Prival Bank, S.A. and Subsidiaries

(A wholly-owned subsidiary of Grupo Prival, S.A.)

Report and Consolidated Financial Statements
June 30, 2024

"This document has been prepared with the knowledge that its content will be made available to the public investor and the general public".

Prival Bank, S.A. and subsidiaries
(A wholly-owned subsidiary of Grupo Prival, S.A.)

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June 30, 2024

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"This version of our consolidated financial statements is a translation from the original, which was prepared in Spanish. In all matters of interpretation of information, views or opinions, the original language version of our financial statements takes precedence over this translation".

Independent Auditors' Report

To the Board of Directors and Shareholders of
Prival Bank, S.A. and Subsidiaries

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Prival Bank, S.A. and Subsidiaries (the "Bank") as of June 30, 2024, as well as its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

What we have audited

The consolidated financial statements of the Bank comprise:
- the consolidated statement of financial position as of June 30, 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Bases for the opinion

We have conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We consider that the evidence of the audit that we have obtained is enough and appropriate for provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the professional ethics code requirements for certified public accountant that are applicable to our audit of the consolidated financial statements in the Republic of Panama. We have fulfilled all other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Panama.

Keys audit matters

The key audit matters are the ones that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole and to form our audit opinion thereon, and we do not provide a separate opinion on these matters.

Keys audit matters Valuation of goodwill	How our which our audit addressed the matter
As of June 30, 2024, the balance of goodwill shown in the consolidated statement of financial position amounts to B/.13,284,741 and originates from acquisitions from previous years and represents 1% of total assets. The Bank is required to perform a goodwill impairment analysis annually or more frequently if events or changes in circumstances indicate a potential impairment loss. We considered this area of emphasis in our audit because this analysis is complex and involves the use of critical and subjective judgments and assumptions that are based on future economic and market conditions, particularly projections of cash flows, profitability and growth rates. and discount. See more detail in Note 15 of the consolidated financial statements.	• Our procedures included, among others, the following: • We involved Financial Instruments specialists to evaluate the model and assumptions established by the Bank. • We understood and evaluated the process followed by the Bank to calculate the impairment of goodwill. • We analyzed the projected future cash flows that were used in the models to determine whether they were reasonable, and the expected future performance of the Cash Generating Units. • We performed a sensitivity analysis on the discount rate in determining value in use compared to book value. • We validate the underlying information of the assumptions used to calculate the discount rates, including the assumptions of the Bank's strategic plan. • The determined value of the projected future flows was compared with the net book value of the Cash Generating Units. • We analyze the adequacy of disclosures, specifically related to the sensitivity of the discount rate.

Valuation of investments at fair value

As of June 30, 2024, investments measured at fair value with changes in profit or loss of the Group amounted to B/.102,232,389 and B/.177,209,051 with changes in other comprehensive income, which represents 13 % and 22% of total assets, respectively. Of these financial investments measured at fair value, B/.50,576,927 are classified as Level 2 fair value, measured using valuation techniques whose data are observable, and B/.117,321,315 are classified as Level 3 fair value, measured using valuation techniques with unobservable input data.

We have considered this a key audit matter due to the material balance of financial investments measured at fair value and that significant judgment and assumptions are required by Management, including the selection and determination of unobservable inputs, when valuing financial investments at Level 3.

How our which our audit addressed the matter

Our procedures focused on obtaining audit evidence, as follows:

- We involved Financial Instruments specialists to evaluate investment valuation models.
- Understanding and evaluation of the process followed by Management to calculate the fair value of investments. We review the classification of investments.
- We recalculate the independent price used for the valuation of the investments.
- We analyze the adequacy of disclosures in the consolidated financial statements in relation to the valuation of investments.
- We understood and evaluated management's process for valuing financial investments measured at fair value.
- We evaluate the inherent risk of material error considering the risk factors inherent to the different levels of fair value, such as the degree of uncertainty of the estimate, the complexity of valuation techniques and models, the subjectivity of management's judgments and assumptions.
- We evaluate the appropriateness of the Bank's valuation models and compare them with common market models, taking into account industry practice.
- For the input data used for the valuation of Level 2 financial investments, we compare the data used from the valuation model with respect to observable market data.
- For the unobservable input data used for the valuation of Level 3 financial investments, we obtained an understanding of management's methodology for selecting input data and evaluated such data by examining information and comparison with alternatives in the market. We also perform sensitivity analyzes on the unobservable inputs.

Other Information

Management is responsible for the other information. The other information refers to the "Annual Update Report" (but does not include the consolidated financial statements or our audit report thereon). The "Annual Update Report" is expected to be available to us after the date of our audit opinion.

Our opinion on the consolidated financial statements does not extend to the other information, and we do not express any conclusions that would provide assurance about it. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or whether there appears to be a material misstatement.

When we read the "Annual Update Report", if we conclude that there is a material error in it, we are obliged to communicate the matter to those charged with governance of the Group. Responsibilities of management and those charged with governance of the Bank in relation to the consolidated financial statements.

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

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

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

Auditor's responsibilities in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements are free from material misstatement, due to fraud or error, and issue an audit report with our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit conducted in accordance A reasonable assurance is a high degree of assurance, but it does not guarantee that an audit performed according to International Standards on Auditing will always detect a material error when it exists. Errors may be due to fraud or error and are considered material if, individually or aggregated, may be reasonably expected to influence users' economic decisions that are based on these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we apply our professional judgment, and we maintain an attitude of professional skepticism during the whole audit. Also:

- We identify and assess the risks of material misstatement in the consolidated financial statements, due to fraud or error, design and perform audit procedures to respond to those risks and obtain sufficient appropriate audit evidence 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.

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

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

- We conclude about management's appropriate use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the corresponding disclosures in the consolidated financial statements, and if such disclosures are inadequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities that make up the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and execution of the Bank's audit. We are solely responsible for our audit opinion.

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

We also provide those charged with governance of the Bank with a statement that we have complied with applicable ethical requirements regarding independence and have disclosed all relationships and other matters that may reasonably affect our independence and, where applicable, actions taken to eliminate the threats or safeguards applied.

From the matters communicated to those charged with governance of the Bank, we determined those matters that were the most significant in the audit of the consolidated financial statements of the current year and, therefore, are the key audit matters. We describe these matters in our audit report unless public disclosure of the matter is prohibited by law or regulation, or when, in extremely rare circumstances, we determine that a matter should not be disclosed in our report because the consequences could reasonably be expected. adverse consequences of doing so would outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

- That the management, execution and supervision of this audit work has been physically carried out in Panamanian territory.
- The audit partner who has prepared this report of the independent auditors is Diana Mosquera, with suitability number of the authorized public accountant No.5160.
- The work team that has participated in the audit referred to in this report is made up of Diana Mosquera, Partner; and Héctor Luna; Manager.

PricewaterhouseCoopers

September 30, 2024
Panama, Republic de Panama

Diana Mosquera
CPA 5160

Prival Bank, S.A. and Subsidiaries

(Wholly-owned subsidiary of Grupo Prival, S.A.)

Consolidated Statement of Financial Position
June 30, 2024
(In balboas)

	Notes	2024	2023
Assets			
Cash and cash equivalents	8	83,699,718	94,778,741
Securities purchases under resale agreements	9	2,904,449	5,851,659
Financial assets measured at fair value through profit or loss	7, 10	102,177,299	1,306,817
Financial assets measured at fair value through other comprehensive income	7, 10	177,209,051	221,333,498
Loans	7, 11	256,007,941	299,208,031
Investment in associates	7, 12	175,000	200,000
Property, furniture, equipment and improvements	13	72,357,801	61,862,901
Intangible assets	14	4,175,603	3,833,854
Goodwill	15	13,284,741	13,284,741
Righ of use assets	40	-	302,570
Deferrent income tax	41	1,762,886	2,707,768
Investment property	16	16,406,399	5,635,018
Assets held for sale	17	10,818,441	11,013,091
Reinsurers participations		10,441,809	10,469,697
Other assets	7, 18	55,026,030	48,455,738
Total assets		806,447,168	780,244,124
Liabilities and Equity			
Liabilities			
Deposits from customers	7, 19	540,810,715	533,469,687
Deposits from banks	20	11,783,990	17,758,278
Securities sold under repurchase agreements	21	13,840,786	10,327,982
Funding received	22	15,331,336	9,930,369
Liabilities at Fair Value with changes in profit or loss	23	19,032,385	-
Borrowings	24	31,014,844	-
Bonds Payables	25	11,782,336	21,971,055
Marketable Securities	26	10,837,212	39,031,436
Lease liabilities	40	-	352,703
Expected credit loss provision -commitments and contingencies	39	633	135,480
Deferred income tax	41	780,853	744,405
Insurance operatoins reserves	28	20,256,332	22,023,658
Other liabilities	7, 29	30,335,758	28,158,206
Total liabilities		705,807,180	683,903,259
Equity			
Common shares	30	25,000,000	25,000,000
Preferred shares	31	1,764,000	1,764,000
Additional paid-in capital		30,940,000	30,940,000
Regulatory reservces	42	10,948,455	9,056,712
Net changes in other comprehensive income		(1,920,602)	(11,392,294)
Impairment of financial assets measured at fair value through other comprehensive income reserve	10	691,871	321,835
Retained earnings		19,774,316	28,916,558
Total controlling equity		87,198,040	84,606,811
Non-controlling participation		13,441,948	11,734,054
Total equity		100,639,988	96,340,865
Total liabilities and equity		806,447,168	780,244,124

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

Prival Bank, S.A. and Subsidiaries
(Wholly-owned subsidiary of Grupo Prival, S.A.)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2024
(In balboas)

	Notes	2024	2023
Interest income	7, 32	33,043,480	34,968,162
Interest expense	7, 34	(24,328,600)	(19,305,297)
Net financial revenue		8,714,880	15,662,865
Commisios income	7, 35	3,569,734	3,428,504
Brokerage and structuring services	7, 33	24,081,156	22,368,151
Commisions expenses	35	(8,281,289)	(6,579,217)
Net income from commisions, brokerage and structuring services		19,369,601	19,217,438
Net realized gain (loss) in financial assets measured at FVTPL		664,118	484,068
Net unrealized gain (loss) in financial assets measured at FVTPL		(2,094,900)	153,138
Realized gain in financial assets measured at FVTOCI	10	4,233,033	2,703,036
Revenue from ordinary activities		30,886,732	38,220,545
Net insurance revenue		9,044,338	7,596,962
Other revenue		3,795,753	2,118,413
Changes in fair value of investment property		1,650,686	(123,039)
(Provision) reverse of expected credit loss provision		1,140,458	(2,274,229)
Reversion of provision for possible impairment of foreclosed assets for sale		352,684	29,303
Due to asset recovery and decrease in estimates and provisions		646,892	-
Personal expense	7, 36	(19,751,977)	(17,582,241)
Depreciation and amortization	13, 14, 40	(3,167,691)	(3,231,750)
Other expenses	37	(14,253,548)	(13,499,915)
Profit before income tax expense		10,344,327	11,254,049
Income tax expense	41	(2,703,111)	(1,318,682)
Profit of the year		7,641,216	9,935,367
Profit attributable to:			
Owners of the controlling party		5,933,322	8,426,928
Non-controlling participation		1,707,894	1,508,439
Profit of the year		7,641,216	9,935,367
Other comprehensive income:			
Items that can be later reclassified to profit or loss:			
Net realized fain in financial assets through FVTOCI transferred to profit or loss		(4,233,033)	(2,703,036)
Credit risk valuation		(19,248)	-
Retrospective adjustments for IFRS 17 adoption		-	(2,716,101)
Building Valuation		10,858,912	-
Impairment reserve		370,036	370,036
Net unrealized gain (loss)		2,920,559	4,777,413
Net changes in financial assets through FVTOCI		9,897,226	(271,688)
Total comprehensive income		17,538,442	9,663,679
Owners of the controlling party		15,830,548	9,063,589
Non-controlling participation		1,707,894	(31,107)
Total of comprehensive income		17,538,442	9,032,482

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

Prival Bank, S.A. and Subsidiaries
(Wholly-owned subsidiary of Grupo Prival, S.A.)

Consolidated Statement of Changes in Equity
For the year ended June 30, 2024
(In balboas)

	Common Shares	Preferred shares	Additional paid-in capital	Regulatory reserves	Net changes in other comprehensive income	Investment impairment reserve	Retained Earnings	Total equity attributable to owners	Non-controlling participation	Total Equity
Balance as at June 30, 2022	25,000,000	1,764,000	30,940,000	10,394,118	(9,442,970)	369,786	33,341,600	92,366,534	11,765,161	104,131,695
Profit of the year	-	-	-	-	-	-	8,426,928	8,426,928	1,508,439	9,935,367
Retrospective adjustments for IFRS 17 adoption	-	-	-	(585,440)	-	-	(599,136)	(1,184,576)	(1,531,525)	(2,716,101)
Other comprehensive income										
Credit risk valuation	-	-	-	-	(213,210)	-	-	(213,210)	-	(213,210)
Net changes of financial assets at fair value through OCI	-	-	-	-	2,082,398	(47,951)	-	2,034,447	(8,021)	2,026,426
Total of comprehensive income for the year	-	-	-	(585,440)	1,869,188	(47,951)	7,827,792	9,063,589	(31,107)	9,032,482
Transactions attributable to the owners directly registered in the equity:										
Complementary tax	-	-	-	-	-	-	(51,812)	(51,812)	-	(51,812)
Income taxes	-		-	-	-	-	(12,809)	(12,809)	-	(12,809)
Adjustments to equity	-	-	-	-	-	-	(300,592)	(300,592)	-	(300,592)
Exchange rate differential	-	-	-	-	(3,818,512)	-	-	(3,818,512)	-	(3,818,512)
Dividends paid	-	-	-	-	-	-	(12,600,000)	(12,600,000)	-	(12,600,000)
Total of transations attributable to the owners registered directly in the equity	-	-	-	-	(3,818,512)	-	(12,965,213)	(16,783,725)	-	(16,783,725)
Other equity transactions:										
Legal reserve	-	-	-	(777,886)	-	-	803,305	25,419	-	25,419
Reserve assets held for sale 9-2020	-	-	-	25,920	-	-	(90,926)	(65,006)	-	(65,006)
Balance as at June 30, 2023	25,000,000	1,764,000	30,940,000	9,056,712	(11,392,294)	321,835	28,916,558	84,606,811	11,734,054	96,340,865
Profit of the year	-	-	-	-	-	-	5,933,322	5,933,322	1,707,894	7,641,216
Regulatory reserve adjustment prior period	-	-	-	(74,054)	74,054	-	-	-	-	-
Other comprehensive income :										
Credit risk valuation					(19,248)	-	-	(19,248)	-	(19,248)
Building Valuation					10,858,912	-	-	10,858,912	-	10,858,912
Net changes of financial assets at fair value through OCI	-	-	-	-	(1,312,474)	370,036	-	(942,438)	-	(942,438)
Total of comprehensive income for the year	-	-	-	(74,054)	9,601,244	370,036	5,933,322	15,830,548	1,707,894	17,538,442
Transactions attributable to the owners directly registered in the equity:										
Complementary tax	-	-	-	-	-	-	97,838	97,838	-	97,838
Income tax	-	-	-	-	-	-	(607,605)	(607,605)	-	(607,605)
Differential exchange adjustments	-	-	-	-	(129,552)	-	-	(129,552)	-	(129,552)
Dividends paid	-	-	-	-	-	-	(12,600,000)	(12,600,000)	-	(12,600,000)
Total of transations attributable to the owners registered directly in the equity	-	-	-	-	(129,552)	-	(13,109,767)	(13,239,319)	-	(13,239,319)
Other equity transactions:										
Reserve 9-2020	-	-	-	51,840	-	-	(51,840)	-	-	-
Dynamic Reserve	-	-	-	(115,384)			115,384			
Legal reserve	-	-	-	2,029,341	-	-	(2,029,341)	-	-	-
	-	-	-	1,965,797	-	-	(1,965,797)	-	-	-
Balance as at June 30, 2023	25,000,000	1,764,000	30,940,000	10,948,455	(1,920,602)	691,871	19,774,316	87,198,040	13,441,948	100,639,988

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

Prival Bank, S.A. and Subsidiaries
(Wholly-owned subsidiary of Grupo Prival, S.A.)

Consolidated Statement of Cash Flows
For the year ended June 30, 2024
(In balboas)

	Notes	2024	2023
Cash flow from operating activities:			
Profit of the year		7,641,216	9,935,367
Provision (reversion) for expected credit losses	10	(1,140,458)	2,274,229
Reversal of provision in other financial assets and contingencies		(646,892)	-
Provision for possible impairment of foreclosed assets		(352,684)	(29,303)
Gain on sale of fixed assets	13	(1,952,829)	-
Depreciation and amortization	13, 14	3,004,582	2,652,624
Amortization of right of use	40	163,109	579,126
Changes in the fair value of investment property	16	(1,650,686)	123,039
Income tax expense	41	2,703,111	1,318,682
Realized gain (loss) in financial assets measured at FVTPL		(664,118)	(484,068)
Unrealized gain (loss) in financial assets measured at FVTPL		2,094,900	(153,138)
Realized gain in financial assets measured at FVTOCI		(4,233,033)	(2,703,036)
Interest income		(33,043,480)	(34,968,162)
Interest expense		24,328,600	19,305,297
Net changes in operating assets and liabilities:			
Financial assets measured at FVTPL		(40,480,455)	10,904,318
Loans receivable		43,014,354	38,670,340
Other assets		2,441,579	1,511,853
Net assets held for sale		547,334	(1,502,524)
Client deposits		1,450,777	(72,553,714)
Other liabilities		927,395	(4,908,912)
Income tax paid		(1,318,682)	(2,653,670)
Received interest		34,210,470	34,513,613
Paid interest		(24,310,740)	(18,883,939)
Net cash provided by (used in) the operating activities		12,733,370	(17,051,978)
Cash flow from investing activities:			
Bank deposits with maturities less than three months	8	2,624,959	(546,141)
Demand deposits and restricted time deposits	8	3,547,491	5,531,839
Purchased ot financial assets measured at FVTOCI	10	(823,550,456)	(233,444,059)
Proceeds of the sales of financial assets measured at FVTOCI	10	808,363,074	251,533,966
Securities purchased under resales agreements		2,948,467	(5,399,083)
Investment property	16	(1,650,686)	(26,523)
Investment in associates		25,000	25,000
Acquisition of property, furniture, equipment and improvements	13	(23,307,547)	(28,379,994)
Decrease in property, furniture, equipment and improvements	13	8,517,719	172,090
Acquisitoin of intangibles (programs and licenses)	14	(2,779,261)	(2,294,811)
Net cash used in the investing activities		(25,261,240)	(12,827,716)
Cash flow from financing activities:			
Securities sold under repurchase agreement	27	6,185,756	28,323,820
Cancellations of securities sold under repurchase agreement	27	(2,684,694)	(18,123,953)
Liabilities at fair value with changes in profit or loss	27	19,032,385	-
Proceeds from borrowings received	27	36,989,689	10,782,020
Cancellation of financing	27	(31,581,825)	(876,415)
Proceeds from bonds payable	27	3,000,000	6,000,000
Redemption of placements	27	(13,177,149)	(30,901,952)
Proceeds from notes payable	27	30,717,000	-
Proceeds of marketable securities	27	29,130,000	52,739,000
Cancellations of marketable securities	27	(57,135,000)	(28,264,000)
Payment of leasing liabilities		(352,703)	(487,426)
Dividends paid	29	(12,453,115)	(12,386,938)
Complementary tax		(49,047)	(30,200)
Net cash provided by the financing activities		7,621,297	6,773,956
Net decrease in cash and cash equivalents		(4,906,573)	(23,105,738)
Cash and cash equivalent at the beginning of the year		79,572,031	102,677,769
Cash and cash equivalent at the end of the year	8	74,665,458	79,572,031

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

1. General Information

Prival Bank, S.A., together with its subsidiaries (the "Bank"), formerly called Keen Holding, S.A., was incorporated by Public Deed No.18876 of August 20, 2008 in accordance with the laws of the Republic of Panama and started operations in April 2009. Through Public Deed No.1082 of January 21, 2010, the name of the company Keen Holding, S.A. was changed to Banco Prival, S.A. (in Spanish) - Prival Bank, S.A. (in English).

A General License was granted to Prival Bank, S.A. issued through Resolution No.048-2010 of February 25, 2010 by the Superintendency of Banks of Panama to operate the banking business throughout the Republic of Panama and transactions to be perfected, executed, or having effect abroad, and perform such other activities authorized by the Superintendency of Banks of Panama. The Bank started operations on March 24, 2010 and is a wholly-owned subsidiary of Grupo Prival, S.A., an entity incorporated on April 8, 2009 in accordance with the laws of the Republic of Panama.

The main Bank's subsidiaries are as follows:

Name of the subsidiary	Main activity	Place of incorporation and operation	2024	2023
Prival Securities, Inc.	Brokerage Firm	Panama	100%	100%
Prival Leasing, S.A.	Leasing	Panama	100%	100%
Prival Trust, S.A.	Trustee	Panama	100%	100%
Grupo Prival (Costa Rica), S.A.	Banking	Costa Rica	100%	100%
Prival Investment Management (BVI)	Administrator	British Virgin Islands	100%	100%
Prival Private Equity Fund, S. A.	Mutual fund	Panama	100%	100%
Acerta Holdings, Inc.	Insurance	Panama	50.13%	50.13%
Prival SM Business Park, S. A.	Real State	Panama	100%	100%
Villamar Uno, S. A.	Real State	Panama	100%	100%
Villamar Dos, S. A.	Real State	Panama	100%	100%
Level 35, Inc.	Real State	Panama	100%	0%
PS Factoring Fund, Ltd.	Mutual fund	British Virgin Islands	100%	100%
Prival OV Holding Company, S.A.	Credit Originator	Panama	100%	0%
Prival Credit Opportunities Holding Company, S.A.	Fund shares	Panama	100%	0%

The investment in Prival Private Equity Fund, S.A. has been consolidated because the Bank maintains control of the fund while its shares are sold to private investors.

Prival Bank, S.A. acquired the subscription rights for the shares of the company Level 35, Inc., through an agreement signed on September 12, 2022, its only asset is real estate.

The Bank's offices are located at Boulevard Santa Maria, #72 Tower 1, Panama City.

The consolidated financial statements of Prival Bank, SA and Subsidiaries for the year ended June 30, 2024, were authorized by General Management and approved by the Board of Directors for issuance on September 30, 2024

2. Adoption of the New and Revised International Financial Reporting Standards (IFRS)

New Standards Adopted by the Bank

Compliance with IFRS Accounting Standards
The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards). These financial statements have been prepared under the historical cost convention. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards.
- IAS Standards.
- Interpretations developed by the IFRS Interpretations Committee (IFRS Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

New Amendments Adopted by the Bank

Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 of IFRS Accounting Standards – Making Materiality Judgements – Disclosure of Accounting Policies: In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 of IFRS Accounting Standards to replace the term "significant" with "material" to require entities to disclose material information about their accounting policies, rather than their significant accounting policies. In this way, information about accounting policies can be considered material when considered together with other information in a complete set of financial statements. In the Board's view, information about accounting policies is expected to be material if its disclosure would be necessary for primary users to understand the information provided about material transactions, other events or conditions in the financial statements.

Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimate: In February 2021, the Board issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates in paragraph 5 and to include other amendments to IAS 8 to assist entities in distinguishing changes in accounting estimates from changes in accounting policies.

These changes had no impact on these financial statements.

IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are measured in each reporting period. Contracts are measured using the components of:

- Probability-weighted discounted cash flows.
- An explicit risk adjustment, and
- A contractual service margin (CSM) that represents unearned contract profit that is recognized as revenue over the coverage period.

The standard allows a choice between recognizing changes in discount rates in the income statement or directly in other comprehensive income. An optional simplified premium allocation approach is permitted for the remaining coverage liability for short-duration contracts or portfolios of eligible insurance contracts, which are often offered by non-life insurers.

There is a modification to the general measurement model called “variable commission method” for certain life insurance contracts in which the insured share the returns of the underlying items. When applying the variable commission method, the entity's share of the changes in the fair value of the underlying items is included in the contractual service margin.

The new standard will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Specific amendments made in July 2020 were intended to facilitate implementation of the standard by reducing implementation costs and making it easier for entities to explain the results of applying IFRS 17 to investors and others. The amendments also deferred the date of application of IFRS 17 to 1 January 2023. Other amendments made in December 2021 added a transition option that allows an entity to apply an optional classification variable in comparative periods beginning on 1 July 2023.

There are no other new standards or interpretations that have been published and that are not mandatory for the 2023 period that will have a material effect on the Group's financial statements in the current period and future periods.

New Amendments Not Adopted by the Bank

Non-current liabilities with loan agreement covenants - Amendments to IAS 1: The amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (for example, receipt of an exemption or breach of a covenant). The amendments also clarified what IAS 1 means when it refers to the “settlement” of a liability. The amendments were to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes in the classification of liabilities as current or non-current.

The new amendments clarify that loan agreement covenants will not affect the classification of a liability as current or non-current at the reporting date if the entity is only required to comply with the covenants after the reporting date. However, if the entity is required to comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. Disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the loan covenants.

The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity has adopted the 2020 amendments early with respect to the classification of liabilities as current or non-current.

Sale-leaseback lease liability – amendments to IFRS 16: In September 2022, the IASB finalized limited-scope amendments to the requirements for sale-leaseback transactions in IFRS 16 Leases that explain how an entity accounts for a sale-leaseback after the transaction date. The amendments specify that, in measuring the sale-leaseback lease liability, the seller-lessee determines the “lease payments” and “revised lease payments” in a manner that does not result in the seller-lessee recognizing any amount of gain or loss that relates to the right-of-use it retains. This could have a particular impact on sale-leaseback transactions where the lease payments include variable payments that do not depend on an index or rate. This amendment is effective from January 1, 2024.

3. Material Accounting Policies

Basis of Preparation
The Bank's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). (Accounting Standards IFRS)

General Management and the Board of Directors have at the time of approving the consolidated financial statements, a reasonable expectation that the Bank has adequate resources to continue operating for the foreseeable future. Therefore, they continue to adopt the ongoing business accounting basis when preparing the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for assets at fair value with changes in profit or loss and changes in other comprehensive income, which are presented at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics when pricing the asset or liability at the measurement date. The fair value measurement and disclosure purposes in these consolidated financial statements are determined on this basis, except for transactions based on shares payments that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value but are not considered as such, as the net realizable value in IAS 2 or measuring the value in use of IAS 36.

Basis of Consolidation

Subsidiaries
The consolidated financial statements include the assets, liabilities, equity and operations results of Prival Bank, S.A. and subsidiaries controlled by the Bank. Control is achieved when all the criteria shown below are met:

- Has power over investment;
- Is exposed, or has rights, to variable returns derived from its participation with the entity; and
- Has the ability to affect those returns through its power over the entity in which it invests.

The Bank reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The consolidation of a subsidiary begins when the Bank obtains control and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. The total comprehensive result of the subsidiaries is attributed to the owners of the Bank and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other Bank members.

All significant intercompany balances, transactions, revenues, and expenses are eliminated on consolidation.

Changes in the Bank's ownership interests in existing subsidiaries
Changes in the Bank's ownership interests in subsidiaries that do not result in the Bank losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Bank's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

When the Bank loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Non-Controlling Interest
Non-controlling interest represents the participation of minority shareholders in consolidated subsidiaries and includes the amount of net equity, including the part attributed to them of the results for the year. When the losses attributable to the non-controlling interest exceed the value of its participation in the equity of the corresponding entity, such excess is allocated to the controlling interest even if this would give rise to a deficit balance. If subsequently, that subsidiary obtains operating profits, these will be allocated to the controlling interest until the non-controlling interest recovers the amount of the losses that were previously absorbed in its capacity as majority.

Investment Companies and Separate Vehicles
The Bank manages and administers assets held in trusts and other investment vehicles in support of investors. The financial statements of these entities are not part of these consolidated financial statements, except when the Bank has control over the entity.

Investments in Associates
It is an entity over which the Bank has significant influence but does not have control or joint control over financial or operating policies. Investments in other entities are accounted for using the equity method and are initially recognized at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the participation on the profit or loss and other comprehensive income under the equity method, after adjustments to present them consistently with the accounting policies, as of the date on which the significant influence began until the date on which the same ceases.

When the participation in an associate's losses equals or exceeds its participation in the associate, participation in the additional losses is no longer recognized. The carrying amount of the investment, together with any long-term interest that, in essence, forms part of the investee's net investment, is reduced to zero, except if the Bank has an obligation or payments to make on behalf of the investee.

Functional and Presentation Currency
The functional and presentation currency of the consolidated financial statements is the United States dollar.

The functional currency of the subsidiaries is:

- United States Dollars for Panama.
- Colones for Costa Rica.
- United States Dollars for British Virgin Islands.

In preparing the financial statements of the individual entities members of the Bank, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates in which operations are conducted. At the end of each reporting period under review, monetary items denominated in foreign currencies are converted at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are converted at the exchange rates prevailing at the date on which such fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reconverted.

Exchange differences on non-monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences from borrowings denominated in foreign currencies related to assets under construction for productive use future, which are included in the cost of such assets to be considered as an adjustment to interest costs on such loans denominated in currency foreign;
- Exchange differences from transactions related with exchange rate hedges; and
- Exchange differences on monetary items receivable from or payable to related to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are initially recognized in other comprehensive income and reclassified from equity to profit or loss on repayment of non-monetary items.

For presentation purposes of the consolidated financial statements, the assets and liabilities of the foreign currency transactions of the Bank are translated into the presentation currency using the exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising are recognized in the consolidated statement of profit or loss and other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Bank's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Bank are reclassified to profit or loss.

In addition, with respect to a partial disposal of a subsidiary (including a foreign operation), the entity shall re-attribute the proportionate share of accumulated exchange differences to non-controlling interests and are not recognized in profit or loss. In any other partial disposal (i.e. partial disposal of associates or joint agreements that do not involve the loss of significant influence and joint control by the Bank) the entity will reclassify to profit or loss only the proportionate share of the cumulative amount of exchange differences.

Adjustments for goodwill and fair value of identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Financial assets
The Bank classifies its financial assets and liabilities at the time of initial recognition in the categories of financial assets and financial liabilities as discussed below.

When applying that classification, a financial asset or liability is considered to be held for trading if:

- It is acquired or incurred primarily for the purpose of selling or repurchasing it in the near term,
- On the initial recognition, it is part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence of a recent actual pattern of obtaining short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Bank classifies its financial assets as subsequently measured at amortized cost or measured at fair value with changes in profit or loss based on:

- The entity's business model for the management of financial assets.
- The contractual cash flows characteristics of the financial asset.

Financial assets measured at amortized cost
A debt instrument is measured at amortized cost if it is maintained within a business model whose objective is to maintain financial assets to collect cash flows and their contractual terms give rise to cash flows that are only payments of principal and interest on the principal pending payment.

The Bank includes loans receivable, earned income and other accounts receivable in this category.

Loans
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except (a) those that the Bank intends to sell immediately or in the short term, which are classified as negotiable, and those that the Bank in its initial recognition designates as fair value through profit and loss; (b) those that the Bank in its initial recognition designates as available for sale; or (c) those for which the holder does not recover substantially all of its initial investment, unless due to credit impairment.

Loans are recognized at amortized cost using the effective interest method less any impairment, with income recognized on an effective rate basis.

Financial assets measured at fair value through profit or loss (FVTPL)
A financial asset is measured at fair value through profit or loss if:

- On initial recognition, it is irrevocably designated as measured in FVTPL when doing so eliminates or significantly reduces an inconsistency in measurement or recognition that would otherwise arise when measuring assets or liabilities or when recognizing gains or losses.

Financial assets measured at fair value through other comprehensive income (FVTOCI)
A debt instrument is measured at FVTOCI if it meets both of the following conditions and has not been designated as FVTPL:

- The asset is maintained within a business model whose objective is to collect contractual cash flows and sell these financial assets, and;
- The contractual terms of the financial asset establish specific dates for cash flows derived only from payments of principal and interest on the current balance.

Derecognition of financial assets
The Bank derecognizes a financial asset only when the contractual rights to receive cash flows from the asset expire; or when the Bank has transferred financial assets and substantially all risks and rewards of ownership of the asset to another entity. If the Bank does not transfer or retain substantially all risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associate liability for amounts it may have to pay. If the Bank retains substantially all risks and rewards of ownership of financial assets transferred, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and any cumulative gain or loss should be recognized in the consolidated statement of profit or loss and other comprehensive income.

The Bank carries out transactions by which it transfers assets recognized in the consolidated statement of financial position, but conserves all or substantially all risks and rewards of the transferred assets or a part of them. In such cases, the transferred assets are not derecognized. Examples of this type of operations are securities lending transactions and sale and repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and control of the asset is retained, the asset continues to be recognized to the extent of its continuing involvement, determined by the extent to which it is exposed to the changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to recognize a transferred financial asset by which a commission is received. The transferred assets are derecognized at the time of transfer if they have met the characteristics that allow it. An asset or liability is recognized for the service contract depending on the management fee, if this is more than adequate (asset) or is less than adequate (liability) for performing the service.

Financial liabilities and equity instruments issued

Classification
Financial liabilities measured at fair value through profit or loss (FVTPL): A financial liability is measured at FVTPL if it meets the definition of held for trading. The Bank includes short-term capital and debt instruments in this category, since they are classified as held for trading.

Financial liabilities measured at amortized cost**:** This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Bank includes in this category customer deposits, securities sold under repurchase agreements, obligations and other short-term accounts payable.

Amortized cost
The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, less payments to the principal, plus or less the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, less any reduction for impairment.

Derecognition of financial liabilities
The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are liquidated, canceled or expired.

Offsetting of financial instruments
Financial assets and liabilities are offset, that is, when the net amount is presented in the consolidated statement of financial position, only when the dependent entities have the right, legally, to offset the recognized amounts in the mentioned instruments, as well as the intention to liquidate the net amount, or to realize the asset and pay the liability simultaneously.

Interest income and expenses are presented on a net basis only when permitted under IFRS, or for gains or losses arising from a group of similar transactions.

Common shares
Common shares are issued at their nominal value without costs or expenses of any kind as they are privately issued.

Preferred shares
Preferred shares are classified as part of equity because the Bank has total discretion in their redemption and declaration of dividends. The payment of dividends is deducted from the undistributed profits.

Additional paid-in capital
The additional paid-in capital corresponds to the excess contributions made by shareholders that are pending capitalization.

Dividends
Dividends on common shares are recognized in equity in the period in which they have been approved by the Board of Directors.

Interest
Interest income and expense are recognized in the consolidated statement of profit or loss and other comprehensive income for all financial instruments that generate interest using the effective interest method.

The method of effective interest rate is the method used to calculate the amortized cost of an asset or financial liability and to distribute the income or interest expense over a period of time. The effective interest rate is the rate that exactly discounts the estimated cash flows over the expected life of a financial instrument or, when appropriate in a shorter period, to its net carrying amount. When calculating the effective interest rate, cash flows are estimated considering the contractual terms of the financial instrument, but future losses due to credit are not considered.

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

Commission income and expenses
Fees, income and commission expenses that are an integral part of the effective interest rate of a financial asset or liability are included in the effective interest rate measurement.

Interest income and commissions of the loan portfolio and other medium - and long-term transactions are recorded using the effective interest method, on an accrual basis.

Loans and advances accrue interest until they are collected or deemed uncollectible credit, at which time they are written off; fees for loan origination, net of costs arising from direct loans, are deferred and recognized over the life of the loan as an adjustment to yield using the effective interest rate. Interest income and commissions at the time the receivables are paid in full, any unamortized amounts of administrative loan fees, net of costs arising from direct loans, are recognized as part of interest income. Deferred income net of costs is presented under the heading of Loan in the consolidated statement of financial position.

Other income and expenses fees and commissions are mainly related to fees for transactions and services, which are recorded as income and expenses as they give or receive services.

Commissions on loans and other transactions, net of certain direct costs from providing them, are deferred and amortized during their lives.

On the other hand, revenues from brokerage services and issuance structuring correspond to fees charged for the purchase and sale of securities on behalf of clients and debt structuring. These revenues are recognized in the Bank's results on the settlement date of the transaction.

Impairment identification and measurement
The Bank recognizes a provision for ECLs (Expected Credit Losses) in the following financial instruments that are not measured at FVTPL:

- Loans receivable;
- Financial assets at fair value with changes in profit or loss and other comprehensive income.
- Other accounts receivable.

No impairment loss is recognized on equity investments.

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL: the expected credit losses resulting from possible default events within 12 months after the reporting date of the consolidated financial statements, (referred to as Bucket 1); or
- Full lifetime ECL: these are the expected credit losses resulting from all possible default events during the expected life of the financial asset, (referred to as Bucket 2 and Bucket 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk in that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate (EIR).

Impaired financial assets
A financial asset is considered as impaired when one or more events have occurred that have a detrimental effect on the estimated future cash flows of the financial asset. Impaired financial assets are referred to as Bucket 3 level assets. Evidence of credit impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract, such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or another financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single specific event; instead, the combined effect of several events may have caused the financial asset to become credit impairment. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or at FVTOCI, are impaired at each reporting date of the consolidated financial statements. To assess whether sovereign and corporate debt instruments are impaired, the Bank considers credit risk ratings. Credit risk ratings are defined using quantitative and qualitative factors that are indicative of loss risk. These factors may vary depending on the nature of the exposure and the type of borrower. With regard to foreign investments, the Bank uses the international risk ratings from Fitch, Standard and Poor’s or Moody’s.

A loan is considered impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving contractual cash flows has been reduced significantly and there are no other indicators. For financial assets where concessions are contemplated but not granted, the asset is considered impaired when there is observable evidence of credit impairment, including meeting with the definition of default. The definition of default includes the unlikeliness to pay indicators and a back-stop if the amounts are overdue for 90 days or more.

Definition of default
The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability default (PD = probability of default) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

When assessing whether a borrower is in default, the Bank considers the following indicators:

- The borrower is past due more than 90 days on any credit obligation.
- Breach of contractual clauses or legal situations.

The definition of default is tailored to reflect the different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached the limit granted and does not correct his situation in a period of 30 days.

When assessing whether the borrower is unlikely to pay all of his credit obligations, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of asset; for example, in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for consumer loans. Quantitative factors, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis.

Significant increase in credit risk
The Bank monitors all financial assets, which are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on ECL during the lifetime.

Economic scenarios form the basis for determining the probability of default on initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether the credit risk has significantly increased.

For corporate loans, forward-looking information includes forecasts of economic indicators of the industries in which the Bank's counterparties operate, as well as internally generated information on customer payment behavior. The Bank assigns its counterparties to the relevant internal credit risk grade depending on their credit quality. Quantitative information is a primary indicator of significant increases in credit risk and is based on the change in the debtor's credit rating through the rating rating since initial recognition.

Qualitative factors that indicate a significant increase in credit risk are reflected in the default probability models on a timely basis. However, the Bank separately considers some qualitative factors in assessing whether credit risk has increased significantly.

Since a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than for a financial instrument with a higher probability of default.

Measurement of ECLs
The key inputs used for the measurement of ECLs are:

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

The measurement of ECLs is derived from internally developed statistical models and other historical data and is adjusted to reflect probability-weighted forward-looking information.

The probability of default (PD) is an estimate of the likelihood of default over a given time horizon. It is estimated at one point of time. The calculation is based on statistical classification models and assessed using classification tools tailored to the various categories of counterparties and exposures.

These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimate is based on current conditions, adjusted to take into account future conditions that will impact PD.

The loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecast of future collateral valuation taking into account sale discounts, time to realization of collateral and cost of realization of collateral. The LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is based on discounted cash flows, where the cash flows are discounted by the effective interest rate (EIR) of the asset.

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account the expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on compromised facilities. The Bank's modeling approach reflects the expected changes in the outstanding balance over the lifetime of the loan exposure that is permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit Bank exposure to credit losses for the contractual notice period. For such financial instruments, the Bank measures the ECL over the period in which it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

The measurement of ECLs is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis.

Groupings based on shared risks characteristics
When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Instrument type;
- Credit risk grade;
- Collateral type;
- Date of initial recognition;
- Remaining term to maturity;
- Industry;
- Geographic location of the borrower;
- Income range of the borrower; and
- The value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (LTV = loan-to-value ratios).

The groupings are reviewed on a regular basis to ensure that each group consists of homogeneous exposures.

Presentation of allowance for ECL in the consolidated statement of financial position:
Loss allowance for ECL is presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: The loss allowance is included in the consolidated statement of profit or loss and credited to an equity allowance.

Write-off
Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower has no assets or sources of income that could generate sufficient cash flows to reimburse the amounts subject to the penalty. A write-off constitutes an event of derecognition. The Bank may apply activities that enforce compliance with the financial assets written-off. Recoveries resulting from Bank activities that enforce compliance will result in impairment gains.

Property, furniture, equipment and improvements
Property, furniture, equipment and improvements are stated at acquisition cost, net of accumulated depreciation, amortization and impairment losses. Major improvements are capitalized, while other minor repairs and maintenance that do not increase its useful life or improve the assets are charged directly to expenses as incurred.

Depreciation and amortization are charged to expenses and are calculated using the straight-line method based on the estimated useful life of assets:

Building	30 years
Furniture and office equipment	5 - 15 years
Audio-visual and communications equipment	3 - 5 years
Computer and security equipment	3 - 10 years
Rolling equipment	3 - 5 years
Property improvements	7 - 10 years

Assets that are subject to depreciation and amortization are reviewed for impairment whenever changes in the circumstances indicate that carrying values are not recoverable. The carrying value of fixed assets is immediately written-down to its recoverable amount, which is the higher between the fair value less selling cost and the value in use.

An item of property, furniture, equipment and improvements are written off to their eventual disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on the disposal or discard of an item of property, furniture, equipment and improvements are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

Non-current assets available for sale
Non-current assets received by the Bank's consolidated entities for the satisfaction, in whole or in part, of the payment obligations of its debtors are considered assets received in lieu of payment, unless the consolidated entities have decided to make continuing use of these assets and they are recognized by the lowest value between the carrying amount of loans not paid or fair value, less selling costs.

Management considers it prudent to maintain an allowance to recognize the risks associated with the devaluation of assets that could not be sold, which is recorded against results of operations.

Impairment of non-financial assets
At the date of each consolidated statement of financial position, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In case the asset does not generate cash flows for itself, that are independent of other assets, the Bank calculates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually.

The recoverable amount is the higher of fair value, less sale costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments with respect to the time value of money and the specific risks of the asset to which estimated future cash flows have not been adjusted.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Immediately an impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss would not have been recognized for the asset (cash-generating unit) in prior years. Immediately a reversal of an impairment loss is recognized as income.

On June 30, 2024, Management had not identified any impairment of non-financial assets.

Business combination
A business combination should be accounted for by applying the acquisition method. The consideration for each acquisition is measured at fair value, which is calculated as the sum of the fair value at the acquisition date of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the Bank in exchange for control of the acquired. Costs related to the acquisition are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 respectively*;*

Liabilities or equity instruments related to share-based payment arrangements of the acquired, or share-based payment arrangements of the Bank entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date.

- Assets (or disposal groups of assets) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that represent ownership interests and guarantee their holders a proportionate share of the net assets of the entity in liquidation may be initially measured at fair value or the proportionate share of the non-controlling of the amounts recognized in the net identifiable. The choice of measurement basis is made on a transaction based on transaction. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Bank in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a combination of business. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. The settings of the measurement period are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

In the cases of business combinations achieved in stages, the Bank's participation in the acquisition is re-measured to fair value at the acquisition date (i.e. the date on which the Bank obtained control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquired prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill
At acquisition date, goodwill is calculated as the excess of acquisition cost over the fair value of identified net assets. Goodwill is not amortized. Instead, it is reviewed annually to determine whether there are indicators of impairment in carrying value. If such indicators exist, the difference between the carrying value and the recoverable amount of goodwill is recognized in profit or loss of the period. Goodwill is presented at cost less accumulated impairment losses, if any. Goodwill is allocated to cash generating units for the purpose of assessing impairment.

Intangible Assets
Software licenses or software are stated at amortized cost. The amortization is calculated on the cost of the license based on the straight-line method over the estimated useful life of three years and is included in the statements of profit or loss in the line of depreciation and amortization.

Subsequent to their initial recognition, these intangible assets are accounted for at cost less accumulated amortization and any impairment losses (if any).

Employee Benefits

Panamanian Legislation
Current labor regulations require that on completion of the employment relationship, regardless of the cause, the employer must recognize in favor of the employee a seniority premium rate of one week's salary for each year of service. Additionally, the Bank is required to pay termination benefits to those employees terminated without cause. There is no material reduction plan making it necessary to create a reserve for the percentage required by the labor regulations for this item.

The Bank has established an allowance for the seniority premiums of workers, consisting of 1.92% of all wages earned, required by the existing labor regulations. These are deposited in a trust fund administered by a private, independent trustee to the Bank; said funds are included in the figures for other liabilities in the consolidated statement of financial position.

Law No.44 of 1995 establishes that companies must contribute to a Severance Fund to cover seniority and dismissal premium payments to workers. This contribution is determined based on the compensation paid to employees. To manage this Fund, the Bank established a trust with an authorized private entity. The contribution for the year was B/.50,250 (2023: B/.72,008).

These contributions are considered a defined benefit plan, where they are measured at the present value of the expected future payments with respect to services provided by employees through the end of the reporting period using the projected unit credit method. It takes into account the expected levels of future salaries and wages, experience of departures and periods of service of employees. Expected future payments are discounted using market yields at the end of the period using Panama Government bonds as a reference. New measurements as a result of adjustments due to experience and changes in actuarial assumptions are recognized in the consolidated statement of comprehensive income.

Social Security
According to Law No.51 of December 27, 2005, companies must make monthly contributions to the Social Security Fund, equivalent to a percentage of the total salaries paid to their employees. A portion of these contributions is used by the Panamanian State to pay for future employee retirements. The contribution for the period amounted to B/.902,811 (2023: B/.616,214). These contributions are considered a defined contribution plan, where the Group has no future payment obligations in addition to the contributions made.

Costa Rican legislation
Costa Rican law requires payment of a severance fund for employees in cases of unjustified dismissal, retirement or death. The legislation provides for the payment of 7 days for employees with 3 or 6 months of employment, 14 days for those with more than 6 months and less than a year and finally for those with more than a year a maximum of 8 years in accordance with a rate established by the Worker Protection Act.

In accordance with the Worker Protection Act, during the time that the employment relationship is maintained all employers have to contribute the fund based on 3% of monthly salaries paid to the Supplementary Pension Scheme. This fund will be collected by the Costa Rican Social Security Fund and transferred to entities authorized by the employee. Besides, 3% of wages paid is transferred to the Employees Solidarity Association, which is recorded as an expense when incurred. Both contributions are considered as advances to the unemployment fund.

Leases
Financial leases consist primarily of equipment and vehicle leases, which are reported as part of the loan portfolio.

The Bank as lessor
The Entity enters into leasing contracts as lessor with respect to some of the investment properties.

Leases in which the Bank acts as lessor are classified as financial leases or operating leases. When the terms of the contract substantially transfer all risks and rewards of ownership to the lessee, the contract is classified as a financial lease. All other contracts are classified as operating contracts.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying value of the leased asset and are recognized on a straight-line basis over the term of the lease.

Outstanding amounts of finance leases are recognized as lease receivables in the amount of the net investment in the leases. Finance lease income is allocated to the accounting periods to reflect a constant periodic rate of return on the net investment in the lease.

The Bank as lessee
The Bank assesses whether a contract is or contains a lease, at the beginning of the contract. The Bank recognizes a right-of-use asset and a corresponding lease liability in relation to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a term of 12 months or less) and low-value asset leases. For these leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments not paid at the inception date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rates.

Lease payments included in the measurement of lease liabilities consist of:

- Fixed payments (including fixed payments in substance), less any lease incentive received;
- Variable payments that are based on an index or rate, initially measured using the index or rate on the start date;
- Amounts expected to be paid by the lessee as residual value guarantee;
- Price of a purchase option if the lessee is reasonably certain to exercise it; and
- Penalties for termination of the lease, whether the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest accrued on the lease liability (using the effective interest method) and reducing the carrying amount to reflect rent payments made.

The Bank re-measures the lease liability (and makes appropriate adjustments related to the right-of-use asset) provided that:

- The lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in an expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease is changed and the change in lease is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate, updated at the effective date of the amendment.

The Bank has not made these adjustments during the period presented.

Right-of-use assets comprise the initial measurement of the related lease liability, lease payments made on or before the start date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the life of the underlying asset. Depreciation begins on the start date of the lease.

The right-to-use asset is presented as a separate line item in the consolidated statement of financial position.

The Bank applies IAS 36 to determine whether a right-to-use asset is impaired and accounts for any identified impairment loss as described in the policy “Property, furniture, equipment and improvements”.

Variable rentals that are not dependent on an index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the item line "other expenses - rent" in the consolidated statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 allows not to separate the non-lease components and instead to account for any lease and its associated non-lease components as a single agreement. The Bank has not used this practical expedient. For contracts that contain both lease components and one or more additional lease or non-lease components, the Bank assigns the contract consideration to each lease component under the method of the relative sale price separate from the lease component and relative sale price added for all non-lease components.

Income tax
The annual income tax includes both current tax and deferred tax. The income tax is recognized in results of operations for the current year. The current income tax refers to the estimated tax payable on taxable income of the period, using the rate prevailing at the date of the consolidated statement of financial position.

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Complementary tax
The complementary tax corresponds to a portion of tax on dividends paid in advance on behalf of the shareholders, which is deducted when dividends are paid to shareholders.

Trust operations
Assets held in trust or in trust function are not considered part of the Bank, and accordingly, such assets and related income are not included in the accompanying consolidated financial statements. Commission income generated from management of trusts are recorded under the accrual method, in the consolidated statement of profit or loss and other comprehensive income.

Policies applicable to insurance

Recognition and measurement of insurance contracts

General insurance business
The general insurance business includes the following branches: fire, multi-risk, transportation, automobile, hull, civil liability, theft, miscellaneous and technical insurance. General insurance contracts protect clients against risks caused by an uncertain event on third parties or on the insured itself.

Under the implementation of IFRS 17, the company has adopted the Premium Allocation Model (PAA) for the measurement of short-term contracts, as it is the most appropriate for general insurance lines. This model simplifies the recognition and measurement of the remaining coverage liability, calculated mainly based on the issued premiums, adjusted for acquisition costs and the best estimates of future cash flows.

Premiums issued on general insurance contracts are recognized in proportion to the coverage period of the contract, aligning revenue with the service provided to the insured. This approach ensures that revenue reflects the progressive fulfillment of the coverage obligation, allowing for more accurate alignment with the services provided.

The remaining hedge liability is calculated by considering the present value of expected future cash flows, adjusted for the risk associated with the uncertainty of future payments. This valuation, adjusted regularly, ensures that the company's liabilities accurately reflect outstanding obligations.

Review and update of liabilities and provisions

The company periodically updates liabilities related to general insurance contracts, continuously reviewing projections and estimates of future cash flows, which allows for maintaining an updated and accurate valuation in line with risk expectations and compliance with contractual obligations.

Premiums for personal insurance policies are managed in a similar way to those for the general insurance business, with the exception of individual life insurance, where revenue is recognized based on cash received. This approach ensures that revenue is aligned with cash flows actually received, providing a direct correspondence between revenue and payments received for individual life coverage.

Personal insurance business

The personal insurance business includes individual term life, group life and personal accident insurance. These contracts provide coverage against events such as accidents, temporary or permanent disability, and death.

For the valuation of liabilities in the Individual Life branch, the company has adopted the General Model or Building Block Approach (BBA), in accordance with the provisions of IFRS 17. This methodology consists of calculating the liability based on the present value of expected future cash flows, including a risk adjustment to reflect the uncertainty regarding the amount and timing of future payments, in addition to the Contractual Service Margin (CSM), which reflects the unrecognized gain that will be released over the duration of the contract.

Personal accident and group life contracts have been valued using the Premium Allocation Model (PAA), since these contracts have short-term characteristics that make them more suitable for this methodology. The PAA simplifies the measurement of the remaining coverage liability, using mainly the written premiums adjusted for acquisition costs.

Financial guarantee or surety bond contracts
The Insurer has classified the surety bond contracts as insurance contracts and has applied the accounting corresponding to these contracts under IFRS 17, not being subject to the application of IAS 32, IFRS 9 or IFRS 7. In this way, the sureties are accounted for under the specific approach of insurance contracts.

Financial guarantees are considered to be contracts by which the Insurer undertakes to pay specific amounts on behalf of a third party in the event that the latter does not do so, regardless of the form in which the obligation is instrumented: surety, financial or technical guarantee, documented credit irrevocably issued or confirmed by the Bank, insurance and credit derivatives.

Premiums receivable, coinsurance receivable and other receivables
Premiums receivable, coinsurance receivable and other receivables are considered non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures these assets at amortized cost, using the effective interest method. This includes premiums receivable, accounts receivable from reinsurers and coinsurers, accrued interest receivable and other receivables.

To ensure proper valuation of these assets, the Company conducts a periodic review to identify any indication of impairment. If any of these accounts is determined to be unrecoverable, an impairment loss is immediately recorded in the results. In the case of short-term receivables, where the recognition of interest is considered immaterial, the calculation of interest is omitted.

Interest income from these receivables is recognized by applying the effective interest rate, which allows for an accurate reflection of the income related to the financial assets in question, provided that the amounts are significant.

Subscribed premiums
Subscribed premiums comprise premiums for contracts that have been agreed during the year, regardless of whether they relate in whole or in part to a subsequent accounting period. The accrued portion of written premiums is recognized as income. Written premiums are accrued as of the risk assessment date, over the term of the contract.

Unearned premiums are the proportions of written premiums issued in a year that refer to periods of risk after the closing date of the consolidated financial statements. Unearned premiums are deferred over the life of the policies using the daily pro-rata method.

Reinsurance premiums
Reinsurance premiums comprise premiums assigned to reinsurers for the coverage provided in the contracts held in the period and are recorded on the date the policy is issued. The accrued portion of reinsurance premiums is recognized as costs. Reinsurance premiums are accrued as of the date the risk is fixed, over the term of the contract.

Unearned reinsurance premiums are the proportions of reinsurance premiums issued in a year that refer to the risk periods subsequent to the closing date of the consolidated financial statements. Unearned reinsurance premiums are deferred over the life of the policies using the daily pro-rata model.

Commissions
Income from reinsurance commissions is recognized according to the terms of the policy, under the pro-rata temporis method, ensuring that commission income is aligned with the service provided during the coverage period.

In the normal course of business, the Insurer enters into automatic non-proportional (excess of loss) and facultative proportional contracts for assigned premiums, in order to limit its risk exposure to each of the insured and to recover a portion of the benefits paid.

Non-proportional (excess of loss) contracts, which apply to lines of business such as fire and other general lines of business, are recognized in the results as they accrue. These contracts establish a coverage limit for the insured and a fixed retention amount for the insurer.

The Insurer recognizes one hundred percent (100%) of the reserve for incurred claims, net of the reinsurer's share pending settlement or payment at the end of the fiscal year. Claims are reported to the reinsurer and credited to the statements when they are paid, except for those that exceed the minimum claim notice amount included in the reinsurance contracts.

Reserve for unearned premiums
With the implementation of IFRS 17, the reserve for unearned premiums has been replaced by the measurement of the remaining coverage liability for insurance contracts, both in short-term and long-term lines. This liability reflects the insurer's outstanding obligation to provide insurance coverage throughout the term of the contracts. The company recognizes this liability in the consolidated statement of financial position at the present value of expected future cash flows, adjusted for risk and the Contractual Service Margin (CSM).

For short-term contracts, the company has adopted the Premium Allocation Model (PAA). Under this method, the remaining hedge liability is calculated primarily on the basis of written premiums, adjusted for acquisition costs. Premiums are recognized in proportion to the coverage provided, and the unearned portion is presented as the remaining hedge liability in the financial statement.

For individual life contracts and other long-term products, the company uses the General Model or Building Block Approach (BBA), which incorporates the best estimate of future cash flows, risk adjustment and the Contractual Service Margin. This approach ensures that liabilities adequately reflect future obligations, certified by an independent actuary, as required by the regulations of the Superintendency of Insurance and Reinsurance of Panama.

The unearned portion of reinsurance corresponding to issued contracts is also reflected in the financial statement under the heading of reinsurers' participation in provisions on insurance contracts, applying the same valuation criteria in accordance with IFRS 17.

Liabilities subject to the liability adequacy test
Under IFRS 17, the Company conducts an ongoing assessment of the adequacy of insurance liabilities through the Contractual Service Margin (CSM) and the Risk Adjustment. If a shortfall is identified in any insurance provision, an additional provision is immediately recognized to cover the deficiency. This loss is reflected in the consolidated statement of income for the period.

The calculation of the remaining coverage liability and the liability for incurred losses (LIC) allows the company to ensure that the recognized liabilities are sufficient to meet future obligations to policyholders. If an insufficiency in the technical provisions is identified during the liability adequacy test, the company immediately adjusts the measurement of the liability to ensure its adequacy.

Claims
Claims are recognised in the consolidated statement of profit or loss and other comprehensive income based on an estimate of Incurred Claims Liabilities (LIC), which include payments expected to be made to policyholders and/or third parties under insurance contract coverage. Based on the new IFRS 17 standard, claims include all reported and unreported claims, as well as associated direct and indirect settlement costs, incurred to the date of the consolidated statement of financial position.

Incurred Claims Liabilities (LIC) reflect the estimated future cash flows from claims and their related costs. Unlike in previous periods, the insurer may apply a discount to these cash flows to reflect the time value of money, provided that payments are made over an extended period. This estimate incorporates both reported claims and those incurred but not reported, as estimated through actuarial analysis.

The liability for unreported claims is assessed using generally accepted actuarial methods, and the results are validated by an independent actuary. Any adjustments resulting from actuarial studies are immediately reflected in current operations and adjusted in the financial statements for the period.

Claims pending and future benefit payments
Claims arising from the general insurance business include claim payments and claims handling expenses incurred during the year, together with movements in the Liability for Incurred Claims (LIC). Claims pending consist of the expected costs to settle all reported and incurred claims at the date of the financial statements. These claims are analyzed both individually and through provisions for incurred but unreported claims, in line with the principles established by IFRS 17.

Claims settlement expenses
In the measurement of claims liabilities, the insurer includes the associated settlement expenses in order to reflect the full cost expected to be incurred for the obligations arising from the insurance contracts. The gross reserve for pending claims is presented in the consolidated statement of financial position as part of insurance liabilities. In the event that the claims involve participation by reinsurers, reinsurance recoveries are recognized as an asset, presented in the consolidated statement of financial position under the caption reinsurers' participation in liabilities on insurance contracts.

Reinsurance recoveries and other compensation mechanisms are assessed using the same criteria as pending claims, ensuring an adequate estimate of recoverable resources by reinsurers.

Provisions for pending claims and reinsurance recoveries
The Insurer considers that the gross provisions for pending claims and the amounts recoverable from reinsurers are fairly presented based on the information available at the time of closing. However, it is possible that the final liability may vary as a result of subsequent information, which could lead to significant adjustments to the amounts provided. The method used to estimate these liabilities, and the calculations made are reviewed regularly, and any adjustments following a study or review are applied to current operations.

Recoveries, salvage and subrogation
The Insurer recognizes in its consolidated financial statements a reduction in the cost of the claim due to recoveries and/or subrogation from third parties, as well as the salvage generated by the sale of damaged assets. These recoveries and salvage are recorded when they are carried out, generally at the time of payment of the claim.

Reinsurance claims
Reinsurance claims are recognized in accordance with the terms of the respective contract, in the same period in which the gross insurance claim is recognized. This treatment ensures that reinsurance benefits are recorded simultaneously with the corresponding claims.

Policy acquisition costs
Commissions and other costs related to the acquisition or renewal of insurance contracts are capitalized and presented as deferred policy acquisition costs. These costs are amortized over the life of the contracts, in proportion to the service provided. Any deferred costs or intangible assets that are written off are not subsequently reversed. Costs that are not directly related to the acquisition of policies are recognized as expenses when incurred.

Classification of reinsurance contracts
In the normal course of business, the Insurer cedes part of its risk through proportional and non-proportional reinsurance contracts, as well as co-insurance contracts. In proportional contracts for property, personal, surety and automobile lines, the Insurer cedes risks under quota share and surplus agreements, in accordance with the limits established in each contract.

For the civil liability, theft, fidelity, marine hull and transport branches, the Insurer maintains non-proportional contracts with agreed maximum retentions, and additionally has excess loss protection for catastrophic risks in property and personal branches. Ceded reinsurance premiums are recognized as an expense in the period in which they are incurred and reported to the reinsurer.

Claims ceded under reinsurance are recognized as assets for reinsurers' participation in liabilities under insurance contracts. Recoveries from reinsurers are recorded in accordance with provisions for outstanding claims and are assessed in a similar manner to claims in process.

Impairment assessment of reinsurance assets
Under the implementation of IFRS 17, the Insurer includes the assessment of the impairment of reinsurance assets as part of the calculation of the Incurred Claims Liability (LIC). Impairment is not assessed separately, but rather forms part of the comprehensive process of assessing future cash flows associated with reinsurance claims and recoveries. This methodology ensures that the liability adequately reflects both the claims payable and the probabilities of recovery of the reinsurance assets.

If there is objective evidence indicating a possible loss in the recoverability of reinsurance assets, such loss is reflected in the valuation of the LIC, adjusting the estimates to incorporate the risk of un-collectibility or impairment of the reinsurance assets, and recognizing the impact on the results of the period.

Receivables and payables from reinsurance contracts
The Insurer cedes insurance risks through reinsurance contracts that transfer significant insurance risk. Ceded reinsurance premiums are recognized in the same period as the premiums of the related direct business, ensuring simultaneous accounting of the ceded risks.

Reinsurance recoveries are recorded in the same period as the corresponding direct claims. Reinsurance assets include balances owed by reinsurance companies in relation to ceded insurance liabilities.

Reinsurance and coinsurance payables
Financial liabilities, including accounts payable to reinsurers and coinsurers, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are recorded when policies are issued and are recognized as a liability in the consolidated financial statements. Transactions are supported by contracts or coverage notes signed with reinsurers or coinsurance agreements.

Reinsurance ceded to reinsurance counterparties
The Insurer cedes part of the insurance risks to reinsurance counterparties in the normal course of business. Reinsurance assets represent the balances owed by reinsurance companies, and recoveries from them are recognized in the same period as provisions for outstanding claims or settled claims. These arrangements do not relieve the Insurer of its obligations to the policyholders.

Segment information
A business segment is a component of the Bank that engages in business activities in which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Bank, whose operating results are regularly reviewed by the Bank's Board of Directors for decision-making regarding the resources to be allocated to the segment and to evaluate its performance, and for which financial information is available for this purpose.

Cash equivalents
For the purposes of the consolidated statement of cash flows, the Bank considers cash and cash equivalents to be cash and demand and time deposits in banks with original maturities of three months or less.

Fair value measurement and valuation process
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in the principal market at the measurement date, or in their absence, in the most advantageous market to which the Bank has access at the time. The fair value of a liability reflects the effect of default risk.

To estimate the fair value of an asset or liability, the Bank uses observable data when available. Management periodically reports to the Board of Directors the causes of the most significant fluctuations in the fair value of assets and liabilities, for information on the valuation techniques and input data used in the fair value of assets and liabilities (see Note 5).

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

Comparatives
Certain figures in the statement of changes have been modified for better comparison.

4. Financial Risk Management

Objectives of financial risks management
The activities of the Bank are exposed to a variety of financial risks and those activities include the analysis, evaluation, acceptance and management of a certain degree of risk or combination of risks. Taking risks is inherent to the financial business, and the operational risks are an inevitable consequence of being in business. Therefore, the objective of the Bank is to achieve an appropriate balance between risk and return and minimize the potential adverse effects on the financial returns of the Bank.

The activities of the Bank are mainly related to the use of financial instruments, and, as such, the consolidated statement of financial position is mainly composed of financial instruments. The Bank is therefore exposed to the following risks:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The Board of Directors of the Bank has the responsibility to establish and overlook the policies on financial instruments risk management. For this purpose, it has appointed committees that are in charge of the administration and periodic surveillance of the risks to which the Bank is exposed. These committees are as follows:

- Audit Committee, under the Board of Directors.
- Assets and Liabilities Committee (ALCO).
- Risk Committee.

Additionally, the Bank is subject to the regulations of the Superintendency of Capital Markets of Panama and the Superintendency of Banks of Panama, regarding risk concentration, liquidity and capitalization, among others. The Superintendency of Banks of Panama regulates the operations of Prival Bank, S.A.

Prival Bank, S.A. (Costa Rica) is subject to the provisions of the National Council of Supervision of the Financial System (CONASSIF) and the General Superintendency of Financial Entities (SUGEF), which issue regulations regarding the comprehensive administration of risks and capital structure, among others.

Prival Securities Costa Rica and Sociedad Administradora de Fondos de Inversión (SAFI) are regulated by the Superintendency of Capital Markets of Costa Rica (SUGEVAL), which is the public entity responsible for regulating and supervising the operation of the stock markets and their participants.

Credit Risk
It is the risk of a financial loss for the Bank, which may take place if a client or a counterparty of a financial instrument fail to meet their contractual obligations arising mainly on loans to customers and investment in securities.

For purposes of risk management, the Bank considers and consolidates all the elements of exposure of credit risk, debtor risk, country risk, and sector or industry risk. The credit risk that originates in maintaining securities is managed independently but informed as a component of credit risk exposure.

The respective committees appointed by the Board of Directors of the Bank periodically monitor the financial condition of the debtors and issuers of negotiable instruments that involve a credit risk for the Bank. The Credit Committee consists of members of the Board, credit management staff, and representatives of the business areas. This Committee is charged with developing changes to credit policies, and to present them to the Board of the Bank.

Formulation of credit policies
Credit policies are issued or revised as recommended by any member of the Credit Committee, who must suggest in writing, considering the following factors:

- Changes in market conditions.
- Risk factors.
- Changes in laws and regulations.
- Changes in financial conditions and credit availability.
- Other relevant factors at the moment.

All changes in policies or the issuance of new policies must be approved by the Credit Committee, who in turn submits them to the Board of Directors for approval, issuing a memorandum of instructions for disclosure and implementation.

Establishment of authorization limits
The limits for approval of credits are established based on the significance of each amount related to the equity of the Bank. These limit levels are presented to the Credit Committee, who in turn submits them for the approval of the Board of Directors of the Bank.

Exposure limits
To limit exposure, maximum limits have been defined for an individual debtor or economic group; limits that have been set based on the Bank's capital funds.

Concentration limits
To limit concentration per activity or industry, exposure limits have been approved based on capital distribution and strategic planning to be given to the loan portfolio.

The Bank has also limited its exposure in different geographical areas through the country risk policy, in which countries have been defined to have exposure based on the Bank's strategic plan, as well as exposure limits have been implemented on credit and investment in such countries based on the credit rating of each one.

Maximum limits by counterparty
Regarding counterparty exposure, limits have been defined based on the risk rating of the counterparty, as a proportion of the Bank's capital.

Compliance review policies
Each business unit is responsible for the quality and performance of their credit portfolios as well as for the control and monitoring of risks. However, through the Risk Department, which is independent of the business areas, the debtor's financial condition and its ability to pay is periodically evaluated, giving primary importance to the biggest individual debtors. While for the rest of the loans that are not individually significant, they are followed up through the delinquency ranges presented by their payments, and to the particular characteristics of such portfolios.

Credit risk management
The Bank performs a qualitative and quantitative analysis of the client, for the qualitative analysis, the industry in which the client performs, the competence of the debtor or counterpart, its references, management, its products, customers, suppliers and operating performance of the company are taken into account. In the quantitative analysis, financial ratios are evaluated, depending on the industry in which the client operates.

The Bank structures the acceptable credit risk levels through the establishment of policies and procedures for a single borrower, group of borrowers, and geographic segment. Exposure to risk is mainly covered by obtaining guarantees.

It is worth mentioning that, as of June 30, 2024, 16.84% (2023: 21.07%) of the loan portfolio was backed by cash deposits. The rest of the portfolio is guaranteed by financial assets, fixed assets and properties, bonds or guarantees and other guarantees.

Credit quality analysis
The following table shows the information related to the credit quality of financial assets:

	Maximum exposure	
	2024	**2023**
Deposits in banks	82,494,730	93,887,496
Financial assets at fair value through profit or loss	102,177,299	1,306,817
Financial assets at fair value through other comprehensive income	177,209,051	221,333,498
Loan portfolio	256,007,941	299,208,031
Premiums receivable	14,373,334	12,012,911
Reinsures' share in the liabilities of insurance contracts	11,658,756	12,254,697
Subrogated bonds	4,376,452	4,104,165
Co-insurance receivable	704,294	589,477
Commission receivables	1,984,235	2,173,394
	650,986,092	646,870,486

	Maximum exposure	
	2024	**2023**
Credit risk exposure related to off-balance sheet operations:		
Banking guarantees	40,833,702	22,950,482
Endorsements and bonds	1,123,543	814,749
Promissory notes	1,268,244	1,954,443
Unused granted credit lines	147,078	1,101,865
	43,372,567	26,821,539

The table above represents the most critical scenario of credit risk exposure to the Bank on June 30, regardless of credit guarantees or of another increase of exposure to credit risk.

For the assets in the consolidated statement of financial position, exposures set out above are based on net carrying amounts reported in the consolidated statement of financial position.

The following table analyzes the credit quality of the loan portfolio amortized cost and off-balance sheet operations:

2024	Bucket 1, 12-month ECLs	Bucket 2, lifetime ECLs	Bucket 3, lifetime ECLs	Total
Corporate				
Rating 1-2	93,377,836	2,188,671	1,219,998	96,786,505
Rating 2-3	20,710,487	14,774,147	4,446,722	39,931,356
Rating NA	11,172,060	-	-	11,172,060
Gross carrying amount	125,260,383	16,962,818	5,666,720	147,889,921
Allowance for ECLs	(366,484)	(102,111)	(184,366)	(652,961)
Carrying amount	124,893,899	16,860,707	5,482,354	147,236,960
Consumer				
Current	64,805,740	-	79,488	64,885,228
1-30 days of delinquency	7,404,853	-	-	7,404,853
31-60 days of delinquency	-	477,515	47,369	524,884
61-90 days of delinquency	-	-	-	-
More than 90 days of delinquency	-	242,968	1,157,688	1,400,656
Gross carrying amount	72,210,593	720,483	1,284,545	74,215,621
Allowance for ECLs	(54,970)	(6,244)	(738,816)	(800,030)
Carrying amount	72,155,623	714,239	545,729	73,415,591
Home mortgage				
Current	29,355,221	-	-	29,355,221
1-30 days of delinquency	1,424,574	-	-	1,424,574
31-60 days of delinquency	-	352,646	-	352,646
61-90 days of delinquency	-	238,086	-	238,086
More than 90 days of delinquency	-	-	848,917	848,917
Gross carrying amount	30,779,795	590,732	848,917	32,219,444
Allowance for ECLs	(26,019)	(9,386)	(68,448)	(103,853)
Carrying amount	30,753,776	581,346	780,469	32,115,591
Credit cards				
Current	1,103,595	-	-	1,103,595
1-30 days of delinquency	35,100	-	-	35,100
31-60 days of delinquency	-	173	-	173
61-90 days of delinquency	-	10,302	-	10,302
More than 90 days of delinquency	-	-	54,717	54,717
Gross carrying amount	1,138,695	10,475	54,717	1,203,887
Allowance for ECLs	(19,719)	(564)	(54,529)	(74,811)
Carrying amount	1,118,976	9,911	188	1,129,076
Total gross loans	229,389,466	18,284,508	7,854,899	255,528,874
Interest receivable	1,277,656	712,472	205,342	2,195,470
	230,667,122	18,996,980	8,060,241	257,724,344
Total allowance for EC`Ls	(467,192)	(118,305)	(1,046,159)	(1,631,656)
Total loans, net	230,199,930	18,878,675	7,014,082	256,092,688
Loan commitments and guarantee contracts				
Gross carrying amount	43,372,567	-	-	43,372,567
Allowance for ECLs	(633)	-	-	(633)
Carrying amount	43,371,934	-	-	43,371,934

2023	Bucket 1, 12-month ECLs	Bucket 2, lifetime ECLs	Bucket 3, lifetime ECLs	Total
Corporate				
Rating 1-2	107,240,642	2,358,374	-	109,599,016
Rating 2-3	14,419,594	14,457,109	9,496,560	38,373,263
Rating NA	46,906,243	-	-	46,906,243
Gross carrying amount	168,566,479	16,815,483	9,496,560	194,878,522
Allowance for ECLs	(683,493)	(41,713)	(4,219,897)	(4,945,103)
Carrying amount	167,882,986	16,773,770	5,276,663	189,933,419
Consumer				
Current	64,537,244	124,915	965,259	65,627,418
1-30 days of delinquency	5,247,423	-	-	5,247,423
31-60 days of delinquency	52,277	-	-	52,277
61-90 days of delinquency	-	-	-	-
More than 90 days of delinquency	70,257	-	648,138	718,395
Gross carrying amount	69,907,201	124,915	1,613,397	71,645,513
Allowance for ECLs	(279,627)	(7,852)	(704,818)	(992,297)
Carrying amount	69,627,574	117,063	908,579	70,653,216
Home mortgage				
Current	32,118,865	176,718	-	32,295,583
1-30 days of delinquency	1,209,053	-	-	1,209,053
31-60 days of delinquency	276,587	458,834	-	735,421
61-90 days of delinquency	-	75,786	-	75,786
More than 90 days of delinquency	95,910	-	549,199	645,109
Gross carrying amount	33,700,415	711,338	549,199	34,960,952
Allowance for ECLs	(127,905)	(3,239)	(113,102)	(244,246)
Carrying amount	33,572,510	708,099	436,097	34,716,706
Credit cards				
Current	1,225,755	-	-	1,225,755
1-30 days of delinquency	23,026	-	-	23,026
31-60 days of delinquency	-	36,606	-	36,606
61-90 days of delinquency	-	-	-	-
More than 90 days of delinquency	-	-	17,620	17,620
Gross carrying amount	1,248,781	36,606	17,620	1,303,007
Allowance for ECLs	(66,117)	(1,933)	(17,620)	(85,669)
Carrying amount	1,182,664	34,673	-	1,217,338
Total gross loans	273,422,876	17,688,342	11,676,776	302,787,995
Interest receivable	1,721,624	293,684	882,023	2,897,331
	275,144,500	17,982,026	12,558,799	305,685,326
Total allowance for EC`Ls	(1,157,142)	(54,737)	(5,055,437)	(6,267,316)
Total loans, net	273,987,358	17,927,289	7,503,362	299,418,010
Loan commitments and guarantee contracts				
Gross carrying amount	26,821,539	-	-	26,821,539
Allowance for ECLs	(135,480)	-	-	(135,480)
Carrying amount	26,686,059	-	-	26,686,059

The following table analyzes the credit quality of financial assets at fair value through other comprehensive income and their allowance for impairment maintained by the Bank.

2024	12 month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	Valuation of the credit risk
Domestic:				
AAA to BBB-	316,457	-	-	316,457
BBB to B-	211,178	-	-	211,178
Domestic carrying value	527,635	-	-	527,635
Foreign:				
AAA- to BBB-	41,637	-	-	41,637
BB+ to B-	122,599	-	-	122,599
Foreign carrying value	164,236	-	-	164,236
Total carrying value	691,871	-	-	691,871

2023	12 month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	Valuation of the credit risk
Domestic:				
AAA to BBB-	189,158	-	-	189,158
BBB to B-	-	-	-	-
Domestic carrying value	189,158	-	-	189,158
Foreign:				
AAA- to BBB-	48,640	-	-	48,640
BB+ to B-	84,037	-	-	84,037
Foreign carrying value	132,677	-	-	132,677
Total carrying value	321,835	-	-	321,835

The information and assumptions used for these disclosures are detailed below:

- *Impairment of loans and investments* - Impairment of loans and investments is determined by considering the amount of principal and interest, based on the breach of contractual terms.
- *Past due loans but not impaired* - Refers to those loans where contractual payment of principal or interest is past due, but that the Bank considers as not impaired based on the level of guarantees available to cover the loan balance.

- *Renegotiated loans* - These are loans mainly due to material difficulties in the repayment ability of the debtor, has been subject to extensions, payment arrangement, restructuring, refinancing and any other form that causes variations in time and/or amount or other terms and conditions of the original contract, which respond to difficulties in the debtor's capacity to pay.
- *Write-off policy* - The Bank periodically reviews its impaired portfolio to identify those credits that merit being written off based on the uncollectibility of the balance and even for the amount in which the real guarantees do not cover it. For unsecured consumer loans, write-offs are made based on the level of accumulated delinquency. In the case of guaranteed housing and consumer loans, the write-off is made when the guarantee is executed and for the estimated amounts in which they do not cover the carrying amount of the credit.

As of June 30, 2024, the Bank has maintained in investment grade banking institutions demand deposits equivalent to B/.22,782,544 (2023: B/.54,535,301).

The Bank's portfolio consists of highly liquid investments with AAA rating up to BBB- that can be converted into cash in a period of less than one week, according to the international risk rating agencies recognized as Standard & Poor's, Moody's and Fitch Ratings.

	2024			2023		
	Depósitos bancarios	**Activos financieros a VRCR**	**Activos financieros a VROUI**	**Depósitos bancarios**	**Activos financieros a VRCR**	**Activos financieros a VROUI**
Maximun exposure carrying amount	82,494,729	102,177,299	177,209,051	93,887,496	1,306,817	221,333,498
Investment grade	22,836,438	10,219,070	93,213,184	54,535,301	1,052,121	92,897,877
Standard monitoring	57,021,227	6,597,755	76,095,396	39,152,979	-	82,600,804
Special monitor	-	-	3,393,646	-	-	-
Without rating	2,637,064	85,360,474	4,506,825	199,216	254,696	45,834,817
	82,494,729	102,177,299	177,209,051	93,887,496	1,306,817	221,333,498

In the above table, the factors of greatest risk exposure of the investment portfolio have been detailed.

To manage financial risk exposures of the investment portfolio, the Bank uses the rating from external credit rating, as detailed below:

Grade description	**External qualification**
Investment grade	AAA, AA+, AA-, A+, A-, BBB+, BBB, BBB-
Standard monitoring	BB+, BB, BB-, B+, B, B-
Special Monitoring	CCC to C
Without rating	-

Collateral and other guarantees against credit exposures
The Bank holds collateral on loans to customers relating to deposits pledged in the Bank. Estimates of fair value are based on the collateral value as the credit period and generally are not updated unless the credit is deteriorating individually.

Guarantees to reduce credit risk and their financial effect
The Bank holds collateral to reduce credit risk and to ensure the collection of their financial assets exposed to credit risk.

The main types of collateral held with respect to different types of financial assets are presented below:

	Exposure % subject to collateral requirements		**Type of guarantee**
	2024	**2023**	
Loan portfolio	77%	78%	Cash, properties and others

Loans and advances are subject to individual credit assessment and impairment tests. The overall solvency of a corporate client tends to be the most relevant indicator of the credit quality of the loans granted. However, the guarantee provides additional security. It is accepted as collateral movable and immovable property, deposits and other encumbrances and guarantees.

Residential mortgage loans
The following table shows the ratio range of the mortgage portfolio loans relative to the value of collateral ("Loan to Value" - LTV). The LTV is calculated as a percentage of gross loan amount relative to the value of the collateral. The gross amount of the loan excludes any impairment loss. The value of collateral for mortgages is based on the original value of the guarantee at the date of disbursement.

	2024	**2023**
Residential mortgage loans:		
Less than 50%	9,797,413	8,615,062
51% - 70%	8,294,388	9,039,617
71% - 90%	14,144,699	14,555,950
More than 90%	620,639	2,684,007
	32,857,139	34,894,636

Concentration of credit risk
The Bank monitors the concentration of credit risk by sector and geographical location. The analysis of the concentration of credit risk at the date of the consolidated financial statements is as follows:

	2024		**2023**	
	Loans	**Financial assets at fair value**	**Loans**	**Financial assets at fair value**
Concentration by sector:				
Corporate	192,004,140	187,162,513	240,834,047	158,072,798
Consumer	65,720,203	-	64,851,288	-
Government		92,223,837	-	64,567,517
	257,724,343	279,386,350	305,685,335	222,640,315
Geographical concentration:				
Panama	181,849,486	73,926,327	199,689,268	76,988,941
Latin America and Caribbean	73,636,120	52,769,345	95,253,019	39,505,158
North America	2,188,333	135,569,630	10,675,762	87,025,581
Europe, Asia and Oceania	50,404	17,121,048	67,276	19,120,635
	257,724,343	279,386,350	305,685,325	222,640,315

The geographical concentrations of loans are based on the debtor's location while investments are based on the issuer's domicile.

The Bank's exposure to credit risk by financial asset class, internal classification and the "Bucket" without taking into account the effects of any guarantees or other credit improvements, are provided in the following tables. Unless specifically stated, for financial assets, the amounts in the table represent the gross carrying value. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

As of June 30, the provision for expected credit loss by type of financial instrument is detailed below:

	2024	**2023**
Credit portfolio at amortized cost	1,631,656	6,267,316
Commitments and contingencies	633	135,480
Financial assets measured at fair value with changes in other comprehensive income	691,871	321,835
Deposits in bank	13,951	48,407
	2,338,111	6,773,038

Liquidity risk
Liquidity risk is the risk that the Bank is unable to meet all its obligations. The Bank mitigates this risk by setting limits on the minimum proportion of the funds that must be held in highly liquid instruments and composition limits of interbank and financing facilities.

Management process of liquidity risk
The risk management process of liquidity risk of the Bank as is performed, includes:

- The cash supply, managing and monitoring of future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The Bank maintains an active presence in global money markets to prevent any noncompliance;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen availability of cash flow;
- Monitoring liquidity rate of the consolidated statement of financial position against internal and regulatory requirements;
- Managing the concentration and profile of maturities of financial liabilities.

The Asset and Liability Committee (ALCO) reviews the above management process.

The monitoring and reporting prepared by Management, becomes a tool for measuring and projecting the cash flow for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturities of financial liabilities and the expected collection date of the financial assets.

Management also monitors medium-term assets, the level and type of debt obligation, the use of overdraft facilities and the impact of contingent liabilities, such as 'standby' letters of credit and guarantees.

Liquidity risk exposure
The key measure used by the Bank for managing liquidity risk is the ratio of liquid assets on net deposits received from customers. Liquid assets are cash and cash equivalents and debt securities, for which there is an active and liquid market, less any other deposit received from banks, debt securities issued, other borrowings and commitments maturing within one month.

The indexes corresponding to the margin of net assets on the deposits received from customers of Prival Bank, S.A. at the date of the consolidated financial statements, as follows:

	2024	**2023**
At end of the year	**52%**	**54%**
Year average	53%	47%
Year maximum	64%	54%
Year minimum	46%	41%

The Bank is exposed to daily demands on its available cash resources from overnight deposits, current accounts, time deposits, payments of loans and guarantees and of cash-settled margin requirements.

The information presented below shows the discounted cash flows of financial assets and liabilities of the Bank on maturity groupings based on the remaining time on the date of the consolidated statement of financial position with respect to the contractual maturity date:

2024	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Financial assets						
Deposits in banks	76,955,553	2,072,997	2,107,959	1,358,221	-	82,494,730
Securities purchased under resale agreements	793,291	2,111,158	-	-	-	2,904,449
Financial assets at FVTOCI	50,789,820	18,581,742	7,646,227	77,959,926	22,231,336	177,209,051
Financial assets at FVTPL	100,695,577	-	-	-	1,481,722	102,177,299
Loans	16,807,363	21,857,149	66,408,685	100,593,619	52,057,527	257,724,343
Total financial assets	246,041,604	44,623,046	76,162,871	179,911,766	75,770,585	622,509,872
Financial liabilities						
Client deposits	277,382,133	61,240,072	143,001,427	59,187,083	-	540,810,715
Interbank deposits	10,278,251	1,505,739	-	-	-	11,783,990
Securities sold under repurchase agreements	3,705,606	10,135,180	-	-	-	13,840,786
Funding received	-	-	15,331,336	-	-	15,331,336
liabilities at fair value through profit or loss	-	-	-	-	19,032,385	19,032,385
Notes payable	-	3,591,350	23,906,036	3,517,458	-	31,014,844
Bonds payable	-	1,906,282	-	9,876,054	-	11,782,336
Negotiable commercial securities payable	3,445,040	5,158,716	2,233,456	-	-	10,837,212
Total financial liabilities	294,811,029	83,537,339	184,472,255	72,580,595	19,032,385	654,433,604
Total sensitivity to interest rate	(48,769,426)	(38,914,293)	(108,309,384)	107,331,171	56,738,200	(31,923,732)

2023	Hasta 1 mes	De 1 a 3 meses	De 3 meses a 1 año	De 1 año a 5 años	Más de 5 años	Total
Financial assets:						
Deposits in banks	71,883,457	16,423,843	2,876,326	2,703,870	-	93,887,496
Securities purchases ed under resale agreements	3,741,272	2,023,248	87,139	-	-	5,851,659
Financial assets at FVTOCI	74,953,436	19,095,265	12,395,166	67,069,661	47,819,970	221,333,498
Financial assets at FVTPL	517,846	9,989	60	778,922	-	1,306,817
Loans	21,392,059	14,230,960	70,420,051	107,595,244	92,047,011	305,685,325
Total Financial Assets	172,488,070	51,783,305	85,778,742	178,147,697	139,866,981	628,064,795
Financial Liabilities						
Client deposits	272,393,808	42,391,966	157,038,797	61,645,116	-	533,469,687
Interbank deposits	15,173,393	2,073,241	511,644	-	-	17,758,278
Securities sold under repurchase agreements	201,804	-	10,126,178	-	-	10,327,982
Funding received	-	-	9,930,369	-	-	9,930,369
Bonds payable	-	2,184,097	11,301,762	8,485,196	-	21,971,055
Negotiable Commercial Securities payat	3,025,833	4,294,408	31,711,195	-	-	39,031,436
Lease liability	-	-	215,873	136,830	-	352,703
Total Financial Liabilities	290,794,838	50,943,712	220,835,818	70,267,142	-	632,841,510
Total sensitivity to interest rate	(118,306,768)	839,593	(135,057,075)	107,880,555	139,866,981	(4,776,715)

The table below shows the undiscounted cash flows of the Bank's financial liabilities recognized on the basis of their closest possible maturity. The expected flows of these instruments may vary significantly from these analyses.

2024	Carrying amount	Undiscounted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years años
Financial Liabilities					
Deposits Client	540,810,715	536,683,047	472,274,941	46,026,760	18,381,346
Interbank deposits	11,783,990	17,128,337	17,128,337	-	-
Securities sold under repurchase agreement	13,840,786	14,062,450	14,062,450	-	-
Funding received	15,331,336	15,599,217	15,599,217	-	-
Liabilities in fair value with changes in profit or loss	19,032,385	19,032,385	19,032,385	-	-
Notes payable	31,014,844	32,347,424	28,602,336	3,745,088	-
Bonds payable	11,782,336	12,945,025	1,922,386	7,479,645	3,542,994
Negotiable Commercial Securities payable	10,837,212	10,966,028	10,966,028	-	-
Total Financial Liabilities	654,433,604	658,763,913	579,588,080	57,251,493	21,924,340

2023	Carrying amount	Undiscounted cash flows	Up to 1 year	From 1 to 2 years	From 2 to 5 years
Financial liabilities					
Client deposits	533,469,687	524,431,741	441,547,353	53,338,638	29,545,750
Interbank deposits	17,758,278	18,501,844	18,501,844	-	-
Securities sold under repurchase agreement	10,327,982	10,930,097	10,930,097	-	-
Funding received	9,930,369	10,503,537	10,503,537	-	-
Bonds payable	21971055	23,727,839	13,956,552	1,989,794	7,781,583
Negotiable Commercial Securities payable	39,031,436	40,285,688	40,285,688	-	-
Lease liability	352,703	352,703	215,873	128,782	8,048
Total financial liabilities	632,841,510	628,733,449	535,940,944	55,457,214	37,335,381

To manage the liquidity risk arising from financial liabilities, the Bank maintains liquid assets such as cash and cash equivalents and investment grade investments for which an active market exists. These assets can be easily sold to meet liquidity requirements. Consequently, the Bank believes that it is not necessary to disclose the maturity analysis related to these assets to allow assessment of the nature and extent of liquidity risk.

Financial assets available to support future funding
In Management's opinion, the investment portfolio and other financial assets of the Bank include highly liquid investments (rated AAA up to BBB-) for approximately B/.126,765,767 (2023: B/.94,027,228), which can be converted into cash in a period of less than a week.

In addition, the Bank maintains contingent funding lines available. These lines are guaranteed with the Bank's own investments and are adjusted according to the composition of the securities held with these entities. On June 30, 2024, these lines had an available value of B/.25,500,000 (2023: B/.37,500,000).

Financial assets given in guarantee
As of June 30, 2024, FVTOCI investments are held as collateral at fair value for B/.17,622,910 (2023: B/.12,743,551). See Note 10.

Market Risk
It is the risk that the value of the Bank’s financial asset is reduced due to changes in interest rates, changes in foreign exchange rates, by movements in stock prices or the impact of other financial variables are beyond the control of the Bank.

The Bank mitigates its market risk through a policy of investment diversification and the requirement that, unless by approval of the Board of Directors, substantially all of the assets and liabilities are denominated in United States Dollars or Balboas.

Market risk management
The Board of Directors of the Bank establishes and approves the policies and global limits of exposure to investments established in the Investment Manual based on the recommendation of the Asset and Liability Committee, taking into consideration the portfolio and assets they contain.

The Bank's investment policies handle the compliance of limits for a total amount of the investment portfolio, individual limits per asset type, issuer and country; for each portfolio, specifying the instruments to be included and their credit risk rating.

Additionally, the Bank has established maximum limits for market risk losses in its trading portfolio, arising from movements in interest rates, credit risk and fluctuations in market values of equity investments.

The Bank uses the model of Value-at-Risk (VAR) for managing the market risks of its investment portfolio in trading securities. The methodology corresponds to the historical model, which is based on the volatility presented by the prices of each of the positions in a time lapse of one year with a confidence level of 99%.

The investment policy does not contemplate the use of derivatives as part of its investment strategy or for the management of financial assets and liabilities of the Bank.

Exposure to market risk
The portfolios of financial assets measured at FVTPL and FVTOCI of the Bank are intended primarily to maintain an inventory of securities to meet the demand of its customers of private banking investments and Prival Securities, Inc. In addition, the Bank's investment policies provide a limit up to B/.25,000,000 to June 2024 (2023: B/.25,000,000) whose purpose is to generate profits in a short-term period.

Below is a breakdown and analysis of each of the market risk types:

- Exchange rate risk: It is the risk that the value of a financial asset will fluctuate because of changes in exchange rates of foreign currencies, and other financial variables, as well as the reaction of market participants to political and economic events. For purposes of accounting standards, this risk comes neither from financial assets that are not monetary items, nor from financial assets denominated in the functional currency of each of the countries where the subsidiaries are settled.

- Interest rate risk of the cash flow and fair value: The interest rate risk of the cash flow and interest rate risk of fair value are the risks that future cash flows and the value of a financial asset will fluctuate because of changes in market interest rates.

Exchange rate risk
The table below shows the net position of the Bank to foreign exchange risk in foreign operations:

	2024				
	Colones expressed in USD	Euros expressed in USD	CHF expressed in USD	Other currencies expressed in USD	Total
Exchange rate	**530.41**	**1.0704**	**1.112718**		
Deposits in bank	5,821,010	5,432,344	749,132	490,159	12,492,645
Financial instruments at fair value	7,617,693	10,639,137	1,118,148	-	19,374,978
Securities purchased under resale agreements	110	-	-	-	110
Loans	4,779,887	-	-	-	4,779,887
Total financial assets	18,218,700	16,071,481	1,867,280	490,159	36,647,620
Customer deposits	13,802,374	13,269,082	1,978,966	509,674	29,560,096
Securities sold under repurchase agreements	248,817	-	-	-	248,817
Bonds payable	5,656,002	-	-	-	5,656,002
Total financial liabilities	19,707,193	13,269,082	1,978,966	509,674	35,464,915
Total net currencies position	(1,488,493)	2,802,399	(111,686)	(19,515)	1,182,705

	2023				
	Colones expressed in USD	Euros expressed in USD	CHF expressed in USD	Other currencies expressed in USD	Total
Exchange rate	**549.48**	**1.0865**	**1.1117**		
Deposits in banks	9,850,399	4,897,047	3,361,362	1,217,266	19,326,074
Financial instruments at fair value	6,806,549	14,716,098	-	-	21,522,647
Loans	9,063,280	75	-	-	9,063,355
Total financial assets	25,720,228	19,613,220	3,361,362	1,217,266	49,912,076
Customer deposits	9,574,239	16,702,290	3,479,424	1,193,402	30,949,355
Financial instruments at fair value	199,867				199,867
Bonds payable	15,833,151	-	-	-	15,833,151
Total financial liabilities	25,607,257	16,702,290	3,479,424	1,193,402	46,982,373
Total net currency positions	112,971	2,910,930	(118,062)	23,864	2,929,703

Interest rate risk

The Bank's net interest margin may vary due to the movement in unanticipated interest rates. The table below summarizes the Bank's exposure to financial assets and liabilities based on whichever occurs first between the new contractual fixed rate and the maturity date.

2024	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets:						
Deposits in banks	76,955,553	2,072,997	2,107,959	1,358,220	-	82,494,729
Securities purchased under resale agreements	793,291	2,111,158	-	-	-	2,904,449
Financial assets at FVTOCI	100,695,577	-	-	-	1,481,722	102,177,299
Financial assets at FVTPL	50,789,820	18,581,742	7,646,227	77,959,926	22,231,336	177,209,051
Loans	16,807,363	21,857,149	66,408,685	100,593,619	52,057,527	257,724,343
Total financial assets	246,041,604	44,623,046	76,162,871	179,911,765	75,770,585	622,509,871
Financial liabilities:						
Deposits from customers	277,382,134	61,240,072	143,001,427	59,187,083	-	540,810,716
Interbank deposits	10,278,251	1,505,739	-	-	-	11,783,990
Securities sold under repurchase agreements	3,705,606	10,135,180	15,331,336	-	-	29,172,122
Funding received	-	-	19,032,385	-	-	19,032,385
Liabilities at fair value through profit or	-	-	-	-		
Notes payable	-	3,591,350	23,906,036	3,517,458	-	31,014,844
Negotiable Commercial Securities payal	3,445,040	5,158,716	2,233,456		-	10,837,212
Bonds payable		1,906,282	-	9,876,054	-	11,782,336
Total financial liabilities	294,811,031	83,537,339	203,504,640	72,580,595	-	654,433,605
Total interest rate sensitivity	(48,769,428)	(38,914,293)	(127,341,768)	107,331,170	75,770,585	(31,923,734)

2023	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets:						
Deposits in banks	71,883,457	16,423,843	2,876,326	2,703,870	-	93,887,496
Securities purchased under resale agreements	3,741,272	2,023,248	87,139	-	-	5,851,659
Financial assets at FVTOCI	74,953,436	19,095,265	12,395,166	67,069,661	47,819,970	221,333,498
Financial assets at FVTPL	517,846	9,989	60	778,922	-	1,306,817
Loans	21,392,059	14,230,960	70,420,051	107,595,244	92,047,011	305,685,325
Total financial assets	172,488,070	51,783,305	85,778,742	178,147,697	139,866,981	628,064,796
Financial liabilities:						
Deposits from customers	272,393,808	42,391,966	157,038,797	61,645,116	-	533,469,687
Interbank deposits	15,173,393	2,073,241	511,644	-	-	17,758,278
Securities sold under repurchase agreem	201,804	-	10,126,178	-		10,327,982
Funding received	-	-	9,930,369	-	-	9,930,369
Bonds payable	-	2,184,097	11,301,762	8,485,196		21,971,055
Negotiable Commercial Securities payat	3,025,833	4,294,408	31,711,195	-	-	39,031,436
Lease liabilities	-	-	215,873	136,830	-	352,703
Total financial liabilities	290,794,838	50,943,712	220,835,818	70,267,142	-	632,841,510
Total interest rate sensitivity	(118,306,769)	839,593	(135,057,075)	107,880,555	139,866,981	(4,776,715)

The analysis performed quarterly by Management is to determine the net impact on financial instruments subject to market risk, taking into account the specific effects caused by increases and decreases of 100 basis points in interest rates.

Operational risk
It is the risk of potential losses, direct or indirect, relating to Bank processing, personnel, technology and infrastructure, and external factors that are unrelated to credit, market and liquidity, such as those from legal and regulatory requirements and the behavior of generally accepted corporate standards.

The objective of the Bank is to manage operational risk, in order to avoid financial losses and damages to the Bank’s reputation.

To manage operational risk, the Bank has established an organizational structure with functions and responsibilities clearly established for the Board of Directors, Senior Management, Risk Committee and the Risk Management Unit, as well as the form and periodicity of the reports, with a level of acceptable operational risk.

The purpose of operational risk management is to:

- Prevent and minimize losses caused by incidents or operational risk events.
- Formalize identification, measurement, mitigation, monitoring, control, and operational risk information.
- Focus resources and efforts on key operational risks.
- Continuously improve controls and learning.

Periodic audits and internal audits are routinely carried out to improve efficiency, control and neutralize identified weaknesses. The corresponding manual is updated periodically.

The Bank uses operational risk monitoring in accordance with operational risk indicators (ORIs).

Capital Management
The Bank manages its capital to ensure:

- Compliance with requirements established by the Superintendency of Banks of Panama.
- The continuation as a going concern while maximizing returns to shareholders through the optimization of debt and equity balance.
- Maintain a capital base, strong enough to support its business performance.

The Bank, as an entity regulated by the Superintendency of Banks of Panama, is required to maintain a total capital ratio measured based on risk-weighted assets.

The Bank's Management, based on guidelines and techniques developed by the Superintendency of Banks of Panama, monitors the capital adequacy and the use of regulatory capital. Requests for information are sent to the regulators on a quarterly basis.

The Bank analyzes its regulatory capital by applying the rules of the Superintendency of Banks established for General License banks, based on Agreement 1-2015 of February 3, 2015 and amended by Agreement 13-2015 of December 24, 2015. The Bank has capital funds of 14.91 % (2023: 15.69%) on its weighted risk-based assets.

5. Fair Value of Financial Instruments

The estimated fair value is the amount by which financial instruments can be traded in a common transaction between interested parties, other than in a forced sale or liquidation and is best evidenced by market quotations, if any.

The fair value estimates are made at a specific date, based on market estimates and information on financial instruments. These estimates do not reflect any premium or discount that could result from offering a particular financial instrument for sale at a given date. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and, therefore, cannot be determined accurately. Any changes in assumptions could affect estimates significantly.

Financial Instruments Measured at Fair Value

Fair Value Hierarchy
IFRS 13 sets a hierarchy level of the valuation techniques based on the transparency of the variables used in determining the fair value. All the financial instruments at fair value are categorized in one of the three levels of hierarchy:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to those the entity can access at the measurement date.
- Level 2 – Inputs are other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, or similar in markets that are not active.
- Level 3 – Inputs are unobservable inputs for the asset or liability.

When the fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value are determined, the Bank considers the main market or the best market that could make the transaction and considers the assumptions that a market participant would use to value the asset or liability. When possible, the Bank uses active markets and observable market prices for identical assets and liabilities.

When identical assets and liabilities are not traded in active markets, the Bank uses observable market data for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Bank must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size differential between supply and demand and the investment size are factors considered in determining the liquidity of markets and the relevance of observed prices in these markets.

Financial assets at FVTOCI are carried at fair value based on quoted market prices when available, or if they are not available, based on discounted future cash flows using market rates commensurate with the credit quality and maturity of the investment.

When the reference prices are available in an active market, financial assets at FVTOCI are classified within level 1 of the fair value hierarchy. If the prices of market value are not available or available in markets that are not active, the fair value is estimated based on the quoted prices of similar instruments, or where these are not available, internal valuation techniques are used, primarily models of discounted cash flows. Such securities are classified within level 2 of the fair value hierarchy.

Some of the financial assets and liabilities of the Bank are valued at fair value at the end of each year.

Fair value of financial assets and liabilities measured at fair value
Some of the Bank's financial assets are measured at fair value at the end of each year. The following table provides information on how the fair values of financial assets are determined (including the valuation technique and inputs used).

Measurement of financial assets at fair value through profit or loss

	2024	Level 1	Level 2	Level 3
Mutual funds	40,423,459	-	1,199,191	39,224,268
Listed shares on the local securities market	4,872,500	-	-	4,872,500
Shares not listed on the local stock market	56,881,340	-	-	56,881,340
	102,177,299	-	1,199,191	100,978,108

	2023	Level 1	Level 2	Level 3
Private debt securities	60	-	-	60
Mutual funds	254,696	-	254,696	-
Government debt securities	273,138	273,138	-	-
Listed shares on the local securities market	778,923	-	778,923	-
	1,306,817	273,138	1,033,619	60

Measurement of financial assets at fair value through other comprehensive income

	2024	Level 1	Level 2	Level 3
Governmental debt securities	83,275,389	67,762,800	15,481,466	31,123
Private debt securities	89,778,824	43,780,398	33,803,147	12,195,279
Mutual funds	460,834	-	-	460,834
Listed shares	93,123	-	93,123	-
Unlisted shares	3,572,309	-	-	3,572,309
Preferred shares	28,572	-	-	28,572
	177,209,051	111,543,198	49,377,736	16,288,117

	2023	Level 1	Level 2	Level 3
Governmental debt securities	63,691,090	49,536,690	14,084,221	70,179
Private debt securities	107,248,891	63,725,712	30,257,128	13,266,051
Mutual funds	16,903,627	-	267,647	16,635,980
Listed shares	93,126	-	93,126	-
Unlisted shares	33,366,764	-	-	33,366,764
Preferred shares	30,000	-	-	30,000
	221,333,498	113,262,402	44,702,122	63,368,974

The following table presents non-observable inputs used in the valuation of financial instruments classified as Level 3 of the fair value hierarchy:

Instruments	Valuation techniques	Non-observable inputs used	Relationship between non-observable inputs and fair value
Private debt	Discounted cash flows	Credit margin	If the credit margin increases, the price decrease and viceversa.
Equity instrument	The last purchase/sale price is taken	Observable share price or reference value	If unobservable data increases, the fair value will decrease.

Below are the main valuation methods, assumptions and inputs used in the estimation of the fair value of financial instruments.

Instruments	Valuation techniques	Inputs used	Level
Governmental debt securities	Market prices	Observable market prices	1 - 2
Private debt securities	Market prices	Observable market prices	1 - 2
Corporate common shares	Market prices	Observable market prices	1 - 2
Mutual funds	Net asset value	Unobservable market prices	3

The movement of financial instruments measured at fair value though other comprehensive income and profit or loss classified in Level 3 is as follows:

	2024	2023
Balance at the beginning of the year	63,369,034	61,902,748
Purchase and additions	41,234,470	11,480,448
assignments	22,965,694	-
Category reclassifications Level 2 to 3 (i)	(720,003)	1,482,594
Changes in fair value	(167,609)	(194,716)
Sales and redemptions	(9,655,615)	(12,225,738)
Accrued interest receivable	240,254	923,698
Balance at the end of the year	117,266,225	63,369,034

(i) As of June 30, 2024, local mutual fund instruments were reclassified from Level 2 to Level 3 for B/.720,003 (2023: B/.1,482,594) due to the underlying instruments that are part of the fund's assets.

Fair value of the Bank's financial assets and liabilities not measured at fair value (but fair value disclosures are required)

The following is a summary of the carrying value and the estimated fair value of the significant financial assets and liabilities not measured at fair value:

	Fair value hierachy				
2024	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Financial assets					
Deposits in banks	-	-	82,493,291	82,493,291	82,494,729
Securities purchased under resale agreements	-	-	2,861,690	2,861,690	2,904,449
Loans	-	-	309,657,268	309,657,268	257,724,343
Total financial assets	-	-	395,012,249	395,012,249	343,123,521
Financial liabilities					
Deposits from customers	-	-	540,810,715	540,810,715	540,810,715
Deposits from banks	-	-	11,748,848	11,748,848	11,783,990
Securities sold under repurchase agreements	-	-	13,629,504	13,629,504	13,840,786
Borrowings	-	15,320,059	-	15,320,059	15,331,336
Liabilities at fair value changes in profit and loss		-	19,032,385	19,032,385	19,032,385
Notes payable	-	30,766,234	-	30,766,234	31,014,844
Marketable securities	-	-	10,748,705	10,748,705	10,837,212
Bonds payable	-	11,726,231	-	11,726,231	11,782,336
Total financial liabilities	-	57,812,524	595,970,157	653,782,681	654,433,604

	Fair value hierachy				
2023	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Financial assets					
Deposits in banks	-	-	93,911,385	93,911,385	93,887,496
Securities purchased under resale agreements	-	2,831,572	2,973,887	5,805,459	5,851,659
Loans	-	-	267,479,314	267,479,314	305,685,325
Total financial assets	-	2,831,572	364,364,586	367,196,158	405,424,480
Financial liabilities					
Deposits from customers	-	-	522,248,046	522,248,046	533,469,687
Deposits from banks	-	-	17,676,261	17,676,261	17,758,278
Securities sold under repurchase agreements	-	10,068,897	199,867	10,268,764	10,327,982
Borrowings	-	9,953,031	-	9,953,031	9,930,369
Marketable securities	-	-	38,760,402	38,760,402	39,031,436
Bonds payable	-	21,187,104	-	21,187,104	21,971,055
Total financial liabilities	-	41,209,032	578,884,576	620,093,608	632,488,807

Assumptions used to determine the fair value of assets and liabilities

The following is a summary of the assumptions used in the fair value estimate for the Bank's most important financial instruments:

Deposits in banks
Discounted cash flows using the current market interest rates of 5.35% (2023: 5.13%) for placements or new debt financings with similar remaining maturities.

Securities purchased/sold under repurchase/resale agreements
The fair value of financial assets shown above in Level 2 approximates its fair value due to their short-term nature.

Loans
The estimated fair value for loans represents the amount of estimated future discounted cash flows receivable. The portfolio's cash flows are discounted at a present value at a rate of 7.4642% (2023: 7.2131%) for the consumer portfolio, 7.3440% (2023: 6.6621%) for the corporate portfolio and 7.6733% (2023: 7.3608%) for financial leasing.

Deposits from customers
The fair value of time deposits, with maturities greater than one year, is estimated using the discounted cash flows technique applying current market interest rates offered for deposits with similar terms and maturities, and for those with maturities under one year, the carrying amount is estimated.

Bonds payable
The fair value of bonds payable is estimated using the discounted cash flows technique applying market reference rates offered for the bonds for each currency.

Marketable securities (VCNs)
The fair value of VCNs payable is estimated using the discounted cash flow technique by applying the market reference rates that are offered to VCNs.

Borrowings
The fair value of borrowings is estimated using the discounted cash flows technique applying market reference rates offered for the borrowings for each currency.

Investment fund
The fair value of the investment funds is estimated on the base of net asset value per share at the date of the financial statements, according to the custodies account statements.

6. Critical Accounting Judgments and Key Principles of Uncertainty in Estimates

In applying the Bank's accounting policies, which are described in Note 3, Management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The underlying estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised when it affects only that period or on the revision period and future periods if the revision affects both the current and future periods.

Critical Accounting Judgments and Key Principles of Estimating Uncertainty
Below are key assumptions concerning the future and other key principles of the estimation for uncertainty at the date of the consolidated statement of financial position that have a significant risk causing material adjustments to the carrying amount of assets and liabilities within the next financial period.

Expected credit losses
The Bank reviews the loan portfolio to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss, the Bank uses several models and assumptions in the estimation of ECLs. The judgment is applied in the identification of the most appropriate model for each type of asset, as well as to determine the assumptions used in those models, including the assumptions that relate to the key credit risk guides. See note 3 for more details on ECLs.

The following are key estimates that Management has used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements (refer to note 3 for more details):

- Probability of default: PD constitutes a key input in the measurement of PD, it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Loss given default: LGD loss is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, taking into account cash flows from the collateral and the integral credit improvements.

- Significant increase in credit risk: As explained in Note 3, ECLs are measured as a provision equal to the 12-month ECL for stage 1 assets or full lifetime ECL for the assets of stage 2 or the assets of stage 3. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition.

Fair value of financial assets
The fair value of investments that have no active market price is determined using valuation techniques. In these cases, fair value is estimated using observable data regarding similar financial instruments or valuation models. When observable market data for valuation cannot be obtained, the estimate is made on key assumptions and by applying valuation models that are adequate with the Bank's business model. The ALCO Committee approves all models before they are used and are calibrated to ensure that the output values adequately estimate the fair value.

Some assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, observable market data is used to the extent it is available.

The Bank’s treasury closely cooperating with qualified external appraisers establishes techniques and appropriate inputs to the valuation model.

Valuation findings are reported monthly to the Risk Committee, which in turn, analyses fluctuations in the fair value of the asset or liability in question.

Valuation techniques used to determine the fair values of Level 2
Level 2: Quoted prices in active markets for similar financial instruments or using a valuation technique where all variables are obtained from observable market data for assets or liabilities, directly or indirectly.

In some cases, the Bank uses reference information of active markets for similar instruments and in others, it uses discounted cash flow techniques where all model variables and inputs are derived from observable market information.

Valuation techniques used to determine the fair values of Level 3
When “inputs” are not available and are required to determine the fair value using a valuation model, the Bank relies on entities engaged in the valuation of exchange instruments or of the very same entities managing the asset or liability in question. The models used to determine fair value are usually through discounted cash flows or valuations employing historical market observations.

When the Bank uses or contracts third parties, who provide the pricing service to determine the fair values of the instruments, this control unit evaluates and documents the evidence obtained from these third parties that support the conclusion that said valuations comply with the requirements of the IFRS. This review includes:

- Verify that the price provider has been approved by the Bank;
- Obtain an understanding of how fair value has been determined and whether it reflects current market transactions.

Determination of the fair value of investment properties
The Bank makes judgments in determining the fair value of investment properties. The fair value of investment properties is established by current prices in an active market for similar properties in the same location and condition. Valuation techniques used to determine fair values are validated and reviewed by independent evaluators. The estimation of property values is made according to commercial demand in the real estate market, through research and analysis of recent sales made in the sector or surrounding areas, as well as the sales prices per square meter that are offered in nearby premises, whose uses are clearly identified with the predominant use in the urban sector where they are located. The Bank determined the market value of its investment properties based on the fair value determined through appraisals.

Reserve for claims in process
The determination of the reserve for claims in process requires that the Insurer's Management estimate the gross provisions for claims for claims in process and the amounts recoverable from reinsurers, and they are based on the information that is available at the date of the valuation. This estimate is made based on the experience of the adjusters or other specialists that the Company must involve depending on the type of claim to be booked. Due to the foregoing, the final reserved liability could vary as a result of subsequent information and could result in significant adjustments to the provisioned amounts. The estimates made for the reserve for claims in process are reviewed regularly. As a complement to the establishment of this reserve, the Company established the reserve for incidents that have occurred and not reported, which is calculated on actuarial bases as disclosed in Note 27.

Estimation of the liability for payment of benefits in long-term insurance contracts
The Insurer estimates the value of future benefits to policyholders under long-term insurance contracts using actuarial calculations. Each product offered by the Insurer is subject to approval by the industry Regulatory Entity, which includes a technical note that establishes, among other factors, the mortality table used in the presumptions of death, discount rates, savings components., etc. At the end of each period the balance is updated through the application of actuarial methods contained in the technical note. Adverse factors such as deaths due to congenital diseases, lifestyle habits, among others, are contained within the factors for the actuarial calculation and are not considered variables that could cause significant deviations in the accumulation of the liability for future benefits.

7. Balances and Transactions with Related Parties

A summary of balances and transaction with related parties included in the consolidated financial statement is as follows:

2024	Directors and key management personnel	Related companies	Associated companies	Total
Assets				
Investments in associates	-	-	175,000	175,000
Financial assets at fair value changes in profit and loss	-	-	6,817,468	6,817,468
Financial assets at FVTOCI			485,876	485,876
Loans	18,313,666	26,301,210	-	44,614,876
Other assets	5,100	337,493	838,284	1,180,877
Liabilites				
Deposits from customers	2,986,790	52,041,551	5,646,325	60,674,666
Other liabilities	-	21,542	20,261	41,803
Income and expenses				
Interest income	706,378	235,280	123,477	1,065,135
Interest expenses	52,090	2,237,158	15,351	2,304,599
Commision income	571	35,583	3,917,340	3,953,494
Commision paid	-	111,148	-	111,148
Benefits for key management personnel				
Salaries and other wages	7,419,003	-	-	7,419,003

2023	**Directors and key management personnel**	**Related companies**	**Associated companies**	**Total**
Assets				
Investments in other entities	-	-	200,000	200,000
Financial assets at FVTOCI	-	-	5,435,405	5,435,405
Loans	17,969,451	24,984,224	1,462,703	44,416,378
Other assets	-	355,607	1,853,553	2,209,160
Liabilities				
Deposits from customers	1,488,552	44,155,544	11,265,316	56,909,412
Other liabilities	-	24,963	28,486	53,449
Income and expenses				
Interest income	417,420	775,891	166,668	1,359,979
Interest expenses	11,078	1,242,367	34	1,253,479
Commision income	510	41,240	3,828,375	3,870,125
Benefits for key Management personnel				
Salaries and other wages	7,204,742	-	-	7,204,742

Loans to related companies during the year amounted to B/.26,301,210 (2023: B/.26,446,927), at interest rates ranging between 3.75% and 18% (2023: 3.75% to 18%), with multiple maturities until 2046. (2023: multiple maturities until 2046).

Loans granted to directors and key management personnel during the year amounted to B/.18,313,666 (2023: B/.17,969,451), at interest rates ranging between 2.0% and 18% (2023: between 1.25% to 18%), and with multiple maturities until 2053 (2023: with multiple maturities until 2053).

Loans to related companies guaranteed with cash at the end of June 2023 amounted to B/.4,804,886 (2023: B/.5,515,647) and those guaranteed with mortgages amounted to B/.1,783.717 (2023: B/.2,723,069).

Deposits of related companies on June 30, 2024, amounted to B/.57,687,876 (2023: B/.55,420,860), at interest rates between 0.50% and 8.5%, and with various maturities until May 2026 (2023: rates between 0.50% and 6.25% and various maturities until June 2025).

Deposits from directors and key management personnel during the year amounted to B/.2,986,790 (2023: B/.1,488,552), at interest rates between 0.5% and 6.50% (2023: between 0.5% and 6.25%) with multiple maturities until 2026 (2023: with various maturities until 2027).

As of June 30, 2024, the Bank recognized allowance for expected credit losses with respect to loans granted to related parties for B/.14,600 (2023: B/.157,329).

Prival Securities, Inc. maintains a Management Agreement with the Family of Mutual Funds dated March 12, 2012. Under the terms of the agreement, it receives up to 1% of total net assets from the funds. Management, administration and custody fees as of June 30, 2024, amounted to B/.3,861,923 (2023: B/.3,734,861).

The off-balance sheet of the consolidated statement of financial position as of June 30 are detailed below:

2024	**Directors and management personnel**	**Related companies**	**Total**
Off-balance sheet assets			
Bank guarantees, bonds, endorsements	-	40,674,944	40,674,944
Credit cards to be used	588,335	-	588,335
Managed assets	1,194,002	118,892,535	120,086,537
Total operations off-balance sheet assets	1,782,337	159,567,479	161,349,816

2023	**Directors and management personnel**	**Related companies**	**Total**
Off-balance sheet assets			
Bank guarantees, bonds, endorsements	-	22,950,482	22,950,482
Credit cards to be used	385,537	-	385,537
Managed assets	956,621	116,015,894	116,972,515
Total operations off-balance sheet assets	1,342,158	138,966,376	140,308,534

8. Cash and Cash Equivalents

Cash and cash equivalents are summarized below:

	2024	2023
Cash	1,218,940	939,652
Demand deposits	65,203,867	72,143,472
Time deposits	17,290,862	21,744,024
Less: Allowance for expected credit losses	(13,951)	(48,407)
Total cash and cash equivalents	83,699,718	94,778,741
Less:		
Deposits over 90 days	2,989,692	5,614,651
Restricted demand and time deposits	6,044,568	9,592,059
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	74,665,458	79,572,031

As of June 30, 2024, there are no restricted deposits in Prival Bank.

The subsidiary Grupo Prival Costa Rica, S.A., holds restricted deposits for B/.6,044,568 (2023 B/.9,592,059) corresponding to the legal reserve required by the local regulation thereof. These deposits are not considered in the liquidity reported to the Superintendency of Banks of Panama.

The average interest rate on term deposits is 4.87%, with various maturities until September 30, 2025 (2023: 3.79%, with various maturities until July 3, 2025).

9. Securities Purchased under Resale Agreements

As of June 30, 2024, the securities purchased under resale agreements summarize B/.2,904,449 (2023: B/.5,851,659) and details as follows:

- As of June 30, 2024, Prival Bank, S.A. held securities purchased under resale agreements for a total of B/.2,876,726 (2023: B/.2,875,584) with maturities between July and September 2024 and yield rates of 4.5% (June 30, 2023: with maturities between June and September 2023 and yield rate of 4.5%).

- Prival Bank (Costa Rica) does not hold any securities purchased under resale agreements as of June 30, 2024 (2023: B/.2,976,075, maturing in July 2023, yield rates between 4.79% and 5.10%). These investments were secured with bonds of the Republic of Costa Rica for B/.3,975,000.

- Prival SAFI, held investments for resale for B/.27,723 with maturity in July 2024 and yield rates of 7.10%. These investments are guaranteed with shares of the FI Inmobiliario Prival in US& for B/.10 of face value.

10. Financial Assets at Fair Value

The financial assets at fair value are summarized as follows:

	2024	2023
Financial asset at FVTPL	102,177,299	1,306,817
Financial asset at FVTOCI	177,209,051	221,333,498
	279,386,350	222,640,315

Financial assets at fair value through profit and loss

	2024	2023
Securities traded in a market		
Government debt securities	-	273,138
Investment funds	2,680,913	-
Private debt secturities	-	60
Common shared	4,872,500	778,923
	7,553,413	1,052,121
Securities not traded in a market		
Unlisted shares	56,820,951	-
Investment funds	37,802,935	254,696
	94,623,886	254,696
Total de financial assets at FVPL	102,177,299	1,306,817

The annual interest rates accruing on financial assets at fair value through profit or loss are between 4.07% and 4.34% (2023: between 3.00% and 6.25% various maturities until December 2023).

Financial assets at fair value through other comprehensive income

	2024	2023
Securities traded in a market		
Governmental debt securities	83,244,266	63,620,911
Private debt securities	89,578,118	107,048,890
Mutual funds	-	12,913,285
Preferred shares	28,507	30,000
Common shares	93,123	4,693,054
	172,944,014	188,306,140
Securities not traded in a market		
Governmental debt securities	31,123	70,180
Private debt securities	200,705	200,000
Common shares	3,572,375	28,766,836
Mutual funds	460,834	3,990,342
	4,265,037	33,027,358
Total financial assets at FVTOCI	177,209,051	221,333,498

The annual interest rates accrued by VROUI financial assets ranged between 0% and 12% (2023: between 1.88% and 11.36%) with various maturities until 2050 (2023: with various maturities until 2050).

Below is the movement of financial assets at fair value with changes in other comprehensive income at the end of June 2024:

	2024	2023
Initial Balance	218,784,853	232,302,536
Purchases	823,308,974	232,279,010
Sales and redemptions	(804,130,041)	(248,830,930)
Portfolio transfer FVTPL	(61,511,236)	-
Conversion effect	241,482	1,165,049
Credit risk valuation	(19,248)	(213,210)
Movement of financial assets measured at fair value through other comprehensive income	(1,238,421)	2,082,398
	175,436,363	218,784,853
Interest receivable	1,772,688	2,548,645
	177,209,051	221,333,498

The Bank recognized a provision for expected credit losses of B/.691,871 (2023: B/.321,835) for the financial assets of VROUI, which is recognized in equity.

The movement in the allowance for expected losses on investments as of June 30, 2024, is summarized below:

2024	**12-month ECLs**	**ECL during total life without credit impairment**	**ECL during total life with credit impairment**	**Total**
Balance at the beginning of the year	321,835	-	-	321,835
Transferred to 12 months	-	-	-	-
Transferred to total life without credit impairment	-	-	-	-
Transferred to total life with credit impairment	-	-	-	-
Total transfers	-	-	-	-
Write-off-loans				
ECL allowance charged to equity				
Recalculation of the portfolio, net	426,852	-	-	426,852
New originated financial assets	9,116	-	-	9,116
Investments	(65,932)	-	-	(65,932)
Total ECL allowance charged to profit or loans	370,035	-	-	370,035
Balance at the end of the year	691,871	-	-	691,871

2023	**12-month ECLs**	**ECL during total life without credit impairment**	**ECL during total life with credit impairment**	**Total**
Balance at the beginning of the year	369,786	-	-	369,786
Transferred to 12 months	-	-	-	-
Transferred to total life without credit impairment	-	-	-	-
Transferred to total life with credit impairment	-	-	-	-
Total transfers	-	-	-	-
Write-off-loans				
ECL allowance charged to equity				
Recalculation of the portfolio, net	(42,418)	-	-	(42,418)
New originated financial assets	67,972	-	-	67,972
Investments	(73,505)	-	-	(73,505)
Total ECL allowance charged to profit or loans	(47,951)	-	-	(47,952)
Balance at the end of the year	321,835	-	-	321,835

As of June 30, 2024, VROUI investments are maintained as collateral at fair value for B/.17,622,910 (2023: B/.12,743,551).

11. Loans

Loans by type are broken down as follows:

	2024		
	Domestic	**Foreign**	**Total**
Consumer			
Personal	15,140,757	2,941,590	18,082,347
Automobile	1,019,501	167,206	1,186,707
Overdrafts	12,010,599	379,524	12,390,123
Mortgages	27,821,699	5,035,440	32,857,139
Credit cards	933,620	270,266	1,203,886
Corporate			
Services	90,111,208	19,081,319	109,192,527
Construction	24,569,773	6,417,242	30,987,015
Mining	2,717,774	-	2,717,774
Industrial	3,757,935	17,016,886	20,774,821
Agricultural	-	7,003,756	7,003,756
Commercial	4,175,235	9,475,714	13,650,949
Financial Services	5,449,367	2,227,932	7,677,299
	187,707,468	70,016,875	257,724,343
Less:			
Allowance for uncollectible loans	-	-	(1,631,656)
Discounted unearned interest and commissions	-	-	(84,746)
Total loans	-	-	256,007,941

	2023		
	Domestic	**Foreign**	**Total**
Consumer			
Personal	13,546,746	4,059,117	17,605,863
Automobile	1,188,986	186,213	1,375,199
Overdrafts	9,672,582	-	9,672,582
Mortgages	28,864,995	6,029,641	34,894,636
Credit cards	1,014,318	288,869	1,303,187
Corporate			-
Services	53,648,853	41,067,423	94,716,276
Construction	37,879,368	9,674,793	47,554,161
Mining	3,219,870	-	3,219,870
Industrial	17,923,409	3,278,332	21,201,741
Agricultural	-	7,418,906	7,418,906
Commercial	3,377,670	13,731,345	17,109,015
Financial Services	29,352,471	15,450,867	44,803,338
Other	-	4,810,731	4,810,731
	199,689,268	105,996,237	305,685,505
Less:			
Allowance for uncollectible loans	-	-	(6,267,316)
Discounted unearned interest and commissions	-	-	(209,978)
Total loans	-	-	299,208,211

The movement of the allowance for expected credit losses on loans as at June 30, is summarized below:

2024	**12-month ECLs**	**ECL during total life without credit impairment**	**ECL during total life with credit impairment**	**Total**
Balance at the beginning of the year	986,011	54,736	5,226,569	6,267,316
Transferred to 12 months	41,324	(41,324)	-	-
Transferred to total life without credit impairment	(28,076)	825,529	(797,453)	-
Transferred to total life with credit impairment	(1,123)	(2,283)	3,406	-
Total transfers	12,125	781,922	(794,047)	-
Writte-off loans	(171,427)	(2,322)	(3,321,453)	(3,495,202)
ECL allowance charged to profit or loss				
Recalculation of the portfolio, net	(468,068)	(721,973)	(94,257)	(1,284,298)
New originated financial assets	108,552	5,940	29,348	143,840
Total ECL allowance charged to profit or loss	(359,516)	(716,033)	(64,909)	(1,140,458)
Balance at the end of the year	467,193	118,303	1,046,160	1,631,656

2023	**12-month ECLs**	**ECL during total life without credit impairment**	**ECL during total life with credit impairment**	**Total**
Balance at the beginning of the year	1,965,444	341,233	1,211,456	3,518,133
Transferred to 12 months	322,658	(321,950)	(708)	-
Transferred to total life without credit impairment	(112,687)	112,687	-	-
Transferred to total life with credit impairment	(24,902)	(13,547)	38,449	-
Total transfers	185,069	(222,810)	37,741	-
Writte-off loans	(820,314)	(309)	(37,328)	(857,951)
ECL allowance charged to profit or loss				
Recalculation of the portfolio, net	(758,173)	(91,221)	3,864,373	3,014,979
New originated financial assets	413,986	27,843	150,326	592,155
Total ECL allowance charged to profit or loss	(344,187)	(63,378)	4,014,699	3,607,134
Balance at the end of the year	986,012	54,736	5,226,568	6,267,316

The loan portfolio includes financial leases receivable whose maturity profiles are as follows:

	2024	2023
Minimum financial lease payments receivable:		
Less than 1 year	11,470	-
1 to 5 years	778,149	1,188,024
More than 5 years	171,312	139,167
Balance at the end of the year	960,931	1,327,191

Interest rates of financial leases range between 6% and 8.50%.

During the year ended June 30, 2024, Prival Bank, SA sold a portfolio of loans and interest receivable at their book value for the amount of B/.4,730,569, this transaction did not generate profits or losses.

12. Investment in Associates

As of June 30, investments in associates are as follows:

Name	Activity	Country of incorporation	% of participation 2024	% of participation 2023	2024	2023
Prival Bond Fund, S.A. (i)	Mutual fund	Panamá	0.75%	0.75%	25,000	25,000
Prival Multi Strategy Income and Growth Fund, S.A. (i)	Mutual fund	Panamá	0.62%	0.62%	-	25,000
Prival Real Estate Fund (i)	Mutual fund	Panamá	1,06%	1,06%	50,000	50,000
Insigneo Private Ventures Fund, S. A. (ii)	Mutual fund	Panamá	4.70%	4.70%	50,000	50,000
PS Multi-Asset Class Fund, Inc. (iii)	Mutual fund	Panamá	2.27%	2.27%	50,000	50,000
					175,000	200,000

(i) The Bank holds class "B" shares with voting rights and without dividend rights and therefore no participation is calculated for those funds in management.

(ii) Prival Securities, Inc. owns of 500 Class A common shares of Insigneo Private Ventures Fund, S.A. and PS Multi-Asset Class Fund, Inc. with a nominal value of B/.100 each of the investment company. The right to vote belongs exclusively to class A shares, at the rate of one vote for each share.

Insigneo Private Ventures Fund, S.A. is a venture capital investment company, closed and umbrella type regulated and supervised by the Superintendency of the Securities Market, under resolution SMV No.520-20 of December 7, 2020.

(iii) PS Multi-Asset Class Fund, Inc. is a venture capital, closed and umbrella-type investment company regulated and supervised by the Superintendency of the Securities Market, under resolution SMV No.183-21 of April 16, 2021.

(iv) (iv) By means of Resolution No. SMV 12-24 of January 11, 2024, the voluntary liquidation of the Company Prival Multi-Strategy Income & Growth Fund, SA was authorized, as well as the cessation of operations covered under the registration as an investment company granted by the Superintendency of the Securities Market through Resolution CNV No. 39-06 of February 16, 2006.

Investments in other entities correspond to unlisted equity instruments recognized at cost considering it is the most suitable estimate of the fair value of the instruments. Every year the Bank performs impairment assessments on these equity instruments to determine whether the cost is still the best estimate of their fair value.

13. Property, Furniture, Equipment and Improvements

Property, furniture, equipment and improvements are detailed below:

2024	Beginning balance	Additions	Decreases	Reclassification	Revaluation	Ending balance
Cost						
Land	10,800,000	-	-	3,857,227	-	14,657,227
Building	40,000	-	(3,035,190)	35,927,698	10,858,912	43,791,420
Furniture and fixtures	1,334,492	40,830	(831,300)	2,298,492	-	2,842,514
Office equipment	764,220	94,928	-	(14,063)	-	845,085
Audio-visual equipment	6,720	47,539	-	30,941	-	85,200
Communication equipment	113,141	97,039	-	-	-	210,180
Vehicles	517,383	71,866	-	(6,032)	-	583,217
Leasehold improvements	3,802,169	-	(96,476)	101,048	-	3,806,741
Building improvements	-	-	-	2,403,155	-	2,403,155
Construction in progress	50,173,414	22,873,955	(5,263,135)	(59,572,053)	-	8,212,181
Safety equipment	18,444	-	-	139,811	-	158,255
Computer equipment	1,142,822	81,385	(91,718)	247,010	-	1,379,499
	68,712,805	23,307,542	(9,317,819)	(14,586,766)	10,858,912	78,974,674
Accumulated depreciation and amortization						
Building	-	99,190	-	-	-	99,190
Furniture and fixtures	1,211,870	93,932	(716,917)	(29,609)	-	559,276
Office equipment	711,037	72,971	-	(14,476)	-	769,532
Audio-visual equipment	-	2,240	-	-	-	2,240
Communication equipment	113,141	5,439	-	-	-	118,580
Vehicles	243,191	52,745	-	(6,032)	-	289,904
Leasehold improvements	3,718,507	88,234	-	(1)	-	3,806,740
Safety equipment	-	947	-	-	-	947
Computer equipment	852,158	151,374	(83,185)	50,117	-	970,464
	6,849,904	567,072	(800,102)	(1)	-	6,616,873
Net value	61,862,901	22,740,470	(8,517,717)	(14,586,765)	10,858,912	72,357,801

* Corresponds to reclassifications of buildings, land and furniture that became assets held for sale.

2023	Beginning balance	Additions	Decreases	Reclassification	Ending balance
Cost					
Land	11,392,356	-	-	(592,356)	10,800,000
Building	1,917,776	79,469	-	(1,957,245)	40,000
Furniture and fixtures	1,352,263	187	(9,921)	(8,037)	1,334,492
Office equipment	746,537	42,850	(3)	-	789,384
Communication equipment	113,141	-	-	-	113,141
Vehicles	565,660	188,549	(236,826)	-	517,383
Leasehold improvements	3,705,469	96,700	-	-	3,802,169
Construction in progress	22,337,986	27,835,428	-	-	50,173,414
Computer equipment	1,012,439	136,811	(6,428)	-	1,142,822
	43,143,627	28,379,994	(253,178)	(2,557,638)	68,712,805
Accumulated depreciation and amortization					
Building	301,422	25,431	-	(326,853)	-
Furniture and fixtures	1,141,694	82,377	(7,454)	(4,747)	1,211,870
Office equipment	689,676	21,361	-	-	711,037
Communication equipment	113,122	19	-	-	113,141
Vehicles	264,302	48,078	(69,189)	-	243,191
Leasehold improvements	3,614,892	103,615	-	-	3,718,507
Computer equipment	752,748	103,855	(4,445)	-	852,158
	6,877,856	384,736	(81,088)	(331,600)	6,849,904
Net value	36,265,771	27,995,258	(172,090)	(2,226,038)	61,862,901

* There are reclassifications in this note in the items of building, land and furniture that went to the item of active assets held for sale.

14. Intangible Assets and Goodwill

The movement of intangible assets is detailed as follows:

2024	Beginning balance	Additions	Decreases	Ending balance
Cost:				
Software and licenses	9,298,004	2,779,261	111,197	12,188,462
Deposits' portfolio	2,790,000	-	-	2,790,000
Health portfolio	421,457	-	(2)	421,455
Total	12,509,461	2,779,261	111,195	15,399,917
Accumulated amortization:				
Software	6,735,152	2,251,510	111,197	9,097,859
Deposits' portfolio	1,519,000	186,000	-	1,705,000
Health portfolio	421,455	-	-	421,455
	8,675,607	2,437,510	111,197	11,224,314
Net intangible assets	3,833,854			4,175,603

2023	Beginning balance	Additions	Decreases	Ending balance
Cost:				
Software and licenses	6,322,435	2,294,811	(680,758)	7,936,488
Deposits' portfolio	2,790,000	-	-	2,790,000
Health portfolio	421,457	-	-	421,457
Total	9,533,892	2,294,811	(680,758)	11,147,945
Accumulated amortization:				
Software	4,037,345	2,017,049	(680,758)	5,373,636
Deposits' portfolio	1,333,000	186,000	-	1,519,000
Health portfolio	356,616	64,839	-	421,455
	5,726,961	2,267,888	(680,758)	7,314,091
Net intangible assets	3,806,931			3,833,854

For the year ended June 30, 2024, the balance of additions for B/.2,779,261 (2023: B/.2,294,811) corresponds to acquisitions and renewals of software and licenses.

15. Goodwill

The Bank's goodwill is as follows:

	2024	2023
Balance at the beginning of the year	13,284,741	13,284,741

The following table summarizes the Bank's goodwill balance, generated by the acquisition of the following companies:

Company	Acquisition date	Acquired interest	2024	2023
Prival Bank Costa Rica, S.A. (Formerly Bansol)	April 21, 2015	100%	4,552,453	4,552,453
Prival Securities, Inc.	August 12, 2010	100%	3,383,126	3,383,126
Acerta Holding, Inc.	September 9, 2019	50.13%	5,349,162	5,349,162
			13,284,741	13,284,741

In order to test for impairment of goodwill, the Bank annually performs a valuation of the various businesses acquired and which have generated such goodwill. The calculation of the valuation of goodwill was determined according to the estimated growth forecast for the two businesses, using the cash flow discount method, based on the financial budgets approved by the Board of Directors covering a period of 5 years and using a discount rate of 10%.

To carry out the valuation of assets and businesses acquired, its expected net cash flows are projected for the assets or business in the corresponding cash-generating unit in 5-years periods. Likewise, its growth in perpetuity or a multiple of flows were defined at the end of the flow projection period to estimate the terminal cash flow.

Growth rate used for Prival Costa Rica was placed at 10% for Private Banking and 1% for Corporate Banking; Prival Securities Inc.10% and Acerta Holding was 10%. To determine the growth rates of the businesses, growth, performance and historical metrics, business plan and their future prospects, were used as reference. It incorporates a multiple price to book value of banking industry of 1.48 and insurance industry of 1.62 with comparable prices from the United States and Mexico.

To calculate the present value of future cash flows and determine the value of the assets or businesses that are being assessed, the performance of free cash flows was used as the discount rate, required by the shareholder, when the evaluated cash-generating unit is the Bank. The capital cost used is 10%.

16. Investment Property

As of June 30, the Bank maintains a balance of B/.16,406,399 (2023: B/.5,635,018) which comprises commercial premises, land and residences.

The fair value of investment properties at June 30 was obtained through appraisals performed by the company AIR Avalúos, S. A. at June and July 2023 and Compañía Nacional de Avalúos, both are members of the Instituto de Valuaciones y Peritajes de Panamá (IVAPPAN) (Institute of Appraisals and Expertise of Panama), and have all the appropriate certifications and recent experience in the valuation of properties in the referred locations, therefore it do not show significant changes in fair value.

The movement of investment properties is presented below:

	2024	**2023**
Beginning balance	5,635,018	5,731,534
Additions	-	26,523
Transfer	9,120,695	-
Changes in fair value	1,650,686	(123,039)
	16,406,399	5,635,018

The change in fair value is included in the consolidated statement of profit or loss and other comprehensive income within other income.

The transfer corresponds to the capitalization of office building construction projects.

The fair value of the investment property of B/.16,406,399 (2023: B/.5,635,018) has been classified as a Level 3 fair value based on the valuation technique and significant unobservable variables used, in accordance with International Valuation Standards.

	Fair value			
Financial asset	**2024**	**2023**	**Hierarchy of fair value**	**Valuation techniques and main input data**
Investment properties	16,406,399	5,635,018	Level 3	Appraisal carried out by a qualified company

Below are the valuation techniques used to measure the fair value of investment properties, as well as the significant unobservable variables used.

Comparative approach
It considers sales of similar or substitute goods, as well as data obtained from the market and establishes an estimate of the value using processes that include comparison. For this method, the main characteristics that a potential buyer or seller would consider were taken into account and their estimate corresponds to the current market conditions.

Income capitalization approach - value over income
It considers the income and expense data related to the valued assets and estimates their value through a capitalization process. The income value corresponds to the estimated annual gross income considering the real and effective rent for facilities with the characteristics and finishes of the property less the expenses.

The fair value of the property was determined through a weighting between the comparative approach and the capitalized lease method considering that the latter better reflects the fair value of the property.

17. Assets Held for Sale

As of June 30, 2024, the Bank maintains real estate classified as other assets held for sale in the amount of B/.10,818,441 (2023: B/.11,013,091).

The movement of foreclosed assets for sale is presented below:

	2024	**2023**
Balance at the beginning of the year	11,013,091	7,258,604
Increases	661,805	4,294,927
Decreases	(935,699)	(2,841,855)
Reclassification	79,244	2,301,415
Balance at the end of the year	10,818,441	11,013,091

The remaining balance corresponds to assets received from the execution of loan guarantees and are recorded at fair value based on a recent purchase offer and appraisals made by independent experts (experts). The balance as of June 30, 2024, showed a decrease mainly due to the sale of assets in the order of B/.935,699, foreclosures for B/.661,805 and reclassifications for B/.79,244; no permanent impairment has been identified on investment properties. For the year 2023, the reclassifications come from assets that were not in use within the fixed assets of Banco Prival Costa Rica, SA in the building and land category.

18. Other Assets

The other assets are as follows:

	2024	2023 Re-expressed
Accounts receivable (i)	18,795,475	12,095,259
Insurance contracts, net (vii)	14,373,334	11,621,904
Subrogated sureties (ii)	4,373,587	4,104,165
Others	3,872,766	2,052,674
Other expenses paid in advance	3,304,724	2,068,664
Project in progress (iv)	2,916,302	2,893,045
Commissions receivable (iii)	1,984,235	2,005,176
Severance fund	1,566,164	1,527,728
Prepaid taxes	1,421,221	2,871,796
Deposit guarantee fund (vi)	1,167,830	1,655,043
Coinsurance receivable	556,938	589,477
Security deposits	369,981	372,312
Various debtors	264,549	381,053
Participation in stock markets	58,924	-
Pending items to be applied	-	3,498,618
Dividends receivable	-	718,824
	55,026,030	48,455,738

i. Accounts receivable correspond mainly to temporary items.

ii. Subrogated bonds correspond to disbursements made by the Insurer (Acerta Compañía de Seguros, S.A.) for the completion of various projects on behalf of third parties, on unfulfilled guarantee bonds of clients (subrogated bonds), which are being managed until the delivery of the contracted projects and the collection is received at the end of the same by the contractor. The Insurer maintains management of projects in progress which total B/.29,913,304, whose retained amount is B/. 4,997,014, which correspond to subrogated bonds.

iii. Commissions and accounts receivable correspond mainly to structuring and securities brokerage services.

iv. The balance of the project in process corresponds to the update of the version of the Banking Core.

v. The assets held for sale correspond to two properties given in payment: Real Estate Unit SF-100C of PH Villamar and Real Estate Unit SF-200B of PH Villamar.

vi. As of June 30, 2021 in Costa Rica, the guideline for the contingent use of resources from the Minimum Legal Reserve to finance the Deposit Guarantee Fund came into effect; therefore, Prival Bank (Costa Rica), S.A., being subject to the legal reserve requirement, must apply 2% to the average balance of liabilities subject to legal reserve for the first fortnight of the previous month. As of June 30, 2024, this 2% corresponded to ¢195,123,228 and B/.647,690 (2023: ¢292,546,112 and B/.1,022,553).

vii. Insurance contracts and the provision for expected credit losses according to their age are detailed below:

	2024					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total
Automobile	1,746,939	52,440	31,396	21,409	261,872	2,114,055
Bail Bonds	1,256,383	269,266	223,705	162,632	1,029,411	2,941,397
Fire and allied lines	2,178,474	42,557	34,700	9,115	122,879	2,387,724
Health and invididual life	504,074	8,562	79,095	24,172	25,974	641,876
Marine insurance	216,242	45,777	44,335	23,877	77,794	408,025
Technical branches	1,055,913	114,607	124,244	84,025	493,885	1,872,674
Other branches	4,105,450	151,655	90,162	210,277	342,812	4,900,356
	11,063,475	684,863	627,637	535,506	2,354,627	15,266,108
Less:						
Provision for credit losses						(892,774)
						14,373,334

	2023 Restated					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total
Automobile	2,582,962	86,546	81,421	31,660	494,065	3,276,654
Fires and allied lines	1,186,081	31,904	51,894	10,485	106,795	1,387,159
Bail bonds	2,072,603	262,853	342,219	278,173	1,333,732	4,289,580
Health and individual life	740,652	97,691	108,137	98,447	306,956	1,351,883
Technical line insurance	130,720	31,753	12,665	868	25,276	201,282
Marine insurance	577,438	33,386	11,289	3,186	18,786	644,085
Other branches	1,227,863	61,500	32,158	18,139	170,101	1,509,761
	8,518,319	605,633	639,783	440,958	2,455,711	12,660,404
Less:						
Advanced premiums						-
Provision for credit losses						(1,038,501)
						11,621,903

19. Deposits from Customers

The deposits from customers are summarized as follows:

	2024	2023
Time deposits	280,226,813	265,650,007
Savings deposits	114,192,296	113,636,886
Demand deposits	146,391,606	154,182,794
	540,810,715	533,469,687

The annual interest rate earned on the deposits ranged between 1.25% and 7.00% (2023: between 1.25% and 6.4%) with maturities between July 2024 and November 2027 (2023: maturities between July 2023 and November 2027).

20. Deposits from Banks

The deposits from banks are summarized as follows:

	2024	2023
Time deposits	11,783,990	17,758,278

The annual interest rate accrued on the deposits ranged between 4.00% and 6.83% (2023: between 3.7% and 7.33%), with maturities between July and August 2024 (2023: maturities between July and August 2023).

21. Securities Sold under Repurchase Agreement

As of June 30, 2024, the securities sold under a repurchase agreement amount to B/.13,480,786 (2023: B/.10,327,982) and are detailed as follows:

Prival Bank, SA held obligations arising from securities sold under repurchase agreements for B/.13,589,905 (2023: B/.10,126,178) with maturities between July and October 2024 and an annual interest rate of 6.99% (2023: maturities in April 2024 and annual interest rate of 6.68%).

Prival Securities (Costa Rica) Puesto de Bolsa, S.A., as of June 30, 2024, holds obligations arising from securities sold under repurchase agreements amounting to B/.250,881 (2023: B/.201,804) maturing in July 2024 (2023: maturing in July 2023), annual interest rate 6.64% (2023: 11.14%). These securities are collateralized with BCCR monetary stabilization bonds in CRC for B/.262,427 (2023: 231,226).

22. Borrowings

The borrowings are summarized as follows:

Obligations with financial instititutions	**2024**	**2023**
Obligation with domestic bank for the financing of foreign trade, with maturity until September 2024 and annual interest rate of 6%.	15,331,336	9,930,369
	15,331,336	9,930,369

As of June 30, 2024, the Bank maintains a balance payable for financial costs as a result of financing received for B/.17,866 (2023 B/.24,764).

The Bank has not defaulted in the payment of principal and interest and does not have additional agreements within the clauses of the contract that condition the financing received.

23. Liabilities at Fair Value Through Profit or Loss

As of June 30, 2024, financial liabilities at fair value of B/.19,032,385 correspond to contracts for transfers of cash flows indexed to private equity financial instruments.

24. Notes Payable

The Board of Directors of Prival Bank, S.A., was authorized by the Superintendency of Securities Markets, through Resolution SMV No. 74-16 dated February 15, 2016, to issue and offer to the public a Revolving Program of 100,000,000 (one hundred million) Corporate Notes of Prival Bank, S.A. with a nominal value of B/.1,000 (one thousand balboas), each, issued in a registered, nominative and coupon-free manner. The nominal value of the issue will be B/.100,000,000 (one hundred million balboas) with a maximum term of 10 years, counted from the date of the initial offer of the notes. The corporate notes will be issued in series. The amount of each series will be determined by the Issuer at the time of the offer for sale of each series. The Corporate Notes will accrue interest from their date of issue. The maturity of the series will also be determined by the Issuer.

The Corporate Notes are secured by the general credit of Prival Bank, S.A.

As of June 30, 2024, the Bank maintains corporate notes payable with the Latin American Stock Exchange (Latinex) for B/.31,014,844.

			2024		
Series	**Maturity**	**Rate**	**Capital**	**Interest**	**Total**
PAL3009811P6	17-Jul-25	6.250%	3,480,000	37,458	3,517,458
PAL3009811Q4	9-Sep-24	6.250%	706,000	7,599	713,599
PAL3009811R2	30-Sep-24	6.250%	493,000	5,307	498,307
PAL3009811S0	14-Oct-24	6.250%	1,067,000	11,485	1,078,485
PAL3009811T8	23-Oct-24	6.250%	1,042,000	11,216	1,053,216
PAL3009811U6	30-Oct-24	6.500%	245,000	2,743	247,743
PAL3009811V4	7-Nov-24	6.500%	909,000	10,176	919,176
PAL3009811X0	27-Nov-24	6.500%	1,036,000	11,597	1,047,597
PAL3009811W2	27-Nov-24	6.500%	760,000	8,508	768,508
PAL3009811Y8	6-Dec-24	6.500%	475,000	5,317	480,317
PAL3009811Z5	7-Dec-24	6.500%	505,000	5,653	510,653
PAL3009817A5	23-Dec-24	6.500%	560,000	6,269	566,269
PAL3009817B3	8-Jan-25	6.500%	557,000	6,235	563,235
PAL3009817C1	22-Jan-25	6.500%	700,000	7,836	707,836
PAL3009817D9	31-Jan-25	6.500%	3,481,000	38,968	3,519,968
PAL3009817E7	19-Feb-25	6.500%	498,000	5,575	503,575
PAL3009817G2	26-Feb-25	6.500%	1,516,000	16,971	1,532,971
PAL3009817F4	26-Feb-24	6.500%	500,000	5,597	505,597
PAL3009817H0	20-Mar-25	6.25%	921,000	9,914	930,914
PAL3009817I8	22-Mar-25	6.25%	1,015,000	10,925	1,025,925
PAL3009817J6	28-Mar-25	6.25%	1,000,000	10,764	1,010,764
PAL3009817K4	3-Apr-25	6.25%	1,500,000	16,146	1,516,146
PAL3009817L2	15-Apr-25	6.25%	851,000	9,160	860,160
PAL3009817M0	29-Apr-25	6.25%	787,000	8,608	795,608
PAL3009817N8	13-May-25	6.25%	871,000	7,410	878,410
PAL3009817O6	20-May-25	6.25%	1,179,000	8,597	1,187,597
PAL3009817P3	30-May-25	6.25%	785,000	4,361	789,361
PAL3009817Q1	11-Jun-25	6.25%	733,000	2,545	735,545
PAL3009817R9	14-Jun-25	6.25%	400,000	1,181	401,181
PAL3009817S7	21-Jun-25	6.25%	2,145,000	3,724	2,148,724
			30,717,000	297,844	31,014,844

25. Bonds Payable

As of June 30, 2024, bonds are held with Interclear, Central de Valores de la Bolsa de Costa Rica, for B/.11,782,336 (2023: B/.21,971,055). Below is the balance of the bonds issued:

Type	Interest Rate	Maturity	2024	2023
Prival 01009	5.88%	2024	-	3,696,900
Prival 01010	5.41%	2023	-	1,840,421
Prival 01011	5.88%	2024	1,906,282	1,840,123
Prival 01015	3.53%	2023	-	2,184,097
Prival 01016	3.53%	2023	-	2,748,588
Prival 01017	5.06%	2025	3,774,907	3,643,897
Prival 02036	5.76%	2023	-	3,015,853
Prival 02037	6.00%	2026	3,054,118	3,001,176
Prival 02038	6.15%	2026	3,047,029	-
Total			11,782,336	21,971,055

As of June 30, 2024, the Bank has a balance payable in financial costs as a result of bonds payable of B/.126,334 (2023: B/.137,904).

The 2019 standardized bond issuance program corresponds to a multi-currency program to raise the necessary resources for working capital and support the growth of the Bank's business, in which the maximum amount to be placed in its series may not exceed in a consolidated manner the sum of B/.100,000,000, of which B/.91,856,749 has been issued and B/.11,656,002 has been used and B/.3,770,668 has not been placed, divided into the following series:

- La serie PRIVAL 01011
- La serie PRIVAL 01017
- La serie PRIVAL 01037

Serie	Rate	Frequency
PRIVAL 01011	5.88%	Biannual
PRIVAL 01017	5.06%	Quarterly
PRIVAL 02037	7.06%	Quarterly
PRIVAL 02038	7.24%	Quarterly

The 2023 standardized bond issuance program corresponds to a multi-currency program to raise the necessary resources for working capital and support for the growth of the Bank's business, in which the maximum amount to be placed in its series may not exceed in a consolidated manner the sum of B/.100,000,000, of which as of June 30, 2024, no series has been placed.

26. Negotiable Commercial Securities Payable

Prival Bank, S.A. was authorized, pursuant to Resolution No. 310-20 of July 13, 2020 by the Superintendency of the Securities Market of Panama, to offer through public offering Negotiable Commercial Securities for a total nominal value of B/.50,000,000 issued in a nominative and registered manner, without coupons. The Negotiable Commercial Securities will be issued in series in denominations of B/.1,000 or its multiples, the amounts, terms and annual interest rates of which will be determined according to the needs of the Issuer and market demand.

The amount of each Series will be determined by the Issuer at the time of the offer for sale of each Series. The Negotiable Commercial Securities Payable will accrue interest from their issue date. The maturity of the Series will also be determined by the Issuer.

The Negotiable Commercial Securities Payable will be offered initially at a par price, but may be subject to deductions or discounts, as well as premiums or premiums as determined by the Issuer, in accordance with market conditions. The Negotiable Commercial Securities Payable will be backed solely by the general credit of Banco Prival, S.A.

The Negotiable Commercial Securities Payable is summarized below:

	Rate		2024		
Type	**Interest**	**Maturity**	**Capital**	**Interest**	**Total**
Serie CZ	6.2500	29-Jul-24	459,000	4,941	463,941
Serie DD	6.2500	2-Aug-24	819,000	8,816	827,816
Serie DP	5.7500	29-Jul-24	454,000	4,496	458,496
Serie DQ	5.7500	23-Sep-24	1,061,000	10,507	1,071,507
Serie DR	5.2500	2-Jul-24	2,500,000	22,604	2,522,604
Serie DS	6.0000	30-Sep-24	2,165,000	22,372	2,187,372
Serie DT	5.7500	28-Oct-24	413,000	4,156	417,156
Serie DU	5.7500	28-Oct-24	350,000	3,466	353,466
Serie DV	5.7500	18-Nov-24	295,000	1,979	296,979
Serie DW	5.7500	20-Nov-24	550,000	3,338	553,338
Serie DX	5.7500	26-Nov-24	250,000	1,278	251,278
Serie DY	5.2500	28-Aug-24	300,000	1,400	301,400
Serie DZ	5.7500	11-Dec-24	500,000	1,358	501,358
Serie EA	5.7500	23-Dec-24	630,000	503	630,503
			10,746,000	91,212	10,837,212

Type	Rate Interest	Maturity	2023 Capital	Interest	Total
Serie BF	3.75%	22-Sep-23	320,000	2,067	322,067
Serie BI	5.50%	23-Oct-23	1,500,000	14,208	1,514,208
Serie BN	5.50%	27-Nov-23	1,449,000	13,725	1,462,725
Serie BO	5.50%	7-Dec-23	500,000	4,736	504,736
Serie BT	5.50%	26-Dec-23	404,000	3,827	407,827
Serie BU	5.00%	24-Jul-23	2,000,000	17,222	2,017,222
Serie BV	5.00%	24-Jul-23	1,000,000	8,611	1,008,611
Serie BW	5.50%	29-Jan-24	2,658,000	25,177	2,683,177
Serie BY	5.50%	1-Mar-24	317,000	3,003	320,003
Serie BZ	5.85%	29-Feb-24	250,000	2,519	252,519
Serie CA	5.00%	11-Sep-23	600,000	5,167	605,167
Serie CB	5.85%	20-Mar-24	1,210,000	12,228	1,222,228
Serie CD	6.25%	25-Mar-24	2,000,000	21,528	2,021,528
Serie CE	6.25%	25-Mar-24	1,000,000	10,764	1,010,764
Serie CF	6.25%	1-Apr-24	1,000,000	10,764	1,010,764
Serie CG	5.75%	23-Oct-23	1,154,000	12,165	1,166,165
Serie CH	6.25%	19-Apr-24	2,191,000	25,105	2,216,105
Serie CI	6.25%	19-Apr-24	600,000	6,771	606,771
Serie CJ	5.75%	30-Oct-23	1,585,000	15,190	1,600,190
Serie CK	5.75%	7-Nov-23	1,150,000	9,735	1,159,735
Serie CL	6.25%	3-May-24	1,483,000	13,646	1,496,646
Serie CM	5.75%	20-Nov-23	672,000	4,293	676,293
Serie CN	6.25%	16-May-24	640,000	4,444	644,444
Serie CO	5.25%	28-Aug-23	1,990,000	9,577	1,999,577
Serie CP	5.75%	27-Nov-23	1,495,000	7,402	1,502,402
Serie CQ	6.25%	24-May-24	1,050,000	5,651	1,055,651
Serie CR	6.25%	31-May-24	1,079,000	4,309	1,083,309
Serie CS	5.75%	18-Dec-23	1,685,000	2,691	1,687,691
Serie CT	6.25%	14-Jun-24	1,495,000	2,336	1,497,336
Serie CU	5.25%	28-Sep-23	1,367,000	598	1,367,598
Serie CV	5.75%	29-Dec-23	1,149,000	367	1,149,367
Serie CW	6.25%	21-Jun-24	1,758,000	610	1,758,610
			38,751,000	280,436	39,031,436

VCNs are payable quarterly on January 30, April 30, July 30 and October 30. If this is not a business day, then payment will be made on the next business day.

27. Reconciliation of Obligations Arising from Financing Activities

The movement of the obligations is summarized below for the purpose of reconciliation with the consolidated statement of cash flows, the balances do not include interest payable:

2024	Balance at the beginning of the year	Proceeds from liabilities and issuances	Payment of liabilities and redemption of issuances	Balance at the end of the year
Funding received	9,905,605	36,989,690	(31,581,825)	15,313,470
Liabilities at fair value through profit or loss	-	19,032,385	-	19,032,385
Bonds payable	21,833,151	3,000,000	(13,177,149)	11,656,002
Securities sold under repurchase agreements	10,199,867	6,185,756	(2,684,694)	13,700,929
Notes payable	-	30,717,000	-	30,717,000
Negotiable Commercial Securities Payable	38,751,000	29,130,000	(57,135,000)	10,746,000
Total	80,689,623	125,054,831	(104,578,668)	101,165,786

2023	Balance at the beginning of the year	Proceeds from liabilities and issuances	Payment of liabilities and redemption of issuances	Balance at the end of the year
Borrowings	-	10,782,020	(876,415)	9,905,605
Bonds payable	46,735,103	6,000,000	(30,901,952)	21,833,151
Securities sold under repurchase agreements	-	28,323,820	(18,123,953)	10,199,867
Marketable securities	14,276,000	52,739,000	(28,264,000)	38,751,000
Total	61,011,103	97,844,840	(78,166,320)	80,689,623

28. Insurance Operations Reserves

The insurance operations reserves are summarized as follows:

Description	2024 Amount	2023 Re-expressed
LRC - RA	27,302	26,840
LRC - CSM	1,155,796	1,240,964
LRC - PAA Premiums	16,209,401	17,301,427
LRC- PAA acquisition costs	(2,575,471)	(2,520,431)
LRC - LC PAA	47,939	48,300
Liability for Remaining Coverage - Direct	**14,864,967**	**16,097,100**
LIC - PVFCF	5,382,981	5,919,260
LIC - RA	8,383	7,298
Liabilities for Incurred Claims	**5,391,365**	**5,926,558**
Liabilities from insurance contracts	**20,256,332**	**22,023,658**

29. Other Liabilities

The other liabilities are as follows:

	2024	2023
Accounts payable	12,959,741	13,914,682
Accounts payable agents, brokers and reinsurers	6,467,198	4,739,882
Employee reserves	3,911,741	3,521,100
Taxes payable	1,928,794	1,905,618
Tax on premiums	1,266,065	987,344
Seniority premium	1,247,999	760,729
Cashier's check and certificate	1,042,806	711,077
Deferred income	784,635	590,566
Other reserves	469,870	429,743
Employer contributions payable	165,123	419,408
Insurance operations	84,922	147,902
Employee discount	6,864	30,155
	30,335,758	28,158,206

Accounts payable mostly correspond to temporary items canceled in a short term.

30. Common Shares

The Bank's capital of B/.25,000,000 is made up of 25,000 common shares without par value issued and in circulation.

During 2023, dividend payments were declared in the Bank at Board of Directors meetings held in July and October 2021 and 2022; January and April of 2023 and 2024. Dividends declared were B/.12,600,000 (2023: B/.12,600,000).

Prival Securities Inc., declared dividend payments at the Board of Directors meetings held in July and October 2023 and in January and April 2024. Dividends declared and paid amounted to B/.8,900,000 (2023: B/.17,600,000).

Prival Trust, SA, declared dividend payments at the Board Meeting held in January 2024. Dividends declared and paid were B/.700,000 (2023: B/.0.00).

Prival Private Equity Fund, SA, declared dividend payments at the Board Meeting held in January 2024. Dividends declared and paid were B/.2,200,000 (2023: B/.0.00).

Prival Investment Management (BVI) declared dividend payments at the Board Meeting held in April 2024. Dividends declared and paid amounted to B/.800,000 (2023: B/.0.00).

31. Preferred Shares

As of June 30, 2024, there was a balance in preferred shares of B/.1,764,000, consisting of 17,640 shares.

32. Interest Income

During year ended as of June 30th, interest income is detailed as follows:

	2024	**2023**
Investments	9,695,337	8,471,079
Loans	21,648,950	25,318,373
Deposits	1,699,193	1,178,710
Total	33,043,480	34,968,162

33. Revenue from Brokerage and Structuring Services

Revenue from brokerage and structuring services for B/.24,081,156 (2023: B/.22,368,151) mainly relate to financial intermediation and investment structuring operations provided to its customers.

34. Interest Expenses

During year ended June 30, interest expenses are as follows:

	2024	**2023**
On customers' deposits	19,672,227	16,826,505
On liabilities and placements	4,656,373	2,478,792
	24,328,600	19,305,297

35. Commission Income

The breakdown of net commission income is as follows:

	2024	**2023**
Commission income from:		
Letters of credit and collection documents	15,034	95,831
Loans and credit cards	544,763	739,689
Bank services	358,832	231,074
Endorsements and guarantees	14,685	27,555
Other commissions	1,672,883	1,155,827
Currency trading	963,537	1,178,528
	3,569,734	3,428,504
Commission expenses for:		
Investments	5,762,670	4,598,050
Loans and credit cards	517,730	532,753
Bank services	524,046	398,232
Other commissions	1,476,843	1,050,182
	8,281,289	6,579,217
Net commission expense	(4,711,555)	(3,150,713)

36. Personal Expenses

During year ended as at June 30, personnel expenses are as follows:

	2024	2023
Salaries and other wages	16,628,874	14,523,634
Employee benefits	1,992,083	2,173,739
Seniority premium	158,136	-
Others	972,884	884,868
	19,751,977	17,582,241

37. Other Expenses

During year ended as at June 30, other expenses are as follows:

	2024	2023
Professional fees	3,044,140	2,866,499
Leases	2,457,459	2,476,570
Taxes and licenses	2,544,132	2,296,265
Repairs and maintenance	893,445	823,674
Bank fees	474,715	556,406
Communications	259,450	207,035
Insurance	139,055	117,143
Utilities	300,482	201,193
Marketing and public relations	341,754	745,685
Subscriptions	38,250	54,909
Travel and accommodations	572,766	456,289
Surveillance and security	74,658	97,401
Donations and contributions	133,444	107,404
Diets	384,750	476,000
Judicial, notarial and public register	9,300	14,249
Customer service	466,838	477,537
Stationery and supplies	41,676	28,669
Others	2,077,234	1,496,987
Total	14,253,548	13,499,915

38. Assets under Management

The Bank provides services for trust management contracts, which manages assets in accordance with customer instructions, held outside the consolidated statement of financial position on behalf of and at the risk of clients. The total managed portfolio of trust agreements amounted to B/.1,466,425,537 (2023: B/.1,264,040,545).

The following presents the managed portfolio by type of contract:

	2024	**2023**
Investment trusts	13,349,035	16,116,551
Guarantee trusts	1,453,076,502	1,247,923,994
	1,466,425,537	1,264,040,545

The Bank held a managed investment portfolio at the clients' risk amounting to B/.4,651,077 (2023: B/.4,206,631,740). Considering the nature of these services, Management believes there is no risk to the Bank.

39. Commitments and Contingencies

The Bank maintains financial instruments outside the consolidated statement of financial position with credit risk, which arises in the normal course of business and involves elements of credit and liquidity risk. Such financial instruments include endorsements and guarantees, credit lines and promissory notes, which are as follows:

	2024	**2023**
Bank guarantees	40,833,702	22,950,482
Endorsements and bonds	1,123,543	814,749
Unused credit lines granted	147,078	1,101,865
Promissory notes	1,268,244	1,954,443
Total	43,372,567	26,821,539

As of June 30, 2024, an allowance for contingencies of B/.633 is maintained on the books (2023: B/.135,480).

The endorsements, guarantees and credit lines are exposed to credit losses in the event that the customer does not fulfill its obligation to pay. The Bank's policies and procedures for approving credit commitments, financial guarantees and promissory notes are the same as those used for granting loans registered in the consolidated statement of financial position.

Guarantees granted have fixed maturity dates, which mostly mature without payment, and therefore pose no significant risk of liquidity.

The promissory notes are commitments in which the Bank agrees to make a payment once certain conditions are met, which have an average maturity of six months and are mainly used for disbursements of mortgage loans. The Bank does not anticipate losses due to these transactions.

A summary of the off-balance sheet operations and commitments classified according to maturity dates is presented below:

	Less than 1 year	1 to 5 years	Total
2024			
Off-balance sheet operations			
Bank guarantess	40,833,702	-	40,833,702
Endorsements and bonds	1,123,543	-	1,123,543
Promissory notes	1,268,244	-	1,268,244
Credit lines	98,777	48,301	147,078
	43,324,266	48,301	43,372,567

	Less than 1 year	1 to 5 years	Total
2023			
Off-balance sheet operations			
Bank guarantess	764,089	22,186,393	22,950,482
Endorsements and bonds	319,749	495,000	814,749
Promissory notes	1,954,443	-	1,954,443
Credit lines	113,196	988,669	1,101,865
	3,151,477	23,670,062	26,821,539

40. Right of Use Assets

The Bank maintains the right of use of assets with offices and branches. Most branch office leases are executed for terms of 2 to 5 years and generally contain options to extend from 1 to 5 years. None of the Bank's lease payments depend on a rate or index that may change after the start date, other than the annual % increase and the passage of time.

The Bank's lease liability is B/.352,703. This liability is based on the present value of the remaining minimum lease payments using a discount rate that is determined based on the interest rate of the Bank's increase in debt.

The weighted average of the lessee's incremental borrowing rate applied to the lease liabilities was between 4.75% and 5.96%.

The movement of right-of-use assets by type on June 30 is presented below:

	2024	**2023**
Cost:		
Balance at the beginning of the year	3,371,684	3,374,800
Increases	-	61,424
Decreases	(531,965)	(64,539)
Balance at the end of the year	2,839,719	3,371,685
Accumulated depreciation:		
Balance at the beginning of the year	3,069,114	2,580,364
Increases	163,109	579,127
Decreases	(392,504)	(90,376)
Balance at the end of the year	2,839,719	3,069,115
Net balance	-	302,570

Leases with terms of twelve months or less and leases for which the underlying asset is of low value are not capitalized as part of the lease assets or liabilities and are charged to expenses as incurred. In addition, the Bank has elected not to separate non-lease components from lease components. Consequently, each separate lease component and the non-lease components associated with that lease component will be accounted for as a single lease component for purposes of classification, recognition and measurement of the lease.

The operating lease liabilities correspond to rental contracts with various maturities until 2027, Below is the maturity date to June 30:

	2024	2023
Year 1	-	215,873
Year 2	-	128,782
Year 3	-	8,048
	-	352,703

The Bank does not face a significant liquidity risk with respect to its lease liabilities. Lease liabilities are controlled within the Bank's treasury unit.

41. Income Tax Expense

Tax legislation of the Republic of Panama
Income tax returns of the companies incorporated in the Republic of Panama are subject to revision by the local tax authorities for the last three years, including the year ended June 30, 2024, according to current tax regulations.

According to current Panamanian tax Legislation, companies are exempt from payment of income tax on profits derived from foreign operations, interest earned on time deposits placed in local banks, interest earned on Panamanian Government securities and investments on securities issued through the Panama Stock Exchange.

Current income tax expense is as follows:

	2024	2023
Current income tax	1,824,457	1,637,787
Deferred income tax from temporary differences	878,654	(319,105)
Total income tax	2,703,111	1,318,682

The deferred tax item from temporary differences arises mainly from the allowance for possible loan losses. The deferred asset is recognized based on the deductible tax differences considering their past operations and projected taxable income, influenced by Management's estimates.

Based on actual and projected results, the Bank's Management and its subsidiaries believe that there will be sufficient taxable profits to absorb the deferred taxes detailed above.

In Official Gazette No.26489-A, Law No.8 of March 15, 2010 was enacted, which modifies the general rates of Income Tax (ISR). For financial institutions, the current rate of 30% is maintained for the years 2010 and 2011, and subsequently, reduced to 27.5% as of January 1, 2012 and to 25% as of January 1, 2014. By means of Law No. 8 of March 15, 2010, the alternate calculation method of income tax called (CAIR) is eliminated and is replaced with the presumption of Income Tax. Thus, requiring all entities earning income in excess of one million five hundred thousand dollars (B/.1,500,000) to determine the taxable amount for such tax using the greater amount between: (a) the net taxable income calculated by the standard method established in the Tax Code and (b) the net taxable income resulting from the application of four point sixty-seven percent (4.67%) to total taxable income.

Tax Legislation of British Virgin Islands
According to the current fiscal legislation of British Virgin Islands, the Bank is exempt of the payment of income tax.

Tax Legislation of Costa Rica
According to Law 7092 of Income Tax and its regulations, banks must file their annual income tax returns at a rate of 30%.

The deferred tax asset is recognized based on the deductible tax differences considering their past operations and projected taxable income, on which Management's estimates have an influence. Based on actual and projected results, the Bank's Management believes that there will be sufficient taxable income to absorb the deferred income tax detailed above.

For the year ended June 30, the income tax of the subsidiaries Prival Securities, Inc., Prival Leasing, S.A., Prival Trust, S.A., Villamar Dos, S.A. and Acerta Compañía de Seguros, S.A. using the traditional tax calculation is presented below:

	2024	**2023**
Profit before income tax	21,613,504	26,572,873
Less: foreign, exempt and non-taxable income, net	(6,675,527)	(4,617,385)
Plus: non-deductible costs and expenses	1,449,137	1,518,935
Less: Regulatory reserves	-	(623,087)
Less: loss carryforward tax benefit	-	(168,524)
Net taxable income	16,387,114	22,682,812
Income tax	1,824,457	1,637,787

As at June 30, the deferred income tax is detailed as follows:

	2024			**2023**		
	Asset	**Liability**	**Net**	**Asset**	**Liability**	**Net**
Allowance for loan portfolio impairment	450,004	(359,962)	90,042	1,367,523	(437,266)	930,257
Estimation for foreclosed assets	-	(250,898)	(250,898)	-	(173,337)	(173,337)
Adjustments to fixed assets at historical exchange rate	197,122	41,363	238,485	(6,996)	4,954	(2,042)
Deferred from equity account investments	-	(85,935)	(85,935)	-	(11,123)	(11,123)
Asset revaluation	480,790	(125,421)	355,369	619,121	(127,633)	491,488
Estimation for premiums and co-insurance receivable	(82,573)	-	(82,573)	10,577	-	10,577
Intangible assets impairment	259,625	-	259,625	259,625	-	259,625
Adoption of NIFF 17	457,918	-	457,918	457,918	-	457,918
	1,762,886	(780,853)	982,033	2,707,768	(744,405)	1,963,363

Below is a detail of the movement of deferred income tax:

	2024	**2023**
Balance at the beginning of the year	1,963,363	1,207,883
Included in equity		
Effects of unrealized gain/losses from investment valuation	(74,813)	7,887
Included in profit or loss		
Estimation of foreclosed assets	(77,561)	(142,496)
Effect of loan loss reserve	(840,213)	797,942
Effect of reserve for foreclosed assets for sale	(136,119)	(52,033)
Effect of adjustments to fixed assets	240,526	(142,381)
Estimation of premiums and co-insurance receivable	(93,150)	(70,472)
Impairment of intangible asset	-	142,936
Adoption of NIFF 17	-	457,918
Loss carryforward	-	(243,821)
Balance at the end of the year	982,033	1,963,363

On August 29, 2012, Law No.52 entered into force reforming regulations on the transfer-pricing regime to regulate prices on transactions between related parties for tax purposes, so that the considerations between them are similar to those carried out between independent parties.

According to those rules, taxpayers carrying out transactions with related parties who have an impact on revenues, costs or deductions in determining the taxable base for income tax purposes of the tax period in which the operation is declared or takes place it must prepare an annual report on the operations performed within the six months following the termination of the corresponding tax period (Form 930). These transactions are subject to a review in order to verify that they meet the assumption contemplated in the Law. At the date of these consolidated financial statements, the Bank is in the process of completing said analysis; however, according to Management, it is not expected to have a significant impact on the estimated income tax for the period.

42. Operating Segment

Management has identified the following business segments: Banking and financial activities, insurance and real estate.

The banking and financial activities segment includes products and services to commercial and corporate clients, which are generally legal entities. The products include loans to different sectors of the economy, such as services, commercial, industrial and consumer. It also includes the provision of trust contract management services where assets are managed in accordance with clients' instructions. Likewise, support the businesses of these clients, such as guarantees and bonds, letters of payment promise, lines of credit, among others.

The insurance segment incorporates the entire business of the subsidiary Acerta Holding, Inc. and Subsidiaries, whose main source of business is to direct, manage and carry out all types of insurance and coinsurance operations, whether direct or indirect in all permitted branches. by Panamanian law.

The real estate segment incorporates the income and expenses resulting from the administration of the assets included in the balance sheets of the Bank's subsidiary companies.

The composition of the business segments is described as follows:

	Banking and Financial Activities	Insurance	Real Estate	Eliminations	Consolidated
2024					
Interest income and comimissions	59,810,638	1,208,630	408,450	733,348	62,161,066
Interest expenses, commissions and provisions	(29,463,503)	(668,249)	(325,548)	12,555	(30,444,745)
Other income, net	4,732,844	9,064,430	4,013,069	2,181,619	19,991,962
Change in fair value of investment property	-	-	1,664,304	-	1,664,304
Other expenses	(27,995,712)	(5,053,164)	(727,859)	228,790	(33,547,945)
Depreciation and amortization expenses	(2,759,491)	(408,200)	-	-	(3,167,691)
Profir before income tax	4,324,776	4,143,447	5,032,416	3,156,312	10,344,327
Income tax	(2,103,143)	(596,655)	(3,313)	-	(2,703,111)
Net profit	2,221,633	3,546,792	5,029,103	3,156,312	7,641,216
Total assets	752,027,727	71,204,996	104,322,295	121,107,951	806,447,067
Total liabilities	684,034,430	35,322,254	48,317,739	61,867,243	705,807,180

	Banking and Financial Activities	Insurance	Real estate	Eliminations	Consolidated
2023					
Interest income and commissions	60,380,250	1,103,675	-	719,108	60,764,817
Interest expenses, commissions and provisions	(27,688,615)	(440,541)	-	284	(28,129,440)
Other income, net	5,262,502	7,862,251	25,683	94,819	13,055,617
Changes in fair value in investment property	-	(123,039)	-	-	-
Other expenses	(26,701,602)	(4,109,651)	(176,084)	94,819	(31,082,156)
Depreciation and amortization expenses	(2,838,143)	(393,607)	-	-	(3,231,750)
Profit before income tax	8,414,392	3,899,088	(150,401)	909,030	11,254,049
Income tax	(607,535)	(707,437)	(3,710)	-	(1,314,972)
Net profit	7,806,857	3,191,651	(154,111)	909,030	9,935,367
Total assets	745,578,880	64,887,443	46,141,253	70,826,851	785,780,725
Total liabilities	653,522,113	29,778,186	34,224,113	34,619,165	682,905,247

43. Main Applicable Laws and Regulations

Banking Law in the Republic of Panama
In the Republic of Panama, the Superintendency of Banks of Panama, through Executive Decree No.52 of April 30, 2008, adopting the single text of Decree Law No. 9 of February 26, 1998, as amended by Decree Law No.2 of February 22, 2008, and Resolutions and Agreements issued by that entity, regulates banks. The main aspects of this law include the following: authorization of banking licenses, minimum capital requirements and liquidity, consolidated supervision, procedures for managing credit and market risks for the prevention of money laundering and intervention and bank settlement procedures, among others. Similarly, banks are subject to at least one inspection every two (2) years by the auditors of the Superintendency of Banks of Panama to determine compliance with the provisions of Executive Decree No.52 of April 30, 2008 and Law No. 23 of April 27, 2015, the latter on the prevention of money laundering.

Regulations of the Republic of Costa Rica
In the Republic of Costa Rica, banks are regulated by the General Superintendency of Financial Institutions (SUGEF by its acronym in Spanish), through the Organic Law No.7558 of the Central Bank of Costa Rica of November 27, 1995. The main aspects of this law include the following: authorization of banking licenses, minimum capital requirements, monetary financial and exchange policies, liquidity, consolidated supervision, procedures for managing credit risk, prevention of money laundering and procedures for banking intervention and liquidation, among others.

In addition, the subsidiary must meet its liquidity ratio with SUGEF Agreement 24-00 and the minimum capital required by SUGEF.

According to Article No.154 of the Organic Law of the National Banking System, banks established in the Republic of Costa Rica, should allocate 10% of their net profit for the year for the creation of a special reserve.

Law for financial leases
The Directorate of Financial Enterprises of the Ministry of Commerce and Industries regulates financial leasing operations in Panama and Industry according to the legislation established in Law No. 7 of July 10, 1990.

Securities Law
The broker-dealer operations in Panama are regulated by the Superintendency of Securities Exchange of Panama according to the laws established in Decree Law No.1 of July 8, 1999, reformed by Law No. 67 of September 1, 2011.

Capital, solvency, capital funds, liquidity ratio and credit risk concentrations of securities stock exchanges are regulated based on Agreement No.4-2011 (Amended by Agreement No.8-2013 of September 18, 2013, and Agreement No.3-2015 of June 10, 2015), indicating they are required to meet the capital adequacy standards and their modalities.

Trust Law
Trust operations in Panama are regulated by the Superintendency of Banks of Panama according to the legislation established in Law No.1 of January 5, 1984, modified by Law No.21 of May 10, 2017.

The General Superintendency of Financial Institutions, according to the Commercial Code of Costa Rica in Chapter XII, Articles 63 to 66, regulates trust operations of the subsidiary in Costa Rica.

Insurance and reinsurance law
Insurance and reinsurance operations are regulated by the Superintendency of Insurance and Reinsurance of Panama, through Insurance Law No.12 of April 3, 2012 and Reinsurance Law No.63 of September 19, 1996, by virtue of the which insurance companies are subject to the provisions established in this Law, as well as the Agreements that the Superintendency of Insurance and Reinsurance of Panama issues.

Liquidity ratio
The percentage of liquidity ratio reported by the Bank to the regulator, under the parameters of Agreement 4-2008, was 52.20% (2023: 54.49%).

Capital adequacy
The Law requires the general license banks to maintain a paid-in capital stock or minimum assigned capital of ten million balboas (B/.10,000,000) and capital funds for not less than 8% of their weighted assets, including off-balance sheet operations. The Bank has consolidated capital funds of approximately 14.91% (2023: 15.69%) on its risk-weighted assets, based on the Agreement 1-2015 of the Superintendency of Banks of Panama.

The accounting treatment for the recognition of loan losses in accordance with the prudential regulations issued by the Superintendency of Banks of Panama, differs in some aspects from the accounting treatment in accordance with International Financial Reporting Standards, specifically IFRS 9 and IFRS 5. The Superintendency of Banks of Panama requires general-licensed banks to apply these prudential standards and are recognized under the item of equity.

The components of regulatory capital are detailed below:

- *Primary capital* – It includes paid-in capital in shares and retained earnings. Fully paid common shares represent paid-in capital in shares. Retained earnings are the earnings of the year and undistributed profits from previous years.

Agreement 1-2015, as amended by Agreement 13-2015 issued by the Superintendency of Banks sets forth the minimum required consolidated equity, the percentages required by type of capital that are effective as of January 1, 2016.

The capital ratios of the consolidated equity capital are as follows:

	2024	2023
Primary capital (Tier 1)		
Common shares	25,000,000	25,000,000
Excess paid-in capital	30,940,000	30,940,000
Retained earnings	19,774,316	29,515,694
Regulatory reserve - dynamic	3,511,937	3,627,320
Preferred shares	1,764,000	1,764,000
Minority interest	13,441,948	13,265,579
Goodwill	(13,284,741)	(13,284,741)
Deferred tax asset	(982,033)	(1,505,445)
Intangible assets	(4,175,603)	(3,833,858)
Impairment of investments reserve	(1,920,602)	(7,573,782)
Other items of comprehensive income	691,871	321,835
Total	74,761,093	78,236,602
Total regulatory capital	74,761,093	78,236,602
Risk-weighted assets	496,623,844	498,587,953
Capital ratios		
Minimum adequacy percentage	8%	8%
Total regulatory capital expressed as a percentage of risk-weighted assets	14.91%	15.69%

	Minimum required	2024	Minimum required	2023
Capital ratios				
Adequacy percentage - Total capital	8.00%	14.91%	8.00%	15.69%
Adequacy percentage - Primary capital	6.00%	13.85%	6.00%	14.84%
Adequacy percentage - Ordinary primary capital	4.50%	13.85%	4.50%	14.49%

The Superintendency of the Securities Market of Panama and the Panama Stock Exchange require that Brokerage Firms and Stock Exchanges maintain adequate capital funds, with a minimum solvency ratio of 8% and a minimum liquidity ratio of 10%, according to the text approved in Agreement No. 4-2011, modified by Agreement No. 8-2013 of the Superintendency of the Securities Market of Panama, issued on September 18, 2013.

As of June 30, Prival Securities, Inc.'s equity capital was B/.4,051,908 (2023: B/.5,675,058) the solvency ratio was 1,005.40% (2023: 162.59%). The liquidity ratio was 366.57% (2023: 399.73%).

The General Superintendency of Securities of Costa Rica requires that Stock Exchanges must have the necessary base capital to cover the risks incurred when carrying out their operations, with a maximum solvency ratio of 100%, according to the text approved in the Risk Management Regulations of the General Superintendency of Securities of Costa Rica (SUGEVAL), published in the Official Gazette La Gaceta No. 41 of February 27, 2009. As of June 30, 2024, Prival Securities Costa Rica's Capital Adequacy was 30.85% (2023: 31.70%).

The General Superintendency of Securities of Costa Rica requires that Investment Fund Management Companies must have the necessary base capital to cover the risks incurred when carrying out their operations, with a maximum solvency ratio of 100%, according to the text approved in the Risk Management Regulations of the General Superintendency of Securities of Costa Rica (SUGEVAL), published in the Official Gazette La Gaceta No. 41 of February 27, 2009. As of June 30, 2024, the Capital Sufficiency of the Investment Fund Management Company (SAFI) was 39.21% (2023: 41.17%).

Agreement No. 1-2015
The agreement No. 1-2015 applicable to banks and banking banks was issued by the Superintendency of Banks of Panama, amended by Agreement 13-2015. It establishes the rules for Capital Adequacy and consolidated minimum equity requirements. The purpose of the Agreement is to update the regulatory framework that governs capital requirements in line with international standards.

Regulatory Reserves
The Superintendency of Banks of Panama requires that general license banks apply these prudential standards.

The accounting treatment for the recognition of losses on loans, investment securities and foreclosed assets of borrowers in accordance with the prudential standards issued by the Superintendency of Banks of Panama, differs in some aspects from the accounting treatment in accordance with IFRS Accounting Standards, specifically IFRS 9 and IFRS 5. The Superintendency of Banks of Panama requires that general license banks apply these prudential standards.

The legal reserve is detailed below:

	2024	**2023**
Technical and legal reserves	20,064	18,473
Catastrophic risk reserve	295,192	140,115
Specific provision	4,296,121	2,913,573
Country risk reserve	328,578	604,414
Other reserves	574,700	859,302
Dynamic provision	3,511,937	3,627,320
Foreclosed assets reserve	1,921,863	893,515
	10,948,455	9,056,712

Loan and loan reserves

Specific reserves
They are defined as reserves originating from objective and concrete impairment evidence. They are created on credit facilities in the categories of special mention, sub-normal, doubtful or uncollectible, both for individual credit facilities as well for a group of these. In the case of a group, it corresponds to circumstances indicating the existence of impairment in the credit quality, although an individual identification is not yet possible.

The table below summarizes the classification of the loan portfolio and loan loss reserves of the Bank:

2024	**Normal**	**Special mention**	**Subnormal**	**Doubful**	**Uncollectible**	**Total**
Corporate loans	131,578,568	23,641,600	14,693,533	16,292,234	5,798,206	192,004,141
Consumer loans	57,631,754	5,480,749	423,968	15,195	2,168,536	65,720,202
Total	189,210,322	29,122,349	15,117,501	16,307,429	7,966,741	257,724,343
Specific reserve	-	445,022	3,742,450	1,130,700	862,367	6,180,539

2023	**Normal**	**Special mention**	**Subnormal**	**Doubful**	**Uncollectible**	**Subnormal Modified**	**Total**
Corporate loans	167,927,111	37,587,554	27,207,326	-	8,112,046	-	240,834,037
Consumer loans	57,234,557	5,276,437	167,956	304,046	1,868,292	-	64,851,288
Total	225,161,668	42,863,991	27,375,282	304,046	9,980,338	-	305,685,325
Specific reserve	-	1,997,409	2,126,080	14,096	5,704,354	-	9,841,939

As of June 30, 2024, the total of B/.4,548,882 (2023: B/.3,574,623) was recognized as a specific reserve:

	2024	2023
Specific regulatory reserve	6,180,539	9,841,939
Less: IFRS 9 reserve	1,631,657	6,267,316
Recorded in equity	4,548,882	3,574,623

Agreement 4-2013 defines as delinquent credit facility those presenting unpaid contractual amounts with a duration of more than 30 days and up to 90 days from the date set for compliance of payments; and as overdue those whose nonpayment presents more than 90 days. Operations with a single payment at maturity and overdrafts are considered past due when aging from the lack of payment exceeds 30 days.

As at June 30, the classification of the loan portfolio by maturity profile of the Bank is presented below:

	2024			
	Current	Delinquent	Overdue	Total
Corporate loans	183,466,552	-	8,537,588	192,004,140
Consumer loans	61,865,892	1,313,827	2,540,484	65,720,203
Total	245,332,444	1,313,827	11,078,072	257,724,343

	2023			
	Current	Delinquent	Overdue	Total
Corporate loans	227,802,160	2,759,929	10,271,948	240,834,037
Consumer loans	61,754,001	959,249	2,138,038	64,851,288
Total	289,556,161	3,719,178	12,409,986	305,685,325

On the other hand, based on Article 30 of Agreement 8-2014 (amending certain articles of Agreement 4-2013), the recognition of interest in revenue is suspended when the deterioration in the financial condition of the client is determined based on days late in paying principal and/or interest and the type of credit transaction according to the following:

a) More than 90 days for corporate, consumer and mortgage-backed personal loans;
b) More than 120 days for residential mortgage loans.

Total Bank loans that do not accrue interest amounts to B/.6,588,368 (2023: B/.7,139,251). Total unrecognized interest on income from loans is of B/.568,360 (2023: B/.634,648).

Dynamic reserves
Agreement No.4-2013 indicates that the dynamic reserve is a reserve established to meet possible future needs for creating specific reserves, which is governed by prudential criteria of the banking regulation. The dynamic reserve is established on a quarterly basis of credit facilities classified in the normal category.

The dynamic reserve is an equity item that is presented under the regulatory reserve item in the consolidated statement of changes in equity and takes the retained earnings as its own. The creditor balance of this dynamic reserve is part of the regulatory capital but does not replace or compensate the requirements at a minimum capital adequacy rate established by the Superintendency. The balance of the Bank's dynamic reserve as of June 30 is B/.3,511,936 (2023: B/.3,627,320).

With the current Agreement, a dynamic reserve is established which shall not be less than 1.25%, or greater than 2.50% of risk-weighted assets related to credit facilities classified as normal.

For the purposes of the dynamic provision of Prival Bank, SA, Prival Leasing, SA and OV Holding, SA, we proceed to detail it:

	2024	2023
Component 1		
Times Alpha coefficient (1.50%)	1,925,586	2,049,911
Component 2		
Quarterly variation times Beta coefficient (5.00%)	700,000	10,545
Component 3		
Positive quarterly variation for specific reserves	1,181,355	(447,871)
Total dynamic reserve by components	1,444,231	1,612,585
Total dynamic reserve corresponding to 3.12% of the risk-weighted assets within the normal risk category	3,209,311	3,039,778

For the purpose of the dynamic reserve of Grupo Prival Costa Rica, S. A., we present the breakdown below:

	2024	2023
Component 1		
Times Alpha coefficient (1.50%)	203,992	307,247
Component 3		
Positive quarterly variation for specific reserves	(30,521)	341,968
Total dynamic reserve by components	173,471	649,215
Total dynamic reserve corresponding to 3.60% of the risk-weighted assets within the normal risk category	302,626	587,543
Total dynamic reserve	3,511,937	3,627,320

Technical and legal reserves

Technical reserves

Reserves for catastrophic risks, contingencies and forecast of statistical deviations
Law No.12 of April 3, 2012, in its Article No. 299 establishes that as of the date of its entry into force, the reserve for statistical deviations and the reserve for catastrophic risks, previously established in liabilities, will be transferred as equity reserves. Such calculation was reaffirmed in Agreement 4 of June 4, 2014 and Agreement 5 of June 18, 2014. In its Article No. 208, it establishes that the insurance company must constitute a reserve for statistical deviations and a reserve for catastrophic risks and/or contingencies.

These reserves are calculated on the basis of an amount not less than 1%, based on the net premium retained for all branches and their use may only be authorized by the Superintendency of Insurance and Reinsurance of Panama

Legal reserves
The legal insurance reserve is established in accordance with the regulations of Article No. 213 of Law No. 12 of April 3, 2012, which establishes the following:

The reserve is established based on 20% of the annual profit before income tax, until a fund of B/.2,000,000 is constituted; after this amount is constituted, 10% of the annual profit before income tax will be allocated until reaching 50% of the paid-in capital.

Provisions for country risk
These provisions are those generated on the measurement of country risk exposure related to all operations of placements, loans and repurchase operations, investments in securities, derivative financial instruments, and irrevocable contingencies, provided they are not exempt from provision. These provisions for country risk are constituted on the balances exposed in these operations according to the category of risk classification of the country.

Calculation basis
General country risk assessments are carried out, as long as the amount of the individual exposures per country as a whole is equal to or greater than 30% of the total operations subject to country risk, or that any of these operations individually has a concentration in a country, equal to or greater than 5%. The result of these general assessments is used to assign the risk rating category of the country.

If the Bank did not carry out the country risk assessment considering the elements indicated in Agreement 7-2018, it assigns them to group 6 until such assessment is carried out and the country is assigned to the risk category that it determines based on that analysis.
The calculation of the provision is made on the basis of the balances exposed to country risk by the percentage of the country risk classification category, which is determined according to the methodology developed and established by the Bank.

The country's risk classification categories are associated with a sovereign risk rating issued by an international rating agency, according to Standard & Poor’s methodology or its equivalent, as shown below:

Classification category	**International rating**
Group 1, countries with low risk	should not be less than "AA-"
Group 2, countries with normal risk	should not be less than "BBB-"
Group 3, countries with moderate risk	should not be less than "BB-"
Group 4, countries with difficulties	should not be less than "B-"
Group 5, doubtful countries	should not be less than "C"
Group 6, countries with serious problems	"D"

The following will be considered exempt from provisions for country risk:

1. Foreign trade operations with a term of less than one year.
2. Investments in countries of groups 1 and 2, negotiated in markets with high liquidity and depth, which are valued at market price and whose valuation is carried out daily.
3. Transactions with derivatives that are carried out in centralized trading mechanisms that require the establishment of deposits or guarantee margins adjustable daily, located in the countries of groups 1 and 2.
4. Exposures with the multilateral development agencies listed in the Agreement of assets weighted by credit risk and counterparty risk.

Accounting treatment
The provision for country risk that will be constituted will be the maximum between the one resulting from comparing the provision for country risk with respect to the provisions corresponding to the nature of the operation analyzed. The final provision constituted by country risk will be the one calculated after deducting the provisions constituted corresponding to the nature of the operation analyzed.

The table below summarizes the classification of operations exposed to country risk and the Bank's country risk provision:

2024	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	**Total**
Loans	1,852,151	4,000,000	10,000,000	58,334,570	1,845,195	76,031,916
Total	1,852,151	4,000,000	10,000,000	58,334,570	1,845,195	76,031,916
Reserve for country risk	-	-	-	20,015	268,645	288,660

2023	Group 1	Group 2	Group 3	Group 4	Group 5	Total
Loans	7,020,745	3,000,000	-	101,267,851	999,306	112,287,902
Total	7,020,745	3,000,000	-	101,267,851	999,306	112,287,902
Reserve for country risk	-	-	-	338,969	122,708	461,677

Disposal of acquired real estate
For regulatory purposes, the Superintendency establishes five (5) years, counting from the registration date in the Public Registry, as the term to sell real estate acquired as payment of uncollectible loans. If, at the end of this period, the Bank has not sold the acquired real estate, it must make an independent appraisal of the property to establish whether its value has decreased, applying in that what is established in IFRS.

Similarly, the Bank must create a reserve in the equity account, by appropriating in the following order: (a) its retained earnings, (b) profits for the period, to which the following transfers will be made for the value of the foreclosed assets:

Year	**Percentage**
First year	10%
Second year	20%
Third year	35%
Fourth year	15%
Fifth year	10%

The aforementioned reserves will be kept until the effective transfer of the acquired asset has been made and, such reserve will not be considered as a regulatory reserve for calculating the equity ratio.

Off-balance sheet transactions
The Bank has made the off-balance sheet transactions and reserves classification required as of June 30, based on Agreement No.4-2013, issued by the Superintendency of Banks as shown below:

2024	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Bank guarantees	40,833,702	-	-	-	-	40,833,702
Endorsements and bonds	1,123,543	-	-	-	-	1,123,543
Unesed credit lines granted	147,078					147,078
Promissory notes	1,268,244	-	-	-	-	1,268,244
Total	43,372,567	-	-	-	-	43,372,567

2023	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Bank guarantees	22,950,482	-	-	-	-	22,950,482
Endorsements and bonds	814,749					814,749
Unused credit lines granted	1,101,865	-	-	-	-	1,101,865
Promissory notes	1,954,443	-	-	-	-	1,954,443
Total	26,821,539	-	-	-	-	26,821,539

Issued guarantees and promissory notes are exposed to credit losses in the event that the client does not fulfill its obligation to pay. The Bank's policies and procedures for approving credit commitments, financial guarantees and promissory notes are the same as those used for granting loans recorded in the consolidated statement of financial position.

Unused credit lines granted correspond to loans guaranteed pending disbursement, which are not shown in the consolidated statement of financial position but are registered in the Bank's memorandum accounts.

44. Restatement of Financial Statements

The statement of financial position as at 30 June 2023 and for the year then ended and cash flows have been restated upon retrospective adoption of International Financial Reporting Standard 17 (IFRS 17) Insurance Contracts as shown below:

Consolidated Statement of Financial Position
June 30, 2023

	Previously reported amount	Retrospective adjustments for adoption of IFRS 17	Amount restated as of June 30, 2023
Assets			
Cash and cash equivalents	94,778,741		94,778,741
Securities purchased under resale agreement	5,851,659		5,851,659
Financial assets at fair value through profit or loss	1,306,817		1,306,817
Financial assets at fair value through other comprehensive income	221,333,498		221,333,498
Net loans	299,208,031		299,208,031
Investments in associates	200,000		200,000
Property, furniture, equipment and improvements	61,862,901		61,862,901
Intangible assets	3,833,854		3,833,854
Capital gain	13,284,741		13,284,741
Right-of-use asset	302,570		302,570
Deferred income tax	2,249,850	457,918	2,707,768
Investment Properties	5,635,018		5,635,018
Assets held for sale	11,013,091		11,013,091
Participation of reinsurers	12,254,697		12,254,697
Other assets	52,665,257	(2,176,007)	50,489,250
Total assets	785,780,725	(1,718,089)	784,062,636
Liabilities and equity			
Liabilities			
Customer deposits	533,469,687		533,469,687
Interbank deposits	17,758,278		17,758,278
Securities sold under repurchase agreements	10,327,982		10,327,982
Funding received	9,930,369		9,930,369
Bonds payale	21,971,055		21,971,055
Negotiable commercial securities payable	39,031,436		39,031,436
Lease liabilities	352,703		352,703
Provision for expected credit losses - commitments and contingencies	135,480		135,480
Deferred income tax	744,405		744,405
Insurance operations reservation	21,025,646	998,012	22,023,658
Others liabilities	28,158,206		28,158,206
Total liabilities	682,905,247	998,012	683,903,259
Equity			
Common shares	25,000,000		25,000,000
Preferred shares	1,764,000		1,764,000
Additional paid-in capital	30,940,000		30,940,000
Regulatory reserves	9,642,152	(585,440)	9,056,712
Net changes in other comprehensive income	(7,573,782)		(7,573,782)
Impairment reserve on financial assets at fair value through other comprehensive income	321,835		321,835
Undistributed profit	29,515,694	(599,136)	28,916,558
Total controlling equity	89,609,899	(1,184,576)	88,425,323
Non-controlling interest	13,265,579	(1,531,525)	11,734,054
Total equity	102,875,478	(2,716,101)	100,159,377
Total liabilities and equity	785,780,725	(1,718,089)	784,062,636

Consolidated Statement of Cash Flows
For the year ended June 30, 2024

(In balboas)

	shares Common	shares Preferred	Additional paid capital	Regulatory reserves	Net changes in other comprehensive income	Investment impairment reserve	Undistributed profit	Total equity attributable to owners	Non-controlling interest	Total Equity
Previously reported amount	25,000,000	1,764,000	30,940,000	9,642,152	(7,573,782)	321,835	29,515,694	89,609,899	13,265,579	102,875,478
Retrospective adjustments for adoption of IFRS 17	-	-	-	(585,440)	-	-	(599,136)	(1,184,576)	(1,531,525)	(2,716,101)
Amount restated as of June 30, 2023	**25,000,000**	**1,764,000**	**30,940,000**	**9,056,712**	**(7,573,782)**	**321,835**	**28,916,558**	**88,425,323**	**11,734,054**	**100,159,377**

Consolidated Statement of Cash Flows
For the year ended June 30, 2023

	Previously reported amount	Retrospective adjustments for adoption of IFRS 17	Amount restated as of June 30, 2023
Cash flows from operating activities:			
Profit of the year	9,935,367		9,935,367
Provision (reversal) for expected credit losses	2,274,229		2,274,229
Provision for possible losses of foreclosed assets	(29,303)		(29,303)
Depreciation and amortization	2,652,624		2,652,624
Amortization of the right of use	579,126		579,126
Change in VR of investment property	123,039		123,039
Income tax expense	1,318,682		1,318,682
Realized gain (loss) on financial assets at FVTPL	(484,068)		(484,068)
Unrealized gain (loss) on financial assets at FVTPL	(153,138)		(153,138)
Realized gain on financial assets at FVTOCI	(2,703,036)		(2,703,036)
Interest income	(34,968,162)		(34,968,162)
Interest Expenses	19,305,297		19,305,297
Net changes in operating assets and liabilities:			
Financial instruments at FVTPL	10,904,318		10,904,318
Loans Receivable	38,670,340		38,670,340
Others Assets	(206,236)	1,718,089	1,511,853
Assets held for sale, net	(1,502,524)		(1,502,524)
Customer deposits	(72,553,714)		(72,553,714)
Other liabilities	(3,190,823)	(1,718,089)	(4,908,912)
Income tax paid	(2,653,670)		(2,653,670)
Interest received	34,513,613		34,513,613
Interest paid	(18,883,939)		(18,883,939)
Net cash (used in) provided by operating activities	(17,051,978)	-	(17,051,978)
Cash flows from investing activities:			
Term deposits in banks with maturities greater than three months	(546,141)		(546,141)
Restricted demand and term deposits	5,531,839		5,531,839
Purchase of financial assets from FVTOCI	(233,444,059)		(233,444,059)
Proceeds from the sale of financial assets to FVTOCI	251,533,966		251,533,966
Securities purchased under resale agreement	(5,399,083)		(5,399,083)
Investment property	(26,523)		(26,523)
Investments in associates	25,000		25,000
Acquisition of property, furniture, equipment and improvements	(28,379,994)		(28,379,994)
Decreases in property, furniture, equipment and improvements	172,090		172,090
Acquisition of intangibles (programs and licenses)	(2,294,811)		(2,294,811)
Decrease in intangible assets	-		-
Net cash used in investing activities	(12,827,716)	-	(12,827,716)
Cash flows from financing activities:			
Securities sold under repurchase agreement	28,323,820		28,323,820
Cancellations of securities sold under repurchase agreement	(18,123,953)		(18,123,953)
Product of financing received	10,782,020		10,782,020
Cancellation of financing	(876,415)		(876,415)
Proceeds from bonds payable	6,000,000		6,000,000
Redemption of placements	(30,901,952)		(30,901,952)
Negotiable Commercial Securities Payable Product	52,739,000		52,739,000
Negotiable Commercial Securities Payable Cancellations	(28,264,000)		(28,264,000)
Payment of lease liabilities	(487,426)		(487,426)
Dividends paid	(12,386,938)		(12,386,938)
Complementary tax	(30,200)		(30,200)
Net cash provided by (used in) financing activities	6,773,956	-	6,773,956
Net decrease in cash and cash equivalents	(23,105,738)	-	(23,105,738)
Cash and cash equivalents at the beginning of the year	102,677,769		102,677,769
Cash and cash equivalents at year-end	79,572,031	-	79,572,031

Implementation of IFRS 17 at the Subsidiary Acerta Compañía de Seguros, S.A.
Acerta Compañía de Seguros, S.A., a subsidiary of Acerta Holdings, Inc., has implemented International Financial Reporting Standard 17 (IFRS 17), "Insurance Contracts." This new accounting standard, which replaces IFRS 4, introduces a uniform approach to accounting for insurance contracts, with an emphasis on the measurement and disclosure of the rights and obligations arising under these contracts.

Impact on Financial Statements The implementation process has resulted in the identification and adjustment of several technical reserves, in accordance with the new requirements of IFRS 17. As of June 30, 2023, the impact of the first application of IFRS 17 is summarized below:

The effects of the retrospective implementation of IFRS 17 were, in assets, an increase in deferred income tax of B/.457,918, a decrease in other assets of B/.2,176,007 with a net decrease in assets of B/.1,718,089. In liabilities, the effect was an increase in the insurance operations reserve of B/.998,012 and in equity, a decrease in regulatory reserves of B/.585,440, a decrease in retained earnings of B/.599,136 and a decrease in controlling interest of B/.1,531,525 with a net decrease in equity of B/.2,716,701, derived from the recognition of net liabilities for remaining coverage (short and long term), as well as the net liability for incurred claims (LIC). In determining the transition adjustments, the subsidiary applied a combination of the Premium Allocation Method (PAA) and the General Method (BBA) to value the contractual obligations, depending on the nature and duration of the contracts.

The methodology applied included the classification and separation of the components of insurance contracts, the determination of groups of similar risks, and the calculation of the corresponding provisions.

45. Subsequent Events

The Bank has evaluated events subsequent to June 30, 2024, to assess the need for possible recognition or disclosure in the accompanying financial statements. Such events were evaluated through September 30, 2024, the date on which these financial statements were available for issue. Based on this evaluation, it was determined that no subsequent events occurred that would require recognition or disclosure in the consolidated financial statements.