BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Financial Statements and
Supplementary Information

December 31, 2024

(With Independent Auditors' Report)

(FREE ENGLISH LANGUAGE TRANSLATION
FROM THE SPANISH VERSION)

"This document has been prepared with the
knowledge that its contents shall be made
available to the investing and general public"

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Banco Nacional de Panama

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Banco Nacional de Panamá (hereinafter, the "Bank"), which comprise the statement of financial position as of December 31, 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Allowance for loan losses

See notes 3(e) and 4 to the financial statements

Key audit matter	How the matter was addressed in the audit
The allowance for loan losses is considered one of the most significant matters, since its methodology requires the application of judgments and the use of assumptions by management for the design and application of the expected credit loss ("ECL") model. The loan portfolio at amortized cost represents 45% of the Bank's total assets as of December 31, 2024. The allowance for loan losses comprises the ECL as a result of the loan rating model, the external ratings assigned to public sector and financial institution loans, and the methodology for determining the probability of default of the loan according to the stage of impairment in which it is assigned. The model for estimating the ECL is determined according to the grouping of loans with similar credit risk characteristics, segregated by product type. The methodology applied by the model is composed of estimates of the probability of default, loss given default, forward-looking analysis and exposure at default. The evaluation of whether there has been a significant increase in the credit risk of loans entails the application of important judgments in the model. This is a challenge from an audit forward - looking because of the complexity in estimating the components used to make these calculations and applying Bank's judgment.	Our audit procedures, considering the use of specialists, included: • Assessment of the reasonableness of the change in methodology carried out in the PCE model in 2024. • Assessment of key controls on delinquency calculations, internal customer risk ratings, external risk ratings of financial institutions and public sector, review of accuracy of customer information and methodologies used. • For a sample of commercial loans, classified by type of activity or industry, and debtors with changes in risk classification based on quantitative and qualitative factors, inspection of the respective credit files, including the financial information of debtors, the values of collateral that support the credit operations as determined by expert appraisers, and other factors that could represent a loss event, to assess the reasonableness of the assigned credit risk rating. • Assessment of the methodologies applied by the Bank in the ECL estimation model in accordance with IFRS 9 Financial Instruments, through the inspection of policies, manuals and documented methodologies approved by the Bank´s corporate governance. • Independent assessment of the inputs used based on the methodology used by the Bank and recalculation, according to the ECL allowance model, of the allowance for loan losses. • Assessment of judgments on assumptions regarding current economic conditions, and forward - looking analysis considerations that may change the level of ECL, based on our experience and knowledge of the industry.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of expressing an opinion on the financial statements taken as a whole. The supplementary information included in the Appendix 1 is presented for purposes of additional analysis and is not required as part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government of Panama either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank´s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, we conclude on whether or not there are material uncertainties related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions, subject to decisions by the Panamanian government, may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and, communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditors´ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal information requirements

In compliance with Law 280 of December 30, 2021, which regulates the certified public accounting profession in the Republic of Panama, we declare the following:

- The direction, execution and supervision of this audit engagement has been physically performed in the Panamanian territory.
- The audit partner that has prepared this independent auditors' report is Luis Venegas.
- The engagement team that has participated in the audit to which this report refers to, is formed by Luis Venegas, partner and Luciano Hernández, manager.

KPMG

Panama, Republic of Panama
February 4, 2025

Luis Venegas
Partner
C.P.A. 0215-2012

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Statement of Financial Position

December 31, 2024

(Expressed in Balboas)

	Note	2024	2023
Assets			
Cash and cash equivalents	6	275,534,293	321,617,262
Deposits in banks:			
Demand deposits - foreign	6	14,421,177	50,992,900
Time deposits - local		200,355,861	260,429,903
Time deposits - foreign		3,748,888,990	3,423,920,029
Less: Reserve for bank deposit losses		29,052	19,885
Total bank deposits		3,963,636,976	3,735,322,947
Total cash, cash equivalents and bank deposits		4,239,171,269	4,056,940,209
Securities purchased under resale agreements		114,370,290	211,332,863
Less: Reserve for losses on securities purchased under resale agreements		120,363	270,578
Securities purchased under resale agreements	7	114,249,927	211,062,285
Investments in securities		4,354,473,778	4,316,209,589
Less: Reserve for impairment losses		10,376,755	6,063,321
Investments in securities, net	8	4,344,097,023	4,310,146,268
Private sector loans and interest receivable		6,049,588,495	5,647,916,749
Government loans and interest receivable		1,490,018,324	837,635,369
Less: Interest and unearned commissions		61,732,053	28,430,303
Allowance for loan losses		157,136,518	144,819,612
Loans	9	7,320,738,248	6,312,302,203
Property and equipment, net	10	111,990,072	95,924,257
Right of use assets	12	3,448,778	1,857,924
Other assets:			
Foreclosed assets, net	14	9,590,886	7,682,826
Intangible assets	11	11,052,961	11,542,517
Tax credit from preferential interest on loans	13	84,866,025	159,130,325
Others	14	30,217,142	133,975,669
Total other assets		135,727,014	312,331,337
Total assets		16,269,422,331	15,300,564,483

The statement of financial position should be read in conjunction with the notes that are an integral part of these financial statements.

	Note	2024	2023
Liabilities and Capital Funds			
Liabilities:			
Deposits and accrued interest payable:			
Demand deposits:			
Local - private		1,356,900,941	1,374,691,719
Local - public		2,874,885,091	3,840,764,059
Foreign		276,890	264,471
Savings:			
Local - private		1,062,889,848	1,002,710,639
Foreign		3,473,829	3,153,239
Time deposits:			
Local - private		403,983,234	302,593,607
Local - public		6,422,543,326	5,612,773,252
Foreign		12,982,515	15,095,384
Restricted	15	34,361,913	24,417,263
Restricted - escrow funds	15	81,484,675	73,448,818
Total deposits and interest payable		12,253,782,262	12,249,912,451
Obligations:			
Foreign borrowings received	16	441,765,903	247,864,266
Securities sold under repurchase agreements	16	704,054,843	0
Bond payable - local	16	206,216,051	206,267,485
Bond payable - foreign	16	1,007,401,719	1,008,167,778
Lease liabilities	12	3,650,769	2,025,140
Other liabilities:			
Guarantee certificates for legal proceedings		122,325,797	124,374,408
Miscellaneous creditors		45,505,780	69,711,650
Cashier's and certified checks		27,592,871	23,702,278
Other	17	72,037,507	58,295,367
Total other liabilities		267,461,955	276,083,703
Total liabilities		14,884,333,502	13,990,320,823
Capital funds:			
Capital paid in by Government of Panama	4	1,000,000,000	1,000,000,000
Regulatory reserve for foreclosed assets		2,865,129	2,547,868
Regulatory reserve for investments in securities		60,524	59,565
Valuation of investments in securities		27,541,494	23,691,502
Valuation of defined benefit liabilities		2,563,200	4,767,697
Dynamic regulatory provision	26	93,391,448	79,811,111
Retained earnings		258,667,034	199,365,917
Total capital funds		1,385,088,829	1,310,243,660
Total liabilities and capital funds		16,269,422,331	15,300,564,483

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Statement of Profit or Loss

For the year ended December 31, 2024

(Expressed in Balboas)

	Note	2024	2023
Interest and commission income			
Interest on:			
Loans		403,631,404	340,336,984
Deposits in banks		189,637,875	172,892,086
Securities		201,937,087	178,029,855
Loan fees		11,682,848	11,536,550
Total interest and fee income		806,889,214	702,795,475
Interest expense:			
Deposits		243,688,180	192,348,857
Borrowings		53,118,319	39,317,025
Lease liabilities	12	194,129	105,702
Total interest expenses		297,000,628	231,771,584
Net interest and commission income		509,888,586	471,023,891
Provision (reversal of) for losses in deposits with banks	4	9,167	(16,555)
Provision for investment securities losses at AC	4	4,163,219	780,850
Provision for investment securities losses at FVOCI	4	34,790	0
Provision for loan losses	4	20,800,227	16,444,935
Provision for valuation of foreclosed assets	14	1,045,977	1,635,576
Net interest and commission income, after provisions		483,835,206	452,179,085
Other income:			
Fees for banking services	19	31,116,687	28,659,660
Dividends received	8	2,134,379	2,518,262
Gain net on investments in securities		4,286,136	2,114,335
Reversal of provision for fiscal credits		1,902,077	0
Other	20	21,828,593	14,828,418
Total other income		61,267,872	48,120,675
Other expenses:			
Provision for fiscal credits		84,648	1,444,316
Provision for loans commitments		1,081,789	139,157
Reversal of provision for subsidies		(94,868)	(75,698)
Commissions		412,390	361,757
Total other expenses		1,483,959	1,869,532
Total other income, net		59,783,913	46,251,143
General and administrative expenses:			
Salaries and other personnel expenses	21	131,193,398	127,433,896
Rentals		1,550,974	1,332,056
Repairs and maintenance		22,559,412	19,269,003
Depreciation and amortization	10, 11, 12	13,723,153	13,192,396
Electricity		3,942,423	3,280,486
Advertising		5,682,774	4,578,072
Communications		13,739,182	15,691,702
Insurance		918,602	796,568
Stationery and office supplies		2,093,853	2,021,016
Fees and professional services		5,596,225	4,227,097
Transportation of personnel		1,375,247	1,066,201
Transportation of valuables		2,777,036	2,712,056
ATM's		3,245,656	3,012,601
Other	21	12,021,510	8,778,917
Total general and administrative expenses		220,419,445	207,392,067
Net income		323,199,674	291,038,161

The statement of profit or loss should be read in conjunction with the notes that are an integral part of these financial statements.

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Statement of Comprehensive Income

For the year ended December 31, 2024

(Expressed in Balboas)

	Note	2024	2023
Net income		323,199,674	291,038,161
Other comprehensive income:			
Items that may not be reclassified to the statement of profit or loss:			
Net change in valuation of shares at fair value with changes in other comprehensive income (FVOCI)	8	3,638,887	13,071,803
Net change in valuation of defined benefit liabilities (DBL)	17	(2,204,497)	452,954
		1,434,390	13,524,757
Items that are or may be reclassified to the statement of profit or loss:			
Net change in valuation of debt investments at fair value through changes in other comprehensive income (VRCOUI)	8	211,105	2,494,510
Other comprehensive income for the year		1,645,495	16,019,267
Total comprehensive income for the year		324,845,169	307,057,428

The statement of comprehensive income should be read in conjunction with the notes that are an integral part of these financial statements.

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Statement of Changes in Capital Funds

For the year ended December 31, 2024

(Expressed in Balboas)

	Note	Capital Paid-in by the Government of Panama	Regulatory reserve for foreclosed assets	Regulatory reserve for investments in securities	Valuation of investments in securities	Valuation of defined benefit liabilities	Dynamic regulatory provision	Retained earnings	Total capital funds
Balance as of December 31, 2022		850,000,000	3,269,898	9,675	8,125,189	4,314,743	56,928,983	218,863,498	1,141,511,986
Net income - 2023		0	0	0	0	0	0	291,038,161	291,038,161
Other comprehensive income:									
Net change in valuation of investments at FVOCI	8	0	0	0	15,566,313	0	0	0	15,566,313
Net change in DBL valuation	17	0	0	0	0	452,954	0	0	452,954
Total other income comprehensive income		0	0	0	15,566,313	452,954	0	0	16,019,267
Total comprehensive income		0	0	0	15,566,313	452,954	0	291,038,161	307,057,428
Other capital funds movements:									
Regulatory reserve for foreclosed assets		0	(722,030)	0	0	0	0	722,030	0
Dynamic regulatory provision		0	0	0	0	0	22,882,128	(22,882,128)	0
Regulatory reserve for investments in securities		0	0	49,890	0	0	0	(49,890)	0
Total other capital funds movements		0	(722,030)	49,890	0	0	22,882,128	(22,209,988)	0
Transactions recorded directly in capital funds:									
Capitalization of retained earnings		150,000,000	0	0	0	0	0	(150,000,000)	0
Earnings distributed to the Government of Panama (2022 period)		0	0	0	0	0	0	(19,873,532)	(19,873,532)
Earnings distributed to the Government of Panama (2023 period)		0	0	0	0	0	0	(118,452,222)	(118,452,222)
Total transactions recorded directly in capital funds		150,000,000	0	0	0	0	0	(288,325,754)	(138,325,754)
Balance as of December 31, 2023		1,000,000,000	2,547,868	59,565	23,691,502	4,767,697	79,811,111	199,365,917	1,310,243,660
Net income - 2024		0	0	0	0	0	0	323,199,674	323,199,674
Other comprehensive income:									
Net change in valuation of shares at FVOCI	8	0	0	0	3,849,992	0	0	0	3,849,992
Net change in DBL valuation	17	0	0	0	0	(2,204,497)	0	0	(2,204,497)
Total other comprehensive income		0	0	0	3,849,992	(2,204,497)	0	0	1,645,495
Total comprehensive income		0	0	0	3,849,992	(2,204,497)	0	323,199,674	324,845,169
Other capital funds movements:									
Regulatory reserve for foreclosed assets		0	317,261	0	0	0	0	(317,261)	0
Dynamic regulatory provision		0	0	0	0	0	13,580,337	(13,580,337)	0
Regulatory reserve for investments in securities		0	0	959	0	0	0	(959)	0
Total other capital funds movements		0	317,261	959	0	0	13,580,337	(13,898,557)	0
Transactions recorded directly in capital funds:									
Earnings distributed to the Government of Panama (2023 period)		0	0	0	0	0	0	(27,066,858)	(27,066,858)
Earnings distributed to the Government of Panama (extraordinary)		0	0	0	0	0	0	(79,776,217)	(79,776,217)
Earnings distributed to the Government of Panama (2024 period)		0	0	0	0	0	0	(143,156,925)	(143,156,925)
Total transactions recorded directly in capital funds		0	0	0	0	0	0	(250,000,000)	(250,000,000)
Balance as of December 31, 2024		1,000,000,000	2,865,129	60,524	27,541,494	2,563,200	93,391,448	258,667,034	1,385,088,829

The statement of changes in capital funds should be read in conjunction with the notes that are an integral part of these financial statements.

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Statement of Cash Flows

For the year ended December 31, 2024

(Expressed in Balboas)

	Note	2024	2023
Operating activities:			
Net income		323,199,674	291,038,161
Adjustments to reconcile net income to cash from operating activities:			
Depreciation and amortization	10, 11, 12	13,723,153	13,192,396
Provision for (reversal of) losses in deposits with banks	4	9,167	(16,555)
Provision for investment in securities losses at AC	4	4,163,219	780,850
Provision for investment in securities losses at FVOCI		34,790	0
Provision for loan losses	4	20,800,227	16,444,935
Provision for valuation of foreclosed assets	14	1,045,977	1,635,576
(Reversal of) provision for tax credits		(1,817,429)	1,444,316
Provision for loans commitments		1,081,789	139,157
Reversal of subsidies		(94,868)	(75,698)
Net gain on sale of foreclosed assets		(7,498,711)	(915,291)
Net loss on disposal and sale of furniture and equipment		87,695	1,957
Dividends received	8	(2,134,379)	(2,518,262)
Net gain on securities investments		(4,286,136)	(2,114,335)
Net interest and commission income		(509,888,586)	(471,023,891)
Changes in operating assets and liabilities:			
Time deposits in banks with original maturities greater than 90 days	6	(100,000,000)	0
Securities purchased under resale agreements		94,816,310	(14,012,208)
Investments in securities at FVTPL		(10,808,527)	(9,934,721)
Loans		(1,023,617,646)	(531,834,397)
Other assets		176,816,041	(8,446,018)
Demand deposits received		(983,657,327)	253,538,716
Savings deposits received		60,499,799	43,358,365
Time deposits received		922,885,218	279,382,486
Guarantee certificates for legal proceedings		(2,026,282)	12,333,472
Cashier's and certified checks		3,890,593	856,687
Miscellaneous creditors		(24,205,870)	(506,373)
Other liabilities		10,455,854	5,227,194
Cash generated from operation:			
Interest and commissions received		756,730,823	650,637,873
Interest paid		(289,591,727)	(231,566,583)
Dividends received		2,134,379	2,518,262
Net cash flows from operating activities		(567,252,780)	299,566,071
Investment activities:			
Acquisitions of investments in securities at AC		(6,336,091,478)	(6,284,277,319)
Redemptions of investments in securities at AC	8	6,510,243,839	5,699,946,822
Proceeds from the sale of securities at AC	8	0	4,437,500
Acquisitions of investments in securities at FVOCI		(148,285,576)	(37,895,550)
Acquisition of furniture and equipment	10	(25,937,576)	(22,105,732)
Acquisition of intangible assets	11	(1,953,273)	(3,662,802)
Proceeds from sale of foreclosed assets of borrowers	14	7,663,696	1,648,153
Net cash flows from investing activities		5,639,632	(641,908,928)
Financing activities:			
New borrowings received	16	262,155,209	0
Payments of borrowings received	16	(65,454,545)	(65,454,545)
Securities sold under repurchase agreements	16	746,900,457	0
Payments of securities sold under repurchase agreements	16	(49,751,243)	0
Earnings distributed to the Government of Panama		(250,000,000)	(138,325,754)
Lease payments	12	(1,461,422)	(1,501,618)
Net cash flows from financing activities		642,388,456	(205,281,917)
Net increase (decrease) in cash and cash equivalents		80,775,308	(547,624,774)
Cash and cash equivalents at the beginning of the year		4,052,610,162	4,600,234,936
Cash and cash equivalents at the end of the year	6	4,133,385,470	4,052,610,162

The statement of cash flows should be read in conjunction with the notes that are an integral part of these financial statements.

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(1) Incorporation and Operations

Banco Nacional de Panama (the “Bank”) was created by Laws No.74 of 1904, 27 of 1906, 6 of 1911 and 11 of 1956, reorganized by Law No.20 of 1975, subrogated by Decree-Law 4 of 2006, as amended by Law No.24 of 2017; the Bank is an autonomous public entity with legal status its, own capital funds, and autonomy and independence in its regulations, budget and internal management, subject to the supervision of the Executive Branch and the corresponding supervisory bodies, under the terms established by the Law. As the Nation's primary financial institution, the Bank is responsible, in addition to the objectives described in the aforementioned law, for performing banking activities for the official sector, and obtaining the necessary funds to develop the national economy.

The Bank is exempt of any tax and other fiscal contributions, either national or municipal, with the exception of employer’s contributions to Social Security, educational insurance, professional risks, fees for public services and other exceptions provided for in the Law.

The Bank is granted procedural privileges in any judicial or administrative litigation in which it is a party, and summary jurisdiction to enforce the collection of overdue credits owed to the Bank.

The Bank is responsible for directing and managing the check and payment clearing operations for the entire national banking system.

The main office is located at Torre Banco Nacional, Via España and 55th Street, Panama City, Republic of Panama.

(2) Basis of Preparation

(a) Statement of Compliance

The Bank´s financial statements have been prepared in accordance with IFRS Accounting Standards.

These financial statements were reviewed by the Audit Steering Committee and approved by the Board of Directors for issuance on February 3, 2025.

(b) Basis of Measurement

These financial statements have been prepared based on historical cost, except for certain investments in securities at fair value through profit or loss; investments in securities at fair value with changes in other comprehensive income, foreclosed assets of borrowers, which are measured at the lower of book value or fair value less costs to sell; Right-of-use assets, which are measured using discounted cash flows, and certain labor liabilities recognized in accordance with actuarial studies.

The Bank recognizes financial assets and financial liabilities at the settlement date.

(2) Basis of Preparation, continued

(c) Functional and Presentation Currency

These financial statements are presented in balboas (B/.). The balboa is the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States dollar (US$). The Republic of Panama does not issue its own paper currency, and in lieu, the United States dollar (US$) is used as legal tender and is considered the functional currency of the Bank.

(3) Material Accounting Policies

The accounting policies applied in this financial statements are the same as those applied in the financial statements for the year ended December 31, 2023.

(a) Fair Value Measurement

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date, or in its absence, in the most advantageous market that the Bank has access to at the time. The fair value of a liability reflects the effect of default risk.

Where applicable, the Bank measures the fair value of an instrument using a price quoted in an active market for that instrument. A market is considered active if transactions of these assets or liabilities occur with enough frequency and volume to provide information for pricing on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider when pricing a transaction.

The fair value of a demand deposit is not less than the amount payable when it becomes due, 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.

(b) Foreign Currency Transactions

Assets and liabilities held in foreign currencies are converted to balboas at the exchange rate prevailing on the reporting date.

Transactions in foreign currencies are translated at the exchange rates prevailing on the dates of the transactions. Gains or losses on foreign currency translation are reflected in the accounts of other income or other expenses in the statement of profit or loss.

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include deposits with banks with original maturities of three months or less.

(3) Material Accounting Policies, continued

(d) Securities Purchased under Resale Agreements

Resale agreements represent secured financing transactions and are stated at the amount at which the securities are acquired, plus accrued financial returns. Generally, the Bank takes possession of securities purchased under resale agreements. The related income or expense is recognized in the statement of profit or loss.

(e) Financial Assets

(e.1) Classification and measurement of financial instruments

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. According to the business model adopted, the Bank classifies financial assets as: measured at amortized cost (AC), at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Business model assessment

The Bank makes an assessment of the business model for each group of financial instruments, in order to best reflect the way, the business is managed, and how information is provided to management. The information includes:

- The policies and objectives identified for each group of financial instruments and the compliance with those guidelines in practice. These include whether management's strategy focuses on earning contractual interest revenue, or the sale of assets, achieving expected returns according to the business model.

- The measurement and management of risks that affect the compliance with the business model and the performance of financial instruments.

- How the business managers are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

- The frequency, value and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of whether contractual cash flows are solely payments of principal and interests (SPPI)

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

(3) Material Accounting Policies, continued

In assessing whether the contractual cash flows are solely payments of principal and interests, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- Contingent events that would change the amount and timing of cash flows.
- Leverage features
- Prepayment and extension terms
- Terms that limit the Bank´s claim to cash flows from specific assets (for example, non-recourse asset agreements).
- Features that modify consideration of the time value of money (for example, periodical reset of interest rates).

Classification and Measurement
The Bank classifies a financial asset at AC and not at FVTPL if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to obtain contractual cash flows; and
- The contractual terms of the financial asset meet SPPI criteria.

A financial asset is classified as FVOCI only if it meets both of the following conditions and has not been designated as a FVTPL:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset meet SPPI criteria.

The Bank classifies a financial asset at FVTPL if the contractual cash flows do not meet SPPI criteria.

On initial recognition of an equity investment that is not held for trading, the Bank irrevocably elected to designate such investments as measured at FVOCI, and therefore they are measured at fair value and changes in fair value are recognized directly in the statement of comprehensive income.

Financial assets are not reclassified after initial recognition, except if the Bank changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured initially at fair value plus transaction-related costs directly attributable to its acquisition; except for investments accounted for at FVTPL.

(3) Material Accounting Policies, continued

The following accounting policies are applied to the subsequent measurement of financial assets.

Financial assets at AC	These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced for an impairment loss. Interest income and loss due to impairment are recognized in profit or loss, as well as any profit or loss at disposal.
Equity investments and Investments in debt securities at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in the statement of comprehensive income and for equity instruments they will never be recognized in profit or loss.
Investments at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets derecognition

A financial asset (or, in some cases, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- Contractual rights to the cash flows from the financial asset expire.
- The Bank has transferred the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership but it does not retain control of the financial asset.
- The Bank retains the rights to receive the contractual cash flows of the asset but has the obligation to pay the total amount of cash flows received, without a material delay, to a third party.
- When the Bank has transferred its rights to receive cash flows from an asset or has entered into a transferred agreement and has not transferred nor retained any substantial risk or benefit from the asset, nor transferred the control of the asset, the asset is recognized to the extent of the Bank´s ownership over the asset. In that case, the Bank also recognizes the associated liability. The transferred asset and the associated liability are based on a measure that reflects the contractual right and obligations that the Bank has retained. The continuous participation that takes the form of a guarantee on the transferred asset is measured at the lowest of the original book value of the asset and the maximum amount of consideration that the Bank could be obliged to pay.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized.

(3) Material Accounting Policies, continued

Modified or Restructured Financial Assets

The contractual terms of the loans may be modified for various reasons, such as difficulties in the debtor's ability to pay, changes in market conditions, customer retention or other factors unrelated to an actual or potential impairment of the loan.

The Bank renegotiates loans to customers in financial difficulties to maximize collection opportunities and minimize the probability of default. The Bank's policies consider the granting of concessions that generally correspond to decreases in interest rates, changes in terms or changes in payments. These loans, once restructured, are classified within the category in which they were at the time of their restructuring or in a higher risk category and will remain in that category for a prudential period, which will not be less than 6 months or their next payment period, if this is longer.

After this period, the Bank will evaluate if, according to its payment capacity and compliance with its obligations, there is a basis for its classification to a lower risk category or, on the contrary, it should be classified in a higher category.

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

- PD "Probability of Default", for the remaining life at the reporting date based on the modified terms; with
- PD for the estimated remaining life based on data at the initial recognition date and the original contractual terms.

For financial assets modified as part of the Bank's renegotiation policies, the estimate of the PD will reflect whether the modifications have improved or restored the Bank's ability to collect interest and principal and the Bank's prior experience 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. Therefore, a restructured debtor needs to demonstrate consistent payment behavior over a period of time before it is no longer considered an impaired credit or that the PD has decreased such that the provision can be reversed and the credit measured for impairment within 12 months from the reporting date.

(e.2) Impairment of financial assets

IFRS 9 requires that considerable judgment be applied with respect to how changes in economic factors affect the "expected credit loss" ECL, which will be determined on a weighted average basis.

(3) Material Accounting Policies, continued

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

- Deposits with banks
- Investments in debt instruments
- Loans
- Irrevocable loan commitments

No impairment losses are recognized on equity investments.

The ECL is measured on the following basis:

- 12-month ECL is the portion of the ECL resulting from default events on a financial instrument that are possible within 12 months after the reporting date.
- Lifetime asset – ECL are the losses that result from all possible impairment events over the life of a financial instrument.

Allowance for losses are recognized at an amount equal to the lifetime ECL, except for the following cases in which the recognized amount is equivalent to 12-month ECL:

- Investments in debt instruments that are determined to reflect low credit risk at the reporting date; and
- Other financial instruments (other than leases receivable) for which the credit risk has not increased significantly since initial recognition.

Significant increase in credit risk
The assessment of whether there has been a significant increase in the credit risk of a financial asset is one of the critical judgments implemented in the impairment model.

When determining whether the credit risk of a financial asset has increased significantly since its initial recognition, the Bank will consider reasonable and supportable 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 credit assessment including forward-looking information.

(3) Material Accounting Policies, continued

Definition of Default

When evaluating whether a debtor is in default, the Bank will consider both qualitative and quantitative indicators:

- Qualitative (e.g. breach of contract covenants).
- Quantitative (e.g. default status and non-payment of another obligation of the same borrower to the Bank); and
- Based on internally developed data (for loans and local investments in securities) and data obtained from external sources, such as risk ratings by rating agencies (for cases of deposits and foreign investments in securities) and Panama's sovereign risk.

Inputs in ECL Measurement

The key inputs in ECL measurement are usually the term structures of the following variables:

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

The Bank obtains these parameters from internal statistical models and other historical data, which are adjusted to reflect forward-looking information as described above.

PD estimates are made at a certain date, at which the Bank uses statistical credit rating models. These statistical models are based on internally compiled data composed of both qualitative and quantitative factors. Similarly, market information for prospective analysis, when available, is used to adjust the loan portfolio's PD. The statistical analyses carried out determined that the monthly economic activity index (IMAE) and the 180-day deposit rates are the macroeconomic variables that have the greatest correlation with the levels of past-due loans by segments of the Bank's economic activity.

To determine the PD for the portfolios of interbank placements and investments in sovereign entities and financial institutions, market information from external rating agencies is used. The Bank established that it is not necessary to incorporate the impact of the context of macroeconomic variables for prospective analysis, since the external ratings produced by the rating agencies capture such impacts.

LGD is the magnitude of the loss given a default event. The Bank estimates the parameters of the LGD based on a historical recovery rate of claims against counterparties in default (delinquency greater than 90 days). LGD models consider the structure, collateral, counterparty portfolio segment and recovery costs resulting from collection management and any comprehensive collateral on the financial asset. It should be calculated on a discounted cash flow basis using the effective interest rate of the loans as a discount factor.

(3) Material Accounting Policies, continued

EAD represents the expected exposure in the event of default. The Bank determines the EAD of the current exposure to the counterparty and potential changes to the current amount allowed under contract, including any amortization. For loan commitments, financial guarantees and unused overdraft facility balances, the EAD considers the standards proposed by the Basel Committee on Banking Supervision (Basel II and III) regarding the conversion of credit exposures through the use of Credit Conversion Factors (CCF).

The Bank assesses at each reporting date, the ECL of financial assets held at amortized cost. The amount of losses determined during the period is recognized as a provision expense in profit or loss and increases a reserve account for losses on loans, deposits in banks or investments in securities at amortized cost. The reserve is presented as a deduction from the financial assets that generated it, in the statement of financial position.

When a loan is determined to be uncollectible, the unrecoverable amount is decreased from the referred reserve account. Subsequent recoveries of loans previously written off as uncollectible increase the reserve account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by decreasing the allowance account for losses on loans, investments in securities at amortized cost or deposits in banks, as applicable. The amount of any reversal is recognized in the statement of profit or loss.

The Bank has approved policies for determining the write-off of loans that are uncollectible. This decision is made after an analysis of the days in arrears of the loan, the financial conditions and payment capacity of the debtor(s) and the evaluation of the risk mitigating collateral that support the loan. For loans of smaller amounts, write-offs are generally based on the length of time past due on the loan.

Incorporation of Forward-Looking Information

The incorporation of forward-looking information in the process of estimating the expected credit loss (ECL) in the Bank is made based on the possible impact that could be recognized in the value of those losses, caused by expected changes in the short and medium term of the behavior of macroeconomic variables that could affect the flow of payments of the assets.

The methodology used in the Bank, for the purpose of incorporating forward looking information, was based on the relationship between macroeconomic variables and credit losses. The process of defining the most significant variables among the universe of those available, consists of two steps.

(3) Material Accounting Policies, continued

The first consists of the projection of 12 months macroeconomic variables (monthly economic activity index "IMAE" and deposit rates for 180 days). These macroeconomic variables were chosen due to their degree of correlation with the Bank's past due portfolio. The second step consists of creating regression models that correlate the behavior of macroeconomic variables (independent variables) with the proportion of overdue balances of each segment of the loan portfolio (dependent variables).

This calculation allows us to determine whether the latter could explain and/or reasonably infer possible impacts on the payment behavior of credit assets in the future. It considers the variable that is adequately related to losses.

In November 2023, the Bank updated the model by incorporating prospective information for reserve calculations. The previous model was limited to a single macroeconomic variable, known as the IMAE. In contrast, the new model incorporates two variables: the IMAE and the new 180-day deposit rate variable, also obtained from official sources, such as the Superintendency of Banks of Panama, thus providing a greater degree of soundness to the model.

Loan Impairment

The Bank determines the expected loss on loans using two bases for the assessment:

- *Individually Assessed Loans*
  If an individually significant instrument meets the criteria defined in the Bank's internal policies, the calculation of impairment losses is carried out on an individual basis. Among the elements used, the exposure, its classification, the collateral that support the credit, among others, are considered. If a loan does not meet the criteria defined by the Bank to be individually assessed, it is included in a group of loans with similar credit risk characteristics and is assessed collectively. The loss for the instruments assessed individually is calculated considering the present value of the expected future cash flows, discounted at the current loan rate or the fair value of the loan collateral, against its current book value, to calculate the LGD, and the amount of any loss is recognized as a provision for losses in the statement of profit or loss.

- *Collectively Assessed Loans*
  For purposes of a collective assessment for impairment of loans, the Bank mainly uses statistical methods with a formula approach based on historical loss rate experience, the opportunity of recoveries and the actual loss incurred and makes an adjustment if current economic and credit conditions are such that it is likely that the actual losses are higher or lower than those suggested by historical trends. Roll rates, loss rates and the expected future recovery terms are regularly benchmarked against actual loss experience, in order to ensure that they are still appropriate.

(3) Material Accounting Policies, continued

Credit Risk Rating

The Bank assigns a credit rating to each exposure based on predictive models developed to predict default. These risk classifications are defined using qualitative and quantitative factors that are indicative of risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Because the Bank uses credit risk ratings as an input for the calculation of the PD, it considers the credit risk rating based on the information available about the debtor at the time of initial recognition. Exposures will be subject to ongoing monitoring, which may result in the shift of an exposure to a different credit risk rating.

Generating the Term Structure of PD

Credit risk classifications are the main input to determine the PD term structure for the different loan portfolios. The Bank obtains performance and loss information on credit risk exposures analyzed by jurisdiction or region, by type of product and borrower, as well as by credit risk rating. For some portfolios, information from external rating agencies also may be used.

Significant Increase in Credit Risk in the Loan Portfolio

The Bank considers a loan with a significant increase in risk by business segments of the loan portfolio when: it falls between the rating (1) and the rating (4) with more than 60 days past due for all business segments, with the exception of the retiree and commercial segments, for which are more than 30 days past due. Additionally, it is considered that a significant increase in risk has occurred for those loans rated (5) and (6).

Definition of Default in the Loan Portfolio

The Bank considers a financial asset in default by business segment when the debtor by business segment has a credit risk rating of (7).

The Bank established the stages of credit impairment set forth in IFRS 9, incorporating qualitative and quantitative aspects. In this sense, the Bank recognizes as impaired those credits more than 90 days past due and those in rating (7), even when the latter are performing.

Due to the updates applied to the ECL model during 2024, the criteria for the credit risk rating categories were revised for each of the stages of impairment by business segments established for the loan portfolio. The rating (7) includes all operations with more than 90 days past due.

(3) Material Accounting Policies, continued

The following two tables show the stages of impairment by segment, the first based on the new methodology implemented in 2024 (rating) and the second on the previous methodology (classification), which took into consideration the regulatory classifications of the Superintendency of Banks of Panama (SBP) as one of the main inputs to assign the stages of impairment:

		Credit rating categories	
Segment	**Low Risk (E1)**	**Significant Risk (E2)**	**Impaired (E3)**
Agriculture	1 - 4	1 - 4 + (60 days >past due), 5 and 6	7
Livestock	1 - 4	1 - 4 + (60 days >past due), 5 and 6	7
Commercial	1 - 4	1 - 4 + (30 days> past due), 5 and 6	7
Corporate	1 - 4	5 and 6	7
Consumer	1 - 4	1 - 4 + (60 days> past due), 5 and 6	7
Consumer - Retirees	1 - 4	1 - 4 + (30 days> past due), 5 and 6	7
Mortgage - Preferential	1 - 4	1 - 4 + (60 days> past due), 5 and 6	7
Mortgage - Non-Preferential	1 - 4	1 - 4 + (60 days> past due), 5 and 6	7

The following table shows the stages of impairment by business segment, based on the previous methodology (2023), established for the loan portfolio:

	SBP regulatory classification categories		
Segment	**Low Risk**	**Significant Risk**	**Default**
Agriculture	1 and 2	3	3 (more than 90 days), 4 and 5
Livestock	1 and 2	3	3 (more than 90 days), 4 and 5
Commercial	1 and 2	3	3 (more than 90 days), 4 and 5
Consumer	1 and 2	3	3 (more than 90 days), 4 and 5
Consumer - Retirees	1	2	3, 4 and 5
Mortgage - Preferential	1 and 2	3	3 (more than 90 days), 4 and 5
Mortgage - Non-Preferential	1 and 2	3	3 (more than 90 days), 4 and 5

The methodological change reflects the Bank's commitment to strengthening the different financial models and their effective application in measuring credit risk. The integration of the new credit rating system in the calculation of the ECL, along with the update of the IFRS 9 parameters, had an impact of a B/.7,636,256 decrease in the amount of the ECL, when assessing the portfolio as of December 31, 2024.

Impairment of deposits in banks and investments in securities at AC
The level of the financial instruments is determined, since the horizon at which the EAD and PD will be determined depends on it. This is why the Bank has defined as the only quantitative factor for determining the existence of a significant increase in credit risk, the drop in risk ratings from the date of purchase.

- (Level 1) Low risk: low-risk instruments, i.e. those with an investment grade greater than or equal to BBB- at the reporting date; and for financial instruments rated as BB+, BB and BB- that maintained the same rating from their acquisition until the date of presentation.
- (Level 2) Significant risk: Instruments previously at low risk, whose ratings have beendowgraded to below BB but above CCC.
- (Level 3) Default: instruments that have a rating lower than or equal to CCC.

(3) Material Accounting Policies, continued

In certain instances, using expert judgment and, to the extent possible, relevant historical experience, the Bank may determine that an exposure has significantly increased its credit risk based on particular qualitative indicators that it believes are indicative of this and whose effect would not otherwise be fully reflected through timely quantitative analysis.

The Bank intends to monitor the effectiveness of the criteria used to identify significant increases in credit risk through regular reviews to confirm that the criteria can identify significant increases in credit risk before an exposure is in default.

Presentation of allowance for expected credit losses (ECL) in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at AC: as a deduction from the gross carrying amount of the assets; and
- Loan commitments and financial guarantee contracts: generally, as a provision in liabilities.

(f) Property and Equipment

Property includes land and buildings used by the Bank's offices and branches. Property and equipment are recorded at historical cost and are shown net of accumulated depreciation and amortization.

Subsequent major improvements are included in the carrying value of the assets or are recognized as a separate asset, as appropriate. Other repairs and improvements that do not significantly extend the life of the asset are recognized as expenses in profit or loss as incurred.

Depreciation and amortization expenses are recognized in current operations, using the straight-line method, over the estimated useful life of the related assets up to their residual value, except for land which is not depreciated. The estimated useful life of the assets is summarized as follows:

Buildings	40 years
Improvements	5 to 20 years
Furniture and equipment	5 to 20 years
Transportation equipment	4 to 11.6 years

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

(3) Material Accounting Policies, continued

(g) Leases

At 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 conveys the use of an asset: This may be specified explicitly or implicitly and must be physically identifiable or represents substantially all of the capacity of a physically identifiable asset. If the supplier has the right of a substantial substitution, then an asset is not identified.

- The Bank has the right to substantially obtain all of the economic benefits arising from the use of the asset during 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, when the decision on 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 in a way that predetermines how and for what purpose it will be used.

At inception or reassessment date of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component based on its relative independent prices. However, for leases of administrative offices and bank branches, ATM´s space, parking lots/land, multifunctional/printers and warehouses/deposits in which it is the lessee, the Bank has elected not to separate the non-lease components, and to account for the lease components to be recognized as a single lease component.

<u>As a Lessee</u>
The Bank recognizes a right-of-use asset and a lease liability at the inception date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the inception date, plus 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 directly from the inception 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 right-of-use assets are determined on the same basis as those of property and equipment. Additionally, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain new measurements of the lease liability.

(3) Material Accounting Policies, continued

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 rate, initially measured using the index or rate at the inception date;

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

- The exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an option to extend the term of the contract, and penalty payments for early termination of a lease unless the Bank is reasonably certain not to terminate the contract early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured 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 payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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 leases of its administrative offices and bank branches, ATM´s space, warehouses/deposits, parking lots/land and multifunctional/printers that have a term of 12 months or less. The Bank recognizes lease payments associated with these leases as a straight-line expense over the term of the lease.

Application of the Portfolio Approach
The Bank decided to apply, to the extent possible, the practical record of applying the portfolio approach to leases with similar characteristics and it is reasonably expected that the financial statement effects of applying this standard to the portfolio would not differ significantly from its application to individual leases of its portfolio.

The main elements considered in the determination of lease portfolios are: the type of underlying asset and the remaining term of the contract. Considering the above, the contracts included in the different portfolios will be accounted for together and the standard will not be applied individually.

(3) Material Accounting Policies, continued

(h) Intangible Assets

Intangible assets acquired separately are presented at historical cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over their estimated useful lives of 5 to 10 years. Acquired computer software licenses are capitalized based on the costs incurred to acquire and be able to use the specific technological program. Intangible assets are subject to periodic evaluations to determine if there are signs of impairment or when there are events or changes that indicate that the book value may not be recoverable.

(i) Foreclosed Borrowers' Assets

Foreclosed borrower´s assets are recognized at the lowest value of the carrying value of the unpaid loans and the fair value of the asset less the cost of sale. The difference between these values is maintained as an impairment allowance, in order to maintain control over the original value of the foreclosed assets recognized. The provision for impairment is recognized profit or loss.

(j) Customer Deposits and Obligations

Customer deposits are initially measured at fair value. Subsequently, they are measured at amortized cost, using the effective interest rate method. Obligations include borrowings and issued bonds payable.

(k) Securities Sold under Agreements to Repurchase

Securities sold under repurchase agreements are short-term financing transactions collateralized by securities, in which there is an obligation to repurchase the securities sold at a future date and at a specified price. The difference between the sale price and the future purchase value is recognized as interest expense under the effective interest rate method.

(l) Guarantee Certificates for Legal Proceedings

The funds that support guarantee certificates and/or judicial deposit certificates are deposited under the provisions of article 570 of the Judicial Code, as amended by article 9 of Law 67 of October 30, 2009, to guarantee the results of judicial proceedings or as bail to ensure the personal freedom of a person subject to criminal proceedings. These funds are measured at amortized cost and generate interest at the rate established by the Bank and are received in custody, by provision of tax Law and the funds are consigned to the orders of the respective judge subject to compliance with a judicial process.

(m) Bonus Provision and Seniority Premium

The Bank grants a seniority bonus to Bank employees when the following two conditions are met: having accumulated fifteen or more years of service and ending the employment relationship due to old-age pension or absolute disability.

The Bank's employees, regardless of the reason for termination of duties, will be entitled to receive a seniority premium, at the rate of one week's salary for each year of service at the Bank from the beginning of the permanent relationship until termination.

(3) Material Accounting Policies, continued

The cost of providing these benefits and rights is determined annually by an actuary using the projected unit credit method. Actuarial gains and losses are fully recognized in the period in which they occur in other comprehensive income. The liability comprises the present value of the obligations held for defined benefits.

The Bank determines the net interest cost on the net defined benefit liability for the period, applying the discount rate used to measure the defined benefit obligation at the beginning of the year, taking into account any changes in the benefit liability during the period as a result of benefit payments.

(n) Interest Income and Expense

Interest income and expenses, including interest discounted in advance are generally recognized in profit or loss for all financial instruments using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows receivable or payable over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the ECL. For credit-impaired financial assets, the credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition, minus the principal repayments, plus or minus the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for ECL allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount (when the asset is not credit-impaired) or to the amortized cost of the liability.

For financial assets that became credit-impaired after initial recognition, interest income is calculated applying the effective interest rate to the amortized cost of the financial asset.

(3) Material Accounting Policies, continued

Presentation

Interest income and expense presented in the statement of profit and loss and in the statement of comprehensive income include the interest on financial assets at AC and financial liabilities at AC calculated based on the effective interest rate.

(o) Performance Obligations and Revenue Recognition Policy for Commissions

Commission revenue from contracts with customers, except commissions on loans, is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when the customer receives the service.

The following table presents information on the nature and timing of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Corporate and Commercial Banking, Agriculture and Forestry, Consumer, Financial Institutions and Public Sector	The Bank provides banking services to corporate clients and individuals, including management of bank accounts, credit and overdraft lines, credit cards and other banking services. The Bank reviews its service fees periodically. Charges for services related to account management are made directly to the customer's account at the time it is provided. Fees for credit lines and overdrafts are charged directly to the customer's account when the transaction takes place. Banking service charges are made monthly and are based on rates reviewed periodically by the Bank.	Income from bank account management services and fees for banking services are recognized over the time the services are provided. Revenue related to transactions is recognized at the time the transaction takes place.
Treasury and Capital Markets	The treasury segment includes the Brokerage House, which provides various financial services including stock brokerage on behalf of third parties or for its own account, custody of securities and investment advice. Fees are charged for ongoing services on a monthly basis directly to the client's bank account. Commissions based on transactions linked to stock brokerage are charged when the transaction is carried out.	Revenue from securities management and custody services is recognized over the period in which the services are provided. Revenue related to transactions is recognized at the time the transaction takes place.
Asset Management	The Bank provides asset management services. Fees for asset management services are calculated based on negotiation with customers and are charged on an annual basis.	Asset management revenue is recognized over time as the services are provided.

(p) New IFRS Accounting Standards and Interpretations Not Yet Adopted

New standards, interpretations and amendments to IFRS Accounting Standards have been published, but are not mandatory as of December 31, 2024, and have not been early adopted by the Bank.

(3) Material Accounting Policies, continued

The following amendments to IFRS Accounting Standards are not expected to have a significant impact on the Bank's financial statements:

Amendments	Effective for annual reporting periods beginning:
Lack of Exchangeability – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates.*	January 1, 2025
Amendments to IFRS 9 and IFRS 7: *Classification and Measurement of Financial Instruments*	January 1, 2026
IFRS 18: *Presentation and Information to be Disclosed in the Financial Statements*	January 1, 2027
IFRS 19: *Subsidiaries without Public Accountability: Information to Disclose*	January 1, 2027

(4) Financial Risks Management

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The Bank's activities relate primarily to the use of financial instruments and, as such, the statement of financial position mainly consists of financial instruments.

The Bank's Board of Directors has the responsibility for establishing and monitoring financial instruments risk management. For this purpose, it has appointed certain committees to manage and periodically monitor the risks to which the Bank is exposed to. These committees are: Risks and Policies Steering Committee, Credit Steering Committee, Audit Steering Committee and the Money Laundering Prevention Steering Committee.

Additionally, the Bank is subject to the regulations of the Superintendency of Banks of Panama and the Securities Exchange Superintendency of Panama, related to concentration, liquidity and capitalization risks, among others.

The main risks identified by the Bank are credit, liquidity, market and operational risks, which are described below:

(a) *Credit Risk*

This is the risk that the debtor, issuer or counterparty of a financial asset owned by the Bank will not comply, fully and on time, with any payment due to the Bank in accordance with the terms and conditions agreed at the time the Bank acquired or originated the respective financial asset. To assume this risk, the Bank has a management framework whose main elements include:

- The risk analysis or pre-approval is carried out independently of the business, whose objectives, in addition to identifying, evaluating and quantifying the risk of the proposals, are to determine the impact they will have on the Bank's credit portfolio.
- A control area is responsible for validating that the proposals fall within the Bank's policies and limits, obtain the required approval according to the level of risk assumed, and comply with the approved conditions, at the time the transaction is settled.

(4) Financial Risks Management, continued

- The approval process is carried out through various instances within the Bank in accordance with the established approval limit policy.
- A portfolio management process focused on monitoring risk trends at the Bank level with the objective of anticipating any signs of portfolio deterioration.
- Compliance with collateral policies, including required coverage on loan amounts established by the Credit Steering Committee and reviewed periodically.

The respective management committees assigned by the Board of Directors periodically monitor the financial condition of the respective debtors and issuers that involve a credit risk for the Bank.

The Bank manages credit risk through:

- Credit and investment policies, which are periodically reviewed and amended.
- Authorization limits, which are periodically reviewed and amended.
- Exposure and concentration limits for the investment portfolios, placements and loans.
- Development and maintenance of credit risk assessment, through permanent review of the credit portfolio; frequent monitoring of credit classification and special attention to the portfolio with higher risk levels.
- Review of compliance with procedures and policies, through specialized administrative units.

To limit credit risk, the Bank has established policies that ensure diversification and allow for an adequate assessment for each loan.

The key procedures and practices in credit risk management are detailed as follows:

- Limitations on risk concentration (large credit extensions, loans to related parties, refinancing).
- Loan risk monitoring and rating matrix.
- Allowance for loan losses policy.
- Compliance with credit policies and credit management procedures.
- Identification and monitoring of initial and changing credit risks observed in customers and in the economic activity carried out by those customers.
- Collection procedure on non-performing loans.

When the estimation of the expected credit loss is carried out collectively, financial instruments are grouped on the basis of shared risk characteristics, which include:

- Type of instrument
- Credit risk ratings
- Type of collateral; and
- The industry or economic activity

The groupings are subject to periodic review to ensure that exposures within a particular group remain appropriately homogeneous.

(4) Financial Risks Management, continued

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available historical data.

The portfolios for which the external benchmark information represents a significant input into the ECL measurement are detailed as follows:

Detail	Gross Amount in B/.	Source of Information PD	LGD
Deposits in banks	3,957,851,177	"S&P default study"	"Moody´s recovery studies"
Investments in securities	4,033,630,622	"S&P default study"	"Moody´s recovery studies"
Loans - Financial institutions	470,082,215	"S&P default study"	"Moody´s recovery studies"
Loans - Public Sector	1,473,419,746	"S&P default study"	"Moody´s recovery studies"
Loans - Other portfolios, excluding loans individually assessed	5,417,684,809	Based on the internal rating model (logistic regression).	The Bank estimates the parameters based on a historical recovery rate of claims against defaulting (doubtful and loss) counterparties.

Credit quality assessment
For loans assessment, the Bank uses the same credit risk classification system that the Superintendency of Banks of Panama has established for the determination of regulatory reserves. This classification system considers the evaluation of quantitative and qualitative factors of the financial condition of the debtor and the market in which it operates to determine its credit risk classification, including the evaluation of the debtor's delinquency. Nevertheless, the consumer portfolio, given its nature, is mainly assessed based on its delinquency to determine its credit risk classification.

Loan commitments
For financial instruments that qualify as financial assets under IFRS 9, in which allowances for possible losses are immaterial, periodic tests must be carried out to validate that the immateriality continues and that allowances for possible credit losses are not required.

(4) Financial Risk Management, continued

Expected Credit Losses

The following table analyzes the credit quality of the financial assets, credit commitments and PCE allowances for these assets held by the Bank as of December 31, 2024, in accordance with the updates to the methodology applied to the PCE model:

	2024			
	Low Risk	**Significant Risk**	**Default Risk**	**Total**
Loans at AC				
Rating 1	560,292,922	33,253,852	0	593,546,774
Rating 2	3,055,980,598	1,069,649	0	3,057,050,247
Rating 3	3,122,120,536	30,401,696	0	3,152,522,232
Rating 4	261,353,332	97,078,301	120,846	358,552,479
Rating 5	0	31,554,359	0	31,554,359
Rating 6	0	139,438,045	1,577,839	141,015,884
Rating 7	0	0	159,692,456	159,692,456
Gross balance	6,999,747,388	332,795,902	161,391,141	7,493,934,431
Interest receivable	39,737,696	3,610,783	2,323,909	45,672,388
Interest and unearned commissions	(60,858,816)	(447,479)	(425,758)	(61,732,053)
Loss allowance	(35,929,503)	(54,233,807)	(66,973,208)	(157,136,518)
Balance of loans at AC	6,942,696,765	281,725,399	96,316,084	7,320,738,248
Consumer Loans				
0 to 30 days	3,480,946,306	116,183,368	36,988,190	3,634,117,864
31 to 60 days	32,813,135	26,080,365	9,296,093	68,189,593
More than 61 days	0	11,165,208	70,543,331	81,708,539
Balance	3,513,759,441	153,428,941	116,827,614	3,784,015,996
Individually assessed loans	0	121,477,534	11,270,127	132,747,661
Loss allowance:				
Individual	0	(509,065)	(84,008)	(593,073)
Collective	(35,929,503)	(53,724,742)	(66,889,200)	(156,543,445)
Total loss allowance	(35,929,503)	(54,233,807)	(66,973,208)	(157,136,518)
Loan commitments				
Rating 1	509,981,154	0	0	509,981,154
Gross balance	509,981,154	0	0	509,981,154
Loss allowance	(1,609,999)	0	0	(1,609,999)
Balance of loan commitments	508,371,155	0	0	508,371,155
Deposits in banks at AC				
Rating 1	3,957,851,177	0	0	3,957,851,177
Gross balance	3,957,851,177	0	0	3,957,851,177
Interest receivable	5,814,851	0	0	5,814,851
Loss allowance	(29,052)	0	0	(29,052)
Balance of deposits in banks at AC	3,963,636,976	0	0	3,963,636,976
Securities purchased under resale agreements at AC				
Rating 1	112,032,426	0	0	112,032,426
Gross balance	112,032,426	0	0	112,032,426
Interest receivable	2,337,864	0	0	2,337,864
Loss allowance	(120,363)	0	0	(120,363)
Balance of securities purchased under resale agreements at AC	114,249,927	0	0	114,249,927
Investments in securities at AC				
Rating 1	3,986,866,706	46,763,916	0	4,033,630,622
Gross balance	3,986,866,706	46,763,916	0	4,033,630,622
Interest receivable	33,875,869	628,272	0	34,504,141
Loss allowance	(7,025,719)	(3,351,036)	0	(10,376,755)
Balance of investments in securities at AC	4,013,716,856	44,041,152	0	4,057,758,008
Investments in securities at FVOCI				
Rating 1	186,913,091	0	0	186,913,091
Gross balance	186,913,091	0	0	186,913,091
Interest receivable	1,337,258	0	0	1,337,258
Balance of Investments in securities at FVOCI	188,250,349	0	0	188,250,349

(4) Financial Risk Management, continued

The following table analyzes the credit quality of the financial assets, credit commitments and PCE allowances for these assets held by the Bank as of December 31, 2023, which shows the stages of impairment by regulatory classification categories of the Superintendency of Banks of Panama (SBP).

	2023			
	Low Risk	**Significant Risk**	**Default Risk**	**Total**
Loans at AC				
Standard	5,955,113,295	53,196,560	0	6,008,309,855
Special mention	85,800,444	112,663,890	10,073,694	208,538,028
Sub-Standard	0	102,746,745	22,010,727	124,757,472
Doubtful	0	0	33,885,648	33,885,648
Loss	0	0	70,007,353	70,007,353
Gross balance	6,040,913,739	268,607,195	135,977,422	6,445,498,356
Interest receivable	34,698,709	3,747,411	1,607,642	40,053,762
Interest and unearned commissions	(27,548,775)	(356,800)	(524,728)	(28,430,303)
Loss allowance	(38,218,534)	(28,177,661)	(78,423,417)	(144,819,612)
Balance of loans at AC	6,009,845,139	243,820,145	58,636,919	6,312,302,203
Consumer Loans				
0 to 30 days	3,302,587,480	100,186,154	25,905,552	3,428,679,186
31 to 60 days	35,812,645	12,580,087	4,752,642	53,145,374
More than 61 days	9,483,872	4,696,951	66,978,291	81,159,114
Balance	3,347,883,997	117,463,192	97,636,485	3,562,983,674
Individually assessed loans	0	128,254,418	6,616,286	134,870,704
Loss allowance:				
Individual	0	(664,249)	(182,430)	(846,679)
Collective	(38,218,534)	(27,513,412)	(78,240,987)	(143,972,933)
Total loss allowance	(38,218,534)	(28,177,661)	(78,423,417)	(144,819,612)
Loan commitments				
Standard	576,766,954	0	0	576,766,954
Gross balance	576,766,954	0	0	576,766,954
Loss allowance	(528,210)	0	0	(528,210)
Balance of loan commitments	576,238,744	0	0	576,238,744
Deposits in banks at AC				
Standard	3,730,992,900	0	0	3,730,992,900
Gross balance	3,730,992,900	0	0	3,730,992,900
Interest receivable	4,349,932	0	0	4,349,932
Loss allowance	(19,885)	0	0	(19,885)
Balance of deposits in banks at AC	3,735,322,947	0	0	3,735,322,947
Securities purchased under resale agreements at AC				
Standard	206,848,736	0	0	206,848,736
Gross balance	206,848,736	0	0	206,848,736
Interest receivable	4,484,127	0	0	4,484,127
Loss allowance	(270,578)	0	0	(270,578)
Balance of securities purchased under resale agreements at AC	211,062,285	0	0	211,062,285
Investments in securities at AC				
Standard	4,122,722,873	39,634,443	0	4,162,357,316
Gross balance	4,122,722,873	39,634,443	0	4,162,357,316
Interest receivable	35,343,709	386,554	0	35,730,263
Loss allowance	(4,792,629)	(1,270,692)	0	(6,063,321)
Balance of investments in securities at AC	4,153,273,953	38,750,305	0	4,192,024,258
Investments in securities at FVOCI				
Standard	38,451,200	0	0	38,451,200
Gross balance	38,451,200	0	0	38,451,200
Interest receivable	315,695	0	0	315,695
Balance of Investments in securities at FVOCI	38,766,895	0	0	38,766,895

(4) Financial Risk Management, continued

During the year ended December 31, 2024, the Bank carried out loan restructurings with an amortized cost before modification of B/.170,544,977 (2023: B/.164,955,478), which generated an increase in the allowance for expected credit losses of B/.276,733 at the time of their modification (2023: B/.272,114).

The Bank maintains deposits placed in banks with a gross balance of B/.3,957,851,177 as of December 31, 2024 (2023: B/.3,730,992,900). Deposits placed are held with recognized financial institutions applying the limits established in the counterparty risk policy. These placements of the Bank's liquid resources are made under conditions of security, liquidity and yield, adjusting to risk and term diversification criteria, in banks with financial solvency and risk rating.

The following table presents the deposits placed in banks according to their local or international short-term credit risk rating, granted by risk rating agencies:

		2024	
	Local credit rating	International credit rating *(i)*	Total
Deposits in banks			
A1, P1, F1	0	1,865,400,469	1,865,400,469
A2, P2, F2	0	1,900,654,739	1,900,654,739
Unrated	0	191,795,969	191,795,969
Gross subtotal	0	3,957,851,177	3,957,851,177
Interest receivable	0	5,814,851	5,814,851
Loss allowance	0	(29,052)	(29,052)
Balance at AC	0	3,963,636,976	3,963,636,976

		2023	
	Local credit rating	International credit rating *(i)*	Total
Deposits in banks			
A1, P1, F1	40,000,000	1,469,816,141	1,509,816,141
A2, P2, F2	0	1,488,635,729	1,488,635,729
A3, P3, F3	0	20,000,000	20,000,000
Unrated	0	712,541,030	712,541,030
Gross subtotal	40,000,000	3,690,992,900	3,730,992,900
Interest receivable	32,396	4,317,536	4,349,932
Loss allowance	(2,715)	(17,170)	(19,885)
Balance at AC	40,029,681	3,695,293,266	3,735,322,947

(q) The deposits placed presented in the “Unrated” category correspond to resources placed in an international financial institution that only accepts deposits from central banks. Its risk is equivalent to AAA sovereign risk rating, granted to this institution by the rating agencies: Standard & Poor's, Moody's or Fitch Ratings, Inc.

(4) Financial Risk Management, continued

The following table presents investments in debt securities according to their local or international long-term credit risk classification, granted by risk rating agencies.

		2024	
Investments in securities at AC	**Local rating**	**International rating *(i)***	**Total**
AAA	0	88,017,678	88,017,678
AA+ to A	134,134,906	658,725,150	792,860,056
A-	59,682,336	98,259,895	157,942,231
BBB+ to BBB-	52,669,858	278,078,359	330,748,217
BB+	0	1,429,806,431	1,429,806,431
BB a B-	0	135,000,000	135,000,000
CCC	0	30,628,674	30,628,674
Unrated	3,135,242	1,065,492,093	1,068,627,335
Gross subtotal	249,622,342	3,784,008,280	4,033,630,622
Interest receivable	1,476,309	33,027,832	34,504,141
Loss allowance	(3,839,112)	(6,537,643)	(10,376,755)
Balance at AC	247,259,539	3,810,498,469	4,057,758,008
Investments in securities at FVOCI			
AAA	0	9,779,300	9,779,300
AA+ to A	0	106,548,700	106,548,700
A-	0	38,542,100	38,542,100
BBB+ to BBB-	0	32,042,991	32,042,991
Gross subtotal	0	186,913,091	186,913,091
Interest receivable	0	1,337,258	1,337,258
Balance at FVOCI	0	188,250,349	188,250,349

		2023	
Investments in securities at AC	**Local Rating**	**International Rating *(i)***	**Total**
AAA	0	29,371,702	29,371,702
AA+ to A	110,062,213	1,140,905,615	1,250,967,828
A-	15,009,631	76,909,587	91,919,218
BBB+ to BBB-	183,604,199	1,531,243,049	1,714,847,248
BB+	0	15,000,000	15,000,000
BB to B-	0	36,201,701	36,201,701
Unrated	3,432,742	1,020,616,877	1,024,049,619
Gross subtotal	312,108,785	3,850,248,531	4,162,357,316
Interest receivable	3,118,800	32,611,463	35,730,263
Loss allowance	(3,248,838)	(2,814,483)	(6,063,321)
Balance at AC	311,978,747	3,880,045,511	4,192,024,258
Investments in securities at FVOCI			
AA+ to A	0	9,229,300	9,229,300
A-	0	19,399,100	19,399,100
BBB+ to BBB-	0	9,822,800	9,822,800
Gross subtotal	0	38,451,200	38,451,200
Interest receivable	0	315,695	315,695
Balance at FVOCI	0	38,766,895	38,766,895

(i) The investments presented in the "Unrated" category correspond to liquid instruments of an international financial institution, to which only central banks have access and its risk is equivalent to AAA sovereign risk rating, assings to this institution by the rating agencies: Standard & Poor's, Moody's or Fitch Ratings, Inc.

(4) Financial Risk Management, continued

Collateral and their Financial Effect

The Bank holds collateral and other improvements to reduce credit risk, to ensure collection of its financial assets exposed to credit risk. The table below presents the main types of collateral taken with respect to different types of financial assets.

	% of exposure that is subject to collateral requirements 2024	2023	Type of collateral
Investments purchased under resale agreements	100%	100%	Debt securities
Loans	63%	63%	Cash, property and equipment (movable and fixed)

Residential Mortgage Loans

The following table presents the range of loan to value (LTV) ratios of the mortgage portfolio. LTV is a mathematical equation that measures the relationship between loan amount and the value of the property that will be the subject (and pledged as collateral) of the loan. Gross amounts do not include any impairment allowances. The valuation of the collateral does not include all adjustments for foreclosing and selling the collateral.

The value of collateral for consumer mortgage loans is based on the value of the collateral at the date of disbursement and is generally updated when the credit risk of a loan deteriorates significantly.

Gross consumer mortgage loans:

% LTV	2024	2023
Less than 50%	135,819,489	131,752,548
51-70%	280,206,757	236,309,063
71-90%	1,437,404,501	1,238,519,567
91-100%	602,515,923	653,110,137
Gross total	2,455,946,670	2,259,691,315

Assets Received as Collateral

The Bank has taken possession of financial and non-financial assets that were constituted as collateral to ensure the collection of impaired loans. As of December 31, 2024, the Bank holds property that have been awarded to the Bank at a gross value of B/.9,590,886 (2023: B/.7,682,826). During 2024, the Bank was awarded assets with a value of B/.3,119,022 (2023: B/.2,732,882).

The Bank's policy is to realize or execute the sale of these assets, to cover the balances due, in case of their foreclosure. Generally, it is not the Bank's policy to use non-financial assets for its own operations, but in the event of foreclosure the intention is to dispose of these assets for sale in the short term.

(4) Financial Risk Management, continued

Credit Risk Concentration

The Bank monitors the concentration of credit risk by sector and geographic location. The analysis of the concentration of credit risks at the reporting date is as follows:

	Deposits in bank		Investments in securities		Securities purchased under resale agreements	
	2024	2023	2024	2023	2024	2023
Gross book value	3,957,851,177	3,730,992,900	4,290,760,052	4,255,930,191	112,032,426	206,848,736
Concentration by sector:						
Corporate	0	0	741,639,359	727,473,368	0	0
Financial institutions	3,114,395,065	2,753,999,000	1,484,980,268	1,242,639,373	112,032,426	206,848,736
Public sector	843,456,112	976,993,900	2,064,140,425	2,285,817,450	0	0
Gross book value	3,957,851,177	3,730,992,900	4,290,760,052	4,255,930,191	112,032,426	206,848,736
Geographic concentration:						
Panama	0	60,000,000	2,043,029,339	1,836,584,563	112,032,426	206,848,736
Caribbean and Latin America	50,000,000	0	63,949,705	29,280,701	0	0
USA and Canada	2,407,313,830	2,033,422,222	806,339,662	1,213,425,732	0	0
Europe	758,733,086	595,000,000	61,974,575	5,927,798	0	0
Others	741,804,261	1,042,570,678	1,315,466,771	1,170,711,397	0	0
Gross book value	3,957,851,177	3,730,992,900	4,290,760,052	4,255,930,191	112,032,426	206,848,736

	Loans		Loan commitments	
	2024	2023	2024	2023
Gross book value	7,493,934,431	6,445,498,356	509,981,154	576,766,954
Concentration by sector:				
Corporate	1,728,466,913	1,623,424,745	54,220,736	78,509,848
Consumer	3,784,015,996	3,562,983,673	455,760,418	498,021,406
Financial institutions	508,031,776	430,023,340	0	132,157
Public sector	1,473,419,746	829,066,598	0	103,543
Gross book value	7,493,934,431	6,445,498,356	509,981,154	576,766,954
Geographic concentration:				
Panama	7,493,934,431	6,445,498,356	509,981,154	576,766.954
Gross book value	7,493,934,431	6,445,498,356	509,981,154	576.766.954

Concentrations by sector are based on the economic activity of the issuer or debtor. Geographic concentrations of loans and deposits in banks are based on the location of the debtor and correspondent bank, respectively. The geographic concentration for investments is determined based on the location of the issuer of the investment. All other assets and liabilities are located within the Republic of Panama.

The Bank also monitors and follows up on operations outside of the statement of financial position, which are those operations that although not reflected within that statement, are reviewed in detail because they may expose the Bank to financial obligations depending on future events or actions by other parties. These transactions are subject to the concentration limits (loans to a single entity/individual and to related parties) to which the loan portfolio recorded in the statement of financial position is subject to.

(4) Financial Risk Management, continued

Expected Credit Losses

The following table provides a reconciliation between the opening and closing balance of the allowances for losses on financial assets at amortized cost:

	2024			
	Low risk	**Significant risk**	**Default risk**	**Total**
Deposits in banks at AC				
Balance as of January 1, 2024	19,885	0	0	19,885
Net remeasurement of loss allowance	7,388	0	0	7,388
Allocation of allowance to new originated financial assets	25,604	0	0	25,604
Reversal of allowance of assets that have been written off	(23,825)	0	0	(23,825)
Balance as of December 31, 2024	29,052	0	0	29,052
Investments in securities and securities purchased under resale agreements at AC				
Balance as of January 1, 2024	5,063,207	1,270,692	0	6,333,899
Transfers to PCE over the life of the loan (significant risk)	(1,206,208)	1,206,208	0	0
Net remeasurement of loss allowance	1,983,273	874,135	0	2,857,408
Allocation of allowance to new purchased financial assets	1,556,532	0	0	1,556,532
Reversal of allowance due to derecognized assets	(250,721)	0	0	(250,721)
Balance as of December 31, 2024	7,146,083	3,351,035	0	10,497,118
Corporate loans at AC				
Balance as of January 1, 2024	16,407,727	4,697,211	15,442,966	36,547,904
Transfers to 12-month PCE (low risk)	4,542,379	(3,190,853)	(1,351,526)	0
Transfers to PCE over the life of the loan (significant risk)	(1,986,571)	6,096,367	(4,109,796)	0
Transfers to PCE over the life of the loan (default)	(625,499)	(1,731,113)	2,356,612	0
Net remeasurement of loss allowance	(15,408,940)	3,073,030	6,869,324	(5,466,586)
Allocation of allowance to new originated financial assets	5,324,264	657,632	511,686	6,493,582
Reversal of allowance due to derecognized assets	(2,262,770)	(824,214)	(5,058,172)	(8,145,156)
Loans written off	0	0	(2,618,953)	(2,618,953)
Recoveries	0	0	719,167	719,167
Balance as of December 31, 2024	5,990,590	8,778,060	12,761,308	27,529,958
Consumer loans at AC				
Balance as of January 1, 2024	17,262,842	23,480,450	62,980,451	103,723,743
Transfers to 12-month PCE (low risk)	37,023,881	(23,830,776)	(13,193,105)	0
Transfers to PCE over the life of the loan (significant risk)	(2,875,109)	23,225,971	(20,350,862)	0
Transfers to PCE over the life of the loan (default)	(1,198,413)	(12,177,099)	13,375,512	0
Net remeasurement of loss allowance	(29,551,361)	34,175,132	26,003,804	30,627,575
Allocation of allowance to new originated financial assets	5,047,372	1,233,079	559,428	6,839,879
Reversal of allowance due to derecognized assets	(1,459,098)	(652,462)	(8,579,793)	(10,691,353)
Loans written off	0	0	(7,527,309)	(7,527,309)
Recoveries	0	0	943,774	943,774
Balance as of December 31, 2024	24,250,114	45,454,295	54,211,900	123,916,309
Financial institution loans at AC				
Balance as of January 1, 2024	4,053,762	0	0	4,053,762
Transfers to PCE over the life of the loan (significant risk)	(4,929)	4,929	0	0
Net remeasurement of loss allowance	(1,212,165)	(3,477)	0	(1,215,642)
Allocation of allowance to new originated financial assets	4,305,054	0	0	4,305,054
Reversal of allowance due to derecognized assets	(5,060,387)	0	0	(5,060,387)
Balance as of December 31, 2024	2,081,335	1,452	0	2,082,787
Public sector loans at AC				
Balance as of January 1, 2024	494,203	0	0	494,203
Net remeasurement of loss allowance	574,547	0	0	574,547
Allocation of allowance to new originated financial assets	3,901,046	0	0	3,901,046
Financial assets that have been written off	(1,362,332)	0	0	(1,362,332)
Balance as of December 31, 2024	3,607,464	0	0	3,607,464
Investments in securities at FVOCI				
Balance as of January 1, 2024	18,845	0	0	18,845
Net remeasurement of loss allowance	(8,308)	0	0	(8,308)
Allocation of allowance to new purchased financial assets	43,098	0	0	43,098
Balance as of December 31, 2024	53,635	0	0	53,635

(4) Financial Risk Management, continued

	2023			
	Low risk	**Significant risk**	**Default risk**	**Total**
Deposits in banks at AC				
Balance as of January 1, 2023	36,440	0	0	36,440
Net remeasurement of loss allowance	(3,321)	0	0	(3,321)
Allocation of allowance to new originated financial assets	8,661	0	0	8,661
Reversal of allowance of assets that have been written off	(21,895)	0	0	(21,895)
Balance as of December 31, 2023	19,885	0	0	19,885
Investments in securities and securities purchased under resale agreements at AC				
Balance as of January 1, 2023	2,883,794	2,688,100	0	5,571,894
Net remeasurement of loss allowance	854,046	(1,417,408)	0	(563,362)
Allocation of allowance to new purchased financial assets	1,589,325	0	0	1,589,325
Reversal of allowance due to derecognized assets	(263,958)	0	0	(263,958)
Balance as of December 31, 2023	5,063,207	1,270,692	0	6,333,899
Corporate loans at AC				
Balance as of January 1, 2023	14,677,976	8,234,007	27,554,779	50,466,762
Transfers to 12-month PCE (low risk)	5,295,310	(3,553,928)	(1,741,382)	0
Transfers to PCE over the life of the loan (significant risk)	(2,008,382)	4,294,000	(2,285,618)	0
Transfers to PCE over the life of the loan (default)	(382,348)	(1,829,128)	2,211,476	0
Net remeasurement of loss allowance	(4,517,331)	(183,950)	8,610,183	3,908,902
Allocation of allowance to new originated financial assets	7,260,151	426,816	1,183,531	8,870,498
Reversal of allowance due to derecognized assets	(3,917,649)	(2,690,606)	(13,119,806)	(19,728,061)
Loans written off	0	0	(7,938,259)	(7,938,259)
Recoveries	0	0	968,062	968,062
Balance as of December 31, 2023	16,407,727	4,697,211	15,442,966	36,547,904
Consumer loans at AC				
Balance as of January 1, 2023	15,237,292	34,445,766	38,126,621	87,809,679
Transfers to 12-month PCE (low risk)	30,515,523	(23,119,898)	(7,395,625)	0
Transfers to PCE over the life of the loan (significant risk)	(1,480,816)	9,895,972	(8,415,156)	0
Transfers to PCE over the life of the loan (default)	(1,149,561)	(7,295,924)	8,445,485	0
Net remeasurement of loss allowance	(28,013,744)	9,866,052	45,269,005	27,121,313
Allocation of allowance to new originated financial assets	2,787,441	65,868	144,239	2,997,548
Reversal of allowance due to derecognized assets	(633,293)	(377,386)	(8,255,996)	(9,266,675)
Loans written off	0	0	(7,690,913)	(7,690,913)
Recoveries	0	0	2,752,791	2,752,791
Balance as of December 31, 2023	17,262,842	23,480,450	62,980,451	103,723,743
Financial institution loans at AC				
Balance as of January 1, 2023	1,013,531	0	0	1,013,531
Net remeasurement of loss allowance	25,516	0	0	25,516
Allocation of allowance to new originated financial assets	4,060,783	0	0	4,060,783
Reversal of allowance due to derecognized assets	(1,046,068)	0	0	(1,046,068)
Balance as of December 31, 2023	4,053,762	0	0	4,053,762
Public sector loans at AC				
Balance as of January 1, 2023	993,024	0	0	993,024
Net remeasurement of loss allowance	(279,303)	0	0	(279,303)
Allocation of allowance to new financial assets originated	759,063	0	0	759,063
Financial assets that have been written off	(978,581)	0	0	(978,581)
Balance as of December 31, 2023	494,203	0	0	494,203
Investments in securities at FVOCI				
Balance as of January 1, 2023	0	0	0	0
Reserve allocation to new financial assets purchased	18,845	0	0	18,845
Balance as of December 31, 2023	18,845	0	0	18,845

Allowance for expected credit losses of investments in securities measured at fair value through other comprehensive income are recognized in equity because the book value of those investments is their fair value.

Weighting of macroeconomic scenarios and their incorporation in prospective information
With the purpose of incorporating a perspective in the prospective information, the Bank carries out different scenarios of the macroeconomic variables in order to recognize the uncertainty that prevails within the short and medium-term economic context that the country will experience.

(4) Financial Risk Management, continued

The Bank incorporates three projection scenarios of the prospective macroeconomic variables, IMAE and 180-day deposit rates. A base scenario is established (scenario calculated as of December 31, 2024), another scenario with a decrease and another scenario with an increase. It is intended that each of the scenarios maintain reasonable expectations and have a relevant level of probability associated with them; for the purposes of this exercise, increases and decreases have a minimum probability of occurrence of 30%.

The following table shows the estimated impact on the ECL on loans, caused by assumed increases or decreases in the IMAE and deposit rates:

Scenario	IMAE	Borrowing Rate	Variation ECL%	Variation ECL B/.
Decrease	232.88	2.02%	(4.79%)	(7,580,551)
Base scenario	258.76	4.04%	(1.15%)	(1,814,393)
Increase	284.63	4.44%	(1.81%)	(2,869,409)

There is no substantial variation in the increase and reduction scenarios versus the base scenario. This is because the estimates presented in the previous table reflect the sum of the variations of all segments. When breaking down the results by loan portfolio segments, it is observed that, in both scenarios, some segments experience an increase in PCE, while in others a decrease is observed. This diversity is due to the fact that each segment presents different types of correlations (positive and negative) with each of the macroeconomic variables.

(b) Liquidity Risk

Liquidity risk is defined as the risk that the Bank is unable to meet all of its obligations due to, among other things, unexpected withdrawal of funds by creditors or customers, impairment in the quality of the loan portfolio, decrease in the value of investments, excessive concentration of liabilities in a particular source, mismatch between assets and liabilities, lack of liquidity of assets, or funding of long-term assets with short-term liabilities. The Bank manages its liquid resources to meet its liabilities as they mature under normal conditions.

Liquidity Risk Management

The Superintendency of Banks of Panama requires that banks with a general license maintain a liquidity of no less than 30% at all times based on the parameters established in Agreement No. 004-2008. In addition to this, the regulator requires the Bank to comply with a minimum of high-quality liquid assets to overcome a significant stress episode for a full month, based on the provisions of Agreement No. 002-2018.

(4) Financial Risk Management, continued

Monitoring of the liquidity position includes daily reviews and monthly deposit volatility analysis. Stress tests are developed in different scenarios considering that they cover normal or more severe conditions. All policies and procedures are subject to review and approval by the Asset-Liability Steering Committee (ALCO) and the Risks and Policies Steering Committee.

The Board of Directors has established minimum liquidity levels on the proportion of funds available to meet these requirements and on the minimum level of inter-bank and other lending facilities that need to be available to cover withdrawals at unexpected levels of demand. The Bank maintains a portfolio of short-term assets, comprised largely of liquid investments and inter-bank placements, to ensure that it maintains enough liquidity.

Agreement No. 002-2018 of the Superintendency of Banks of Panama establishes the provisions for the Liquidity Coverage Ratio (LCR). As of December 31, 2024, the Bank's Liquidity Coverage Ratio is 312.46% exceeding the 100% established by that Agreement (2023: 250.8%).

Liquidity Risk Exposure

The Bank uses the legal liquidity ratio as the basis for liquidity risk management. It is the ratio of net liquid assets to deposits received from customers. Net liquid assets are cash and cash equivalents and debt securities for which there is an active and liquid market, deposits with maturities of less than 186 days and bond payments with maturities of no more than 186 days.

Legal liquidity ratio estimate as of the reporting date is detailed below:

	2024	2023
As of December 31	74.6%	75.5%
Average of the year	75.5%	73.5%
Maximum of the year	79.6%	77.2%
Minimum of the year	71.0%	69.4%

The following table details the undiscounted cash flows of financial liabilities and assets, and unrecognized loan commitments in contractual maturity groupings for the remaining period from the reporting date:

2024	Book value	Gross nominal amount (outflows)/inflows	Up to 1 year	More than 1 to 3 years	More than 3 to 5 years	More than 5 years
Financial liabilities						
Customer deposits at amortized cost	12,253,782,262	(12,873,211,438)	(10,707,661,069)	(772,041,723)	(65,187,988)	(1,328,320,658)
Borrowings at amortized cost	2,363,089,285	(2,422,592,570)	(638,669,651)	(351,805,048)	(419,617,871)	(1,012,500,000)
Letters of credit/payment pledges	0	(500,036,937)	(214,598,036)	(285,438,901)	0	0
Lines of credit and credit cards	0	(875,592,335)	(794,660,757)	(80,931,578)	0	0
	14,616,871,547	(16,671,433,280)	(12,355,589,513)	(1,490,217,250)	(484,805,859)	(2,340,820,658)
Financial assets						
Cash, cash equivalents and bank deposits at amortized cost	4,239,171,269	4,243,271,896	4,243,271,896	0	0	0
Investments in securities and securities purchased under resale agreements, net	4,458,346,950	5,010,074,884	1,974,181,352	976,476,382	432,022,717	1,627,394,433
Loans at amortized cost	7,320,738,248	8,415,365,280	1,391,381,764	1,131,783,874	813,355,765	5,078,843,877
	16,018,256,467	17,668,712,060	7,608,835,012	2,108,260,256	1,245,378,482	6,706,238,310

(4) Financial Risk Management, continued

2023	Book value	Gross nominal amount (outflows)/inflows	Up to 1 year	More than 1 to 3 years	More than 3 to 5 years	More than 5 years
Financial liabilities						
Customer deposits at amortized cost	12,249,912,451	(12,890,671,919)	(9,999,721,290)	(1,344,643,331)	(33,684,586)	(1,512,622,712)
Borrowings at amortized cost	1,464,324,669	(2,051,562,272)	0	(188,932,403)	(208,675,155)	(1,653,954,714)
Letters of credit/payment pledges	0	(538,076,563)	(144,508,698)	(393,567,865)	0	0
Lines of credit and credit cards	0	(38,690,391)	(15,850,116)	(22,840,275)	0	0
	13,714,237,120	(15,519,001,145)	(10,160,080,104)	(1,949,983,874)	(242,359,741)	(3,166,577,426)
Financial assets						
Cash, cash equivalents and bank deposits at amortized cost	4,056,940,209	4,059,971,645	4,059,971,645	0	0	0
Investments in securities and securities purchased under resale agreements, net	4,521,208,553	5,119,984,217	2,226,396,925	416,223,742	515,380,911	1,961,982,639
Loans at amortized cost	6,312,302,203	7,346,228,513	812,177,388	532,806,803	1,205,297,893	4,795,946,429
	14,890,450,965	16,526,184,375	7,098,545,958	949,030,545	1,720,678,804	6,757,929,068

For non-derivative financial assets and liabilities, the gross nominal amount is measured based on undiscounted cash flows and includes estimated interest payable and receivable, which is why it differs from the amounts presented in the statement of financial position.

The following table shows the carrying amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled within twelve months after the reporting date:

	2024	2023
Assets:		
Investments in securities	2,466,829,607	2,210,019,034
Loans	5,880,557,905	5,444,329,462
Total assets	8,347,387,512	7,654,348,496
Liabilities:		
Time deposits	1,045,135,096	1,398,159,946
Borrowings received	433,721,271	246,610,375
Bonds payable	1,203,415,497	1,203,001,000
Total liabilities	2,682,271,864	2,847,771,321

(c) Market Risk

It is the risk that the value of a Bank's financial asset will be reduced due to changes in interest rates, monetary exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events. The objective of market risk management is to manage and monitor risk exposures, and to keep them within acceptable parameters.

Risk management policies provide for compliance with limits by financial instrument, concentration limits, instrument rating limits, limits with respect to the maximum amount of loss from which the closing of the positions that caused such loss is required; and the requirement that, except for Board of Directors' approval, substantially all assets and liabilities are denominated in US dollars or in balboas.

(4) Financial Risk Management, continued

Market Risk Management

The Bank does not currently maintain a trading portfolio; therefore, the risk inherent in this activity is substantially reduced.

The Bank maintains investments in securities that are presented in the Bank's statement of financial position at either amortized cost or fair value. Changes in the fair value of investments measured at FVOCI are recorded directly and recognized in a valuation account in the equity funds until the securities are sold or redeemed; in these cases, the cumulative gains or losses previously recognized in the equity funds are transferred to retained earnings.

The Bank manages the market risk of its financial instruments through periodic reports to the Assets-Liabilities Steering Committee (ALCO) and the Risks and Policies Steering Committee, in which price changes in each instrument are analyzed and Value at Risk (VaR) is estimated daily to monitor and make decisions about its portfolio, based on the VaR limit that has been established.

VaR is an estimate of probable loss over a given time horizon, which allows the Bank to set limits or caps on exposures in its investment portfolio.

The VaR model used by the Bank is based on the correlation method and considers a 99% confidence level over a one (1) day portfolio holding period.

The Bank has established maximum realized and unrealized loss limits for both individual instruments and the total investment portfolio. The market value of the securities investment portfolio is compared daily against these limits. If there is an excess in some limits, the Bank may liquidate the position or maintain it in the portfolio until its maturity or until its prices allow the sale of the securities without incurring losses, since it considers that these are usually market effects and not an impairment in the payment capacity of the issuer.

Although the VaR model is one of the most widely used tools for measuring market risks, its main limitation is that the result obtained depends closely on the information used to calibrate the models and the historical data used. VaR is considered a good measure for estimating the risk of loss under normal market conditions, but practice has shown that it fails significantly in crisis conditions. Stress analyses seek to cover these deficiencies.

An impairment loss is recognized when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the security (a loss) and that loss has an impact on future estimates of the security's cash flows, which can be reasonably estimated.

The Bank's Board of Directors has determined that all market risk issues are managed and monitored directly by the Assets and Liabilities Steering Committee (ALCO) and the Risks and Policies Steering Committee; these committees are responsible for the development of market risk management policies, as well as reviewing and approving the implementation of those policies.

(4) Financial Risk Management, continued

The Bank manages its exposure to market risk from the following perspectives:

- Monitoring the price of the different securities on a daily basis, in order to verify if they are within the limits established by the Board of Directors, with respect to the global losses of its investment portfolio and on the losses of individual instruments.
- Determining the effect on the Bank's profits and on the value of financial assets and liabilities.

The composition and analysis of each type of market risk is presented in detail below:

- *Exchange rate risk:*
  It is the risk that the value of a financial instrument fluctuates as a consequence of variations in the exchange rates of foreign currencies, and other financial variables, as well as the reaction of market participants to political and economic events. For the purposes of accounting standards, this risk does not arise from financial instruments that are not monetary items, nor from financial instruments denominated in the functional currency.

  Generally, the Bank conducts its transactions in United States dollars; however, it maintains some deposits in euros and yen.

  Considering current market conditions and the amount these balances represent, the Bank currently assumes the exchange rate risk.

  The following table shows the operations of monetary financial instruments in the statement of financial position, agreed upon in foreign currencies, which are presented in their equivalent in balboas, as follows:

	2024			2023		
	Euro	**Yen**	**Total**	**Euro**	**Yen**	**Total**
Deposits in banks	120,655	28,049	148,704	157,580	29,648	187,228
Total assets	120,655	28,049	148,704	157,580	29,648	187,228

- *Cash flow interest rate risk:*
  The risk that future cash flows and value of a financial instrument will fluctuate due to changes in market interest rates. The Assets and Liabilities Steering Committee (ALCO) and the Risks and Policies Steering Committee follow up on rate sensitivity reports.

  The Bank's management, in order to evaluate interest rate risks and their impact on the fair value of financial assets and liabilities, performs simulations to determine the sensitivity of financial assets and liabilities.

(4) Financial Risk Management, continued

In order to mitigate this risk, the Bank periodically performs a sensitivity analysis of the financial and equity margin by measuring the impact of interest rate changes on rate-sensitive financial assets and liabilities, using the following tools:

- Financial margin sensitivity
  The variation in the sensitivity of the financial margin is estimated by determining the changes in the financial margin before decreases or increases of 50 and 100 basis points (bps) of the market interest rate.

- Sensitivity of the equity margin
  Measures the impact on the value of equity at the reporting date of changes of 50 and 100 basis points (bps) in the value of financial assets and liabilities.

The base analysis performed by management consists of determining the impact on financial assets and liabilities caused by increases or decreases of 50 and 100 basis points (bps) in interest rates. The impact is summarized below:

Sensitivity in the projected net interest income

2024	50 bps of increase	50 bps of decrease	100 bps of increase	100 bps of decrease
As of December 31	9,002,523	(9,007,884)	18,005,046	(18,021,127)
Average of the year	6,622,787	(6,623,233)	13,245,574	(13,246,913)
Maximum of the year	9,002,523	(9,007,884)	18,005,046	(18,021,127)
Minimum of the year	4,126,715	(4,126,717)	8,253,431	(8,253,433)
2023				
As of December 31	6,253,162	(6,253,162)	12,506,323	(12,506,323)
Average of the year	5,957,213	(5,957,213)	11,914,426	(11,914,426)
Maximum of the year	7,033,217	(7,033,217)	14,066,433	(14,066,434)
Minimum of the year	5,383,600	(5,383,596)	10,767,198	(10,767,194)

Sensitivity in equity to rate fluctuation in financial assets and liabilities

2024	50 bps of increase	50 bps of decrease	100 bps of increase	100 bps of decrease
As of December 31	6,247,860	(5,981,074)	12,362,326	(12,095,541)
Average of the year	697,998	(91,517)	1,154,270	(486,274)
Maximum of the year	6,247,860	1,212,054	12,362,326	1,329,926
Minimum of the year	(1,406,724)	(5,981,074)	(1,531,008)	(12,095,541)
2023				
As of December 31	6,921,732	(5,350,115)	13,057,655	(11,486,038)
Average of the year	1,704,187	794,449	2,184,717	339,581
Maximum of the year	11,133,910	11,245,620	13,057,655	11,301,475
Minimum of the year	(288,098)	(5,350,115)	(337,512)	(11,486,038)

(4) Financial Risk Management, continued

The table below summarizes the Bank's exposure to interest rate risk. The Bank's assets and liabilities are included in the table at their carrying values, classified by categories, based on the earlier of contractual repricing date or, maturity dates. Financial assets and liabilities that do not have contractual fixed returns are excluded.

2024	Up to 1 year	More than 1 to 3 years	More than 3 to 5 years	More than 5 years	Total
Assets:					
Time deposits in banks	3,949,244,851	0	0	0	3,949,244,851
Securities purchased under resale agreements	114,370,290	0	0	0	114,370,290
Investments in securities	1,859,771,843	743,002,401	272,783,698	1,451,043,509	4,326,601,451
Loans	2,303,384,437	652,390,682	321,629,511	4,262,202,189	7,539,606,819
Total	8,226,771,421	1,395,393,083	594,413,209	5,713,245,698	15,929,823,411
Liabilities:					
Savings deposits	1,066,363,677	0	0	0	1,066,363,677
Time and restricted deposits	5,910,220,567	347,309,772	36,372,468	661,452,856	6,955,355,663
Borrowing received	8,044,632	171,300,210	262,421,061	0	441,765,903
Securities sold under repurchase agreement	704,054,843	0	0	0	704,054,843
Bonds payable	10,202,273	0	0	1,203,415,497	1,213,617,770
Total	7,698,885,992	518,609,982	298,793,529	1,864,868,353	10,381,157,856
Net interest sensitivity margin	527,885,429	876,783,101	295,619,680	3,848,377,345	5,548,665,555

2023	Up to 1 year	More than 1 to 3 years	More than 3 to 5 years	More than 5 years	Total
Assets:					
Time deposits in banks	3,684,349,932	0	0	0	3,684,349,932
Securities purchased under resale agreements	211,332,863	0	0	0	211,332,863
Investments in securities	2,081,957,115	326,733,385	376,847,849	1,506,437,800	4,291,976,149
Loans	1,589,545,437	373,111,221	470,018,735	4,052,876,725	6,485,552,118
Total	7,567,185,347	699,844,606	846,866,584	5,559,314,525	14,673,211,062
Liabilities:					
Savings deposits	1,005,863,878	0	0	0	1,005,863,878
Time and restricted deposits	4,630,168,378	712,477,488	17,070,987	668,611,471	6,028,328,324
Borrowing received	1,253,891	0	246,610,375	0	247,864,266
Bonds payable	11,434,263	0	0	1,203,001,000	1,214,435,263
Total	5,648,720,410	712,477,488	263,681,362	1,871,612,471	8,496,491,731
Net interest sensitivity margin	1,918,464,937	(12,632,882)	583,185,222	3,687,702,054	6,176,719,331

The Bank's Treasury manages instruments such as: investments in securities, deposits in banks and deposits from customers, to manage the general position of the Bank's activities and the interest rate risk arising from these instruments is monitored by the Risk Steering Committee and Policies.

- *Price risk:*

  The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, regardless of whether they are caused by specific factors relating to the particular instrument or its issuer, or by factors affecting all securities traded in the market.

  To manage the price risk of instruments classified as FVOCI, the Bank uses the VaR metric. This measure is periodically compared with retrospective tests to evaluate the effectiveness of the metric and to identify possible deviations that allow the metric parameters to be calibrated.

(4) Financial Risk Management, continued

(d) Operational Risk

The operational risk is the possibility of incurring losses due to deficiencies, failures or inadequacies of the human resource, processes, technology, infrastructure, management information, the models used, or due to the occurrence of external events. This definition includes the legal risk associated with such factors; but it excludes losses due to lost profits, reputational risk and strategic risk.

The main objective of operational risk management is to improve the quality of services to customers, through continuous improvement in processes and controls, complying with existing standards and regulations.

The Operational Risk Unit ensures that the Board of Directors, Risk Committees and Senior Management receive bi-monthly information on the results of operational risk management, in accordance with the policies contained in the Bank's Risk Manual.

The Internal Audit Unit assesses compliance with the procedures used for operational risk management prepared in accordance with the provisions of current regulations.

(e) Capital Management

The Bank's policy is to maintain solid capital that can guarantee the future development of the investment and credit businesses within the market, with adequate levels of return on capital for the Panamanian State as the sole shareholder and the capital adequacy required by regulators. Decree Law No. 4 of 2006, amended by Law No. 24 of May 16, 2017, establishes that the Bank's capital may be increased periodically by the Board of Directors, upon favorable opinion of the Executive Branch by Decree, in accordance with the provisions of banking legislation or best banking practices. As of December 31, 2024, the Bank maintains a capital of B/.1,000,000,000 (2023: B/.1,000,000,000), established by Executive Decree 8 of May 19, 2023.

The Superintendency of Banks of Panama and the Panama Securities and Exchange Commission, as regulatory entities, require the Bank to maintain a total capital ratio based on risk weighted average assets. The Bank complies with the regulatory capital requirements to which it is subject.

Article No. 81 of Decree Law No. 2 of 2008, which amends article No. 45 of Decree Law No. 9 of 1998, provides that banks with general and international licenses must maintain capital funds equivalent to at least eight percent (8%) of their total risk weighted assets and off balance sheet operations, weighted according to their risks.

Agreement No. 005-2023 establishes the constitution of a capital conservation buffer of 2.5%, which came into effect on July 1, 2024, with the objective of guaranteeing the necessary reserves to face events of deterioration or losses. The minimum total regulatory capital will be 10.5%. As of December 31, 2024, the Bank's capital conservation buffer is B/.182,667,790.

(4) Financial Risk Management, continued

The Capital Adequacy ratio is regulated by the following Agreements of the Superintendency of Banks of Panama: Agreement No. 001-2015, establishes the capital adequacy standards applicable to banks, Agreement No. 003-2016 and its modifications establish the standards for determining credit and counterparty risk weighted assets, Agreement No. 003-2018 establishes the capital requirements for financial instruments, registered in the trading portfolio and Agreement No. 011-2018 establishes capital requirements for operational risk.

The following table provides the Bank's capital adequacy ratio as of December 31, 2024:

	2024	2023
Primary capital		
Paid-in-capital by Panamanian government	1,000,000,000	1,000,000,000
Retained earnings	258,667,034	199,365,917
Other items in other comprehensive income	30,104,694	28,459,199
Less: intangible assets	11,052,961	11,542,517
Primary capital	1,277,718,767	1,216,282,599
Dynamic regulatory provision	93,391,448	79,811,111
Total applicable capital funds	1,371,110,215	1,296,093,710
Total risk-weighted assets	7,306,711,613	6,824,620,058
Capital adequacy ratio	18.8%	19.0%

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

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next year. Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances. Any changes in assumptions or criteria may significantly affect the estimates.

(a) Impairment losses on financial assets

The Bank reviews its main financial assets such as cash and cash equivalents, investments in securities at amortized cost, and loans at amortized cost to evaluate the impairment based on the criteria established by the Risks and Policies Steering Committee, which establishes allowances based on the expected credit losses methodology. These allowances are divided into 3 different stages: losses at 12 months (low risk), losses over the expected life of the loan (significant risk), and loans in default (default risk). See note 3 (e.2).

(b) Fair value

For investment instruments listed on active markets, the fair value is determined by the instrument's reference price published on stock exchanges and stock exchange electronic systems. When independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These techniques include discounted future cash flow analyses and other valuation techniques commonly used by market participants. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

(c) Foreclosed assets of borrowers

Foreclosed properties that are impaired are reserved as such impairment occurs.

(6) Cash and Cash Equivalents

Cash and cash equivalents are detailed below for purposes of reconciliation with the statement of cash flows:

	2024	2023
Cash and cash equivalents	275,534,293	321,617,262
Demand deposits	14,421,177	50,992,900
Time deposits	3,943,430,000	3,680,000,000
Total gross cash, cash equivalents and deposits with banks in the statement of financial position, excluding interest receivable	4,233,385,470	4,052,610,162
Less: Time deposits in banks with original maturities over 90 days	100,000,000	0
Total cash and cash equivalents in the cash flow statement	4,133,385,470	4,052,610,162

As of December 31, 2024, the Bank maintains an allowance for expected losses on deposits in banks of B/.29,052 (2023: B/.19,885).

(7) Securities Purchased under Resale Agreements

As of December 31, 2024, the Bank maintains securities purchased under resale agreements, for B/.112,032,426 (2023: B/.206,848,736) with various maturities until 2025 and annual interest rates of 5.53% to 6.34% (2023: annual interest rate of 6.25% to 6.99%), the detailed below:

	2024	2023
Securities purchased under resale agreements	112,032,426	206,848,736
Interest receivable	2,337,864	4,484,127
Reserve for losses	(120,363)	(270,578)
Securities purchased under resale agreements at AC	114,249,927	211,062,285

These securities purchased under resale agreements are held with local financial institutions with a credit risk rating between BBB- and AA- (2023: BB+ y AA+).

(8) Investments in Securities

The composition and classification of investments in securities is as follows:

	2024			
	FVTPL	FVOCI	AC	Total
Public debt securities	70,216,339	0	1,993,924,086	2,064,140,425
Private debt securities	0	186,913,091	2,039,706,536	2,226,619,627
Private equity shares	0	27,872,327	0	27,872,327
Subtotal	70,216,339	214,785,418	4,033,630,622	4,318,632,379
Interest receivable	0	1,337,258	34,504,141	35,841,399
Allowance for losses	0	0	(10,376,755)	(10,376,755)
Balance of investments in securities	70,216,339	216,122,676	4,057,758,008	4,344,097,023

(8) Investments in Securities, continued

	2023			
	FVTPL	FVOCI	AC	Total
Public debt securities	55,121,675	0	2,230,695,775	2,285,817,450
Private debt securities	0	38,451,200	1,931,661,541	1,970,112,741
Private equity shares	0	24,233,440	0	24,233,440
Subtotal	55,121,675	62,684,640	4,162,357,316	4,280,163,631
Interest receivable	0	315,695	35,730,263	36,045,958
Allowance for losses	0	0	(6,063,321)	(6,063,321)
Balance of investments in securities	55,121,675	63,000,335	4,192,024,258	4,310,146,268

Equity instruments at fair value with changes in other comprehensive income as of December 31, 2024, recorded a net unrealized gain of B/.3,638,887 as a result of the net change in fair value (2023: net unrealized gain: B/.13,071,803). Debt instruments at fair value through other comprehensive income as of December 31, 2024, recorded an unrealized net gain of B/.211,105 as a result of the net change in fair value (2023: B/.2,494,510) that includes the allowance for expected credit losses of B/.53,635 (2023: B/.18,845).

As of December 31, 2024, the Bank received dividends on private equity investments of B/.2,134,379 (2023: B/.2,518,262).

As of December 31, 2024, securities at amortized cost were redeemed for B/.6,510,243,839 (2023: B/.5,699,946,822).

As of December 31, 2024, the Bank maintains an allowance for expected credit losses on investments in securities at amortized cost of B/.10,376,755 (2023: B/.6,063,321).

(9) Loans

The distribution by economic activity of the loan portfolio, net of the allowance for loan losses and unearned interest and commissions, is summarized below:

	2024	2023
Public sector, gross	1,473,419,746	829,066,598
Private sector, gross:		
Residential mortgages	2,455,946,670	2,259,691,315
Personal	1,328,069,326	1,303,292,359
Agricultural	714,093,594	617,397,744
Commercial	986,773,277	975,290,467
Financial institutions	508,031,776	430,023,340
Industrials	27,028,021	30,360,492
Overdrafts	572,021	376,041
Total gross private sector	6,020,514,685	5,616,431,758
Total gross loans	7,493,934,431	6,445,498,356
More (less):		
Accrued interest receivable	45,672,388	40,053,762
Interest and unearned commissions	(61,732,053)	(28,430,303)
Allowance for loan losses	(157,136,518)	(144,819,612)
Loans at amortized cost	7,320,738,248	6,312,302,203

(10) Property and Equipment

Property and equipment are summarized as follows:

2024	Land, Buildings and Improvements	Office Furniture and Equipment	Vehicles	Constructions in Progress	Total
Cost:					
At the beginning of the year	97,038,744	101,204,210	13,961,224	20,422,949	232,627,127
Purchases	1,250,000	5,390,951	3,266,741	16,029,884	25,937,576
Reclassifications	22,768,793	(9,150)	0	(22,759,643)	0
Sales and disposals	(2,386,443)	(15,487,522)	(893,894)	0	(18,767,859)
At the end of the year	118,671,094	91,098,489	16,334,071	13,693,190	239,796,844
Accumulated depreciation and amortization:					
At the beginning of the year	40,878,636	84,361,009	11,463,225	0	136,702,870
Expense of the year	2,895,984	6,128,180	759,902	0	9,784,066
Sales and disposals	(2,386,443)	(15,399,866)	(893,855)	0	(18,680,164)
At the end of the year	41,388,177	75,089,323	11,329,272	0	127,806,772
Net balance	77,282,917	16,009,166	5,004,799	13,693,190	111,990,072

2023	Land, Buildings and Improvements	Office Furniture and Equipment	Vehicles	Constructions in Progress	Total
Cost:					
At the beginning of the year	93,509,304	97,888,517	13,742,344	7,484,864	212,625,029
Purchases	1,285,897	4,359,996	993,735	15,466,104	22,105,732
Reclassifications	2,482,919	45,100	0	(2,528,019)	0
Sales and disposals	(239,376)	(1,089,403)	(774,855)	0	(2,103,634)
At the end of the year	97,038,744	101,204,210	13,961,224	20,422,949	232,627,127
Accumulated depreciation and amortization:					
At the beginning of the year	38,670,509	80,276,897	11,160,954	0	130,108,360
Expense of the year	2,447,503	5,171,592	1,077,092	0	8,696,187
Sales and disposals	(239,376)	(1,087,480)	(774,821)	0	(2,101,677)
At the end of the year	40,878,636	84,361,009	11,463,225	0	136,702,870
Net balance	56,160,108	16,843,201	2,497,999	20,422,949	95,924,257

The Bank maintains within constructions in progress category, its own property under construction for B/.3,600,086 (2023: B/.2,067,186) and purchases in transit for B/.10,093,104 (2023: B/.18,355,763).

(11) Intangible Assets

The movement of intangible assets, mainly composed of licenses acquired for technology programs, is summarized below:

	2024	2023
Balance at the beginning of the year	11,542,517	10,979,526
Purchases	1,953,273	3,662,802
Amortization for the year	(2,442,829)	(3,099,811)
Balance at the end of the year	11,052,961	11,542,517

(12) Leases

As a Lessee

The Bank leases 5 types of real estate: Administrative offices and bank branches, ATM´s space, warehouses/deposits, and parking lots/land. Following is the information of the leases in which the Bank is a lessee:

Right-of-use assets

2024	Administrative offices and bank branches	ATM's space	Multifunctional/ Printers	Warehouses/ Deposits	Total
Balance as of January 1, 2024	1,676,973	37,901	56,096	86,954	1,857,924
Additions	1,254,790	1,014,245	726,541	93,758	3,089,334
Anticipated cancellations	(2,222)	0	0	0	(2,222)
Depreciation for the period	(1,045,700)	(115,412)	(232,566)	(102,580)	(1,496,258)
Balance as of December 31, 2024	1,883,841	936,734	550,071	78,132	3,448,778

2023	Administrative offices and bank branches	ATM's space	Parking lots/ Land	Multifunctional /Printers	Warehouses/ Deposits	Total
Balance as of January 1, 2023	2,228,887	94,632	2,600	0	192,861	2,518,980
Additions	516,288	35,068	0	59,495	90,390	701,241
Adjustments for modifications	64,138	0	0	0	0	64,138
Anticipated cancellations	(30,037)	0	0	0	0	(30,037)
Depreciation for the year	(1,102,303)	(91,799)	(2,600)	(3,399)	(196,297)	(1,396,398)
Balance as of December 31, 2023	1,676,973	37,901	0	56,096	86,954	1,857,924

Lease Liabilities

Maturity analysis - Undiscounted contractual cash flows

	2024	2023
Less than one year	45,460	284,415
One to five years	2,843,523	869,279
More than five years	1,293,800	1,064,146
Total undiscounted lease liabilities	4,182,783	2,217,840
Lease liability included in statement of financial position	3,650,769	2,025,140

Amount recognized in the statement of profit or loss

	2024	2023
Interest expense on lease liabilities	194,129	105,702
Expenses related to short-term leases	802,185	681,405

Amounts recognized in the statement of cash flows

	2024	2023
Total cash outflows from leases, net	2,457,736	2,288,725

(12) Leases, continued

As of December 31, 2024, total lease cash recognized in the statement of cash flows includes the portion of the payment to principal as a financing activity for B/.1,461,422 (2023: B/.1,501,618), the portion of interest for B/.194,129 (2023: B/.105,702) and the portion of short-term leases for B/.802,185 (2023: B/.681,405) as an operating activity.

(a) Real Estate Leases

The Bank leases buildings in which it has its administrative offices and branches. Office leases are normally executed for a period of 2 to 7 years and branch leases for 2 to 15 years, except for certain branch and ATM space leases. Some leases include an option to renew the lease for an additional period of the same duration after the end of the lease term.

Extension Options

The lease of the premises for the branch in San Felipe contains an option to extend the term for equal periods that can be automatically extended. Where possible, the Bank seeks to include extension options in new leases to provide operational flexibility. Extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at the outset of the lease whether it is reasonably certain that it will exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(b) Other Leases

The Bank also leases IT infrastructure for different areas of the business. These contracts are normally agreed for terms of 1 to 2 years; they do not contain a clause that determines an option for extension of the term, however, renegotiation is highly probable.

The Bank has certain leases for office and branch premises, ATM spaces, warehouses, storage/deposits, and technology/communications. The terms of these leases may vary between 1 and 3 years, and they have been included in the classification as short-term and/or low-value leases.

(13) Tax Credit from Preferential Interest on Loans

In accordance with current tax regulations in Panama, financial entities that grant preferential mortgage loans for home purchases or construction whose price does not exceed B/.180,000 receive the annual benefit of a fiscal credit. As of July 2010, according to Law No. 8 of March 15, 2010, which repeals article 6 of Law No. 3 of 1985, the benefit of a tax credit is increased from the first ten (10) years to the first (15) years for new loans, for the amount equivalent to the difference between the income that the financial entity would have received if it had collected the market reference interest rate, which was in effect during that year, and income actually received as interest in relation to each of such preferential mortgage loans.

(13) Tax Credit from Preferential Interest on Loans, continued

The tax credit under Law No. 3 of 1985, as amended by Law No. 29 of 2008, can be used for the payment of national taxes, including income tax. The tax credit under Act No. 11 of 1990, Act No. 28 of 1994 and Act No. 50 of 1999 can be used only for the payment of income tax. If in any tax year a bank is not able to use effectively all tax credits to which it is entitled, then it may use the excess credit during the next three years at its discretion or transfer it, in whole or in part, to another taxpayer. Article 7 of Law 3 of 1985 was amended by Article 9 of Law No. 66 of 2017, which included a transitory paragraph, which stipulates that the tax credits established and regulated, which would have expired in 2017, based on the three-year statute of limitations, will regain their validity and will be subject to the five-year statute of limitations.

As of December 31, 2024, there were unrecognized tax credits from the General Revenue Authority (DGI) amounting to B/.87,264,282 (2023: B/.138,645,455) and current tax credits amounting to B/.0 (2023: B/.24,700,521). During 2024, the DGI recognized tax credits of the bank for B/.122,610,444 (2023: B/.18,874,447) and no sales were made (2023: B/.0). Bank's management has established a valuation allowance for the portion of the tax credits that it estimates will not be recovered through their sale. As of December 31, 2024, the Bank maintains a valuation allowance for tax credits in the amount of B/.2,398,257 (2023: B/.4,215,651).

As of December 31, 2024, non-monetary transactions were carried out for the recovery of tax credits for mortgage loans with preferential interest through Public Debt Securities of the Republic of Panama amounting to B/.147,311,000.

(14) Other Assets

Borrowers' Foreclosed Assets

The foreclosed assets of borrowers correspond to real estate that guaranteed loans, and whose guarantee was foreclosed and awarded to the Bank. Management expects to recover the written-off balance of principal and interest through the sale of these properties.

The assets foreclosed from borrowers are detailed as follows:

	2024	2023
Assets foreclosed from borrowers	9,590,886	7,682,826
Net balance	9,590,886	7,682,826

The movement of the impairment reserve of borrowers foreclosed assets is detailed below:

	2024	2023
Balance at the beginning of the year	0	639,169
Provision for valuation of foreclosed assets	1,045,977	1,635,576
Assets written-off	(1,045,977)	(2,274,745)
Balance at end of year	0	0

As of December 31, 2024, the Bank made sales of assets foreclosed from borrowers for B/.7,663,696 (2023: B/.1,648,153).

(14) Other Assets, continued

The other miscellaneous assets are detailed as follows:

	2024	2023
Numismatic and other currencies	2,547,794	2,582,152
Financing program ("Profinco")	450,305	480,604
Printing and supplies	3,539,214	3,491,626
Account receivable - FECI grant	15,267,758	14,727,394
Other remittances and transfers in transit	277,217	5,335,333
Prepaid expenses and insurance	497,493	379,269
Cultural property	595,931	259,928
Cash withdrawals to be compensated – Clave Card	722,032	520,937
Insurance receivable on loans	877,222	735,722
Balance of loans receivable through life insurance policies	0	208,183
Account receivable – subsidies, net	129,224	99,885,092
Others	5,312,952	5,369,429
	30,217,142	133,975,669

As of December 31, 2024, the Bank maintains an account receivable for subsidies in the amount of B/.129,224 (2023: B/.99,885,092). The Bank, as the financial institution by excellence of the Government, is empowered to support the execution of programs and projects that contribute to the economic and social development of the country.

The digital voucher is a solidarity support program for citizens affected by the COVID-19 Pandemic, which consists of granting the beneficiaries of the Panama Solidarity Plan a capacity to consume in affiliated businesses, through their personal identity card. The digital voucher is created within the Panama Solidarity Plan, through Executive Decree No. 400 of March 27, 2020, and its regulations, contained in Resolution No. 01 of May 26, 2020.

(15) Restricted Deposits

As of December 31, 2024, restricted deposits at amortized cost amounted to B/.115,846,588 (2023: B/.97,866,081) and consisted of deposits received from banks operating in Panama under a general and international license and entities with a trust license in compliance with the Banking Law and the Trust Law, and other restricted deposits from customers for various concepts.

(16) Obligations

Foreign Borrowing Received

As of December 31, 2024, the Bank maintains the following borrowing received from abroad:

				Carrying value at AC	
Start Date	Maturity Date	Interest Rate	Principal Due	2024	2023
Ago-20	Ago-27	1.232%	196,363,636	185,843,825	247,864,266
Jul-24	Jun-29	5.801%	262,155,209	255,922,078	0
				441,765,903	247,864,266

Both borrowing maintain biannual payment frequency for interest and capital.

(16) Obligations, continued

Securities sold under repurchase agreement

As of December 31, 2024, the Bank maintains obligations resulting from securities sold under repurchase agreements, which are detailed below:

Start Date	Maturity Date	Interest Rate	Principal Due	Carrying value at AC 2024	Carrying value at AC 2023
Sep-24	Sep-25	4.675%	500,104,879	506,800,327	0
Dic-24	Mar-25	4.800%	197,044,335	197,254,516	0
				704,054,843	0

Bonds Payable

Type	Maturity Date	Interest Rate	Principal Due	Carrying value at AC 2024	Carrying value at AC 2023
Series D – Issuance on September 2019	Sep-29	3.000%	205,736,000	206,216,051	206,267,485
International Bond – Issuance on August 2020	Aug-30	2.500%	1,000,000,000	1,007,401,719	1,008,167,778

The bond issues are backed by the Bank's general credit and represent general obligations of the Bank, not secured by specific assets or rights and without special privileges. For local bonds, interest is payable quarterly; for international bonds, interest is payable semi-annually; for both issues of bonds principal is paid at maturity. Local Series D bonds may be redeemed in advance by the Bank.

The Bank did not have any defaults of principal, interest or other covenant breaches in relation to its obligations.

The following is a detail of the movement in the obligations payable for the purpose of reconciliation with the statement of cash flows:

	2024	2023
Balance at the beginning of the year	1,462,299,529	1,523,566,242
New borrowings received	262,155,209	0
Premium pending amortization	(14,999,049)	0
Securities sold under repurchase agreement	746,900,457	0
Payments of financing received	(65,454,545)	(65,454,545)
Payments for securities sold under repurchase agreement	(49,751,243)	0
Interest and commissions paid	(34,830,161)	(35,129,193)
Recognition of interest	53,118,319	39,317,025
Balance at the end of the year	2,359,438,516	1,462,299,529

As of December 31, 2024, interest payable on financing received from abroad B/.8,044,632 (2023: B/.1,253,891), for securities purchased under repurchase agreements is B/.6,905,629 (2023: B/.0) for the local bond, is B/.480,051 (2023: B/.531,485), and for the international bonds B/.9,722,222 (2023: B/.10,902,778).

(17) Other Liabilities

Miscellaneous Liabilities

The detail of miscellaneous liabilities is summarized below:

	2024	2023
Labor liabilities	28,360,383	26,554,924
Seniority bonus provision	13,207,929	11,248,617
Seniority premium provision	15,799,319	13,665,564
Other provisions	5,957,754	1,900,992
Other	8,712,122	4,925,270
	72,037,507	58,295,367

Seniority Bonus Provision

The seniority bonus is a defined post-employment benefit granted to Bank employees when the following two conditions are met: they have accumulated fifteen or more years of service and terminate the employment relationship due to old age pension or absolute disability; these employees will be entitled to a seniority bonus at the rate of one week's salary for each working year, up to a maximum of ten months. This benefit is based on the Laws governing Banco Nacional de Panama.

The table below shows a reconciliation between the opening and closing balances of the defined benefit liability:

	2024	2023
Balance as of January 1	11,248,617	10,314,016
Included in the year's profit or loss:		
Current cost of service	799,538	1,048,784
Interest cost (income)	630,462	561,216
Included in OCI:		
Actuarial loss (gain)	1,206,388	(211,599)
Others:		
Benefits paid	(677,076)	(463,800)
Balance as of December 31	13,207,929	11,248,617

According to the latest actuarial calculations as of December 31, 2024, the total accumulated seniority bond obligation is for B/.12,790,171 (2023: B/.10,749,713).

Below are the main actuarial assumptions as of December 31, 2024:

	2024	2023
Discount rate	5.24%	5.99%
Salary increase	1.83%	2.12%
Inflation rate	1.83%	2.12%

(17) Other Liabilities, continued

The discount rate to be used to discount the cash flows related to the defined long-term benefits was determined considering, as a first reference, the market yields at the date of the analysis of the high-quality corporate bonds or debentures. The currency and term of the high-quality corporate bonds must be consistent with the currency and estimated term of payment of the post-employment benefit obligations.

Mortality assumptions are based on statistics published by the World Health Organization (WHO), in Table 2019 for Panama, separately for men and women.

The population of Bank employees at the date of the analysis was composed of 2,156 women (2023: 2,073) and 1,691 men (2023: 1,581) for a total of 3,847 employees (2023: 3,654), as follows:

	2024			2023		
	Women	Men	Total	Women	Men	Total
Employee population						
Employees (number)	2,156	1,691	3,847	2,073	1,581	3,654
Average age (years)	41	42	41	41	42	41
Seniority age (years)	10	10	10	10	11	10
Population of employees with more than 15 years of seniority						
Employees (number)	557	441	998	537	439	976
Average age (years)	49	52	50	48	52	50
Seniority age (years)	21	23	22	21	24	22

Sensitivity Analysis

Post-employment defined benefit obligations were calculated using the projected unit credit method. The obligations and expenses may change in the future as a result of future changes in actuarial methods and assumed changes in the Bank's policy, or as a result of future profits and losses.

The effect that an increase or decrease in major actuarial inputs could have in the period is presented below:

	Discount rate		Rate of salary increase	
2024	100 bps increase	100 bps decrease	200 bps increase	200 bps decrease
Seniority bonus liability	(1,292,205)	1,543,813	1,789,245	(1,238,650)

	Discount rate		Rate of salary increase	
2023	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Seniority bonus liability	(1,078,652)	1,284,656	1,323,762	(1,126,081)

(17) Other Liabilities, continued

Seniority Premium Provision

Law 23 of May 12, 2017, modified by Law 241 of October 13, 2021, establishes a right for public servants, permanent, transitory or contingent, whatever the cause of termination of functions, they will have the right to receive a seniority premium, at a rate of one week's salary for each year worked in the institution, from the beginning of the permanent relationship.

Upon entering into force and the provisions of Law 241 of October 13, 2021, the Bank began in 2021 the recognition and payment of the seniority premium to its employees.

The table below shows a reconciliation between the beginning balances and the ending balances for the seniority premium benefit as of December 31, 2024.

	2024	**2023**
Balance as of January 1	13,665,564	12,530,343
Included in the year's profit or loss:		
Current cost of service	1,416,504	1,539,335
Interest cost (income)	764,699	685,911
Included in OCI:		
Actuarial loss (gain)	998,109	(241,355)
Others:		
Benefits paid	(1,045,557)	(848,670)
Balance as of December 31	15,799,319	13,665,564

According to actuarial calculations as of December 31, 2024, the total accumulated seniority premium obligation is B/.15,283,336 (2023: B/.13,131,533).

The actuarial assumptions applied to establish the seniority premium labor liability are equivalent to those used in the seniority bonus.

Sensitivity Analysis

Post-employment defined benefit obligations were calculated using the projected unit credit method. Obligations and expenses may change in the future as a result of future changes in actuarial methods and assumed changes in Bank’s policy, or as a result of future gains and losses.

The effect that an increase or decrease in the main actuarial inputs could have on the year is presented below:

	Discount rate		**Rate of salary increase**	
2024	**100 bps increase**	**100 bps decrease**	**200 bps increase**	**200 bps decrease**
Seniority premium provision	(1,459,396)	1,738,391	1,920,086	(1,473,599)

	Discount rate		**Rate of salary increase**	
2023	**100 bps increase**	**100 bps decrease**	**200 bps increase**	**200 bps decrease**
Seniority premium provision	(1,206,074)	1,428,722	1,472,098	(1,259,260)

(18) Commitments and Contingencies

In the normal course of its operations, the Bank maintains financial instruments with risks outside the statement of financial position to meet the financial needs of its clients. These financial instruments include letters of credit, guarantees issued and payment pledges and involve, to various degrees, elements of credit risk.

Commercial letters of credit, guarantees and endorsements issued on behalf of customers and payment pledges involve some element of risk of loss in the event of customer default, net of the tangible guarantees covering these transactions. The Bank's policies and procedures for granting these contingent credits are similar to those used for extending loans. Management does not anticipate that the Bank will incur material losses resulting from these contingent credits granted for the benefit of customers.

The financial instruments outside the statement of financial position, which are subject to credit risk, are presented below

	2024	2023
Letters of credit	6,584,265	17,796,908
Payment pledges	469,197,382	520,279,655
Loan commitments	34,199,507	38,690,391
	509,981,154	576,766,954

As of December 31, 2024, the Bank maintains a reserve for letters of credit and payment pledges for B/.1,609,999 (2023: B/.528,210).

As of December 31, 2024, there were lawsuits filed against Banco Nacional de Panama in the amount of B/.1,307,068,873 (2023: B/.1,304,064,856). The Bank's management and its legal counsel estimate that there is a remote probability that the Bank will be ordered to pay the total amount claimed. As of December 31, 2024, the Bank does not maintain any provisions (2023: B/.0) in relation to legal cases. In particular, to a lawsuit for B/.1,268,704,177, Management considers, based on the opinion of the external legal counsel in charge of the case, that in the event that the lawsuit is admitted by the Third Chamber of Administrative Litigation of the Supreme Court of Justice, there is a high probability of a ruling in favor of the Bank, and therefore it is not deemed necessary to make provisions in respect of this process.

(19) Fees for Banking Services

The breakdown of the most significant fees for banking service revenues reconciled to the reportable segments in Note 22 is as follows:

	2024			
	Metropolitan Area	Central Area	Western Area	Total
Letters of credit	111,155	9,724	7,657	128,536
Transfers	508,154	25,309	59,941	593,404
Credit card services	13,517,516	843,759	870,760	15,232,035
Fund management, custody and brokerage	3,605,201	41,774	42,129	3,689,104
Current accounts	969,485	42,400	46,669	1,058,554
Savings accounts	210	60	650	920
State services	329,748	53,168	29,271	412,187
Guarantee certificates and cashier's checks	676,508	53,707	45,912	776,127
National stamps	18,356	2,066	1,484	21,906
Clearinghouse services	3,564,123	13,261	10,885	3,588,269
Commission for negotiation and consulting	1,082,500	0	0	1,082,500
Others	4,310,327	86,530	136,288	4,533,145
Total banking service fees (see note 22)	28,693,283	1,171,758	1,251,646	31,116,687

	2023			
	Metropolitan Area	Central Area	Western Area	Total
Letters of credit	517,495	0	3,279	520,774
Transfers	511,638	26,239	54,907	592,784
Credit card services	12,969,041	942,160	933,963	14,845,164
Fund management, custody and brokerage	3,397,439	25,480	15,117	3,438,036
Current accounts	1,167,335	45,999	46,498	1,259,832
Savings accounts	375	240	910	1,525
State services	325,051	54,889	31,791	411,731
Guarantee certificates and cashier's checks	602,772	42,347	35,051	680,170
National stamps	32,357	2,090	1,568	36,015
Clearinghouse services	3,275,419	11,693	10,452	3,297,564
Commission for negotiation and consulting	835,000	0	0	835,000
Others	2,526,372	92,562	122,131	2,741,065
Total banking service fees (see note 22)	26,160,294	1,243,699	1,255,667	28,659,660

(20) Other Income

The other income included in the statement of profit or loss is summarized below:

	2024	2023
Miscellaneous banking services	1,107,652	1,091,283
Gain on sale of foreclosed assets	7,498,711	915,291
Cash management	1,273,441	1,245,271
Inspections and appraisals	104,890	82,444
Legal income	570,764	801,035
Employee resource management	256,298	310,424
Foreign exchange gain, net	593,883	528,251
Insurance administration and collection management	8,510,427	8,269,007
Other	1,912,527	1,585,412
	21,828,593	14,828,418

(21) General and Administrative Expenses

The breakdown of salaries and other personnel expenses and other general and administrative expenses is as follows:

	2024	**2023**
Salaries and other staff costs		
Salaries and other remunerations	81,723,022	75,752,671
Seniority premium	2,181,032	2,218,011
Seniority bonus	1,430,000	1,610,000
Social Security	15,009,271	12,491,753
Employee benefits	27,854,401	32,303,747
Training	1,669,243	2,310,528
Other	1,326,429	747,186
	131,193,398	127,433,896
Other expenses		
Banking regulation and supervision fees	205,000	205,000
Legal	293,110	360,563
Water supply	112,519	152,400
Surveillance service	890,092	851,982
Meals	249,534	167,548
Memberships	486,627	475,883
Others	9,784,628	6,565,541
	12,021,510	8,778,917

(22) Segment Information

Management has established business segments for its financial analyses. These segments offer various products and services and are managed separately by geographic area based on the Bank's organizational structure. Below is presented the information by segments:

	2024			
Detail	**Metropolitan Area**	**Central Area**	**Western Area**	**Total**
Interest and fee Income	684,287,174	64,543,835	58,058,205	806,889,214
Interest expenses	(291,075,786)	(3,548,015)	(2,376,827)	(297,000,628)
Provision for losses in deposits with banks	(9,167)	0	0	(9,167)
Provision for loss on investment securities at AC	(4,163,219)	0	0	(4,163,219)
Provision for loss on investment securities at FVOCI	(34,790)	0	0	(34,790)
Provision for loan losses	(10,268,682)	(5,975,560)	(4,555,985)	(20,800,227)
Provision for valuation of foreclosed assets	(1,045,977)	0	0	(1,045,977)
Fees for banking services	28,693,283	1,171,758	1,251,646	31,116,687
Other income	24,021,922	2,442,882	1,784,304	28,249,108
General and administrative expenses	(196,226,820)	(13,723,273)	(10,051,234)	(220,001,327)
Net income	234,177,938	44,911,627	44,110,109	323,199,674
Segment assets	15,615,507,911	357,616,853	296,297,567	16,269,422,331
Segment liabilities	14,328,868,357	308,132,849	247,332,296	14,884,333,502

	2023			
Detail	**Metropolitan Area**	**Central Area**	**Western Area**	**Total**
Interest and fee Income	590,854,527	59,137,954	52,802,994	702,795,475
Interest expenses	(227,005,933)	(2,710,446)	(2,055,205)	(231,771,584)
Reversal of provision for losses on deposits in banks	16,555	0	0	16,555
Provision for loss on investment securities at AC	(780,850)	0	0	(780,850)
Provision for loan losses	(15,947,361)	382,331	(879,905)	(16,444,935)
Provision for valuation of foreclosed assets	(1,635,576)	0	0	(1,635,576)
Fees for banking services	26,160,294	1,243,699	1,255,667	28,659,660
Other income	15,222,040	2,411,300	1,827,675	19,461,015
General and administrative expenses	(185,133,742)	(13,909,448)	(10,218,409)	(209,261,599)
Net income	201,749,954	46,555,390	42,732,817	291,038,161
Segment assets	14,680,880,067	336,906,164	282,778,252	15,300,564,483
Segment liabilities	13,466,602,877	287,238,471	236,479,475	13,990,320,823

(23) Balances and Transactions with Related Parties

The Bank has incurred in transactions in the ordinary course of business with certain related parties such as key management personnel and government entities, including autonomous and semi-autonomous entities. Given the Bank's state-owned nature and its role as a financial agent of the state and official depository of the Nation's funds, significant concentrations of loans and deposits received from government entities are maintained.

At December 31, 2024, the following were the aggregate balances in respect of transactions with related parties:

	Directors and Key Management Personnel		Government Sector	
	2024	2023	2024	2023
Assets				
Time deposits at amortized cost	0	0	0	40,032,396
Investments in securities at amortized cost	0	0	1,469,353,282	1,274,260,348
Loans:				
Loans outstanding at beginning of the period	3,379,589	2,648,442	829,066,598	828,303,655
Loans issued during the period	743,723	2,124,834	1,519,968,521	755,713,084
Loans settled during the period	(771,098)	(1,393,687)	(875,615,373)	(754,950,141)
Gross balance	3,352,214	3,379,589	1,473,419,746	829,066,598
Accrued interest receivable	682	2,259	16,598,578	8,568,771
Loans outstanding at end of the period at amortized cost	3,352,896	3,381,848	1,490,018,324	837,635,369
Account receivable – subsidies	0	0	129,224	99,885,092
Fiscal credit from preferential interest on loans	0	0	84,866,025	159,130,325
Liabilities				
Deposits at amortized cost:				
Demand deposits	7,041	15,484	2,874,885,091	3,840,764,059
Savings deposits	980,439	991,411	0	0
Time deposits	237,000	68,000	6,422,543,326	5,612,773,252
Restricted deposits	0	0	27,180,685	15,768,328
Bond payable at amortized cost	0	0	206,216,051	206,267,485
Commitments:				
Letters of credit	0	0	20,191,726	8,669,713
Profit and Loss				
Interest and commission income:				
Investments in securities	0	0	148,040,432	131,225,737
Deposits in banks	0	0	1,034,348	768,587
Loans	102,664	97,279	39,383,257	36,222,043
Interest expenses:				
Deposits	24,113	31,247	181,212,213	140,622,200
Bond	0	0	6,223,514	6,257,803
General and administrative expenses:				
Directors' allowances	385,000	285,000	0	0
Salaries	8,375,716	5,915,379	0	0
Employee benefits	269,007	251,649	0	0

The Bank's group of directors and key management personnel consists of 5 directors and 44 senior managers.

Loans to key management personnel are granted with the same terms and conditions that are available to other employees. As of December 31, 2024, loans granted to related parties have been classified as low risk and they maintain an allowance for expected credit losses of B/.3,518,914 (2023: B/.739,819).

(24) Assets under Management and Custody

As of December 31, 2024, the Bank held trust agreements on behalf under management and risk of third parties for B/.2,775,114,951 (2023: B/.3,744,194,046). Given the nature of these services, management considers that the Bank does not assume significant risks in the execution of the terms and conditions contained in those agreements.

The Bank provides securities brokerage and custody services. This activity is carried out under a brokerage house license, at the clients' risk. As at December 31, 2024, the carrying value of this investments in securities portfolio amounted to B/.3,934,151,485 (2023: B/.4,191,000,655) and is controlled in off-balance accounts that are not part of the Bank's statement of financial position. Given the nature of these services, management considers that there is no significant risk of loss to the Bank in the provision of such services.

During 2024, the Bank obtained income from commissions earned from trust activities for B/.1,586,751 (2023: B/.1,655,573), brokerage and custody services for B/.772,791 (2023: B/.707,268), and securities services for B/.907,836 (2023: B/.377,227). During the period, the Bank incurred financial services expenses for B/.826,013 (2023: B/.755,565).

Banco Nacional de Panama does not hold a portfolio under discretionary management of third-party accounts.

(25) Fair Value of Financial Instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer's price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that are not frequently traded and for which there is little availability of pricing information, fair value is less objective, and its determination requires the use of varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Bank measures fair value using the following levels of hierarchy that reflect the significance of the inputs used in making the measurements:

- Level 1: Prices quoted (unadjusted) in active markets for identical assets or liabilities that are accessible to the Bank's management at the measurement date.

- Level 2: Input data other than quoted prices included in Level 1 that are observable, either directly (i.e., prices) or indirectly (i.e., determined on the basis of 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, or other valuation techniques where significant input data are directly or indirectly observable in a market.

- Level 3: This category covers all instruments where valuation techniques include unobservable inputs and have a significant effect on the instrument's valuation. This category includes instruments that are valued, based on quoted prices for similar instruments where significant unobservable assumptions or adjustments reflect the difference between the instruments.

(25) Fair Value of Financial Instruments, continued

Other valuation techniques include net present value, discounted cash flow models, comparisons with similar instruments for which there are observable market prices, and other valuation models. The assumptions and inputs used in the valuation techniques include risk-free reference rates, credit spreads and other assumptions used in estimating discount rates and stock prices.

The objective of using a valuation technique is to estimate the price at which an orderly sale of the asset or transfer of the liability would take place between market participants at the measurement date under current market conditions.

The carrying amount and fair value of financial assets and liabilities not measured at fair value are detailed as follows:

	2024	
	Carrying value	**Fair value**
Financial assets:		
Time deposits at AC	3,949,215,806	3,949,244,851
Investments in securities at AC	4,057,758,008	3,832,042,111
Loans at AC	7,320,738,248	6,868,903,702
	15,327,712,062	14,650,190,664
Financial liabilities:		
Time deposits at AC	6,839,509,075	6,822,790,825
Local bonds payable at AC	206,216,051	195,900,791
International bonds payable at AC	1,007,401,719	797,120,000
Securities sold under repurchase agreements at AC	704,054,843	702,501,465
Borrowings received at AC	441,765,903	442,540,993
	9,198,947,591	8,960,854,074

	2023	
	Carrying value	**Fair value**
Financial assets:		
Time deposits at AC	3,684,330,069	3,684,349,932
Investments in securities at AC	4,192,024,258	3,956,201,838
Loans at AC	6,312,302,203	5,738,037,974
	14,188,656,530	13,378,589,744
Financial liabilities:		
Time deposits at AC	5,930,462,243	5,908,091,738
Local bonds payable at AC	206,267,485	205,010,369
International bonds payable at AC	1,008,167,778	753,680,000
Borrowing received at AC	247,864,266	236,643,496
	7,392,761,772	7,103,425,603

Interest payable on customers time deposits is B/.12,060,700 (2023: B/.7,922,053).

(25) Fair Value for Financial Instruments, continued

The following table analyses financial instruments measured at fair value on a recurring basis. These instruments are classified at different levels of the fair value hierarchy based on the data input and valuation techniques used:

	Fair Value			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in securities at FVOCI:				
Equity shares	12,989,510	1,081,413	13,801,404	27,872,327
Investments in debt securities	186,913,091	0	0	186,913,091
	199,902,601	1,081,413	13,801,404	214,785,418
Investments in securities at FVTPL:				
Negotiable certificates	0	70,216,339	0	70,216,339

	Fair Value			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in securities at FVOCI:				
Equity shares	10,115,135	1,135,882	12,982,423	24,233,440
Investments in debt securities	38,451,200	0	0	38,451,200
	48,566,335	1,135,882	12,982,423	62,684,640
Investments in securities at FVTPL:				
Negotiable certificates	0	55,121,675	0	55,121,675

The Bank maintains policies and processes to determine the fair value of financial instruments. The fair value is based on quoted market prices as the first alternative; when there are no available quotes, internal valuation models are applied such as those generally used in the local banking industry and must prioritize the use of observable market variables and minimize the use of discretionary parameters.

As of December 31, 2024, no transfers of financial instruments were recorded between Level 1 and Level 2 of the fair value hierarchy. The Bank's policies establish the events under which changes may occur in the hierarchy levels of the fair value of financial instruments.

The valuation techniques for financial instruments measured at fair value at Level 3 are detailed below:

	Quantitative information on fair value Level 3			
2024	**Fair value**	**Valuation technique**	**Unobservable input data**	**Range**
Equity shares	13,801,404	Discounted projected cash flows	Projected annual growth	5% - 10%

	Quantitative information on fair value Level 3			
2023	**Fair value**	**Valuation technique**	**Unobservable input data**	**Range**
Equity shares	12,982,423	Discounted projected cash flows	Projected annual growth	5% - 10%

(25) Fair Value for Financial Instruments, continued

The valuation techniques for negotiable certificates at fair value through profit or loss at Level 2 are detailed below:

Fair value valuation technique Level 2		2024	2023
Negotiable certificates	Market price provided by the administrator of the negotiable certificates	70,216,339	55,121,675

The following table sets out information on the sensitivity of the fair value of Level 3 financial instruments to unobservable input data:

Quantitative information on fair value Level 3	Valuation Technique	Unobservable input data	Sensitivity	2024	2023
Equity shares	Discounted projected cash flows	Projected annual growth	A significant decrease in projected net flows would cause a reduction in fair value	5% - 10%	5% - 10%

The following table shows a reconciliation of opening balances to ending balances for instruments measured at fair value at Level 3 of the fair value hierarchy:

2024	Financial instruments: Negotiable certificates	Financial instruments: Equity shares	Total
Balance as of January 1	0	12,982,423	12,982,423
Total profit or loss			
In OCI	0	818,981	818,981
Balance as of December 31	0	13,801,404	13,801,404

2023	Financial instruments: Negotiable certificates	Financial instruments: Equity shares	Total
Balance as of January 1	43,375,748	0	43,375,748
Total profit or loss			
In income statement	2,889,013	0	2,889,013
In OCI	0	12,591,281	12,591,281
Purchases	8,856,914	0	8,856,914
Transferred to Level 3	0	391,142	391,142
Transferred from Level 3	(55,121,675)	0	(55,121,675)
Balance as of December 31	0	12,982,423	12,982,423

During 2023, some equity shares at fair value through other comprehensive income went from being recorded at acquisition cost to being valued using a discounted projected cash flow model (Level 3).

For investment instruments in securities that are quoted in active markets, the fair value is determined by the instrument's reference price published in stock exchanges, in electronic stock information systems, or provided by price providers. When independent prices are not available, fair values are determined using valuation techniques with reference to observable market data.

(25) Fair Value for Financial Instruments, continued

The following table analyzes the fair value of financial instruments that are not carried at fair value, classified by level, as follows:

Description	2024 Level 1	2024 Level 2	2024 Level 3
Assets:			
Time deposits at AC	0	0	3,949,244,851
Investments in securities at AC	565,708,486	3,266,333,625	0
Loans at AC	0	0	6,868,903,702
	565,708,486	3,266,333,625	10,818,148,553
Liabilities:			
Time deposits at AC	0	0	6,822,790,825
Local bond payable at AC	0	0	195,900,791
International bond payable at AC	0	797,120,000	0
Securities sold under repurchase agreements at AC	0	702,501,465	0
Borrowings received at AC	0	442,540,993	0
	0	1,942,162,458	7,018,691,616

Description	2023 Level 1	2023 Level 2	2023 Level 3
Assets:			
Time deposits at AC	0	0	3,684,349,932
Investments in securities at AC	1,109,856,887	2,846,344,951	0
Loans at AC	0	0	5,738,037,974
	1,109,856,887	2,846,344,951	9,422,387,906
Liabilities:			
Time deposits at AC	0	0	5,908,091,738
Local bond payable at AC	0	0	205,010,369
International bond payable at AC	0	753,680,000	0
Securities sold under repurchase agreements at AC	0	0	0
Borrowings received at AC	0	236,643,496	0
	0	990,323,496	6,113,102,107

The following table describes the valuation techniques and inputs used in the valuation of financial assets and liabilities not measured at fair value that are classified in the fair value hierarchy within Level 2 and 3:

Financial Instruments	Valuation Technique and Data Inputs Used
Investments in securities at amortized cost - Public and private debt securities - local	Future cash flows discounted at current market rates for the term and type of instrument.
Investments in securities at amortized cost - Public and private debt securities - foreign	Observable market reference prices that are not active.
Loans at amortized cost	Future cash flows discounted at current market rates.
Time deposits placed with banks and received from customers at amortized cost	Future cash flows discounted using current market rates for new deposits with similar remaining maturities.
Bonds payable at amortized cost / foreign borrowings received with MIGA guarantee at amortized cost / bonds payable - international at amortized cost	Future cash flows discounted using current market interest rates for new financings with similar remaining maturities.

For demand deposits in banks, securities purchased under resale agreements, customer demand deposits, and customer savings accounts, the carrying value approximates fair value due to their short-term nature.

(26) Principal Applicable Laws and Regulations

General Laws and Regulations

(a) *Banking Law*

Banking operations in the Republic of Panama, are regulated and supervised by the Superintendency of Banks of the Republic of Panama, pursuant to the regulations established in Executive Decree No.52 of April 30, 2008, which adopted the single text of Decree Law 9 of February 26, 1998, as amended by Decree Law No. 2 of February 22, 2008, whereby the banking system in Panama was established and creates the Superintendency of Banks and its regulations.

For purposes of compliance with the prudential norms issued by the Superintendency of Banks of Panama, the Bank will prepare an estimate of the regulatory credit reserve. If the regulatory calculation is greater than the corresponding estimate determined under IFRS, the excess reserve is recognized in a regulatory equity reserve.

(b) *Securities Law*

The securities market in the Republic of Panama is regulated by Law Decree No. 1 of July 8, 1999, which has been modified by Law 67 of September 1, 2011.

In 2013, the Superintendency of the Securities Market issued Agreement No. 8-2013, which modifies rules that are within Agreement No. 4-2011 on adequate capital, minimum total capital required, solvency ratio, capital ratio liquidity and credit concentrations that must be addressed by brokerage houses in Panama and those financial institutions that have a brokerage house license.

The following is a description of the modified rules in the Agreement No. 8-2013 of the Securities Exchange Superintendency and the indexes on each of these provisions:

- Total Minimum Required Capital: Banks with a brokerage house license must constitute and maintain free of encumbrances, at all times, a total minimum required capital, which shall be the sum of the amounts of capital required for each license. The Superintendency of Banks of Panama requires a minimum capital of B/.10,000,000, and the Securities Exchange Superintendency requires a minimum capital of B/.350,000. The capital maintained by the Bank according to these criteria exceeds that total minimum required capital.

- Additional Capital Requirement: Article 4-A of Agreement No. 4-2011 modified by Agreement No. 8-2013, establishes that all brokerage houses that offer the custody account management service in physical form or through third parties, must comply with the additional capital requirement. As of December 31, 2024, the Bank had an additional capital requirement of B/.1,573,661 (2023: B/.1,676,400).

  As of December 31, 2024, the capital contributed by the State for B/.1,000,000,000 covers the minimum total capital and the additional capital, as both required by the Superintendency of Banks of Panama and the Securities Exchange Superintendency.

(26) Principal Applicable Laws and Regulations, continued

- Solvency Ratio: The brokerage houses must maintain at all times a minimum capital adequacy ratio of eight percent (8%) of the total assets and off balance sheet operations, weighted according to their risks. The calculation of the solvency ratio, should not include the customers' or third parties accounts that must be separated from the assets of the Brokerage House.

- Liquidity Ratio: Brokerage firms shall maintain, at all times a volume of investments in low risk and high liquidity assets that shall be at least thirty per cent (30%) of the total liabilities due with a residual term of less than one (1) year.

- Solvency Ratio: The brokerage houses must maintain at all times a minimum capital adequacy ratio of eight percent (8%) of the total assets and off-balance sheet operations, weighted according to their risks. The calculation of the solvency ratio should not include the customers' or third parties accounts that must be separated from the assets of the Brokerage House.

- Liquidity Ratio: Brokerage houses shall maintain, at all times a volume of investments in low risk and high liquidity assets that shall be at least thirty per cent (30%) of the total liabilities due with a residual term of less than one (1) year.

- Credit Risk Concentrations: The risks maintained by brokerage houses with respect to an issuer, individual client or a group of issuers or clients related to each other, shall be considered as a concentration situation when the accumulated value of these risks exceeds ten percent (10%) of the total value of its capital funds.

  Due to the nature of the operations and services provided by the Bank, management considers that there is no risk of concentration of credit risk.

(c) Trust Law

The exercise of the trust business in the Republic of Panama is regulated by the Superintendency of Banks of Panama in accordance with the regulations established by Law No. 1 of January 5, 1984, as amended by Law No. 21 of May 10, 2017, which establishes the rules for the regulation and supervision of the trust business and dictates other provisions.

The objective of such law is to promote an appropriate and flexible legal platform to boost the trust market and maintain adequate levels of trust and transparency; the strengthening of management by the Superintendency in terms of the application of standards for comprehensive risk-based regulation and supervision, in accordance with the particular characteristics of the trust business.

(26) Principal Applicable Laws and Regulations, continued

The following is a summary of the most important aspects introduced by Law 21 of May 10, 2017:

- Composition of capital: Article 25 establishes that companies that are authorized to act as trustees shall issue shares representing their capital stock exclusively in nominative form.
- Minimum paid-in or assigned capital: Article 26 establishes that the minimum paid-in or assigned capital to apply for and maintain a trust license shall be one hundred and fifty thousand balboas (B/.150,000).

(d) Preferential Interest Law

Law 3 of 1985 established mechanisms to stimulate the housing property market by applying preferential interest rates to mortgages loans with values that have been changing over time until the present. The preferential interest rate is the difference between the reference rate and the lower rate applied by the banks that participate in the preferential interest program. Financial institutions that grant mortgage loans with preferential interest rates that do not exceed the limit established in the Law, receive the annual benefit of a tax credit. According to Law No. 8 of March 15, 2010, which supersedes Article 6 of Law No. 3 of 1985, the benefit of the preferential interest rate of the first ten (10) years of the loan has been increased to the first fifteen (15) years in new loans and consequently the right of the financial entities to receive tax credits during the same period, according to the established table.

The tax credit established in Law No. 3 of 1985, as amended by Law No. 29 of 2008, may be used for the payment of national taxes, including income tax. If in any fiscal year a bank is not able to use effectively all the tax credits to which it is entitled, then it may use the excess tax credit during the following three years, at its convenience, or transfer it, in whole or in part, to another taxpayer. Article 7 of Law 3 of 1985, was amended by article 9 of Law No. 66 of 2017, which included a transitory paragraph, stipulating that established and regulated tax credits, which would have expired in 2017, based on the three-year prescription term, will regain their validity and will be subject to the five-year prescription term.

The latest changes to Law No. 3 were enacted through Law No. 399 of September 25, 2023, where an essential element and unique requirement for preferential mortgage loans was added, regarding the beneficiary being Panamanian or a foreigner with permanent Panamanian residency. Likewise, changes were made to preferential tranches and article 5-A was added, to establish who cannot access preferential mortgages.

(26) Principal Applicable Laws and Regulations, continued

Law No.399 of 2023 provides for a change to the transitional paragraph of article 5 of Law No.94 of 2019, indicating that preferential mortgage loans granted from the enactment of this law until December 31, 2025, will be covered by the benefits of Law No.3 of 1985, except for the exceptions established in article 5-A, added by Law No.399 of 2023. It establishes that the benefit contained in article 5 of Law No. 3 of 1985, modified by Law No. 399 of 2023, may be applied to individual homes and apartments that have an occupancy permit from January 1, 2017, and will end on June 30, 2024, or August 1, 2025, depending on the assumptions indicated in that law. The tax credits to which financial entities are entitled will be received in accordance with the deadlines established for each case indicated in the law.

Specific Regulations of the Superintendency of Banks of Panama

(a) *Acquired Foreclosed Assets*

For regulatory purposes, the Superintendency of Banks of Panama, in accordance with Agreement No. 003-2009, establishes a five (5) year term to dispose of a foreclosed asset, beginning on the date of registration in the Public Registry. If the asset has not been sold, it must be appraised by an independent appraisal to establish whether it has decreased its value, as established under IFRS Accounting Standards.

Additionally, the Bank must create a reserve in an equity account, through the appropriation in the following order from: a) retained earnings; and b) earnings of the period, to which the following value of the foreclosed asset will be transferred:

First year:	10%
Second year:	20%
Third year:	35%
Fourth year:	15%
Fifth year:	10%

The above reserves shall be maintained until the acquired asset is actually transferred, and it shall not be considered as a regulatory reserve for purposes of calculating the equity ratio.

(b) *Loans and Off-Balance Sheet Operations*

Agreement No. 004-2013 issued by the Superintendency of Banks of Panama establishes provisions on the management and administration of credit risk inherent to the loan portfolio and off-balance sheet operations, including general criteria for the classification of credit facilities for the purpose of determining specific provisions and dynamics for the coverage of the Bank's credit risk. In addition, this Agreement establishes certain minimum required disclosures, in line with IFRS disclosure requirements, on the management and administration of credit risk.

(26) Principal Applicable Laws and Regulations, continued

Specific Provisions

The Agreement No.004-2013 establishes that specific provisions are generated by any objective and concrete evidence of impairment. These provisions shall be recorded for credit facilities classified in the risk categories referred as: special-mention, substandard, doubtful or loss, both for individual or collective credit facilities.

Banks must at all times calculate and maintain the amount of specific provisions determined through the methodology specified in this Agreement, which takes into consideration the balance due of each credit facility classified in one of the categories subject to provisioning, mentioned in the previous paragraph; the present value of each guarantee available to mitigate risk, as established by type of guarantee in this Agreement; and a weighting table that is applied to the net balance exposed to loss of such credit facilities.

In case of an excess in the specific provisions, calculated according to this Agreement, when compared to the provision calculated under IFRS, such excess shall be accounted for as a regulatory reserve in equity, increasing or decreasing appropriations to or from retained earnings. The balance of the regulatory reserves will not be considered as capital funds for purposes of calculating certain prudential indices or ratios mentioned in the Agreement.

The following table summarizes the classification of the Bank's loan portfolio based on Agreement No. 004-2013:

	2024		2023	
	Loans, gross	Allowance	Loans, gross	Allowance
Standard	6,999,549,803	0	6,008,309,855	0
Special mention	251,541,489	8,217,136	208,538,028	6,263,538
Sub-standard	124,721,735	11,662,436	124,757,472	10,662,562
Doubtful	44,042,948	8,719,923	33,885,648	7,033,066
Loss	74,078,456	20,934,369	70,007,353	21,009,561
Gross amount	7,493,934,431	49,533,864	6,445,498,356	44,968,727

The Bank, based on Agreement No. 008-2014, the recognition of interest income is suspended based on the days of delay in the payment of principal and/or interest and the type of credit operation according to the following:

a) For consumer and commercial loans, if it is overdue for more than 90 days; and
b) For residential mortgage loans, if it is overdue for more than 120 days.

As of December 31, 2024, the Bank maintains loans for B/.43,729,480 (2023: B/.45,913,644) in nonaccrual status and uncollected interest amounts to B/.2,269,878 (2023: B/.2,706,856).

Agreement No. 004-2013 defines as past due any credit facility that presents any unpaid amount, in terms of principal, interest or expenses contractually agreed, with a delinquency of more than 30 days and up to 90 days, as of the contractual payment date.

(26) Principal Applicable Laws and Regulations, continued

The Agreement No.004-2013 defines as overdue any credit facility whose failure to pay the contractual amounts agreed, presents a delinquency over 90 days. This period shall be calculated from the contractual payment date. The operations with a balloon payment at maturity date and overdrafts, are considered overdue when their lack of payment exceeds 30 days from the date on which each obligation was determined to be paid.

The balances of past due and overdue loans based on Agreement No. 004-2013 are detailed below:

2024			2023		
Past due loans	Overdue loans	Total	Past due loans	Overdue loans	Total
93,952,484	85,022,081	178,974,565	73,377,273	84,412,173	157,789,446

Loans written off as of December 31, 2024 in the amount of B/.7,703,999 (2023: B/.13,437,096) are still subject to collection activities.

Dynamic Provision

Agreement No. 004-2013 sets forth that a dynamic provision is a reserve established to meet future requirements of specific provisions, which is ruled by prudential criteria inherent to the banking regulation. The dynamic provision is constituted on a quarterly basis on credit facilities without specific provision assigned, that is, on credit facilities classified as normal.

This Agreement regulates the methodology to calculate the amount of the dynamic provision, which considers a maximum and minimum percentage restriction applicable to the amount of provision determined on credit facilities classified as normal.

The dynamic provision is an equity item that increases or decreases through appropriations from or to retained earnings. The credit balance of this dynamic provision forms part of the regulatory capital but does not replace nor offset capital adequacy requirements established by the Superintendency.

As of December 31, 2024, the Bank's dynamic provision amounts to B/.93,391,448 (2023: B/.79,811,111).

(c) Trading Portfolio

The Superintendency of Banks of Panama issued Agreement No. 003-2018, modified by Agreement No. 006-2019, through which provisions are established for management of the market risk inherent to the investment portfolio of the banks in Panama, based on the general criteria of classification of the trading portfolio with the purpose of determining the capital requirement on those instruments as established in those agreements.

(26) Principal Applicable Laws and Regulations, continued

The Agreement establishes that the regulatory trading portfolio for the purpose of estimating capital requirements for market risk is composed of the financial instruments that meet one or more of the following purposes:

- Closing a short-term position with profits, whether through its purchase or sale, considering the original position of the financial instrument;
- To obtain short-term valuation gains;
- To obtain arbitrage profits;
- To hedge risks that arise from instruments meeting any of the above criteria.

In addition, financial instruments selected by this Superintendency of Banks of the Republic of Panama on the basis of their special characteristics, and whose economic fund responds to the purposes indicated above shall be included in the trading portfolio, regardless of the classification of the financial instrument according to IFRS Accounting Standards.

Additionally, any financial instrument that may be identified with any of the following characteristics is part of the trading portfolio:

- An instrument held for accounting purposes, in accordance with IFRS Accounting Standards, as an asset or liability for trading purposes (so that it would be measured daily at market prices, with valuation differences being recognized in the statement of profit or loss).
- Instruments resulting from market-making activities.
- Instruments resulting from underwriting commitments.
- Equity investment in a fund, except when the daily market price is not available for determining the fund’s value.
- Representative value of capital quoted on a stock exchange.
- Short position.
- Derivative contracts, except those that serve to hedge positions not recorded in the trading book.
- Financial instruments that include derivatives, whether explicit or implicit, that are part of the banking book and whose underlying is related to equity risk or credit risk.

The Bank has defined policies and procedures that provide for limits, and there is a process for keeping the Board of Directors and senior management informed, as an integral part of the Bank's risk management process.

(26) Principal Applicable Laws and Regulations, continued

The value of the risk capital requirement for market risk, as defined by Agreement No. 003-2018, as amended by Agreement No. 006-2019, and the unrealized gains during the nine months ended December 31, 2024, are detailed below by type of position:

Type of instruments	Maturity Date	Market Value	Unrealized Gain
Common shares	NA	13,250,766	12,862,767
Common shares	NA	7,887,859	7,887,859
Common shares	NA	5,101,652	4,557,685
Common shares	NA	736,744	699,244
Common shares	NA	550,637	547,495
Common shares	NA	179,467	141,967
Common shares	NA	105,714	26,429
Common shares	NA	59,488	32,448

The capital requirement for these instruments at December 31, 2024 is B/.7,031,985 (2023: B/.6,234,626).

The Superintendency of Banks of Panama establishes in Agreement No. 012-2019, article 13, that all equity instruments (shares) measured at fair value with changes in other comprehensive income, must constitute a reserve for expected losses. This requirement is strictly prudential and independent of what is established by IFRS 9. As of December 31, 2024, the regulatory reserve for investments in securities with changes in other comprehensive income is B/.60,524 (2023: B/.59,565).

(27) Subsequent Events

During the month of January 2025, a contract for securities sold under a repurchase agreement for B/.250,000,000 was signed with maturity in January 2026.

BANCO NACIONAL DE PANAMA
(Panama, Republic of Panama)

Appendix 1 - Supplementary Information from the Brokerage House

December 31, 2024

(Expressed in Balboas)

Banco Nacional de Panamá (the "Bank") operates under a general banking license issued by the Superintendency of Banks of Panama and is licensed to operate the Brokerage Firm business by Resolution No. CNV-027-01 of February 13, 2001, issued by the Superintendency of the Securities Market of Panama; therefore, the Bank is subject to the regulations of both Superintendencies.

In compliance with Article 22 of Agreement No. 4-2011, modified by the Agreement No. 8-2013 of the Superintendency of the Securities Market, "by which rules are issued on adequate capital, solvency ratio, capital funds, liquidity ratio and credit risk concentrations, which must be attended by the Securities Houses regulated by the Superintendency of the Securities Market", the following are the minimum and maximum ratios/amounts maintained during the three-month period ending on December 31, 2024, during the year ending on December 31, 2024 and at closing of December 31, 2024.

	Three-month period ending December 31, 2024				
	Maximum	**Date**	**Minimum**	**Date**	**December 31, 2024**
Solvency ratio	100%	01-10-2024	100%	01-10-2024	100%
Capital funds	6,166,667	24-12-2024	6,090,701	01-10-2024	6,134,545

	For the year ended December 31, 2024				
	Maximum	**Date**	**Minimum**	**Date**	**December 31, 2024**
Solvency ratio	100%	02-01-2024	100%	02-01-2024	100%
Capital funds	6,166,677	24-12-2024	4,816,282	05-01-2024	6,134,545

According to the provisions of the Superintendency of the Securities Market, in Agreement 4-2011, in its Article 13, for the brokerage houses that have a Bank License it will be understood that the liquidity coefficient will be calculated based under rule issued by its primary regulator, in this case the Superintendency of Banks of Panama. The following is the result of the estimation of the legal liquidity ratio as of the date of the Bank's statement of financial position, during the three-month period ended December 31, 2024 and during the year ended December 31, 2024:

Three-month period ending on December 31, 2024

As of December 31, 2024	74.58%
Maximum for the period – October 25, 2024	75.44%
Minimum for the period – October 01, 2024	71.76%

Year ended December 31, 2024

As of December 31, 2024	74.58%
Maximum for the period – March 08, 2024	79.60%
Minimum for the period – July 05, 2024	71.03%

Concentration of Credit Risk: Article No. 14 of Agreement No. 4-2011, establishes that a situation of concentration of credit risk shall be considered when the accumulated value of both lending and investment activities exceeds ten percent (10%) of the total value of its capital resources. In any case, the value of all risks that a brokerage house maintains with the same issuer, client or group of issuers or clients related to each other, may not exceed thirty percent (30%) of the total value of its capital funds.

During the period ended on December 31, 2024, no concentration situations occurred according with the segmented balances characteristic of the activity of the brokerage house.

In compliance with Agreement No. 4-2011, single text issued by the Securities Exchange Superintendency which contains amendments made by Agreement No. 3-2015, Article Two, which adds provisions to Article 22-A in relation to the obligation to disclose the amounts managed of customer accounts and supplements to financial information by activity, for those Brokerage House that hold more than one license; the following is the supplementary information as described above:

(1) Managed Amount of Customer Accounts

As of December 31, 2024, the Bank holds the following investments in securities:

		2024	
	Banking	Brokerage House	Total
Own position	4,311,432,379	7,200,000	4,318,632,379
Third party position	0	3,934,151,485	3,934,151,485

		2023	
	Banking	Brokerage House	Total
Own position	4,272,963,631	7,200,000	4,280,163,631
Third party position	0	4,191,000,655	4,191,000,655

The third-party position portfolio corresponds to investments in securities of managed customer accounts. This portfolio is controlled in off balance sheet accounts that are not part of the Bank's statement of financial position. The Bank does not hold a portfolio under discretionary management of third-party accounts nor does it hold bank accounts in the name of third parties through its brokerage house license.

As of December 31, 2024, the Bank has consigned as guarantee public debt securities for the amount of B/.1,100,000 on behalf of Central Latinoamericana de Valores (Latinclear), in compliance with the provisions of Agreement No.11-2003 of the Securities Exchange Superintendency and Latinclear's Internal Operations Regulations, which state that all participants in Latinclear must provide a performance bond in favor of this entity, in order to guarantee compliance with all its monetary obligations for the stock exchange and over-the-counter transactions it carries out (2023: B/.1,100,000).

(2) Financial Information by Type of License

The following table shows the assets, liabilities and equity of the Bank as of December 31, 2024 by activity, according to the licenses granted:

	2024		
	Banking	**Brokerage House**	**Total**
Total assets	16,260,616,736	8,805,595	16,269,422,331
Total liabilities	14,884,250,623	82,879	14,884,333,502
Total equity	1,376,366,113	8,722,716	1,385,088,829

	2023		
	Banking	**Brokerage House**	**Total**
Total assets	15,292,270,153	8,294,330	15,300,564,483
Total liabilities	13,990,232,001	88,822	13,990,320,823
Total equity	1,302,038,152	8,205,508	1,310,243,660

The following presents the Bank's income and expenses for the year ended December 31, 2024 by activity, according to the licenses granted:

	2024		
	Banking	**Brokerage House**	**Total**
Net interest and commission income after provisions	483,521,281	2,593,294	486,114,575
Other income	57,086,426	0	57,086,426
Other expenses	(418,118)	0	(418,118)
General and administrative expenses	219,548,867	870,578	220,419,445
Net income	321,476,958	1,722,716	323,199,674

	2023		
	Banking	**Brokerage House**	**Total**
Net interest and commission income after provisions	451,875,495	2,007,235	453,882,730
Other income	46,417,030	0	46,417,030
Other expenses	1,869,532	0	1,869,532
General and administrative expenses	206,590,340	801,727	207,392,067
Net income	289,832,653	1,205,508	291,038,161

As of December 31, 2024, the brokerage house under the license held by the Bank generated commissions for brokerage services and custody fees in the amount of B/.2,279,369 (2023: B/.1,686,654). This income is presented as net interest and commission income after provisions, while in the Bank it is presented as other income.

(3) Valuation Basis

The basis of valuation for own investments is presented in accordance with the material accounting policies detailed in note 3 to the Bank's financial statements. All amounts managed in customer accounts are presented at face value.