BAC INTERNATIONAL BANK, INC.
AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Table of Contents

KPMG
Torre PDC, Ave. Samuel Lewis y
Calle 56 Este, Obarrio
Panamá, República de Panamá

Teléfono: (507) 208-0700
Website: kpmg.com.pa

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
BAC International Bank, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal information requirements

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

- That the direction, execution, and supervision of this audit work have been physically performed in the Panamanian territory for those entities or business activities within the group that perform operations that are perfected, consummated, or take effect within the Republic of Panama.

- The audit partner who has prepared this independent auditors' report is Ricardo A. Carvajal V.

- The audit work team that has participated in the audit of the Bank to which this report refers to, is formed by Ricardo A. Carvajal V., partner; and Pedro A. Coché P, senior manager.

KPMG

Panama, Republic of Panama
February 25, 2025

Ricardo A. Carvajal V.

Ricardo A. Carvajal V.
Partner
C.P.A. 4378

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Financial Position

As of December 31, 2024

(In U.S. dollars)

Assets	Note	2024	2023
Cash and cash equivalents		935,806,774	931,707,522
Securities purchased under resale agreements	4, 7	10,399,111	61,193,065
Deposits in banks:			
Demand		4,073,713,956	3,809,315,812
Time deposits		628,097,606	533,683,400
Allowance for impairment on deposits in banks		(39,073)	(85,973)
Total deposits in banks, net	4	4,701,772,489	4,342,913,239
Total cash, cash equivalents and deposits in banks	4, 6	5,647,978,374	5,335,813,826
Investments in securities, net	4, 8	4,883,433,488	4,548,929,982
Loans:			
Loans granted		26,328,820,845	23,356,663,662
Accrued interest receivable		193,216,967	185,825,399
Unearned commissions		(70,177,888)	(64,023,709)
Total loans		26,451,859,924	23,478,465,352
Allowance impairment for loan losses	4	(752,442,275)	(734,661,520)
Loans, net	4, 9	25,699,417,649	22,743,803,832
Property and equipment, net	10	586,444,420	571,947,463
Acceptances outstanding		23,272,915	61,996,226
Other accounts receivable, net	4, 13	442,976,234	594,677,078
Goodwill	11	335,849,896	335,569,978
Intangible assets, net	12	88,167,700	78,263,577
Deferred income tax	28	51,417,744	51,014,984
Other assets	14	211,478,669	180,633,802
Total assets		37,970,437,089	34,502,650,748

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

Liabilities and Equity	Note	2024	2023
Liabilities			
Deposits from customers:			
Demand		10,328,727,278	9,883,922,827
Savings		6,933,164,982	6,214,269,103
Time deposits		11,140,417,256	9,917,991,462
Total deposits from customers	15	28,402,309,516	26,016,183,392
Securities sold under repurchase agreements		91,171,039	114,006,590
Financial obligations	16	2,984,427,239	2,443,136,750
Other financial obligations	17	1,539,301,759	1,365,943,096
Lease liabilities	18	116,077,068	119,512,038
Acceptances outstanding		23,272,915	61,996,226
Income tax payable		33,892,785	22,366,539
Deferred income tax	28	81,729,391	82,059,399
Provisions	19	88,294,181	76,289,856
Accounts payable and other liabilities	20	799,349,429	847,432,065
Total liabilities		34,159,825,322	31,148,925,951
Equity			
Common stock	21	834,708,000	834,708,000
Additional paid in capital		140,897,488	140,897,488
Treasury stock		(5,218,370)	(5,218,370)
Retained earnings		2,742,356,715	2,393,292,250
Regulatory reserves		408,272,595	348,536,827
Other comprehensive losses	22	(310,695,272)	(358,751,532)
Total stockholders' equity, excluding non-controlling interest		3,810,321,156	3,353,464,663
Non-controlling interest		290,611	260,134
Total equity		3,810,611,767	3,353,724,797
Total liabilities and equity		37,970,437,089	34,502,650,748

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Profit or Loss

For the year ended December 31, 2024

(In U.S. dollars)

	Note	2024	2023
Interest income:			
Deposits in banks		67,016,365	59,996,619
Investments in securities		299,897,929	267,101,316
Loans		2,732,733,235	2,303,459,828
Total interest income		3,099,647,529	2,630,557,763
Interest expense:			
Deposits from customers		790,737,106	613,604,995
Financial obligations		169,239,025	132,480,890
Other financial obligations		131,780,514	112,467,989
Securities sold under repurchase agreements		14,282,477	14,353,969
Lease liabilities	18	5,905,175	6,684,829
Total interest expense		1,111,944,297	879,592,672
Net interest income		1,987,703,232	1,750,965,091
Credit risk impairment losses (recoveries):			
Loans	4	512,200,278	385,559,425
Deposits in banks and investments in securities	4	1,773,956	(13,963,429)
Other accounts receivable	4	1,782,740	1,303,541
Commitments and guarantees	4	2,860,568	(125,083)
Total credit risk impairment loss, net		518,617,542	372,774,454
Net interest income after credit risk impairment losses		1,469,085,690	1,378,190,637
Other income (expenses):			
Commissions and service charges	23	1,972,321,548	1,753,042,136
Commissions and other charges	24	(835,956,005)	(732,057,321)
Gain on financial instruments, net	25	22,846,301	8,332,037
Foreign currency translation, net		(26,361,151)	(110,057,533)
Other income		24,361,983	39,280,644
Total other income, net		1,157,212,676	958,539,963
General and administrative expenses:			
Salaries and employee benefits	26	710,016,261	651,318,746
Depreciation and amortization		140,002,567	130,216,791
Administrative		124,343,176	116,752,257
Occupancy and related expenses		37,219,280	36,224,099
Other	27	689,909,299	612,595,847
Total general and administrative expenses		1,701,490,583	1,547,107,740
Income before income tax		924,807,783	789,622,860
Current income tax	28	(216,558,715)	(164,214,893)
Deferred income tax	28	(3,284,083)	(31,481,227)
Net income		704,964,985	593,926,740
Net income attributable to:			
Controlling interest		704,921,417	593,880,857
Non-controlling interest		43,568	45,883
		704,964,985	593,926,740

The consolidated statement of profit or loss must be read in conjunction with the notes which are part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

(In U.S. dollars)

	2024	2023
Net income	704,964,985	593,926,740
Other Comprehensive income:		
Items that will not be reclassified to profit or loss:		
Employee benefits plan - change in actuarial effect	(735,369)	(2,940,754)
Net change in foreign currency of equity securities	(22,170)	(86,662)
Items that are or may be reclassified to profit or loss:		
Foreign currency translation	30,445,785	159,017,650
Valuation of FVOCI securities:		
Net amount reclassified to profit or loss	(13,838,737)	(2,628,921)
Net change in fair value	32,201,503	36,979,493
Total other comprehensive income	48,051,012	190,340,806
Total comprehensive income	753,015,997	784,267,546
Total comprehensive income attributable to:		
Controlling interest	752,977,677	784,208,436
Non-controlling interest	38,320	59,110
	753,015,997	784,267,546

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

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

(In U.S. dollars)

	Attributable to the Bank's owners								
	Common stock	Additional paid in capital	Treasury stocks	Retained earnings	Regulatory reserves	Other comprehensive income	Total controlling interest	Non-controlling interest	Total
Balance as of January 1, 2023	834,708,000	140,897,488	(5,218,370)	2,346,577,551	259,511,063	(549,079,111)	3,027,396,621	273,006	3,027,669,627
Adoption of IFRS 17 adoption	0	0	0	(2,834,733)	0	0	(2,834,733)	0	(2,834,733)
Balance as of January 1, 2023	834,708,000	140,897,488	(5,218,370)	2,343,742,818	259,511,063	(549,079,111)	3,024,561,888	273,006	3,024,834,894
Net income	0	0	0	593,880,857	0	0	593,880,857	45,883	593,926,740
Other comprehensive income:									
Employee benefits plan - change in actuarial valuation	0	0	0	0	0	(2,940,669)	(2,940,669)	(85)	(2,940,754)
Net change in foreign currency of equity securities	0	0	0	0	0	(86,662)	(86,662)	0	(86,662)
Foreign currency translation	0	0	0	0	0	159,002,280	159,002,280	15,370	159,017,650
Valuation of FVOCI securities:									
Net amount reclassified to profit or loss	0	0	0	0	0	(2,629,032)	(2,629,032)	111	(2,628,921)
Net change in fair value	0	0	0	0	0	36,981,662	36,981,662	(2,169)	36,979,493
Total other comprehensive income	0	0	0	0	0	190,327,579	190,327,579	13,227	190,340,806
Total comprehensive income	0	0	0	593,880,857	0	190,327,579	784,208,436	59,110	784,267,546
Other changes in equity:									
Regulatory reserves	0	0	0	(89,025,764)	89,025,764	0	0	0	0
Transactions with the Bank's owners:									
Acquisition of non-controlling interest	0	0	0	0	0	0	0	(50,000)	(50,000)
Complementary tax	0	0	0	(5,661)	0	0	(5,661)	0	(5,661)
Contributions and distributions:									
Dividends	0	0	0	(455,300,000)	0	0	(455,300,000)	(21,982)	(455,321,982)
Total transactions with Bank's owners	0	0	0	(455,305,661)	0	0	(455,305,661)	(71,982)	(455,377,643)
Balance as of December 31, 2023	834,708,000	140,897,488	(5,218,370)	2,393,292,250	348,536,827	(358,751,532)	3,353,464,663	260,134	3,353,724,797
Balance as of January 1, 2024	834,708,000	140,897,488	(5,218,370)	2,393,292,250	348,536,827	(358,751,532)	3,353,464,663	260,134	3,353,724,797
Net income	0	0	0	704,921,417	0	0	704,921,417	43,568	704,964,985
Other comprehensive income:									
Employee benefits plan - change in actuarial valuation	0	0	0	0	0	(735,834)	(735,834)	465	(735,369)
Net change in foreign currency of equity securities	0	0	0	0	0	(22,170)	(22,170)	0	(22,170)
Foreign currency translation	0	0	0	0	0	30,449,275	30,449,275	(3,490)	30,445,785
Valuation of FVOCI securities:									
Net amount reclassified to profit or loss	0	0	0	0	0	(13,838,738)	(13,838,738)	1	(13,838,737)
Net change in fair value	0	0	0	0	0	32,203,727	32,203,727	(2,224)	32,201,503
Total other comprehensive income	0	0	0	0	0	48,056,260	48,056,260	(5,248)	48,051,012
Total comprehensive income	0	0	0	704,921,417	0	48,056,260	752,977,677	38,320	753,015,997
Other changes in equity:									
Regulatory reserves	0	0	0	(59,735,768)	59,735,768	0	0	0	0
Transactions with the Bank's owners:									
Decrease in non-controlling participation	0	0	0	0	0	0	0	(3,129)	(3,129)
Complementary tax	0	0	0	(121,184)	0	0	(121,184)	0	(121,184)
Contributions and distributions:									
Dividends	0	0	0	(296,000,000)	0	0	(296,000,000)	(4,714)	(296,004,714)
Total transactions with Bank's owners	0	0	0	(296,121,184)	0	0	(296,121,184)	(7,843)	(296,129,027)
Balance as of December 31, 2024	834,708,000	140,897,488	(5,218,370)	2,742,356,715	408,272,595	(310,695,272)	3,810,321,156	290,611	3,810,611,767

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

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

(In U.S. dollars)

	Note	2024	2023
Cash flows from operating activities:			
Net Income		704,964,985	593,926,740
Adjustments to reconcile net income and cash by operating activities:			
Depreciation and amortization		140,002,567	130,216,791
Credit risk impairment losses on loans	4	512,200,278	385,559,425
Credit risk impairment losses (recoveries) on deposits in banks and investments in securities	4	1,773,956	(13,963,429)
Credit risk impairment losses on other accounts receivable	4	1,782,740	1,303,541
Credit risk impairment losses (recoveries) on commitments and guarantees	4	2,860,568	(125,083)
Impairment loss on assets held for sale	14	1,451,820	822,943
Net interest income		(1,987,703,232)	(1,750,965,091)
Gain on financial instruments, net	25	(22,846,301)	(8,332,037)
Net loss on sale and disposal of property and equipment		1,280,903	731,562
Net gain on sale of assets held for sale	14	(8,045,933)	(10,642,149)
Net loss on disposal of intangible assets	12	678,863	656,239
Dividends on equity securities	8	(2,448,217)	(2,554,317)
Income tax expense	28	219,842,798	195,696,120
Changes in operating assets and liabilities:			
Deposits with original maturities of 90 days or more		15,626,545	15,698,116
Investments in securities		7,128,721	6,790,608
Loans		(3,305,208,599)	(2,200,242,463)
Securities sold under agreements to repurchase		(22,722,021)	(154,338,436)
Other accounts receivable		147,600,551	(130,698,606)
Other assets		(24,484,603)	(28,635,376)
Deposits from costumers		2,200,290,195	1,740,943,173
Other liabilities		(66,369,665)	50,002,458
Cash generated by operations:			
Interest received		2,957,127,108	2,548,569,505
Interest paid		(1,090,316,337)	(843,771,613)
Dividends received		2,448,217	2,554,317
Income tax paid		(175,578,402)	(254,751,506)
Net cash provided by operating activities		211,337,505	274,451,432
Cash flows from investment activities:			
Proceeds from sale of investments in securities		657,184,865	517,449,489
Maturities and prepayments of investments in securities		3,932,477,964	3,581,983,473
Purchase of investments in securities		(4,777,590,296)	(4,304,978,252)
Purchase of property and equipment	10	(85,013,870)	(98,154,175)
Proceeds from sale of property and equipment		842,073	846,873
Acquisition of intangible assets	12	(46,541,283)	(39,470,067)
Proceeds from sale of assets held for sale	14	32,295,724	40,299,158
Net cash used in investment activities		(286,344,823)	(302,023,501)
Cash flows from financing activities:			
Proceeds from financial obligations	16	2,381,877,475	1,791,786,505
Payment of financial obligations	16	(1,847,772,934)	(1,667,990,212)
Proceeds from other financial obligations	17	264,492,734	363,934,548
Payment of other financial obligations	17	(127,076,668)	(80,805,013)
Payment of lease liabilities	18	(32,600,614)	(30,162,695)
Acquisition of non-controlling interest		0	(50,000)
Paid dividends		(295,990,410)	(455,302,031)
Net cash provided by (used in) financing activities		342,929,583	(78,588,898)
Effect of exchange rate fluctuations on cash held		60,112,827	292,790,026
Net decrease in cash and cash equivalents		328,035,092	186,629,059
Cash and cash equivalents at the beginning of the year		5,280,690,179	5,094,061,121
Cash and cash equivalents at the end of the year	6	5,608,725,271	5,280,690,180

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

Table of Contents to the Notes to the Consolidated Financial Statements

(In U.S. dollars)

(1) Organization

BAC International Bank, Inc. ("the Parent Bank") was incorporated as a banking institution and bank holding company on August 25, 1995, in Panama City, Republic of Panama. The Parent Bank is owned at 90.5339% by BAC International Corporation (BIC), 9.4622% by BAC Holding International Corp. (the "Parent Company") and 0.0039% by other shareholders. BIC is a direct subsidiary of BAC Holding International Corp., a company listed on the Panama Stock Exchange ("Latinex") and the Colombian Stock Exchange ("BVC"). These consolidated financial statements as of December 31, 2024, include the Bank and its subsidiaries, which jointly are referred to as "the Bank".

BAC International Bank, Inc. provides, directly and through its subsidiaries (direct and indirect), a wide variety of financial services to individuals and institutions in Central America: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks of the Republic of Panama, in accordance with the legislation established by Executive Decree No.52 of 30 April 2008, which adopts the sole text of Decree Law No.9 of 26 February 1998, as amended by Decree Law No.2 of 22 February 2008, which refers to the banking system of the Republic of Panama and the Superintendency of Banks and the rules that govern it.

The Parent Bank consolidates directly and indirectly with the following significant entities:

Subsidiary	Core Business	Country	Total voting rights held by the Bank
BAC Bahamas Bank Limited.	Banking	Bahamas	100.0000%
BAC Valores (Panama) Inc.	Securities broker	Panama	100.0000%
BAC Latam SSC S.A.	Services	Costa Rica	100.0000%
BAC Latam Honduras, S.A.	Services	Honduras	100.0000%
Banco de America Central S.A.	Banking	Guatemala	99.9999%
Financiera de Capitales S.A.	Financial services	Guatemala	99.9996%
BAC Valores de Guatemala S.A.	Securities broker	Guatemala	99.9929%
Bakito, Inc.	Inactive	Panama	100.0000%
Credomatic de Guatemala S.A.	Card Industry	Guatemala	99.9999%
Negocios y Transacciones Institucionales S.A.	Leasing	Guatemala	99.9958%
Banco de America Central Honduras S.A.	Banking	Honduras	99.9776%
Credomatic de Honduras S.A.	Card Industry	Honduras	99.9999%
Administradora de Fondos de Pensiones y Cesantias BAC Honduras S.A.	Mutual funds	Honduras	100.0000%
Inversiones Financieras Banco de America Central S.A.	Holding	El Salvador	99.9987%
Banco de America Central S.A.	Banking	El Salvador	99.9999%
Credomatic de El Salvador S.A.	Card Industry	El Salvador	99.9997%
Sistemas Internacionales S.A.	Holding	El Salvador	99.9948%
Viajes Credomatic El Salvador S.A.	Travel Agency	El Salvador	100.0000%
Credit Systems, Inc.	Banking	Panama	100.0000%

(1) Organization, continued

Subsidiary	Core Business	Country	Total voting rights held by the Bank
Corporacion Tenedora BAC COM S.A.	Holding	Nicaragua	99.9850%
Banco de America Central S.A.	Banking	Nicaragua	99.9999%
Almacenes Generales de Deposito BAC S.A.	Fiscal Warehouse	Nicaragua	99.9994%
Credito S.A.	Card Industry	Nicaragua	99.6631%
Corporacion de Inversiones Credomatic S.A.	Holding	Costa Rica	100.0000%
Corporacion Tenedora BAC Credomatic S.A.	Holding	Costa Rica	100.0000%
Banco BAC San Jose S.A.	Banking	Costa Rica	100.0000%
BAC San Jose Puesto de Bolsa S.A.	Securities broker	Costa Rica	100.0000%
BAC San Jose Leasing S.A.	Leasing	Costa Rica	100.0000%
BAC San Jose Sociedad de Fondos de Inversion S.A.	Mutual funds	Costa Rica	100.0000%
BAC San Jose Pensiones S.A.	Mutual funds	Costa Rica	100.0000%
BAC Credomatic Corredora de Seguros S.A.	Insurance	Costa Rica	100.0000%
Coinca Corporation	Holding	British Virgin Islands	100.0000%
Comunicaciones Inalambricas de Centroamerica S.A. de C.V.	Telematic services	El Salvador	100.0000%
Namutek S.A.	Telematic services	Costa Rica	100.0000%
Comunicaciones Inalambricas de Centroamerica S.A.	Telematic services	Nicaragua	97.0000%
Comunicaciones Inalambricas de Centroamerica S.A.	Telematic services	Honduras	100.0000%
Agencia de Viajes Intertur S.A.	Travel Agency	Costa Rica	100.0000%
Credomatic of Florida, Inc.	Card Industry	United States of America	100.0000%
Red Land Bridge Reinsurance Ltd.	Reinsurance	Grand Cayman	100.0000%

(2) Basis of preparation of the consolidated financial statements

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, and were authorized by the Bank's Board of Directors on February 25, 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following material items, which are measured as follows on each reporting date:

	Basis of measurement
Investments at FVPL	Fair value
Investments at FVOCI	Fair value
Assets held for sale	Lower of carrying value and fair value less cost to sell

Initially, the Bank recognizes financial instruments on the date on which they are liquidated. Investments in securities are recorded when they are traded and loans at amortized cost when they are granted.

(c) Functional and presentation currency

Items included in the consolidated financial statements of each entity of the Bank are determined using the currency of the primary economic environment in which each entity operates (functional currency).

The consolidated financial statements are presented in US dollars, the functional currency of the Bank.

(2) Basis of preparation of the consolidated financial statements, continued

(d) Use of estimates and judgments

In preparing these consolidated financial statements, management is required to make judgments, estimates and assumptions that affect the application of Bank's accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

Judgments, assumptions and uncertainties in estimates

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements, is disclosed in note 5.

(3) Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except as mentioned otherwise.

(a) Basis of consolidation

Subsidiaries

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

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

Balances and transactions eliminated in the consolidation

Intragroup transactions, balances, revenue and expenses in transactions between subsidiaries are eliminated. Losses and gains that arise from intragroup transactions that are recognized as assets or liabilities are also eliminated.

Changes in the ownership of subsidiaries that do not result in a loss of control

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

Loss of control

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

(3) Material accounting policies, continued

(b) Foreign currencies

Assets and liabilities maintained in foreign currency are translated into the functional currency at the exchange rate in effect on the reporting date. Gains or losses resulting from the conversion of foreign currency are reflected in other income or other expense accounts in profit or loss. All non-monetary items of the Bank are recorded in the functional currency at the time of the transaction.

Goodwill and adjustments to the fair value resulting from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and, consequently, are translated at the exchange rates in effect on each period closing date.

The financial position and profit or loss of all the Bank's subsidiaries that have a functional currency other than the Bank's functional currency are translated into the reporting currency as follows:

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

The resulting conversion adjustment is recorded directly in a separate equity account, under "other comprehensive loss".

(c) Financial assets and liabilities

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

Classification

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

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

A financial asset is measured at amortized cost and not at fair value through profit or loss if it meets both of the following conditions:

1. The asset is kept within a business model to collect contractual cash flows; and
2. The contractual terms of the financial asset establish specific dates for cash flows that represent solely payments of principal and interest on the outstanding balance.

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

(3) Material accounting policies, continued

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

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

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

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

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

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

Business model assessment

The Bank assesses the objectives of the business models for financial assets at portfolio level to better represent how each subsidiary manages the business and how management information is reported. The information considered includes:

- The policies and objectives stated for each portfolio of financial assets and the operation of these policies in practice. These include whether management's strategy is to collect income from contractual interest; hold a profile of specific interest performance or coordinate the duration of the financial assets with the liabilities being financed or the expected outgoing cash or through cash flows from the sale of assets.

- How they are assessed or reported to key management personnel of the Bank on portfolio performance.

- The risks that affect the performance of the portfolios (and the financial assets held within them) and the way those risks are managed.

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

(3) Material accounting policies, continued

- The frequency, value and timing of sales in prior years, the reasons for those sales and expectations about future sales activity. However, the information on sales activity cannot be considered in isolation, but rather as part of an assessment of how Bank objectives for managing financial assets are achieved and how cash flows are realized.

Financial assets held or managed for trading and where their performance is assessed on a fair value basis, are measured at FVPL because these are not held to cover contractual cash flows nor to obtain contractual cash flows and to sell these financial assets.

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

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

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

- Contingent events that will change the amount and timing of cash flows;
- Hedging conditions;
- Prepayment and extension terms;
- Terms that limit the Bank in obtaining cash flows from specific assets (e.g. unfunded asset agreements); and
- Terms that change the considerations on the time value of money (e.g. periodic revision of interest rates).

Interest rates on certain consumer and business loans are based on variable interest rates established at the discretion of the Bank. Variable interest rates are generally established in accordance with the practices of each of the countries where the Bank operates, plus certain additional discretionary points. In these cases, the Bank assesses whether the discretionary feature is consistent with the criteria of solely payments of principal and interest, considering several factors that include whether:

- Debtors can prepay the loans without significant penalties;

(3) Material accounting policies, continued

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

- Any regulatory protective provision on behalf of customers in the country requiring banks to treat customers reasonably (e.g. regulated rates).

All fixed rate consumer and corporate loans contain a prepayment condition.

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

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

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

The impairment model applies to the following financial assets that are not measured at FVPL.

- Fixed and variable – rate debt instruments;

- Lease payments receivable;

- Other accounts receivable;

- Loan portfolio;

- Financial guarantee contracts issued; and

- Loans commitments issued.

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

(3) Material accounting policies, continued

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

- Assess whether the credit risk has increased significantly from initial recognition; and,
- Incorporate prospective information in the measurement of expected impairment losses.

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

- Investments in debt instruments determined to have low credit risk at the reporting date; and,
- Other financial assets (other than short term accounts receivable) on which the credit risk has not increased significantly since initial recognition.

Measuring ECL

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

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

Definition of impairment

The Bank considers a financial asset to be impaired when:

- It is highly unlikely that the debtor will fully pay its credit obligations to the Bank, without recourse of the Bank to take such actions as foreclosing the guarantees (if any); or
- The debtor is more than 90-days past-due on any material credit obligation. Overdrafts are considered in arrears once the client has exceeded the established limit, or the established limit is less than the outstanding balance.

(3) Material accounting policies, continued

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

  - Downgrade of the issuer's credit risk rating.
  - Contractual payments are not made on the due date or within the stated term period.
  - There is a virtual certainty of default.
  - Issuer is likely to go bankrupt or a bankruptcy petition is filed or similar action.

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

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

- Qualitative, e.g. noncompliance with contractual clauses;
- Quantitative, e.g. arrears or non-payment of another obligation from the same issuer to the Bank; and,
- Based on data internally generated and obtained from external sources.

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

Significant increase in credit risk
When determining whether the credit risk of financial asset has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without disproportionate cost or effort, including quantitative and qualitative information and analysis, based on historical experience, assessment of Bank's credit risk experts, and prospective information.

The Bank identifies if a significant increase in the credit risk has occurred for each exposure by comparing:

- The probability of default (PD) during the remaining life of a financial instrument at the reporting date, with
- The PD during the remaining life at a point in time, which was estimated at initial recognition of the exposure.

The assessment of whether the credit risk has increased significantly from initial recognition of a financial asset requires identification of the initial recognition date of the instrument. For purposes of revolving credit (credit cards, overdrafts, among others), the date when the credit was first delivered may be a long time ago. Changes in the contractual terms of a financial asset may also impact on this assessment, as discussed below.

(3) Material accounting policies, continued

Rating by credit risk categories

The Bank assigns a credit risk grade to each exposure based on a variety of data that is determined to predict the PD, and by applying judgment of a credit expert. The Bank uses these grades to identify significant increases in credit risk. Credit risk grading is defined using qualitative and quantitative factors indicative of the risk of losses. These factors vary depending on the type of exposure and the type of borrower.

Credit risk rating is defined and calibrated so that the risk of losses increases exponentially as the credit risk impairment so that, for example, the difference in the risk of losses between satisfactory and special mention ratings is less than the credit risk difference between the credit risk between special mention and sub-standard ratings.

Each exposure is given a credit risk rating upon initial recognition based on information available on the debtor. Exposures are subject to continuous monitoring, that may result in allocation of exposure to another credit risk rating.

Determine if the credit risk has increased significantly

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

The initial framework is aligned with the internal process of the Bank for credit risk management.

The criteria to determine whether the credit risk has increased significantly varies by portfolio and includes limits based on defaults.

The Bank assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on Bank qualitative modeling, the expected probability of impairment during the remaining life will increase significantly from initial recognition. In determining the credit risk increase, the expected impairment losses for the remaining life are adjusted by changes in maturity terms.

Under certain circumstances, using the judgment of credit experts, and based on relevant historical information, the Bank determines that an exposure has had a significant increase in credit risk, if particular qualitative factors indicate this and those factors may not be completely captured by periodic quantitative analyses. As a limit, the Bank assumes that a significant credit risk occurs no later than when the asset is in arrears for more than 30 days.

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

- The criteria can identify significant increases in credit risk before an exposure becomes impaired.

(3) Material accounting policies, continued

- The criteria are inconsistent with the time when the asset is more than 30 days past due.

Modified financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is written off and a new financial asset is recognized at its fair value plus any eligible transaction costs. Commissions received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent the reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other commissions are included in profit or loss for the year as part of the gain or loss on account derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximize collection opportunities and minimize default risk. Under the Bank's renegotiation policies, customers in financial difficulties are granted concessions that generally correspond to reductions in interest rates, an extension of payment terms, reductions in balances owed, or a combination of the above.

If the Bank plans to modify a financial asset in a way that would result in the condonation of cash flows, then it first considers whether a portion of the asset should be derecognized before the modification takes place. This approach impacts the outcome of the quantitative assessment and means that the derecognition criteria are often not met in such cases.

If the modification of a financial asset measured at AC or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the asset's original effective interest rate and recognizes the resulting adjustment as a gain or loss in profit or loss. For variable interest rate financial assets, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out due to financial difficulties of the debtor, then the gain or loss is presented along with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

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

(3) Material accounting policies, continued

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

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

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

Generally, restructuring indicators are a relevant factor in increased credit risk. Therefore, a restructured debtor must demonstrate consistent payment behavior over a period of time before no longer being considered as an impaired loan or that the PD has decreased in such a way that the provision may be reversed, and the loan may be measured for impairment over a term of twelve months after the reporting date.

Financial liabilities

The Bank derecognizes a financial liability when its conditions are modified, and the cash flows of the modified obligation are substantially different. In this case, a new financial liability based on the modified terms is recognized at its fair value. The difference between the carrying amount of the derecognized financial liability and the consideration paid is recognized in profit or loss. The consideration paid includes the transfer of non-financial assets, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not recorded as derecognition, then the amortized value of the liability is recalculated by discounting the modified cash flows at the original effective interest rate, and the resulting gain or loss is recognized in profit or loss. For variable interest rate financial liabilities, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the book value of the liability and are amortized over the remaining term of the modified financial liability by recalculating the effective interest rate on the instrument.

Inputs in measuring ECL

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

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

(3) Material accounting policies, continued

The foregoing parameters are derived from internal statistical models and other historical information. These models are adjusted to reflect prospective information as described below.

Credit risk ratings are a grouping criterion to determine the PD term structure for the different exposures. The Bank obtains information on the number of defaults on credit risk exposures analyzed by jurisdiction or region, type of product, and the credit risk rating assigned to calculate the PD.

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

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

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

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

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

For unsecured loans, a present-value cash recovery model is used, taking into account recoveries prior to write-off, as well as recoveries of losses. For loans secured with mortgages and/or pledges, recoveries prior to write-off are taken into consideration, as well as recovery from the sale of foreclosed assets. The calculation is made on a net cost recovery basis, discounted using the effective interest rate of the loan.

EAD represents expected exposure in the event of default. The Bank derives the EAD from the current exposure of the counterparts and potential changes in the current amount permitted under the terms of the contract, including amortization and prepayments for decreasing and revolving exposures with no commitment to disburse. For loan commitments and financial guarantees, the EAD considers the amount disbursed, as well as potential future amounts that may be disbursed or collected under the contract, which are estimated based on historical observations. Finally, for credit cards, due to their relative nature, the Bank determines the EAD by modeling a percentage of historical utilization over the approved credit limit.

(3) Material accounting policies, continued

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

For credit card balances the Bank measures EADs over a longer period than the maximum contractual period if the contractual ability of the Bank to demand payments does not limit the Bank's exposure to credit losses for the contractual period. These facilities do not have a fixed term or a collection structure and are managed on a collective basis. The Bank may cancel them immediately, but this contractual right is forced into normal day-to-day management, rather than only when the Bank finds that there has been an increase in credit risk for each loan. This longer period will be estimated considering the actions for credit risk management that the Bank expects to take and that mitigate the EAD. These measures include a reduction in limits and cancellation of loan contracts.

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

- Type of instrument.
- Credit risk rating.
- Guarantees.
- Date of initial recognition.
- Remaining term until maturity.
- Geographical location of the debtor.

The above pooling is subject to regular review to ensure that the exposure of a particular group remains homogeneous.

Projection of future conditions

Semi-annually forecasted, macroeconomic scenarios for the next twelve months are approved for the six countries where the Bank operates, and they are divided into three categories: upside, central and downside. These scenarios are prepared based on the Bank's macroeconomic simulation model and are complemented by (i) projections from supranational organizations such as the International Monetary Fund, the World Bank, and Economic Commission for Latin America and the Caribbean, etc. (ii) the macroeconomic program of the Central American central banks and (iii) economists outside the Bank.

(3) Material accounting policies, continued

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

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

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

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

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

The base case represents the most likely outcome. The other scenarios represent more optimistic or pessimistic outcomes. The Bank also periodically conducts stress tests to calibrate the determination of these other representative scenarios.

Financial liabilities
Financial liabilities are classified at amortized cost using the effective interest method, except when there are financial liabilities measured at FVPL.

(3) Material accounting policies, continued

Recognition, disposal and measurement

The Bank regularly recognizes the purchase or sale of financial instruments on the date of each settlement, which is the date on which the Bank commits to buy or sell a financial instrument. Financial assets and liabilities are initially recognized at fair value. Transaction costs are attributed to expenses in the consolidated statement of profit or loss when incurred for financial assets and liabilities at fair value with changes in the profit or loss, and they are recorded as part of the initial value of the instrument for assets and liabilities at AC and FVOCI. Transaction costs are incremental costs incurred to acquire assets or sell financial liabilities. These include fees, commissions and other concepts paid to agents, brokers, advisors and intermediaries, rates established by regulatory agencies and stock markets, as well as taxes and other rights.

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

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

The Bank writes off a financial liability when its contractual obligations have been paid or canceled or have expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position, when there is an enforceable legal right to offset the recognized amounts, and the Bank has the intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Presentation of provision for ECL in the consolidated statement of position

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

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

(3) Material accounting policies, continued

(d) Assets held for sale

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

(e) Recognition of the most significant income and expenses

Interest income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the discount rate that equals exactly the estimated cash flows receivable or payable throughout the expected life of the financial instrument or when appropriate (in a shorter period) with the net carrying value of the financial asset or liability. To calculate the effective interest rate, the Bank will estimate cash flows considering all of the contractual conditions of the financial instrument except future credit losses.

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

Fees and commissions

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

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

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

Other fees and commissions received mainly relating to fees for transactions and services are recognized as income when they are received, and related services have been rendered.

Loyalty programs

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

(3) Material accounting policies, continued

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

(f) Cash and cash equivalents

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

(g) Property and equipment

Property and equipment are presented at cost, less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Bank recognizes depreciation in profit or loss with an increase to the accumulated depreciation account. Land is not depreciated. The estimated useful lives of assets are:

Category	Years
Buildings	20 - 50
Furniture and equipment	5 - 10
Vehicles	5
Technological equipment	3 - 5
Leasehold improvements	3 - 10

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

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

(h) Leases

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

(3) Material accounting policies, continued

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

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

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

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

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

At inception or on a reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

i. As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate.

(3) Material accounting policies, continued

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

ii. As a lessor

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

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

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

(3) Material accounting policies, continued

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

(i) Business combinations and goodwill

The Bank accounts for business combinations using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired. Any goodwill is subject to annual impairment tests. Any gain from purchase under very advantageous conditions is immediately recognized in profit or loss. Transaction costs are recorded as an expense when incurred, except if they are related to the issuance of debt or equity instruments.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay the contingent consideration that meets the definition of a financial instruments is classified as equity, it should not be measured again, and its subsequent settlement should be accounted for within equity. If not, the other contingent consideration is remeasured at fair value on each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interests are recorded for the proportional part of the fair value of the identifiable assets and liabilities, unless stated otherwise. When the Bank has the corresponding option to settle the purchase of a non-controlling interest through the issue of its own ordinary shares, no financial liability is recorded.

During the measurement period (which has a term of one year from the date of the acquisition), the Bank can, retrospectively, adjust the amounts recognized on the date of acquisition to reflect new information obtained on events and circumstances that existed at that date.

For impairment tests purposes, goodwill acquired in a business combination is, on the acquisition date, assigned to each of the cash-generating unit groups (CGUs) expected to benefit from the combination. The CGUs to which goodwill is assigned will be disaggregated so impairment-testing level reflects the lowest level to which the goodwill is controlled for purposes of internal management.

An impairment loss will be recognized if the carrying amount of the CGU plus the goodwill allocated to it is higher than its recoverable amount, in which case the allocated goodwill will be reduced, and any remaining impairment would be applied to other CGUs’ assets.

(j) Intangible assets

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

(3) Material accounting policies, continued

Cash-generating units to which goodwill has been attributed are periodically assessed for impairment. This assessment is carried out at least annually, or whenever there is evidence of impairment.

The amortization expense of intangible assets is presented in profit or loss as depreciation and amortization expenses.

Trade names are non-amortizable intangible assets.

(k) Income tax

Tax expense for the year includes current and deferred taxes. Taxes are recognized in profit or loss, except to the extent that they refer to items recognized directly in equity.

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

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

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

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

(3) Material accounting policies, continued

(l) Employee benefits

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

(m) Trust contracts and securities management

The assets under trust contracts and securities under custody are not considered part of the Bank, and accordingly, such securities and related revenue are not included in these consolidated financial statements. It is the obligation of the Bank to manage and safeguard the assets under contract and independently from its equity.

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

(n) Fair value estimates

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

The different hierarchy levels have been defined as follows:

- Level 1 - Quoted prices in active markets without adjustments for identical assets or liabilities that the Bank can access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are not active and other valuation techniques where significant data inputs are directly or indirectly observable in the market.
- Level 3 - Unobservable inputs for the asset or liability. This category includes all instruments where the valuation technique includes unobservable inputs and these have a significant effect on the fair value measurement. This category also includes instruments that are valued based on quoted prices for similar instruments for which we must make significant adjustments using unobservable inputs, assumptions or adjustments in which no observable or subjective data are used when there are differences between the instruments.

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

(3) Material accounting policies, continued

(o) Transactions between entities under common control

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

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

(p) IFRS accounting standards issued but not yet adopted

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Bank has not early adopted the new and amended accounting standards in preparing these consolidated financial statements.

- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

  In May 2024, the International Accounting Standards Board (IASB) issued *Amendments to the classification and Measurement of Financial Instruments* which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

  - settling financial liabilities using electronic payments system, and

  - assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

  The Bank is in the process of assessing the impact of the new amendments.

- *IFRS 18 Presentation and Disclosures in Financial Statements*

  IFRS 18 will replace *IAS 1 Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

  - Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

  - Management-defined performance measures (MPMs) are disclosed in a single note to the financial statements.

(3) Material accounting policies, continued

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including that related to items currently labelled as 'other'

- *Other accounting standards*

The *Lack of Exchangeability (Amendments to IAS 21)* is not expected to have a significant impact on the Bank's consolidated financial statements.

(q) Discontinued operations
A discontinued operation is a component of the Bank that has been sold or otherwise disposed of, or has been classified as held for sale, and either (i) represents a line of business or a geographic area of operation that is significant and can be considered separate from the rest, or (ii) is part of a single coordinated plan to sell or otherwise dispose of a line of business or a geographic area of operation that is significant and can be considered separate from the rest.

Classification as a discontinued operation occurs upon disposal of the operation or when it meets the criteria to be classified as held for sale, whichever occurs earlier.

When an operation is classified as discontinued, the comparative consolidated statements of profit or loss and comprehensive income are modified as if the operation had been discontinued since the beginning of the comparative year.

In accordance with IFRS 5, the presentation of net cash flows attributable to operating, investing and financing activities of discontinued operations are presented in a separate item in the consolidated statement of cash flows, as applicable.

(r) Earnings per share
The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders, considering the impact that the conversion of instruments issued by the Bank's subsidiaries to common shares could have on the equity method recording.

(3) Material accounting policies, continued

(s) Segments

An operating segment corresponds to the group of entities that make up the banking operation in each of the countries in which the Bank operates. Each operating segment is engaged in business activities from which it may earn income and incur expenses, including income and expenses related to transactions with any of the Bank's other components. The operating profit or loss of each segment is periodically reviewed by Management to make decisions regarding the resources to be allocated to the segment and evaluate its performance. Segment profit or loss reported to management includes items that are directly attributable to each segment.

(t) Reclassifications non-material

Non-material amounts in the consolidated financial statements as of December 31, 2023 have been reclassified to conform with the presentation of the consolidated financial statements as of December 31, 2024. The Bank applied non-material reclassifications to improve the presentation that has been included in consolidated statements of financial position and consolidated statements of profit or loss and cash flows as of December 31, 2023.

	2023		
	Previously reported amount	Reclassification	Reclassification Amount
Consolidated statement financial position			
Loans:			
Loans granted	23,367,186,528	(12,084,325)	23,355,102,203
Accrued interest receivable	173,741,074	12,084,325	185,825,399
Provisions	0	76,289,856	76,289,856
Accounts payable and other liabilities	923,721,921	(76,289,856)	847,432,065
Consolidated statement of profit or loss			
Loss (recovery) due to credit risk impairment:			
Commitments and guarantees	0	(125,083)	(125,083)
Other income (expenses):			
Services charges	601,610,069	(601,610,069)	0
Commissions and other fees, net	245,815,770	(245,815,770)	0
Commissions and services charges income	0	1,753,042,136	1,753,042,136
Commissions and other charges expenses	0	(732,057,321)	(732,057,321)
Foreign currency translation, net	63,626,512	(173,684,045)	(110,057,533)
Impairment of assets held for sale	(822,943)	822,943	0
General and administrative expenses:			
Other expenses	(611,772,899)	(822,948)	(612,595,847)

(4) Risk management

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

Classification of financial assets

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

(4) Risk management, continued

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

2024	Designated FVPL – debt instruments	Designated FVPL - equity instruments	FVOCI - debt instruments	FVOCI - equity instruments	AC	Total
Cash, cash equivalents and deposits in banks	0	0	0	0	5,647,978,374	5,647,978,374
Investments in securities, net	18,925,464	16,276,514	4,734,534,167	3,170,331	110,527,012	4,883,433,488
Loans, net	0	0	0	0	25,699,417,649	25,699,417,649
Other accounts receivable, net	0	0	0	0	442,976,234	442,976,234
Total financial assets	18,925,464	16,276,514	4,734,534,167	3,170,331	31,900,899,269	36,673,805,745

2023	Designated FVPL – debt instruments	Designated FVPL - equity instruments	FVOCI - debt instruments	FVOCI - equity instruments	AC	Total
Cash, cash equivalents and deposits in banks	0	0	0	0	5,335,813,826	5,335,813,826
Investments in securities, net	24,471,050	14,285,693	4,408,686,599	3,083,163	98,403,477	4,548,929,982
Loans, net	0	0	0	0	22,743,803,832	22,743,803,832
Other accounts receivable, net	0	0	0	0	594,677,078	594,677,078
Total financial assets	24,471,050	14,285,693	4,408,686,599	3,083,163	28,772,698,213	33,223,224,718

As of Decembre 31, 2024 and 2023, all of the financial liabilities held by the Bank are classified at amortized cost.

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

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

For the management of these risks, an organizational framework based on current regulations in the region on risk management has been defined. This framework includes policies, procedures and a human and technical infrastructure to identify, analyze and assess risks, as well as to set adequate limits and controls, monitor risk management and comply with defined limits.

These policies and risk management systems are periodically reviewed, updated and reported to the respective committees, to ensure they reflect changes in market conditions, products and services offered.

The Bank, through its management standards and procedures, develops a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(4) Risk management, continued

(a) Credit Risk

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

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

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

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

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

The Bank has a regional guideline on investments that defines the general profile for the investment portfolio and establishes two large maximum levels to control the investments' exposure: a limit on country risk and issuer risk. The country’s risk limits are set based on an internal qualification scale and are measured as percentages of the Bank's equity or as absolute amounts. The guideline includes approval schemes and attributions for new limits or increases on existing limits.

Compliance with this guideline is monitored on a daily basis through the Investment Portfolio Management and Control Module (MACCI from Spanish), an internal tool to document the entire investment process, including new approvals, limit increases or decreases, purchases and sales, and also to control exposures by the issuer and the use of assigned quotas.

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

(4) Risk management, continued

Information on the portfolio's quality

Quality of the portfolio of bank deposits and securities under resale agreements

The Bank maintains deposits in banks for $4,701,772,489 as of December 31, 2024 (2023: $4,342,913,239). Deposits are maintained at central banks and other financial institutions, most of which have AA- to B- risk ratings, (2023: A+ to B- risk ratings) assigned by Standard & Poor's, Moody's, and/or Fitch Ratings. Of total deposits, excluding deposits in central banks, as of December 31, 2024, approximately $9.7 million did not have an assigned risk rating (2023: $11.3 million).

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

As of December 31, 2024, all securities under resale agreements and bank deposits are up to date on the payment of principal and interest.

Quality of the investments in securities

The Bank segregates the investment portfolio into investments at fair value through PL (FVPL), investments at fair value through OCI (FVOCI) and investments at amortized cost (AC). As of December 31, 2024, investments amounted to $4,883,433,488 (2023: $4,548,929,982).

- Investments at FVPL

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

  The following table summarizes debts investments at FVPL categories:

	2024	2023
Governments and agencies		
AA+	0	4,337,576
BB-	18,925,464	20,133,474
Total governments and agencies	18,925,464	24,471,050
Total investments at FVPL	18,925,464	24,471,050

(4) Risk management, continued

- Investments at FVOCI
  The following table summarizes the investments at FVOCI categories:

	2024			2023		
	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI
Governments and agencies						
AA+	669,872,418	0	669,872,418	479,810,159	0	479,810,159
BBB	5,379,479	0	5,379,479	296,630,686	0	296,630,686
BBB-	564,593,761	0	564,593,761	0	0	0
BB+ to B-	3,060,520,966	0	3,060,520,966	3,189,424,962	0	3,189,424,962
Total governments and agencies	4,300,366,624	0	4,300,366,624	3,965,865,807	0	3,965,865,807
Corporate						
AA	0	0	0	2,050,627	0	2,050,627
A	36,062,330	0	36,062,330	294,658	0	294,658
A-	70,110,815	0	70,110,815	102,978,816	0	102,978,816
BBB+	26,129,629	0	26,129,629	31,117,585	0	31,117,585
BBB	52,932,877	0	52,932,877	29,041,521	0	29,041,521
BBB-	55,769,756	0	55,769,756	43,698,038	0	43,698,038
BB+ to B-	193,162,136	0	193,162,136	232,631,433	0	232,631,433
No Qualification	0	0	0	1,008,114	0	1,008,114
Total corporate	434,167,543	0	434,167,543	442,820,792	0	442,820,792
Total	4,734,534,167	0	4,734,534,167	4,408,686,599	0	4,408,686,599
Allowance for ECL	7,927,708	0	7,927,708	6,107,894	0	6,107,894

As of December 31, 2024, and 2023, investments at FVOCI are current.

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

- Investments at AC
  The following table summarizes the investments at AC categories:

	2024			2023		
	12 months ECL	Lifetime ECL - without impairment	Total investments at AC	12 months ECL	Lifetime ECL - without impairment	Total investments at AC
Governments and agencies						
BB+ to BB-	67,045,978	0	67,045,978	68,673,874	0	68,673,874
Total governments and agencies	67,045,978	0	67,045,978	68,673,874	0	68,673,874
Corporate						
BB+ to B+	43,481,034	0	43,481,034	6,476,893	0	6,476,893
No Qualification	0	0	0	23,252,710	0	23,252,710
Total Corporate	43,481,034	0	43,481,034	29,729,603	0	29,729,603
Total	110,527,012	0	110,527,012	98,403,477	0	98,403,477
Allowance for ECL	149,144	0	149,144	185,768	0	185,768

(4) Risk management, continued

The following table presents the loans portfolio and the credit commitments and guarantees according to its risk category, in accordance with the grading used for each stated term:

	Loans			
2024	**12 months ECL**	**Lifetime ECL - credit unimpaired**	**Lifetime ECL - credit impaired**	**Total**
Corporate				
Satisfactory	10,451,948,494	6,575,240	0	10,458,523,734
Special mention	0	248,347,353	0	248,347,353
Sub-standard	0	0	104,354,895	104,354,895
Doubtful	0	0	18,321,819	18,321,819
Loss	0	0	28,023,013	28,023,013
Gross amount	10,451,948,494	254,922,593	150,699,727	10,857,570,814
Allowance for ECL	(26,606,079)	(19,179,854)	(57,242,970)	(103,028,903)
Net amount	10,425,342,415	235,742,739	93,456,757	10,754,541,911
Small company				
Satisfactory	1,238,319,774	42,184,183	0	1,280,503,957
Special mention	830,742	42,481,859	0	43,312,601
Sub-standard	0	0	7,563,975	7,563,975
Doubtful	0	0	10,322,664	10,322,664
Loss	0	0	3,967,821	3,967,821
Gross amount	1,239,150,516	84,666,042	21,854,460	1,345,671,018
Allowance for ECL	(3,748,467)	(4,574,525)	(6,135,973)	(14,458,965)
Net amount	1,235,402,049	80,091,517	15,718,487	1,331,212,053
Mortgage				
Satisfactory	3,359,504,018	129,467,412	0	3,488,971,430
Special mention	5,110,768	424,156,286	0	429,267,054
Sub-standard	0	0	98,639,840	98,639,840
Doubtful	0	0	37,764,994	37,764,994
Loss	0	0	26,522,899	26,522,899
Gross amount	3,364,614,786	553,623,698	162,927,733	4,081,166,217
Allowance for ECL	(2,467,355)	(23,504,446)	(18,628,178)	(44,599,979)
Net amount	3,362,147,431	530,119,252	144,299,555	4,036,566,238
Personal Banking	2,308,301,636	78,491,707	2,105,506	2,388,898,849
Satisfactory	1,431,168	78,399,793	1,281,546	81,112,507
Special mention	0	0	30,605,816	30,605,816
Sub-standard	0	0	19,006,651	19,006,651
Doubtful	0	0	7,375,250	7,375,250
Loss	2,309,732,804	156,891,500	60,374,769	2,526,999,073
Gross amount	(52,083,738)	(22,024,990)	(31,693,947)	(105,802,675)
Allowance for ECL	2,257,649,066	134,866,510	28,680,822	2,421,196,398
Net amount				
Vehicles				
Satisfactory	1,527,059,981	29,167,755	0	1,556,227,736
Special mention	396,890	83,100,404	0	83,497,294
Sub-standard	0	0	9,633,615	9,633,615
Doubtful	0	0	3,998,849	3,998,849
Loss	0	0	1,867,319	1,867,319
Gross amount	1,527,456,871	112,268,159	15,499,783	1,655,224,813
Allowance for ECL	(2,077,143)	(3,665,349)	(3,834,308)	(9,576,800)
Net amount	1,525,379,728	108,602,810	11,665,475	1,645,648,013
Credit card				
Satisfactory	4,927,636,447	334,583,236	2,833,245	5,265,052,928
Special mention	6,840,091	383,753,579	94,616,690	485,210,360
Sub-standard	0	0	15,321,141	15,321,141
Doubtful	286,768	69,479,960	17,398,597	87,165,325
Loss	35	0	132,478,200	132,478,235
Gross amount	4,934,763,341	787,816,775	262,647,873	5,985,227,989
Allowance for ECL	(122,284,917)	(191,047,376)	(161,642,660)	(474,974,953)
Net amount	4,812,478,424	596,769,399	101,005,213	5,510,253,036
Net carrying amount of loans	23,618,399,113	1,686,192,227	394,826,309	25,699,417,649

(4) Risk management, continued

2023	Loans 12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	8,931,595,052	7,901,110	0	8,939,496,162
Special mention	0	281,447,989	0	281,447,989
Sub-standard	0	0	153,169,312	153,169,312
Doubtful	0	0	34,053,014	34,053,014
Loss	0	0	49,892,995	49,892,995
Gross amount	8,931,595,052	289,349,099	237,115,321	9,458,059,472
Allowance for ECL	(20,470,447)	(17,667,195)	(90,976,218)	(129,113,860)
Net amount	8,911,124,605	271,681,904	146,139,103	9,328,945,612
Small company				
Satisfactory	1,088,985,430	55,361,304	0	1,144,346,734
Special mention	3,474,964	36,772,837	0	40,247,801
Sub-standard	0	0	4,544,133	4,544,133
Doubtful	0	0	6,387,300	6,387,300
Loss	0	0	4,531,551	4,531,551
Gross amount	1,092,460,394	92,134,141	15,462,984	1,200,057,519
Allowance for ECL	(3,096,450)	(6,281,727)	(5,086,478)	(14,464,655)
Net amount	1,089,363,944	85,852,414	10,376,506	1,185,592,864
Mortgage				
Satisfactory	3,250,000,975	138,966,692	27,457	3,388,995,124
Special mention	14,754,134	314,088,213	18,708	328,861,055
Sub-standard	0	0	112,892,423	112,892,423
Doubtful	0	0	37,709,387	37,709,387
Loss	0	0	25,456,139	25,456,139
Gross amount	3,264,755,109	453,054,905	176,104,114	3,893,914,128
Allowance for ECL	(10,434,402)	(35,078,389)	(21,507,065)	(67,019,856)
Net amount	3,254,320,707	417,976,516	154,597,049	3,826,894,272
Personal banking				
Satisfactory	2,150,448,998	60,763,665	1,287,713	2,212,500,376
Special mention	697,951	73,365,452	1,100,420	75,163,823
Sub-standard	0	0	35,683,652	35,683,652
Doubtful	0	0	15,464,346	15,464,346
Loss	0	0	7,927,735	7,927,735
Gross amount	2,151,146,949	134,129,117	61,463,866	2,346,739,932
Allowance for ECL	(48,475,060)	(21,045,517)	(32,733,695)	(102,254,272)
Net amount	2,102,671,889	113,083,600	28,730,171	2,244,485,660
Vehicles				
Satisfactory	1,233,905,860	38,034,555	0	1,271,940,415
Special mention	1,338,013	70,419,935	0	71,757,948
Sub-standard	0	0	11,699,891	11,699,891
Doubtful	0	0	2,638,911	2,638,911
Loss	0	0	1,379,098	1,379,098
Gross amount	1,235,243,873	108,454,490	15,717,900	1,359,416,263
Allowance for ECL	(2,558,961)	(3,538,038)	(3,158,142)	(9,255,141)
Net amount	1,232,684,912	104,916,452	12,559,758	1,350,161,122
Credit card				
Satisfactory	3,566,801,897	1,046,036,465	3,144,214	4,615,982,576
Special mention	63,018,165	272,543,108	69,177,694	404,738,967
Sub-standard	0	0	13,372,735	13,372,735
Doubtful	682,024	59,130,543	12,612,821	72,425,388
Loss	0	0	113,758,372	113,758,372
Gross amount	3,630,502,086	1,377,710,116	212,065,836	5,220,278,038
Allowance for ECL	(115,848,755)	(157,842,117)	(138,862,864)	(412,553,736)
Net amount	3,514,653,331	1,219,867,999	73,202,972	4,807,724,302
Net carrying amount of loans	20,104,819,388	2,213,378,885	425,605,559	22,743,803,832

(4) Risk management, continued

The following table presents the loans portfolio and the credit commitments and guarantee according to its risk category, in accordance with the classification used for each year indicated:

2024	Credit commitments and guarantees			
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	647,597,400	0	0	647,597,400
Special mention	0	1,707,024	0	1,707,024
Sub-standard	0	0	107,739	107,739
Loss	0	0	958,976	958,976
Gross amount	647,597,400	1,707,024	1,066,715	650,371,139
Allowance for ECL	(149,019)	(5,452)	(961,206)	(1,115,677)
Net amount	647,448,381	1,701,572	105,509	649,255,462
Small company				
Satisfactory				
Special mention	3,510,821	0	0	3,510,821
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	0	0	0	0
Allowance for ECL	3,510,821	0	0	3,510,821
Net amount	(282,012)	0	0	(282,012)
	3,228,809	0	0	3,228,809
Mortgage				
Satisfactory	72,103,468	0	0	72,103,468
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	72,103,468	0	0	72,103,468
Allowance for ECL	(14,420)	0	0	(14,420)
Net amount	72,089,048	0	0	72,089,048
Net carrying amount, net of allowance	722,766,238	1,701,572	105,509	724,573,319

2023	Credit commitments and guarantees			
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	579,452,628	0	0	579,452,628
Special mention	0	1,926,978	0	1,926,978
Sub-standard	0	0	16,016	16,016
Doubtful	0	0	0	0
Loss	0	0	941,724	941,724
Gross amount	579,452,628	1,926,978	957,740	582,337,346
Allowance for ECL	(129,775)	(10,126)	(948,828)	(1,088,729)
Net amount	579,322,853	1,916,852	8,912	581,248,617
Small company				
Satisfactory	5,800,157	0	0	5,800,157
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	268,207	268,207
Gross amount	5,800,157	0	268,207	6,068,364
Allowance for ECL	(3,153)	0	(268,207)	(271,360)
Net amount	5,797,004	0	0	5,797,004
Mortgage				
Satisfactory	55,797,681	0	0	55,797,681
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	55,797,681	0	0	55,797,681
Allowance for ECL	(5,579)	0	0	(5,579)
Net amount	55,792,102	0	0	55,792,102
Net carrying amount, net of allowance	640,911,959	1,916,852	8,912	642,837,723

(4) Risk management, continued

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

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

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

	2024					
	Mortgage	Pledge	Time deposits certificates	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	10,399,111	0	10,399,111
Investments in securities	0	0	0	0	4,863,986,643	4,863,986,643
Loans						
Corporate						
Corporate	4,501,321,916	830,320,527	408,708,010	0	4,760,747,872	10,501,098,325
Corporate leases, net	0	356,472,489	0	0	0	356,472,489
Total corporate	4,501,321,916	1,186,793,016	408,708,010	0	4,760,747,872	10,857,570,814
Personal banking and small company						
Small company						
Small company	540,442,738	75,688,691	62,234,321	0	512,237,591	1,190,603,341
Small company leases, net	0	155,067,677	0	0	0	155,067,677
Total Small company	540,442,738	230,756,368	62,234,321	0	512,237,591	1,345,671,018
Personal Banking						
Mortgage	4,081,166,217	0	0	0	0	4,081,166,217
Personal	467,546,167	421,469	47,054,576	0	2,011,976,861	2,526,999,073
Vehicles	0	1,468,738,919	0	0	0	1,468,738,919
Personal leases, net of interest	0	186,485,894	0	0	0	186,485,894
Credit cards	0	0	0	0	5,985,227,989	5,985,227,989
Total personal banking	4,548,712,384	1,655,646,282	47,054,576	0	7,997,204,850	14,248,618,092
Total personal banking and small company	5,089,155,122	1,886,402,650	109,288,897	0	8,509,442,441	15,594,289,110
Allowance for ECL	(101,109,962)	(29,466,143)	(5,026,784)	0	(616,839,386)	(752,442,275)
Total loans	9,489,367,076	3,043,729,523	512,970,123	0	12,653,350,927	25,699,417,649
Commitments and guarantees, gross	138,284,802	4,310,166	77,669,169	3,046,450	502,674,841	725,985,428
Commitments and guarantees, provision	(35,872)	(463)	(16,435)	(233)	(1,359,106)	(1,412,109)
Total commitments and guarantees, net	138,248,930	4,309,703	77,652,734	3,046,217	501,315,735	724,573,319

	2023					
	Mortgage	Pledge	Time deposits certificates	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	61,193,065	0	61,193,065
Investments in securities	0	0	0	0	4,531,561,126	4,531,561,126
Loans						
Corporate						
Corporate	4,105,838,071	737,132,560	195,318,960	0	4,134,287,989	9,172,577,580
Corporate leases, net	0	285,481,892	0	0	0	285,481,892
Total corporate	4,105,838,071	1,022,614,452	195,318,960	0	4,134,287,989	9,458,059,472
Personal banking and small company						
Small company						
Small company	532,659,753	64,520,345	23,240,096	0	452,154,962	1,072,575,156
Small company leases, net	0	127,482,363	0	0	0	127,482,363
Total Small company	532,659,753	192,002,708	23,240,096	0	452,154,962	1,200,057,519
Personal banking						
Mortgage	3,893,914,128	0	0	0	0	3,893,914,128
Personal	440,137,444	245,643	29,519,835	0	1,876,837,010	2,346,739,932
Vehicles	0	1,223,289,541	0	0	0	1,223,289,541
Personal leases, net of interest	0	136,126,722	0	0	0	136,126,722
Credit cards	0	0	0	0	5,220,278,038	5,220,278,038
Total personal banking	4,334,051,572	1,359,661,906	29,519,835	0	7,097,115,048	12,820,348,361
Total personal banking and small company	4,866,711,325	1,551,664,614	52,759,931	0	7,549,270,010	14,020,405,880
Allowance for ECL	(146,438,497)	(20,131,783)	(1,145,841)	0	(566,945,399)	(734,661,520)
Total loans	8,826,110,899	2,554,147,283	246,933,050	0	11,116,612,600	22,743,803,832
Commitments and guarantees, gross	86,378,987	1,594,251	52,087,826	3,478,455	500,663,872	644,203,391
Commitments and guarantees, provision	(14,326)	(189)	(4,509)	(200)	(1,346,444)	(1,365,668)
Commitments and guarantees, net	86,364,661	1,594,062	52,083,317	3,478,255	499,317,428	642,837,723

(4) Risk management, continued

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

	2024		2023	
	Loans	Covered amount	Loans	Covered amount
Corporates				
Stages 1 and 2	4,432,360,053	4,260,957,164	3,918,528,006	3,801,626,202
Stage 3	100,022,608	98,834,407	173,049,248	172,172,085
Total	4,532,382,661	4,359,791,571	4,091,577,254	3,973,798,287

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

	2024	2023
Property	19,481,430	15,453,610
Furniture and equipment	3,476,474	4,903,981
Total	22,957,904	20,357,591

The Bank's policy is to promote the sale of these assets to cover the balances due. Using non-financial assets for its operations is not a Bank is policy.

Residential mortgage loans

The following table shows the index of loans from the mortgage portfolio to the value of collateral (LTV) is calculated as a percentage of the gross amount of the loan in relation to the value of collateral. The gross amount of the loan excludes any loss impairment. The value of collateral for mortgages is based on the original value of the guarantee as of the date of disbursement. The corresponding values are updated based on requirements of local regulators, new disbursements with the same guarantee, credit restructuring or judicial processes that involve execution.

	2024		2023	
LTV Ratio	Loans	Credit and guarantee commitments	Loans	Credit and guarantee commitments
Less than 50%	852,133,853	2,394,751	797,244,140	2,872,169
51-70%	1,329,290,381	5,699,889	1,296,290,312	5,704,427
71-80%	1,231,321,581	11,031,403	1,239,894,430	13,464,312
81-90%	522,570,090	12,754,795	447,890,396	13,593,618
91-100%	128,154,130	39,990,130	96,648,840	19,492,274
More than 100%	17,696,182	232,500	15,946,010	670,881
Total	4,081,166,217	72,103,468	3,893,914,128	55,797,681

Impaired loans

LTV Ratio	2024	2023
Less than 50%	26,903,795	26,288,223
51-70%	43,983,202	47,806,512
71-80%	52,334,888	54,388,281
81-90%	29,543,722	35,283,501
91-100%	6,031,353	9,526,468
More than 100%	4,130,773	2,811,129
Total	162,927,733	176,104,114

(4) Risk management, continued

Expected credit loss allowance (ECL)

Projection of future conditions

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

External sector:

External risks	Upside	Central	Downside
Slowdown of commercial partners: Lower dynamism is expected in developed economies; important trading partners for the region. Furthermore, a high-interest rate environment is perceived that will persist longer than expected.	Monetary policies are effective in controlling inflation and moderation is achieved without generating considerable distortions on economies at a global level. The inflation target is reached in the USA at the end of the year, allowing the Federal Reserve to implement a lax monetary policy that eases financing conditions globally.	Economic growth is affected by the declining interest rate cycle. Developed economies are slowing but growth remains positive. USA inflation declines but persists at levels close to the target and high rates remain for longer than expected.	Economic growth is affected by the declining interest rate cycle. Developed economies are slowing but growth remains positive. USA inflation declines but persists at levels close to the target and high rates remain for longer than expected.
Global financial volatility: As a result of geopolitical shocks and the uncertainty generated by a new Trump government, greater volatility has been inserted into financial markets. This represents a risk subject to monitoring that can bias inflationary rates upward for the region and bring other consequences such as pressure on remittances, trade and exchange rate.	The cycle of decreasing interest rates eases as inflation returns to its usual levels. The issue of geopolitical conflicts does not escalate and there are no climate shocks that could generate disruptions in prices. Furthermore, measures adopted by the Trump government are handled prudently and gradually, allowing the world to react in time and soften their effects. Inflationary cycle concludes successfully without obstacles.	Geopolitical conflicts remain, but do not escalate to greater consequences, having a slight impact on raw materials markets that is not significant to trigger production prices and inflationary pressures. Trump's government starts with protectionist measures that impact the region's economy in the medium term. Inflationary cycle comes to an end in a moderate way	Climatic events continue to hit the region and this is added to the escalation of geopolitical conflicts and tensions that trigger a series of sanctions and events that increase the prices of raw materials. This represents a challenge to contain inflation and rate levels must remain at contractionary levels for longer than expected. The inflationary cycle does not conclude successfully and remains the main issue in the economic spectrum. Trump's government adopts aggressive and strong protectionist measures that affect the region in the short term, causing pressure on prices, exchange rates, remittances and trade balance.

(4) Risk management, continued

Scenario	Scenario Synthesis	Upside	Central	Downside
Guatemala	. Economic growth in Guatemala has remained at favorable levels, driven mainly by the energy sector, financial activities, and growth in hotels and restaurants. The demand for electricity has grown by more than 8% between 2023 and 2024, reflecting an increase in productive activities, both commercial, industrial and services. On the other hand, tourism has also shown notable growth, with projections of at least three million visitors by the end of 2024, which represents an increase of 15% compared to the previous year. This confirms the role of tourism as a key driver of the Guatemalan economy in the short term.	More relaxed international financial conditions due to upcoming rate cuts in developed countries and controlled inflation. This was confirmed with recent cuts in reference rates by central entities of major economies such as the Federal Reserve and the European Central Bank.Guatemala has shown stability in financial variables, inflation close to the target range, the banking system remains strong and has the largest international reserves to mitigate external shocks.	Economic growth slows but remains positive. Macroeconomic conditions remain stable and inflationary pressures ease so that inflation moderates in the short term. Stability in external macroeconomic indicators continues to show solidity, which gives room to react in case of adverse scenarios.	Relaxation of political and social tensions in the country after President Arévalo's seizure of power did not go any further, he remains pessimistic due to the social scourges of the country, as well as the important infrastructure challenge that the country faces. Climatic risks related to the El Niño phenomenon. The country has a high propensity for climatic events, which is why it remains a downward risk. In the case of Guatemala. The alert and monitoring remain predominantly in the agricultural sector.
Honduras	Economic growth in Honduras has maintained positive figures, registering a cumulative variation of 4.2% in the first eight months of 2024, according to the Central Bank of Honduras (BCH). This growth has been driven mainly by domestic demand, especially household consumption, as well as by sectors such as financial intermediation, insurance and pension funds, electricity and water, private construction and commerce.	The agreements are negotiated with the IMF and the conditions that this implies for the monetary and financial part. It is considered that the agreement with the IMF will bring measures that strengthen a policy based on data and technical decisions. In addition to fulfilling the agreements with the passage of time, a healthier financial environment would be expected in the country.	Economy loses dynamism but remains in positive territory. Fiscal indicators improve considerably and inflation moderates. The convertibility of the currency with the dollar remains at risk and there are medium-term risks related to the country's risk profile and distrust of external investors.	In environmental risk, the probability was maintained in relation to the previous iteration due to the greater plausibility of immediate impacts related to the El Niño phenomenon. A very high impact remains, mainly due to historical impacts of extreme events and generally high vulnerability to climate events (exposure to extreme events and deteriorated social indicators).
El Salvador	El Salvador economic growth has shown a clear slowdown, which contrasts with the forecast of the Central Reserve Bank (BCR) that projected growth of 4% by 2024. The construction and manufacturing sectors, fundamental for economic activity, have experienced a monthly contraction. Despite the lack of official communication from the Government and the BCR about this drop in indicators, national economists such as Luis Membreño point out that the reduction in remittances, which have a significant impact on consumption, has been a key factor.	More relaxed international financial conditions due to upcoming rate cuts in developed countries and controlled inflation. This was confirmed with recent cuts in reference rates by central entities of major economies such as the Federal Reserve and the European Central Bank. Although access to external financing has shown improvements in recent months, the conditions of multilateral entities such as the IMF have not yet materialized	Economic growth slows and financial volatility remains. The country's financial conditions improve due to approach with the IMF and reduction of rates at the international level. Under the Trump administration, measures are being applied that impact exports and remittances in the medium term.	The government has not made fiscal adjustments and may have to make a disorderly adjustment due to a lack of financing sources, with a very high impact, considering high deficit, which is the medium and long-term way to reverse the trajectory of the debt in the country.
Nicaragua	Significant slowdown scenarios in recent months. According to the Central Bank of Nicaragua, the Monthly Economic Activity Index (MEAI) for July 2024 registered an interannual variation of 2.4%. This growth was driven by activities such as hotels and restaurants, energy and water, financial intermediation and related services, construction, transportation and communications, and mining and quarrying, among others.	The banks in the country are very well capitalized and the financial system does not represent a risk. Added to this is the migration to a fixed exchange rate in an environment that allows it. Perspective is maintained, with stability of macroeconomic variables during the last year and adequate level of reserves.	The democratic deterioration continues, and the economy loses dynamism in relation to previous years. Good execution in terms of fiscal discipline continues. Emigration continues to grow, generating an increasing dependence of the country on the flow of incoming remittances.	At the policy level, the impact is maintained at a medium level because within its scenario the country is performing adequately, certain political limitations persist on opponents and critics of the government, but it has consistently toned down these tensions and it is expected that the situation will not deteriorate significantly in the short term.

(4) Risk management, continued

Scenario	Scenario Synthesis	Upside	Central	Downside
Costa Rica	Costa Rica economy has shown a loss of acceleration in recent months, although it maintains favorable growth compared to other countries in the region. According to the Central Bank of Costa Rica (BCCR), the Monthly Economic Activity Index (MEAI) registered a year-on-year growth of 3.9% in August 2024, driven by sectors such as manufacturing, commerce, financial activities and transportation.	External demand is expected to weaken due to the slowdown in important trading partners such as the US. and that the BAC countries are less favored in terms of exports and tourist income, given the panorama of lower economic growth worldwide. Despite this, for Costa Rica the considerations are less serious than in the rest of the region due to the diversification of exports; A significant proportion of these is made up of services and manufacturing of medical equipment.	Its economy demonstrated resilience in the face of difficult financial conditions. In the short term, financial conditions are expected to relax, hand in hand with lower inflation, which opens room for more growth in the medium term. Fiscal discipline is maintained and the agreements stipulated with the IMF are complied with, which favors lower debt/GDP than in the previous year.	Environmental risk is considered resilient since the country has historically exhibited adverse environmental events and remains a key factor in the decision.
Panama	Panama economic activity has shown a significant slowdown in 2024, recording an average growth of close to 2%, an unusually low figure for the country. This slowdown is due, in largely, to the closure of the Cobre Panama mine, which was announced by the government after the Supreme Court ruling that declared the new mining contract with Minera Panama unconstitutional.	International Financial Conditions, the outlook was modified to optimistic, with a perspective of more relaxed international financial conditions due to upcoming rate cuts in developed countries and controlled inflation.	Economic growth slows as a result of the mining company's exit. Growth is slowed compared to previous years and this is added to the fiscal risks with a new Government, which makes immediate and effective measures difficult. External agents consider the mandate of President-elect Mulino positive due to his pro-business ideological perspective.	Economic growth slows down more than expected due to the mining issue, government measures generate social discontent, which generate strikes and further economic slowdown. The fiscal situation deteriorates further, and growth stagnates.

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

Scenario probability weighting	2024					
	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
Upside	30%	20%	10%	15%	30%	10%
Base	60%	65%	65%	70%	65%	75%
Downside	10%	15%	25%	15%	5%	15%

Scenario probability weighting	2023					
	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
Upside	30%	15%	5%	10%	30%	25%
Base	50%	55%	55%	65%	65%	65%
Downside	20%	30%	40%	25%	5%	10%

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

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

(4) Risk management, continued

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

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

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

		2024					
		Guatemala	**Honduras**	**El Salvador**	**Nicaragua**	**Costa Rica**	**Panama**
		%	%	%	%	%	%
Annual rate of change in economic growth, expressed as a percentage	**Upside**	4.72	3.92	3.01	3.87	3.87	3.42
	Base	3.62	3.30	2.76	3.42	3.67	3.03
	Downside	3.58	2.54	2.23	3.26	2.90	2.79
Year-on-year rate of change of inflation, expressed as a percentage	**Upside**	2.54	1.49	1.13	2.57	2.37	1.51
	Base	3.50	3.56	1.57	4.15	2.59	2.15
	Downside	4.53	5.28	2.36	5.28	3.54	2.33
Nominal exchange rate of change, expressed as a percentage	**Upside**	(0.07)	0.06	-	(0.05)	0.81	-
	Base	0.00	1.29	-	0.01	3.36	-
	Downside	0.56	1.65	-	0.14	3.55	-
Annual difference in the local currency lending rate measured in basis points	**Upside**	(0.87)	0.10	-	(0.79)	(1.45)	-
	Base	(0.34)	1.30	-	(0.56)	(1.12)	-
	Downside	(0.18)	2.03	-	0.71	(0.57)	-
Annual difference in foreign currency lending rate measured in basis points	**Upside**	(1.05)	(0.22)	(0.31)	(1.07)	(1.35)	(0.02)
	Base	(0.27)	(0.18)	(0.11)	(0.45)	(1.01)	0.10
	Downside	(0.19)	0.13	(0.08)	(0.17)	(0.25)	0.14

		2023					
		Guatemala	**Honduras**	**El Salvador**	**Nicaragua**	**Costa Rica**	**Panama**
		%	%	%	%	%	%
Annual rate of change in economic growth, expressed as a percentage	**Upside**	4.66	3.79	2.83	4.21	3.92	5.16
	Base	3.77	3.46	1.99	3.20	3.42	4.87
	Downside	2.06	2.34	1.78	2.29	2.67	3.55
Year-on-year rate of change of inflation, expressed as a percentage	**Upside**	2.84	4.62	1.63	3.94	2.45	1.71
	Base	4.11	4.83	2.29	4.34	2.53	1.94
	Downside	5.57	5.78	2.62	5.01	4.17	3.41
Nominal exchange rate of change, expressed as a percentage	**Upside**	(0.01)	2.76	-	0.20	2.48	-
	Base	1.92	3.68	-	0.49	3.30	-
	Downside	3.22	5.64	-	1.72	4.31	-
Annual difference in the local currency lending rate measured in basis points	**Upside**	(0.17)	(0.01)	-	(0.54)	(1.14)	-
	Base	(0.13)	0.42	-	0.51	(0.73)	-
	Downside	0.71	0.77	-	1.23	0.77	-
Annual difference in foreign currency lending rate measured in basis points	**Upside**	0.10	0.04	0.54	0.01	(0.07)	(0.01)
	Base	0.15	0.34	0.73	0.32	0.00	0.17
	Downside	0.93	1.56	1.26	0.95	0.56	0.88

Sensitivity of ECL to future economic conditions

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

(4) Risk management, continued

The table below shows the loss allowance on loans assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios, deseribed in note 3 (c).

	2024		
	Upside	**Base**	**Downside**
Book Value			
Corporate	10,857,570,814	10,857,570,814	10,857,570,814
Small company	1,345,671,018	1,345,671,018	1,345,671,018
Mortgage	4,081,166,217	4,081,166,217	4,081,166,217
Personal banking	2,526,999,073	2,526,999,073	2,526,999,073
Vehicles	1,655,224,813	1,655,224,813	1,655,224,813
Credit card	5,985,227,989	5,985,227,989	5,985,227,989
	26,451,859,924	26,451,859,924	26,451,859,924
ECL Allowance			
Corporate	102,523,941	103,203,078	104,069,079
Small company	14,126,427	14,626,134	15,216,531
Mortgage	42,826,067	45,315,586	47,732,764
Personal banking	105,839,630	112,432,486	116,295,625
Vehicles	9,274,956	9,704,913	10,193,794
Credit card	471,544,137	476,665,470	480,462,411
	746,135,158	761,947,667	773,970,204
Proportion of assets in Stage 2			
Corporate	2.33%	2.33%	2.33%
Small company	6.06%	6.26%	6.56%
Mortgage	13.19%	13.35%	13.47%
Personal banking	5.81%	7.17%	7.82%
Vehicles	6.65%	6.71%	7.01%
Credit card	12.95%	13.01%	13.08%
	7.20%	7.38%	7.51%

	2023		
	Upside	**Base**	**Downside**
Book Value			
Corporate	9,458,059,472	9,458,059,472	9,458,059,472
Small company	1,200,057,519	1,200,057,519	1,200,057,519
Mortgage	3,893,914,128	3,893,914,128	3,893,914,128
Personal banking	2,346,739,932	2,346,739,932	2,346,739,932
Vehicles	1,359,416,263	1,359,416,263	1,359,416,263
Credit card	5,220,278,038	5,220,278,038	5,220,278,038
	23,478,465,352	23,478,465,352	23,478,465,352
ECL Allowance			
Corporate	126,568,400	128,737,894	133,242,517
Small company	14,058,095	14,545,626	15,849,220
Mortgage	65,078,503	67,519,317	70,288,178
Personal banking	97,818,947	102,060,833	108,189,210
Vehicles	8,775,910	9,377,179	10,150,568
Credit card	398,497,954	413,544,346	427,825,912
	710,797,809	735,785,195	765,545,605
Proportion of assets in Stage 2			
Corporate	3.04%	3.04%	3.04%
Small company	7.53%	7.58%	7.83%
Mortgage	11.14%	11.29%	11.35%
Personal banking	5.39%	5.57%	6.53%
Vehicles	7.57%	7.84%	8.14%
Credit card	25.76%	26.19%	26.20%
	10.16%	10.32%	10.45%

(4) Risk management, continued

The following table shows a reconciliation of the opening and closing balances of the period as of December 31, 2024, of the financial assets' ECL allowance.

Deposits in Banks	2024 12 months ECL	2024 Lifetime ECL – non-impaired	2024 Lifetime ECL - impaired	2024 Total	2023 12 months ECL	2023 Lifetime ECL - non-impaired	2023 Lifetime ECL – impaired	2023 Total
Balance at year beginning	85,968	0	0	85,968	141,799	0	0	141,799
Net remeasurement of loss allowance	(55,103)	0	0	(55,103)	(97,100)	0	0	(97,100)
New financial assets originated	8,576	0	0	8,576	41,192	0	0	41,192
Foreign currency translation	(368)	0	0	(368)	77	0	0	77
Balance at year end	39,073	0	0	39,073	85,968	0	0	85,968

Investments at FVOCI	2024 12 months ECL	2024 Lifetime ECL - non-impaired	2024 Lifetime ECL - impaired	2024 Total	2023 12 months ECL	2023 Lifetime ECL - non-impaired	2023 Lifetime ECL - impaired	2023 Total
Balance at year beginning	6,107,894	0	0	6,107,894	20,818,098	0	0	20,818,098
Net remeasurement of loss allowance	(4,019,392)	0	0	(4,019,392)	(18,631,596)	0	0	(18,631,596)
New financial assets originated	5,873,195	0	0	5,873,195	4,653,396	0	0	4,653,396
Foreign currency translation	(33,989)	0	0	(33,989)	(732,004)	0	0	(732,004)
Balance at year end	7,927,708	0	0	7,927,708	6,107,894	0	0	6,107,894

Investments at AC	2024 12 months ECL	2024 Lifetime ECL- non-impaired	2024 Lifetime ECL - impaired	2024 Total	2023 12 months ECL	2023 Lifetime ECL – non-impaired	2023 Lifetime ECL impaired	2023 Total
Balance at year beginning	185,768	0	0	185,768	115,089	0	0	115,089
Net remeasurement of loss allowance	(50,855)	0	0	(50,855)	(48,997)	0	0	(48,997)
New financial assets originated	17,535	0	0	17,535	119,676	0	0	119,676
Foreign currency translation	(3,304)	0	0	(3,304)	0	0	0	0
Balance at year end	149,144	0	0	149,144	185,768	0	0	185,768

Loans	2024 12 months ECL	2024 Lifetime ECL - non-impaired	2024 Lifetime ECL - impaired	2024 Total	2023 12 months ECL	2023 Lifetime ECL – non-impaired	2023 Lifetime ECL - impaired	2023 Total
Balance at year beginning	200,884,075	241,452,983	292,324,462	734,661,520	188,965,909	244,766,032	259,207,996	692,939,937
Transfer from stage 1 to 2	(138,451,800)	138,451,800	0	0	(110,283,076)	110,283,076	0	0
Transfer from stage 1 to 3	(102,147)	0	102,147	0	(630,952)	0	630,952	0
Transfer from stage 2 to 3	0	(356,339,340)	356,339,340	0	0	(303,454,564)	303,454,564	0
Transfer from stage 3 to 2	0	117,817,007	(117,817,007)	0	0	105,517,983	(105,517,983)	0
Transfer from stage 2 to 1	263,980,180	(263,980,180)	0	0	202,116,284	(202,116,284)	0	0
Transfer from stage 3 to 1	16,391,779	0	(16,391,779)	0	18,355,604	0	(18,355,604)	0
Net remeasurement of loss allowance	(185,381,812)	421,388,710	301,621,259	537,628,157	(136,978,204)	317,941,763	219,643,504	400,607,063
New financial assets originated	191,557,881	64,991,719	19,084,993	275,634,593	177,644,627	47,208,410	30,186,356	255,039,393
Net derecognition of financial assets	(142,458,454)	(99,786,159)	(58,817,859)	(301,062,472)	(138,306,117)	(78,693,433)	(53,087,481)	(270,087,031)
Reclassification	2,847,997	0	0	2,847,997	0	0	0	0
Charge-offs	0	0	(643,965,872)	(643,965,872)	0	0	(507,657,498)	(507,657,498)
Recovery	0	0	150,845,111	150,845,111	0	0	152,779,586	152,779,586
Foreign currency translation	0	0	(4,146,759)	(4,146,759)	0	0	11,040,070	11,040,070
Balance at year end	209,267,699	263,996,540	279,178,036	752,442,275	200,884,075	241,452,983	292,324,462	734,661,520

(4) Risk management, continued

	2024				2023			
Commitments and guarantees	12 months ECL	Lifetime ECL - non-impaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL – non-impaired	Lifetime ECL - impaired	Total
Balance on January 1	138,507	10,126	1,217,035	1,365,668	536,382	27,189	947,871	1,511,442
Transfer from stage 1 to 3	(38,834)	0	38,834	0	(319,514)	0	319,514	0
Transfer from stage 3 to 2	0	0	0	0	0	947,871	(947,871)	0
Transfer from stage 2 to 1	331	(331)	0	0	3,182	(3,182)	0	0
Transfer from stage 3 to 1	1,217,035	0	(1,217,035)	0	0	0	0	0
Net remeasurement of loss allowance	1,578,989	(2,297)	120,149	1,696,841	210,009	(961,614)	897,521	145,916
New financial assets originated	445,452	5,452	849,299	1,300,203	65,056	3,848	0	68,904
Net derecognition of financial assets	(81,902)	(7,498)	(47,076)	(136,476)	(335,916)	(3,986)	0	(339,902)
Reclassification	(2,847,997)	0	0	(2,847,997)	0	0	0	0
Foreign currency translation	33,870	0	0	33,870	(20,692)	0	0	(20,692)
Balance at period end	445,451	5,452	961,206	1,412,109	138,507	10,126	1,217,035	1,365,668

	2024				2023			
Other accounts receivable	12 months ECL	Lifetime ECL - non-impaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - non-impaired	Lifetime ECL - impaired	Total
Balance on January 1	6,633,884	0	0	6,633,884	6,760,140	0	0	6,760,140
Net remeasurement of loss allowance	(5,076,945)	0	0	(5,076,945)	(6,945,801)	0	0	(6,945,801)
New financial assets originated	6,859,685	0	0	6,859,685	8,249,342	0	0	8,249,342
Charge-offs	(2,148,050)	0	0	(2,148,050)	(1,835,208)	0	0	(1,835,208)
Recovery	705,836	0	0	705,836	330,858	0	0	330,858
Foreign currency translation	24,783	0	0	24,783	74,553	0	0	74,553
Balance at period end	6,999,193	0	0	6,999,193	6,633,884	0	0	6,633,884

(4) Risk management, continued

Modified financial assets

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

	2024	2023
Amortized cost before modification	30,350,274	6,606,646
Net loss due modification	296	839,698
Total	30,350,570	7,446,344

Concentration of credit risk

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

	2024						
	Loans	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at FVPL	Investments at AC
Concentration by sector							
Government	0	0	10,399,111	3,764,173,191	4,300,366,624	18,925,464	67,045,978
Corporate							
Trade	2,744,959,928	195,563,007	0	0	0	0	0
General industry	2,137,916,030	142,460,219	0	0	5,937,051	0	0
Real estate	1,987,691,788	37,718,261	0	0	48,195,731	0	35,581,023
Services	1,469,112,542	66,172,457	0	0	14,574,041	0	0
Food industry	1,049,935,358	33,934,939	0	0	4,912,578	0	0
Agricultural	967,979,297	5,146,778	0	0	0	0	0
Hotels and restaurants	590,400,039	1,975,381	0	0	3,063,793	0	0
Financial	458,269,507	78,284,255	0	937,638,371	187,196,989	0	2,896,565
Transport	320,122,843	17,758,201	0	0	2,754,003	0	0
Construction	242,106,815	59,951,940	0	0	5,684,049	0	0
Telecommunications	234,747,685	14,916,522	0	0	26,627,101	0	5,003,446
Oil and derivatives	0	0	0	0	19,424,952	0	0
Public services	0	0	0	0	8,403,160	0	0
Energy	0	0	0	0	85,872,987	0	0
Media	0	0	0	0	5,333,028	0	0
Technology	0	0	0	0	6,793,163	0	0
Pharmacy	0	0	0	0	2,783,639	0	0
Personal banking	14,248,618,092	72,103,468	0	0	6,611,278	0	0
Allowance for ECL	(752,442,275)	(1,412,109)	0	(39,073)	0	0	0
Net carrying amount	25,699,417,649	724,573,319	10,399,111	4,701,772,489	4,734,534,167	18,925,464	110,527,012
Geographic location:							
Costa Rica	7,805,753,248	270,632,334	0	1,749,699,657	1,280,258,151	18,925,464	5,003,446
Panama	5,595,989,337	194,133,050	0	149,401,908	741,353,097	0	38,477,591
Guatemala	4,767,793,277	15,182,003	10,399,111	505,073,952	884,539,324	0	0
Honduras	3,929,031,605	75,652,205	0	688,383,240	402,552,479	0	67,045,975
El Salvador	2,727,557,205	147,333,504	0	416,635,852	306,100,448	0	0
Nicaragua	1,625,735,252	23,052,332	0	331,339,989	179,587,883	0	0
North America	0	0	0	841,216,795	888,710,296	0	0
Europe	0	0	0	20,045,871	0	0	0
South America	0	0	0	0	51,432,489	0	0
Others	0	0	0	14,298	0	0	0
Allowance for ECL	(752,442,275)	(1,412,109)	0	(39,073)	0	0	0
Net carrying amount	25,699,417,649	724,573,319	10,399,111	4,701,772,489	4,734,534,167	18,925,464	110,527,012

(4) Risk management, continued

	2023						
	Loans	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at FVPL	Investments at AC
Concentration by sector							
Government	0	0	60,578,007	3,472,563,851	3,965,865,807	24,471,050	68,673,874
Corporate							
Trade	2,438,348,941	172,233,348	0	0	0	0	0
General industry	1,813,587,239	61,658,620	0	0	4,295,663	0	0
Real estate	1,751,977,958	20,867,981	0	0	72,614,020	0	23,252,711
Services	1,395,744,859	61,554,710	0	0	5,071,680	0	0
Agricultural	1,032,956,047	26,203,956	0	0	0	0	0
Food industry	763,394,824	44,520,034	0	0	1,944,565	0	0
Hotels and restaurants	474,638,538	4,474,861	0	0	3,095,082	0	0
Financial	350,063,302	77,556,259	615,058	870,435,362	216,185,840	0	1,495,550
Telecommunications	225,471,395	19,940,266	0	0	19,526,285	0	4,981,342
Transport	220,347,621	15,411,620	0	0	2,741,887	0	0
Construction	191,586,267	83,984,055	0	0	6,832,508	0	0
Oil and derivatives	0	0	0	0	7,259,335	0	0
Public services	0	0	0	0	8,314,436	0	0
Energy	0	0	0	0	85,544,544	0	0
Media	0	0	0	0	1,263,884	0	0
Technology	0	0	0	0	2,053,253	0	0
Materials	0	0	0	0	1,008,115	0	0
Personal banking	12,820,348,361	55,797,681	0	0	5,069,695	0	0
Allowance for ECL	(734,661,520)	(1,365,668)	0	(85,974)	0	0	0
Net carrying amount	22,743,803,832	642,837,723	61,193,065	4,342,913,239	4,408,686,599	24,471,050	98,403,477
Geographic location:							
Costa Rica	6,848,787,959	250,188,844	615,058	1,410,876,306	1,443,495,423	20,133,474	4,981,342
Panama	5,008,630,259	184,147,796	0	212,239,003	494,143,891	0	24,748,260
Guatemala	4,342,946,907	4,618,031	60,578,007	542,942,238	728,594,452	0	0
Honduras	3,514,546,991	48,451,769	0	701,354,141	435,884,802	0	68,673,875
El Salvador	2,465,590,764	129,278,256	0	322,706,060	302,344,153	0	0
Nicaragua	1,297,962,472	27,518,695	0	366,096,537	280,735,783	0	0
North America	0	0	0	770,333,294	663,585,224	4,337,576	0
Europe	0	0	0	16,442,010	0	0	0
South America	0	0	0	0	57,852,244	0	0
Others	0	0	0	9,624	2,050,627	0	0
Allowance for ECL	(734,661,520)	(1,365,668)	0	(85,974)	0	0	0
Net carrying amount	22,743,803,832	642,837,723	61,193,065	4,342,913,239	4,408,686,599	24,471,050	98,403,477

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

(b) Liquidity Risk

Liquidity risk is defined as the contingency of not being able to comply fully, in a timely and efficient manner, the expected and unexpected cash flows, current and future, without affecting the course of daily operations or the financial condition of the entity. This contingency (liquidity risk) is evidenced by insufficient liquid assets available and/or the need to assume unusual funding costs. The liquidity management conducted by the Bank seeks to meet its obligations of (i) withdrawals of deposits by its customers, (ii) repayment of the service of its debts from institutional funding according to maturity and the scheduled payment scheme, and (iii) compliance with the credit demand and investment funds according to its requirements. In this regard, the Bank has constant control over its short-term liabilities and assets.

(4) Risk management, continued

The liquidity of the Bank is carefully managed and adjusted daily based on the estimated liquidity in a contingent and expected scenario.

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

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

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

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

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

	% of Liquidity	
	2024	2023
As of period end	28.6	28.3
Maximum	31.7	34.2
Average	28.1	28.9
Minimum	25.5	25.1

(4) Risk management, continued

As of December 31, 2024, and 2023, the banking operations of the Bank comply with the liquidity requirements established by the regulators.

Quantitative information

The following table details the undiscounted cash flows of financial liabilities and financial assets, and disbursements due to financial derivatives in contractual maturity groups for the remaining period from the reporting date.

	2024						
Amounts in thousands	Carrying amount	Total nominal gross amount inflows /(outflows)	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Liabilities							
Demand deposits	10,328,727	(10,328,727)	(10,328,727)	0	0	0	0
Savings deposits	6,933,165	(6,933,165)	(6,933,165)	0	0	0	0
Time deposits	11,140,417	(10,721,542)	(1,316,986)	(2,021,795)	(5,812,091)	(1,545,496)	(25,174)
Securities sold under repurchase agreements	91,171	(91,365)	(55,848)	(35,517)	0	0	0
Financial obligations	2,984,427	(3,416,827)	(320,113)	(293,630)	(1,471,459)	(1,126,237)	(205,388)
Other financial obligations	1,539,302	(1,730,361)	(7,585)	(32,005)	(745,888)	(730,683)	(214,200)
Lease liabilities	116,077	(118,986)	(3,157)	(15,123)	(14,857)	(66,314)	(19,535)
Sub-total liabilities	33,133,286	(33,340,973)	(18,965,581)	(2,398,070)	(8,044,295)	(3,468,730)	(464,297)
Commitments and guarantees	86,791	(86,792)	(2,898)	(19,739)	(64,155)	0	0
Acceptances	23,273	(23,273)	(10,309)	(11,629)	(1,335)	0	0
Total liabilities	33,243,350	(33,451,038)	(18,978,788)	(2,429,438)	(8,109,785)	(3,468,730)	(464,297)
Assets							
Cash and cash equivalents	935,807	935,807	935,807	0	0	0	0
Securities purchased under resale agreements	10,399	10,399	924	9,475	0	0	0
Deposits in banks, net	4,701,772	4,704,115	4,647,366	19,067	14,623	23,059	0
Investments at FVPL (1)	18,925	22,406	8	292	6,523	10,356	5,227
Investments at FVOCI (1)	4,734,534	5,654,610	236,408	410,808	1,294,140	2,363,977	1,349,277
Investments at AC (1)	110,528	194,616	23	426	5,829	29,853	158,485
Other accounts receivable, net	442,976	442,976	332,683	31,622	43,829	34,842	0
Loans, net	25,699,418	36,406,474	3,683,236	5,497,688	5,569,396	10,162,252	11,493,902
Sub-total assets	36,654,359	48,371,403	9,836,455	5,969,378	6,934,340	12,624,339	13,006,891
Acceptances outstanding	23,273	23,273	10,309	11,629	1,335	0	0
Total assets	36,677,632	48,394,676	9,846,764	5,981,007	6,935,675	12,624,339	13,006,891

(1) Equity securities are excluded

	2023						
Amounts in thousands	Carrying amount	Total nominal gross amount inflows /(outflows)	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Liabilities							
Demand deposits	9,883,923	(9,883,923)	(9,883,923)	0	0	0	0
Savings deposits	6,214,269	(6,214,269)	(6,214,269)	0	0	0	0
Time deposits	9,917,991	(10,566,062)	(1,294,728)	(1,466,104)	(4,583,723)	(3,050,779)	(170,728)
Securities sold under repurchase agreements	114,007	(114,438)	(60,219)	(54,219)	0	0	0
Financial obligations	2,443,137	(2,782,967)	(56,875)	(321,472)	(903,526)	(1,323,352)	(177,742)
Other financial obligations	1,365,943	(1,599,563)	(8,072)	(24,218)	(198,400)	(1,205,729)	(163,144)
Lease liabilities	119,512	(134,765)	(2,972)	(14,459)	(16,472)	(76,863)	(23,999)
Sub-total liabilities	30,058,782	(31,295,987)	(17,521,058)	(1,880,472)	(5,702,121)	(5,656,723)	(535,613)
Commitments and guarantees	86,390	(86,390)	(3,744)	(28,717)	(53,929)	0	0
Acceptances	61,996	(61,996)	(7,972)	(33,654)	(20,370)	0	0
Total liabilities	30,207,168	(31,444,373)	(17,532,774)	(1,942,843)	(5,776,420)	(5,656,723)	(535,613)
Assets							
Cash and cash equivalents	931,708	931,708	931,708	0	0	0	0
Securities purchased under resale agreements	61,193	61,193	61,193	0	0	0	0
Deposits in banks, net	4,342,913	4,348,261	4,291,122	1,122	19,681	36,336	0
Investments at FVPL (1)	24,471	27,121	4,382	423	832	18,724	2,760
Investments at FVOCI (1)	4,409,243	5,238,509	320,610	310,432	831,796	2,379,379	1,396,292
Investments at AC (1)	97,847	184,802	23	281	6,824	24,506	153,168
Other accounts receivable, net	594,677	594,677	467,921	26,240	40,312	60,204	0
Loans, net	22,743,804	32,351,069	3,301,493	4,928,884	4,921,763	9,072,363	10,126,566
Sub-total assets	33,205,856	43,737,340	9,378,452	5,267,382	5,821,208	11,591,512	11,678,786
Acceptances outstanding	61,996	61,996	7,972	33,654	20,370	0	0
Total assets	33,267,852	43,799,336	9,386,424	5,301,036	5,841,578	11,591,512	11,678,786

(1) Equity securities are excluded

(4) Risk management, continued

The Bank's expected cash flows from some financial assets and financial liabilities vary significantly from the contractual cash flows. The main differences are the following:

- customer demand deposits are expected to remain stable or increase;
- not all unrecognized loan commitments are expected to be withdrawn immediately; and
- retail mortgage loans have an original contractual maturity of between 20 and 30 years, but an expected average maturity of eight years because customers take advantage of early repayment options.

The liquidity of the Bank is measured and monitored on a daily basis by Treasury of each country. In addition, the Bank maintains appropriate levels of cash in vaults, deposits in banks and short-term deposits which constitute the Bank's basis of liquidity reserves. The composition of liquidity is shown in the following table:

	2024	2023
Cash and cash equivalents	935,806,774	931,707,522
Securities bought under resale agreements	10,399,111	61,193,065
Deposits in central banks	3,325,083,187	3,060,636,560
Deposits due from banks maturing in less than 90 days	1,337,436,199	1,227,153,033
Deposits due from banks maturing after 90 days	39,253,103	55,123,646
Total cash, cash equivalents and deposits in banks, net	5,647,978,374	5,335,813,826
Uncommitted sovereign debt instruments	4,310,325,987	3,823,685,688
Other credit lines available (1)	1,749,679,501	1,774,804,556
Total liquidity reserve	11,707,983,862	10,934,304,070

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

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

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

2024	Committed	Uncommitted			
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	Total
Cash and cash equivalents	0	0	0	935,806,774	935,806,774
Securities purchased under resale agreements	0	0	10,399,111	0	10,399,111
Deposits due from banks, net	0	385,417,910	3,169,495,462	1,146,859,117	4,701,772,489
Investments in securities, net	95,096,049	4,502,709,475	67,045,976	218,581,988	4,883,433,488
Loans, net	218,936,117	0	0	25,480,481,532	25,699,417,649
Total assets	314,032,166	4,888,127,385	3,246,940,549	27,781,729,411	36,230,829,511

(1) It represents uncommitted assets, which the Bank considers to use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Bank operates and can be used according to the regulation of each country.

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

2023	Committed	Uncommitted			
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	Total
Cash and cash equivalents	0	0	0	931,707,522	931,707,522
Securities purchased under resale agreements	0	0	61,193,065	0	61,193,065
Deposits due from banks, net	151,405	309,929,203	2,854,056,539	1,178,776,092	4,342,913,239
Investments in securities, net	293,007,933	3,976,713,267	68,592,305	210,616,477	4,548,929,982
Loans, net	251,167,496	0	0	22,492,636,336	22,743,803,832
Total assets	544,326,834	4,286,642,470	2,983,841,909	24,813,736,427	32,628,547,640

(1) It represents uncommitted assets, which the Bank considers to use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Bank operates and can be used according to the regulation of each country.

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

(4) Risk management, continued

(c) Market risk

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

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

- Exchange rate risk: there is the possibility of an economic loss due to adverse variations in the exchange rates of currencies other of the US dollar.

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

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

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

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

Exchange risk is measured through the determination of the equity percentage that is not dollarized (also known as monetary position). The main objective of the policy is to establish that the difference between assets denominated in US dollars and liabilities denominated in US dollars is at least equal to equity, which is equivalent to having a 100% dollarized equity. However, due to regulatory restrictions applicable in each country that limit the position in US dollars, the consolidated monetary position may be below this desirable limit.

(4) Risk management, continued

Quantitative information

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

2024 *Amounts in US millions*	Euro	Quetzales	Lempiras	Cordobas	Colones	Total
Cash, cash equivalents and deposits in banks	39	494	588	217	1,143	2,481
Investments in securities	0	662	422	170	561	1,815
Loans, net	0	2,788	2,948	192	3,079	9,007
Total assets	39	3,944	3,958	579	4,783	13,303
Deposits	19	3,153	3,021	506	3,717	10,416
Obligations	0	296	332	0	748	1,376
Total liabilities	19	3,449	3,353	506	4,465	11,792
Contingencies	2	0	33	1	69	105
Exchange risk exposure	22	495	638	74	387	1,616

2023 *Amounts in US millions*	Euro	Quetzales	Lempiras	Cordobas	Colones	Total
Cash, cash equivalents and deposits in banks	35	480	627	170	899	2,211
Investments in securities	0	520	464	186	607	1,777
Loans, net	0	2,529	2,614	153	2,703	7,999
Total assets	35	3,529	3,705	509	4,209	11,987
Deposits	14	2,916	2,909	453	3,318	9,610
Obligations	0	308	235	0	707	1,250
Total liabilities	14	3,224	3,144	453	4,025	10,860
Contingencies	0	0	30	0	74	104
Exchange risk exposure	21	305	591	56	258	1,231

Interest rate risk is analyzed based on the location of future principal and interest flows for each of the items of financial assets and liabilities exposed to this risk.

(4) Risk management, continued

The summary exposure of the Bank's consolidated statement of financial position to interest rate risk is presented in the following table. Assets and liabilities are included in the table at their nominal value, classified by categories of time considering the next repricing date or the maturity date, as applicable:

	2024			
	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	4,312,653,663	0	0	4,312,653,663
Securities purchased under resale agreements	10,394,161	0	0	10,394,161
Deposits due from Banks, net	365,893,760	23,058,928	0	388,952,688
Investments in securities, net	2,162,631,613	2,358,007,866	1,284,793,585	5,805,433,064
Loans, net	23,033,107,682	4,183,055,254	998,047,414	28,214,210,350
Total assets	29,884,680,879	6,564,122,048	2,282,840,999	38,731,643,926
Deposits	18,112,966,639	9,256,785,404	1,609,766,503	28,979,518,546
Securities sold under resale agreements	91,437,584	0	0	91,437,584
Financial obligations	2,562,458,637	549,765,851	161,511,245	3,273,735,733
Other financial obligations	367,682,469	655,277,497	251,833,057	1,274,793,023
Total liabilities	21,134,545,329	10,461,828,752	2,023,110,805	33,619,484,886
Exposure to interest rate risk	8,750,135,550	(3,897,706,704)	259,730,194	5,112,159,040

	2023			
	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	4,029,111,570	0	0	4,029,111,570
Securities purchased under resale agreements	60,953,935	0	0	60,953,935
Deposits due from Banks, net	287,734,331	22,012,574	0	309,746,905
Investments in securities, net	1,922,426,080	2,334,019,180	1,131,492,904	5,387,938,164
Loans, net	20,328,429,551	3,771,132,552	874,762,384	24,974,324,487
Total assets	26,628,655,467	6,127,164,306	2,006,255,288	34,762,075,061
Deposits	15,491,519,670	9,549,193,982	1,569,171,408	26,609,885,060
Securities sold under resale agreements	114,457,660	0	0	114,457,660
Financial obligations	1,577,472,620	934,796,637	131,054,871	2,643,324,128
Other financial obligations	274,340,648	652,107,127	161,697,519	1,088,145,294
Total liabilities	17,457,790,598	11,136,097,746	1,861,923,798	30,455,812,142
Exposure to interest rate risk	9,170,864,869	(5,008,933,440)	144,331,490	4,306,262,919

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

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

(4) Risk management, continued

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

	Increase of 100 bps (1)	Decrease of 100 bps (1)
Impact on equity to interest rate movements		
December 31, 2024	20,360,507	(17,578,243)
Average for the period	29,971,435	(27,982,617)
Maximum for the period	41,716,310	(40,432,067)
Minimum for the period	13,713,010	(10,713,124)
December 31, 2023	45,222,063	(43,844,813)
Average for the year	39,082,795	(37,410,165)
Maximum for the year	46,222,538	(44,833,593)
Minimum for the year	31,436,248	(29,230,198)
Impact on net income from interests		
December 31, 2024	30,971,511	(30,971,511)
Average for the period	29,353,558	(29,353,558)
Maximum for the period	34,659,594	(34,659,594)
Minimum for the period	24,708,599	(24,708,599)
December 31, 2023	30,185,180	(30,185,180)
Average for the year	29,224,076	(29,224,076)
Maximum for the year	32,116,910	(32,116,910)
Minimum for the year	26,952,949	(26,952,949)

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

(d) Operational risk

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

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

Based on the above, operational risk is defined as the possibility that the events resulting from personnel, information technologies or inadequate or failed internal processes, or produced by external causes, may generate negative impacts that may prevent achievement of objectives. By its nature, it is present in all of the organization’s activities.

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

(4) Risk management, continued

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

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

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

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

(5) Critical accounting estimates and judgments in the implementation of accounting policies

Compliance with the Bank's standards is supported by a program of periodic reviews undertaken by Internal Audit, which reports the results to the Audit Committee of each entity where the Bank operates.

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

Loan impairment losses

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

(5) Critical accounting estimates and judgments in the implementation of accounting policies, continued

Fair value of financial instruments

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

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

Impairment of investments at FVOCI

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

Goodwill impairment

The Bank will determine whether goodwill is impaired annually or when there is an indication of possible impairment.

This requires an estimate of the value in use of CGUs to which the goodwill value is attributed. The estimate of the value in use requires management to consider the expected cash flows from CGUs and also the selection of an appropriate discount rate to calculate the current value of such cash flows.

Income tax

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

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

(6) Cash, cash equivalents and deposits in banks

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

	2024	2023
Cash and cash equivalents	935,806,774	931,707,522
Securities purchased under resale agreements	10,399,111	61,193,065
Deposits in central banks	3,325,083,187	3,060,636,560
Deposits in banks and deposits due in less than 90 days	1,337,436,199	1,227,153,033
Cash and cash equivalents in the consolidated statement of cash flows	5,608,725,271	5,280,690,180
Deposits in banks with maturity over 90 days, net	39,253,103	55,123,646
	5,647,978,374	5,335,813,826

(7) Securities purchased under resale agreements

As of December 31, 2024, securities purchased under resale agreements amounted to $10,399,111 (2023: $61,193,065), which have an expiration date in January and February 2025 (2023: January 2024) and an interest rate between 5.1% and 5.3% (2023: between 4.7% and 6.0%). These securities were guaranteed with local government bonds and corporate bonds, which amounted to $10,394,161 (2023: $54,655,658).

(8) Investments in securities

As of December 31, 2024, investments in securities amounting to $4,883,433,488 (2023: $4,548,929,982) are summarized as follows:

(a) Investments at FVPL

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

	2024	2023
Government bonds	18,925,464	24,471,050
Equity securities	16,276,514	14,285,693
	35,201,978	38,756,743

As of December 31, 2024, the Bank received $1,974,722 as common share dividends from equity securities at FVPL (2023: $2,209,382)

As of December 31, 2024 and 2023, there are no investments in securities at FVPL used as collateral of repurchase agreements.

(b) Investments at FVOCI

The portfolio of investments at FVOCI is detailed as follows:

	2024	2023
Government and agencies:		
United States of America	669,872,418	479,810,159
Other governments	3,630,494,206	3,486,055,648
	4,300,366,624	3,965,865,807
Corporate bonds	434,167,543	442,820,792
Equity securities	3,170,331	3,083,163
	4,737,704,498	4,411,769,762

(8) Investments in securities, continued

The Bank maintains a portfolio of equity securities issued by the following companies:

Entity	Country	2024	2023
Latinex Holdings, Inc.	Panama	479,357	501,527
Compañia de Procesamiento de Medio de Pago.	Guatemala	453,896	388,912
Grupo APC, S.A	Panama	445,582	445,582
Transacciones y Transferencias, S.A.	Guatemala	311,303	306,500
Servicios Financieros, S.A.	El Salvador	247,500	247,500
ACH de Nicaragua	Nicaragua	184,304	184,304
Bancajeros BANET	Honduras	174,317	179,470
Fondo Hondureño de Inversion Turistica	Honduras	171,454	176,522
ICG Imagenes Computarizadas de Guatemala, S.A.	Guatemala	143,017	140,810
Asociacion Bancaria de Guatemala	Guatemala	93,676	92,231
Other	Others	465,925	419,805
		3,170,331	3,083,163

As of December 31, 2024, the portfolio of equity securities at FVOCI had a variation in the Bank's other comprehensive income of $22,170 (2023: $86,662). As of December 31, 2024, the Bank received $473,495 in dividends from equity securities at FVOCI (2023: $344,935).

(c) Investments at AC

The investment portfolio at AC is detailed as follows:

	2024	2023
Government bonds	67,045,978	68,673,874
Corporate bonds	43,481,034	29,729,603
	110,527,012	98,403,477

(9) Loans

A breakdown of the loan portfolio by type is as follows:

	2024			2023		
	Portfolio	Allowance for ECL	Portfolio net of allowance	Portfolio	Allowance for ECL	Portfolio net of allowance
Loans						
Corporate						
Corporate loans	10,501,098,325	(98,197,475)	10,402,900,850	9,172,577,580	(124,805,729)	9,047,771,851
Corporate leases, net (1)	356,472,489	(4,831,428)	351,641,061	285,481,892	(4,308,131)	281,173,761
Total Corporate	10,857,570,814	(103,028,903)	10,754,541,911	9,458,059,472	(129,113,860)	9,328,945,612
Personal banking and Small company						
Small company						
Small company loans	1,190,603,341	(12,769,086)	1,177,834,255	1,072,575,156	(12,891,244)	1,059,683,912
Small company leases, net (1)	155,067,677	(1,689,879)	153,377,798	127,482,363	(1,573,411)	125,908,952
Total Small company	1,345,671,018	(14,458,965)	1,331,212,053	1,200,057,519	(14,464,655)	1,185,592,864
Personal banking						
Mortgage loans	4,081,166,217	(44,599,979)	4,036,566,238	3,893,914,128	(67,019,856)	3,826,894,272
Personals	2,526,999,073	(105,802,675)	2,421,196,398	2,346,739,932	(102,254,272)	2,244,485,660
Vehicles	1,468,738,919	(7,887,641)	1,460,851,278	1,223,289,541	(7,439,543)	1,215,849,998
Personal leases, net (1)	186,485,894	(1,689,159)	184,796,735	136,126,722	(1,815,598)	134,311,124
Credit cards	5,985,227,989	(474,974,953)	5,510,253,036	5,220,278,038	(412,553,736)	4,807,724,302
Total Personal banking	14,248,618,092	(634,954,407)	13,613,663,685	12,820,348,361	(591,083,005)	12,229,265,356
Total Personal banking and Small company	15,594,289,110	(649,413,372)	14,944,875,738	14,020,405,880	(605,547,660)	13,414,858,220
Total loans	26,451,859,924	(752,442,275)	25,699,417,649	23,478,465,352	(734,661,520)	22,743,803,832
(1) Total leases, net of interest	698,026,060	(8,210,466)	689,815,594	549,090,977	(7,697,140)	541,393,837

(9) Loans, continued

The net value of finance leases receivable is presented below:

	2024	2023
Minimum lease payments receivable	711,773,156	562,541,491
Less: unearned interest	3,619,316	5,952,545
Minimum lease payments receivable, net	708,153,840	556,588,946
Less: allowance for losses on leases	8,210,466	7,697,140
Less: net deferred commissions	10,127,780	7,497,969
Net value of investment in finance leases	689,815,594	541,393,837

The following table summarizes the minimum lease payments receivable as of December 31, 2024:

Year ending December 31	
2025	151,195,588
2026	143,773,655
2027	134,285,725
2028	109,374,363
2029 and thereafter	169,524,509
	708,153,840

(10) Property and equipment

The movement of property and equipment as of December 31, 2024 is summarized as follows:

	2024						
	Land and buildings	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	Total
Cost:							
Balance at January 1, 2024	272,826,674	262,595,599	28,398,350	11,264,709	500,448,985	82,121,044	1,157,655,361
Purchases	948,186	30,785,556	23,890,506	1,840,092	55,362,105	2,972,981	115,799,426
Sales and disposals	(344,369)	(4,866,294)	(462,800)	(2,079,310)	(39,830,477)	(2,724,221)	(50,307,471)
Transfers	4,564,180	0	(30,376,206)	0	13,479,126	12,189,697	(143,203)
Foreign currency translation	553,759	2,459,243	364,347	64,949	5,567,952	784,467	9,794,717
Balance at December 31, 2024	278,548,430	290,974,104	21,814,197	11,090,440	535,027,691	95,343,968	1,232,798,830
Accumulated depreciation:							
Balance at January 1, 2024	62,101,507	142,736,543	0	5,970,553	333,815,393	41,083,902	585,707,898
Depreciation	6,396,221	35,080,175	0	1,602,998	52,432,906	6,877,270	102,389,570
Sales and disposals	(344,322)	(4,159,519)	0	(1,558,199)	(38,855,070)	(2,560,611)	(47,477,721)
Transfers	0	0	0	0	(86,722)	0	(86,722)
Foreign currency translation	419,966	1,286,998	0	20,437	3,929,279	164,705	5,821,385
Balance at December 31, 2024	68,573,372	174,944,197	0	6,035,789	351,235,786	45,565,266	646,354,410
Net balance	209,975,058	116,029,907	21,814,197	5,054,651	183,791,905	49,778,702	586,444,420

	2023						
	Land and buildings	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	Total
Cost:							
Balance at January 1, 2023	252,109,321	244,815,767	9,904,170	10,431,568	474,109,827	72,510,794	1,063,881,447
Purchases	506,831	19,643,459	43,517,331	2,762,983	50,982,084	384,946	117,797,634
Sales and disposals	(203,628)	(16,555,692)	(48,795)	(2,452,041)	(59,286,935)	(3,054,119)	(81,601,210)
Transfers	12,774,105	0	(25,977,696)	(1,126)	4,785,363	8,319,315	(100,039)
Foreign currency translation	7,640,045	14,692,065	1,003,340	523,325	29,858,646	3,960,108	57,677,529
Balance at December 31, 2023	272,826,674	262,595,599	28,398,350	11,264,709	500,448,985	82,121,044	1,157,655,361
Accumulated depreciation:							
Balance at January 1, 2023	54,408,868	112,778,036	0	6,370,378	318,134,349	36,188,897	527,880,528
Depreciation	6,053,240	32,511,633	0	1,414,605	53,450,456	6,381,000	99,810,934
Sales and disposals	(201,857)	(9,192,592)	0	(2,064,954)	(58,253,939)	(2,995,469)	(72,708,811)
Transfers	220,292	0	0	0	(10,826)	(209,466)	0
Foreign currency translation	1,620,964	6,639,466	0	250,524	20,495,353	1,718,940	30,725,247
Balance at December 31, 2023	62,101,507	142,736,543	0	5,970,553	333,815,393	41,083,902	585,707,898
Net balance	210,725,167	119,859,056	28,398,350	5,294,156	166,633,592	41,037,142	571,947,463

(10) Property and equipment, continued

During 2024, the Bank recognized transfers with a book value of $56,481; associated with corrections in the cost of previously recognized assets for a value of $46,132, and donations of assets with a carrying value of $10,349.

(11) Goodwill

Changes in the carrying value of goodwill are as follows:

	2024	2023
Goodwill		
Balance at January 1,	335,569,978	334,304,447
Foreign currency translation	279,918	1,265,531
Balance at December 31	335,849,896	335,569,978

As of December 31, 2024, and 2023 no impairment in the cash-generating units has been recorded. The fair value of the cash-generating units (CGUs) exceeds the carrying amount plus goodwill; therefore, no impairment loss was recorded.

The recoverable amounts of the CGUs of the Bank have been calculated based on their value in use.

The value in use of the CGUs is determined by discounting the future cash flows expected to be generated from the continuing use of each unit.

Calculation of value in use is based on the following basic assumptions:

	2024	2023
Discount rate	13.5%	14.8%
Terminal value (growth rate)	3.0%	3.0%

The discount rate after taxes used to discount the dividend flows reflects the specific risks relating to the CGUs and has been estimated taking into account the risk profile of each of the different markets in which the Bank operates.

A 10-year projection was carried out, considering that once this period has passed, the maturity of the businesses and the consequent stabilization of the cash flows will be achieved. Macroeconomic and business assumptions were also used for each of the countries where it operates, in order to reflect the reality that each market provides to all CGUs.

When estimating the terminal value, the normalized flow of funds has been projected in perpetuity, adjusted in accordance with the growth expectations. This projection does not exceed the average long-term growth rate for the economy in each of the countries in which the Bank operates; for this reason, an average annual long-term growth rate of 3.0% was estimated (2023: 3.0%).

The main assumptions described above may change as economic and market conditions change. The Bank estimates that the reasonably possible changes in these assumptions do not affect the recoverable amount of the CGUs or that they decrease below the CGUs carrying values.

(12) Intangible assets

The gross balance of the carrying amount and the accumulated amortization for each intangible asset acquired by the Bank subject to amortization as of December 31, 2024, is presented below:

	2024					
	Depositor relationships	Credit card relationships	Brand exclusivity	Trade name	Software	Total
Cost:						
Balance at January 1, 2024	23,562,882	805,391	12,000,000	0	179,648,237	216,016,510
Additions	0	0	0	0	46,541,283	46,541,283
Disposals	0	0	0	0	(18,834,173)	(18,834,173)
Transfers	0	0	0	0	69,052	69,052
Foreign currency translation	0	0	0	0	3,695,227	3,695,227
Balance at December 31, 2024	23,562,882	805,391	12,000,000	0	211,119,626	247,487,899
Accumulated amortization:						
Balance at January 1, 2024	23,562,882	805,391	9,900,000	0	103,484,660	137,752,933
Amortization	0	0	1,200,000	0	36,412,997	37,612,997
Disposals	0	0	0	0	(18,155,310)	(18,155,310)
Foreign currency translation	0	0	0	0	2,109,579	2,109,579
Balance at December 31, 2024	23,562,882	805,391	11,100,000	0	123,851,926	159,320,199
Net balance at December 31, 2024	0	0	900,000	0	87,267,700	88,167,700

	2023					
	Depositor relationships	Credit card relationships	Brand exclusivity	Trade name	Software	Total
Cost:						
Balance at January 1, 2023	23,562,882	805,391	12,000,000	569,528	174,947,014	211,884,815
Additions	0	0	0	0	39,470,067	39,470,067
Disposals	0	0	0	(646,818)	(53,952,748)	(54,599,566)
Transfers	0	0	0	0	(20,585)	(20,585)
Foreign currency translation	0	0	0	77,290	19,204,489	19,281,779
Balance at December 31, 2023	23,562,882	805,391	12,000,000	0	179,648,237	216,016,510
Accumulated amortization:						
Balance at January 1, 2023	22,014,558	805,391	8,700,000	0	117,223,306	148,743,255
Amortization	1,548,324	0	1,200,000	0	27,657,533	30,405,857
Disposals	0	0	0	0	(53,943,327)	(53,943,327)
Foreign currency translation	0	0	0	0	12,547,148	12,547,148
Balance at December 31, 2023	23,562,882	805,391	9,900,000	0	103,484,660	137,752,933
Net balance at December 31, 2023	0	0	2,100,000	0	76,163,577	78,263,577

None of the intangible assets listed in the table above have residual value.

During the year 2024, the Bank made a transfer to intangible assets from deferred expenses for a net amount of $69,052 corresponding to short-term licenses.

During the year 2023, the Bank recognized an impairment loss on the commercial name "Servimas", for an amount of $648,818.

The remaining life of brand exclusivity is presented below:

	Remaining life
Brand exclusivity	9 months

(13) Other accounts receivable

The breakdown of other accounts receivable is presented on the table below:

	2024	2023
Debit - credit card interchange	288,783,328	419,597,633
Insurance collections from insurers	48,381,508	43,322,969
Income tax	21,877,626	50,462,143
Insurance collections from clients	19,039,708	19,428,023
Advances to suppliers	16,932,726	11,514,017
Accounts receivable from customers	16,678,526	24,665,505
Value added tax credit	11,396,093	8,095,029
Commissions for banking services	5,991,075	5,073,526
Others	20,894,837	19,152,117
	449,975,427	601,310,962
Provision for credit risk impairment	(6,999,193)	(6,633,884)
	442,976,234	594,677,078

(14) Other assets

The breakdown of other assets is presented on the table below:

	2024	2023
Security deposits	76,054,109	71,745,718
Deferred expenses	47,880,406	36,704,015
Assets held for sale, net	36,341,441	36,734,506
Uninstalled assets	13,127,122	8,718,656
Non-embossed credit card plastics	12,947,896	8,657,665
Assets not available for sale	9,366,257	5,097,022
Severance fund	7,068,008	5,629,399
Miles	2,488,896	338,019
Artworks	1,086,380	1,079,637
Others	5,118,154	5,929,165
	211,478,669	180,633,802

Assets held for sale, net of the provision for impairment, are detailed below:

	2024	2023
Vehicles	776,642	1,572,573
Real estate – less than a year	14,762,808	10,969,148
Real estate – more than a year	23,144,873	25,197,260
Assets held for sale, gross	38,684,323	37,738,981
Provision for impairment	(2,342,882)	(1,004,475)
Assets held for sale, net	36,341,441	36,734,506

The Bank made sales of assets held for sale for an amount of $32,295,724 (2023: $40,229,158); related gains amounted to $8,045,933 (2023: $10,642,149).

The movement of the allowance for assets held for sale is shown below:

	2024	2023
Balance at year beginning	1,004,475	780,329
Impairment loss recognized in profit or loss	1,451,820	822,943
Transfer to other assets	89,671	271,507
Sales decrease	(212,312)	(876,935)
Foreign currency translation	9,228	6,631
Balance at year end	2,342,882	1,004,475

(15) Deposits from customers

Deposits from customers by type are detailed below:

	2024	2023
Individual customers		
Demand	1,728,001,972	1,615,336,881
Savings	6,152,602,328	5,396,578,839
Time deposits	4,469,753,188	3,654,346,409
Corporate customers		
Demand	8,600,725,306	8,268,585,946
Savings	780,562,654	817,690,264
Time deposits	6,670,664,068	6,263,645,053
	28,402,309,516	26,016,183,392

As of December 31, 2024, time deposits include instruments net of origination costs for $943,314,199 (2023: $1,151,712,619) subscribed with special purpose vehicles (hereinafter SPV), which are detailed below:

			2024		2023	
Vehicule	Series	Fixed interest rate	Principal amount	Origination cost	Principal amount	Origination cost
BIB Merchant Voucher Receivables Limited	2017-1	4.08%	145,640,066	1,245,153	199,881,701	1,659,443
BIB Merchant Voucher Receivables Limited	2018-1	4.18%	228,752,412	1,626,521	288,224,370	2,256,887
BIB Central American Card Receivables Limited	2019-1	3.50%	577,404,722	5,611,327	675,906,290	8,383,412
			951,797,200	8,483,001	1,164,012,361	12,299,742

BIB Merchant Voucher Receivables Limited (SPV) issued financial obligations subscribed by international holders secured by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Bank, with credit cards issued with the Visa and MasterCard brands in Panama. The obligations have an average original duration of 7 years. Principal repayments of the 2017-1 and 2018-1 obligations will be paid through Citibank N.A., beginning in January 2021 and January 2022, respectively. As of December 31, 2024, the weighted average duration of the certificates is 1.40 years and 1.92 years, respectively.

BIB Central American Card Receivables Limited (SPV) issued financial obligations subscribed by international holders guaranteed by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Bank, with credit cards issued by international financial institutions, with the Visa and MasterCard brands in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as well as the American Express brand for those countries and Panama; with an average original duration of 7 years. Principal repayments of the 2019-1 obligation will be paid through Citibank N.A., beginning in October 2023. As of December 31, 2024, the weighted average duration of the certificates is 2.83 years.

The collection rights of the accounts receivable were assigned by BAC International Bank Inc., to the SPV's, and the SPV's invested the amounts received for the notes issued in fixed-term certificates of deposits in BAC International Bank Inc.

(16) Financial obligations

Financial obligations are detailed below:

	2024		
	Interest rate	Maturities up to	Carrying amount
Payable in US dollars:			
Fixed rate	1.50% to 8.49%	2038	879,975,183
Floating rate	4.67% to 11.23%	2031	1,446,359,590
Payable in quetzales (Guatemala):			
Fixed rate	7.00% to 8.00%	2027	299,162,439
Payable in lempiras (Honduras):			
Fixed rate	0.00% to 11.50%	2058	205,803,557
Payable in colones (Costa Rica):			
Fixed rate	0.80%	2025	118,428,301
Floating rate	5.97% to 7.67%	2038	34,698,169
			2,984,427,239

	2023		
	Interest rate	Maturities up to	Carrying amount
Payable in US dollars:			
Fixed rate	1.50% to 8.00%	2042	373,016,360
Floating rate	5.33% to 11.57%	2028	1,418,856,005
Payable in quetzales (Guatemala):			
Fixed rate	5.50% to 8.00%	2027	310,138,266
Floating rate			
Payable in lempiras (Honduras):	1.00% to 11.50%	2058	165,013,746
Fixed rate			
Payable in colones (Costa Rica):	0.80%	2025	135,586,707
Floating rate	7.17% to 10.19%	2038	40,525,666
			2,443,136,750

As of December 31, 2024, the carrying amount of the principal issued by BAC San Jose DPR Funding Limited, a special purpose vehicle (hereinafter SPV), amounted to $120,000,000 (2023: $150,000,000), corresponding to the 2020-1 series with a balance of $150,000,000. The origination costs pending amortization of the certificates amounted to $1,234,508 as of December 31, 2024 (2023: $1,553,821). The notes issued by the SPV are secured by current and future Diversified Payment Rights denominated in US dollars, originated by a subsidiary of the Bank and sold to the SVP. Series 2020-1 obligations pay interest in February, May, August and November of each year at a fixed interest rate of 3.70%. The notes have an original average duration of 5.58 years. As of December 31, 2024, the weighted average duration of the notes is 2.03 years.

The Bank has had no defaults of principal, interest or other contractual clauses concerning its financial obligations.

Reconciliation of movements of financial obligations to cash flows arising from financing activities are detailed below:

	2024	2023
Balance at year beginning	2,443,136,750	2,283,961,350
Changes from financing cash flows		
Proceeds from financial obligations	2,381,877,475	1,791,786,505
Payment of financial obligations	(1,847,772,934)	(1,667,990,212)
Total changes from financing cash flows	534,104,541	123,796,293
Effect of changes in foreign exchange rates	4,182,162	25,424,991
Other changes (liability-related)		
Interest expense	169,239,025	132,480,890
Interest paid	(166,235,239)	(122,526,774)
Total liability-related other changes	3,003,786	9,954,116
Balance at year end	2,984,427,239	2,443,136,750

(17) Other financial obligations

The Bank has placed, through its subsidiaries and through the stock markets of Costa Rica, El Salvador, Honduras and Panama, debt certificates with fixed and variable rates, which are described below:

	2024		2023	
Payable in:	Interest rate	Carrying amount	Interest rate	Carrying amount
US dollars	3.50% to 10.00%	826,646,985	3.25% to 10.00%	764,542,378
Colones	4.71% to 12.35%	594,642,440	4.71% to 12.35%	531,222,469
Lempiras	4.75% to 12.00%	118,012,334	4.75% to 7.50%	70,178,249
		1,539,301,759		1,365,943,096

Through Resolution No. 208-20 of May 14, 2020, issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank Inc., an indirect subsidiary of the Bank is authorized to make a Public Offering of Perpetual Subordinated Corporate Bonds convertible into common shares for a nominal value of $700 million. The bonds are issued in registered form, without coupons, in denominations of $1,000,000 and in integral multiples of $100,000, with no specific expiration or redemption date. The bonds bear an interest rate of 10% and interest is payable quarterly, unless the issuer exercises its right not to pay interest. As of December 31, 2024, the balance of the perpetual bonds is $520,000,000, and they have been acquired by Grupo AVAL Limited, a related party.

The Bank has not had payment default of principal, interest or other contractual clauses in relation to its other financial obligations.

Reconciliation of movements of other financial obligations to cash flows arising from financing activities are detailed below:

	2024	2023
Balance at year beginning	1,365,943,096	1,059,787,532
Changes from financing cash flows		
Proceeds from other financial obligations	264,492,734	363,934,548
Payment from other financial obligations	(127,076,668)	(80,805,013)
Total changes from financing cash flows	137,416,066	283,129,535
Effect of changes in foreign exchange rates	32,269,122	15,920,440
Other changes (liability-related)		
Interest expense	131,780,514	112,467,989
Interest paid	(128,107,039)	(105,362,400)
Total other liability-related changes	3,673,475	7,105,589
Balance at year end	1,539,301,759	1,365,943,096

(18) Lease liabilities

Lease liabilities are detailed below:

	2024			
	Interest rate	Maturities up to	Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2038	113,442,839	116,043,330
Payable in quetzales (Guatemala)	5.22%	2032	1,540,999	1,678,723
Payable in lempiras (Honduras)	5.22% to 7.58%	2033	529,091	614,147
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	564,139	649,921
			116,077,068	118,986,121

	2023			
	Interest rate	Maturities up to	Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2033	116,632,355	131,824,768
Payable in quetzales (Guatemala)	5.22%	2029	1,794,077	1,653,831
Payable in lempiras (Honduras)	5.22% to 7.58%	2029	514,653	609,923
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	570,953	675,396
			119,512,038	134,763,918

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

	2024	2023
Less than a year	33,137,332	33,902,345
One to two years	24,114,581	27,008,505
Two to three years	19,407,863	20,324,806
Three to four years	13,648,825	17,376,350
Four to five years	9,142,295	12,152,957
More than five years	19,535,225	23,998,955
	118,986,121	134,763,918

Following are the items recognized in profit or loss, related to lease liabilities:

	2024	2023
Interest on leases	5,905,175	6,684,829
Expense for leases for less than 12 months	3,906,449	3,690,397
Expense for leases of low-value assets (note 27)	17,003,555	12,620,634

Reconciliation of movements of lease liabilities to cash flows arising from financing activities are detailed below:

	2024	2023
Balance at year beginning	119,512,038	138,555,391
Changes from financing cash flows		
Payment of lease liabilities	(32,600,614)	(30,162,695)
Total changes from financing cash flows	(32,600,614)	(30,162,695)
Effect of changes in foreign exchange rates	29,952,676	14,326,964
Effect of new lease liabilities	(787,032)	(3,207,622)
Other changes (liability-related)		
Interest expense	5,905,175	6,684,829
Interest paid	(5,905,175)	(6,684,829)
Total other liability-related changes	0	0
Balance at year end	116,077,068	119,512,038

(19) Provisions

The details of the provisions are presented below:

	2024	2023
Loyalty programs	69,272,901	59,991,342
Reinsurance technical reserves	8,841,269	6,577,941
Dismantling of leased assets	8,767,902	8,345,797
Credit risk on commitments and guarantees	1,412,109	1,365,668
Credit risk on acceptances	0	9,108
	88,294,181	76,289,856

	2024			
	Loyalty programs	Reinsurance technical reserves	Dismantling of leased assets	Credit risk on commitments and guarantees (Note 4)
Balance at year beginning	59,991,342	6,577,941	8,345,797	1,365,668
Provisions made	224,183,673	2,263,328	597,903	2,997,044
Provision used/reversed	(215,315,458)	0	(175,448)	(136,476)
Reclassification to provision for credit risk on loans	0	0	0	(2,847,997)
Foreign currency translation	413,344	0	(350)	33,870
Balance at year end	69,272,901	8,841,269	8,767,902	1,412,109

	2023			
	Loyalty programs	Reinsurance technical reserves	Dismantling of leased assets	Credit risk on commitments and guarantees (Note 4)
Balance at year beginning	54,496,788	11,577,890	8,454,838	1,511,442
impact of IFRS 17 adoption	0	2,584,886	0	0
Provisions made	190,924,860	0	152,319	214,820
Provision used/reversed	(187,859,333)	(7,584,835)	(274,860)	(339,901)
Foreign currency translation	2,429,027	0	13,500	(20,693)
Balance at year end	59,991,342	6,577,941	8,345,797	1,365,668

(20) Accounts payable and other liabilities

The breakdown of accounts payable and other liabilities is presented below:

	2024	2023
Accounts payable		
Bank transfers to be applied	149,510,039	216,714,975
Collections	131,032,383	111,865,702
Accounts payable to suppliers	111,025,137	99,512,501
Accounts payable for cards interchange settlements	47,315,146	71,460,920
Legal contribution to government institutions	15,340,859	8,705,282
Other than income and sales taxes	11,465,660	10,713,477
Sales tax payable	9,750,092	8,612,186
Commissions to pay	4,706,887	3,732,512
	480,146,203	531,317,555
Other liabilities		
Employee benefits	97,166,008	88,657,547
Checks drawn not cashed	72,698,893	87,354,296
Deferred income	31,944,383	23,937,964
Credits to accounts receivable to be applied	29,789,563	35,435,476
Insurance premiums	17,420,160	14,462,170
Accounts in judicial collection	6,080,587	6,601,419
Surplus cash and ATMs	5,848,282	5,287,386
Security deposits received	1,623,218	2,493,046
Other	56,632,132	51,885,206
	319,203,226	316,114,510
	799,349,429	847,432,065

(21) Common stock

As of December 31, 2024, and 2023, the Bank's authorized common stock comprises:

- 850,000 class A authorized shares with a par value of $1,000 each. Of these class A shares, 834,708 have been issued, of which 814 are treasury stock.
- 1,000,000 class B authorized shares of no-par value each. None of the class B shares have been issued yet.

(22) Other comprehensive income

The following table presents the components and changes in accumulated other comprehensive income as of December 31, 2024 and 2023:

	Conversion of operations in foreign currency	Unrealized income (loss) from securities	Employee benefit plan	Total Accumulated other Comprehensive Income
Balance on January 1, 2023	(405,363,098)	(135,617,345)	(8,098,668)	(549,079,111)
Other (loss) income before reclassifications	159,002,280	36,894,888	(2,940,669)	192,956,499
Reclassified amounts from other comprehensive loss	0	(2,628,920)	0	(2,628,920)
Other net comprehensive (loss) income for the year	159,002,280	34,265,968	(2,940,669)	190,327,579
Balance on December 31, 2023	(246,360,818)	(101,351,377)	(11,039,337)	(358,751,532)
Balance on January 1, 2024	(246,360,818)	(101,351,377)	(11,039,337)	(358,751,532)
Other (loss) income before reclassifications	30,449,275	32,181,556	(735,834)	61,894,997
Reclassified amounts from other comprehensive loss	0	(13,838,737)	0	(13,838,737)
Other net comprehensive (loss) income for the year	30,449,275	18,342,819	(735,834)	48,056,260
Balance on December 31, 2024	(215,911,543)	(83,008,558)	(11,775,171)	(310,695,272)

The following table presents the breakdown of other comprehensive income / losses reclassified to the consolidated statement of income for the year ended December 31, 2024:

	Reclassified balance of Other Comprehensive Income		Line of Consolidated Statement of Profit or Loss Affected
	2024	2023	
Investments at FVOCI			
Unrealized net income from securities	19,707,350	3,662,656	Other income
Income tax	(5,868,613)	(1,033,736)	Income tax expense
Total reclassifications	13,838,737	2,628,920	

(23) Commissions and service charges income

Commission and service charges income included in the consolidated statement of profit or loss are summarized below:

	2024	2023
Commissions to affiliates	1,069,302,564	944,967,007
Card insurance fees	242,753,795	222,282,235
Gains on forex trading	191,819,402	173,684,054
International services	103,850,255	91,154,329
Trust services	61,450,583	51,535,004
Fees for late payments and overdraft	57,800,704	50,664,630
Brand incentives and other fees	46,046,200	35,846,738
Salary advance	33,806,611	30,144,114
POS rental and maintenance	33,464,291	34,148,888
Automated teller machines (ATMs)	24,859,309	23,710,425
Minimum balance	18,656,827	15,303,958
Teller services	16,140,167	15,881,634
Credit card memberships	15,850,222	13,273,898
Automatic access devices	13,568,230	12,145,015
Loan administration	12,121,759	7,560,842
Brokerage	5,425,750	4,792,661
Annuities	4,323,078	4,250,181
Others	21,081,801	21,696,523
	1,972,321,548	1,753,042,136

(24) Commissions and other fee expenses

Commission and other fees included in the consolidated statement of profit or loss are summarized below:

	2024	2023
Commissions paid	539,384,968	478,525,650
Loyalty programs	224,183,673	190,924,860
Authorization fees	52,212,693	42,974,625
Expenses for associated services	20,174,671	19,632,186
	835,956,005	732,057,321

(25) Gains from financial instruments

Gains from financial instruments, net, included in the consolidated statement of profit or loss are summarized below:

	2024	2023
Net income from the sales of investments at FVOCI	19,707,350	3,662,656
Unrealized net gain (losses) from securities at FVPL	2,045,947	768,512
Realized gain on investments at FVPL	1,093,004	3,900,869
	22,846,301	8,332,037

(26) Salaries and employee benefits

The salaries and employee benefits included in the consolidated statement of profit or loss are summarized below:

	2024	2023
Salaries and other compensation	466,584,262	434,090,077
Employee benefits	216,013,367	194,584,427
Indemnification	20,619,875	15,872,337
Other employee benefits	6,798,757	6,771,905
	710,016,261	651,318,746

(27) Other expenses

Other expenses included in the consolidated statement of profit or loss are summarized below:

	2024	2023
Credit card franchises	169,258,220	150,356,677
Other non-income taxes	128,340,258	107,994,448
Computer software and licenses maintenance	71,594,370	67,844,845
Advertising and marketing	61,067,382	51,545,401
Equipment and vehicle maintenance	29,945,862	30,067,456
Armored services	25,493,589	23,037,428
Guarantee deposits	23,653,955	21,742,165
Bank licenses	23,507,121	18,912,451
Equipment and furniture leases (note 18)	17,003,555	12,620,634
Security services	16,311,545	15,634,545
Telephone service	13,674,227	11,912,824
Dedicated lines	12,207,745	11,750,778
Teleprocessing	12,103,967	9,625,221
Postage and courier	11,196,964	11,473,727
Operational losses	10,718,138	7,680,944
Office supplies	9,676,841	9,906,647
Municipal taxes and patents	9,667,713	8,358,090
Plastic credit cards	8,733,232	8,609,880
Per diem expenses	8,351,104	7,789,798
Others	27,403,511	25,731,888
	689,909,299	612,595,847

(28) Income taxes

Income tax expense included in the consolidated statement of profits or losses is summarized below:

	2024	2023
Current	216,558,715	164,214,893
Deferred	3,284,083	31,481,227
	219,842,798	195,696,120

The expected income tax expense differs from the amounts calculated by applying the prevailing income tax rates before tax. The income tax reconciliation is presented below:

	2024	2023
Computed "expected" income tax expense	231,201,946	197,405,715
Increase (decrease) in income taxes resulting from:		
Nondeductible expenses	69,614,490	49,727,006
Investments in foreign subsidiaries	27,379,349	27,554,310
Foreign income taxes rate differential	(166,464)	124,562
Tax incentives	(4,920,998)	(5,706,842)
Changes in uncertain tax positions	(17,850,960)	(7,687,823)
Exempt and foreign source income	(85,414,565)	(65,720,808)
Income tax expense	219,842,798	195,696,120

(28) Income taxes, continued

Temporary differences between the consolidated financial statements carrying amounts and the tax basis of assets and liabilities that give rise to the deferred tax assets and liabilities as of December 31, 2024, are as follows:

	2024					
	Balance at beginning of the year	Recognized in profit or loss of the year	Recognized in other comprehensive income	Balance at year end	Deferred tax assets	Deferred tax liability
Allowance for loan losses	35,201,357	(2,850,787)	0	32,350,570	100,211,270	(67,860,700)
Accrued expenses	8,664,515	309,901	0	8,974,416	9,910,697	(936,281)
Unrealized net loss on investments at FVOCI	2,431,263	(139,644)	0	2,291,619	3,469,399	(1,177,780)
IFRS 16 leases	1,874,381	595,015	0	2,469,396	32,501,958	(30,032,562)
Fair value purchase adjustments	687,349	6,611	0	693,960	365,400	328,560
Deferred loan origination fees and costs	433,671	(1,194,268)	0	(760,597)	4,594,891	(5,355,488)
Provision for loss on other accounts receivable	334,258	(430,876)	0	(96,618)	1,014,753	(1,111,371)
Provision for credit risk on investments at FVOCI and bank deposits	34,824	98,145	(108,650)	24,319	24,319	0
Net operating loss carryforwards	8,469	4,995,644	0	5,004,113	5,004,113	0
Foreign currency translation	0	(146,246)	146,246	0	0	0
Deferred expenses	(61,878)	(430,374)	0	(492,252)	246,895	(739,147)
Leasing	(2,401,037)	772,540	0	(1,628,497)	0	(1,628,497)
Employee benefits	(5,374,782)	(1,083,808)	(135,217)	(6,593,807)	9,561,213	(16,155,020)
Assets held for sale, valuation	(5,845,531)	3,839,459	0	(2,006,072)	4,268,480	(6,274,552)
Accrued interest receivable	(6,958,401)	(2,222,143)	0	(9,180,544)	8,034,602	(17,215,146)
Unrealized net gain on investments at FVOCI	(7,780,368)	0	4,114,472	(3,665,896)	6,689,050	(10,354,946)
Net premises and equipment depreciation difference	(15,839,258)	638,601	0	(15,200,657)	721,370	(15,922,027)
Investments in foreign subsidiaries, undistributed earnings	(36,453,247)	(6,041,853)	0	(42,495,100)	0	(42,495,100)
Net deferred tax assets (liabilities)	(31,044,415)	(3,284,083)	4,016,851	(30,311,647)	186,618,410	(216,930,057)
Tax compensation					(135,200,666)	135,200,666
Total					51,417,744	(81,729,391)

	2023					
	Balance at beginning of the year	Recognized in profit or loss of the year	Recognized in other comprehensive income	Balance at year end	Deferred tax assets	Deferred tax liability
Allowance for loan losses	53,629,412	(18,428,055)	0	35,201,357	68,172,479	(32,971,122)
Accrued expenses	9,524,484	0	(17,304,848)	(7,780,364)	9,743,491	(17,523,855)
Unrealized net loss on investments at FVOCI	7,045,724	1,618,790	0	8,664,514	8,664,192	322
IFRS 16 leases	3,628,050	(1,753,672)	0	1,874,378	31,050,110	(29,175,732)
Fair value purchase adjustments	663,173	1,768,090	0	2,431,263	3,403,902	(972,639)
Deferred loan origination fees and costs	356,607	330,742	0	687,349	365,400	321,949
Provision for loss on other accounts receivable	242,509	191,162	0	433,671	3,746,154	(3,312,483)
Provision for credit risk on investments at FVOCI and bank deposits	50,905	(2,241,581)	2,225,500	34,824	34,824	0
Net operating loss carryforwards	12,323	(3,854)	0	8,469	8,469	0
Foreign currency translation	0	159,753	(159,753)	0	0	0
Deferred expenses	(73,334)	11,457	0	(61,877)	0	(61,877)
Leasing	(203,083)	537,342	0	334,259	1,171,915	(837,656)
Employee benefits	(1,262,702)	(4,582,831)	0	(5,845,533)	34,813	(5,880,346)
Assets held for sale, valuation	(2,165,393)	(235,644)	0	(2,401,037)	0	(2,401,037)
Accrued interest receivable	(5,413,109)	(964,821)	1,003,149	(5,374,781)	7,958,308	(13,333,089)
Unrealized net gain on investments at FVOCI	(6,716,078)	(242,322)	0	(6,958,400)	8,051,041	(15,009,441)
Net premises and equipment depreciation difference	(15,739,722)	(99,536)	0	(15,839,258)	615,744	(16,455,002)
Investments in foreign subsidiaries, undistributed earnings	(28,907,002)	(7,546,247)	0	(36,453,249)	0	(36,453,249)
Net deferred tax assets (liabilities)	14,672,764	(31,481,227)	(14,235,952)	(31,044,415)	143,020,842	(174,065,257)
Tax compensation					(92,005,858)	92,005,858
Total					51,014,984	(82,059,399)

The Bank's management performed offsetting of the deferred tax assets and liabilities that derive from income tax corresponding to the same tax jurisdiction in the consolidated statement of financial position.

As of December 31, 2024, the Bank has incurred in net operating tax loss carry forwards of $23,060,375 (2023: $$6,816,027), which are available to offset future taxable income of the applicable subsidiaries. The net operating losses begin to prescribe in 2024 through 2036.

As of December 31, 2024, the Bank has recognized deferred tax assets in the consolidated statement of financial position for those operating losses for $4,995,644.

(28) Income taxes, continued

As of December 31, 2024, the Bank has not recognized a deferred income tax liability of approximately $279,988,430 for undistributed earnings from foreign subsidiaries operations, because the Bank believes that $2,325,078,210 of these profits will be reinvested for an indefinite period.

The Bank's earnings are taxed in various jurisdictions. As of December 31, 2024, the Bank had unrecognized tax positions for $218,484 (2023: $1,302,616). Interest expense and penalties related to income tax liabilities and recognized as part of income tax expenses for the year ended December 31, 2024 amounted to -$160,582 (2023: $124,562). As of December 31, 2024, total interest and penalties expenses included in other liabilities amounted to 275,922 (2023: $246,474).

As of December 31, 2024, the Bank maintains an effective tax rate of 23.77% (2023: 24.78%).

The following are the tax jurisdictions in which the Bank and its affiliates operate and the latest tax year subject to examination: United States of America: 2020, Guatemala: 2020, El Salvador: 2020, Honduras: 2018 Nicaragua: 2019, Costa Rica: 2019 and Panama: 2020.

(29) Off-Balance financial instruments with risk and other commitments

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

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

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

As of December 31, 2024, the Bank had outstanding revolving lines of credit available for its credit card customers in each of the countries where it operates. that ranged from approximately $11,776 million (2023: from $10,318 million). The unused portion of the total available amounts to $7,734 million (2023: $6,836 million). Although these amounts represented the available amounts of lines of credit granted to customers, the Bank has never experienced, and does not anticipate, that all customers exercise all available lines of credit simultaneously at one time specific.

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

(29) Off-Balance financial instruments with risk and other commitments, continued

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

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. As of December 31, 2024, outstanding letters of credit and financial guarantees are as follows:

	2024	2023
Stand-by letters of credit	205,422,190	131,120,286
Commercial letters of credit	54,526,716	67,948,317
Financial guarantees	379,245,078	358,744,777
Commitments and guarantees (1)	86,791,444	86,390,011
	725,985,428	644,203,391

(1) Includes commercial and mortgage payment promise letter

The nature, terms and maximum potential amount of future payments the Bank could be required to make under the standby letters of credit and guarantees as of December 31, 2024, are detailed as follows:

	2024	2023
Up to 1 year	565,754,584	503,802,948
Over 1 year	105,704,128	72,452,126
	671,458,712	576,255,074

Generally, the Bank has resources to recover from clients the amounts paid under these guarantees; additionally, the Bank can hold cash or other collateral to cover for these guarantees. As of December 31, 2024, the assets held as collateral, that the Bank can obtain and liquidate to recover totally or partially the amounts paid under guarantees amounted to $220,264,136 (2023: $140,061,063).

As of December 31, 2024 and 2023, BAC International Bank, Inc., maintains an irrevocable guarantee and stand-by letter of credit to support the payments of the interchange settlement to VISA, Master Card and American Express. The total guaranteed amount corresponds to $71,971,918.

(30) Disclosures on the fair value of financial instruments

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

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

(30) Disclosures on the fair value of financial instruments, continued

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

Recurring Fair Value Measurement

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

Securities

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

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

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

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

	Other significant observable assumptions (Level 2)	Significant unobservable assumptions (Level 3)	2024
Assets			
Investments at FVPL:			
Other governments	18,925,464	0	18,925,464
Equity securities	0	16,276,514	16,276,514
Total investments at FVPL	18,925,464	16,276,514	35,201,978
Investments at FVOCI:			
Governments and agencies bonds:			
United States of America	669,872,418	0	669,872,418
Other governments	3,630,494,206	0	3,630,494,206
	4,300,366,624	0	4,300,366,624
Corporate debentures	434,167,543	0	434,167,543
Equity securities	924,939	2,245,392	3,170,331
Total investments at FVOCI	4,735,459,106	2,245,392	4,737,704,498
Investments at AC:			
Other governments	67,045,978	0	67,045,978
Corporate debentures	43,481,034	0	43,481,034
Total investments at AC	110,527,012	0	110,527,012
Total assets	4,864,911,582	18,521,906	4,883,433,488

(30) Disclosures on the fair value of financial instruments, continued

	Other significant observable assumptions (Level 2)	Significant unobservable assumptions (Level 3)	2023
Assets			
Investments at FVPL:			
United States of America	4,337,576	0	4,337,576
Other governments	20,133,474	0	20,133,474
Equity securities	0	14,285,693	14,285,693
Total investments at FVPL	24,471,050	14,285,693	38,756,743
Investments at FVOCI:			
Governments and agencies bonds:			
United States of America	479,810,159	0	479,810,159
Other governments	3,486,055,648	0	3,486,055,648
	3,965,865,807	0	3,965,865,807
Corporate debentures	442,820,792	0	442,820,792
Equity securities	947,110	2,136,053	3,083,163
Total investments at FVOCI	4,409,633,709	2,136,053	4,411,769,762
Investments at AC:			
Other governments	68,673,874	0	68,673,874
Corporate debentures	29,729,603	0	29,729,603
Total investments at AC	98,403,477	0	98,403,477
Total assets	4,532,508,236	16,421,746	4,548,929,982

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

As of December 31, 2024, there were no transfers between levels.

The table below includes the roll forward in the consolidated statement of financial position for the year ended December 31, 2024 (including changes in fair value) of the financial instruments at FVPL and FVOCI classified by the Bank within Level 3 of the fair value hierarchy. When determining whether to classify an instrument in Level 3, the decision is based on the importance of unobservable assumptions within the overall fair value measurement.

	Investments in equity securities at		
2024	FVPL	FVOCI	Total
Assets			
Fair value at January 1, 2024	14,285,693	2,136,053	16,421,746
Purchase of shares	0	105,719	105,719
Capital adjustment	0	15,832	15,832
Valuation of investments	2,034,726	0	2,034,726
Foreign currency translation	(43,905)	(12,212)	(56,117)
Fair value at December 31, 2024	16,276,514	2,245,392	18,521,906

	Investments in equity securities at		
2023	FVPL	FVOCI	Total
Assets			
Fair value at January 1, 2023	13,078,802	2,141,325	15,220,127
Valuation of investments	1,209,995	0	1,209,995
Foreign currency translation	(3,104)	(5,272)	(8,376)
Fair value at December 31, 2023	14,285,693	2,136,053	16,421,746

(30) Disclosures on the fair value of financial instruments, continued

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

Financial instrument	Valuation technique and entry data used	Level
Corporate bonds and government and agencies bonds	Consensus prices obtained from price vendors (Bloomberg). For part of these instruments, the Bank applies cash flows discounted using a market rate of an instrument with a similar remaining maturity. Market prices provided by price vendors or local regulators, in lower trading markets. Discounted cash flows using a market rate of an instrument with similar remaining maturity are used for several bonds.	(2,3)
Equity securities	Discounted cash flows using a premium-for-size adjusted cost of capital rate. Market prices provided by local stock exchanges and/or net asset value. Book value of instruments acquired or received for specific business purposes and not used for liquidity management	(2.3)
Embedded financial derivative instruments	Functional currency cash flows. Foreign currency cash flows.	(3)

Fair Value of Financial Instruments, Additional Disclosures

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

Financial instruments with carrying amounts that approach fair value

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

Loans

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

a. actual market rate, and
b. future interest rate expectations, for a term that reflects the expected payments on the loan portfolio.

Deposits from customers

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

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

(30) Disclosures on the fair value of financial instruments, continued

Securities sold under repurchase agreements

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

Financial obligations

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

Other financial obligations

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

Below are described the valuation techniques and significant unobservable input data used in determining the fair value of recurring and nonrecurring assets and liabilities categorized within Level 3 of the fair value hierarchy that are recognized in the consolidated statement of financial position:

2024	Quantitative information of Level 3 fair values			
	Fair value	Valuation technique	Unobservable assumptions	Range (weighted average)
Equity securities FVPL	16,276,514	Discounted cash flows	Increase annual rate	10% - 15%
Equity securities FVOCI	2,245,392	Discounted cash flows	Increase annual rate	0% - 5%

2023	Quantitative information of Level 3 fair values			
	Fair value	Valuation technique	Unobservable assumptions	Range (weighted average)
Equity securities FVPL	14,285,693	Discounted cash flows	Increase annual rate	5% - 10%
Equity securities FVOCI	2,136,053	Discounted cash flows	Increase annual rate	0% - 5%

(30) Disclosures on the fair value of financial instruments, continued

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

	2024			
	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets				
Cash and cash equivalents	935,806,774	0	935,806,774	935,806,774
Securities purchased under resale agreements	0	10,399,111	10,399,111	10,399,111
Deposits in banks, net	0	4,701,772,489	4,701,772,489	4,701,772,489
Loans, net (excluding financial leases)	0	24,124,405,690	24,124,405,690	25,009,602,055
Acceptances outstanding	0	23,272,915	23,272,915	23,272,915
Total financial assets	935,806,774	28,859,850,205	29,795,656,979	30,680,853,344
Financial liabilities				
Deposits from customers	17,261,892,260	10,429,083,814	27,690,976,074	28,402,309,516
Securities sold under repurchase agreements	0	91,171,039	91,171,039	91,171,039
Financial obligations	0	3,141,968,910	3,141,968,910	2,984,427,239
Other financial obligations	0	1,531,628,573	1,531,628,573	1,539,301,759
Acceptances outstanding	0	23,272,915	23,272,915	23,272,915
Total financial liabilities	17,261,892,260	15,217,125,251	32,479,017,511	33,040,482,468

	2023			
	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets				
Cash and cash equivalents	931,707,522	0	931,707,522	931,707,522
Securities purchased under resale agreements	0	61,193,065	61,193,065	61,193,065
Deposits in banks, net	0	4,342,913,239	4,342,913,239	4,342,913,239
Loans, net (excluding financial leases)	0	21,713,956,348	21,713,956,348	22,202,409,995
Acceptances outstanding	0	61,996,226	61,996,226	61,996,226
Total financial assets	931,707,522	26,180,058,878	27,111,766,400	27,600,220,047
Financial liabilities				
Deposits from customers	16,098,191,930	10,121,361,918	26,219,553,848	26,016,183,392
Securities sold under repurchase agreements	0	114,006,590	114,006,590	114,006,590
Financial obligations	0	2,504,914,481	2,504,914,481	2,443,136,750
Other financial obligations	0	1,361,046,227	1,361,046,227	1,365,943,096
Acceptances outstanding	0	61,996,226	61,996,226	61,996,226
Total financial liabilities	16,098,191,930	14,163,325,442	30,261,517,372	30,001,266,054

(31) Administration of trust contracts and securities custody

As of December 31, 2024, several subsidiaries of the Bank manage and keep custody of securities for a total amount of 5,458,601,619 (2023: $4,476,859,033).

(32) Related party transactions

In the normal course of business, the Bank conducts transactions with related parties, including main executives and directors. These transactions, according to the internal policies of the Bank are carried out at book value, complying with the arm's length principle.

The following table shows the balances and transactions with related parties as of December 31, 2024:

	2024		2023	
	Key personnel and directors	Related parties	Key personnel and directors	Related parties
Assets:				
Interest bearing deposits	0	33,470,000	0	45,010,000
Investments at FVOCI	0	880,628	0	851,766
Loans	19,267,057	271,784,539	19,399,955	331,680,466
Allowance for loan losses	(40,585)	(2,527,710)	(107,795)	(480,779)
Accrued interest receivable and other accounts receivable	72,172	1,470,818	85,253	4,488,398
	19,298,644	305,078,275	19,377,413	381,549,851
Liabilities:				
Demand deposits	5,924,906	173,867,520	5,210,702	76,082,021
Time deposits	21,487,810	72,573,357	14,844,444	53,330,065
Other financial obligations	0	520,000,000	0	525,602,372
Accrued interest payable and other liabilities	366,927	3,829,068	262,620	3,148,767
	27,779,643	770,269,945	20,317,766	658,163,225

	2024		2023	
	Key personnel and directors	Related parties	Key personnel and directors	Related parties
Interest income and other income	1,084,375	34,336,435	1,204,824	39,045,330
Interest expense and other expenses	966,490	64,855,631	736,426	59,904,608
Expense (recovery) for credit risk on loans	(67,210)	2,046,931	(5,078)	(237,467)
Key management personnel benefits	15,898,302	0	16,028,755	0

The benefits to key personnel that the Bank grants are short-term. No other benefits are granted to key personnel.

(33) Segments information

The Bank segregates its operations according to each of the countries in which it operates ("Operating Groups"). Each operating group offers similar products and services (consumer and corporate banking, asset management and investment banking), and is managed separately based on the Bank's internal reporting and management structure. The Bank's Administration reviews the internal management reports of each operating group at least once a month.

(33) Segments information, continued

The information related to each operation group is presented below. The segment's profit before taxes, as included in the internal management reports reviewed by the Bank's Management, is used to measure performance because management considers that this information is the most relevant for evaluating the profit or loss of the respective groups of companies in relation to other entities operating within the industry.

2024	BAC Guatemala	BAC El Salvador	BAC Honduras	BAC Nicaragua	BAC Costa Rica	BAC Panama	Others	Eliminations	Total
Total assets	6,547,384,248	3,725,159,485	5,540,916,485	2,395,280,778	11,680,484,309	8,404,761,579	338,419,721	(661,969,516)	37,970,437,089
Total liabilities	5,832,685,939	3,345,821,414	4,858,389,069	1,846,765,484	10,231,017,817	8,623,961,019	83,139,640	(661,955,060)	34,159,825,322
Consolidated Statement of Income									
Interest income	534,877,363	307,069,391	548,182,584	201,927,923	970,383,347	562,616,730	6,994,937	(32,404,746)	3,099,647,529
Interest expense	225,439,225	104,096,684	150,069,393	23,450,920	286,207,874	353,248,035	1,836,912	(32,404,746)	1,111,944,297
Net interest income	309,438,138	202,972,707	398,113,191	178,477,003	684,175,473	209,368,695	5,158,025	0	1,987,703,232
Credit risk impairment loss, net	112,654,779	46,744,543	107,854,448	954,679	180,647,771	69,761,686	(364)	0	518,617,542
Net interest income after credit risk impairment losses	196,783,359	156,228,164	290,258,743	177,522,324	503,527,702	139,607,009	5,158,389	0	1,469,085,690
Commissions and service charges income	317,982,080	89,258,858	291,087,404	121,260,373	765,593,607	245,481,799	172,539,266	(30,881,839)	1,972,321,548
Commissions and other charges expenses	(178,782,632)	(46,198,555)	(129,768,394)	(51,538,683)	(274,315,897)	(155,153,735)	(198,109)	0	(835,956,005)
Gain on financial instruments, net	117,137	(11,504)	852,147	0	20,722,849	1,165,672	0	0	22,846,301
Foreign currency exchange, net	(3,591,076)	0	1,514,117	(80,074)	(22,376,640)	(30,941)	(1,796,537)	0	(26,361,151)
Other income, net	6,511,687	1,040,347	1,236,398	251,458	10,098,593	7,952,861	283,047,611	(285,776,972)	24,361,983
General and administrative expense	239,087,601	151,435,263	292,035,241	108,612,491	726,605,260	210,016,330	290,357,208	(316,658,811)	1,701,490,583
Income before income tax	99,932,954	48,882,047	163,145,174	138,802,907	276,644,954	29,006,335	168,393,412	0	924,807,783
Less: Incomer tax	12,448,952	11,863,334	41,116,536	48,245,501	89,585,840	16,228,696	353,939	0	219,842,798
Net income	87,484,002	37,018,713	122,028,638	90,557,406	187,059,114	12,777,639	168,039,473	0	704,964,985

2023	BAC Guatemala	BAC El Salvador	BAC Honduras	BAC Nicaragua	BAC Costa Rica	BAC Panama	Others	Eliminations	Total
Total assets	6,035,708,425	3,358,833,994	5,129,869,489	2,190,310,243	10,616,060,146	7,653,355,919	323,458,327	(804,945,795)	34,502,650,748
Total liabilities	5,416,813,492	3,004,862,189	4,525,621,975	1,702,759,137	9,326,014,335	7,898,513,644	79,286,974	(804,945,795)	31,148,925,951
Consolidated Statement of Income									
Interest income	478,841,826	269,255,596	424,010,465	166,443,680	844,267,967	474,681,218	6,612,831	(33,555,820)	2,630,557,763
Interest expense	182,045,950	83,511,898	88,496,264	19,485,638	252,434,262	285,746,323	1,428,157	(33,555,820)	879,592,672
Net interest income	296,795,876	185,743,698	335,514,201	146,958,042	591,833,705	188,934,895	5,184,674	0	1,750,965,091
Credit risk impairment loss, net	86,545,863	34,851,703	50,034,215	(4,980,675)	120,031,669	86,334,317	(42,638)	0	372,774,454
Net interest income after credit risk impairment losses	210,250,013	150,891,995	285,479,986	151,938,717	471,802,036	102,600,578	5,227,312	0	1,378,190,637
Commissions and service charges income	279,845,846	85,559,160	253,599,201	106,785,843	679,600,715	212,727,066	162,056,537	(27,132,232)	1,753,042,136
Commissions and other charges expenses	(157,050,338)	(40,123,458)	(111,286,215)	(45,225,768)	(238,454,612)	(136,519,828)	(3,397,102)	0	(732,057,321)
Gain on financial instruments, net	1,093,546	(87,739)	1,556,454	(116,366)	5,454,637	430,400	1,105	0	8,332,037
Foreign currency exchange, net	(652,444)	0	(681,124)	5,408,273	(112,683,047)	(108,601)	(1,340,590)	0	(110,057,533)
Other income, net	7,572,175	1,162,286	2,972,677	76,439	15,686,702	14,311,331	238,606,482	(241,107,448)	39,280,644
General and administrative expense	225,677,389	137,862,666	267,561,946	96,093,727	640,060,821	196,777,554	251,313,317	(268,239,680)	1,547,107,740
Income before income tax	115,381,409	59,539,578	164,079,033	122,773,411	181,345,610	(3,336,608)	149,840,427	0	789,622,860
Less: Incomer tax	17,495,068	14,018,045	43,825,643	40,717,993	74,011,361	5,558,852	69,158	0	195,696,120
Net income	97,886,341	45,521,533	120,253,390	82,055,418	107,334,249	(8,895,460)	149,771,269	0	593,926,740

(34) Litigations

As of December 31, 2024, the Bank maintains litigation against various parties, which are not material when evaluated individually and collectively. These litigations are in the process of resolution and would not represent a significant effect on the consolidated financial statements of the Bank in the event of an adverse result.

(35) Regulatory aspects

The Bank's banking operations are subject to various regulatory requirements managed by the government agencies of the countries in which it operates or has a license. Failure to comply with these regulatory requirements can lead to certain mandatory actions and possibly additional discretionary actions by the regulators that, if performed, could have a significant effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective actions, the Bank's banking operations must comply with specific capital guidelines that provide quantitative asset measurements and certain elements out of the consolidated balance sheet, in accordance with the regulatory accounting practices. The amounts of capital of the Bank's banking operations and their classification are subject to qualitative judgments by the regulators about their components, risk weightings and other factors.

As December 31, 2024 and 2023, the Banking operations of the Bank meet all capital adequacy minimum requirements to which they are subject to, which vary from 8.00% to 12.00% plus other regulatory requirements.

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

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

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

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

- Among other aspects, this Agreement defines the classification categories for credit facilities for specific and dynamic provisions, as well as the criteria that policies for restructured loans, acceptance of guarantees and punishment of operations must follow. Specific impairment provisions of the loan portfolio should be determined and recognized in the financial statements according to the classification of credit facilities in the risk categories currently in use, according to certain weightings of calculations set out in the Agreement and considering certain percentages of minimum provisions per category.

(35) Regulatory aspects, continued

- Dynamic provisions, as a prudential regulatory criterion, will be determined and recognized quarterly as equity reserves following certain calculation criteria and restrictions that will be gradually applied.

The table below summarizes the classification of the loan portfolio at amortized cost and the reserves for loan losses based on Agreement No. 4-2013, as of December 31, 2024 and 2023

	2024					
	Satisfactory	Special Mention	Substandard	Doubtful	Loss	Total
Corporate and other loans	11,515,020,339	478,146,624	113,632,136	11,119,285	59,709,101	12,177,627,485
Consumer loans	13,345,413,517	516,768,890	110,341,835	117,338,262	61,480,557	14,151,343,061
Total	24,860,433,856	994,915,514	223,973,971	128,457,547	121,189,658	26,328,970,546
Specific reserve	399,347	88,161,531	77,000,526	85,330,219	62,794,491	313,686,114

	2023					
	Satisfactory	Special Mention	Substandard	Doubtful	Loss	Total
Corporate and other loans	9,942,128,581	435,765,945	152,170,792	35,716,031	67,542,823	10,633,324,172
Consumer loans	11,935,700,819	528,739,367	100,972,753	99,721,571	58,679,498	12,723,814,008
Total	21,877,829,400	964,505,312	253,143,545	135,437,602	126,222,321	23,357,138,180
Specific reserve	0	78,878,918	52,030,946	73,557,712	68,511,835	272,979,411

Agreement No. 4-2013 defines as default any credit facility that presents any unpaid amount, by principal, interest or expenses agreed contractually, in arrears of more than 30 days and up to 90 days, from the date established for the compliance with payments.

Agreement No. 4-2013 defines as overdue any credit facility whose non-payment of contractually agreed amounts is more than 90 days in arrears. This period shall be calculated from the date set for the payment to be made. Transactions with a single payment at maturity and overdrafts will be considered due when non-payment period exceeds 30 days, from the date on which the payment obligation was established.

As of December 31, 2024, and 2023 the classification of the loan portfolio at amortized cost by maturity profile based on Agreement No. 4-2013 is as follows:

	2024			
	Current	Past due	Overdue	Total
Corporate and other loans	12,080,162,979	38,652,007	58,812,499	12,177,627,485
Consumer loans	13,590,081,046	305,769,829	255,492,186	14,151,343,061
Total	25,670,244,025	344,421,836	314,304,685	26,328,970,546

	2023			
	Current	Past due	Overdue	Total
Corporate and other loans	10,546,749,131	30,012,189	56,562,852	10,633,324,172
Consumer loans	12,226,180,626	271,429,221	226,204,161	12,723,814,008
Total	22,772,929,757	301,441,410	282,767,013	23,357,138,180

(35) Regulatory aspects, continued

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

a) For consumer and business credits, if there is a default of more than 90 days; and
b) For home mortgage loans, if there is a default of more than 120 days.

For total loans from BAC International Bank, Inc., ("Parent Bank") as of December 31, 2024, in interest in non-accrual status amounts to $134,719,051 (2023: $146,424,441). Total unrecognized interest income on these loans is $7,942,631 (2023: $8,279,947).

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

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

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

  After the year of extension, if the Bank has not yet made any write off, it must create an equity reserve, by appropriating its retained earnings to which the net loan value will be charged, according to the percentages set out in the following table:

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

As of December 31, 2024 and 2023, the Bank constituted an equity reserve of $5,784,555 and $8,028,348, respectively, pursuant to Agreement No. 11-2019.

The General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, for the purposes of the provisions of articles 36, 37 and 38 of Agreement No.4-2013 on credit risk, temporarily suspends the obligation to constitute the dynamic provision established in the aforementioned articles, in order to provide financial relief to the banks in the marketplace during the State of National Emergency decreed by the National Government due to the pandemic of COVID-19.

(35) Regulatory aspects, continued

On June 6, 2023, the General Resolution of the Board of Directors SBP-GJD-R-2023-01125 was issued, which reinstates the recognition of the dynamic provision, in accordance with the regulatory criteria established in articles 36, 37 and 38 of Agreement No.4-2013 and repeals in all its parts the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020.

As of December 31, 2024, in compliance with the provisions set out in Articles 36 and 38 of Agreement No. 4-2013, the Bank established a dynamic provision with a balance of 393,234,267 (2023: $334,115,069), appropriated from retained profits. The credit balance of this dynamic provision is part of the regulatory capital but does not replace or compensate the requirements for the minimum capital adequacy percentage established by the Superintendency of Banks of Panama.

As of December 31, 2024, the Bank maintains a percentage of 1.65% on risk-weighted assets. Agreement No. 4-2013 establishes a dynamic provision which shall not be less than 1.25%, nor more than 2.50% of the risk-weighted assets corresponding to credit facilities classified as normal, as of December 31, 2024. These percentages represent the following amounts:

	2024	2023
1.25%	279,137,929	242,425,001
2.50%	558,275,858	484,850,003

The following table is the calculation of the dynamic provision, at the consolidated level:

	2024	2023
Component 1		
Risk – weighted assets (credit facilities – Normal category)	22,331,034,332	19,394,000,109
For alpha coefficient (1.50%)		
Result	334,965,515	290,910,002
Component 2		
Variation (positive) between the current quarter versus the previous risk – weighted assets		
For beta coefficient (5.00%)	584,296,162	988,643,124
Result		
Less:	29,214,808	49,432,156
Component 3		
Amount of change in the balance of specific provisions in the quarter	12,054,765	14,606,227
Gross dynamic reserve balance	352,125,558	325,735,931
Plus:		
Restricted amount as set forth in paragraphs “a” and “b” of Article 37 and consolidation effect.	41,108,709	8,379,138
Net dynamic provision balance	393,234,267	334,115,069

As of December 31, 2024 and 2023 we present the composition of the dynamic provision by subsidiary:

	2024	2023	Variance
Increase by subsidiaries			
BAC International Bank Inc.	80,445,532	72,456,813	7,988,720
BAC Bahamas Bank Ltd.	644,018	582,078	61,940
Banco de America Central S.A. (Guatemala)	62,104,224	57,285,692	4,818,532
Credomatic de Guatemala S.A.	8,447,681	4,501,633	3,946,048
Banco de America Central Honduras, S.A.	53,787,801	47,265,760	6,522,041
Inversiones Financieras Banco de America Central, S.A.	44,945,761	33,839,516	11,106,245
Corporacion Tenedora BAC COM, S.A.	24,595,581	13,660,337	10,935,244
Corporacion de Inversiones Credomatic, S.A.	118,263,669	104,523,241	13,740,428
Total	393,234,267	334,115,069	59,119,198

(35) Regulatory aspects, continued

As of December 31, 2024 and 2023, the Bank has not recognized an excess regulatory credit reserve based on Agreement No. 4-2013.

- *Capital Management*

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

  Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts of Total Capital and Primary Capital (Pillar 1) on risk-weighted assets. Management considers that, as of December 31, 2024, and December 31, 2023, the Bank meets all the financial adequacy requirements to which it is subject to.

  The Bank presents its consolidated capital funds on its risk-weighted assets based on Agreements No.1-2015, No.3-2016, No.2-2018 and No.11-2018 of the Superintendency of Banks of Panama.

  Agreement No.1-2015, which states capital adequacy rules for banks and banking groups, became effective on 1 January 2016.

  Agreement No.3-2016, which states rules for the determination of assets weighted by credit risks and counterparty risk, became effective on 1 July 2016.

  Agreement No.2-2018, which states the provisions on liquidity risk management and the short-term liquidity hedging ratio, became effective on 1 January 2020.

  Agreement No.11-2018, by which new provisions on Operational Risks were issued, became effective on September 30, 2020.

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

  The Bank did not require establishing additional reserves to comply with Agreement 9-2020.

  Resolution SBP-GJD-005-2020, established special measures in relation to article 2 of Agreement No. 3- 2016, in order to temporarily modify the risk weights of the different categories of assets used to calculate the capital index, by virtue of the current situation that is being experienced at the national level as a result of COVID-19. It became effective on April 20, 2020.

(35) Regulatory aspects, continued

Resolution SBP-GDP-R-2023-01034, published on April 11, 2023, nullifies the special and temporary considerations contemplated in the General Resolution of the Board of Directors SBP-GJD-005-2020. The application of the provisions of this resolution will be reflected in the report corresponding to June 2023.

In October 2023, the Superintendency of Banks of Panama issued Agreement No. 05-2023 with the objective of establishing a capital conservation buffer that seeks to guarantee that banks accumulate reserves that can be used in the event of incurring losses, so to avoid non-compliance with the established minimum requirements, without considering the conservation buffer, in episodes of deterioration of solvency. This agreement became effective on July 1, 2024.

Banking entities must establish a capital conservation buffer of 2.5% of risk-weighted assets (credit, market and operating), made up of ordinary primary capital and in addition to all established minimum regulatory capital requirements. The minimum levels required, considering the mattress, are established as follows:

	2024	2026
Capital Adequacy Ratio	8.50%	10.50%
Primary Capital Ratio Total	6.50%	8.50%
Ordinary Primary Capital Ratio	5.00%	7.00%

The indicators for 2026 correspond to what is stipulated in Agreement No. 5-2023, at the end of the adoption period.

The Bank presents consolidated capital funds on its risk weighted assets, in accordance with the requirements of the Superintendency of Banks of Panama, as follows:

	2024	2023
Ordinary Primary Capital (Pilar I)		
Common stock	834,708,000	834,708,000
Additional paid in capital	140,897,488	140,897,488
Retained earnings	2,742,356,715	2,393,292,250
Non-controlling interest	290,611	260,134
Other comprehensive losses	(310,695,272)	(358,751,532)
Less: Goodwill	(335,849,896)	(335,569,978)
Less: Intangible assets	(88,167,700)	(78,263,578)
Less: Treasury stock	(5,218,370)	(5,218,370)
Total Ordinary Primary Capital	2,978,321,576	2,591,354,414
Additional Primary Capital		
Perpetual bonds issued by the Bank	520,000,000	520,000,000
Total Additional Primary Capital	520,000,000	520,000,000
Total Primary Capital (Net)	3,498,321,576	3,111,354,414
Total Secondary Capital	0	0
Dynamic Provision	393,234,267	334,115,069
Total Regulatory Capital Fund	3,891,555,843	3,445,469,483
Total Assets Weighted by Net Risk deductions	30,068,346,759	27,354,161,149
Operational Risk Weighted Assets (Agreement No.11-2018)	1,727,512,984	1,428,785,491
Operational Risk Weighted Assets (Agreement No.11-2018)	313,141,898	0
Total risk weighted assets	32,109,001,641	28,782,946,640
Ratios:		
Capital Adequacy Ratio	12.12%	11.97%
Primary Capital Ratio Total	10.90%	10.81%
Ordinary Primary Capital Ratio	9.28%	9.00%

(35) Regulatory aspects, continued

- *Liquidity Ratio*
  The percentage of the liquidity index reported by BAC International Bank, Inc., to the regulatory body, under the parameters of Agreement No. 4-2008, as of December 31, 2024, was 50.70% (2023: 43.32%).

- *Assets Held for Sale*
  Agreement No. 3-2009 issued by the Superintendency of Banks of Panama, by which the provisions on disposal of property were updated, sets a five (5) year's period to dispose of property acquired in settlement of unpaid loans.

  The foreclosed property held for sale is recognized at the lowest value between the carrying value of unpaid loans or the estimated realizable value of property. The agreement provides that the provision of the foreclosed property, appropriated from retained earnings, is progressive within a range of 10% from the first year of recognition up to 90% on the fifth year after foreclosure, through the establishment of an equity reserve. The following is the progressive booking table:

Years	Minimum Reserve Percentage
First	10%
Second	20%
Third	35%
Fourth	15%
Fifth	10%

  As of December 31, 2024, the Bank constituted a reserve for assets held for sale amounting to $9,253,773 (2023: $6,393,409), as an equity reserve appropriated from retained earnings.

- *Financial Bank Act*
  The operations of financial companies in Panama are regulated by the Directorate of Financial Enterprises of the Ministry of Commerce and Industry in accordance with the laws established in Law No.42 of 23 July 2001.

- *Lease Acts*
  Leasing operations in Panama are regulated by the Directorate of Financial Enterprises of the Ministry of Commerce and Industry in accordance with the legislation established by the Act No.7 of July 10, 1990.

- *Securities Act*
  The stock market operations in Panama are regulated by the Superintendency of the Securities Market in accordance with the legislation established in Decree Law No.1 of 8 July 1999, reformed by Law No. 67 of September 1, 2011.

  The broker firm's operations are regulated by Agreement No. 4-2011, modified in certain aspects by the Agreements No. 8-2013 and No. 3-2015, issued by the Superintendency of the Securities. The Agreements specify that broker firms must comply with capital adequacy requirements and its amendments.

(36) Subsequent events

The Bank has assessed the subsequent events to February 25, 2025, to assess the need for their recognition or disclosure in the accompanying financial statements. Based on this assessment, we determined that there were no subsequent events which require recognition or disclosure in these consolidated financial statements.