not been designated as FVTPL:

1. The asset is kept within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;

2. The contractual terms of the financial asset establish specific dates for cash flows that represent payments of solely principal and interest on the current outstanding balance.

During the initial recognition of investments in equity instruments not traded, the Bank may elect to irrevocably record subsequent changes in fair value as part of other comprehensive profit and loss in equity. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at AC or FVOCI as described above are measured at FVTPL.

In addition, in the initial recognition, the Bank may irrevocably designate a financial asset that meets the measurement requirements at AC or FVOCI to be measured at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that may occur if not done. For now, the Bank does not use this option.

A financial asset is classified in one of the referenced categories at the time of its initial recognition.

An embedded derivative where the main contract is a financial contract covered under IFRS 9 is not separated, and instead, the hybrid financial instrument is jointly assessed for classification.

(3) Summary of Significant Accounting Policies, continued

Buiness Model Assessment

The Bank assesses the business models' objectives that hold the financial assets in a portfolio to represent better how each subsidiary manages the business and how management information is reported. The information considered includes:

- The policies and objectives stated for each portfolio of financial assets and the operation of these policies in practice. These include whether management's strategy is to collect income from contractual interest; hold a profile of specific interest performance, or coordinate the duration of the financial assets with the liabilities being financed or the expected outgoing cash or through cash flows from the sale of assets;
- How they are evaluated or reported to key management personnel for each Bank subsidiary on portfolio performance.
- The risks that affect the performance of the portfolios (and the financial assets maintained in the business model) and the way those risks are managed.
- How managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and,
- The frequency, value, and timing of sales in prior fiscal periods, the reasons for those sales, and expectations about future sales activity. However, the information on sales activity cannot be considered in isolation but rather as part of an assessment of how Bank objectives established for managing financial assets are achieved and how cash flows are realized.

Financial assets, held or managed for trading and where their performance is evaluated on a fair value basis, are measured at FVTPL, because these are not held to cover contractual cash flows or obtain and sell these financial assets.

Assessment if contractual cash flows are solely payments of principal and interest

For purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as compensation for the time value of money and credit risk associated with holding the current principal for a period of time and for other basic risk from loan agreements and other associated costs (e.g. liquidity risk and administrative costs), as well as the profit margin.

When evaluating whether contractual cash flows are solely payment of principal and interest, the Bank considered the contractual terms of the instrument. This includes an assessment to determine whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows in such a way that it does not meet this condition. In making this assessment the Bank considers:

- Contingent events that will change the amount and timing of cash flows;
- Leverage conditions;

(3) Summary of Significant Accounting Policies, continued

- Prepayment and extension terms;

- Terms that limit the Bank to obtain cash flows for specific assets (e.g., unfunded asset agreements); and

- Characteristics that modify the considerations of the time value of money, for example, periodic review of interest rates.

The interest rates on certain consumer and commercial loans are based on variable interest rates that are established at the discretion of the Bank. Variable interest rates are generally established in accordance with practices in each of the countries in which the Group operates, and in accordance with established policies. In these cases, the Bank assesses whether the discretionary characteristic is consistent with the principal and interest-only criterion considering several factors which include if:

- Debtors can prepay the loans without significant penalties;

- Competitive market factors ensure that interest rates are consistent among banks; and;

- Any regulatory protection standard in favor of customers in the country requiring banks to treat customers reasonably (e.g., regulated rates).

All consumer and commercial fixed-rate loans contain conditions for prepayment.

A prepaid feature is consistent with the solely principal and interest criteria, if the prepayment amount substantially represents unpaid amounts of principal and interest on the amount of outstanding principal, which may include fair compensation for early termination of the contract.

In addition, a prepayment feature is consistent with these criteria, if a financial asset is acquired or originates from a premium or discount to the contractual par amount and the prepayment amount substantially represents the contractual par amount, plus accrued, but unpaid contractual interest (which may include fair compensation for early termination) and the fair value of the prepayment feature is insignificant in the initial recognition.

Impairment of Financial Assets
The Bank assesses the impairment of financial assets with an Expected Credit Losses model (ECL). This model requires the application of considerable judgment regarding how changes in economic factors impact ECL, which is determined on a weighted average basis.

(3) Summary of Significant Accounting Policies, continued

The expected credit loss model requires the Bank to measure expected losses and consider forward-looking information, reflecting "an unbiased and probability-weighted amount determined by assessing a range of possible outcomes" and taking into account "reasonable information and supporting it from being available at no cost or undue effort on that date on past events”, current conditions, and forecasts of future economic conditions

The impairment model applies to the following financial assets that are not measured at FVTPL:

- Debt instruments;
- Lease payments receivable;
- Other accounts receivable;
- Loan portfolio;
- Financial guarantee contracts issued; and
- Loans commitments issued.

The Bank recognizes a provision for impairment of financial assets at AC and FVOCI in an amount equal to the expected impairment losses in a period of twelve months after the end date of financial statements or during the remaining life of the loan. Expected losses during the remaining life of the loan are the losses expected from all possible impairment events during the expected life of the financial instrument, while expected losses in a twelve-month period are the portion of expected losses arising from impairment events resulting from impairment events that are possible during the twelve months following the date of the report.

Reserves for losses are recognized in an amount equal to the ECL during the life of the asset, except in the following cases, in which the amount recognized is equal to ECL for the 12 months following the measurement date:

- Investments in debt instruments determined to represent low credit risk to the reporting date; and,

- Other financial assets (other than short-term accounts receivable) on which the credit risk has not increased significantly since initial recognition.

(3) Summary of Significant Accounting Policies, continued

Impairment requirements are complex and require estimated judgments and significant assumptions by management, particularly in the following areas:

- Assess whether the credit risk has increased significantly from initial recognition; and;

- Incorporate prospective information in the measurement of expected impairment losses.

Measuring of ECL

Expected credit loss (ECL) is the estimated weighted probability of credit losses measured as follows:

- Financial assets with no credit impairment to the reporting date: the present value of all contractual cash payments in arrears (for example, the difference between Bank cash flow debt in accordance with the contract and cash flows that the Bank expects to receive);
- Impaired financial assets to the reporting date: the difference between the gross book value and the present value of estimated future cash flows;
- Outstanding loan commitments: the present value of the difference between contractual cash flows owed to the Bank in the event it enforces the commitment and cash flows that the Bank expects to receive; and
- Financially secured contracts: the present value of expected payments to reimburse the holder minus any amount the Bank expects to recover.

Definition of impairment

The Bank considers a financial asset to be impaired when:

- It is highly unlikely that the debtor willfully pay its credit obligations to the Bank, without recourse for the Bank to take such actions as enforcing the guarantees (if applicable); or

- The debtor is more than 90-days past-due on any material credit obligation. Overdrafts are considered in arrears once the client has exceeded the established limit, or the established limit is less than the outstanding balance.

- For fixed-income financial instruments, the following concepts, among others, are included:

  - Downgrade on the issuer's credit risk rating;

  - Contractual payments are not made on the due date or in the term period stipulated;

  - There is a virtual certainty of default;

(3) Summary of Significant Accounting Policies, continued

- Issuer is likely to go bankrupt, or a bankruptcy petition is filed or similar action;

- The financial asset stops trading in an active market given its financial difficulties.

To assess whether a debtor is impaired, the Bank considers indicators such as:

- Qualitative, e.g., breach of contractual clauses;

- Quantitative, e.g., delinquency status and no payment on another obligation of the same issuer to the Bank; and,

- Based on data developed internally and obtained from external sources.

Inputs used in the assessment of whether financial instruments are impaired, and their importance may vary over time to reflect changes in circumstances.

Significant increase in credit risk
When determining whether the credit risk of a financial assets has increased significantly since initial recognition, the Bank considers reasonable and sustainable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert evaluation of the credit, including information with a forward-looking projection.

The Bank expect to identify if there has been a significant increase in the credit risk exposure comparing between:

- The probability of default (PD) during the remaining life of financial instrument at the closing date, with

- The PD during the remaining life at a point in time, which was estimated at initial recognition of exposure.

The assessment of whether the credit risk has increased significantly since initial recognition of a financial asset requires identification of the initial recognition date of the instrument. For certain revolving credit (credit cards, overdrafts, among others), the date of the credit was granted might have been a long period of time. The modification of the contractual terms of a financial asset might affect its evaluation, which is discussed as follow.

Grading by credit risk categories
The Bank assigns a credit risk grade to each exposure based on a variety of data that is determined to be capable of separating credit exposures into homogeneous risk groups. These risk groups, in turn, must meet the minimum criteria for separating and ordering risk. Credit risk grading is defined using qualitative and quantitative factors indicative of the risk of losses. These factors depend on the nature of the exposure and the type of borrower.

(3) Summary of Significant Accounting Policies, continued

Credit risk grading is defined and calibrated so that the risk of loss increases exponentially as the credit risk is impaired and for the risk of loss between the ratings increases regardless of the portfolio. For example, the difference in the risk of losses between grade satisfactory and special mention is less than the difference of the credit risk between special mentions and sub-standard.

Each exposure is distributed in a credit risk rating at the time of initial recognition based on available information about the debtor. Exposures are subject to continuous monitoring, which may result in the migration of exposure to a different credit risk rating.

Generating the Term Structure of the PD

Credit risk grading is the main input to determine the structure of the PD term for the different exposures. The Bank obtains performance and loss information on the credit risk exposures analyzed by jurisdiction or region, type of product and debtor, as well as the assigned credit risk rating.

The Bank uses statistical models to analyze the collected data and generate estimates of the probability of impairment during the remaining life of the exposures and how these probabilities of impairment will change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain credit risk factors (for example loan write-offs). For most credits, key economic factors are likely to include gross domestic product growth, changes in market interest rates, and unemployment.

The Bank's approach to preparing forward-looking economic information within its assessment is indicated below:

Determine whether credit risk has increased significantly

The Bank has established a general framework that incorporates quantitative and qualitative information to determine whether the credit risk of a financial asset has increased significantly since its initial recognition.

The initial framework aligns with the Bank's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and include limits based on defaults.

The Bank assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on the Bank's quantitative model, the expected probability of credit loss in the remaining life has increased significantly since initial recognition. In determining increased credit risk, the expected credit loss in the remaining life is adjusted for changes in maturity.

(3) Summary of Significant Accounting Policies, continued

In certain circumstances, using the judgment of credit experts and on the basis of relevant historical information, the Bank may determine that an exposure has experienced a significant increase in credit risk if certain qualitative factors can indicate that, and those factors may not be fully captured by quantitative analyses performed periodically. As a limit, the Bank will presume that significant credit risk occurs no later than when the asset is delayed by more than 30 days.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before exposure is impaired;
- The criteria do not align with the point in time when an asset is more than 30 days past due;
- Exposures are generally not transferred directly from the PCE 12 months following the measurement of impaired default loans;
- There is no unjustified volatility in the provision for impairment of transfers between the groups of the expected loss in the following twelve months and the expected loss for the remaining life of the loans.

Modified financial assets

The contractual terms of the loans may be modified for a number of reasons, including changes in market conditions, client retention and other factors unrelated to an actual or potential impairment of the client's loan.

When the terms of a financial asset are modified and the modification does not result in a derecognition of the asset in the condensed statement of financial position, the determination of whether the credit risk has significantly increased reflects comparisons of:

- The PD during the remaining life on the date of the balance sheet based on the terms modified with;
- The PD on the estimated remaining life based on the date of initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties to maximize the opportunities to collect and to minimize the probability of default. Under the Bank's renegotiation policies, customers in financial difficulties are given concessions that generally involve a decrease in interest rate, extension of the payment term, reductions in the balances due or a combination of these.

After a follow-up period, the Bank will assess whether, based on its payment capacity and compliance with its obligations, if there are grounds for its classification in a lower risk category or, on the contrary, it should be classified in a higher risk category.

(3) Summary of Significant Accounting Policies, continued

For financial assets modified as part of the Bank's renegotiation policies, the PD estimate will reflect whether the modifications have improved or restored the Bank's ability to collect interest and principal, and the Bank's prior experiences of similar actions. As part of this process, the Bank evaluates the debtor's compliance with the modified terms of the debt and considers various indicators of the behavior of the debtor or group of modified debtors.

Generally, restructuring indicators are a relevant factor in the increase of credit risk. Consequently, a restructured obligor needs to demonstrate consistent payment behavior over a period before it is no longer considered credit impaired or that the PD has decreased such that the provision can be reversed and the credit can be measured for impairment in a period of twelve months after the reporting date.

Inputs in Measuring ECL

Key inputs in measuring ECL are usually the structure of terms of the following variables:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).

The above parameters are derived from internal statistical models and other historical information. These models are adjusted to reflect forward-looking information as described below:

PDs are estimated on certain cut-off dates. They are calculated using survival models, based on historical default vectors. If a counterparty or exposure migrates between different ratings, then this will result in a change in the estimated PD for that group. PDs are estimated considering the contractual expiration terms of the exposures and the estimated prepayment rates.

The historical PD is then transformed to a prospective PD, using macroeconomic sensitivity models.

LGD is the magnitude of probable losses if there is a default. The Bank estimates the LGD parameters based on historical loss recovery rates against the defaulted parties. LGD models consider the structure, collateral and the recovery costs of any collateral when there are mortgage guarantees.

For unsecured loans, a cash flow recovery model is used at present value, ordered by vintage. For loans guaranteed with mortgages and/or pledges, a history of the relationship between the sale price of goods available for sale and sold with respect to the balance of the credits is used as a recovery parameter. The calculation is made on a net cost recovery basis, discounted using the effective interest rate of the loan.

(3) Summary of Significant Accounting Policies, continued

EAD represents the expected exposure at the non-compliance event. The Bank derives the EAD from the counterparty's current exposure and potential changes in the current amount allowed under the contract terms including amortization and prepayments for decreasing and revolving exposures with no commitment to disburse. For loan commitments and financial guarantees, the EAD considers the amount disbursed, as well as future potential amounts that could be removed or repaid under the contract, which are estimated to be based on historical issues. Finally, for credit cards, due to its relative nature, the Bank determines the EAD by modeling a percentage of historical utilization over the approved credit limit.

The Bank measures the EAD considering the risk of noncompliance during the maximum contractual period (including options to extend the customer's debt) on which there is an exposure to credit risk, even if, for purposes of risk management, the Bank considers a longer period of time. The maximum contractual period is extended to the date on which the Bank has the right to require payment of a loan or terminate a loan commitment or security given.

For credit card balances the Bank measures EADs over a period greater than the maximum period if the contractual ability of the Bank to demand payments and pay off the commitment does not limit the Bank's exposure to credit losses for the contractual period of the contract. These facilities do not have a fixed term or collection structure and are managed on a collective basis. The Bank can cancel them with immediate effect, but this contractual right is not enforced in the normal day-to-day management, but only when the Bank learns of an increase in credit risk at the level of each loan. This longer period is estimated considering the credit risk management actions that the Bank takes and that serve to mitigate EAD. These measures include a reduction in limits and cancellation of loan contracts.

Where parameter modeling is performed on a collective basis, the financial assets are pooled on the basis of similar risk characteristics that include:

- Type of instrument.
- Credit risk rating.
- Warranty.
- Initial recognition date.
- Remaining term for maturity.
- Debtor's geographical location.

Previous groupings are subject to regular reviews to ensure that exposures of a particular group remain homogeneous.

(3) Summary of Significant Accounting Policies, continued

Projection of future conditions

On a quarterly basis, macroeconomic scenarios forecast for twelve months are approved for the six countries where the Bank operates, and they are divided into three categories: upside, base and downside scenario. These scenarios are prepared based on the Bank's macroeconomic simulation model and are complemented by (i) projections from supranational organizations such as the International Monetary Fund, the World Bank, ECLAC, etc. (ii) the macroeconomic program of the Central American central banks and (iii) economists outside the Bank.

- **Base case scenario:** It goes with current expectations. In the current situation, it contemplates stability in the nominal macroeconomic variables, exchange rate, interest rates, and inflation. Forecasts from other organizations that carry out economic research are used as a reference, for example, the International Monetary Fund, the World Bank and the central banks of each country. External references bring fairness to the exercise.

- **Upside and downside case scenarios:** These are the probable macroeconomic scenarios before the realization of some of the main risks associated with each country. They are categorized as upside and downside risks; furthermore, divided between internal and external risks.

- **External Risks:** The Central American countries, being small and open economies, are exposed to the economic performance of the large economies and main trading partners, mainly the United States and Europe. The economic activity of these countries affects the Central American countries in a generalized way, mainly through income from remittances, exports, tourism, and foreign direct investment.

- **Internal Risks:** These are risks specific to each country. They include risks associated with the internal social, political, and economic situation. In the current situation, the risks associated with the performance of governments predominate public finance management, natural disasters, health policies, etc.

The external information includes economic data and publication of projections by government committees, monetary authorities (mainly in the countries where the Bank operates), supranational organizations (such as the Organization for Economic Cooperation and Development, the International Monetary Fund and others), academic projections, private sector, and credit risk rating agencies.

The base case represents the most probable outcome. Other scenarios represent a more optimistic or downside outcome. In addition, the Bank also periodically performs stress tests to calibrate the determination of these other representative scenarios.

(3) Summary of Significant Accounting Policies, continued

Financial liabilities

Financial liabilities are listed at amortized cost using the effective interest rate method, except when there are financial liabilities that account for at fair value through profit or loss.

Recognition, derecognition and measurement

The Bank regularly recognizes the purchase or sale of financial instruments on the trading date of each negotiation, the date on which the Bank agrees to buy or sell a financial instrument. Financial assets and liabilities are initially recognized at fair value.

Transaction costs are recorded as expenses in the condensed statement of income when incurred for financial assets and liabilities at fair value with changes in the condensed statement of income, and they are recorded as part of the initial value of the instrument for assets and liabilities at amortized cost and available for sale securities. Transaction costs are incremental costs incurred to acquire assets or to sell financial liabilities. These include fees, commissions and other concepts paid to agents, brokers, advisors and intermediaries, rates established by regulatory agencies and stock exchanges, as well as taxes and other rights.

Financial assets are derecognized from the condensed statement of financial position when the rights to receive cash flows from the investments have expired or have been transferred, and the Bank has substantially transferred all the risks and benefits derived from their ownership.

After initial recognition, all financial assets and financial liabilities classified at amortized cost are measured based on the amortized cost method. Accrued interests are recorded in the interest income or expense account.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the condensed statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Presentation of reserve for ECL in the condensed statement of financial position

The provision for ECL is presented in the condensed statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from gross book value of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Debt instruments measured at FVOCI: no reserve is recognized for losses in the condensed statement of financial position since its carrying amount is their fair value. However, the provision for losses is disclosed and recognized in other comprehensive income.

(3) Summary of Significant Accounting Policies, continued

(d) Loans

Loans are initially measured at fair value plus incremental direct costs; subsequently measured at amortized cost using the effective interest rate method. Unearned interest and commissions are recognized as income during the life of the loan using the effective interest method.

(e) Assets held for sale

Assets acquired or foreclosed in the settlement of a loan are held for sale and are initially recognized at the lower of the balance of the loan and fair value less selling costs as of the foreclosure date, establishing a new cost basis. After the foreclosure, management conducts periodic assessments and assets are recognized at the lower of carrying value or fair value less costs to sell. Operating income and expenses originated and changes in the provision for the valuation of those assets are included in other operating expenses. The costs related to the maintenance of these properties are included as expenses when incurred.

(f) Recognition of the most significant income and expenses

Interest income and expenses

Interest income and expenses are recognized in the condensed statement of income using the effective interest method. The effective interest rate is the discount rate that exactly equals the estimated cash flows receivable or payable throughout the expected life of the financial instrument or when appropriate (in a shorter period) with the net carrying value of the financial asset or liability. To calculate the effective interest rate, the Bank will estimate cash flows considering all of the contractual conditions of the financial instrument but not considering future credit losses.

The calculation of the effective interest rate includes all commissions and basis points paid or received that are part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Fees and commissions

Fees and commissions that are part of the effective interest rate in a financial asset or liability instrument are included in the measurement of the effective interest rate.

Other incomes from fees and commissions, including services fees, asset management, sales commissions, loan syndication, among others, are recognized when the corresponding services are provided.

Annual credit card memberships, net of direct card-origination incremental costs, are deferred and amortized by applying the straight-line method during a term of one year. Commissions charged to affiliated commercial establishments are determined based on the amount and type of purchase by the cardholder and are recognized when invoiced.

Other fees and commissions received mainly relating to fees for transactions and services are recognized as income when they are received.

(3) Summary of Significant Accounting Policies, continued

Loyalty programs

The Bank offers loyalty programs that allow cardholders to earn points that can be redeemed for a variety of awards, including cash, travel and products at a discount. The points are recognized as a separately identifiable component of the initial transaction of credit card consumption income.

The estimated fair value of loyalty programs and those points redeemed are recognized in the commissions account in the condensed statement of income. The Bank recognizes the points based on the earned points expected to be redeemed and the fair value of the points to be redeemed. The points to be redeemed are estimated based on redemption history, card product type, account transaction activity and the historical performance of the cards.

(g) Cash and cash equivalents

The Bank considers all highly liquid time deposits with maturities of 90 days or less as cash equivalents. Cash and cash equivalents consist of cash, demand deposits at banks, certain securities and deposits that generate interest, with original maturities of 90 days or less.

(h) Property, furniture, equipment and improvements

Property, furniture, equipment and improvements comprise buildings, furniture and improvements used by branches and offices. Property, furniture, equipment and improvements are presented at their historical cost, less accumulated depreciation and amortization, except for land and buildings, which since December 31, 2014, are recognized under the revalued cost method.

The cost of renewals and improvements is capitalized when they increase the asset's useful life; while repairs and maintenance that do not extend the useful life or improve the asset are recorded in profit or loss during the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Bank depreciates amounts with a charge to the period's profit or loss with a credit to the accumulated depreciation account. Land is not depreciated. The estimated useful lives of assets are as follows:

Category	Year/Base
Buildings	Up to 60
Furniture and equipment	3 – 10
Vehicles	3 – 7
IT Equipment	3 – 10
Leasehold improvements	5 – 10

The amount equivalent to the depreciation expense associated with the revaluation of buildings is transferred from the equity account of property revaluation reserve to retained earnings as these assets are being used, without affecting profit or loss.

(3) Summary of Significant Accounting Policies, continued

Leasehold improvements are amortized during the lower of the estimated useful life or the term of the lease contract.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is immediately reduced to its recoverable value if the carrying amount of the asset is greater than the estimated recoverable value. The recoverable amount is the highest between the fair value of the assets, less the cost of selling and its value in use.

(i) Leases

At the inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and must be physically identifiable or represent substantially all of the capacity of a physically identifiable asset. If the supplier has a substantial right of substitution, then the asset is not identified;

- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either

  - The Bank has the right to operate the asset; or

  - The Bank designed the asset so that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank assigns the consideration in the contract to each lease component based on their independent relative prices. However, for land and building leases where the Bank is a lessee, the Bank has elected not to separate the non-lease components and to treat the lease and non-lease components as a single component of the lease.

(3) Summary of Significant Accounting Policies, continued

i. As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is initially measured at cost, which is the initial amount of the lease liability adjusted for any lease payments made on or before the inception date, plus initial costs incurred and an estimate of the costs to dismantle and dispose of the underlying asset or to restore the underlying asset or its site, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, furniture, equipment and improvements. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for possible revaluation of the lease financial liability.

The lease liability is initially measured at the present value of the unpaid lease payments at the inception date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. The Bank uses its incremental borrowing rate as the discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including essentially fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the start date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a call option that the Bank may reasonably exercise, lease payments on an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to effect early termination.

The lease liability is measured at amortized cost using the effective interest rate method. A remeasurement is made when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be paid under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase option, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(3) Summary of Significant Accounting Policies, continued

The Bank presents right-of-use assets that do not meet the definition of investment property in “property, furniture, equipment and improvements” and lease liabilities in “lease liabilities” in the condensed statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term machine leases that have a term of 12 months or less and leases of low value assets. The Bank recognizes the lease payment associated with these leases as an expense on a straight-line basis over the term of the lease.

ii. As a lessor

When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment to determine whether the lease transfers substantially all the risks and benefits associated with ownership of the underlying asset. If this is the case, then the lease is a financial lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for most part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other income”

(j) Intangible assets

Intangible assets represent identifiable non-monetary assets and are acquired separately or through a business combination or are generated internally. The Bank's intangible assets are recognized at cost or at fair value and mainly comprised of relations with the depositors, relations with credit card clients, relations with affiliated businesses, technological programs and trade names.

Cash-generating units to which intangible assets have been attributed are periodically analyzed to determine whether they have deteriorated. This analysis is performed at least annually, or whenever there are signs of deterioration.

The amortization expense of intangible assets is presented in the condensed statement of income as depreciation and amortization expenses.

Trade names are non-amortizable intangible assets.

(k) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, the investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the results of the period in which they arise.

(3) Summary of Significant Accounting Policies, continued

An investment property is written off at the time of disposition or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposition. Any gain or loss that arises when the property is derecognized (calculated as the difference between the net proceeds of the disposition and the carrying value of the asset) is included as gain or loss in the period in which the property is written off, from the accounting records.

(l) Securities Sold under Repurchase Agreements

The securities bought under resale agreements are transactions of short-term financing with a securities guarantee, in which the Bank takes possession of the securities at a discount of the market value and agrees to resell them to the debtor at a future date and at a certain price. The difference between the value of purchase and the future sale price is recognized as income under the effective interest rate method.

Securities received as collateral are not recognized in the financial statement unless there is a breach of the contract by the counterparty, which gives the right to the Bank to take possession of the securities.

(m) Factoring Receivables

Factoring consists of the purchase of invoices, which are presented at their principal outstanding value, less unearned interest and commissions, and the allowance for loan losses. These invoices receivable reflect the present value of the contract.

(n) Deposits, Bonds Payable, Borrowings Received and Negotiable Commercial Papers

These instruments result from the funds received by the Bank, which are initially measured at fair value, net of transaction costs. Subsequently, they are measured at amortized cost, using the effective interest rate method, except for liabilities that the Bank decides to measure at fair value through profit or loss.

(o) Financial Guarantees

Financial guarantees are contracts that require the Bank to make specific payments on behalf of its customers for purposes of reimbursing the guarantee beneficiary, in the event that the customer fails to make payment when due, in accordance with the terms and conditions of the arrangement.

Liabilities arising from financial guarantees are initially measured at fair value, which is amortized over the term of the financial guarantee. Subsequently, the guarantee is carried at the highest amount between the amortized amount and the present value of expected future payments. Financial guarantees are included in the condensed statement of financial position within other liabilities.

(p) Income Tax

Tax expense for the period includes current and deferred taxes. Taxes are recognized in the condensed consolidated statement of income, insofar as they refer to items recognized in the condensed consolidated statement of income or directly in equity.

(3) Summary of Significant Accounting Policies, continued

The current tax expense is calculated based on the laws enacted on the balance sheet date in the countries where the parent company and its subsidiaries operate, and where they generate positive taxable bases. The Bank's management periodically assesses the assumptions taken in tax returns regarding situations in which applicable tax regulation is subject to interpretation, and when necessary, recognizes provisions for the amounts expected to be paid to the tax authorities.

Deferred taxes are recognized for the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the condensed financial statements. However, deferred tax liabilities are not recorded if they arise from the initial recognition of goodwill; deferred taxes are not recognized if they arise from an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect the accounting results nor taxable income or loss. Deferred tax is determined using tax rates (and laws) enacted on the balance sheet date and expected to be applicable when the corresponding deferred tax asset is realized, or the liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future economic tax benefits will be available to offset the temporary differences.

Deferred taxes are recognized over temporary differences that arise from investments in subsidiaries and associates, except for those deferred tax liabilities for which the Bank can control the date on which the temporary differences will be reversed, and it is likely that they will not be reversed in the near future. Deferred tax assets are recognized in deductible temporary differences that arise from investments in subsidiaries only to the extent that it is likely that the temporary differences will be reversed in the future, and there is a sufficient future taxable income against which the temporary differences can be used.

(3) Summary of Significant Accounting Policies, continued

Deferred tax assets and deferred tax liabilities are set off only if there is a legally recognized right to offset the current tax assets with the current tax liabilities and when the deferred tax assets and deferred tax liabilities are derived from income tax corresponding to the same tax authority, and the authority allows the Bank to pay or receive a single amount that settle the existing net balance.

(q) Employee benefits

The Bank is subject to the labor laws where it operates. The Bank provides an employment benefit when such benefit is related to employee services already provided, the employee has earned the right to receive the benefit, the benefit payment is probable, and the amount of such benefit can be estimated.

(r) Trust Operations and Securities Management

Trust contracts and custody of securities are not considered part of the Bank, and accordingly, such securities and their corresponding income are not included in these condensed financial statements. It is the obligation of the Bank to manage and safeguard the assets under contract and independently of its equity.

The Bank charges a fee for the management of trust contracts and custody of securities, which is paid according to agreements between the parties. These fees are recognized as income according to the terms of the contracts either monthly, quarterly, or annually on an accrual basis.

(3) Summary of Significant Accounting Policies, continued

(s) Insurance Operations

Insurance arrangements correspond to those arrangements whereby the Bank assumes the significant insurance risk of a counterparty (the insurer), committing to compensate the policyholder or other beneficiary when an uncertain future event (the insured event) adversely affects the policyholder or beneficiary. By general rule, the Bank determines if the arrangement has a significant insurance risk by comparing premiums collected for benefits to be paid if the insured event occurs. An insurance arrangement might also transfer financial risks. Insurance arrangements are maintained for the rest of their effective term, notwithstanding if the insurance risk significantly decreases, until all the risks and obligations terminate or expire. During the normal course of operations, the Bank has entered into reinsurance arrangements with reinsurance companies.

The reinsurance payable corresponds to the portion of premiums generated by sharing the risks. This sharing is agreed in the reinsurance arrangements; however, reinsurance arrangements do not release the Bank from contracted obligations, retaining overall responsibility for the policyholders or beneficiaries. The reinsurance receivable represents the balance of the amounts receivable from reinsurance companies originating from events occurred, whereby it assumes indemnity on behalf of the policyholder, and for the reinsurances accepted by other insurance companies. The amounts expected to be recovered from reinsurance companies are recognized in conformity with the terms and conditions included in the arrangements entered into by both parties.

Any gain or loss from the reinsurance arrangement is recognized in the condensed statements of profit or loss at the inception of the arrangement and they are not amortized. Income and expenses from insurance operations are recorded as follows:

Premiums receivables are recognized when the insurance policy is issued. Income from insurance premiums corresponding to the period contracted in the policy is recognized upon the inception of the insurance without considering the payment status of the premium. Insurance begins with the acceptance of the insurance request submitted by the client and collection of the premium, which may be fractioned or deferred when collected in one single installment, during the term of the policy. Expenses from reinsurance and commissions and other income and expenses related to the policy issuance are recognized upon recognition of income from insurance premiums.

(t) Segment Information

An operating segment is a component of the Bank, whose operating results are reviewed on a regular basis by Management to make decisions about resources allocated to each segment and assess its performance, and for which financial information is available.

(u) Fair value estimates

The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

(3) Summary of Significant Accounting Policies, continued

The different hierarchy levels have been defined as follows:

- Level 1 - Quoted prices in active markets without adjustments for identical assets or liabilities that the Bank can access at the measurement date.

- Level 2 - Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are not active and other valuation techniques where significant data inputs are directly or indirectly observable in the market

- Level 3 - Unobservable inputs for the asset or liability. This category includes all instruments where the valuation technique includes unobservable inputs and these have a significant effect on the fair value measurement. This category also includes instruments that are valued based on quoted prices for similar instruments for which we must make significant adjustments using unobservable inputs, assumptions or adjustments in which no observable or subjective data are used when there are differences between the instruments.

A market is considered active if quoted prices are readily and regularly available from an exchange, financial intermediaries, a sector institution, pricing service or regulatory agency, and those prices reflect actual market transactions with sufficient frequency and volume to provide pricing market information.

The fair value of a demand deposit is not less than the amount to be paid when it becomes payable, discounted from the first date on which payment may be required.

The Bank recognizes transfers between levels of the fair value hierarchy at the end of the period during which the change occurred.

(v) Transactions between entities under common control

Transfers of assets between entities under common control, including transactions with intermediate holding companies, are initially recorded at book value of the Bank transferring the assets at the date of transfer. If the carrying amount of the assets and liabilities transferred differs from the historical cost of the Parent Company of entities under common control, then the Bank receiving the assets and liabilities will recognize them at the historical cost of the Parent Bank.

The Bank enters into transactions with related parties, which according to the internal policies of the Bank, are carried out at market conditions.

(w) IFRS Accounting Standards Issued but Not Yet Adopted

Several new accounting standards and amendments to existing standards became effective for annual periods beginning after January 1, 2025, and are available for early adoption.

(3) Summary of Significant Accounting Policies, continued

However, the Bank has not early adopted any of these new accounting standards or amendments in the preparation of these condensed consolidated interim financial statements.

(4) Risk Management

Risk management is a fundamental part of the Bank. It has an infrastructure to comprehensively manage risks, in order to ensure responsible and sustainable growth in time, to maintain the confidence of its stakeholders, and to assure with reasonable certainty the fulfillment of its short, medium and long-term goals, through a balance between meeting objectives and taking risks, in line with the corporate strategy.

Financial assets classification

See classification under IFRS 9 in accounting policies in Note 3(c)

The following table provides a reconciliation between line items in the condensed statement of financial position and categories of financial instruments.

March 31, 2025	Designated FVTPL – debt instruments	Designated FVTPL - equity instruments	FVOCI - debt instruments	Amortized cost	Total
Cash, cash equivalents and deposits in banks	0	0	0	146,008,151	146,008,151
Investments in securities	28,766,197	1,097,020	806,287,211	46,317,812	882,468,240
Loans at amortized costs	0	0	0	3,762,631,140	3,762,631,140
Other accounts receivable	0	0	0	126,236,539	126,236,539
Total financial assets	28,766,197	1,097,020	806,287,211	4,081,193642	4,917,344,070

December 31, 2024	Designated FVTPL – debt instruments	Designated FVTPL - equity instruments	FVOCI - debt instruments	Amortized cost	Total
Cash, cash equivalents and deposits in banks	0	0	0	204,292,919	204,292,919
Investments in securities	28,760,215	1,066,556	873,803,330	46,919,212	950,549,313
Loans at amortized costs	0	0	0	3,751,750,598	3,751,750,598
Other accounts receivable	0	0	0	117,493,058	117,493,058
Total financial assets	28,760,215	1,066,556	873,803,330	4,120,455,787	5,024,085,888

As of March 31, 2025, all financial liabilities held by the Bank are classified at amortized cost.

The Bank is exposed to the following risks from financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk and
- Operational risk.

For the management of these risks, an organizational framework based on current regulations in the region on risk management has been defined. This framework includes policies, procedures and a human and technical infrastructure to identify, analyze and assess risks, as well as to set adequate limits and controls, monitor risk management and compliance with defined limits. These policies and risk management systems are periodically reviewed, updated and reported to the respective committees, to ensure they reflect changes in market conditions, products and services offered.

(4) Risk Management, continued

Through its management procedures and standards, the Bank aims to develop a disciplined and constructive control environment where all employees understand their roles and duties.

The periodic oversight and management of risks is conducted through the following corporate governance bodies, established both regionally and in the countries where the Bank operates: Committee of Comprehensive Risk Management, Assets and Liabilities Committee (ALICO), Compliance Committee, Credit Committee, and Audit Committee.

(a) Credit Risk

This is the risk of financial loss faced by the Bank when a client or counterparty fails to meet their contractual obligations, and is mainly originated from deposits, investments in securities and loans receivable.

To mitigate credit risk, risk management policies follow established processes and controls for the approval of loans or credit facilities. The Bank structures acceptable credit risk levels by setting limits on the amount of risk that is assumed in relation to one borrower, or group of borrowers, and geographic segment. These credits are constantly controlled and subject to periodic review.

Exposure to credit risk is managed through a periodic analysis of the borrowers' or potential borrowers' capacity to pay principal and interest. Exposure to credit risk is also mitigated in part through collateral, corporate and personal guarantees.

Credit is managed through policies that have been clearly defined by the Board of Directors and they are reviewed and modified periodically based on changes and expectations in the market where the Bank operates, regulations and other factors considered while preparing these policies.

The Bank uses a series of credit reports to assess its portfolio's performance, provision requirements and specially to anticipate events that could affect its debtor's condition in the future.

Establishing Authorization Limits:

Approval limits for credits are established depending on the percentage that each amount represents of the Bank's equity. These limit levels are submitted before the consideration of the Risk Committee and ratified by the Board of Directors.

Exposure Limits:

In order to limit the exposure, maximum limits have been established for an individual debtor or economic group, based on the Bank's capital funds.

Concentration Limits:

In order to limit concentration per activity or industries, exposure limits have been approved based on capital distribution and the strategic orientation to be given to the loan portfolio.

(4) Risk Management, continued

Furthermore, the Bank has limited its exposure to different geographies through the country risk policy, in which it has defined countries where it would like to have exposure based on the Bank's strategic plan; also, credit and investment exposure limits have been implemented in such countries, based on their credit risk rating and the approved risk appetite.

Policy Compliance Review:
Each business unit is responsible for the quality and performance of their loan portfolios, as well as for the control and monitoring of risks. However, through Loan Management and Control, the debtor's financial position and payment capacity are periodically assessed. For loans that are not individually significant, they are monitored through the delinquency day ranges that their installments present and the particular characteristics of said portfolios.

In relation to investments, the Bank has a regional guideline that defines the general profile that the investment portfolio must have and establishes two large levels of maximum limits to control the exposure of investments: limit at the level of country risk and risk of issuer. Country risk limits are established based on an internal rating scale and measured as percentages of the Bank's equity or as absolute amounts. In addition, the guideline includes the attributions and approval schemes for new limits or increases to existing ones. Additionally, the Group maintains other internal guidelines approved by ALICO and ratified by the Board of Directors.

Compliance with this guideline is monitored daily by the Market Risk and Liquidity Vice-presidency, part of the Comprehensive Risk Management area, which monitors all transactions to identify any acquisition or purchase outside the parameters and immediately notifies the originating area.

The Board of Directors has delegated the responsibility of managing credit risk to the Credit Committee and Assets and Liabilities Committee (ALICO); both periodically monitors the financial condition of the respective debtors and issuers which involve a credit risk for the Bank.

(4) Risk Management, continued

Portfolio quality information

Bank deposits portfolio quality

The Bank maintains deposits in banks for $126,191,418 as of March 31, 2025 (December 31, 2024: $180,904,119). Deposits are maintained at central banks and other financial institutions, most of which have AA to BB risk ratings, based on Standard & Poor's, Moody's, and/or Fitch Ratings.

Securities under resale agreements are mostly classified based on the ratings assigned by Standard & Poor's, Moody's, and/or Fitch Ratings.

Quality of the investment portfolio in securities

The Bank segregates the investment portfolio into investments at FVTP, investments at AC and investments at FVOCI. As of March 31, 2025, investments amounted to $882,468,240 (December 31, 2024: $950,549,313).

As March 31, 2025, the other assets at FVTPL include investments equity $1,097,020 (December 31, 2024: $1,066,556) and mutual funds of $22,861,960 (December 31, 2024: $22,418,438) which are excluded from the following risk analyses.

- Investments at FVTPL

  The credit quality of investment is monitored according to the international risk rating of the issuer provided by Standard & Poor's, Moody's, and/or Fitch Ratings.

  The following table summarizes investments at FVTPL categories:

	March 31, 2025	December 31, 2024
Governments and Agencies		
BBB-	5,904,237	6,341,777
Total Governments and Agencies	5,904,237	6,341,777
Total investments at FVTPL	5,904,237	6,341,777

(4) Risk Management, continued

- Investments at FVOCI

  The following table summarizes the investments at FVOCI categories:

	March 31, 2025			December 31, 2024		
	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI
Governments and agencies						
AAA	48,494,561	0	48,494,561	48,467,257	0	48,467,257
AA+	248,564,247	0	248,564,247	250,027,940	0	250,027,940
BBB	343,551,804	0	343,551,804	411,248,617	0	411,248,617
BB+ to B-	18,118,239	0	18,118,239	17,863,883	0	17,863,883
Total Governments and agencies	658,728,851	0	658,728,851	727,607,697	0	727,607,697
Corporate						
AA	14,799,542	0	14,799,542	14,727,879	0	14,727,879
A-	4,931,410	0	4,931,410	4,901,798	0	4,901,798
BBB+	0	0	0	0	0	0
BBB	19,586,449	0	19,586,449	19,467,313	0	19,467,313
BBB-	10,752,293	0	10,752,293	7,488,221	0	7,488,221
BB+ a B	66,146,160	8,078,232	74,224,392	67,463,243	7,947,412	75,410,655
Unrated	23,264,274	0	23,264,274	24,199,767	0	24,199,767
Total Corporates	139,480,128	8,078,232	147,558,360	138,248,221	7,947,412	146,195,633
Total	798,208,979	8,078,232	806,287,211	865,855,918	7,947,412	873,803,330
Allowance for ECL	467,234	208,630	675,861	484,317	203,832	688,149

- Investment in AC

  The following table summarizes the AC investment portfolio ratings:

	March 31, 2025			December 31, 2024		
	12 months ECL	Lifetime ECL - without impairment	Total investments at AC	12 months ECL	Lifetime ECL - without impairment	Total investments at AC
Corporate						
Range BB+ to B-	43,615,650	0	43,615,650	29,456,291	14,714,270	44,170,561
Unrated	2,702,162	0	2,702,162	2,748,651	0	2,748,651
Total Corporate	46,317,812	0	46,317,812	32,204,942	14,714,270	46,919,212
Total	46,317,812	0	46,317,812	32,204,942	14,714,270	46,919,212
Allowance for ECL	314,817	0	314,817	156,767	994,529	1,151,296

(4) Risk Management, continued

Quality of the loan portfolio

Note 3 (c) contains an explanation of the measurement of the quality of financial instruments, which includes the loan portfolio.

The following table presents the loan portfolio according to its risk category, in accordance with the grading used for each period indicated:

March 31, 2025	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	1,495,277,707	5,848,467	0	1,501,126,174
Special mention	0	184,906,396	0	184,906,396
Sub-standard	0	0	96,413,038	96,413,038
Doubtful	0	0	44,976,148	44,976,148
Loss	0	0	82,508,311	82,508,311
Gross amount	1,495,277,707	190,754,863	223,897,497	1,909,930,067
Allowance for ECL	(9,900,968)	(7,077,268)	(22,481,619)	(39,459,855)
Net amount	1,485,376,739	183,677,595	201,415,878	1,870,470,212
Small Company				
Satisfactory	108,345,903	10,011,011	0	118,356,914
Special mention	560,341	7,916,391	93,647	8,570,379
Sub-standard	0	0	409,635	409,635
Doubtful	0	0	993,701	993,701
Loss	0	0	4,135,047	4,135,047
Gross amount	108,906,244	17,927,402	5,632,030	132,465,676
Allowance for ECL	(410,088)	(1,302,660)	(484,237)	(2,196,985)
Net amount	108,496,156	16,624,742	5,147,793	130,268,691
Mortgage				
Satisfactory	641,277,119	116,241,374	0	757,518,493
Special mention	1,314,874	23,671,742	0	24,986,616
Sub-standard	0	0	4,810,103	4,810,103
Doubtful	0	0	6,361,520	6,361,520
Loss	0	0	13,265,891	13,265,891
Gross amount	642,591,993	139,913,116	24,437,514	806,942,623
Allowance for ECL	(1,790,001)	(2,462,531)	(2,893,642)	(7,146,174)
Net amount	640,801,992	137,450,585	21,543,872	799,796,449
Personal banking				
Satisfactory	528,839,783	18,829,333	0	547,669,116
Special mention	4,545	2,614,335	565	2,619,445
Sub-standard	0	0	518,229	518,229
Doubtful	0	0	1,386,239	1,386,239
Loss	0	0	1,312,030	1,312,030
Gross amount	528,844,328	21,443,668	3,217,063	553,505,059
Allowance for ECL	(4,090,235)	(1,903,677)	(1,586,342)	(7,580,254)
Net amount	524,754,093	19,539,991	1,630,721	545,924,805
Vehicles				
Satisfactory	316,180,724	18,525,399	0	334,706,123
Special mention	286,655	8,616,085	0	8,902,740
Sub-standard	0	0	641,774	641,774
Doubtful	0	0	1,144,544	1,144,544
Loss	0	0	22,428	22,428
Gross amount	316,467,379	27,141,484	1,808,746	345,417,609
Allowance for ECL	(1,199,448)	(806,085)	(927,283)	(2,932,816)
Net amount	315,267,931	26,335,399	881,463	342,484,793
Credit Card				
Satisfactory	63,270,454	9,284,230	2,379,748	74,934,432
Special mention	0	3,244,009	151,253	3,395,263
Doubtful	0	1,857,822	0	1,857,822
Loss	0	0	533,772	533,772
Gross amount	63,270,454	14,386,061	3,064,773	80,721,288
Allowance for ECL	(2,819,857)	(2,211,552)	(2,003,689)	(7,035,098)
Net amount	60,450,597	12,174,509	1,061,084	73,686,190
Net carrying amount, loans at amortized cost	3,135,147,508	395,802,821	231,680,811	3,762,631,140

(4) Risk Management, continued

December 31, 2024	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	1,558,931,523	3,001,797	0	1,561,933,320
Special mention	0	106,629,101	0	106,629,101
Sub-standard	0	0	100,929,967	100,929,967
Doubtful	0	0	65,105,309	65,105,309
Loss	0	0	85,087,285	85,087,285
Gross amount	1,558,931,523	109,630,898	251,122,561	1,919,684,982
Allowance for ECL	(10,146,113)	(4,122,265)	(30,728,075)	(44,996,453)
Net amount	1,548,785,410	105,508,633	220,394,486	1,874,688,529
Small Company				
Satisfactory	105,633,241	10,023,600	0	115,656,841
Special mention	1,556,239	8,080,583	92,825	9,729,647
Sub-standard	0	0	673,981	673,981
Doubtful	0	0	2,982,084	2,982,084
Loss	0	0	3,419,685	3,419,685
Gross amount	107,189,480	18,104,183	7,168,575	132,462,238
Allowance for ECL	(418,476)	(1,353,300)	(1,317,375)	(3,089,151)
Net amount	106,771,004	16,750,883	5,851,200	129,373,087
Mortgage				
Satisfactory	643,868,202	105,835,644	0	749,703,846
Special mention	1,063,490	28,361,017	0	29,424,507
Sub-standard	0	0	4,087,358	4,087,358
Doubtful	0	0	8,449,557	8,449,557
Loss	0	0	12,112,606	12,112,606
Gross amount	644,931,692	134,196,661	24,649,521	803,777,874
Allowance for ECL	(1,799,086)	(2,736,534)	(3,306,049)	(7,841,669)
Net amount	643,132,606	131,460,127	21,343,472	795,936,205
Personal banking				
Satisfactory	519,564,711	22,861,109	0	542,425,820
Special mention	5,129	2,489,912	2,062	2,497,103
Sub-standard	0	0	954,716	954,716
Doubtful	0	0	874,571	874,571
Loss	0	0	1,400,649	1,400,649
Gross amount	519,569,840	25,351,021	3,231,998	548,152,859
Allowance for ECL	(4,058,607)	(1,936,851)	(1,434,807)	(7,430,265)
Net amount	515,511,233	23,414,170	1,797,191	540,722,594
Vehicles				
Satisfactory	314,014,961	17,768,080	0	331,783,041
Special mention	341,683	8,723,488	0	9,065,171
Sub-standard	0	0	841,681	841,681
Doubtful	0	0	485,854	485,854
Loss	0	0	22,610	22,610
Gross amount	314,356,644	26,491,568	1,350,145	342,198,357
Allowance for ECL	(1,210,988)	(801,561)	(589,896)	(2,602,445)
Net amount	313,145,656	25,690,007	760,249	339,595,912
Credit Card				
Satisfactory	62,166,381	7,930,869	2,608,338	72,705,588
Special mention	0	3,125,404	252,147	3,377,551
Doubtful	0	1,819,201	0	1,819,201
Loss	0	0	595,081	595,081
Gross amount	62,166,381	12,875,474	3,455,566	78,497,421
Allowance for ECL	(2,823,902)	(1,961,825)	(2,277,423)	(7,063,150)
Net amount	59,342,479	10,913,649	1,178,143	71,434,271
Net carrying amount, loans at amortized cost	3,186,688,388	313,737,469	251,324,741	3,751,750,598

MULTIBANK INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk Management, continued

The following table presents the balances of credit commitments and guarantee according to its risk categories, as per current classification for each indicated period:

March 31, 2025	PCE 12 months	PCE Expected Life – No Deterioration	PCE expected life – with deterioration	Total
Corporate				
Satisfactory	55,648,177	0	0	55,648,177
Special Mention	0	15,600	0	15,600
Sub-standar	0	0	88,219	88,219
Doubful	0	0	170,000	170,000
Gross Amount	55,648,177	15,600	258,219	55,921,996
Allowance for ECL	(65,342)	(468)	(13,199)	(79,009)
Net Book Value	55,582,835	15,132	245,020	55,842,987
Small Business				
Satisfactory	938,473	0	0	938,473
Gross Amount	938,473	0	0	938,473
Allowance for ECL	(1,088)	0	0	(1,088)
Net Book Value	937,385	0	0	937,385
Personal Banking				
Satisfactory	58,889,561	0	0	58,889,561
Gross Amount	58,889,561	0	0	58,889,561
Allowance for ECL	(68,261)	0	0	(68,261)
Net Book Value	58,821,300	0	0	58,821,300
Total commitments on loans and guarantees, net	115,341,520	15,132	245,020	115,601,672

December 31, 2024	PCE 12 months	PCE Expected Life – No Deterioration	PCE expected life – with deterioration	Total
Corporate				
Satisfactory	89,164,433	0	0	89,164,433
Special Mention	0	15,600	0	15,600
Doubtful	0	0	88,219	88,219
Gross Amount	0	0	170,000	170,000
Allowance for ECL	89,164,433	15,600	258,219	89,438,252
Net Book Value	(101,006)	(123)	(13,329)	(114,458)
	89,063,427	15,477	244,890	89,323,794
Small Business				
Satisfactory				
Gross Amount	821,026	0	0	821,026
Allowance for ECL	821,026	0	0	821,026
Net Book Value	(952)	0	0	(952)
	820,074	0	0	820,074
Personal Banking				
Satisfactory				
Doubtful	41,990,513	0	0	41,990,513
Allowance for ECL	41,990,513	0	0	41,990,513
Net Book Value	(48,663)	0	0	(48,663)
	41,941,850	0	0	41,941,850
Total commitments on loans and guarantees, net	131,825,351	15,477	244,890	132,085,718

(4) Risk Management, continued

Guarantees and other improvements to reduce credit risk and its financial effect

The Bank maintains guarantees and other improvements to reduce credit risk to ensure the payment of their financial assets exposed to credit risk. The types of mortgage guarantees include residential and commercial, buildings and land. The types of collateral include private vehicles, commercial use, leasing, machinery and other equipment.

The table below shows the main types of guarantees taken with respect to different types of financial assets.

	March 31, 2025				
	Mortgage	Pledge	Certificates of deposit	Unsecured	Total
Investments in securities	0	0	0	881,371,220	881,371,220
Loans at amortized cost					
Corporate					
Corporate	1,065,428,717	32,817,167	181,863,676	622,115,453	1,902,225,013
Corporate leases, net	0	7,705,054	0	0	7,705,054
Total corporate	1,065,428,717	40,522,221	181,863,676	622,115,453	1,909,930,067
Personal Banking and Small company					
Small company					
Small company	110,514,374	1,358,589	14,677,847	5,826,529	132,377,339
Small company leases, net	0	88,337	0	0	88,337
Total Small company	110,514,374	1,446,926	14,677,847	5,826,529	132,465,676
Personal Banking					
Mortgage	806,942,623	0	0	0	806,942,623
Personal	37,691,210	0	45,320,601	470,493,248	553,505,059
Vehicles	0	343,726,485	0	0	343,726,485
Personal leases, net of interest	0	1,691,124	0	0	1,691,124
Credit cards	0	0	0	80,721,288	80,721,288
Total Personal Banking	844,633,833	345,417,609	45,320,601	551,214,536	1,786,586,579
Total Personal Banking and Small company	955,148,207	346,864,535	59,998,448	557,041,065	1,919,052,255
Allowance for ECL	(37,301,599)	(3,205,011)	(230,752)	(25,613,820)	(66,351,182)
Total loans	1,983,275,325	384,181,745	241,631,372	1,153,542,698	3,762,631,140
Credit commitments and financial guarantees	0	473,951	2,095,183	113,032,538	115,601,672

	December 31, 2024				
	Mortgage	Pledge	Certificates of deposit	Unsecured	Total
Investments in securities	0	0	0	949,482,757	949,482,757
Loans at amortized cost					
Corporate					
Corporate	1,087,371,195	36,116,400	178,839,403	609,939,697	1,912,266,695
Corporate leases, net	0	7,418,287	0	0	7,418,287
Total corporate	1,087,371,195	43,534,687	178,839,403	609,939,697	1,919,684,982
Personal Banking and Small company					
Small company					
Small company	107,676,209	1,461,036	13,171,133	10,058,510	132,366,888
Small company leases, net	0	95,350	0	0	95,350
Total Small company	107,676,209	1,556,386	13,171,133	10,058,510	132,462,238
Personal Banking					
Mortgage	803,777,874	0	0	0	803,777,874
Personal	37,684,770	0	47,588,062	462,880,027	548,152,859
Vehicles	0	340,708,057	0	0	340,708,057
Personal leases, net of interest	0	1,490,300	0	0	1,490,300
Credit cards	0	0	0	78,497,421	78,497,421
Total Personal Banking	841,462,644	342,198,357	47,588,062	541,377,448	1,772,626,511
Total Personal Banking and Small company	949,138,853	343,754,743	60,759,195	551,435,958	1,905,088,749
Allowance for ECL					
Total loans	(43,878,943)	(2,848,481)	(225,903)	(26,069,806)	(73,023,133)
	1,992,631,105	384,440,949	239,372,695	1,135,305,849	3,751,750,598
Credit commitments and financial guarantees	0	473,951	3,259,967	128,351,800	132,085,718

(4) Risk Management, continued

The table below shows the portfolio and identifiable value of collateral (primarily commercial properties) backing up the loan. For each loan, the corresponding value of its guarantees is capped by the guaranteed nominal amount.

	March 31, 2025		December 31, 2024	
Corporates	**Loans**	**Covered amount**	**Loans**	**Covered amount**
Stage 1 and 2	916,662,793	1,015,846,296	733,607,874	1,018,614,277
Stage 3	245,504,933	220,602,453	255,920,606	232,754,933
Total	1,162,167,726	1,236,448,749	989,528,480	1,251,369,210

The following are the non-financial assets that the Bank seized as collaterals to secure collection during the period:

	March 31, 2025	December 31, 2024
Property	786,436	8,915,074
Furniture and equipment	367,047	1,573,395
Total	1,153,483	10,488,469

The Bank's policy is to sell these assets to cover the balances due. Using foreclosed assets for its operations is not a Bank policy.

Residential mortgage loans

The following table shows the ratio of loans to the value of collaterals for the mortgage portfolio. LTV is calculated as a percentage of the loan gross amount with respect to the collateral value. The gross amount of the loan does not include any impairment loss. The collateral value for mortgages is based on the original value of the guarantee at disbursement. The corresponding values are updated based on the requirements of local regulators, new disbursements with the same guarantee, restructuring of the credit or judicial processes that imply execution.

	March 31, 2025		December 31, 2024	
LTV Ratio	**Loans**	**Credit and guarantee commitments**	**Loans**	**Credit and guarantee commitments**
Less than 50%	74,943,252	3,374,323	72,341,581	2,429,705
51-70%	150,943,745	1,899,899	149,763,644	2,103,890
71-80%	144,682,383	3,986,053	136,840,349	3,494,088
81-90%	350,575,763	16,251,293	354,905,743	15,009,802
91-100%	73,213,759	32,835,374	78,519,799	17,968,308
More than 100%	12,583,721	542,618	11,406,758	984,720
Total	806,942,623	58,889,560	803,777,874	41,990,513

(4) Risk Management, continued

Impaired Loans

LTV Ratio	March 31, 2025	December 31, 2024
Less than 50%	846,199	859,527
51-70%	3,781,786	3,483,199
71-80%	3,356,553	4,172,912
81-90%	6,328,232	7,552,755
91-100%	5,730,813	5,121,903
More than 100%	4,393,931	3,459,225
Total	24,437,514	24,649,521

ECL allowance

Projection of future conditions

The upside, base and downside scenarios are described below, along with the main risks taken into consideration to define them.

External sector:

External Risks	Upside	Central	Downside
Political/Social/Fiscal Conditions:	1. Considerations from previous iterations prevail. The probability remained unlikely given the challenges ahead for the country. The fiscal outlook is tight, and social spending may be reduced. This could generate social tensions, and citizens have shown little restraint when it comes to demonstrating through strikes and protests. This remains a factor to monitor in the short term, given the developments in the first months of President Mulino's administration.	1. Panama's public finances have shown a widening fiscal deficit in 2024, leaving little room for increased public spending. According to the latest Fitch report, the government has faced persistent fiscal pressures and has resorted to temporary measures and accounting maneuvers to reduce deficits in the past.	1. Previous considerations remain. The country's fiscal situation is a result of relief and subsidies granted, a lack of solutions to increase tax revenues in the medium term, and the potential impact of low remaining reserves on public pension funds. Added to this are factors such as downgrades by rating agencies, the exit of mining companies that contributed a significant amount to the public treasury, among others. According to the most recent S&P report, the country faces significant challenges, although less pronounced than before the elections. In line with this, the Mulino administration is expected to use its political capital to maintain the continuity of business-friendly policies, which have enabled long-term economic growth and allowed foreign direct investment to largely finance current account deficits. Significant challenges in tax collection are also noted.

(4) Risk Management, continued

The scenarios for each country are detailed below:

Scenario	Scenario Synthesis	Upside	Central	Downside
Panama	1. International financial conditions. Occurrences of environmental impacts. Monetary/Exchange Rate/Financial System. Global economic growth.	The outlook was revised to optimistic, with a view to more relaxed international financial conditions due to upcoming rate cuts in developed countries and controlled inflation. This was confirmed by recent cuts in benchmark rates by central institutions in major economies such as the Federal Reserve and the European Central Bank. The boards of directors of these organizations and market expectations agree on this view. To moderate Panama's potential impact, the impact was revised to very low due to the challenges Panama faces in terms of country risk and the potential obstacle to seeking international financing. The new president-elect had favorable effects on the country. The probability was revised from likely to unlikely due to lower global growth expectations in the next 12 months. The impact was revised to medium due to the growth shown in recent months and the resilience the country exhibits as a global logistics hub. With the normalization of freight and supply chain costs, a favorable outlook is expected for the country in the medium term. In the short term, the risk of reduced flow in the canal was identified; this is expected to diminish over time.	There are solid medium-term growth prospects for Panama, which Fitch does not expect to be greatly affected by the mining episode, and which are focused on logistics activities and the strategic asset of the Panama Canal.	The considerations from the previous iteration prevail. Panama has historically had a limited impact from adverse environmental events. In Panama's case, alerts and monitoring remain predominantly focused on droughts and the effects they could have on the water level in the canal and on hydroelectric power generators. The extent of the drought could affect water levels in the Canal. Considering that current risks, both downside and upside, were considered in the previous quarter, there were no changes in the forecasts compared to the previous year. The risk leans toward a pessimistic scenario due to the health of the financial system, which was affected by the elimination of the payment arrangements law. At the same time, as a dollarized country, it does not have a monetary policy rate tool. The resilience the country has shown in the face of rising global interest rates stands out as an important element.

(4) Risk Management, continued

The scenario probability weightings applied in measuring ECL in each of the countries where the Bank operates, are as follows:

Scenario probability weighting	March 31, 2025 Panama	December 31, 2024 Panama
Upside	10%	10%
Base	75%	75%
Downside	15%	15%

Periodically, the Bank carries out stress tests of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios, advised by at least one external economist.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for loans' portfolios are: Monthly Economic Activity Index, Consumer Price Index, Exchange Rate, Local Currency Interest Rate and Dollars Interest Rate.

The Bank estimates each key driver for credit risk over the active forecast period of one year.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the forecasted period.

		March 31, 2025	December 31, 2024
		Panama	Panama
		%	%
Monthly Economic Activity Index	Upside	3.42%	3.42%
	Base	3.03%	3.03%
	Downside	2.79%	2.79%
Consumer Price Index	Upside	1.51%	1.51%
	Base	2.15%	2.15%
	Downside	2.33%	2.33%
Exchange Rate	Upside	-	-
	Base	-	-
	Downside	-	-
Local Currency Interest Rate	Upside	-	-
	Base	-	-
	Downside	-	-
Dollars Interest Rate	Upside	-0.02%	-0.02%
	Base	0.10%	0.10%
	Downside	0.14%	0.14%

(4) Risk Management, continued

Sensitivity of ECL to future economic conditions

The ECL is sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognized on material classes of its financial assets.

The table below shows the allowance for ECL on loans, assuming each forward-looking scenario were weighted at 100% instead of applying scenario probability weights across the three scenarios, See note 3 (c).

March 31, 2025	Upside	Base	Downside
Book Value			
Corporate	1,909,930,067	1,909,930,067	1,909,930,067
Small company	132,465,676	132,465,676	132,465,676
Mortgage	806,942,623	806,942,623	806,942,623
Personal banking	553,505,059	553,505,059	553,505,059
Vehicles	345,417,609	345,417,609	345,417,609
Credit card	80,721,288	80,721,288	80,721,288
	3,828,982,322	3,828,982,322	3,828,982,322
ECL Allowance			
Corporate	39,400,999	39,459,855	39,481,183
Small company	2,105,391	2,199,541	2,217,229
Mortgage	6,937,716	7,183,778	7,286,496
Personal banking	7,041,605	7,614,435	7,815,497
Vehicles	2,892,987	2,993,949	2,944,703
Credit card	6,514,446	7,064,194	7,219,169
	64,893,144	66,455,752	66,964,277
Proportion of assets in Stage 2			
Corporate	9.09%	9.09%	9.09%
Small company	12.39%	13.05%	13.05%
Mortgage	26.36%	30.30%	30.30%
Personal banking	3.50%	3.81%	4.10%
Vehicles	6.96%	7.43%	7.43%
Credit card	17.48%	17.82%	17.82%
	12.02%	12.97%	13.01%

December 31, 2024	Upside	Base	Downside
Book Value			
Corporate	1,919,684,983	1,919,684,983	1,919,684,983
Small company	132,462,238	132,462,238	132,462,238
Mortgage	803,777,873	803,777,873	803,777,873
Personal banking	548,152,859	548,152,859	548,152,859
Vehicles	342,198,357	342,198,357	342,198,357
Credit card	78,497,421	78,497,421	78,497,421
	3,824,773,731	3,824,773,731	3,824,773,731
ECL Allowance			
Corporate	44,951,062	44,996,534	45,012,112
Small company	2,918,684	3,092,029	3,113,103
Mortgage	7,385,148	7,880,350	7,987,856
Personal banking	6,887,951	7,467,748	7,656,662
Vehicles	2,562,220	2,603,597	2,614,492
Credit card	6,793,701	9,698,668	9,834,431
	71,498,766	75,738,926	76,218,656
Proportion of assets in Stage 2			
Corporate	5.37%	5.37%	5.37%
Small company	11.79%	13.33%	13.39%
Mortgage	16.32%	31.26%	31.26%
Personal banking	4.15%	4.52%	4.79%
Vehicles	6.77%	7.29%	7.29%
Credit card	16.40%	61.51%	61.51%
	8.07%	12.29%	12.33%

(4) Risk Management, continued

The following table shows a reconciliation of the opening and closing balances of the period as of March 31, 2025, of the financial assets' ECL allowance.

	March 31, 2025				December 31, 2024			
Deposits in banks	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Balance as of January 1	6,556	0	0	6,556	7,151	0	0	7,151
Provision expense - remeasurement	(3,612)	0	0	(3,612)	(1,721)	0	0	(1,721)
Provision expense - origination	1,000	0	0	1,000	1,126	0	0	1,126
Balance at period end	3,944	0	0	3,944	6,556	0	0	6,556

	March 31, 2025				December 31, 2024			
Investments at FVOCI	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Balance as of January 1	484,317	203,832	0	688,149	482,907	201,774	0	684,681
Transfer from stage 2 to 1	0	0	0	0	0	0	0	0
Provision expense - remeasurement	(42,677)	0	0	(42,677)	(132,191)	0	0	(132,191)
Provision expense - origination	25,594	4,798	0	30,392	133,601	2,058	0	135,659
Balance at period end	467,234	208,630	0	675,864	484,317	203,832	0	688,149

	March 31, 2025				December 31, 2024			
Investments at AC	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Balance as of January 1	156,767	994,529	0	1,151,296	191,377	1,409,002	0	1,600,379
Transfer from stage 1 to 2	994,529	(994,529)	0	0	274,864	(274,864)	0	0
Provision expense - remeasurement	(1,001,381)	0	0	(449,083)	(309,474)	(139,609)	0	(449,083)
Provision expense - origination	164,902	0	0	164,902	0	0	0	0
Balance at period end	314,817	0	0	314,817	156,767	994,529	0	1,151,296

The investments' ECL allowance is not recognized within the condensed consolidated statement of financial position, because the book value of the investments at FVOCI is its fair value.

	March 31, 2025				December 31, 2024			
Loans at AC	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Balance as of January 1	20,457,172	12,912,336	39,653,625	73,023,133	21,749,889	10,180,441	32,967,145	64,897,475
Transfer from stage 1 to 2	(2,040,200)	2,040,200	0	0	(4,529,866)	4,529,866	0	0
Transfer from stage 1 to 3	(20)	0	20	0	(50,449)	0	50,449	0
Transfer from stage 2 to 3	0	(1,156,626)	1,156,626	0	0	(5,418,808)	5,418,808	0
Transfer from stage 3 to 2	0	1,447,662	(1,447,662)	0	0	4,225,433	(4,225,433)	0
Transfer from stage 2 to 1	2,852,658	(2,852,658)	0	0	6,406,151	(6,406,151)	0	0
Transfer from stage 3 to 1	838,832	0	(838,832)	0	3,138,102	0	(3,138,102)	0
Provision expense – remeasurement	(940,329)	3,789,715	6,537,274	9,386,660	(1,931,540)	7,614,765	24,357,792	30,041,017
Provision expense – origination	3,560,768	1,201,150	2,738,541	7,500,459	17,064,553	2,728,499	10,715,835	30,508,887
Provision expense – cancellation	(4,518,284)	(1,618,006)	(2,000,044)	(8,136,334)	(21,389,668)	(4,541,709)	(8,074,133)	(34,005,510)
Write-offs	0	0	(23,836,472)	(23,836,472)	0	0	(49,897,199)	(49,897,199)
Recoveries	0	0	8,413,736	8,413,736	0	0	31,486,656	31,486,656
Foreign currency translation	0	0	0	0	0	0	(8,193)	(8,193)
Balance at period end	20,210,597	15,763,773	30,376,812	66,351,182	20,457,172	12,912,336	39,653,625	73,023,133

	March 31, 2025				December 31, 2024			
Other accounts receivable	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Balance as of January 1	1,185,237	0	0	1,185,237	910,716	0	0	910,716
Provision expense – remeasurement	(7)	0	0	(7)	(1,203)	0	0	(1,203)
Provision expense – origination	83,341	0	0	83,341	275,741	0	0	275,741
Write-offs	0	0	0	0	(27)	0	0	(27)
Recoveries	0	0	0	0	0	0	0	0
Foreign currency translation	0	0	0	0	10	0	0	10
Balance at period end	1,268,571	0	0	1,268,571	1,185,237	0	0	1,185,237

	March 31, 2025				December 31, 2024			
Contingencies	PCE 12 months	PCE Expected Life – No deterioration	PCE Expected Life – with deterioration	Total	PCE 12 months	PCE Expected Life – No deterioration	PCE Expected Life – with deterioration	Total
Balance as of January 1	150,623	123	13,326	164,072	358,957	141	10,001	369,099
Stage 1 to 3 Shift	(151)	0	151	0	(358,956)	0	358,956	0
Provision Expense – Remeasurement	47,993	345	(278)	48,060	397,071	(18)	(355,631)	41,422
Provisioning Expense – Origination	0	0	0	0	0	0	0	0
Provision Expense – Cancellation	(63,773)	0	0	(63,773)	(246,449)	0	0	(246,449)
Balance at the end of the period	134,692	468	13,199	148,359	150,623	123	13,326	164,072

(4) Risk Management, continued

Modified Financial Assets

The following table provides information on individually significant financial assets that were modified while having a provision for losses measured in an amount equal to the ECL for the expected life.

	March 31, 2025	December 31, 2024
Amortized cost before modification	2,876,689	6,412,213
Net loss due to modification	0	40,451
Total	2,876,689	6,371,762

Concentration of credit risk

The Bank follows up the concentration of credit risk by sector and geographic location. The geographic location of loans and deposits in banks is based on the location of the debtor. As for investments, they are based on the location of the issuer. The analysis of the concentration of credit risks at the reporting date is as follows:

	March 31, 2025					
	Loans at amortized cost	Commitments and guarantees	Deposits in banks	Investments at FVOCI	Investments at FVTPL	Investments at AC
Concentration by sector						
Government	0	0	26,878,831	658,728,850	5,904,237	0
Corporate						
Trade	585,829,513	17,826,106	0	0	0	0
Real estate	93,684,010	0	0	4,950,804	19,489,530	1,671,236
Services	176,840,889	1,180,568	0	0	0	2,702,164
General industry	264,268,258	3,099,173	0	0	0	0
Construction	451,541,752	55,392	0	29,628,155	0	0
Agriculture	280,922,986	1,650,000	0	0	0	0
Hotels and restaurants	69,134,531	88,219	0	0	0	0
Financial	83,751,538	32,961,011	99,312,587	67,535,186	3,372,430	0
Transportation	24,736,238	0	0	0	0	0
Oil and derivatives	0	0	0	11,698,814	0	0
Telecommunication	11,686,027	0	0	0	0	0
Energy	0	0	0	862,496	0	10,262,011
Real estate	0	0	0	32,882,906	0	31,682,401
Personal banking	1,786,386,580	58,889,562	0	0	0	0
Allowance for ECL	(66,351,182)	(148,359)	0	0	0	0
Net carrying amount	3,762,631,140	115,601,672	126,191,418	806,287,211	28,766,197	46,317,812
Geographic concentration:						
Panama	3,485,987,041	67,598,170	34,916,832	455,012,548	28,766,197	36,055,802
Costa Rica	56,810,677	0	425,756	18,118,239	0	10,262,010
North America	3,415,139	0	28,201,249	305,610,800	0	0
Europe	20,388,374	0	49,130,923	0	0	0
South America	93,452,944	0	13,516,658	12,746,082	0	0
Others	168,928147	48,151,861	0	14,799,542	0	0
Allowance for ECL	(66,351,182)	(148,359)	0	0	0	0
Net carrying amount	3,762,631,140	115,601,672	126,191,418	806,287,211	28,766,197	46,317,812

(4) Risk Management, continued

	December 31, 2024					
	Loans at amortized cost	**Commitments and guarantees**	**Deposits in banks**	**Investments at FVOCI**	**Investments at FVTPL**	**Investments at AC**
Concentration by sector						
Government	0	0	41,889,185	727,607,697	6,341,777	0
Corporate						
Trade	613,428,299	14,618,724	0	0	0	0
Real estate	101,894,735	0	0	5,056,351	19,271,191	1,756,415
Services	137,599,272	1,765,548	0	0	0	2,748,654
General industry	297,983,306	3,176,445	0	0	0	0
Construction	465,789,380	25,600	0	31,129,066	0	0
Agriculture	276,399,157	1,650,000	0	0	0	0
Hotels and restaurants	45,176,903	88,219	0	0	0	0
Financial	73,810,258	68,907,790	139,014,934	67,562,287	3,147,247	0
Transportation	26,755,033	26,952	0	0	0	0
Oil and derivatives	0	0	0	11,481,162	0	0
Telecommunication	13,310,877	0	0	0	0	0
Energy	0	0	0	835,058	0	10,103,638
Real estate	0	0	0	30,131,709	0	32,310,505
Personal banking	1,772,626,511	41,990,513	0	0	0	0
Allowance for ECL	(73,023,133)	(164,073)	0	0	0	0
Net carrying amount	3,751,750,598	132,085,718	180,904,119	873,803,330	28,760,215	46,919,212
Geographic concentration:						
Panama	3,502,066,425	46,823,249	51,839,149	521,676,536	28,760,215	36,815,576
Costa Rica	32,946,686	0	456,428	17,863,883	0	10,103,636
North America	3,262,475	0	50,643,926	306,930,745	0	0
Europe	20,907,066	0	50,605,245	0	0	0
South America	115,897,733	0	27,359,371	12,604,287	0	0
Others	149,693,346	85,426,542	0	14,727,879	0	0
Allowance for ECL	(73,023,133)	(164,073)	0	0	0	0
Net carrying amount	3,751,750,598	132,085,718	180,904,119	873,803,330	28,760,215	46,919,212

The Bank has been and will continue to monitor the evolution of the liquidity and the quality of the portfolio of financial instruments placed or acquired in that country, in order to mitigate and manage the impacts of this situation.

(b) *Liquidity Risk*

Liquidity risk is defined as the contingency for not being able to comply fully, in a timely and efficient manner, the expected and unexpected cash flows, current and future, without affecting the course of daily operations or the financial condition of the entity. This contingency (liquidity risk) is evidenced in the insufficient liquid assets available for this and/or the need to assume unusual funding costs.

The liquidity management conducted by the Bank seeks to meet its obligations of (i) withdrawals of deposits by its customers, (ii) repayment of the service of its debts of institutional funding according to maturity and the payment scheme scheduled, and (iii) compliance with the credit demand and investment funds according to the requirements. In this regard, the Bank has constant control over its short-term liabilities and assets. The Bank's liquidity is carefully managed and adjusted daily based on the estimated flow of liquidity in expected and contingent scenarios.

(4) Risk Management, continued

The Bank's liquidity management best practices are in compliance with the policies and guidelines issued by Senior management and/or Regional and Local Board of Directors; the regulators of each country in which it operates and the contractual obligations. These best practices are primarily defensive, in the sense of seeking to always maintain appropriate levels of liquidity. In addition, the Bank has implemented the internal liquidity requirements that force it to keep excesses on regulatory requirements.

Specifically, the Bank's liquidity risk is managed through the calculation of liquidity coverage indicators in the short term, net of obligations and requirements, and in normal and stressful situations, as well as a stress model of liquidity based on the cash flow, which considers the activity of assets and liabilities in a time horizon of up to one year, under a variety of scenarios, which include both normal market conditions and more severe conditions. In addition, the Bank seeks to maintain a term matching, which enables it to meet its financial obligations over time.

As in the market risk, Senior Management engages actively in liquidity risk management through regional and local Assets and Liabilities Committee (ALICO) and Comprehensive Risk Management; thus, giving greater support to the strategic decision-making process. The liquidity risk assumed by the Bank is in line with the structure, complexity, size and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by Senior Management and/or Regional and Local Board of Directors.

At the level of the entire Bank is established the obligation of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations is established; as well as ensuring that reports related to liquidity risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

The following table shows the results of the ratios for high-quality liquidity coverage with respect to the outflow of deposits under normal and stressful conditions, calculated based on internal policies, reported as of the reporting date and during the period:

	% of Liquidity	
	March 31, 2025	**December 31, 2024**
At the end of the period/year	22.0%	30.0%
Maximum for the period/year	40.5%	40.5%
Average for the period/year	30.9%	31.1%
Minimum for the period/year	20.3%	20.3%

As of March 31, 2025, the Banking operations of the Bank comply with the liquidity requirements established by the regulators.

(4) Risk Management, continued

Quantitative information

The following table details the undiscounted cash flows of financial liabilities and financial assets, unrecognized commitments and guarantees and disbursements due to financial derivatives in contractual maturity groups from the remaining period from the report date:

	March 31, 2025						
Amounts in thousands	**Carrying Amount**	**Total nominal gross amount inflows /(outflows)**	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**
Liabilities							
Demand deposits	554,589	(544,370)	(544,370)	0	0	0	0
Savings deposits	528,495	(542,563)	(542,563)	0	0	0	0
Time deposits	2,372,691	(2,496,504)	(215,121)	(349,527)	(1,526,843)	(402,783)	(2,230)
Securities sold under repurchase agreements	160,361	(162,437)	(34,380)	(39,655)	(88,401)	0	0
Financial obligations	560,116	(622,275)	(70,159)	(295,305)	(240,046)	(16,766)	0
Other financial obligations	352,445	(406,588)	(283)	(5,530)	(26,587)	(334,165)	(40,023)
Lease Liabilities	9,775	(11,493)	(230)	(1,150)	(1,380)	(8,165)	(568)
Sub-total liabilities	4,538,472	(4,786,230)	(1,407,107)	(691,168)	(1,883,257)	(761,879)	(42,821)
Commitments and guarantees	67,598	(46,822)	(3,341)	(1,730)	(8,649)	(33,102)	0
Acceptances	11,907	(11,907)	(10,000)	(475)	(1,432)	0	0
Total liabilities	4,617,977	(4,844,959)	(1,420,448)	(693,372)	(1,893,338)	(794,981)	(42,821)
Assets							
Cash and cash equivalents	19,817	19,817	19,817	0	0	0	0
Deposits in banks	126,191	185,853	159,237	1,222	7,218	4,172	14,004
Investments at FVTPL (1)	29,863	28,647	0	24	17,925	982	9,716
Investments at FVOCI	806,287	1,008,412	1,423	65,745	171,665	510,712	258,867
Investments at AC	46,318	55,925	3	5,267	1,674	23,115	25,866
Loans	3,762,631	4,703,048	444,041	301,094	824,544	1,442,015	1,691,353
Sub-total assets	4,791,108	6,001,701	624,521	373,352	1,023,026	1,980,996	1,999,806
Acceptances outstanding	11,893	11,893	9,986	475	1,432	0	0
Total assets	4,803,001	6,013,594	634,507	373,827	1,024,458	1,980,996	1,999,806

	December 31, 2024						
Amounts in thousands	**Carrying Amount**	**Total nominal gross amount inflows /(outflows)**	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**
Liabilities							
Demand deposits	544,370	(544,370)	(544,370)	0	0	0	0
Savings deposits	542,563	(542,563)	(542,563)	0	0	0	0
Time deposits	2,372,117	(2,490,108)	(254,428)	(415,656)	(1,353,343)	(466,681)	0
Securities sold under repurchase agreements	183,633	(186,433)	(42,696)	(623)	(143,114)	0	0
Financial obligations	651,694	(704,052)	(21,752)	(99,717)	(552,525)	(30,058)	0
Other financial obligations	361,990	(417,339)	(270)	(19,222)	(17,229)	(340,323)	(40,295)
Lease Liabilities	10,291	(11,493)	(230)	(1,150)	(1,380)	(8,165)	(568)
Sub-total liabilities	4,666,658	(4,896,358)	(1,406,309)	(536,368)	(2,067,591)	(845,227)	(40,863)
Commitments and guarantees	46,823	(46,822)	(3,341)	(1,730)	(8,649)	(33,102)	0
Acceptances	10,532	(10,532)	(37)	0	(10,495)	0	0
Total liabilities	4,724,013	(4,953,713)	(4,953,712)	(538,098)	(2,086,735)	(878,329)	(40,863)
Assets							
Cash and cash equivalents	23,389	23,389	23,389	0	0	0	0
Deposits in banks	180,904	181,181	174,452	1,057	4,612	1,060	0
Investments at FVTPL (1)	29,827	28,647	0	24	17,925	982	9,716
Investments at FVOCI	873,803	1,055,489	1,423	81,089	175,819	532,162	264,996
Investments at AC	46,919	67,129	3	347	2,261	29,650	34,868
Loans	3,751,751	4,648,310	484,552	271,007	820,970	1,404,573	1,667,208
Sub-total assets	4,906,593	6,004,145	683,819	353,524	1,021,587	1,968,427	1,976,788
Acceptances outstanding	10,520	10,520	25	0	10,495	0	0
Total assets	4,917,113	6,014,665	683,844	353,524	1,032,082	1,968,427	1,976,788

(1) Includes investments in common shares.

(4) Risk Management, continued

The liquidity of the Bank is measured and monitored on a daily basis by the treasury. In addition, the Bank maintains appropriate levels of cash in vaults, deposits in banks and short-term deposits which constitutes the Bank's basis of liquidity reserves. The fair value of liquidity approximates its book value, and its composition is presented in the following table:

	March 31, 2025	December 31, 2024
Cash and cash equivalents	19,816,733	23,388,800
Deposits due from banks maturing in less than 90 days	120,677,908	175,393,220
Total Cash, cash equivalents and deposits in banks	140,494,641	198,782,020
Not committed sovereign debt instruments	425,210,105	458,535,638
Other credit lines available (1)	670,010,458	602,722,702
Total liquidity reserve	1,235,715,204	1,260,040,360

(1) Amounts not disbursed as of the reporting date.

The available credit lines are for use in normal business scenarios. They may have restricted use in stress full situations.

The following table shows the availability of the Bank's financial assets to support the future financing:

March 31, 2025	Committed	Uncommitted		
	As Collateral	Available as Collateral	Other (2)	Total
Cash and cash equivalents	0	0	19,816,733	19,816,733
Deposits due from banks	37,535,764	5,513,510	83,142,144	126,191,418
Investments in securities at fair value	254,884,278	425,210,105	156,056,045	836,150,428
Investments in securities at amortized cost	0	0	46,317,813	46,317,813
Loans at amortized cost	564,999	0	3,762,066,141	3,762,631,140
Total assets	292,985,041	430,723,615	4,067,398,876	4,791,107,532

(2) It represents assets that are uncommitted for use as collateral.

December 31, 2024	Committed	Uncommitted		
	As Collateral	Available as Collateral	Other (2)	Total
Cash and cash equivalents	0	0	23,388,800	23,388,800
Deposits due from banks	77,046,240	5,510,900	98,346,979	180,904,119
Investments in securities at fair value	290,883,020	458,535,638	154,211,443	903,630,101
Investments in securities at amortized cost	0	0	46,919,212	46,919,212
Loans at amortized cost	331,685	0	3,751,418,913	3,751,750,598
Total assets	368,260,945	464,046,538	4,074,285,347	4,906,592,830

(2) It represents assets that are uncommitted for use as collateral.

(c) Market Risk

Market risks are those that may result in losses as a result of adverse price movements in the financial markets where positions are maintained. It comprises the following risks:

- Interest rate risk: there is the possibility of an economic loss due to adverse changes in interest rates.

- Exchange rate risk: there is the possibility of an economic loss due to adverse changes in the exchange rate.

(4) Risk Management, continued

The main objectives of the Bank's corporate governance structure include supervising the performance of the management team in each country, ensuring the proper functioning of the internal control system, monitoring the exposure to risks and managing them effectively. For such purposes, management engages actively in market risk management through the regional and local Assets and Liabilities Committees (ALICO) and the Comprehensive Risk Management Committee; thus, giving greater support to the strategic decision-making process.

The market risks assumed by the Bank are in line with the structure, complexity, size and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by management and/or regional and local board of directors.

The Bank establishes the requirement of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations, as well as ensuring that reports related to market risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of the content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

For the measurement, control and management of market risk, the Bank uses the indicators required by the regulator of each country as well as another set of indicators established in the internal regional guideline, which are calculated by country and in a condensed manner based on internal sources of information.

In the case of exchange risk, this is measured by determining the percentage of equity that is not dollarized (also known as monetary position). The sensitivity analysis for the exchange rate risk is considered mainly in the measurement of the position within a specific currency. The analysis consists of verifying how much the position in the functional currency would represent over the currency to which it would be converting and, therefore, the exchange rate risk mix

(4) Risk Management, continued

Quantitative information

The Bank maintains operations in the condensed statement of financial position, agreed in local currency other than US dollars, which are listed below:

March 31, 2025	Euro	Sterling pound	Canadian dollar	Swiss franc	Other currencies	Total
Cash, cash equivalents and deposits in banks	19,597,947	3,503,962	926,676	737,776	120,058	24,886,419
Investments in securities	21,417	0	0	0	0	21,417
Account receivable	0	0	0	0	230,835	230,835
Total assets	19,619,364	3,503,962	926,676	737,776	350,893	25,138,671
Deposits	19,403,784	3,497,547	919,255	729,170	87,993	24,637,749
Account payable garnishment	159,620	0	0	0	0	159,620
Total liabilities	19,563,404	3,497,547	919,255	729,170	87,993	24,797,369
Exchange risk exposure	55,960	6,415	7,421	8,606	262,900	341,302

December 31, 2024	Euro	Sterling pound	Canadian dollar	Swiss franc	Other currencies	Total
Cash, cash equivalents and deposits in banks	21,595,681	3,430,713	934,326	825,486	227,897	27,014,103
Investments in securities	20,510	0	0	0	0	20,510
Account receivable	0	0	0	0	595,738	595,738
Total assets	21,616,191	3,430,713	934,326	825,486	823,635	27,630,351
Deposits	21,389,253	3,424,680	923,250	816,286	193,994	26,747,463
Account payable garnishment	152,861	0	0	0	0	152,861
Total liabilities	21,542,114	3,424,680	923,250	816,286	193,994	26,900,324
Exchange risk exposure	74,077	6,033	11,076	9,200	629,641	730,027

The summary exposure of the Bank's consolidated statement of financial position to interest rate risk. Assets and liabilities are included in the table at their carrying amount, classified by categories of time considering the next rate review date of the maturity date, as applicable:

March 31, 2025	Without exposure	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	19,816,733	0	0	0	19,816,733
Deposits due from banks	58,733,786	67,457,632	0	0	126,191,418
Investments in securities	8,149,208	295,388,834	422,064,826	156,865,373	882,468,241
Loans	57,593,809	2,635,955,719	256,585,100	812,496,512	3,762,631,140
Total assets	144,293,536	2,998,802,185	678,649,926	969,361,885	4,791,107,532
Deposits	358,837,879	2,730,576,143	366,351,364	10,000	3,455,775,386
Securities sold under repurchase Agreement	1,360,411	159,000,102	0	0	160,360,513
Obligations	5,413,655	533,944,750	20,757,248	0	560,115,653
Other obligations	3,905,588	7,985,073	302,799,439	37,755,303	352,445,403
Total liabilities	369,517,533	3,431,506,068	689,908,051	37,765,303	4,528,696,955
Exchange risk exposure	(225,223,997)	(432,703,883)	(11,258,125)	931,596,582	262,410,577

(4) Risk Management, continued

December 31, 2024	Without exposure	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	23,388,800	0	0	0	23,388,800
Deposits due from banks	76,718,430	103,185,689	1,000,000	0	180,904,119
Investments in securities	9,930,433	316,371,405	466,008,635	158,238,840	950,549,313
Loans	58,803,909	2,639,731,282	236,868,368	816,347,039	3,751,750,598
Total assets	168,841,572	3,059,288,376	703,877,003	974,585,879	4,906,592,830
Deposits	354,196,033	2,681,214,627	423,638,811	0	3,459,049,471
Securities sold under repurchase Agreement	889,063	182,744,430	0	0	183,633,493
Obligations	6,688,375	594,319,888	50,685,658	0	651,693,921
Other obligations	9,723,236	11,990,423	302,528,713	37,747,586	361,989,958
Total liabilities	371,496,707	3,470,269,368	776,853,182	37,747,586	4,656,366,843
Exchange risk exposure	(202,655,135)	(410,980,992)	(72,976,179)	936,838,293	250,225,987

Based on the above, the Bank calculates the total exposure of the condensed statement of financial position to interest rate risk. The Bank sta tes that the interest rate risk should be measured for each currency in which assets and liabilities are maintained.

Interest rate risk is analyzed based on the gap analysis, in order to approximate the change in equity of the Bank's consolidated statement of financial position and in the net income from interest from eventual changes in market interest rates. The economic value of an instrument involves an assessment of the current value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a financial entity can be seen as the present value of expected net cash flows from the entity, defined as expected cash flows from assets less expected cash flows from liabilities. In this sense, the perspective of economic value reflects a view of the sensitivity of the financial entity net value to interest rate fluctuations.

The estimate of the impact of variations in interest rates is conducted under a scenario of increase or decrease of 100 basis points in assets and liabilities at the different terms (parallel movement of the curve). The following table presents a summary of the impact on the Bank's economic value and on the net interest income applying these variations:

(4) Risk Management, continued

	Increase of 100 bps (1)	Decrease of 100 bps (1)
Impact on equity to interest rate movements		
March 31, 2025	(115,870,973)	115,870,973
Average for the period	(108,487,674)	108,487,674
Maximum for the period	(115,870,973)	115,870,973
Minimum for the period	(103,142,323)	103,142,323
December 31, 2024	(123,874,947)	123,874,947
Average for the year	(119,327,230)	119,327,230
Maximum for the year	(127,319,309)	127,319,309
Minimum for the year	(109,881,556)	109,881,556
Impact on net income from interests		
March 31, 2025	8,330,477	(8,330,477)
Average for the period	8,363,863	(8,363,863)
Maximum for the period	8,558,162	(8,558,162)
Minimum for the period	8,202,950	(8,202,950)
December 31, 2024	7,870,234	(7,870,234)
Average for the year	8,269,704	(8,269,704)
Maximum for the year	8,860,476	(8,860,476)
Minimum for the year	7,772,213	(7,772,213)

(1) According to the nature of the instruments on demand, the sensitivity of annual income and expenses to a decrease or increase in rates for currencies with rates below 1% is measured using a variation of 25 basis points.

(d) Operating Risk

The Bank has established a minimum framework for operational risk management within its companies, which is intended to provide general guidelines to ensure the identification, assessment, control, monitoring and reporting of operational risks and materialized events that may affect the organization with the objective of ensuring the proper management, mitigation or reduction of the managed risks and contributing to provide a reasonable assurance with respect to the achievement of organizational objectives.

The operational risk management model considers best practices issued by the Basel Committee on Banking Supervision and by COSO (Committee of Sponsoring Organizations of the Treadway Commission). In addition, it complies with the regulatory requirements of the region, which have been defined by the regulators of the countries where the Bank operates.

Taking the foregoing as a reference, operational risk is defined as the possibility that the events resulting from personnel, information technologies or inadequate or failed internal processes, or produced by external causes, generate negative impacts that go against the objectives. By its nature, it is present in all of the organization's activities.

The priority of the Bank is, therefore, identifying and managing the major risk factors, regardless of whether they can produce monetary losses. Measurement also contributes to the establishment of priorities in the management of operational risk.

(4) Risk Management, continued

The operational risk management system is properly documented in the Operational Risk Guideline and Manual. It is a continuous process with several stages:

- Measurement of the perspective of control environment
- Identification and assessment of operational risks
- Treatment and mitigation of operational risks
- Risk monitoring and review
- Registration and accounting of losses due to operational risk incidents

Additionally, the Bank has policies formally established for the management of information security, business continuity, fraud prevention and code of ethics that support the proper management of operational risks in the organization.

At the regional level and in all countries where the Bank operates, there is an operational risk management unit that monitors, advises and assesses the management conducted by the administration with regard to operational risks. In addition, there is a specialized Operational Risk Committee (OR Committee) to which we report and OR Management gives monitoring of business continuity management. The OR Committee reports to the Comprehensive Risk Management Committee, monitors management and ensures that identified operational risks are kept at accepted levels by the Bank.

Compliance with Bank standards is supported by a program of periodic reviews undertaken by Internal Audit, which reports the results to the Audit Committee.

(5) Critical Accounting Estimates and Judgments in the Implementation of Accounting Policies

The Bank's management is responsible for the development, selection, disclosure of policies and critical accounting estimates and their implementation in a manner consistent with the assumptions selected and related to the significant estimate uncertainties.

Determination of Control Over Investees:
Control indicators mentioned in Note 3 (a) are subject to management's judgment and may have a significant effect on the Bank's interests or participation in investment companies and separate vehicles.

- *Investment Entities and Separate Legal Vehicles*
  The Bank acts as an asset manager on behalf of third parties through investment companies and separate vehicles. When evaluating if the Bank controls those investment companies and vehicles, factors such as the following have been considered: the reach of its authority to make decisions on behalf of the investee, the rights maintained by third parties, the consideration vested in conformity with the compensation agreements and its exposure to return fluctuations. Accordingly, the Bank has concluded that it acts as an investment agent for all cases; therefore, it does not consolidate these investment companies and separate vehicles.

(5) Critical Accounting Estimates and Judgments in the Implementation of Accounting Policies, continued

Loan Impairment Losses

The Bank reviews its loan portfolio to assess the impairment at least on a quarterly basis. When determining whether an impairment loss should be recorded in the condensed statement of income, the Bank makes decisions as to whether observable information exists indicating that there is a measurable reduction in estimated future cash flows from a loan portfolio before such reduction may be identified with an individual loan in that portfolio. This evidence includes observable information indicating that an adverse change in the payment condition of borrowers in a group, national or local economic conditions that correlate with non-compliance instances in Bank's assets have occurred.

Fair Value of Financial Instruments

Fair value of financial instruments that are not quoted in active markets is determined using valuation techniques. All models are evaluated and adjusted before use, and the models are calibrated to ensure that the results reflect current information and comparative market prices.

To the extent possible, models only use observable information; however, areas such as credit risk (own and by the counterparty), volatility and correlations require estimates by management. Changes in assumptions about these factors may affect the reported fair value of financial instruments.

Impairment of Investments at FVOCI

In debt instruments, impairment may be appropriate when there is evidence of impairment in the financial health of the issuer, industry or sector performance, changes in technology, and operational and financial cash flows.

Income Tax

The Bank uses the asset and liability method to record income tax. Under this method, the deferred tax assets and liabilities are recognized by the estimates of future tax consequences attributable to temporary differences between the amounts of assets and liabilities in the condensed financial statements and their respective tax bases and due to accumulated tax losses. The deferred tax assets and liabilities are valued using the enacted tax rates that are expected to be applied to the taxable income for the years in which they are expected to be recovered, or temporary differences are settled. The effect on deferred tax assets and liabilities by a change in tax rates is recognized in the operation results in the year in which the change occurs.

Management regularly assesses the realization of deferred tax assets for it recognition. Management evaluates whether it is more likely than not that a portion or all deferred tax assets are not realizable.

(6) Cash, Cash Equivalents and Deposits

Cash and cash equivalents are listed below for reconciliation purposes with the condensed consolidated statement of cash flow:

	March 31, 2025	March 31, 2024
Cash and cash equivalents	19,816,733	18,162,647
Deposits in banks and deposits due in less than 90 days	120,677,908	119,371,672
Cash and cash equivalents in the condensed statement of cash flow	140,494,641	137,534,319
Deposits in banks greater than 90 days and pledged	5,513,510	6,552,030
Total cash, cash equivalents and deposits in banks	146,008,151	144,086,349

(7) Investments in Securities

As of March 31, 2025, investments in securities amounted to $882,468,240 (December 31, 2024: $950,549,313) are summarized as follows:

(a) *Investments at FVTPL*

The portfolio of investments in securities at FVTPL is detailed as follows:

	March 31, 2025	December 31, 2024
Government bonds	5,904,237	6,341,777
Mutual funds	22,861,960	22,418,438
Common stocks	1,097,020	1,066,556
	29,863,217	29,826,771

(b) *Investment at FVOCI*

The portfolio of investments at FVOCI is detailed as follows:

	Marzo 31, 2025	December 31, 2024
Governments:		
United States of America	297,058,808	298,495,199
Other governments	361,670,042	429,112,498
	658,728,850	727,607,697
Corporate bonds	147,558,361	146,195,633
	806,287,211	873,803,330

As of March 31, 2025, they maintain operations of securities sold under a repurchase agreement for $160,360,513 (December 31,2024: $183,633,493), which are guaranteed with investments in securities for a nominal value of $194,182,000 (December 31, 2024: $223,450,000).

(c) *Investments at AC*

The portfolio of investments to the AC is detailed as follows:

	March 31, 2025	December 31, 2024
Corporate bonds	46,317,812	46,919,212
	46,317,812	46,919,212

(8) Loans

The detail of the loan portfolio by product is presented below:

	March 31, 2025			December 31, 2024		
	Gross amount	Allowance for ECL	Net carrying amount	Gross amount	Allowance for ECL	Net carrying amount
Loans						
Corporate						
Corporate	1,902,225,013	(39,326,309)	1,862,898,704	1,912,266,695	(44,910,332)	1,867,356,363
Corporate leases, net (1)	7,705,054	(133,546)	7,571,508	7,418,287	(86,121)	7,332,166
Total corporate loans	1,909,930,067	(39,459,855)	1,870,470,212	1,919,684,982	(44,996,453)	1,874,688,529
Personal Banking and Small company						
Small company						
Small company	132,377,339	(2,196,388)	130,180,951	132,366,888	(3,088,655)	129,278,233
Small company leases, net (1)	88,337	(597)	87,740	95,350	(496)	94,854
Total Small company loans	132,465,676	(2,196,985)	130,268,691	132,462,238	(3,089,151)	129,373,087
Personal Banking						
Mortgage	806,942,623	(7,146,174)	799,796,449	803,777,874	(7,841,669)	795,936,205
Personals	553,505,059	(7,580,254)	545,924,805	548,152,859	(7,430,265)	540,722,594
Vehicles	343,726,485	(2,923,670)	340,802,815	340,708,057	(2,597,654)	338,110,403
Personal leases, net (1)	1,691,124	(9,146)	1,681,978	1,490,300	(4,791)	1,485,509
Credit Cards	80,721,288	(7,035,098)	73,686,190	78,497,421	(7,063,150)	71,434,271
Total Personal Banking	1,786,586,579	(24,694,342)	1,761,892,237	1,772,626,511	(24,937,529)	1,747,688,982
Total Personal Banking and Small company	1,919,052,255	(26,891,327)	1,892,160,928	1,905,088,749	(28,026,680)	1,877,062,069
Total loans at CA	3,828,982,322	(66,351,182)	3,762,631,140	3,824,773,731	(73,023,133)	3,751,750,598
(1) Total leases, net of interest	9,484,515	(143,289)	9,341,226	9,003,937	(91,408)	8,912,529

The following table presents the net value of finance leases receivable:

	March 31, 2025	December 31, 2024
Minimum lease payments receivable	11,983,598	11,270,237
Less: unearned interest	2,442,525	2,211,845
Minimum lease payments receivable, net	9,541,073	9,058,392
Less: allowance for loss in leases	143,289	91,408
Less: net deferred commissions	56,558	54,455
Net value of investment in finance leases	9,341,226	8,912,529

The following table summarizes the minimum lease payments receivable as of December 31, for each year ended:

Year ended:	
2025	393,144
2026	1,034,832
2027 onwards	8,113,097
	9,541,073

(9) Deposits from Customers

Deposits from customers are detailed below:

	March 31, 2025	December 31, 2024
Retail customers		
Demand	32,949,718	30,037,717
Savings	320,207,231	275,314,508
Time deposits	865,032,467	883,471,227
Corporate customers		
Demand	521,639,635	514,332,076
Savings	208,287,723	267,248,311
Time deposits	1,507,658,612	1,488,645,632
	3,455,775,386	3,459,049,471

(10) Financial Obligations

Financial obligations are detailed below:

	March 31, 2025		
	Interest rate	Maturity up to	Carrying amount
Payable in US dollars:			
Fixed rate	1.50% a 5.92%	2025 a 2029	65,959,993
Floating rate	4.76% a 7.31%	2025 a 2029	494,155,660
Total financial obligations at amortized cost			560,115,653

	December 31, 2024		
	Interest rate	Maturity up to	Carrying amount
Payable in US dollars:			
Fixed rate	1.50% a 5.92%	2024 a 2033	75,887,718
Floating rate	4.76% a 7.46%	2024 a 2028	575,806,203
Total financial obligations at amortized cost			651,693,921

The Bank has not defaulted on the payment of principal or interest in its financial obligations.

(11) Other Financial Obligations

The Bank has placed commercial bonds and securities, through the local and international Stock Exchange, which are detailed below:

	March 31, 2025		December 31, 2024	
	Interest rate	Carrying mount	Interest rate	Carrying mount
Payable in:				
US dollars	3.00% a 7.75%	352,445,403	3.00% a 7.75%	361,989,958
Total of other financial obligations at AC		352,445,403		361,989,958

Serie	Interest rate	Due date	March 31, 2025	December 31, 2024
144A/Regulation S corporate bonds - February 2023 issue	7.75%	mar-28	300,000,000	300,000,000
Serie T - February 2020 issue	4.13%	feb-25	0	7,000,000
Serie X – May 2021 issue	3.00%	may-26	4,000,000	4,000,000
Serie Y - June 2021 issue	3.00%	jun-26	2,000,000	2,000,000
			313,000,000	313,000,000
Accrued interest payable			9,579,166	9,579,166
Deferred commissions			(3,472,052)	(3,472,052)
Total corporate bonds			306,553,272	319,107,114

(11) Other Financial Obligations, continued

Subordinated Corporate Bonds Serie	Tasa de Interés	Due date	March 31, 2025	December 31, 2024
Series A - October 2022 Issue	7.25%	Oct -32	12,000,000	12,000,000
Series B - November 2022 Issue	7.25%	Nov-32	8,000,000	8,000,000
Series C - December 2022 issue	7.25%	Dec-32	8,000,000	8,000,000
Series C - February 2023 Issue	7.25%	Dec-32	1,000,000	1,000,000
Series C - February 2023 Issue	7.25%	Dec-32	1,000,000	1,000,000
Series D - December 2023 Issue	7.25%	Dec-33	3,250,000	3,250,000
Series D – January 2024 Issue	7.25%	Dec-33	1,500,000	1,500,000
Series D – February 2024 Issue	7.25%	Dec-33	3,250,000	3,250,000
			38,000,000	38,000,000
Accrued interest payable			130,097	130,097
Deferred commissions			(244,697)	(252,415)
Total subordinated bonds			37,885,400	37,877,682

Series	Issue Date	Expiration	Interest Rate	March 31, 2025	December 31, 2024
Series CF	21-Jun-24	20-Jun-25	6.00%	2,000,000	2,000,000
Series CE	27-May-24	27-May-25	6.00%	1,500,000	1,500,000
Series CD	13-May-24	13-May-25	6.00%	1,500,000	1,500,000
				5,000,000	4,475,000
Accrued interest payable				21,658	13,973
Deferred commisions				(14,927)	(8,811)
Total negotiable commercial papers				8,006,731	5,005,162

The characteristics and guarantees for these issuances are described below:

December 2012 Issuance (placed in 2015, 2017, 2018, 2019, 2020 and 2021)
Public offering of the Corporate Bond Revolving Program for a value of up to $150,000,000 divided into $100,000,000 of Revolving Corporate Class A Bonds and $50,000,000 of Revolving Corporate Class B Bonds, authorized by the Superintendency of the Securities Market of Panama, through SMV Resolution No.436-12 of December 27, 2012 and by the Panamanian Stock Exchange.

Bonds are issued as nominative, revolving, registered, without coupons, and denominated in thousands of Balboas, in different series, with the maturity of Revolving Corporate Class A Bonds being determined by the "Issuer", whereas Corporate Class B Bonds will be issued for a 20-year term; however, after 15 years, they will be renewed automatically for additional 20-year terms each, from the date of maturity of the original 20-year term. Revolving Corporate Class A Bonds were issued during 2013, as Series A, B and C; during 2015; as Series D, E and F; during 2016 as Series G, H, I and J; during 2017 were issued as Series K, L, M, N and O, during 2018 were issued as Q and R, during 2019 were issued as Series S, and during 2020 were issued as Series T and U and for the year 2021 the Serie V, W, X, Y, Z and AA.

The annual interest rate of such Bonds may be fixed or variable at the Bank's discretion. For fixed rates, Bonds will earn an interest rate determined by the Issuer. For variable rates, Bonds will earn an annual interest rate equal to 3-month LIBOR plus a spread determined by the Issuer based on market demand.

(11) Other Financial Obligations, continued

Bond Issue October 2022

Public offering of the Rotating Program of Subordinated Corporate Bonds for a value of up to $100,000,000, authorized by the Superintendence of the Stock Market of Panama through Resolution SMV No.361-2022 of October 21, 2022 and by Latinex.

The Bonds are issued globally (but they can be issued individually at the request of a Registered Holder), nominative, revolving, registered and without coupons, in denominations of one thousand balboas and will be issued in as many series as the Issuer deems appropriate, according to its needs and market demand. During the period ended December 31, 2024, part of series D has been issued, and during the first quarter of 2025 no bonds have been issued.

Bond Issuance June 2023

Multibank Inc. was authorized, according to Resolution No. SMV238-23 of June 16, 2023, of the Superintendence of the Securities Market of Panama, to offer through a public offering, Revolving Corporate Bond Program for a nominal value of up to $200,000,000.

Bond Issuance February 2023

During the month of February 2023, the Bank placed corporate bonds under the structure of 144A Reg(S) in the United States for a par value of $300,000,000 and a maturity date of February 3, 2028. Interest on the Notes will accrue at a rate of 7.75% per annum and will be paid semi-annually on February 3 and August 3 of each year, beginning August 3, 2023.

Negotiable Commercial Securities (VCN's)

Multibank, Inc. was authorized, according to Resolution No.405-17 of July 26, 2017, of the Superintendence of the Securities Market of Panama, to offer, through public offering, Negotiable Commercial Securities (VCN's) for a nominal value of up to $200,000,000 and with a maturity of up to one year from their respective date of issuance of each series. The VCNs will be issued in registered and couponless registered securities in denominations of one thousand dollars (US$1,000) or multiples. The VCNs of each series will accrue a fixed or variable annual interest rate, which will be determined by the Issuer prior to the Respective Offering Date. For each of the series, interest will be payable monthly on the fifteenth (15th) day of each month until its respective maturity date. The basis for the calculation of interest will be calendar days/365 for each of the series. The face value of each VCN will be paid in a single principal payment, on its respective maturity date. VCNs cannot be redeemed early.

During the period ending December 31, 2023, series BX, BW, BZ, CA, CB, and CC are issued; for the year 2024, series CD, CE, and CF; and during February 2025, series CG and CH.

The Bank has not defaulted on principal, interest or other contractual clauses in relation to its other financial obligations.

(12) Leases Liabilities

Leese liabilities are detailed below:

	March 31, 2025			
	Interest rate	**Maturities up to**	**Book value**	**Undiscounted cash flows**
Payable in US dollars	7.36%	2034	9,775,239	11,071,605
Total lease liabilities			9,775,239	11,071,605

	December 31, 2024			
	Interest rate	**Maturities up to**	**Book value**	**Undiscounted cash flows**
Payable in US dollars	7.36%	2033	10,290,718	11,493,519
Total lease liabilities			10,290,718	11,493,519

The following is the detail of the maturity of the undiscounted contractual cash flows related to lease liabilities:

	March 31, 2025	**December 31, 2024**
Less than a year	2,773,649	2,760,355
One to two years	2,711,378	2,658,094
Two to three years	2,686,476	2,613,683
Three to four years	2,179,434	2,519,078
Four to five years	185,367	374,005
More than five years	535,301	568,304
	11,071,605	11,493,519

The following are the items recognized in the condensed statement of income, related to lease liabilities.

	March 31, 2025	**March 31, 2024**
Interest on leases	187,996	210,123
Expense for leases with less than 12 months	72,164	152,768
Expense for leases of low-value assets	71,622	107,908
	331,782	470,799

(a) Real Estate Leases

The Bank leases buildings in which its administrative offices are located and branches. Office and branch lease agreements are typically running for a period of 2 to 10 years. Some lease agreements include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Extension Options

Termination and extension options are included in property leases estate. These clauses are used to maximize operational flexibility in terms of contract management. Most extension and termination options maintained are exercisable by the Bank and not by the respective lessor, with an advance notice of at least 30 days.

(13) Equity

	Number of Shares	
	March 31, 2025	**December 31, 2024**
Common shares:		
Authorized shares without par value	50,000,000	50,000,000
Issued and paid-in-shares:		
At beginning of the period	16,862,753	16,862,753
Total shares issued and outstanding shares, at the end of the period	16,862,753	16,862,753

As of March 31, 2025, the Bank's subsidiaries have capitalizations of retained earnings of $17,892,633 (December 31, 2024: $17,892,633), therefore, these capitalized earnings are not available for dividend distributions.

Excess acquisition of stakes in subsidiaries
The following table summarizes the excess paid in the acquisition of non-controlling interests in subsidiaries of the Group, generated by changes in the shares acquired in the following subsidiaries:

Entity	Acquisition Date	Acquired interest	Excess paid	
			March 31, 2025	**December 31, 2024**
MB Credito, S. A.	April 2014	25%	(152,873)	(152,873)
			(152,873)	(152,873)

(14) Net Gain in Financial Instruments, net

Net gain in financial instruments, included in the condensed statement of income is summarized below:

	March 31, 2025	March 31, 2024
Unrealized gains on investments at VRCR	334,310	52,429
	334,310	52,429

(15) Income Tax

The income tax expense is made up of:

	March 31, 2025	March 31 2024
Current tax	1,121,313	974,114
Deferred tax	(173,871)	(324,584)
	947,442	649,530

Income tax expense for the period ending March 31, 2025, was $947,442 (March 31, 2024: $649,530), which differs from the amounts calculated applying the current tax rates on earnings before tax, such as result of the following:

	March 31, 2025	March, 31 2024
Calculation of "expected" income tax expense	1,529,003	768,984
Increase (decrease) in income tax as a result of		
Non-deductible expenses	6,986,767	6,425,104
Effect of tax losses on subsidiaries	0	929
Tax loss carryforwards	(229,719)	(245,411)
Foreign exempted and non-taxable income	(7,338,609)	(6,300,076)
Income tax	947,442	649,530

The temporary differences between the amounts of the condensed interim financial statements and the tax bases of the assets and liabilities that generate the deferred assets and liabilities as of March 31, 2025, are as follows:

	March 31, 2025					
	Net balance at the beginning of the year	Recognized in results of the year	Recognized in comprehen sive income	Net balance at the end of the year	Deferred tax assets	Deferred tax liabilities
Cash and cash equivalents	1,639	(653)	0	986	986	0
Allowances for loan losses	28,842,687	448,346	0	29,291,033	29,291,033	0
Reserve for loyalty rewards points	22,850	(14,088)	0	8,762	8,762	0
Reserve for legal Risk	99	0	0	99	99	0
Employee's benefit plan	97,728	(21,512)	0	76,216	76,216	0
Allowance for other accounts receivables	353,003	0	0	353,004	358,057	(5,054)
Properties revaluations	210,225	20,414	0	230,639	230,639	0
IFRS 16 leases	(573,599)	0	1,919	(571,680)	0	(571,680)
Investment properties	642,220	(9,692)	0	632,528	2,479,970	(1,847,442)
Off-balance sheet operations	(73,767)	0	0	(73,767)	0	(73,767)
Tax loss carry forward	44,070	(3,530)	0	40,540	40,540	0
Deferred tax asset (liability), net	1,395,909	(245,412)	0	1,150,496	1,150,497	0
Compensation of tax items	30,963,064	173,873	1,919	31,138,856	33,636,799	(2,497,943)
Total					(2,362,795)	2,362,795
					31,274,004	(135.148)

(15) Income Tax, continued

	December 31, 2024					
	Net balance at the beginning of the year	Recognized in results of the year	Recognized in comprehensive income	Net balance at the end of the year	Deferred tax assets	Deferred tax liabilities
Cash and cash equivalents	1,788	(149)	0	1,639	1,639	0
Allowances for loan losses	25,688,557	3,154,130	0	28,842,687	28,842,687	0
Reserve for loyalty rewards points	90,875	(68,025)	0	22,850	22,850	0
Reserve for legal Risk	0	99	0	99	99	0
Impairment of modified loans	232,285	(134,557)	0	97,728	97,728	0
Investments in local subsidiaries, by undistributed profits	61,338	0	291,665	353,003	358,057	(5,054)
Allowance for other accounts receivables	154,911	55,314	0	210,225	210,225	0
Properties revaluations	(580,657)	0	7,058	(573,599)	0	(573,599)
IFRS 16 leases	643,197	(977)	0	642,220	2,605,540	(1,963,320)
Investment properties	(37,117)	(36,650)	0	(73,767)	0	(73,767)
Off-balance sheet operations	106,212	(62,142)	0	44,070	44,070	0
Tax loss carry forward	2,377,560	(981,651)	0	1,395,909	1,395,909	0
Deferred tax asset (liability), net	28,738,949	1,925,392	298,723	30,963,064	33,578,804	(2,615,740)
Compensation of tax items					(2,482,129)	2,482,129
Total					31,096,675	(133,611)

(15) Income Tax, continued

The management presents the net deferred tax, which is derived from the taxes corresponding to the same jurisdiction, within the condensed consolidated statement of financial position.

Deferred taxes assets have not been recognized for $1,165,620 (March 31, 2024: $1,123,348) from accumulated tax losses of $3,874,218 (March 31, 2024: $3,531,974) and by portfolio reserve and other accounts receivable for $11,183 (March 31, 2024: $212,519), because there is not enough evidence that indicates that there will be sufficient future taxable income for the Bank to use the corresponding taxable benefits. These accumulated tax losses expire between 2025 and 2028.

As of March, 31 2025, the Bank has carried forward of net operating losses of $5,583,637 (March 31, 2024: $8,528,594), which are available to offset future taxable income of the subsidiaries as needed. Net operating losses begin to prescribe in 2025.

As of March 31, 2025, the Bank maintains an effective tax rate of 15.49% (March 31, 2024: 21.12%).

Tax losses accumulated by companies incorporated in Panama could be used for five years at a rate of 20% per year without exceeding 50% of the net taxable income and should not affect the estimated return.

The following are the tax jurisdictions in which the Bank and its affiliates operate, and the furthest fiscal year subject to inspection: Costa Rica 2022 and Panama: 2021.

(16) Financial Instruments with Off-Balance Sheet Risk and Other Commitments

The Bank participated in financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include, principally, commitments to extend credit, financial guarantees and letters of credit, the balances of which are not reflected in the accompanying condensed financial position.

Letters of credit are conditional commitments issued by the Bank to guarantee performance of a customer to a third party. Those letters of credit are primarily used to support trade transactions and borrowing arrangements. Generally, all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

(16) Financial Instruments with Off-Balance Sheet Risk and Other Commitments, continued

The Bank generally has the right to increase, reduce, cancel, alter or amend the terms of these available lines of credit at any time.

Financial guarantees are used in various transactions to enhance the credit standing of the Bank's customers. They represent irrevocable assurances that the Bank will make payment in the event that the customer fails to fulfill its obligations to third parties.

The Bank uses the same credit policies in making commitments and conditional obligations as as those used when granting loans that are accounted for in the condensed statement of financial position. As of March 31, 2025, the outstanding amounts of letters of credit, financial guarantees and loan commitment letters are as follows:

	March 31, 2025	**December 31, 2024**
Stand-by letters of credit	12,069,054	12,146,325
Commercial letters of credit (1)	1,812,244	2,473,896
Financial guarantees	34,270,562	70,806,322
Loans commitments (disburement commitment letters)	67,598,170	46,823,248
	115,750,030	132,249,791

(1) Includes commercial and mortgage disbursement commitment letters.

The nature, terms and maximum potential amount of future payments the Bank could be required to make under the standby letters of credit, commercial guarantees and loan commitments as of March 31, 2025, are detailed as follows:

	March 31, 2025	**December 31, 2024**
Up to 1 year	53,812,438	83,057,186
Over to 1 year	60,125,348	46,718,709
	113,937,786	129,775,895

(16) Financial Instruments with Off-Balance Sheet Risk and Other Commitments, continued.

Generally, the Bank has resources to recover from clients the amounts paid under these guarantees; additionally, the Bank can hold cash or other guarantees to cover for these guarantees issued. The assets held as collateral that the Bank can obtain and settle to collect all or part of the amounts paid under these guarantees as of March 31, 2025, amounted to $2,573,226 (December 31, 2024: $3,739,477).

(17) Disclosures on the Fair Value of Financial Instruments

The Bank established a process for determining the fair value. The fair value is primarily based on quoted market prices, when available. If market prices or quotes are not available, fair value is determined based on internally developed models that primarily use market information or other information obtained as inputs regardless of market parameters, including but not limited to yield curves, interest rates, debt prices, foreign exchange rates and credit curves. However, in situations where there is little or no market activity for the asset or liability at the measurement date, the fair value measurement reflects the Bank's own judgments about assumptions that market participants would use in setting the price of the asset or liability.

The judgments are developed by the Bank based on the best information available, including expected cash flows, discount rates adjusted for risks and the availability of observable and unobservable inputs.

The methods described above can generate fair value estimates that may not be indicative of the net realizable value or that do not reflect future values. In addition, while the Bank believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value estimates as of the reporting date.

Recurrent Fair Value Measurement

The following is a description of the valuation methodologies used to value instruments carried at fair value, including a general classification of such instruments according to the fair value hierarchy.

Investment Securities

When there are market prices in an active market, investment securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid bonds from the government and agencies and investments in highly traded shares.

If market prices are not available for specific security, the fair value is determined using market prices of securities with similar characteristics or discounted cash flows and are classified in Level 2. In certain cases where there is limited activity or less transparency in determining the assumptions used in the valuation, securities are classified in Level 3 of the fair value hierarchy.

Therefore, when valuing certain debt obligations, determining fair value may require comparisons with similar instruments or default and collection rate analysis.

(17) Disclosures on the Fair Value of Financial Instruments, continued

Assets and liabilities recorded at fair value on a recurring basis are summarized below:

March 31, 2025	Level 1	Other significant observable Level 2 Other significant observable	Significant unobservable Level 3 Significant unobservable	December 31, 2024
Assets				
Investments at FVTPL:				
Other governments	0	5,904,237	0	5,904,237
Mutual funds	0	3,347,430	19,514,530	22,861,960
Common stocks	0	472,622	624,398	1,097,020
Total investments at FVTPL	0	9,724,289	20,138,928	29,863,217
Investments at FVOCI:				
Governments:				
United States of America	248,564,247	48,494,561	0	297,058,808
Other governments	0	361,670,042	0	361,670,042
	248,564,247	410,164,603	0	658,728,850
Corporate bonds	8,471,108	139,087,253	0	147,558,361
Total investmets at FVOCI	257,035,355	549,251,856	0	806,287,211
Total Assets	257,035,355	558,976,145	20,138,928	836,150,428

December 31, 2024	Level 1	Other significant observable Level 2 Other significant observable	Significant unobservable Level 3 Significant unobservable	December 31, 2024
Assets				
Investments at FVTPL:				
Other governments	0	6,341,777	0	6,341,777
Mutual funds	0	3,122,247	19,296,191	22,418,438
Common stocks	0	444,367	622,189	1,066,556
Total investments at FVTPL	0	9,908,391	19,918,380	29,826,771
Investments at FVOCI:				
Governments:				
United States of America	250,027,942	48,467,257	0	298,495,199
Other governments	0	429,112,498	0	429,112,498
	250,027,942	477,579,755	0	727,607,697
Corporate bonds	394,645	145,800,988	0	146,195,633
Total investmets at FVOCI	250,422,587	623,380,743	0	873,803,330
Total Assets	250,422,587	633,289,134	19,918,380	903,630,101

(17) Disclosures on the Fair Value of Financial Instruments, continued

The Bank's accounting policies include the recognition of transfers between the levels of the fair value hierarchy on the date of the event or change in the circumstances that caused the transfer.

The table below includes the movement of the figures in the condensed consolidated statement of financial position (including changes in fair value) of the financial instruments classified by the Bank within Level 3 of the fair value hierarchy, for the period ended March 31, 2025. When determining whether to classify a financial instrument in Level 3, the decision is based on the importance of unobservable inputs within the overall fair value measurement.

	Investments	
March 31, 2025	**Equity**	**Mutual funds**
Assets		
Fair value at January 01, 2025	594,097	18,914,790
Valuation of investments at FVTPL	30,301	599,740
Fair value at March 31, 2025	624,398	19,514,530

	Investments	
December 31, 2024	**Equity**	**Mutual funds**
Assets		
Fair value at January 01, 2024	594,097	18,914,790
Valuation of investments at FVTPL	28,092	381,401
Fair value at December 31, 2024	622,189	19,296,191

The table below describes the valuation techniques and input data used in the financial instruments' recurring fair value measurements:

Financial instrument	Valuation technique and entry data used	Level
Corporate bonds and bonds issued by the government and agencies	Consensus prices obtained through price providers (Bloomberg). For part of these instruments discounted cash flows are applied using a market rate of an instrument with a similar remaining maturity. Market prices provided by price providers or local regulators, in less marketable markets. Discounted cash flows are used for various bonds using a rate of market for an instrument with a similar remaining maturity.	(2,3)
Equity	Discounted cash flows using a capital cost rate adjusted for premium for size.	(3)
Equity	Market prices provided by local stock exchanges.	(2)
Mutual funds and other stocks	Net Asset Value.	(2,3)
Embedded financial derivative instruments	Functional currency cash flows Foreign currency cash flows	(3)

(17) Disclosures on the Fair Value of Financial Instruments, continued

Fair value of Financial Instruments, additional disclosures

A description of the methods and assumptions used to estimate the fair value of the main financial instruments held by the Bank is provided below:

Financial instruments with carrying amounts that approximate the fair value

Cash and cash equivalents, deposits that bear interest and clients' obligations for acceptances and acceptances outstanding are measured at book value reported in the condensed statement of financial position, which is considered a reasonable fair value estimate due to the characteristics and maturity of these instruments.

Loans

To determine the fair value of the loan portfolio, the cash flows were discounted at a rate that reflects:

a. Actual market rate, and
b. Future interest rate expectations, for a term that reflects the anticipated payments on the loan portfolio.

Deposits

To determine the fair value of these instruments, the cash flows were discounted at a rate that reflects:

a. Actual market rate, and
b. Future interest rate expectations, for the remaining term of these instruments.

Securities sold under repurchase agreements

There are no market price quotes for these instruments; therefore, their fair value is determined by using discounted cash flow techniques. Cash flows are estimated based on the contractual terms, considering any incorporated derivative characteristic or other factors. Expected cash flows are discounted using market rates that approach the maturity of the instrument, as well as the nature and amount of the guarantee given or received.

Borrowings

The fair value is estimated based on current interest rates for debt with similar and adjusted maturities to reflect the credit rating of the Bank and its guarantees.

Other financial obligations

Fair value is estimated based on the market price quotes for the same issuance or similar issuances or on the current rates offered by the Bank for debts with the same terms, adjusted for credit quality.

(17) Disclosures on the Fair Value of Financial Instruments, continued

The valuation techniques and significant unobservable input data used in determining the fair value of recurring and nonrecurring assets and liabilities categorized within Level 3 of the fair value hierarchy that are recognized in the condensed financial position are as follows:

March 31, 2025		Quantitative information of Level 3 fair values	
	Fair Value	Valuation technique	Unobservable assumptions
Common stocks	622,189	Quoted prices for similar instruments	Similar instruments quotes
Mutual funds	22,861,960	Quoted prices for similar instruments	Similar instruments quotes

December 31, 2024		Quantitative information of Level 3 fair values	
	Fair value	Valuation technique	Unobservable assumptions
Common stocks	622,189	Quoted prices for similar instruments	Similar instruments quotes
Mutual funds	19,296,191	Quoted prices for similar instruments	Similar instruments quotes

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized:

March 31, 2025	Level 2	Level 3	Fair Value	Carrying amount
Financial assets				
Cash and cash equivalents	0	19,816,733	19,816,733	19,816,733
Deposits in banks	0	126,191,418	126,191,418	126,191,418
Investments at AC	44,324,442	0	44,324,442	46,317,812
Loans, excluding financial leases	0	3,453,004,360	3,453,004,360	3,753,289,914
Acceptances outstanding	0	11,893,170	11,893,170	11,893,170
Total financial assets	44,324,442	3,610,905,681	3,655,230,123	3,957,509,047
Financial liabilities				
Deposits	1,083,084,307	2,453,974,876	3,537,059,183	3,455,775,386
Securities sold under repurchase agreements	0	160,360,513	160,360,513	160,360,513
Financial obligations	0	604,550,428	604,550,428	560,115,653
Other financial obligations	0	351,480,311	351,480,311	352,445,403
Acceptances outstanding	0	11,906,972	11,906,972	11,906,972
Total financial liabilities	1,083,084,307	3,661,145,470	4,744,229,777	4,540,603,927

December 31, 2024	Level 2	Level 3	Fair Value	Carrying amount
Financial assets				
Cash and cash equivalents	0	23,388,800	23,388,800	23,388,800
Deposits in banks	0	180,904,119	180,904,119	180,904,119
Investments at AC	44,324,442	0	44,324,442	46,919,212
Loans, excluding financial leases	0	3,479,854,199	3,479,854,199	3,742,746,527
Acceptances outstanding	0	10,519,738	10,519,738	10,519,738
Total financial assets	44,324,442	3,694,666,856	3,738,991,298	4,004,478,396
Financial liabilities				
Deposits	1,027,667,963	2,424,974,161	3,452,642,124	3,459,049,471
Securities sold under repurchase agreements	0	183,633,493	183,633,493	183,633,493
Financial obligations	0	675,966,517	675,966,517	651,693,921
Other financial obligations	0	358,936,592	358,936,592	361,989,958
Acceptances outstanding	0	10,531,946	10,531,946	10,531,946
Total financial liabilities	1,027,667,963	3,654,042,709	4,681,710,672	4,666,898,789

(18) Trust Agreements Administration and Custody of Securities

As of March 31, 2025, several subsidiaries of the Bank manage and keep custody of securities for a total amount of approximately $440,988,527 (December 31, 2024: $430,350,429).

The Bank maintains, within its portfolio of administered trust agreements, a total of $326,319,678 (December 31, 2024: $326,245,130), corresponding to investments of the Board of Directors of the Savings & Capitalization Pension System for Public Sector Employees (SIACAP). The administration of SIACAP was awarded to the Multibank/Multi Securities, through Service Contract No. 008-2017 published in the Official Gazette No.28379 of October 4, 2017. Some important clauses of this Contract establish the following:

- Operate as an investment manager of the resources of SIACAP members for a period of 5 years.
- Manage and invest the resources of affiliates according to Law No.27 of June 27, 1997, and Executive Decree No.32 of July 6, 1998.
- Deliver monthly investment reports to SIACAP.

As of March 31, 2025, the Administrator maintains a compliance bond in the amount of $3,500,000 (December 31, 2024: $3,500,000) on behalf of the Board of Directors of the SIACAP-Panama General Comptroller.

(19) Related Party Transactions

In the normal course of business, the Bank conducts transactions with related parties, including main executives and directors. These transactions, according to the internal policies of the Bank are carried out at market conditions.

The following table shows the balances and transactions with related parties as of March 31, 2025:

	March 31, 2025		December 31, 2024	
	Directors and Key personnel	Related companies	Directors and Key personnel	Related companies
Assets				
Deposits due from banks	0	437,760	0	336,380
ECL deposits due from banks	0	3,000,000	0	3,000,000
Interest bearing deposits	0	(2,520)	0	(3,345)
Loans	1,902,941	32,146	1,924,288	27,079
Loans loss reserve	(24,175)	(3,033)	(24,441)	(2,369)
Accumulated interest receivable and other accounts receivable	2,034	51,202,134	2,059	51,514,421
	1,880,800	54,666,487	1,901,906	54,872,166
Liabilities:				
Demand deposits	430,456	202,147,140	698,958	201,904,642
Time deposits	957,842	31,598,732	1,000,150	34,483,732
Accumulated interest payable and other liabilities	13,384	328,062	13,264	363,118
	1,401,682	234,073,934	1,712,372	236,751,492

	March 31, 2025		March 31, 2024	
	Directors and Key personnel	Related companies	Directors and Key personnel	Related companies
Interest income and other income	18,061	57,531	25,847	57,656
Interest expense and other operating expenses	8,636	3,001,752	20,065	3,644,294
Key management personnel benefit	749,247	0	1,417,391	0

(20) Litigations

To the best of management's knowledge, the Bank is not involved in any litigation or claim that is likely to cause a significant adverse effect on its business, its consolidated financial position or its consolidated financial performance.

(21) Regulatory Aspects

Main Laws and Regulations applicable to banking operations in the Republic of Panama, regulated and supervised by the Superintendency of Banks of the Republic of Panama

The Bank's banking operations are subject to various regulatory requirements administered by the various regulators in which it operates or is licensed. Failure to comply with these regulatory requirements may give rise to certain mandatory actions, and possibly other discretionary actions, by regulators that, if assumed, may have a significant effect on the Bank's financial statements. Under the equity sufficiency guidelines and the regulatory framework for prompt corrective actions, the Bank's banking operations must comply with specific capital guidelines that contemplate quantitative measures of assets and certain elements outside the condensed statements of financial position, in accordance with regulatory accounting practices. The capital amounts of the Bank's banking operations and their classification are subject to qualitative judgments by regulators regarding their components, risk weights and other factors.

As of March 31, 2025, the Banking operations of the Bank meet all capital adequacy minimum requirements to which they are subject, which is of 8.00% and other regulatory requirements.

- *Director's Board General Resolution SBP-GJD-003-2013 issued by the Superintendency of July 9, 2013.*

  This Resolution establishes that in the event that the calculation of a provision or reserve in accordance with prudential rules applicable to banks, which present specific aspects in addition to those required by IFRS, is greater than the respective calculation determined under IFRS, the excess provision or reserve under prudential rules will be recognized within equity as a regulatory reserve.

- *Agreement No. 4-2013 "By which provisions are established on the management and administration of credit risk inherent in the letter of credit and off-balance sheet transactions", issued by the Superintendency on May 28, 2013.*

  Among other aspects, this Rule defines the classification categories for credit facilities for specific and dynamic provisions, as well as the criteria of policies for restructured loans, acceptance of guarantees and write-off of operations. Specific impairment provisions of the loan portfolio should be determined and recognized in the financial statements according to the classification of credit facilities in the risk categories currently in use, according to certain weightings of calculations set out in the Rule and considering certain percentages of minimum provisions per category. Dynamic provisions, as a prudential regulatory criterion, will be determined and recognized quarterly as reserves, within equity following certain calculation criteria and restrictions that will be gradually applied.

(21) Regulatory Aspects, continued

The table below summarizes the classification of the amortized cost loan portfolio and the reserves for loan losses based on Agreement No. 4-2013, as of March 31, 2025:

	March 31, 2025		December 31, 2024	
	Loans	Reserves	Loans	Reserves
Normal	3,074,067,317	27,578,202	3,063,699,030	0
Special mention	281,091,462	7,221,547	281,139,971	13,047,302
Subnormal	214,318,773	12,880,300	194,785,574	17,236,152
Uncertain	114,062,012	21,481,579	117,976,131	23,380,071
Irrecoverable	80,908,222	52,982,107	101,343,259	56,953,952
Gross amount	3,764,447,786	122,143,735	3,758,943,965	110,617,477

Agreement No. 4-2013 defined past due loans as any credit facility with any unpaid amount for contractual principal, interest or fees, with an aging of more than 30 days up to 90 days, from the payment due date.

Agreement No. 4-2013 defined non-performing loans as any credit facility which payments have remained past due for more than 90 days. This period shall be calculated from the date contractually set for payment. Operations with a lump-sum payment at maturity and overdrafts will become non - performing when the aging of defaulted payments exceeds 30 days from the date on which payment was required.

As of March 31, 2025, the classification of the amortized cost loan portfolio by maturity profile based on Agreement No. 4-2013.

March 31, 2025		
Past due	**Non-performing loans**	**Total**
57,345,073	107,226,387	164,571,461

December 31, 2024		
Past due	**Non-performing loans**	**Total**
49,726,173	128,321,472	178,047,645

Based on Agreement No. 8-2014, for regulatory purposes, suspension of accrual of interest income is based on days in arrears in payment of principal and/or interest and the type of credit transaction as follows:

a) For consumer and corporate loans; if payment is in arrears for more than 90 days; and
b) For residential mortgage loans, if payments is in arrears for more than 120 days.

(21) Regulatory Aspects, continued

Modified special mention category loans

As of November 1, 2023, Agreement 12-2023 came into force, which repeals in all its parts Agreement No. 2-2021 of June 11, 2021, and all its modifications and Agreement No. 6-2021 of December 22, 2021 and all its modifications and which establishes the parameters and guidelines for the definitive restoration of the Modified Special Mention Category Loans to Agreement No. 4-2013.

Article 1 of Agreement No.11-2019 amends Article 27 of Agreement No. 004-2013 as follows:

Article 27. Write-off of Operations: Each bank will write off all loans classified as unrecoverable within a period of no more than one year from the date on which it was classified in this category. The following loans shall be exempt from the application of this period:

- Mortgage loans, consumer loans with real estate guarantees and corporate loans with real estate guarantees, classified as risk mitigators in accordance with Article 42 of Agreement No. 11-2019 and whose guarantee is found duly constituted in the Republic of Panama in favor of the Bank. In these cases, each bank will write off all loans classified as unrecoverable within a period of no more than two years, from the date on which it was classified in this category. The above provision may be extended only once for an additional year upon approval by the Superintendent.

- After the year of extension, if the Bank has not yet carried out the stated write off, it must create a reserve within the equity section, by appropriating retained earnings to which the loan value, net of regulatory credit loss reserve, will be charged, according to the percentages set out in the following table:

Type of Loans	Period	Applicable percentage
Mortgage loans and consumer loans with real estate guarantees	At the beginning of the first year after the extension (fourth year)	50%
	At the beginning of the second year after the extension (fifth year)	50%
Corporate loans with real estate guarantees	At the beginning of the third year	50%
	At the beginning of the fourth year	50%

As of March 31, 2025, the Bank established a capital reserve of $11,556,219 (December 31, 2024: $12,349,999), in compliance with Agreement No. 11-2019.

As of March 31, 2025, in compliance with provisions indicated in articles 36 and 38 of Agreement No. 4-2013, the Bank established a dynamic provision as an equity item that is assigned from retained earnings. The credit balance of this dynamic provision is part of the regulatory capital, but it does not replace or offset the requirements for the minimum capital adequacy percentage established by the Superintendency of Banks of Panama.

(21) Regulatory Aspects, continued

Agreement No. 4-2013 establishes a dynamic provision which will not be less than 1.25%, nor greater than 2.50% of the risk-weighted assets corresponding to credit facilities classified as normal, as of March 31, 2025. These percentages represent the following amounts:

	March 31, 2025	December 31, 2024
1.25%	31,647,599	31,744,232
2.50%	63,295,199	63,488,463

The following table summarizes the balance constituted for dynamic provision by Multibank Inc. and Subsidiaries for each of the following subsidiaries:

	March 31, 2025	December 31, 2024
Multibank Inc.	56,425,147	56,425,147
	56,425,147	56,425,147

Resolution SBP-GJD-R-2023-01125, establishes the guidelines and parameters for the reinstatement of the dynamic provision provided for in Agreement No. 4-2013.

Article 2 states that banks whose dynamic provision accounting balance is below 1.25% of their risk-weighted assets corresponding to the credit facilities classified in the “normal” category can take advantage of an adjustment period until March 31, 2025.

As for banks whose dynamic provision calculation is equal or higher than 1.25% of risk-weighted assets corresponding to the credit facilities classified in the “pass” category, and as of the enactment of this resolution, the accounting balance of the provision is below the required percentage, these banks may take advantage of a gradual adjustment period for the constitution of the corresponding dynamic provision, in accordance with the below table:

Gradual Adjustment Table

Quarter	Applicable Percentage
Quarter ending March 31, 2025	1.50%
Quarter ending June 30, 2025	1.75%
Quarter ending September 30, 2025	2.00%
Quarter ending December 31, 2025	2.25%
Quarter ending March 31, 2026	2.50%

Article 3 of this resolution states that banks whose dynamic provision accounting balance, as of the enactment of this resolution, exceeds 2.50% of the riskweighted assets corresponding to credit facilities classified in the “pass” category, can return any surplus up to 2.50% to undistributed profits.

(21) Regulatory Aspects, continued

- *Capital Management*

  Banking law in Panama states that general license banks must maintain a minimum paid-in or allocated minimum capital of $10 million; and a minimum capital adequacy rate of 8% of its risk-weighted assets, which should include off-balance sheet operations.

  Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts of Total Capital and Primary Capital (Pillar 1) on risk-weighted assets.

  Management considers that, as of March 31, 2025, the Bank meets all the financial adequacy requirements to which it is subject. The Bank presents its consolidated capital funds on its risk-weighted assets based on Agreements No.1-2015, No.3-2016, No.2-2018 and No.11-2018 of the Superintendency of Banks of Panama.

  Agreement No.1-2015, which lays down capital adequacy rules for banks and banking groups, began to govern on 1 January 2016.

  Agreement No.3-2016, which lays down rules for the determination of assets weighted by credit risks and counterparty risk, began to govern on 1 July 2016.

  Agreement No.2-2018, which lays down the provisions on liquidity risk management and the short-term liquidity hedging ratio, began to govern on January 1, 2020.

  Agreement No.11-2018, by which new provisions on Operational Risks are issued, began to govern on December 31, 2019.

  Agreement No. 9-2020, which establish additional, exceptional, and temporary measures are issued to comply with the provisions contained in Agreement No. 4-2013, became effective on September 21, 2020.

  Agreement No. 1-2021, by means of which articles 5 and 7 of Agreement No. 1-2015 are modified, which establishes the Capital Adequacy standards applicable to banks and Banking groups, came into force on March 23, 2021.

  Agreement No. 3-2022, by means of which article 2 of Agreement No. 3-2016, which establishes rules for the determination of weighted assets for credit risk and counterparty risk, is modified, came into effect on April 19 of 2022.

  Agreement No. 8-2022, which modifies article 2 of Agreement No. 3-2016 on assets weighted by credit risk and counterparty risk, came into force on August 2, 2022.

  Resolution SBP-GJD-R-2023, which rescinds Resolution SBP-GJD-0005-2020 that established special and temporary considerations in relation to Article 2 of Agreement No. 3-2016 on risk-weighted assets.

(21) Regulatory Aspects, continued

The Bank presents consolidated capital funds on its weighted assets based on risks, in accordance with the requirements of the Superintendency of Banks of Panama, which are detailed below:

	March 31, 2025	December 31, 2024
Common Equity Tier 1 Capital		
Stockholders' equity	183,645,893	183,645,893
Excess paid in acquisition of non-controlling interests	(152,873)	(152,873)
Retained earnings	197,583,201	194,396,431
Declared capital reserves	177,769	177,769
Other comprehensive income items		
Gain (loss) on securities at fair value through other comprehensive income and others	(43,942,355)	(53,670,049)
Employee benefits	(1,156,972)	(1,114,222)
Less: deferred tax – tax los carryforward	(1,150,496)	(1,395,909)
Other intangible assets	(6,747,706)	(6,980,992)
Total Common Equity Tier 1 Capital	328,256,460	314,906,048
Tier 2 Capital		
Subordinated bonds	38,000,000	38,000,000
Total Tier 2 Capital	38,000,000	38,000,000
Dynamic Provision	56,425,147	56,425,147
Total Regulatory Capital Funds	422,681,607	409,331,195
Credit Risk Weighted Assets, Net of Deductions	3,227,405,850	3,234,548,651
Weighted Assets by Operational Risk (Agreement No. 11-2018)	125,355,932	127,530,734
Total risk-weighted assets	3,352,761,782	3,362,079,385
Ratios:		
Capital Adequacy Ratio	12.61%	12.17%
Common Tier 1 Capital Ratio	9.79%	9.37%
Tier 1 Capital Ratio	9.79%	9.37%
Leverage Ratio	6.84%	6.40%

- *Capital Conservation Buffer*

  Through Agreement 05-2023 of October 10, 2023, which establishes the principles, general criteria and minimum procedures that banks must observe in the process of constitution and management of the capital conservation buffer.

  Banks must maintain a capital conservation buffer above the established minimum capital requirements.

  A capital conservation buffer of 2.5% of risk-weighted assets (credit, market and operating) must be established, consisting of ordinary primary capital and in addition to all the minimum regulatory capital requirements that are established.

(21) Regulatory Aspects, continued

In accordance with the guidelines established in this Agreement, the following table shows the capital adequacy ratio considering 2.5% of the conservation buffer:

Capital Conservation Index and Buffer (in Percentage)

	Ordinary Primary Capital	Total Primary Capital	Minimum Total (Regulatory) Capital
Minimal	4.5%	6.0%	8.0%
Conservation Mattress	2.5%		
Minimum Plus Conservation Mattress	7.0%	8.5%	10.5%

If, in the opinion of the Superintendency of Banks, the percentage of retained earnings is not sufficient to establish the capital conservation buffer at a reasonable pace, the Superintendency of Banks shall require the bank to provide a plan to obtain the capital increase necessary to comply with the Agreement.

This Agreement shall enter into force on 1 July 2024.

- *Liquidity Ratio*

  The percentage of the liquidity ratio reported by Multibank Inc. (Parent Bank) to the regulatory body, under the parameters of Agreement No. 4-2008, as of March 31, 2025 was 40.10% (December 31, 2024: 43.95%).

- *Foreclosed Assets*

  Agreement No. 3-2009 issued by the Superintendency of Banks of Panama, through which the provisions on the foreclose of real estate are updated, sets the term of five (5) years for the sale of real estate acquired in lieu of unpaid loans.

  Foreclosed properties held for sale are recognized at the lower of the carrying amount of the unpaid loans or the estimated realizable value of the properties. The agreement establishes that the reserve for foreclosed properties, assigned from undistributed profits, progressively increases within a range of 10% for the first year of registration up to 90% in the fifth year of being foreclosed, through the establishment of an equity reserve. The progressive table for provision is presented below:

(21) Regulatory Aspects, continued

Years	Minimum percentage provision
First	10%
Second	20%
Third	35%
Fourth	15%
Fifth	10%

As of March 31, 2025, the Bank constituted a reserve for foreclosed properties amounting to $8,980,012, (December 31, 2024: $7,158,521), as an equity item that is allocated from undistributed profits.

- *Regulation from the Republic of Costa Rica*
  A capital reserve must be created in compliance with article 143 of the Code of Commerce of Costa Rica, which requires allocation of 5% of liquid earnings for each business year, for constitution of a capital reserve, until this reserve becomes equivalent to 20% of the paid-in capital of each individual company.

- *Financial Companies Law*
  Financial companies in Panama are regulated by the General Directorate of Financial Companies of the Ministry of Trade and Industry pursuant to the regulations established by Law No.42 of July 23, 2001.

- *Finance Lease Laws*
  Leasing operations in Panama are regulated by the General Directorate of Financial Companies of the Ministry of Trade and Industry pursuant to the regulations established by Law No.7 of July 10, 1990.

- *Insurance and Reinsurance Laws*
  Insurance and reinsurance operations in Panama are regulated by the Superintendency of Insurance and Reinsurance of Panama pursuant to the regulations established by Insurance Law No.12 of April 3, 2012 and Reinsurance Law No.63 of September 19, 1996.

  Insurance Reserve
  Reserves for legal and catastrophic risks and/or contingencies and a provision for statistical deviations must be established in accordance with Article 213 of the Insurance Law of the Republic of Panama, which establishes that insurers in Panama are required to constitute and maintain in the country, a reserve fund equivalent to 20% of its net earnings before income tax, until the fund reaches two million dollars ($2,000,000) and, thereafter, 10% until reaching 50% of paid – in capital. As of March 31, 2025, it presents a reserve of $7,150,043 (December 31, 2024: $7,041,881).

(21) Regulatory Aspects, continued

- *Securities Law*

  Broker-dealer operations in Panama are regulated by the Superintendency of the Securities Market pursuant to the regulations established by Decree-Law No.1 of July 8, 1999, as amended by Law No. 67 of September 1, 2011.

  The operations of brokerage houses are currently in the process of being adapted to the Agreement No. 4-2011, as amended in certain provisions by Agreement No. 8-2013, issued by the Superintendency of the Securities Market, which provides that brokerage houses must comply with the capital adequacy rules and its models.

- *Trust Law*

  Trust operations are regulated in Panama by the Superintendency of Banks of Panama pursuant to the regulations established by Law No.1 of January 5, 1984, modified and partially rescinded by Law 21 of 2017, which establishes the standards for regulation and supervisory of the fiduciary and the trust business.