

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

**Consolidated Financial Statements**

December 31, 2025

(With Independent Auditors' Report Thereon)

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

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## **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, 2025, 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, 2025, 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), applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of financial statements of public interest entities in the Republic of Panama. We have also complied with our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matter*

A key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the 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.

*Allowance for impairment on loan*  
*See notes 3 (c), 4 and 5 to the consolidated financial statements*

Key audit matter	How the matter was addressed in the audit
<p>The allowance for impairment on loan losses at amortized cost is considered one of the most significant issues since its methodology requires the application of judgments and the use of assumptions for the implementation of the expected credit loss ("ECL") model. The loan portfolio at amortized cost represents 68% of the Bank's total assets as of December 31, 2025.</p> <p>The allowance for impairment on loan losses at amortized cost comprises the ECL as a result of the credit rating of the loans and the methodology for determining the probability of default of each loan according to the impairment stage at which it is assigned.</p> <p>ECL is determined according to the grouping of loans with similar credit risk characteristics, segregated into models for corporate, consumer and credit card loans. These models are comprised of estimates of the probability of default, loss given default, forward-looking analysis and exposure at default. The assessment of whether or not credit risk of a loan has increased significantly involves the application of significant judgment in those models. This is a challenge from an audit perspective due to the complexity in estimating the components used to make these calculations and the application of the Bank's judgment.</p>	<p>Our audit procedures, considering the involvement of specialists, included:</p> <ul style="list-style-type: none"><li>• Assessment of key controls over delinquency calculations, internal customer risk ratings, accuracy of customer information and methodologies, assumptions and data used.</li><li>• For a sample of corporate loans, classified by type of activity or industry, and of debtors with changes in risk classification based on quantitative and qualitative factors, inspection of the respective credit files, including the debtors' financial information, collateral values supporting the credit operations as determined by expert appraisers, and other factors that could represent a loss event, to determine the reasonableness of the assigned credit risk rating.</li><li>• Assessment of the methodologies applied by the Bank in the ECL estimation model in accordance with IFRS 9 Financial Instruments, through the inspection of policies, manuals and methodologies documented and approved by the Bank's corporate governance.</li><li>• Independent assessment of the inputs used in the models based on the corporate banking, consumer and credit card methodologies and recalculation according to the ECL estimation model for each of them.</li><li>• Assessment of the judgments applied by the Bank on assumptions regarding current economic conditions and forward-looking analysis considerations that may change the level of ECL, based on our experience and knowledge of the industry.</li></ul>

*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 and Regulatory 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 Alexis Muñoz Giroldi
- The audit work team that has participated in the audit of the Bank to which this report refers to, is composed of Alexis Muñoz, partner; and Sonia, senior manager.

KPMG (SIGNED)

ALEXIS MUÑOZ (SIGNED)

Panama, Republic of Panama  
February 26, 2026

Alexis Muñoz  
Partner  
C.P.A. 702-2003

**BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Consolidated Statement of Financial Position**

As of December 31, 2025

(In U.S. dollars)

<b>Assets</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents		1,050,626,169	935,806,774
Securities purchased under resale agreements	4, 7	3,125,890	10,399,111
Deposits in banks:			
Demand		4,354,255,431	4,073,713,956
Time deposits		874,629,959	628,097,606
Allowance for impairment on deposits in banks		(35,874)	(39,073)
<b>Total deposits in banks, net</b>	4	<u>5,228,849,516</u>	<u>4,701,772,489</u>
<b>Total cash, cash equivalents and deposits in banks</b>	4, 6	<u>6,282,601,575</u>	<u>5,647,978,374</u>
Investment securities, net	4, 8	4,989,837,727	4,883,433,488
Loans:			
Loans granted		28,291,042,373	26,328,820,845
Accrued interest receivable		202,526,830	193,216,967
Unearned commissions		(71,088,927)	(70,177,888)
<b>Total loans</b>		<u>28,422,480,276</u>	<u>26,451,859,924</u>
Allowance for impairment on loans	4	(765,061,321)	(752,442,275)
<b>Loans, net</b>	4, 9	<u>27,657,418,955</u>	<u>25,699,417,649</u>
Property and equipment, net	10	601,218,862	586,444,420
Acceptances outstanding		5,080,538	23,272,915
Other accounts receivable, net	4, 13	485,838,780	442,976,234
Goodwill	11	336,084,994	335,849,896
Intangible assets, net	12	101,613,718	88,167,700
Deferred income tax	28	52,430,078	51,417,744
Other assets	14	234,955,001	211,478,669
<b>Total assets</b>		<u><u>40,747,080,228</u></u>	<u><u>37,970,437,089</u></u>

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

<b><u>Liabilities and Equity</u></b>	<b><u>Note</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b><u>Liabilities</u></b>			
Deposits from customers:			
Demand		11,359,804,085	10,328,727,278
Savings		7,764,751,403	6,933,164,982
Time deposits		11,089,588,461	11,140,417,256
<b>Total deposits from customers</b>	15	<u>30,214,143,949</u>	<u>28,402,309,516</u>
Securities sold under repurchase agreements		39,621,845	91,171,039
Financial obligations	16	3,202,906,524	2,984,427,239
Other financial obligations	17	1,787,385,012	1,539,301,759
Lease liabilities	18	112,273,451	116,077,068
Acceptances outstanding		5,080,538	23,272,915
Income tax payable		32,661,949	33,892,785
Deferred income tax	28	94,364,752	81,729,391
Provisions	19	97,756,776	88,294,181
Accounts payable and other liabilities	20	784,245,427	799,349,429
<b>Total liabilities</b>		<u>36,370,440,223</u>	<u>34,159,825,322</u>
<b><u>Equity</u></b>			
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		3,187,862,060	2,742,356,715
Regulatory reserves		426,903,630	408,272,595
Other comprehensive losses	22	(208,834,691)	(310,695,272)
<b>Total equity excluding non-controlling interest</b>		<u>4,376,318,117</u>	<u>3,810,321,156</u>
Non-controlling interest		321,888	290,611
<b>Total equity</b>		<u>4,376,640,005</u>	<u>3,810,611,767</u>
<b>Total liabilities and equity</b>		<u>40,747,080,228</u>	<u>37,970,437,089</u>

**BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Consolidated Statement of Profit or Loss**

For the year ended December 31, 2025

(In U.S. dollars)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Interest income:			
Deposits in banks		63,459,623	67,016,365
Investments in securities		291,364,957	299,897,929
Loans		3,049,382,931	2,732,733,235
<b>Total interest income</b>		<u>3,404,207,511</u>	<u>3,099,647,529</u>
Interest expense:			
Deposits from customers		899,336,407	790,737,106
Financial obligations		190,726,638	169,239,025
Other financial obligations		149,911,665	131,780,514
Securities sold under repurchase agreements		6,147,203	14,282,477
Lease liabilities	18	5,807,993	5,905,175
<b>Total interest expense</b>		<u>1,251,929,906</u>	<u>1,111,944,297</u>
<b>Net interest income</b>		<u>2,152,277,605</u>	<u>1,987,703,232</u>
Credit risk impairment losses (reversal):			
Loans	4	606,935,236	512,200,278
Deposits in banks and investments in securities	4	(312,405)	1,773,956
Other accounts receivable	4	1,280,076	1,782,740
Commitments and guarantees	4	(432,579)	2,860,568
<b>Total credit risk impairment loss, net</b>		<u>607,470,328</u>	<u>518,617,542</u>
<b>Net interest income after credit risk impairment losses</b>		<u>1,544,807,277</u>	<u>1,469,085,690</u>
Other income (expenses):			
Commissions and service charges income	23	2,210,371,790	1,957,783,678
Commissions and other charges	24	(939,640,775)	(835,956,005)
Gain on financial instruments, net	25	25,355,572	22,846,301
Foreign currency translation, net		(19,125,025)	(26,361,151)
Other income		22,344,327	24,361,983
<b>Total other income, net</b>		<u>1,299,305,889</u>	<u>1,142,674,806</u>
Operating expenses:			
Salaries and employee benefits	26	736,666,963	710,016,261
Depreciation and amortization		134,089,339	140,002,567
Administrative expenses		129,981,969	124,343,176
Occupancy and related expenses		39,718,373	37,219,280
Other expenses	27	770,527,015	675,371,429
<b>Total operating expenses</b>		<u>1,810,983,659</u>	<u>1,686,952,713</u>
<b>Income before income tax</b>		1,033,129,507	924,807,783
Current income tax	28	(230,368,391)	(216,558,715)
Deferred income tax	28	(14,002,727)	(3,284,083)
<b>Net income</b>		<u>788,758,389</u>	<u>704,964,985</u>
<b>Net income attributable to:</b>			
Controlling interest		788,713,998	704,921,417
Non-controlling interest		44,391	43,568
		<u>788,758,389</u>	<u>704,964,985</u>

The consolidated statement of profit or loss 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 Comprehensive Income**

For the year ended December 31, 2025

(In U.S. dollars)

	<u>2025</u>	<u>2024</u>
Net income	788,758,389	704,964,985
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Employee benefit plan - change in actuarial effect	(1,054,346)	(735,369)
Net change in fair value of equity investments	494,760	(22,170)
<b>Items that are or may be reclassified to profit or loss:</b>		
Foreign currency translation	12,772,435	30,445,785
Valuation of investments at FVOCI:		
Net amount reclassified to profit or loss	(15,893,289)	(13,838,737)
Net change in fair value	105,535,797	32,201,503
<b>Total other comprehensive income</b>	<u>101,855,357</u>	<u>48,051,012</u>
<b>Total comprehensive income</b>	<u><u>890,613,746</u></u>	<u><u>753,015,997</u></u>
<b>Total comprehensive income attributable to:</b>		
Controlling interest	890,574,579	752,977,677
Non-controlling interest	39,167	38,320
	<u><u>890,613,746</u></u>	<u><u>753,015,997</u></u>

*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, 2025

(In U.S. dollars)

	Attributable to the Bank's owners							Non-controlling interest	Total
	Common stock	Additional paid in capital	Treasury stocks	Retained earnings	Regulatory reserves	Other comprehensive income (loss)	Total controlling interest		
<b>Balance as of January 1, 2024</b>	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
<b>Other comprehensive income:</b>									
Employee benefit plan - change in actuarial effect	0	0	0	0	0	(735,834)	(735,834)	465	(735,369)
Net change in fair value of equity investments	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 investments:									
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
<b>Other changes in equity:</b>									
Regulatory reserves	0	0	0	(59,735,768)	59,735,768	0	0	0	0
<b>Transactions with the Bank's owners:</b>									
Decrease of non-controlling interest	0	0	0	0	0	0	0	(3,129)	(3,129)
Supplemental 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 the Bank's owners	0	0	0	(296,121,184)	0	0	(296,121,184)	(7,843)	(296,129,027)
<b>Balance as of December 31, 2024</b>	<u>834,708,000</u>	<u>140,897,488</u>	<u>(5,218,370)</u>	<u>2,742,356,715</u>	<u>408,272,595</u>	<u>(310,695,272)</u>	<u>3,810,321,156</u>	<u>290,611</u>	<u>3,810,611,767</u>
<b>Balance as of January 1, 2025</b>	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
Net income	0	0	0	788,713,998	0	0	788,713,998	44,391	788,758,389
<b>Other comprehensive income:</b>									
Employee benefit plan - change in actuarial effect	0	0	0	0	0	(1,054,309)	(1,054,309)	(37)	(1,054,346)
Net change in fair value of equity investments	0	0	0	0	0	494,760	494,760	0	494,760
Foreign currency translation	0	0	0	0	0	12,777,319	12,777,319	(4,884)	12,772,435
Valuation of FVOCI investments:									
Net amount reclassified to profit or loss	0	0	0	0	0	(15,892,962)	(15,892,962)	(327)	(15,893,289)
Net change in fair value	0	0	0	0	0	105,535,773	105,535,773	24	105,535,797
Total other comprehensive income	0	0	0	0	0	101,860,581	101,860,581	(5,224)	101,855,357
Total comprehensive income	0	0	0	788,713,998	0	101,860,581	890,574,579	39,167	890,613,746
<b>Other changes in equity:</b>									
Regulatory reserves	0	0	0	(18,631,035)	18,631,035	0	0	0	0
<b>Transactions with the Bank's owners:</b>									
Supplemental tax	0	0	0	(77,618)	0	0	(77,618)	0	(77,618)
Contributions and distributions:									
Dividends	0	0	0	(324,500,000)	0	0	(324,500,000)	(7,890)	(324,507,890)
Total transactions with the Bank's owners	0	0	0	(324,577,618)	0	0	(324,577,618)	(7,890)	(324,585,508)
<b>Balance as of December 31, 2025</b>	<u>834,708,000</u>	<u>140,897,488</u>	<u>(5,218,370)</u>	<u>3,187,862,060</u>	<u>426,903,630</u>	<u>(208,834,691)</u>	<u>4,376,318,117</u>	<u>321,888</u>	<u>4,376,640,005</u>

The consolidated statement of changes in equity 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 Cash Flows**

For the year ended December 31, 2025

(In U.S. dollars)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:			
Net income		788,758,389	704,964,985
Adjustments to reconcile net income and cash by operating activities:			
Depreciation and amortization		134,089,339	140,002,567
Credit risk impairment losses (reversal):			
Loans	4	606,935,236	512,200,278
Deposits in banks and investment securities	4	(312,405)	1,773,956
Other accounts receivable	4	1,280,076	1,782,740
Commitments and guarantees	4	(432,579)	2,860,568
Impairment loss on foreclosed assets		3,287,698	1,451,820
Net loss on sale and disposal of property and equipment		1,249,708	1,280,903
Net loss on disposals of intangible assets	12	300,736	678,863
Net gain on sale of foreclosed assets	14	(3,449,646)	(8,045,933)
Net loss on disposals of repossessed assets		2,072,610	0
Net interest income		(2,152,277,605)	(1,987,703,232)
Gain on financial instruments, net	25	(25,355,572)	(22,846,301)
Dividends on equity securities	8	(2,599,522)	(2,448,217)
Income tax expense	28	244,371,118	219,842,798
<b>Changes in operating assets and liabilities:</b>			
Deposits with original maturity greater than 90 days		12,164,323	15,626,545
Investments in securities		(3,216,916)	7,128,721
Loans		(2,498,016,123)	(3,305,208,599)
Other accounts receivable		(43,977,290)	147,600,551
Other assets		(9,557,504)	(24,484,603)
Deposits from customers		1,739,099,277	2,200,290,195
Securities sold under repurchase agreements		(49,435,752)	(22,722,021)
Accounts payable and other liabilities		(6,161,299)	(66,369,665)
<b>Cash generated by operations:</b>			
Interest received		3,297,996,312	2,957,127,108
Interest paid		(1,252,887,782)	(1,090,316,337)
Dividends received		2,599,522	2,448,217
Income tax paid		(229,505,938)	(175,578,402)
<b>Net cash provided by operating activities</b>		<u>557,018,411</u>	<u>211,337,505</u>
Cash flows from investment activities:			
Proceeds from sale of investment securities		1,165,503,656	657,184,865
Maturities and prepayments of investment securities		5,020,246,439	3,932,477,964
Purchase of investment securities		(6,116,965,377)	(4,777,590,296)
Purchase of property and equipment	10	(89,860,586)	(85,013,870)
Proceeds from sale of property and equipment		433,324	842,073
Acquisition of intangible assets	12	(56,832,302)	(46,541,283)
Proceeds from sale of foreclosed assets	14	44,035,116	32,295,724
<b>Net cash used in investment activities</b>		<u>(33,439,730)</u>	<u>(286,344,823)</u>
Cash flows from financing activities:			
Proceeds from financial obligations	16	2,635,685,466	2,381,877,475
Payment of financial obligations	16	(2,404,677,100)	(1,847,772,934)
Proceeds from other financial obligations	17	408,515,692	264,492,734
Payment of other financial obligations	17	(177,387,866)	(127,076,668)
Payment of lease liabilities	18	(33,439,923)	(32,600,614)
Paid dividends		(324,495,437)	(295,990,410)
<b>Net cash provided by financing activities</b>		<u>104,200,832</u>	<u>342,929,583</u>
Effect of exchange rate fluctuations on cash held		19,248,416	60,112,827
Net increase in cash and cash equivalents		647,027,929	328,035,092
Cash and cash equivalents at the beginning of the year		5,608,725,272	5,280,690,179
<b>Cash and cash equivalents at the end of the year</b>	6	<u>6,255,753,201</u>	<u>5,608,725,271</u>

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

## **Notes to the Consolidated Financial Statements**

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**Notes to the Consolidated Financial Statements**

December 31, 2025

(In U.S. dollars)

**(1) Organization**

BAC International Bank, Inc. (“the Bank”) was incorporated on August 25, 1995, in Panama City, Republic of Panama, as a banking institution and bank holding company.

Until May 9, 2025, the Parent Bank's shareholding structure was as follows: 90.5339% was held by BAC International Corporation (BIC), 9.4622% by BAC Holding International Corp. (the "Parent Company"), and 0.0039% by other shareholders. However, on May 9, 2025, the Parent Company made an additional capital contribution to its direct subsidiary BIC, by transferring its shares in BAC International Bank, Inc. As a result of this transaction, the Parent Bank's shareholding structure became 99.9961% held by BIC and 0.0039% by other shareholders.

The Parent Company's shares are listed on the Latin America Stock Exchange S.A. (“Latinex”) and on the Colombian Stock Exchange (“BVC”).

These consolidated financial statements as of December 31, 2025, include the Bank and its subsidiaries, which are jointly referred to as “the Bank”.

BAC International Bank, Inc. provides, directly and indirectly through its subsidiaries, a wide variety of financial services to individuals clients 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 Panama, in accordance with the legislation established by Executive Decree No.52 of April 30, 2008, which adopts the consolidated text of Decree Law No.9 of February 26, 1998, as amended by Decree Law No.2 of February 22, 2008. This legal framework establishes the banking regime of the Republic of Panama and creates the Superintendency of Banks, along the regulations governing its operation.

The Parent Bank consolidates directly and indirectly with the following 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%
Rudas Hill 2 S.A.	Asset management	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%
Credomatic de Guatemala S.A.	Card Industry	Guatemala	99.9999%
Negocios y Transacciones Institucionales S.A.	Leasing	Guatemala	99.9958%

**Notes to the Consolidated Financial Statements**

**(1) Organization, continued**

Subsidiary	Core Business	Country	Total voting rights held by the Bank
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 Pensiones 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%
Credit Systems, Inc.	Banking	Panama	100.0000%
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.	Bonded 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%
BAC Tech Inc.	Holding	Panama	100.0000%
Move Tech International Inc.	Holding	Panama	100.0000%
3-101-934237 S.A.	Services	Costa Rica	100.0000%
Namutek Panama S.A.	Holding	Panama	100.0000%
Namutek S.A.	Telematic services	Costa Rica	100.0000%
Comunicaciones Inalambricas de Centroamerica S.A.	Telematic services	Nicaragua	97.0000%
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 26, 2026.

**(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
Foreclosed assets	Lower of carrying amount and fair value less cost to sell

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

**Notes to the Consolidated Financial Statements**

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**(2) Basis of Preparation of the Consolidated Financial Statements, continued**

*(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.

*(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, 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, 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 control commences until the date on which control ceases.

***Balances and transactions eliminated on 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 in their capacity as owners. Any difference between the carrying value of the interest and the amount of the transaction is recorded as an adjustment to retained earnings.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

***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 its fair value on the date control is lost.

**(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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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:

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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

***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,
- 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.

## **Notes to the Consolidated Financial Statements**

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### **(3) Material accounting policies, continued**

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;
- 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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

In addition, a prepayment feature is consistent with these criteria, if a financial asset is acquired or originated at 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 Loss 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;
- Loan portfolio;
- Lease payments receivable;
- Other accounts receivable;
- 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.

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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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.

***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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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.
- 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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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.

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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

*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 will not result in derecognition, 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 instrument's effective interest rate.

***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).

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 various 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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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.

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.

## **Notes to the Consolidated Financial Statements**

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### **(3) Material accounting policies, continued**

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.

- **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.

## Notes to the Consolidated Financial Statements

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### (3) Material accounting policies, continued

- **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.

#### ***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.

## **Notes to the Consolidated Financial Statements**

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### **(3) Material accounting policies, continued**

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.

#### ***(d) Foreclosed assets***

Assets foreclosed or received in lieu of payment as a result of the settlement of loans are classified as inventory, as they are intended for sale in the ordinary course of business. They are initially recognized at the lower of cost (understood as the total outstanding balance of the loan) and their net realizable value (fair value less estimated costs to sell) on the date of foreclosure, thereby establishing a new carrying amount. Subsequently, management performs periodic assessments to identify potential indicators of impairment, such as slow turnover, physical damage, or declines in market prices. Income and expenses related to the management of these assets, as well as adjustments to the provision for their valuation, are recognized in other operating expenses. Costs associated with the maintenance of these assets are recognized as expenses when incurred.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

*(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 credit card revenue transaction.

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

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

*(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:

<b>Category</b>	<b>Years</b>
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:

- 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;

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

- 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.

## **Notes to the Consolidated Financial Statements**

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### **(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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

**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 performs 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 classified as 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 asset's economic life.

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

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

**(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 resulting goodwill is subject to annual impairment testing. Any gain on a bargain purchase is recognized immediately 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 instrument 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 fair value 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 issuance of its own ordinary shares, no financial liability is recorded.

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

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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, through a business combination, or 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.

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.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

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 on deductible temporary differences arising from investments in subsidiaries are recognized only to the extent that it is probable that the temporary differences will reverse in the future and that sufficient future taxable profit will be available against which the temporary differences can be utilized.

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.

*(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; therefore, such assets and their related income are not included in these consolidated financial statements. It is the obligation of the Bank to manage and safeguard the assets under management 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; recognition must be made proportionally each month as earned.

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

*(m) 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 for which the valuation technique includes unobservable inputs that 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.

*(n) 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 company.

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

## Notes to the Consolidated Financial Statements

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### (3) Material accounting policies, continued

#### (p) *IFRS accounting standards issued but not yet adopted*

A number of new accounting standards and amendments to existing accounting standards will be effective for annual periods beginning on or after January 1, 2026, and early application is permitted. However, the Bank has not early adopted any of these new or amended 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 the 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 January 1, 2026, with early application permitted, and related to:

- the recognition and derecognition of financial liabilities, including the settlement of liabilities through electronic payment systems; and
- the assessment of the contractual cash flow characteristics of financial assets, including those containing sustainability-linked features.

The Bank does not expect the adoption of the amendments to IFRS 9 and IFRS 7 to have a significant impact on the consolidated financial statements.

#### ***IFRS 18 Presentation and Disclosures in Financial Statements***

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

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss: operating, investing, financing, discontinued operations and income tax. Entities are also required to present a newly defined operating profit subtotal. The entity's net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note to the financial statements.
- 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 continues to assess 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 consolidated financial statements, including that related to items currently labelled as "other".

**Notes to the Consolidated Financial Statements**

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**(3) Material accounting policies, continued**

***IFRS 19 Subsidiaries Without Public Accountability: Disclosures***

IFRS 19 was issued by the IASB in May 2024 and introduces a reduced set of disclosure requirements for subsidiaries that do not have public accountability and whose parent prepares consolidated financial statements under full IFRS. The standard retains the same recognition, measurement, and presentation principles of full IFRS, but permits a reduced level of disclosures in order to lower costs and simplify the preparation of the financial statements. The standard is effective for annual periods beginning on or after January 1, 2027, with early application permitted.

The Bank does not expect the adoption of IFRS 19 to have a significant impact on the financial statements.

***Other accounting standards***

The following amendments to accounting standards are not expected to have a significant impact on the Bank's consolidated financial statements:

- *Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7); and*
- *Annual Improvements to IFRS Accounting Standards – Volume 11.*

**(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.

**Notes to the Consolidated Financial Statements**

**(3) Material accounting policies, continued**

*(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.

*(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) Non-material reclassifications*

Non-material amounts in the consolidated financial statements as of December 31, 2024 have been reclassified to conform with the presentation of the consolidated financial statements as of December 31, 2025. The Bank applied non-material reclassifications to improve the presentation that has been included in the consolidated statement of profit or loss for the year ended December 31, 2024.

The following table shows a breakdown of the identified non-material reclassifications:

	2024		
	Previously reported amount	Reclassification	Reclassified Amount
<b>Consolidated statement of profit or loss</b>			
Other income (expenses):			
Commissions and services charge income	1,972,321,548	(14,537,870)	1,957,783,678
General and administrative expenses:			
Other expenses	689,909,299	(14,537,870)	675,371,429

**Notes to the Consolidated Financial Statements**

**(4) Risk management**

Risk management is a fundamental part of the Bank. It has an infrastructure to comprehensively manage risks, in order to ensure 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)

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

	2025				AC	Total
	Designated FVPL – debt instruments	Designated FVPL – equity instruments	FVOCI - debt instruments	FVOCI - equity instruments		
Cash, cash equivalents and deposits in banks	0	0	0	0	6,282,601,575	6,282,601,575
Investments in securities, net	25,870,930	19,802,916	4,753,074,082	3,200,766	187,889,033	4,989,837,727
Loans, net	0	0	0	0	27,657,418,955	27,657,418,955
Other accounts receivable, net	0	0	0	0	485,838,780	485,838,780
<b>Total financial assets</b>	<b>25,870,930</b>	<b>19,802,916</b>	<b>4,753,074,082</b>	<b>3,200,766</b>	<b>34,613,748,343</b>	<b>39,415,697,037</b>

	2024				AC	Total
	Designated FVPL – debt instruments	Designated FVPL – equity instruments	FVOCI - debt instruments	FVOCI - equity instruments		
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
<b>Total financial assets</b>	<b>18,925,464</b>	<b>16,276,514</b>	<b>4,734,534,167</b>	<b>3,170,331</b>	<b>31,900,899,269</b>	<b>36,673,805,745</b>

As of December 31, 2025 and 2024, 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.

## **Notes to the Consolidated Financial Statements**

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### **(4) Risk management, continued**

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.

#### *(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 designated limits.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

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.

***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 \$5,228,849,516 as of December 31, 2025 (2024: \$4,701,772,489). Deposits are maintained at central banks and other financial institutions, most of which have risk ratings ranging from AA- to B- (2024: ranging from AA- to B), based on international risk ratings, prioritizing Standard & Poor's, followed by Moody's, and then Fitch Ratings. Of total deposits, excluding those held at central banks, as of December 31, 2025, approximately \$9.2 million do not have an assigned risk rating (2024: \$9.7 million).

The securities under resale agreements have risk ratings ranging from BB+ and BB- (2024: risk ratings of BB), based on international risk ratings, prioritizing Standard & Poor's, followed by Moody's and finally Fitch Ratings.

As of December 31, 2025, 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 at fair value through PL (FVPL), at fair value through OCI (FVOCI) and at amortized cost (AC). As of December 31, 2025, investments amounted to \$4,989,837,727 (2024: \$4,883,433,488).

- **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:

	2025	2024
<b>Governments and agencies</b>		
BB	25,870,930	0
BB-	<u>0</u>	<u>18,925,464</u>
<b>Total governments and agencies</b>	<u>25,870,930</u>	<u>18,925,464</u>
<b>Total investments at FVPL</b>	<u>25,870,930</u>	<u>18,925,464</u>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

- Investments at FVOCI

The following table summarizes the investments at FVOCI categories:

	2025			2024		
	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI
<b>Governments and agencies</b>						
AA+	728,302,986	0	728,302,986	669,872,418	0	669,872,418
BBB	5,644,830	0	5,644,830	5,379,479	0	5,379,479
BBB-	653,336,884	0	653,336,884	564,593,761	0	564,593,761
BB+ to B-	<u>2,967,586,522</u>	<u>0</u>	<u>2,967,586,522</u>	<u>3,060,520,966</u>	<u>0</u>	<u>3,060,520,966</u>
<b>Total governments and agencies</b>	<u>4,354,871,222</u>	<u>0</u>	<u>4,354,871,222</u>	<u>4,300,366,624</u>	<u>0</u>	<u>4,300,366,624</u>
<b>Corporate</b>						
A+	7,609,021	0	7,609,021	0	0	0
A	39,575,045	0	39,575,045	36,062,330	0	36,062,330
A-	79,220,151	0	79,220,151	70,110,815	0	70,110,815
BBB+	19,085,265	0	19,085,265	26,129,629	0	26,129,629
BBB	45,531,296	0	45,531,296	52,932,877	0	52,932,877
BBB-	48,075,677	0	48,075,677	55,769,756	0	55,769,756
BB+ to B-	159,106,405	0	159,106,405	<u>193,162,136</u>	<u>0</u>	<u>193,162,136</u>
<b>Total corporate</b>	<u>398,202,860</u>	<u>0</u>	<u>398,202,860</u>	<u>434,167,543</u>	<u>0</u>	<u>434,167,543</u>
<b>Total</b>	<u>4,753,074,082</u>	<u>0</u>	<u>4,753,074,082</u>	<u>4,734,534,167</u>	<u>0</u>	<u>4,734,534,167</u>
<b>Allowance for ECL</b>	<u>7,375,731</u>	<u>0</u>	<u>7,375,731</u>	<u>7,927,708</u>	<u>0</u>	<u>7,927,708</u>

As of December 31, 2025, and 2024, investments at FVOCI are current.

- Investments at AC

The following table summarizes the investments at AC categories:

	2025			2024		
	12 months ECL	Lifetime ECL - without impairment	Total investments at AC	12 months ECL	Lifetime ECL - without impairment	Total investments at AC
<b>Governments and agencies</b>						
BB+ to B-	<u>64,660,927</u>	<u>0</u>	<u>64,660,927</u>	<u>67,045,978</u>	<u>0</u>	<u>67,045,978</u>
<b>Total governments and Agencies</b>	<u>64,660,927</u>	<u>0</u>	<u>64,660,927</u>	<u>67,045,978</u>	<u>0</u>	<u>67,045,978</u>
<b>Corporate</b>						
BB+ to B-	<u>123,228,106</u>	<u>0</u>	<u>123,228,106</u>	<u>43,481,034</u>	<u>0</u>	<u>43,481,034</u>
<b>Total Corporate</b>	<u>123,228,106</u>	<u>0</u>	<u>123,228,106</u>	<u>43,481,034</u>	<u>0</u>	<u>43,481,034</u>
<b>Total</b>	<u>187,889,033</u>	<u>0</u>	<u>187,889,033</u>	<u>110,527,012</u>	<u>0</u>	<u>110,527,012</u>
<b>Allowance for ECL</b>	<u>378,431</u>	<u>0</u>	<u>378,431</u>	<u>149,144</u>	<u>0</u>	<u>149,144</u>

*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.

**Notes to the Consolidated Financial Statements**

**(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:

2025	Loans			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
<b>Corporate</b>				
Satisfactory	10,423,042,047	832,215	0	10,423,874,262
Special mention	0	341,375,161	0	341,375,161
Sub-standard	0	0	58,443,371	58,443,371
Doubtful	0	0	17,896,737	17,896,737
Loss	0	0	22,038,699	22,038,699
<b>Gross amount</b>	<u>10,423,042,047</u>	<u>342,207,376</u>	<u>98,378,807</u>	<u>10,863,628,230</u>
Allowance for ECL	<u>(24,255,321)</u>	<u>(19,101,443)</u>	<u>(44,694,644)</u>	<u>(88,051,408)</u>
<b>Net amount</b>	<u>10,398,786,726</u>	<u>323,105,933</u>	<u>53,684,163</u>	<u>10,775,576,822</u>
<b>Medium company</b>				
Satisfactory	988,234,918	3,041,146	0	991,276,064
Special mention	0	24,351,710	0	24,351,710
Sub-standard	0	0	14,487,624	14,487,624
Doubtful	0	0	12,253,410	12,253,410
Loss	0	0	5,392,222	5,392,222
<b>Gross amount</b>	<u>988,234,918</u>	<u>27,392,856</u>	<u>32,133,256</u>	<u>1,047,761,030</u>
Allowance for ECL	<u>(2,932,661)</u>	<u>(963,467)</u>	<u>(11,831,206)</u>	<u>(15,727,334)</u>
<b>Net amount</b>	<u>985,302,257</u>	<u>26,429,389</u>	<u>20,302,050</u>	<u>1,032,033,696</u>
<b>Small company</b>				
Satisfactory	1,330,544,335	46,469,290	0	1,377,013,625
Special mention	1,040,552	55,161,727	0	56,202,279
Sub-standard	0	0	9,030,696	9,030,696
Doubtful	0	0	10,329,254	10,329,254
Loss	0	0	4,427,566	4,427,566
<b>Gross amount</b>	<u>1,331,584,887</u>	<u>101,631,017</u>	<u>23,787,516</u>	<u>1,457,003,420</u>
Allowance for ECL	<u>(6,175,856)</u>	<u>(5,092,259)</u>	<u>(6,255,344)</u>	<u>(17,523,459)</u>
<b>Net amount</b>	<u>1,325,409,031</u>	<u>96,538,758</u>	<u>17,532,172</u>	<u>1,439,479,961</u>
<b>Mortgage</b>				
Satisfactory	3,524,715,858	170,593,300	0	3,695,309,158
Special mention	4,268,097	413,248,572	0	417,516,669
Sub-standard	0	0	108,588,984	108,588,984
Doubtful	0	0	47,682,547	47,682,547
Loss	0	0	26,473,087	26,473,087
<b>Gross amount</b>	<u>3,528,983,955</u>	<u>583,841,872</u>	<u>182,744,618</u>	<u>4,295,570,445</u>
Allowance for ECL	<u>(2,545,734)</u>	<u>(16,989,477)</u>	<u>(17,831,285)</u>	<u>(37,366,496)</u>
<b>Net amount</b>	<u>3,526,438,221</u>	<u>566,852,395</u>	<u>164,913,333</u>	<u>4,258,203,949</u>
<b>Personal Banking</b>				
Satisfactory	2,416,432,245	94,428,768	2,742,309	2,513,603,322
Special mention	2,681,648	73,735,766	1,658,053	78,075,467
Sub-standard	0	0	26,403,249	26,403,249
Doubtful	0	0	25,077,197	25,077,197
Loss	0	0	6,055,658	6,055,658
<b>Gross amount</b>	<u>2,419,113,893</u>	<u>168,164,534</u>	<u>61,936,466</u>	<u>2,649,214,893</u>
Allowance for ECL	<u>(48,809,918)</u>	<u>(25,843,338)</u>	<u>(31,619,992)</u>	<u>(106,273,248)</u>
<b>Net amount</b>	<u>2,370,303,975</u>	<u>142,321,196</u>	<u>30,316,474</u>	<u>2,542,941,645</u>
<b>Vehicles</b>				
Satisfactory	1,786,522,570	29,759,110	0	1,816,281,680
Special mention	458,291	84,951,808	0	85,410,099
Sub-standard	0	0	6,633,239	6,633,239
Doubtful	0	0	4,648,025	4,648,025
Loss	0	0	1,653,924	1,653,924
<b>Gross amount</b>	<u>1,786,980,861</u>	<u>114,710,918</u>	<u>12,935,188</u>	<u>1,914,626,967</u>
Allowance for ECL	<u>(3,761,217)</u>	<u>(4,876,179)</u>	<u>(3,543,522)</u>	<u>(12,180,918)</u>
<b>Net amount</b>	<u>1,783,219,644</u>	<u>109,834,739</u>	<u>9,391,666</u>	<u>1,902,446,049</u>
<b>Credit card</b>				
Satisfactory	5,185,295,796	217,993,585	6,029,858	5,409,319,239
Special mention	11,623,323	459,279,429	89,850,823	560,753,575
Sub-standard	0	0	18,658,420	18,658,420
Doubtful	378,620	67,590,407	19,421,625	87,390,652
Loss	52	0	118,553,353	118,553,405
<b>Gross amount</b>	<u>5,197,297,791</u>	<u>744,863,421</u>	<u>252,514,079</u>	<u>6,194,675,291</u>
Allowance for ECL	<u>(134,743,815)</u>	<u>(196,179,476)</u>	<u>(157,015,167)</u>	<u>(487,938,458)</u>
<b>Net amount</b>	<u>5,062,553,976</u>	<u>548,683,945</u>	<u>95,498,912</u>	<u>5,706,736,833</u>
<b>Net carrying amount of loans</b>	<u>25,452,013,830</u>	<u>1,813,766,355</u>	<u>391,638,770</u>	<u>27,657,418,955</u>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

2024	Loans			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
<b>Corporate</b>				
Satisfactory	9,546,914,316	2,902,923	0	9,549,817,239
Special mention	0	223,742,784	0	223,742,784
Sub-standard	0	0	87,185,962	87,185,962
Doubtful	0	0	6,456,850	6,456,850
Loss	0	0	22,095,560	22,095,560
<b>Gross amount</b>	<u>9,546,914,316</u>	<u>226,645,707</u>	<u>115,738,372</u>	<u>9,889,298,395</u>
Allowance for ECL	<u>(23,796,847)</u>	<u>(18,028,526)</u>	<u>(40,964,217)</u>	<u>(82,789,590)</u>
<b>Net amount</b>	<u>9,523,117,469</u>	<u>208,617,181</u>	<u>74,774,155</u>	<u>9,806,508,805</u>
<b>Medium company</b>				
Satisfactory	905,034,178	3,672,317	0	908,706,495
Special mention	0	24,604,569	0	24,604,569
Sub-standard	0	0	17,168,933	17,168,933
Doubtful	0	0	11,864,969	11,864,969
Loss	0	0	5,927,453	5,927,453
<b>Gross amount</b>	<u>905,034,178</u>	<u>28,276,886</u>	<u>34,961,355</u>	<u>968,272,419</u>
Allowance for ECL	<u>(2,809,232)</u>	<u>(1,151,328)</u>	<u>(16,278,753)</u>	<u>(20,239,313)</u>
<b>Net amount</b>	<u>902,224,946</u>	<u>27,125,558</u>	<u>18,682,602</u>	<u>948,033,106</u>
<b>Small company</b>				
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
<b>Gross amount</b>	<u>1,239,150,516</u>	<u>84,666,042</u>	<u>21,854,460</u>	<u>1,345,671,018</u>
Allowance for ECL	<u>(3,748,467)</u>	<u>(4,574,525)</u>	<u>(6,135,973)</u>	<u>(14,458,965)</u>
<b>Net amount</b>	<u>1,235,402,049</u>	<u>80,091,517</u>	<u>15,718,487</u>	<u>1,331,212,053</u>
<b>Mortgage</b>				
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
<b>Gross amount</b>	<u>3,364,614,786</u>	<u>553,623,698</u>	<u>162,927,733</u>	<u>4,081,166,217</u>
Allowance for ECL	<u>(2,467,355)</u>	<u>(23,504,446)</u>	<u>(18,628,178)</u>	<u>(44,599,979)</u>
<b>Net amount</b>	<u>3,362,147,431</u>	<u>530,119,252</u>	<u>144,299,555</u>	<u>4,036,566,238</u>
<b>Personal banking</b>				
Satisfactory	2,308,301,636	78,491,707	2,105,506	2,388,898,849
Special mention	1,431,168	78,399,793	1,281,546	81,112,507
Sub-standard	0	0	30,605,816	30,605,816
Doubtful	0	0	19,006,651	19,006,651
Loss	0	0	7,375,250	7,375,250
<b>Gross amount</b>	<u>2,309,732,804</u>	<u>156,891,500</u>	<u>60,374,769</u>	<u>2,526,999,073</u>
Allowance for ECL	<u>(52,083,738)</u>	<u>(22,024,990)</u>	<u>(31,693,947)</u>	<u>(105,802,675)</u>
<b>Net amount</b>	<u>2,257,649,066</u>	<u>134,866,510</u>	<u>28,680,822</u>	<u>2,421,196,398</u>
<b>Vehicles</b>				
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
<b>Gross amount</b>	<u>1,527,456,871</u>	<u>112,268,159</u>	<u>15,499,783</u>	<u>1,655,224,813</u>
Allowance for ECL	<u>(2,077,143)</u>	<u>(3,665,349)</u>	<u>(3,834,308)</u>	<u>(9,576,800)</u>
<b>Net amount</b>	<u>1,525,379,728</u>	<u>108,602,810</u>	<u>11,665,475</u>	<u>1,645,648,013</u>
<b>Credit card</b>				
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
<b>Gross amount</b>	<u>4,934,763,341</u>	<u>787,816,775</u>	<u>262,647,873</u>	<u>5,985,227,989</u>
Allowance for ECL	<u>(122,284,917)</u>	<u>(191,047,376)</u>	<u>(161,642,660)</u>	<u>(474,974,953)</u>
<b>Net amount</b>	<u>4,812,478,424</u>	<u>596,769,399</u>	<u>101,005,213</u>	<u>5,510,253,036</u>
<b>Net carrying amount of loans</b>	<u>23,618,399,113</u>	<u>1,686,192,227</u>	<u>394,826,309</u>	<u>25,699,417,649</u>

**Notes to the Consolidated Financial Statements**

**(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:

	Credit commitments and guarantees			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
<b>2025</b>				
<b>Corporate</b>				
Satisfactory	694,469,722	0	0	694,469,722
Special mention	0	2,400,415	0	2,400,415
Sub-standard	0	0	571	571
Doubtful	0	0	0	0
Loss	0	0	87,922	87,922
<b>Gross amount</b>	<b>694,469,722</b>	<b>2,400,415</b>	<b>88,493</b>	<b>696,958,630</b>
Allowance for ECL	(130,911)	(7,491)	(88,323)	(226,725)
<b>Net amount</b>	<b>694,338,811</b>	<b>2,392,924</b>	<b>170</b>	<b>696,731,905</b>
<b>Medium company</b>				
Satisfactory	14,193,037	0	0	14,193,037
Special mention	0	240,578	0	240,578
Sub-standard	0	0	39,893	39,893
Doubtful	0	0	0	0
Loss	0	0	766,743	766,743
<b>Gross amount</b>	<b>14,193,037</b>	<b>240,578</b>	<b>806,636</b>	<b>15,240,251</b>
Allowance for ECL	(1,921)	(761)	(766,779)	(769,461)
<b>Net amount</b>	<b>14,191,116</b>	<b>239,817</b>	<b>39,857</b>	<b>14,470,790</b>
<b>Small company</b>				
Satisfactory	3,272,909	0	0	3,272,909
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	109,915	109,915
Loss	0	0	0	0
<b>Gross amount</b>	<b>3,272,909</b>	<b>0</b>	<b>109,915</b>	<b>3,382,824</b>
Allowance for ECL	(1,899)	0	(11)	(1,910)
<b>Net amount</b>	<b>3,271,010</b>	<b>0</b>	<b>109,904</b>	<b>3,380,914</b>
<b>Mortgage</b>				
Satisfactory	42,185,562	0	0	42,185,562
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
<b>Gross amount</b>	<b>42,185,562</b>	<b>0</b>	<b>0</b>	<b>42,185,562</b>
Allowance for ECL	(4,218)	0	0	(4,218)
<b>Net amount</b>	<b>42,181,344</b>	<b>0</b>	<b>0</b>	<b>42,181,344</b>
<b>Net carrying amount, net of allowance</b>	<b>753,982,281</b>	<b>2,632,741</b>	<b>149,931</b>	<b>756,764,953</b>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

	Credit commitments and guarantees			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
<b>2024</b>				
<b>Corporate</b>				
Satisfactory	633,611,332	0	0	633,611,332
Special mention	0	1,707,024	0	1,707,024
Sub-standard	0	0	107,739	107,739
Loss	0	0	111,429	111,429
<b>Gross amount</b>	<u>633,611,332</u>	<u>1,707,024</u>	<u>219,168</u>	<u>635,537,524</u>
Allowance for ECL	<u>(145,986)</u>	<u>(5,452)</u>	<u>(113,659)</u>	<u>(265,097)</u>
<b>Net amount</b>	<u>633,465,346</u>	<u>1,701,572</u>	<u>105,509</u>	<u>635,272,427</u>
<b>Medium company</b>				
Satisfactory	13,986,068	0	0	13,986,068
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	847,547	847,547
<b>Gross amount</b>	<u>13,986,068</u>	<u>0</u>	<u>847,547</u>	<u>14,833,615</u>
Allowance for ECL	<u>(3,033)</u>	<u>0</u>	<u>(847,547)</u>	<u>(850,580)</u>
<b>Net amount</b>	<u>13,983,035</u>	<u>0</u>	<u>0</u>	<u>13,983,035</u>
<b>Small company</b>				
Satisfactory	3,510,821	0	0	3,510,821
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
<b>Gross amount</b>	<u>3,510,821</u>	<u>0</u>	<u>0</u>	<u>3,510,821</u>
Allowance for ECL	<u>(282,012)</u>	<u>0</u>	<u>0</u>	<u>(282,012)</u>
<b>Net amount</b>	<u>3,228,809</u>	<u>0</u>	<u>0</u>	<u>3,228,809</u>
<b>Mortgage</b>				
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
<b>Gross amount</b>	<u>72,103,468</u>	<u>0</u>	<u>0</u>	<u>72,103,468</u>
Allowance for ECL	<u>(14,420)</u>	<u>0</u>	<u>0</u>	<u>(14,420)</u>
<b>Net amount</b>	<u>72,089,048</u>	<u>0</u>	<u>0</u>	<u>72,089,048</u>
<b>Net carrying amount, net of allowance</b>	<u>722,766,238</u>	<u>1,701,572</u>	<u>105,509</u>	<u>724,573,319</u>

***Guarantees and other enhancements to reduce credit risk and its financial effect***

The Bank maintains guarantees and other enhancements 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.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

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

	Mortgage	Pledge	Time deposits certificates	Investments in securities	Unsecured	Total
<b>2025</b>						
Securities under resale agreements	0	0	0	3,125,890	0	3,125,890
Investments in securities	0	0	0	0	4,966,834,045	4,966,834,045
<b>Loans</b>						
<b>Corporate</b>						
Corporate	4,376,009,398	922,885,958	319,396,461	0	4,878,793,209	10,497,085,026
Corporate leases, net	0	366,543,204	0	0	0	366,543,204
<b>Total corporate</b>	4,376,009,398	1,289,429,162	319,396,461	0	4,878,793,209	10,863,628,230
<b>Personal banking, small and medium company</b>						
<b>Medium company</b>						
Medium company	673,519,954	56,404,204	27,253,509	0	177,585,676	934,763,343
Medium company leases, net	0	112,997,687	0	0	0	112,997,687
<b>Total Medium company</b>	673,519,954	169,401,891	27,253,509	0	177,585,676	1,047,761,030
<b>Small company</b>						
Small company	539,160,833	93,266,200	66,903,951	0	591,815,332	1,291,146,316
Small company leases, net	0	165,857,104	0	0	0	165,857,104
<b>Total Small company</b>	539,160,833	259,123,304	66,903,951	0	591,815,332	1,457,003,420
<b>Personal Banking</b>						
Mortgage	4,295,570,445	0	0	0	0	4,295,570,445
Personal	458,092,690	658,260	56,939,357	0	2,133,524,586	2,649,214,893
Vehicles	0	1,697,545,397	0	0	0	1,697,545,397
Personal leases, net of interest	0	217,081,570	0	0	0	217,081,570
Credit cards	0	0	0	0	6,194,675,291	6,194,675,291
<b>Total personal banking</b>	4,753,663,135	1,915,285,227	56,939,357	0	8,328,199,877	15,054,087,596
<b>Total personal banking and small company</b>	5,966,343,922	2,343,810,422	151,096,817	0	9,097,600,885	17,558,852,046
Allowance for ECL	(111,985,141)	(24,148,820)	(3,042,670)	0	(625,884,690)	(765,061,321)
<b>Total loans</b>	10,230,368,179	3,609,090,764	467,450,608	0	13,350,509,404	27,657,418,955
Commitments and guarantees, gross	132,337,489	3,108,873	66,904,335	3,097,249	552,319,321	757,767,267
Commitments and guarantees, provision	(24,499)	(512)	(34,388)	(129)	(942,786)	(1,002,314)
<b>Total commitments and guarantees, net</b>	132,312,990	3,108,361	66,869,947	3,097,120	551,376,535	756,764,953
<b>2024</b>						
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
<b>Loans</b>						
<b>Corporate</b>						
Corporate	3,850,664,536	775,670,743	380,645,596	0	4,622,073,464	9,629,054,339
Corporate leases, net	0	260,244,056	0	0	0	260,244,056
<b>Total corporate</b>	3,850,664,536	1,035,914,799	380,645,596	0	4,622,073,464	9,889,298,395
<b>Personal banking, medium and small company</b>						
<b>Medium company</b>						
Medium company	650,657,380	54,649,784	28,062,414	0	138,674,408	872,043,986
Medium company leases, net	0	96,228,433	0	0	0	96,228,433
<b>Total Medium company</b>	650,657,380	150,878,217	28,062,414	0	138,674,408	968,272,419
<b>Small company</b>						
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
<b>Total Small company</b>	540,442,738	230,756,368	62,234,321	0	512,237,591	1,345,671,018
<b>Personal banking</b>						
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
<b>Total personal banking</b>	4,548,712,384	1,655,646,282	47,054,576	0	7,997,204,850	14,248,618,092
<b>Total personal banking and small company</b>	5,739,812,502	2,037,280,867	137,351,311	0	8,648,116,849	16,562,561,529
Allowance for ECL	(101,109,962)	(29,466,143)	(5,026,784)	0	(616,839,386)	(752,442,275)
<b>Total loans</b>	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)
<b>Commitments and guarantees, net</b>	138,248,930	4,309,703	77,652,734	3,046,217	501,315,735	724,573,319

**Notes to the Consolidated Financial Statements**

**(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:

	2025		2024	
	Loans	Covered amount	Loans	Covered amount
<b>Corporates</b>				
Stages 1 and 2	4,862,647,105	4,630,473,002	4,432,360,053	4,260,957,164
Stage 3	<u>91,278,275</u>	<u>89,957,664</u>	<u>100,022,608</u>	<u>98,834,407</u>
<b>Total</b>	<u>4,953,925,380</u>	<u>4,720,430,666</u>	<u>4,532,382,661</u>	<u>4,359,791,571</u>

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

	2025	2024
Property	28,805,783	27,154,453
Vehicles	4,875,807	3,577,807
Machinery	<u>20,168</u>	<u>3</u>
<b>Total</b>	<u>33,701,758</u>	<u>30,732,263</u>

The 2024 classifications include modifications for comparability purposes and improvements in presentation.

The Bank's policy is to promote the sale of these assets to recover 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.

LTV Ratio	2025		2024	
	Loans	Credit and guarantee commitments	Loans	Credit and guarantee commitments
Less than 50%	911,476,397	1,207,175	852,133,853	2,394,751
51-70%	1,395,755,444	5,824,336	1,329,290,381	5,699,889
71-80%	1,235,175,479	7,502,265	1,231,321,581	11,031,403
81-90%	575,643,448	17,420,114	522,570,090	12,754,795
91-100%	140,064,958	10,069,672	128,154,130	39,990,130
More than 100%	<u>37,454,719</u>	<u>162,000</u>	<u>17,696,182</u>	<u>232,500</u>
<b>Total</b>	<u>4,295,570,445</u>	<u>42,185,562</u>	<u>4,081,166,217</u>	<u>72,103,468</u>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

*Impaired loans*

LTV Ratio	2025	2024
Less than 50%	27,513,615	26,903,795
51-70%	52,382,491	43,983,202
71-80%	63,171,290	52,334,888
81-90%	28,902,817	29,543,722
91-100%	7,169,164	6,031,353
More than 100%	<u>3,605,241</u>	<u>4,130,773</u>
<b>Total</b>	<b><u>182,744,618</u></b>	<b><u>162,927,733</u></b>

***Expected credit loss allowance (ECL)  
Projection of future conditions***

The upside, base and downside scenarios are described below, together with the main risks considered in defining them.

External sector:

External risks	Upside	Base	Downside
<p><b>Slowdown of commercial partners:</b> The possibility of slightly lower economic momentum in developed economies is anticipated after a year of high uncertainty due to geopolitical conflicts and distortions in international trade, which may affect consumption among key trading partners for the region.</p>	<p>Monetary policies prove effective in controlling inflation, achieving moderation without generating significant distortions across global economies. Inflation targets are reached in the U.S., allowing the Federal Reserve to implement a more accommodative monetary policy that eases global financing conditions.</p>	<p>Developed economies slow down slightly but remain in positive territory. Inflation continues to moderate, although it remains close to target, requiring interest rates to stay relatively high for a longer period. Lower external momentum partially reduces demand for the region's exports and services, without representing a deep deterioration.</p>	<p>Economic growth is significantly affected by policies aimed at containing inflation, tariff distortions, and more aggressive migration policies that generate weak labor supply in key trading partners, affecting labor markets and growth. This results in lower consumption and employment, negatively impacting exports, remittance flows, tourism, and foreign direct investment (FDI) in the region.</p>
<p><b>Global financial volatility driven by uncertainty related to geopolitical conflicts and international trade:</b> As a result of geopolitical shocks and uncertainty generated by new administrations in major trading partners, increased volatility has been introduced into financial markets. This represents a risk to be monitored, as it may skew inflation risks to the upside for the region and generate additional pressures on remittances, trade, and exchange rates.</p>	<p>The interest rate easing cycle progresses as inflation returns to its usual level. Geopolitical conflicts do not escalate further, and no climate-related shocks arise that could generate price disruptions. Measures adopted by major trading partners are implemented cautiously and gradually, allowing the global economy to react in a timely manner and smooth their effects. The inflationary cycle concludes successfully without obstacles.</p>	<p>Geopolitical conflicts persist but do not escalate into more severe consequences, having a mild impact on commodity markets that is not significant enough to trigger production price increases or inflationary pressures. The inflationary cycle comes to an end in a moderate manner.</p>	<p>Climate events continue to impact the region, compounded by escalating geopolitical conflicts and tensions that trigger sanctions and higher commodity prices. This poses a challenge for containing inflation, delaying interest rate cuts longer than expected. Trading partners adopt more aggressive protectionist measures that affect the region in the short term, generating pressure on prices, exchange rates, remittances, and the trade balance.</p>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

The scenarios for each country are detailed below:

Scenario	Scenario Synthesis	Upside	Base	Downside
Guatemala	Economic growth in Guatemala has remained favorable, driven mainly by financial activities, services, construction, and growth in hotels and restaurants. The country has enjoyed exchange rate and inflation stability; pressures from food supply shocks have dissipated, and fuel prices have declined. Tourism has also shown notable growth, with an 11% increase in tourist arrivals during 2025 compared to 2024.	More relaxed international financial conditions due to interest rate cuts contribute to a favorable growth environment. Macroeconomic variables remain stable, with inflation within the target range and high levels of international reserves that reduce external vulnerabilities. Strong consumption driven by remittances and a resilient labor market, along with solid export performance, supports higher-than-expected economic expansion.	Economic growth moderates but remains positive. Inflationary pressures continue to decline in line with global and domestic dynamics, allowing for interest rate stability. The country preserves strength in external and fiscal indicators, and the exchange rate remains stable. Monitoring continues regarding the effects of U.S. migration policies and potential external shocks, although without substantive changes to the short-term outlook.	Risks persist related to climate conditions, particularly due to the agricultural sector's high exposure to extreme weather events. Structural challenges in social, institutional, and infrastructure areas remain sources of vulnerability. Geopolitical risks or deterioration in remittance flows could affect consumption. Potential social or political tensions, although recently contained, remain downside risks.
Honduras	The Honduran economy maintains positive growth driven by consumption, exports, and greater dynamism in sectors such as financial intermediation, transportation, and commerce. Remittances continue to grow and support domestic demand. However, inflation remains the highest in Central America, and the exchange rate has depreciated more than anticipated. The IMF agreement provides an important anchor, although social, security, and environmental risks persist.	The IMF agreement strengthens the economic institutional framework and supports the fiscal and monetary policy framework. A gradual reduction in inflation and a more benign external environment allow for improvements in interest rates and local financial conditions. Exports remain dynamic, and remittance flows sustain consumption. Progress in governance and political stability increases investor confidence.	The economy maintains moderate growth, with inflation continuing to decelerate gradually but remaining relatively high. The depreciation of the lempira follows the trend observed in 2025. Medium-term risks persist related to the country risk profile, external investor confidence, public security, and a fragile social environment.	Risks derived from climate vulnerability may have significant impacts on agriculture and prices. A high impact is identified, mainly due to historical effects of extreme weather events and overall high vulnerability (exposure to extreme events and deteriorated social indicators). Exchange rate depreciation could accelerate, pressuring inflation and reducing purchasing power. Political tensions under the new government may generate uncertainty.
El Salvador	The Salvadoran economy shows greater macroeconomic stability, supported by low inflation during 2025, improved market expectations, and strengthened fiscal sustainability, with significant growth in construction, professional services, financial activities, and commerce. The IMF agreement and reduced financing needs have significantly improved country risk perception. Tourism, foreign direct investment, and consumer confidence continue to show dynamism.	More relaxed international financial conditions driven by interest rate cuts in developed countries and controlled inflation favor economic activity; U.S. rate reductions transmit favorably to the local financial system. The IMF agreement strengthens credibility and improves debt metrics and sovereign risk indicators. Tourism and investment continue to advance, enhancing the growth outlook.	Economic growth slows but remains stable thanks to expansionary fiscal policies, improvements in the security environment, and a moderate increase in public investment. Financial conditions improve due to engagement with the IMF and international rate cuts. Risks related to exports and remittances stemming from U.S. migration policies remain relevant.	If new financing sources do not materialize, the country could face abrupt fiscal adjustments. Social and environmental risks persist, as well as tensions arising from a potential increase in financing costs. A deterioration in remittance inflows or access to international markets would exacerbate fiscal pressure and hinder growth.
Nicaragua	Nicaragua's economy continues to show strong growth driven by consumption and private investment, alongside solid performance in remittances, exchange rate stability, and sectors such as construction, mining, commerce, hotels, and restaurants. Inflation has remained low and stable, supported by subsidies and a fixed exchange rate regime. The country holds high international reserves and has strengthened its fiscal position, although risks persist related to trade tensions with the U.S. and climate vulnerability.	The country maintains macroeconomic stability supported by a well-capitalized financial system, controlled inflation, a solid fiscal position, and an exchange rate regime reinforced by high levels of international reserves. Remittances remain a key support to consumption, and a moderate global environment favors exports and tourism.	Moderate growth continues with consistent fiscal discipline, contained inflation, and exchange rate stability in line with the Central Bank's objectives. Remittances continue to support consumption, while the international environment shows a mild slowdown without severe shocks.	Main risks stem from potential trade retaliation by the U.S. through tariff measures, which would directly affect exports, employment, and investment flows. High risks related to climate vulnerability and exposure to extreme weather events persist. The country continues to face limitations in access to external financing, which could pressure economic activity.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

Scenario	Scenario Synthesis	Upside	Base	Downside
Costa Rica	Costa Rica's economy maintains favorable growth supported by dynamism in manufacturing, transportation, and services, with GDP growth of 5% as of the third quarter of 2025. Inflation remains low and inflation expectations stay below the target range. Monetary policy continues to ease with interest rate cuts by the Central Bank. Fiscal discipline has strengthened, and credit rating agencies have improved risk perception.	Both the global financial environment and local monetary policy contribute to improved financial conditions. Low inflation allows continuation of the interest rate cutting cycle, supporting credit and investment. Export diversification in services and manufacturing underpins growth, while sound fiscal conditions and recent credit rating upgrades enhance confidence and macroeconomic stability.	Growth remains positive but moderates due to lower expected momentum among trading partners. Inflation remains controlled and close to low levels, allowing stability in monetary policy. Risks related to U.S. tariff measures and uncertainty surrounding the 2026 political cycle are monitored, without significantly affecting the central outlook.	External risks from U.S. protectionist measures could affect key export sectors such as medical devices. Domestic uncertainty related to the electoral process could generate episodes of exchange rate volatility. Climate risks remain present, although the country has historically shown resilience to such events.
Panama	Panama's economy showed stable growth throughout 2025 and remains the fastest-growing economy projected in the region. It has recovered from the impact of the Cobre Panama mine closure, and sectors such as hotels, transportation, entertainment, and infrastructure projects continue to drive GDP. Inflation remains low due to the dollarized regime and limited external price pressures, while fiscal challenges and episodes of social tension remain factors to monitor.	International financial conditions improve due to interest rate cuts in advanced economies, reducing financing costs and boosting investment. Ongoing infrastructure projects, logistical dynamism, and low inflation support higher-than-expected growth.	Economic growth remains positive, supported by the strength of the logistics sector, services, and infrastructure projects. Fiscal indicators require attention, and social conditions remain a monitoring factor, although without deteriorating the central macroeconomic outlook.	Risks related to social tensions, fiscal challenges, and arbitration processes linked to the mine closure could affect confidence and public finances. Adverse climate events or logistical disruptions could pressure Canal operations. Deterioration in country risk perception could increase financing costs and limit fiscal flexibility.

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

Scenario probability weighting	2025					
	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
Upside	40%	25%	15%	15%	40%	30%
Base	50%	60%	75%	60%	50%	60%
Downside	10%	15%	10%	25%	10%	10%

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%

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.

**Notes to the Consolidated Financial Statements**

**(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.

		2025					
		Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
		%	%	%	%	%	%
Annual rate of change in economic growth, expressed as a percentage	Upside	4.36	4.39	2.94	4.38	4.00	4.46
	Base	3.73	3.61	2.48	3.27	3.56	4.12
	Downside	2.92	3.08	2.13	3.04	3.00	3.69
Year-on-year rate of change of inflation, expressed as a percentage	Upside	2.63	3.11	0.56	0.08	1.18	1.21
	Base	2.95	4.32	1.00	2.19	2.20	1.57
	Downside	3.85	6.10	1.95	3.05	3.71	2.51
Nominal exchange rate of change, expressed as a percentage	Upside	(1.18)	2.19	-	0.02	0.88	-
	Base	0.41	3.57	-	0.02	5.04	-
	Downside	2.01	4.58	-	0.85	7.48	-
Annual difference in the local currency lending rate measured in basis points	Upside	(1.09)	(0.78)	-	(1.61)	(1.23)	-
	Base	(0.51)	(0.39)	-	(1.16)	(1.03)	-
	Downside	0.43	0.52	-	0.43	0.68	-
Annual difference in foreign currency lending rate measured in basis points	Upside	(0.71)	(0.64)	(1.13)	(1.05)	(0.88)	(0.42)
	Base	(0.49)	(0.53)	(0.58)	(0.23)	(0.34)	(0.30)
	Downside	0.38	0.11	0.84	0.41	0.40	0.49

		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

***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.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

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

<u>2025</u>	<u>Upside</u>	<u>Base</u>	<u>Downside</u>
<b>Book Value</b>			
Corporate	10,863,628,230	10,863,628,230	10,863,628,230
Medium company	1,047,761,030	1,047,761,030	1,047,761,030
Small company	1,457,003,420	1,457,003,420	1,457,003,420
Mortgage	4,295,570,445	4,295,570,445	4,295,570,445
Personal banking	2,649,214,893	2,649,214,893	2,649,214,893
Vehicles	1,914,626,967	1,914,626,967	1,914,626,967
Credit card	<u>6,194,675,291</u>	<u>6,194,675,291</u>	<u>6,194,675,291</u>
	<u>28,422,480,276</u>	<u>28,422,480,276</u>	<u>28,422,480,276</u>
<b>ECL Allowance</b>			
Corporate	86,807,066	87,337,040	90,759,891
Medium company	15,630,687	15,730,003	15,997,462
Small company	16,754,585	17,867,182	18,557,770
Mortgage	35,343,023	38,292,992	40,579,534
Personal banking	105,899,485	109,507,011	113,220,223
Vehicles	11,461,343	12,518,228	13,272,956
Credit card	<u>482,568,330</u>	<u>489,012,209</u>	<u>498,341,766</u>
	<u>754,464,519</u>	<u>770,264,665</u>	<u>790,729,602</u>
<b>Proportion of assets in Stage 2</b>			
Corporate	3.13%	3.13%	3.13%
Medium company	2.58%	2.58%	2.58%
Small company	6.69%	6.94%	7.26%
Mortgage	13.22%	13.46%	13.77%
Personal banking	6.15%	6.30%	6.58%
Vehicles	5.90%	5.94%	5.97%
Credit card	<u>11.89%</u>	<u>11.89%</u>	<u>12.01%</u>
	<u>7.20%</u>	<u>7.26%</u>	<u>7.38%</u>
<b>2024</b>			
<b>Book Value</b>			
Corporate	9,889,298,395	9,889,298,395	9,889,298,395
Medium company	968,272,419	968,272,419	968,272,419
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	<u>5,985,227,989</u>	<u>5,985,227,989</u>	<u>5,985,227,989</u>
	<u>26,451,859,924</u>	<u>26,451,859,924</u>	<u>26,451,859,924</u>
<b>ECL Allowance</b>			
Corporate	82,367,818	82,945,498	83,717,014
Medium company	20,156,123	20,257,580	20,352,065
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	<u>471,544,137</u>	<u>476,665,470</u>	<u>480,462,411</u>
	<u>746,135,158</u>	<u>761,947,667</u>	<u>773,970,204</u>
<b>Proportion of assets in Stage 2</b>			
Corporate	2.28%	2.28%	2.28%
Medium company	2.90%	2.90%	2.90%
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	<u>12.95%</u>	<u>13.01%</u>	<u>13.08%</u>
	<u>7.20%</u>	<u>7.38%</u>	<u>7.51%</u>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

The following table shows a reconciliation of the 2025 and 2024 opening and closing balances of the financial assets' ECL allowance.

	2025				2024			
	12 months ECL	Lifetime ECL – non-impaired	Lifetime ECL – impaired	Total	12 months ECL	Lifetime ECL – non-impaired	Lifetime ECL – impaired	Total
<b>Deposits in banks</b>								
Balance at year beginning	39,073	0	0	39,073	85,968	0	0	85,968
Net remeasurement of loss allowance	(22,298)	0	0	(22,298)	(55,103)	0	0	(55,103)
New financial assets originated	19,386	0	0	19,386	8,576	0	0	8,576
Foreign currency translation	(287)	0	0	(287)	(368)	0	0	(368)
Balance at year end	<u>35,874</u>	<u>0</u>	<u>0</u>	<u>35,874</u>	<u>39,073</u>	<u>0</u>	<u>0</u>	<u>39,073</u>
<b>Investments at FVOCI</b>								
Balance at year beginning	7,927,708	0	0	7,927,708	6,107,894	0	0	6,107,894
Net remeasurement of loss allowance	(3,626,238)	0	0	(3,626,238)	(4,019,392)	0	0	(4,019,392)
New financial assets originated	3,084,505	0	0	3,084,505	5,873,195	0	0	5,873,195
Foreign currency translation	(10,244)	0	0	(10,244)	(33,989)	0	0	(33,989)
Balance at year end	<u>7,375,731</u>	<u>0</u>	<u>0</u>	<u>7,375,731</u>	<u>7,927,708</u>	<u>0</u>	<u>0</u>	<u>7,927,708</u>
<b>Investments at AC</b>								
Balance at year beginning	149,144	0	0	149,144	185,768	0	0	185,768
Net remeasurement of loss allowance	(1,305)	0	0	(1,305)	(50,855)	0	0	(50,855)
New financial assets originated	233,545	0	0	233,545	17,535	0	0	17,535
Foreign currency translation	(2,953)	0	0	(2,953)	(3,304)	0	0	(3,304)
Balance at year end	<u>378,431</u>	<u>0</u>	<u>0</u>	<u>378,431</u>	<u>149,144</u>	<u>0</u>	<u>0</u>	<u>149,144</u>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

	2025				2024			
	12 months ECL	Lifetime ECL - non-impaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - non-impaired	Lifetime ECL - impaired	Total
<b>Loans</b>								
<b>Balance at year beginning</b>	209,267,699	263,996,540	279,178,036	752,442,275	200,884,075	241,452,983	292,324,462	734,661,520
Transfer from stage 1 to 2	(108,375,807)	108,375,807	0	0	(138,451,800)	138,451,800	0	0
Transfer from stage 1 to 3	(115,707)	0	115,707	0	(102,147)	0	102,147	0
Transfer from stage 2 to 3	0	(372,941,841)	372,941,841	0	0	(356,339,340)	356,339,340	0
Transfer from stage 3 to 2	0	117,644,035	(117,644,035)	0	0	117,817,007	(117,817,007)	0
Transfer from stage 2 to 1	244,783,759	(244,783,759)	0	0	263,980,180	(263,980,180)	0	0
Transfer from stage 3 to 1	18,836,369	0	(18,836,369)	0	16,391,779	0	(16,391,779)	0
Net remeasurement of loss allowance	(197,957,633)	423,873,005	387,199,390	613,114,762	(185,381,812)	421,388,710	301,621,259	537,628,157
New financial assets originated	213,661,216	88,238,569	33,614,410	335,514,195	191,557,881	64,991,719	19,084,993	275,634,593
Net derecognition of financial assets	(156,875,374)	(115,356,717)	(69,461,630)	(341,693,721)	(142,458,454)	(99,786,159)	(58,817,859)	(301,062,472)
Reclassification	0	0	0	0	2,847,997	0	0	2,847,997
Charge-offs	0	0	(789,653,492)	(789,653,492)	0	0	(643,965,872)	(643,965,872)
Recovery	0	0	196,533,010	196,533,010	0	0	150,845,111	150,845,111
Foreign currency translation	0	0	(1,195,708)	(1,195,708)	0	0	(4,146,759)	(4,146,759)
<b>Balance at year end</b>	<u>223,224,522</u>	<u>269,045,639</u>	<u>272,791,160</u>	<u>765,061,321</u>	<u>209,267,699</u>	<u>263,996,540</u>	<u>279,178,036</u>	<u>752,442,275</u>
<b>Commitments and guarantees</b>								
<b>Balance on January 1</b>	445,451	5,452	961,206	1,412,109	138,507	10,126	1,217,035	1,365,668
Transfer from stage 1 to 2	(32)	32	0	0	0	0	0	0
Transfer from stage 1 to 3	(319,897)	0	319,897	0	(38,834)	0	38,834	0
Transfer from stage 3 to 2	0	961,206	(961,206)	0	0	0	0	0
Transfer from stage 2 to 1	0	0	0	0	331	(331)	0	0
Transfer from stage 3 to 1	0	0	0	0	1,217,035	0	(1,217,035)	0
Net remeasurement of loss allowance	256,485	(965,519)	(125,511)	(834,545)	1,578,989	(2,297)	120,149	1,696,841
New financial assets originated	138,951	8,251	796,426	943,628	445,452	5,452	849,299	1,300,203
Net derecognition of financial assets	(404,793)	(1,170)	(135,699)	(541,662)	(81,902)	(7,498)	(47,076)	(136,476)
Reclassification	0	0	0	0	(2,847,997)	0	0	(2,847,997)
Foreign currency translation	22,784	0	0	22,784	33,870	0	0	33,870
<b>Balance at period end</b>	<u>138,949</u>	<u>8,252</u>	<u>855,113</u>	<u>1,002,314</u>	<u>445,451</u>	<u>5,452</u>	<u>961,206</u>	<u>1,412,109</u>
<b>Other accounts receivable</b>								
<b>Balance on January 1</b>	6,999,193	0	0	6,999,193	6,633,884	0	0	6,633,884
Net remeasurement of loss allowance	(3,695,350)	0	0	(3,695,350)	(5,076,945)	0	0	(5,076,945)
New financial assets originated	4,975,426	0	0	4,975,426	6,859,685	0	0	6,859,685
Charge-offs	(1,924,010)	0	0	(1,924,010)	(2,148,050)	0	0	(2,148,050)
Recovery	614,777	0	0	614,777	705,836	0	0	705,836
Foreign currency translation	3,432	0	0	3,432	24,783	0	0	24,783
<b>Balance at period end</b>	<u>6,973,468</u>	<u>0</u>	<u>0</u>	<u>6,973,468</u>	<u>6,999,193</u>	<u>0</u>	<u>0</u>	<u>6,999,193</u>

**Notes to the Consolidated Financial Statements**

**(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.

	2025	2024
Amortized cost before modification	6,474,499	30,350,274
Net loss due modification	<u>67,018</u>	<u>296</u>
<b>Total</b>	<b><u>6,541,517</u></b>	<b><u>30,350,570</u></b>

**Concentration of credit risk**

The Bank follows up the concentration of credit risk by sector and geographic location. The geographic location of loans and deposits in banks is based on the location of the debtor. 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:

	2025					
	Loans	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at AC
<b>Concentration by sector</b>						
Government	0	0	3,125,890	4,330,314,005	4,354,871,222	64,660,927
<b>Corporate</b>						
Trade	2,804,927,376	186,466,265	0	0	0	0
General industry	2,241,780,054	144,415,366	0	0	3,077,026	0
Real estate	2,126,402,762	31,380,114	0	0	40,713,472	34,602,294
Services	1,477,220,795	66,087,861	0	0	9,567,302	0
Food industry	1,276,910,109	39,919,036	0	0	10,001,348	0
Agricultural	1,081,322,515	12,075,307	0	0	0	0
Hotels and restaurants	838,198,003	6,798,596	0	0	1,618,243	0
Financial	470,872,836	126,314,870	0	898,571,385	186,895,594	5,397,652
Telecommunications	381,808,659	10,500,227	0	0	32,714,235	5,027,857
Transport	366,559,433	12,861,545	0	0	2,899,274	0
Construction	302,390,138	78,762,518	0	0	4,384,891	0
Oil and derivatives	0	0	0	0	19,597,551	0
Public services	0	0	0	0	0	0
Energy	0	0	0	0	66,481,175	78,200,303
Media	0	0	0	0	5,074,171	0
Technology	0	0	0	0	9,209,557	0
Pharmacy	0	0	0	0	2,905,679	0
Personal banking	15,054,087,596	42,185,562	0	0	3,063,342	0
Allowance for ECL	<u>(765,061,321)</u>	<u>(1,002,314)</u>	<u>0</u>	<u>(35,874)</u>	<u>0</u>	<u>0</u>
<b>Net carrying amount</b>	<b><u>27,657,418,955</u></b>	<b><u>756,764,953</u></b>	<b><u>3,125,890</u></b>	<b><u>5,228,849,516</u></b>	<b><u>4,753,074,082</u></b>	<b><u>187,889,033</u></b>
<b>Geographic location:</b>						
Costa Rica	8,529,443,074	299,566,233	0	1,853,872,426	1,200,424,767	5,027,857
Panama	6,067,847,743	180,568,218	0	144,691,219	806,780,061	118,200,249
Guatemala	5,015,247,356	18,064,258	3,125,890	704,925,632	736,593,030	0
Honduras	3,980,972,270	94,615,956	0	877,246,277	502,366,376	64,660,927
El Salvador	2,932,216,889	154,043,390	0	480,973,338	269,048,573	0
Nicaragua	1,896,752,944	10,909,212	0	324,165,906	244,572,222	0
North America	0	0	0	816,249,059	926,713,062	0
Europe	0	0	0	26,735,517	7,609,021	0
South America	0	0	0	0	58,966,970	0
Others	0	0	0	26,016	0	0
Allowance for ECL	<u>(765,061,321)</u>	<u>(1,002,314)</u>	<u>0</u>	<u>(35,874)</u>	<u>0</u>	<u>0</u>
<b>Net carrying amount</b>	<b><u>27,657,418,955</u></b>	<b><u>756,764,953</u></b>	<b><u>3,125,890</u></b>	<b><u>5,228,849,516</u></b>	<b><u>4,753,074,082</u></b>	<b><u>187,889,033</u></b>

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

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

The Bank has been and will continue to be monitoring the evolution of 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.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

The liquidity management conducted by the Bank seeks to ensure that it can meet its obligations, including: (i) withdrawals of customer deposits; (ii) repayment of institutional funding obligations according to their maturities and scheduled payment terms; (iii) meeting credit demand and providing investment funds as needed; and (iv) covering diverse operating expenses. In this regard, the Bank exercises constant control over its short-term assets and liabilities. The Bank’s liquidity is carefully managed and adjusted daily based on estimated liquidity in contingent and expected scenarios.

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	
	2025	2024
At year-end	32.1	28.6
Maximum	33.6	31.7
Average	29.9	28.1
Minimum	25.6	25.5

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

As of December 31, 2025, and 2024, 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.

	2025						
	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
<i>Amounts in thousands</i>							
<b>Liabilities</b>							
Demand deposits	11,359,804	(11,359,804)	(11,359,804)	0	0	0	0
Savings deposits	7,764,751	(7,764,751)	(7,764,751)	0	0	0	0
Time deposits	11,089,588	(11,600,919)	(1,466,896)	(2,317,130)	(5,918,168)	(1,870,078)	(28,647)
Securities sold under repurchase agreements	39,622	(39,622)	(39,622)	0	0	0	0
Financial obligations	3,202,907	(3,601,479)	(226,438)	(474,786)	(1,062,784)	(1,507,451)	(330,020)
Other financial obligations	1,787,385	(2,862,520)	(7,557)	(36,987)	(325,052)	(1,235,907)	(1,257,017)
Lease liabilities	112,273	(129,136)	(3,105)	(14,663)	(16,144)	(69,124)	(26,100)
<b>Sub-total liabilities</b>	<b>35,356,330</b>	<b>(37,358,231)</b>	<b>(20,868,173)</b>	<b>(2,843,566)</b>	<b>(7,322,148)</b>	<b>(4,682,560)</b>	<b>(1,641,784)</b>
Commitments and guarantees	66,639	(66,639)	(8,456)	(14,421)	(43,762)	0	0
Acceptances	5,081	(5,081)	(1,285)	(1,527)	(2,269)	0	0
<b>Total liabilities</b>	<b>35,428,050</b>	<b>(37,429,951)</b>	<b>(20,877,914)</b>	<b>(2,859,514)</b>	<b>(7,368,179)</b>	<b>(4,682,560)</b>	<b>(1,641,784)</b>
<b>Assets</b>							
Cash and cash equivalents	1,050,626	1,050,626	1,050,626	0	0	0	0
Securities purchased under resale agreements	3,126	3,126	3,126	0	0	0	0
Deposits in banks, net	5,228,850	5,230,081	5,201,500	4,411	13,447	10,723	0
Investments at FVPL (1)	25,871	32,527	0	70	2,985	13,218	16,254
Investments at FVOCI (1)	4,753,074	5,642,441	235,087	393,499	1,272,382	2,268,764	1,472,709
Investments at AC (1)	187,889	335,249	31	3,762	10,490	66,827	254,139
Other accounts receivable, net	485,839	485,839	365,798	38,619	44,038	37,384	0
Loans, net	27,657,419	39,997,531	3,184,911	5,583,101	6,204,650	11,806,729	13,218,140
<b>Sub-total assets</b>	<b>39,392,694</b>	<b>52,777,420</b>	<b>10,041,079</b>	<b>6,023,462</b>	<b>7,547,992</b>	<b>14,203,645</b>	<b>14,961,242</b>
Acceptances outstanding	5,081	5,081	1,285	1,527	2,269	0	0
<b>Total assets</b>	<b>39,397,775</b>	<b>52,782,501</b>	<b>10,042,364</b>	<b>6,024,989</b>	<b>7,550,261</b>	<b>14,203,645</b>	<b>14,961,242</b>

(1) Equity securities are excluded

	2024						
	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
<i>Amounts in thousands</i>							
<b>Liabilities</b>							
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)
<b>Sub-total liabilities</b>	<b>33,133,286</b>	<b>(33,340,973)</b>	<b>(18,965,581)</b>	<b>(2,398,070)</b>	<b>(8,044,295)</b>	<b>(3,468,730)</b>	<b>(464,297)</b>
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
<b>Total liabilities</b>	<b>33,243,350</b>	<b>(33,451,038)</b>	<b>(18,978,788)</b>	<b>(2,429,438)</b>	<b>(8,109,785)</b>	<b>(3,468,730)</b>	<b>(464,297)</b>
<b>Assets</b>							
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	36,853,978	3,127,736	5,542,337	5,695,228	10,709,082	11,779,595
<b>Sub-total assets</b>	<b>36,654,359</b>	<b>48,818,907</b>	<b>9,280,955</b>	<b>6,014,027</b>	<b>7,060,172</b>	<b>13,171,169</b>	<b>13,292,584</b>
Acceptances outstanding	23,273	23,273	10,309	11,629	1,335	0	0
<b>Total assets</b>	<b>36,677,632</b>	<b>48,842,180</b>	<b>9,291,264</b>	<b>6,025,656</b>	<b>7,061,507</b>	<b>13,171,169</b>	<b>13,292,584</b>

(1) Equity securities are excluded

**Notes to the Consolidated Financial Statements**

**(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 Bank's liquidity position is measured and monitored on a daily basis by each country's treasury. Additionally, maintaining adequate levels of cash in vaults, bank deposits, and short-term funds constitute the basis of the Bank's liquidity reserves. The fair value of liquidity is close to its carrying amount, and its composition is presented in the following table:

	2025	2024
Cash and cash equivalents	1,050,626,169	935,806,774
Securities bought under resale agreements	3,125,890	10,399,111
Deposits in central banks	3,578,054,764	3,325,083,187
Deposits due from banks maturing in less than 90 days	1,623,946,378	1,337,436,199
Deposits due from banks maturing after 90 days	<u>26,848,374</u>	<u>39,253,103</u>
<b>Total cash, cash equivalents and deposits in banks, net</b>	<b><u>6,282,601,575</u></b>	<b><u>5,647,978,374</u></b>
Uncommitted sovereign debt instruments	4,294,864,754	4,310,325,987
Other credit lines available (1)	<u>2,362,710,189</u>	<u>1,749,679,501</u>
<b>Total liquidity reserve</b>	<b><u>12,940,176,518</u></b>	<b><u>11,707,983,862</u></b>

(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:

	Committed		Uncommitted		Total
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	
Cash and cash equivalents	0	0	0	1,050,626,169	1,050,626,169
Securities purchased under resale agreements	0	0	3,125,890	0	3,125,890
Deposits due from banks, net	0	661,561,013	3,465,172,700	1,102,115,803	5,228,849,516
Investments in securities, net	22,257,990	4,481,007,833	150,538,323	336,033,581	4,989,837,727
Loans, net	<u>314,316,606</u>	<u>0</u>	<u>0</u>	<u>27,343,102,349</u>	<u>27,657,418,955</u>
<b>Total assets</b>	<b><u>336,574,596</u></b>	<b><u>5,142,568,846</u></b>	<b><u>3,618,836,913</u></b>	<b><u>29,831,877,902</u></b>	<b><u>38,929,858,257</u></b>

(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.

	Committed		Uncommitted		Total
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	
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	<u>218,936,117</u>	<u>0</u>	<u>0</u>	<u>25,480,481,532</u>	<u>25,699,417,649</u>
<b>Total assets</b>	<b><u>314,032,166</u></b>	<b><u>4,888,127,385</u></b>	<b><u>3,246,940,549</u></b>	<b><u>27,781,729,411</u></b>	<b><u>36,230,829,511</u></b>

(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.

**Notes to the Consolidated Financial Statements**

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**(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 than 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; US dollars, the consolidated monetary position may be below this desirable limit.

**Notes to the Consolidated Financial Statements**

**(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:

<b>2025</b>						
<i>Amounts in US millions</i>	<b>Euro</b>	<b>Quetzales</b>	<b>Lempiras</b>	<b>Cordobas</b>	<b>Colones</b>	<b>Total</b>
Cash, cash equivalents and deposits in banks	42	630	763	205	1,212	2,852
Investments in securities	0	491	517	245	658	1,911
Loans, net	<u>0</u>	<u>2,894</u>	<u>2,836</u>	<u>261</u>	<u>3,402</u>	<u>9,393</u>
<b>Total assets</b>	42	4,015	4,116	711	5,272	14,156
Deposits	11	3,165	3,095	621	4,215	11,107
Obligations	<u>0</u>	<u>339</u>	<u>411</u>	<u>0</u>	<u>681</u>	<u>1,431</u>
<b>Total liabilities</b>	11	3,504	3,506	621	4,896	12,538
<b>Contingencies</b>	<u>1</u>	<u>1</u>	<u>38</u>	<u>1</u>	<u>80</u>	<u>121</u>
<b>Exchange risk exposure</b>	<u>32</u>	<u>512</u>	<u>648</u>	<u>91</u>	<u>456</u>	<u>1,739</u>
<b>2024</b>						
<i>Amounts in US millions</i>	<b>Euro</b>	<b>Quetzales</b>	<b>Lempiras</b>	<b>Cordobas</b>	<b>Colones</b>	<b>Total</b>
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	<u>0</u>	<u>2,788</u>	<u>2,948</u>	<u>192</u>	<u>3,079</u>	<u>9,007</u>
<b>Total assets</b>	39	3,944	3,958	579	4,783	13,303
Deposits	19	3,153	3,021	506	3,717	10,416
Obligations	<u>0</u>	<u>296</u>	<u>332</u>	<u>0</u>	<u>748</u>	<u>1,376</u>
<b>Total liabilities</b>	19	3,449	3,353	506	4,465	11,792
<b>Contingencies</b>	<u>2</u>	<u>0</u>	<u>33</u>	<u>1</u>	<u>69</u>	<u>105</u>
<b>Exchange risk exposure</b>	<u>22</u>	<u>495</u>	<u>638</u>	<u>74</u>	<u>387</u>	<u>1,616</u>

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.

**Notes to the Consolidated Financial Statements**

**(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:

<b>2025</b>	<b>Up to 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Cash and cash equivalents	4,563,546,823	0	0	4,563,546,823
Securities purchased under resale agreements	3,100,000	0	0	3,100,000
Deposits due from Banks, net	719,826,460	10,723,379	0	730,549,839
Investments in securities, net	2,088,554,348	2,281,627,171	1,455,723,452	5,825,904,971
Loans, net	<u>24,856,181,876</u>	<u>4,405,425,089</u>	<u>1,211,773,233</u>	<u>30,473,380,198</u>
<b>Total assets</b>	<u>32,231,209,507</u>	<u>6,697,775,639</u>	<u>2,667,496,685</u>	<u>41,596,481,831</u>
Deposits	19,294,104,586	9,580,581,099	1,774,205,202	30,648,890,887
Securities sold under resale agreements	39,753,451	0	0	39,753,451
Financial obligations	2,587,740,160	573,949,236	283,330,852	3,445,020,248
Other financial obligations	736,796,433	593,443,718	151,546,079	1,481,786,230
<b>Total liabilities</b>	<u>22,658,394,630</u>	<u>10,747,974,053</u>	<u>2,209,082,133</u>	<u>35,615,450,816</u>
<b>Exposure to interest rate risk</b>	<u>9,572,814,877</u>	<u>(4,050,198,414)</u>	<u>458,414,552</u>	<u>5,981,031,015</u>

  

<b>2024</b>	<b>Up to 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
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	<u>23,033,107,682</u>	<u>4,183,055,254</u>	<u>998,047,414</u>	<u>28,214,210,350</u>
<b>Total assets</b>	<u>29,884,680,879</u>	<u>6,564,122,048</u>	<u>2,282,840,999</u>	<u>38,731,643,926</u>
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
<b>Total liabilities</b>	<u>21,134,545,329</u>	<u>10,461,828,752</u>	<u>2,023,110,805</u>	<u>33,619,484,886</u>
<b>Exposure to interest rate risk</b>	<u>8,750,135,550</u>	<u>(3,897,706,704)</u>	<u>259,730,194</u>	<u>5,112,159,040</u>

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, and 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.

**Notes to the Consolidated Financial Statements**

**(4) Risk management, continued**

The estimate of the impact of variations in interest rates is conducted under scenarios 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)
<b>Impact on equity to interest rate movements</b>		
<b>December 31, 2025</b>	11,258,867	(8,267,491)
Average for the period	5,827,611	(2,782,256)
Maximum for the period	18,741,768	(16,460,030)
Minimum for the period	(5,670,675)	8,844,387
<b>December 31, 2024</b>	20,360,507	(17,578,243)
Average for the year	29,971,435	(27,982,617)
Maximum for the year	41,716,310	(40,432,067)
Minimum for the year	13,713,010	(10,713,124)
<b>Impact on net income from interests</b>		
<b>December 31, 2025</b>	36,065,500	(36,065,500)
Average for the period	28,272,693	(28,272,693)
Maximum for the period	36,065,500	(36,065,500)
Minimum for the period	15,364,651	(15,364,651)
<b>December 31, 2024</b>	30,971,511	(30,971,511)
Average for the year	29,353,558	(29,353,558)
Maximum for the year	34,659,594	(34,659,594)
Minimum for the year	24,708,599	(24,708,599)

**(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.

## **Notes to the Consolidated Financial Statements**

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### **(4) Risk management, continued**

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.

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.

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.

### **(5) Critical accounting estimates and judgments in the application of accounting policies**

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

#### ***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.

**Notes to the Consolidated Financial Statements**

**(5) Critical accounting estimates and judgments in the application 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 are detailed below:

	2025	2024
Cash and cash equivalents	1,050,626,169	935,806,774
Securities purchased under resale agreements	3,125,890	10,399,111
Deposits in central banks	3,578,054,764	3,325,083,187
Deposits in banks and deposits due in less than 90 days	<u>1,623,946,378</u>	<u>1,337,436,199</u>
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>6,255,753,201</b>	<b>5,608,725,271</b>
Deposits in banks with maturity over 90 days, net	<u>26,848,374</u>	<u>39,253,103</u>
Total cash, cash equivalents and deposits in banks	<u><b>6,282,601,575</b></u>	<u><b>5,647,978,374</b></u>

**Notes to the Consolidated Financial Statements**

**(7) Securities purchased under resale agreements**

As of December 31, 2025, securities purchased under resale agreements amounted to \$3,125,890 (2024: \$10,399,111), which have an expiration date in January 2026 (2024: January and February 2025) and an interest rate between 5.3% and 6.3% (2024: between 5.1% and 5.3%). These securities were guaranteed with local government bonds and corporate bonds, which amounted to \$3,100,000 (2024: \$10,394,161).

**(8) Investments in securities**

As of December 31, 2025, investments in securities amounting to \$4,989,837,727 (2024: \$4,883,433,488) are summarized as follows:

**(a) Investments at FVPL**

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

	2025	2024
Government bonds	25,870,930	18,925,464
Equity securities	<u>19,802,916</u>	<u>16,276,514</u>
	<u>45,673,846</u>	<u>35,201,978</u>

As of December 31, 2025, the Bank received \$1,386,227 as common share dividends from equity securities at FVPL (2024: \$1,974,722).

As of December 31, 2025 and 2024, 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:

	2025	2024
Government and agencies:		
United States of America	703,196,235	669,872,418
Other governments	<u>3,651,674,987</u>	<u>3,630,494,206</u>
	4,354,871,222	4,300,366,624
Corporate bonds	398,202,860	434,167,543
Equity securities	<u>3,200,766</u>	<u>3,170,331</u>
	<u>4,756,274,848</u>	<u>4,737,704,498</u>

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

Entity	Country	2025	2024
Grupo APC, S.A.	Panama	910,112	445,582
Latinex Holdings, Inc.	Panama	509,589	479,357
Transacciones y Transferencias, S.A.	Guatemala	312,998	311,303
Servicios Financieros, S.A.	El Salvador	247,500	247,500
ACH de Nicaragua	Nicaragua	184,304	184,304
Bancajeros BANET	Honduras	167,749	174,317
Fondo Hondureno de Inversion Turistica	Honduras	164,994	171,454
ICG Imagenes Computarizadas de Guatemala, S.A.	Guatemala	143,796	143,017
Society for Worlwide Interbank Financ. Telecommunications	Costa Rica	94,187	89,674
Compania de Procesamiento de Medio de Pago (Visanet)	Guatemala	0	453,896
Other		<u>465,537</u>	<u>469,927</u>
		<u>3,200,766</u>	<u>3,170,331</u>

As of December 31, 2025, the portfolio of equity securities at FVOCI had a increase in the Bank's other comprehensive income of \$494,760 (2024: decrease of \$22,170). As of December 31, 2025, the Bank received \$1,213,295 in dividends from equity securities at FVOCI (2024: \$473,495).

**Notes to the Consolidated Financial Statements**

**(8) Investments in securities, continued**

*(c) Investments at AC*

The investment portfolio at AC is detailed as follows:

	2025	2024
Government bonds	64,660,927	67,045,978
Corporate bonds	<u>123,228,106</u>	<u>43,481,034</u>
	<u>187,889,033</u>	<u>110,527,012</u>

**(9) Loans**

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

	2025			2024		
	Portfolio	Allowance for ECL	Portfolio net of allowance	Portfolio	Allowance for ECL	Portfolio net of allowance
<b>Loans</b>						
<b>Corporate</b>						
Corporate loans	10,497,085,026	(85,874,392)	10,411,210,634	9,629,054,339	(80,082,631)	9,548,971,708
Corporate leases, net (1)	<u>366,543,204</u>	<u>(2,177,016)</u>	<u>364,366,188</u>	<u>260,244,056</u>	<u>(2,706,959)</u>	<u>257,537,097</u>
<b>Total Corporate</b>	<u>10,863,628,230</u>	<u>(88,051,408)</u>	<u>10,775,576,822</u>	<u>9,889,298,395</u>	<u>(82,789,590)</u>	<u>9,806,508,805</u>
<b>Personal banking, Small and Medium company</b>						
<b>Medium company</b>						
Medium company loans	934,763,336	(14,978,364)	919,784,972	872,043,986	(18,114,844)	853,929,142
Medium company leases, net (1)	<u>112,997,694</u>	<u>(748,970)</u>	<u>112,248,724</u>	<u>96,228,433</u>	<u>(2,124,469)</u>	<u>94,103,964</u>
<b>Total Medium company</b>	<u>1,047,761,030</u>	<u>(15,727,334)</u>	<u>1,032,033,696</u>	<u>968,272,419</u>	<u>(20,239,313)</u>	<u>948,033,106</u>
<b>Small company</b>						
Small company loans	1,291,146,316	(15,928,057)	1,275,218,259	1,190,603,341	(12,769,086)	1,177,834,255
Small company leases, net (1)	<u>165,857,104</u>	<u>(1,595,402)</u>	<u>164,261,702</u>	<u>155,067,677</u>	<u>(1,689,879)</u>	<u>153,377,798</u>
<b>Total Small company</b>	<u>1,457,003,420</u>	<u>(17,523,459)</u>	<u>1,439,479,961</u>	<u>1,345,671,018</u>	<u>(14,458,965)</u>	<u>1,331,212,053</u>
<b>Personal banking</b>						
Mortgage loans	4,295,570,445	(37,366,496)	4,258,203,949	4,081,166,217	(44,599,979)	4,036,566,238
Personals	2,649,214,893	(106,273,248)	2,542,941,645	2,526,999,073	(105,802,675)	2,421,196,398
Vehicles	1,697,545,397	(10,139,813)	1,687,405,584	1,468,738,919	(7,887,641)	1,460,851,278
Personal leases, net (1)	217,081,570	(2,041,105)	215,040,465	186,485,894	(1,689,159)	184,796,735
Credit cards	<u>6,194,675,291</u>	<u>(487,938,458)</u>	<u>5,706,736,833</u>	<u>5,985,227,989</u>	<u>(474,974,953)</u>	<u>5,510,253,036</u>
<b>Total Personal banking</b>	<u>15,054,087,596</u>	<u>(643,759,120)</u>	<u>14,410,328,476</u>	<u>14,248,618,092</u>	<u>(634,954,407)</u>	<u>13,613,663,685</u>
<b>Total Personal banking and Small company</b>	<u>17,558,852,046</u>	<u>(677,009,913)</u>	<u>16,881,842,133</u>	<u>16,562,561,529</u>	<u>(669,652,685)</u>	<u>15,892,908,844</u>
<b>Total loans</b>	<u>28,422,480,276</u>	<u>(765,061,321)</u>	<u>27,657,418,955</u>	<u>26,451,859,924</u>	<u>(752,442,275)</u>	<u>25,699,417,649</u>
(1) Total leases, net of interest	<u>862,479,572</u>	<u>(6,562,493)</u>	<u>855,917,079</u>	<u>698,026,060</u>	<u>(8,210,466)</u>	<u>689,815,594</u>

The net value of finance leases receivable is presented below:

	2025	2024
Minimum lease payments receivable	908,621,815	711,773,156
Less: unearned interest	<u>34,650,814</u>	<u>3,619,316</u>
Minimum lease payments receivable, net	873,971,001	708,153,840
Less: allowance for losses on leases	6,562,493	8,210,466
Less: net deferred commissions	<u>11,491,429</u>	<u>10,127,780</u>
Net value of investment in finance leases	<u>855,917,079</u>	<u>689,815,594</u>

The following table summarizes the minimum lease payments receivable as of December 31, 2025:

<u>Year ending December 31</u>	
2026	184,986,930
2027	174,777,497
2028	156,685,538
2029	136,082,487
2030 and thereafter	<u>221,438,549</u>
	<u>873,971,001</u>

**Notes to the Consolidated Financial Statements**

**(10) Property and equipment**

As of December 31, 2025 and 2024, the movement of property and equipment is summarized as follows:

	2025						Total
	Land and buildings	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	
<b>Cost:</b>							
<b>Balance at January 1, 2025</b>	278,548,430	290,974,104	21,814,197	11,090,440	535,027,691	95,343,968	1,232,798,830
Purchases	1,737,809	39,522,472	32,026,571	1,887,807	53,441,323	767,076	129,383,058
Sales and disposals	(548,687)	(37,268,827)	(107,098)	(1,835,352)	(29,501,778)	(1,360,763)	(70,622,505)
Transfers	2,955,544	0	(18,569,163)	0	10,379,602	7,310,220	2,076,203
Foreign currency translation	(554,496)	1,514,803	302,679	4,520	3,898,829	371,157	5,537,492
<b>Balance at December 31, 2025</b>	<u>282,138,600</u>	<u>294,742,552</u>	<u>35,467,186</u>	<u>11,147,415</u>	<u>573,245,667</u>	<u>102,431,658</u>	<u>1,299,173,078</u>
<b>Accumulated depreciation:</b>							
<b>Balance at January 1, 2025</b>	68,573,372	174,944,197	0	6,035,789	351,235,786	45,565,266	646,354,410
Depreciation	6,357,870	35,724,269	0	1,629,075	56,873,681	7,392,361	107,977,256
Sales and disposals	(544,249)	(28,808,358)	0	(1,502,627)	(28,312,407)	(1,311,363)	(60,479,004)
Transfers	20,565	0	0	13,322	(1,419)	56,850	89,318
Foreign currency translation	260,646	793,210	0	2,481	2,917,110	38,789	4,012,236
<b>Balance at December 31, 2025</b>	<u>74,668,204</u>	<u>182,653,318</u>	<u>0</u>	<u>6,178,040</u>	<u>382,712,751</u>	<u>51,741,903</u>	<u>697,954,216</u>
<b>Carrying amount</b>	<u>207,470,396</u>	<u>112,089,234</u>	<u>35,467,186</u>	<u>4,969,375</u>	<u>190,532,916</u>	<u>50,689,755</u>	<u>601,218,862</u>
	2024						Total
	Land and buildings	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	
<b>Cost:</b>							
<b>Balance at January 1, 2024</b>	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
<b>Balance at December 31, 2024</b>	<u>278,548,430</u>	<u>290,974,104</u>	<u>21,814,197</u>	<u>11,090,440</u>	<u>535,027,691</u>	<u>95,343,968</u>	<u>1,232,798,830</u>
<b>Accumulated depreciation:</b>							
<b>Balance at January 1, 2024</b>	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
<b>Balance at December 31, 2024</b>	<u>68,573,372</u>	<u>174,944,197</u>	<u>0</u>	<u>6,035,789</u>	<u>351,235,786</u>	<u>45,565,266</u>	<u>646,354,410</u>
<b>Carrying amount</b>	<u>209,975,058</u>	<u>116,029,907</u>	<u>21,814,197</u>	<u>5,054,651</u>	<u>183,791,905</u>	<u>49,778,702</u>	<u>586,444,420</u>

During 2025, the Bank recognized transfers with a carrying value of \$2,076,203, associated with reclassifications from other assets amounting to \$2,229,305 and corrections in the cost of previously recognized assets for an amount of \$153,102.

During 2024, the Bank recognized transfers with a carrying amount 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**

As of December 31, 2025 and 2024, the changes in the carrying value of goodwill are presented as follows:

	2025	2024
<b>Balance at January 1</b>	335,849,896	335,569,978
Foreign currency translation	235,098	279,918
<b>Balance at December 31</b>	<u>336,084,994</u>	<u>335,849,896</u>

**Notes to the Consolidated Financial Statements**

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**(11) Goodwill, continued**

As of December 31, 2025 and 2024, the recoverable amounts of the cash-generating units (CGUs) exceeded their carrying amounts, including goodwill; therefore, no impairment was recognized.

The Bank defined its CGUs based on each of the countries in which it operates, as returns are managed, economic performance is monitored, and relevant strategic decisions are made at that level. Accordingly, each country constitutes a CGU for purposes of the impairment assessment performed in accordance with IAS 36.

The recoverable amounts of the CGUs have been calculated based on their value in use. The value in use of the CGUs is calculated by discounting the expected future cash flows arising from the continued use of each unit.

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

	2025	2024
Discount rate	12.7%	13.5%
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 (2024: 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.

**Notes to the Consolidated Financial Statements**

**(12) Intangible assets**

As of December 31, 2025 and 2024, the cost and accumulated amortization for each intangible asset acquired or internally developed by the Bank are presented below:

	2025				
	Depositor relationships	Credit card relationships	Brand exclusivity	Software	Total
<b>Cost:</b>					
<b>Balance at January 1, 2025</b>	23,562,882	805,391	12,000,000	211,119,626	247,487,899
Additions	0	0	0	56,832,302	56,832,302
Disposals	0	0	0	(14,764,991)	(14,764,991)
Transfers	0	0	0	(41,978,093)	(41,978,093)
Foreign currency translation	0	0	0	3,648,934	3,648,934
<b>Balance at December 31, 2025</b>	<u>23,562,882</u>	<u>805,391</u>	<u>12,000,000</u>	<u>214,857,778</u>	<u>251,226,051</u>
<b>Accumulated amortization:</b>					
<b>Balance at January 1, 2025</b>	23,562,882	805,391	11,100,000	123,851,926	159,320,199
Amortization	0	0	900,000	25,212,083	26,112,083
Disposals	0	0	0	(14,464,255)	(14,464,255)
Transfers	0	0	0	(23,469,914)	(23,469,914)
Foreign currency translation	0	0	0	2,114,220	2,114,220
<b>Balance at December 31, 2025</b>	<u>23,562,882</u>	<u>805,391</u>	<u>12,000,000</u>	<u>113,244,060</u>	<u>149,612,333</u>
<b>Carrying amount</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>101,613,718</u>	<u>101,613,718</u>

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

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

During 2025, the Bank transferred licenses from intangible assets to other assets for a net amount of \$18,508,179

During 2024, the Bank transferred computer software from other assets to intangible assets with a carrying amount of \$69,052.

**Notes to the Consolidated Financial Statements**

**(13) Other accounts receivable**

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

	2025	2024
Debit - credit card interchange	306,613,196	288,783,328
Insurance collections from insurers	51,380,643	48,381,508
Income tax (1)	37,615,914	33,273,719
Accounts receivable from clients	24,028,176	16,678,526
Advances to suppliers	23,064,442	16,932,726
Accounts receivable from customers	21,897,077	19,039,708
Commissions for banking services	7,933,459	5,991,075
Others	<u>20,279,341</u>	<u>20,894,837</u>
	492,812,248	449,975,427
Provision for credit risk impairment	<u>(6,973,468)</u>	<u>(6,999,193)</u>
	<u>485,838,780</u>	<u>442,976,234</u>

(1) The 2024 amounts were reclassified within the disclosure for comparability purposes and to improve presentation..

**(14) Other assets**

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

	2025	2024
Security deposits	77,155,649	76,054,109
Deferred expenses	62,300,466	47,880,406
Inventories:		
Foreclosed assets available for sale	28,566,513	36,341,441
Non-embossed credit card plastics	13,113,027	12,947,896
Uninstalled assets	11,996,297	13,127,122
Foreclosed assets not available for sale	11,428,231	9,366,257
Airline miles	1,485,981	2,488,896
Severance fund	7,415,001	7,068,008
Investment properties	1,931,957	0
Artworks	1,099,836	1,086,380
Others	<u>18,462,043</u>	<u>5,118,154</u>
	<u>234,955,001</u>	<u>211,478,669</u>

The information on foreclosed assets that remain in inventory, considering the provision for impairment, is detailed below:

	2025	2024
Real estate	43,869,489	47,413,559
Vehicles	1,332,732	776,642
Machinery	6	0
Furniture and equipment	4	0
<b>Assets held for sale, gross</b>	<u>45,202,231</u>	<u>48,190,201</u>
Allowance for impairment	<u>(5,207,487)</u>	<u>(2,482,503)</u>
<b>Assets held for sale, net</b>	<u>39,994,744</u>	<u>45,707,698</u>

The 2024 classifications include modifications for comparability purposes and improvements in presentation.

During 2025, the Bank sold out foreclosed assets totaling \$44,035,116 (2024: \$32,295,724), generating a net gain of \$3,449,646 (2024: \$8,045,933).

The following table presents the movement in the allowance for impairment of repossessed assets:

	2025	2024
<b>Balance at the beginning</b>	2,482,503	1,236,957
Impairment expense	5,215,919	1,451,820
Sales decrease	(2,492,249)	(215,502)
Disposals	(726)	0
Foreign currency translation	<u>2,040</u>	<u>9,228</u>
<b>Balance at the end</b>	<u>5,207,487</u>	<u>2,482,503</u>

The 2024 classifications include modifications for comparability purposes and improvements in presentation.

**Notes to the Consolidated Financial Statements**

**(15) Deposits from customers**

Deposits from customers by type are detailed below:

	2025	2024
<b>Individual customers</b>		
Demand	1,829,627,619	1,728,001,972
Savings	6,928,165,703	6,152,602,328
Time deposits	5,235,837,770	4,469,753,188
<b>Corporate customers</b>		
Demand	9,530,176,466	8,600,725,306
Savings	836,585,700	780,562,654
Time deposits	<u>5,853,750,691</u>	<u>6,670,664,068</u>
	<u>30,214,143,949</u>	<u>28,402,309,516</u>

As of December 31, 2025, time deposits from corporate customers include instruments subscribed with special-purpose vehicles (SPVs), whose carrying amount net of origination costs totals \$725,981,030 (2024: \$943,314,199). The corresponding detail of these instruments is presented below:

Vehicule	Serie	Fixed interest rate	2025		2024	
			Principal amount	Origination cost	Principal amount	Origination cost
BIB Merchant Voucher Receivables Limited	2017-1	4.08%	89,151,281	630,433	145,640,066	1,245,153
BIB Merchant Voucher Receivables Limited	2018-1	4.18%	166,755,287	1,199,439	228,752,412	1,626,521
BIB Central American Card Receivables Limited	2019-1	3.50%	<u>475,410,085</u>	<u>3,505,751</u>	<u>577,404,722</u>	<u>5,611,327</u>
			<u>731,316,653</u>	<u>5,335,623</u>	<u>951,797,200</u>	<u>8,483,001</u>

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 generated from transactions at affiliated merchants and processed by the Bank, with credit cards issued with the Visa and MasterCard brands in Panama. These obligations have an original average term of 7 years. Principal repayments for the 2017-1 and 2018-1 obligations began to be made through Citibank N.A. in January 2021 and January 2022, respectively. As of December 31, 2025, the weighted average remaining term of the corresponding certificates is 0.88 years and (2024:1.40 years, respectively).

BIB Central American Card Receivables Limited (SPV) issued financial obligations subscribed by international holders guaranteed, secured by the collection rights of accounts receivable, which are generated in transactions in affiliate 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 under the American Express brand for those countries and Panama. These obligations have an original average term of 7 years. Principal repayments for the 2019-1 obligation began to be made through Citibank N.A. in October 2023. As of December 31, 2025, the weighted average remaining term of the certificates is 2.29 years. (2024: 2.83 years).

The collection rights of the accounts receivable were assigned by BAC International Bank Inc., to the respective 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.

**Notes to the Consolidated Financial Statements**

**(16) Financial obligations**

Financial obligations are detailed below:

	2025		
	Interest rate	Maturities up to	Carrying amount
Payable in US dollars:			
Fixed rate	1.50% to 6.10%	2038	741,485,830
Floating rate	4.03% to 8.23%	2031	1,794,298,484
Payable in quetzales (Guatemala):			
Fixed rate	7.26% to 8.00%	2027	340,501,212
Payable in lempiras (Honduras):			
Fixed rate	1.00% to 13.25%	2058	296,859,371
Payable in colones (Costa Rica):			
Floating rate	5.58% to 5.78%	2038	<u>29,761,627</u>
			<u>3,202,906,524</u>

  

	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
Floating rate			
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	<u>34,698,169</u>
			<u>2,984,427,239</u>

As of December 31, 2025, the carrying amount of the principal issued by BAC San Jose DPR Funding Limited, a special purpose vehicle (hereinafter SPV), amounted to \$89,518,607 (2024: \$119,320,492), corresponding to the 2020-1 series with a nominal balance of \$90,000,000 (2024: 120,000,000). The unamortized origination costs associated of this certificates amounted to \$916,143 as of December 31, 2025 (2024: \$1,234,508). The notes issued by the SPV are secured by current and future Diversified Payment Rights (DPRs) denominated in US dollars, originated by a subsidiary of the Bank and assigned to the SPV. The series 2020-1 obligations bear interest at a fixed rate of 3.70%, payable in February, May, August and November of each year. These notes have an original average term of 5.58 years. As of December 31, 2025, the weighted average remaining term of the notes is 1.52 years (2024: 2.03 years).

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

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

	2025	2024
<b>Balance at year beginning</b>	2,984,427,239	2,443,136,750
<b>Changes from financing cash flows</b>		
Proceeds from financial obligations	2,635,685,466	2,381,877,475
Payment of financial obligations	<u>(2,404,677,100)</u>	<u>(1,847,772,934)</u>
<b>Total changes from financing cash flows</b>	<u>231,008,366</u>	<u>534,104,541</u>
Effect of changes in foreign exchange rates	(6,692,510)	4,182,162
<b>Other changes (liability-related)</b>		
Interest expense	190,726,638	169,239,025
Interest paid	<u>(196,563,209)</u>	<u>(166,235,239)</u>
<b>Total liability-related other changes</b>	<u>(5,836,571)</u>	<u>3,003,786</u>
<b>Balance at year end</b>	<u>3,202,906,524</u>	<u>2,984,427,239</u>

**Notes to the Consolidated Financial Statements**

**(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:

<u>Payable in:</u>	<b>2025</b>		<b>2024</b>	
	<b>Interest rate</b>	<b>Carrying amount</b>	<b>Interest rate</b>	<b>Carrying amount</b>
US dollars	3.50% to 10.00%	1,021,338,194	3.50% to 10.00%	826,646,985
Colones	5.72% to 12.35%	651,112,717	4.71% to 12.35%	594,642,440
Lempiras	5.50% to 12.19%	114,601,578	4.75% to 12.00%	118,012,334
Quetzales	6.50%	<u>332,523</u>		<u>0</u>
		<u>1,787,385,012</u>		<u>1,539,301,759</u>

Through Resolution No. 208-20 dated May 14, 2020, issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank Inc. was authorized to carry out a Public Offering of Perpetual Subordinated Corporate Bonds Convertible into Common Shares, with 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 maturity or redemption date. The bonds bear a fixed interest rate of 10%, with quarterly payments, unless the issuer exercises its right to suspend interest payments. As of December 31, 2025, the outstanding balance of the perpetual bonds was \$520,000,000, which have been acquired by Grupo Aval Limited, an entity considered a related party.

Through Resolution No. 392-12 dated November 27, 2012, issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank, Inc. was authorized to carry out a public offering under a Revolving Corporate Bond Program for a maximum aggregate nominal amount of up to \$100,000,000 (one hundred million). The bonds are issued in global, registered and non-coupon-bearing form, in denominations of \$1,000 or multiples thereof, and are denominated in the legal currency of the United States of America. Issuances may be made in various series, depending on the issuer's funding needs and market demand. The bonds may bear a fixed or variable annual interest rate, as determined by the issuer at the time of each offering. In the case of variable-rate bonds, interest is calculated based on the three-month SOFR rate (originally three-month LIBOR), plus a spread. As of December 31, 2025, there were no bonds outstanding under this program.

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:

	<b>2025</b>	<b>2024</b>
<b>Balance at year beginning</b>	1,539,301,759	1,365,943,096
<b>Changes from financing cash flows</b>		
Proceeds from other financial obligations	408,515,692	264,492,734
Payment from other financial obligations	<u>(177,387,866)</u>	<u>(127,076,668)</u>
<b>Total changes from financing cash flows</b>	<u>231,127,826</u>	<u>137,416,066</u>
Effect of changes in foreign exchange rates	14,437,687	32,269,122
<b>Other changes (liability-related)</b>		
Interest expense	149,911,665	131,780,514
Interest paid	<u>(147,393,925)</u>	<u>(128,107,039)</u>
<b>Total other liability-related changes</b>	<u>2,517,740</u>	<u>3,673,475</u>
<b>Balance at year end</b>	<u>1,787,385,012</u>	<u>1,539,301,759</u>

**Notes to the Consolidated Financial Statements**

**(18) Lease liabilities**

Lease liabilities are detailed below:

	2025			
	Interest rate	Maturities up to	Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2038	107,854,765	123,487,819
Payable in quetzales (Guatemala)	5.22%	2032	1,033,220	1,111,491
Payable in lempiras (Honduras)	5.22% to 7.58%	2039	3,286,279	4,424,342
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	99,187	112,921
			<u>112,273,451</u>	<u>129,136,573</u>

  

	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
			<u>116,077,068</u>	<u>118,986,121</u>

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

	2025	2024
Less than a year	33,912,431	33,137,332
One to two years	27,139,744	24,114,581
Two to three years	18,462,821	19,407,863
Three to four years	12,963,407	13,648,825
Four to five years	10,557,887	9,142,295
More than five years	26,100,283	19,535,225
	<u>129,136,573</u>	<u>118,986,121</u>

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

	2025	2024
Interest on leases	5,807,993	5,905,175
Expense for leases for less than 12 months	4,257,463	3,906,449
Expense for leases of low-value assets (note 27)	19,111,418	17,003,555

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

	2025	2024
<b>Balance at year beginning</b>	116,077,068	119,512,038
<b>Changes from financing cash flows</b>		
Payment of lease liabilities	(33,439,923)	(32,600,614)
<b>Total changes from financing cash flows</b>	<u>(33,439,923)</u>	<u>(32,600,614)</u>
Effect of changes in foreign exchange rates	38,871,860	29,952,676
Effect of new lease liabilities	(9,235,554)	(787,032)
<b>Other changes (liability-related)</b>		
Interest expense	5,807,993	5,905,175
Interest paid	(5,807,993)	(5,905,175)
<b>Total other liability-related changes</b>	<u>0</u>	<u>0</u>
<b>Balance at year end</b>	<u>112,273,451</u>	<u>116,077,068</u>

**Notes to the Consolidated Financial Statements**

**(19) Provisions**

The details of the provisions are presented below:

	2025	2024
Loyalty programs	78,057,176	69,272,901
Reinsurance technical reserves	10,788,829	8,841,269
Dismantling of leased assets	7,908,457	8,767,902
Credit risk on commitments and guarantees (note 4)	<u>1,002,314</u>	<u>1,412,109</u>
	<u>97,756,776</u>	<u>88,294,181</u>

The movement of provisions is summarized as follows:

	2025			
	Loyalty programs	Reinsurance technical reserves	Dismantling of leased assets	Credit risk on commitments and guarantees (Note 4)
<b>Balance at year beginning</b>	69,272,901	8,841,269	8,767,902	1,412,109
Provisions made	257,909,548	1,947,560	114,213	109,083
Provision used/reversed	(249,500,706)	0	(920,338)	(541,662)
Foreign currency translation	<u>375,433</u>	<u>0</u>	<u>(53,320)</u>	<u>22,784</u>
<b>Balance at year end</b>	<u>78,057,176</u>	<u>10,788,829</u>	<u>7,908,457</u>	<u>1,002,314</u>

  

	2024			
	Loyalty programs	Reinsurance technical reserves	Dismantling of leased assets	Credit risk on commitments and guarantees (Note 4)
<b>Balance at year beginning</b>	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 allowance for impairment on loans	0	0	0	(2,847,997)
Foreign currency translation	<u>413,344</u>	<u>0</u>	<u>(350)</u>	<u>33,870</u>
<b>Balance at year end</b>	<u>69,272,901</u>	<u>8,841,269</u>	<u>8,767,902</u>	<u>1,412,109</u>

**(20) Accounts payable and other liabilities**

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

	2025	2024
<b>Accounts payable</b>		
Bank transfers to be applied	143,007,596	149,510,039
Collections	118,333,126	131,032,383
Accounts payable to suppliers	93,302,729	111,025,137
Accounts payable for cards interchange settlements	44,425,588	47,315,146
Legal contribution to government institutions	17,220,781	15,340,859
Other than income and sales taxes	11,023,487	9,750,092
Sales tax payable	10,752,264	11,465,660
Commissions to pay	<u>7,641,009</u>	<u>4,706,887</u>
	<u>445,706,580</u>	<u>480,146,203</u>
<b>Other liabilities</b>		
Employee benefits	94,558,058	97,166,008
Checks drawn not cashed	83,276,777	72,698,893
Deferred income	35,568,362	31,944,383
Credits to accounts receivable pending settlement	33,636,063	29,789,563
Insurance premiums	20,407,938	17,420,160
Surplus cash and ATMs	8,691,512	5,848,282
Accounts under legal proceedings	5,401,311	6,080,587
Off-balance sheet instrument fees	3,569,667	3,641,206
Bank accounts closed for liquidation	3,535,426	3,301,430
Security deposits received	<u>2,036,291</u>	<u>1,623,218</u>
Other	<u>47,857,442</u>	<u>49,689,496</u>
	<u>338,538,847</u>	<u>319,203,226</u>
	<u>784,245,427</u>	<u>799,349,429</u>

**Notes to the Consolidated Financial Statements**

**(21) Common stock**

As of December 31, 2025, and 2024, 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, 2025 and 2024:

	2025			Total Accumulated other Comprehensive Income
	Conversion of operations in foreign currency	Unrealized income (loss) from securities	Employee benefit plan	
<b>Balance on January 1, 2025</b>	(215,911,543)	(83,008,558)	(11,775,171)	(310,695,272)
Other (loss) income before reclassifications	12,777,319	106,030,860	(1,054,309)	117,753,870
Reclassified amounts from other comprehensive loss	0	(15,893,289)	0	(15,893,289)
Other net comprehensive (loss) income for the year	<u>12,777,319</u>	<u>90,137,571</u>	<u>(1,054,309)</u>	<u>101,860,581</u>
<b>Balance on December 31, 2025</b>	<u>(203,134,224)</u>	<u>7,129,013</u>	<u>(12,829,480)</u>	<u>(208,834,691)</u>

  

	2024			Total Accumulated other Comprehensive Income
	Conversion of operations in foreign currency	Unrealized income (loss) from securities	Employee benefit plan	
<b>Balance on January 1, 2024</b>	(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	<u>30,449,275</u>	<u>18,342,819</u>	<u>(735,834)</u>	<u>48,056,260</u>
<b>Balance on December 31, 2024</b>	<u>(215,911,543)</u>	<u>(83,008,558)</u>	<u>(11,775,171)</u>	<u>(310,695,272)</u>

The following table presents the breakdown of other comprehensive income reclassified to the consolidated statement of profit or loss:

Reclassified balance of other comprehensive income	Line item affected in the consolidated statement of profit or loss	2025	2024
		Unrealized net gain on securities	Net gains on financial instruments
	Current income tax	<u>(5,371,171)</u>	<u>(5,868,613)</u>
		<u>15,893,289</u>	<u>13,838,737</u>

**Notes to the Consolidated Financial Statements**

**(23) Commissions and service charge income**

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

	2025	2024
Commissions from affiliates	1,209,098,155	1,069,302,564
Card insurance commissions	253,741,032	228,215,925
Foreign exchange purchases/sales	216,715,714	191,819,402
International services	115,532,944	103,850,255
Trust services	69,025,501	61,450,583
Fees for overdrafts and late payments	67,355,196	57,800,704
POS rental and maintenance	36,716,158	33,464,291
Salary advances	36,527,885	33,806,611
Brand incentives and other fees	36,358,382	46,046,200
Automated teller machines (ATMs)	26,419,804	24,859,309
Credit card memberships	23,956,500	15,850,222
Loan administration	23,603,091	12,121,759
Minimum balance fees	23,142,377	18,656,827
Teller services	16,485,925	16,140,167
Access devices	15,638,583	13,568,230
Brokerage	8,072,099	5,425,750
Annuities	7,728,230	4,323,078
Others	24,254,214	21,081,801
	<u>2,210,371,790</u>	<u>1,957,783,678</u>

**(24) Commissions and other fee expenses**

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

	2025	2024
Commissions paid	598,017,483	539,384,968
Loyalty programs	257,909,548	224,183,673
Authorization fees	61,885,743	52,212,693
Expenses for associated services	21,828,001	20,174,671
	<u>939,640,775</u>	<u>835,956,005</u>

**(25) Gains from financial instruments**

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

	2025	2024
Net income from the sales of investments at FVOCI	21,264,461	19,707,350
Unrealized net gain (losses) from securities at FVPL	934,627	2,045,947
Realized gain on investments at FVPL	<u>3,156,484</u>	<u>1,093,004</u>
	<u>25,355,572</u>	<u>22,846,301</u>

**(26) Salaries and employee benefits**

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

	2025	2024
Salaries and other compensation	480,855,024	466,584,262
Employee benefits	221,765,776	216,013,367
Indemnification	27,344,166	20,619,875
Other employee benefits	<u>6,701,997</u>	<u>6,798,757</u>
	<u>736,666,963</u>	<u>710,016,261</u>

**Notes to the Consolidated Financial Statements**

**(27) Other expenses**

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

	2024	2024
Credit card franchise fees	197,845,088	169,258,220
Taxes other than income and VAT	127,731,919	113,802,388
Computer software and licenses maintenance	96,389,171	71,594,370
Advertising and marketing	65,252,720	61,067,382
Vehicle and equipment maintenance	29,355,688	29,945,862
Armored transportation services	26,793,543	25,493,589
Deposit guarantee fund	26,181,492	23,653,955
Banking licenses	23,238,077	23,507,121
Equipment and furniture leases (note 18)	19,111,418	17,003,555
Security services	16,443,629	16,311,545
Telephone service	14,872,836	13,674,227
Teleprocessing	14,307,576	12,103,967
Dedicated lines	13,006,963	12,207,745
Municipal taxes and patents	12,467,954	9,667,713
Courier and messenger services	12,464,323	11,196,964
Operational risk losses	12,190,528	10,718,138
Debit and credit plastic cards	8,989,110	8,733,232
Per diem expenses	8,927,741	8,351,104
Office supplies	8,619,630	9,676,841
Others	<u>36,337,609</u>	<u>27,403,511</u>
	<u>770,527,015</u>	<u>675,371,429</u>

**(28) Income taxes**

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

	2025	2024
Current	230,368,391	216,558,715
Deferred	<u>14,002,727</u>	<u>3,284,083</u>
	<u>244,371,118</u>	<u>219,842,798</u>

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:

	2025	2024
Computed "expected" income tax expense	258,282,378	231,201,946
Increase (decrease) in income taxes resulting from:		
Nondeductible expenses	64,737,437	69,614,490
Investments in foreign subsidiaries	28,970,426	27,379,349
Foreign income taxes rate differential	18,560	(166,464)
Tax incentives	(2,211,123)	(4,920,998)
Changes in uncertain tax positions	(15,804,159)	(17,850,960)
Exempt and foreign source income	<u>(89,622,401)</u>	<u>(85,414,565)</u>
<b>Income tax expense</b>	<u>244,371,118</u>	<u>219,842,798</u>

**Notes to the Consolidated Financial Statements**

**(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, 2025, are as follows:

	2025					
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end	Deferred tax assets	Deferred tax liability
Allowance for impairment on loans	32,350,570	(10,912,838)	0	21,437,732	108,324,488	(86,886,756)
Accrued expenses	8,974,416	2,254,606	0	11,229,022	11,725,732	(496,710)
Unrealized net loss on investments at FVOCI	5,004,113	2,210,930	124,467	7,339,510	7,339,510	0
IFRS 16 leases	2,469,396	(83,065)	0	2,386,331	29,866,855	(27,480,524)
Fair value purchase adjustments	2,291,619	(203,644)	0	2,087,975	3,529,580	(1,441,605)
Deferred loan origination fees and costs	693,960	6,610	0	700,570	365,400	335,170
Allowance for credit risk on other accounts receivable	24,319	(402,359)	188,446	(189,594)	24,200	(213,794)
Allowance for credit risk on investments at FVOCI and bank deposits	0	(25,890)	25,890	0	0	0
Net operating loss carryforwards	(96,618)	274,436	0	177,818	359,770	(181,952)
Foreign currency translation	(492,252)	683,135	0	190,883	246,768	(55,885)
Deferred expenses	(760,597)	(1,371,318)	0	(2,131,915)	5,481,559	(7,613,474)
Leasing	(1,628,497)	225,307	0	(1,403,190)	0	(1,403,190)
Employee benefits	(2,006,072)	(2,784,338)	0	(4,790,410)	1,526,617	(6,317,027)
Foreclosed assets valuation	(3,665,896)	0	1,795,608	(1,870,288)	7,011,013	(8,881,301)
Accrued interest receivable	(6,593,807)	(1,054,107)	245,288	(7,402,626)	10,139,012	(17,541,638)
Unrealized net gain on investments at FVOCI	(9,180,544)	51,370	0	(9,129,174)	8,434,878	(17,564,052)
Property and equipment depreciation differences	(15,200,657)	72,266	0	(15,128,391)	771,350	(15,899,741)
Investments in foreign subsidiaries, undistributed earnings	(42,495,100)	(2,943,827)	0	(45,438,927)	0	(45,438,927)
<b>Net deferred tax assets (liabilities)</b>	<b>(30,311,647)</b>	<b>(14,002,726)</b>	<b>2,379,699</b>	<b>(41,934,674)</b>	<b>195,146,732</b>	<b>(237,081,406)</b>
<b>Tax compensation</b>					<b>(142,716,654)</b>	<b>142,716,654</b>
<b>Total</b>					<b>52,430,078</b>	<b>(94,364,752)</b>

	2024					
	Balance at the beginning	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end	Deferred tax assets	Deferred tax liability
Allowance for impairment on loans	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)
Allowance for credit risk on other accounts receivable	334,258	(430,876)	0	(96,618)	1,014,753	(1,111,371)
Allowance 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)
Foreclosed assets 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)
Property and equipment depreciation differences	(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)
<b>Net deferred tax assets (liabilities)</b>	<b>(31,044,415)</b>	<b>(3,284,083)</b>	<b>4,016,851</b>	<b>(30,311,647)</b>	<b>186,618,410</b>	<b>(216,930,057)</b>
<b>Tax compensation</b>					<b>(135,200,666)</b>	<b>135,200,666</b>
<b>Total</b>					<b>51,417,744</b>	<b>(81,729,391)</b>

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, 2025, the Bank has incurred in net operating tax loss carry forwards of \$29,561,552 (2024: \$23,060,375), which are available to offset future taxable income of the applicable subsidiaries. The net operating losses begin to prescribe in 2026 through 2036.

As of December 31, 2025, the Bank has recognized deferred tax assets in the consolidated statement of financial position for those operating losses for \$2,210,930 (2024: \$4,995,644).

## **Notes to the Consolidated Financial Statements**

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### **(28) Income taxes, continued**

As of December 31, 2025, the Bank has not recognized a deferred income tax liability of approximately \$337,707,803 for the undistributed earnings of its foreign operations, because the Bank expects that approximately \$2,798,540,189 of those earnings will be reinvested for an indefinite period.

The Bank's earnings are taxed in various jurisdictions. As of December 31, 2025, the Bank had unrecognized tax positions for \$223,412 (2024: \$218,484). Interest and penalties related to income tax liabilities and recognized as part of income tax expense for the year ended December 31, 2025 amounted to \$18,561 (2024: -\$160,582). Total interest and penalties included in other liabilities as of December 31, 2025 were \$300,889 (2024: \$275,922).

As of December 31, 2025, the Bank maintains an effective tax rate of 23.65% (2024: 23.77%).

The following are the tax jurisdictions in which the Bank and its subsidiaries operate, and the earliest fiscal year subject to examination: United States of America: 2020; Guatemala: 2020; El Salvador: 2020; Honduras: 2021; Nicaragua: 2021; Costa Rica: 2022; and Panama: 2020.

### **(29) Off-balance sheet 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 to the Bank. Because some commitments expire without being drawn upon, the total amount of commitment does not necessarily represent future funding requirements. The amount of collateral obtained, if deemed necessary by the Bank, is determined based on management's credit evaluation of the customer.

As of December 31, 2025, the Bank maintained revolving lines of credit available for its credit card customers in each of the countries where it operates. The total credit limit amounted to approximately \$11,888 million (2024: \$11,776 million). The unused portion of the total available amounted to \$7,614 million (2024: \$7,734 million). Although these amounts represent the available credit limits granted to customers, the Bank has never experienced, nor does it anticipate, that all customers will draw the full amount of their available lines of credit simultaneously at any point in time.

**Notes to the Consolidated Financial Statements**

**(29) Off-balance sheet financial instruments with risk and other commitments, continued**

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

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

The Bank applies the same credit policies when entering into commitments and contingent obligations as it does when granting loans that are recognized in the consolidated statement of financial position. As of December 31, 2025, the outstanding amounts of letters of credit, financial guarantees, and promissory letters of payment were as follows:

	<b>2025</b>	<b>2024</b>
Stand-by letters of credit	239,217,008	205,422,190
Commercial letters of credit	55,200,865	54,526,716
Financial guarantees	396,710,119	379,245,078
Commitments and guarantees (1)	<u>66,639,275</u>	<u>86,791,444</u>
	<u>757,767,267</u>	<u>725,985,428</u>

(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, 2025, are detailed as follows:

	<b>2025</b>	<b>2024</b>
Up to 1 year	585,070,713	565,754,584
Over 1 year	<u>117,495,689</u>	<u>105,704,128</u>
	<u>702,566,402</u>	<u>671,458,712</u>

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, 2025, the assets held as collateral, that the Bank can obtain and liquidate to recover totally or partially the amounts paid under guarantees amounted to \$202,350,696 (2024: \$220,264,136).

As of December 31, 2025 and 2024, BAC International Bank, Inc., maintained irrevocable guarantees and stand-by letters of credit to support interchange settlement payments on behalf of Visa, MasterCard and American Express. The total guaranteed amount was \$82,373,264 (2024: \$71,971,918).

**Notes to the Consolidated Financial Statements**

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**(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.

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 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.

**Notes to the Consolidated Financial Statements**

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

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)	2025
<b>Assets</b>			
Investments at FVPL:			
Other governments	25,870,930	0	25,870,930
Equity securities	<u>0</u>	<u>19,802,916</u>	<u>19,802,916</u>
Total investments at FVPL	<u>25,870,930</u>	<u>19,802,916</u>	<u>45,673,846</u>
Investments at FVOCI:			
Government and agency bonds:			
United States of America	703,196,235	0	703,196,235
Other governments	<u>3,651,674,987</u>	<u>0</u>	<u>3,651,674,987</u>
	4,354,871,222	0	4,354,871,222
Corporate debentures	398,202,860	0	398,202,860
Equity securities	<u>1,419,699</u>	<u>1,781,067</u>	<u>3,200,766</u>
Total investments at FVOCI	<u>4,754,493,781</u>	<u>1,781,067</u>	<u>4,756,274,848</u>
Investments at AC:			
Other governments	64,660,927	0	64,660,927
Corporate debentures	<u>123,228,106</u>	<u>0</u>	<u>123,228,106</u>
Total investments at AC	<u>187,889,033</u>	<u>0</u>	<u>187,889,033</u>
<b>Total assets</b>	<u>4,968,253,744</u>	<u>21,583,983</u>	<u>4,989,837,727</u>

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

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, 2025, there were no transfers between levels.

**Notes to the Consolidated Financial Statements**

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

The table below includes the roll forward in the consolidated statement of financial position for the period ended December 31, 2025 (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.

	2025		
	FVPL	FVOCI	Total
<b>Assets - Investments in equity securities at</b>			
<b>Fair value at the beginning</b>	16,276,514	2,245,392	18,521,906
Purchase of shares	0	157,058	157,058
Capital adjustment	0	(34,704)	(34,704)
Reclassification of investments	3,022,211	0	3,022,211
Valuation of investments	594,392	(594,392)	0
Foreign currency translation	(90,201)	7,713	(82,488)
<b>Fair value at the end</b>	<u>19,802,916</u>	<u>1,781,067</u>	<u>21,583,983</u>
<b>Assets - Investments in equity securities at</b>			
<b>Fair value at the beginning</b>	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)
<b>Fair value at the end</b>	<u>16,276,514</u>	<u>2,245,392</u>	<u>18,521,906</u>

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.	(2,3)
	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.	
Equity securities	Discounted cash flows using a premium-for-size adjusted cost of capital rate.	(2,3)
	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	
Embedded financial derivative instruments	Functional currency cash flows.	(3)
	Foreign currency cash flows.	

**Notes to the Consolidated Financial Statements**

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**(30) Disclosures on the fair value of financial instruments, continued**  
**Fair Value of Financial Instruments, Additional Disclosures**

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

*Financial instruments with carrying amounts that 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.

*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 characteristics 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.

**Notes to the Consolidated Financial Statements**

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

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:

<u>2025</u>	Quantitative information of Level 3 fair values			
	Fair value	Valuation technique	Unobservable assumptions	Range (weighted average)
Equity securities at FVPL	19,802,916	Discounted cash flows	Increase annual rate	20% - 25%
Equity securities at FVOCI	1,781,065	Discounted cash flows	Increase annual rate	0% - 5%

  

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

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:

	2025			
	Level 2	Level 3	Total fair value	Total carrying amount
<b>Financial assets</b>				
Cash and cash equivalents	1,050,626,169	0	1,050,626,169	1,050,626,169
Securities purchased under resale agreements	0	3,125,890	3,125,890	3,125,890
Deposits in banks, net	0	5,228,849,516	5,228,849,516	5,228,849,516
Loans, net (excluding financial leases)	0	25,919,576,386	25,919,576,386	26,801,501,876
Acceptances outstanding	0	5,080,538	5,080,538	5,080,538
<b>Total financial assets</b>	<u>1,050,626,169</u>	<u>31,156,632,330</u>	<u>32,207,258,499</u>	<u>33,089,183,989</u>
<b>Financial liabilities</b>				
Deposits from customers	19,124,555,488	10,529,299,697	29,653,855,185	30,214,143,949
Securities sold under repurchase agreements	0	39,621,845	39,621,845	39,621,845
Financial obligations	0	3,263,946,434	3,263,946,434	3,202,906,524
Other financial obligations	0	1,770,607,176	1,770,607,176	1,787,385,012
Acceptances outstanding	0	5,080,538	5,080,538	5,080,538
<b>Total financial liabilities</b>	<u>19,124,555,488</u>	<u>15,608,555,690</u>	<u>34,733,111,178</u>	<u>35,249,137,868</u>

  

	2024			
	Level 2	Level 3	Total fair value	Total carrying amount
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<u>935,806,774</u>	<u>28,859,850,205</u>	<u>29,795,656,979</u>	<u>30,680,853,344</u>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<u>17,261,892,260</u>	<u>15,217,125,251</u>	<u>32,479,017,511</u>	<u>33,040,482,468</u>

**Notes to the Consolidated Financial Statements**

**(31) Administration of trust contracts and securities custody**

As of December 31, 2025, several subsidiaries of the Bank manage and keep custody of securities for a total amount of 6,560,971,175 (2024: \$5,458,601,619).

**(32) Related party transactions**

In the normal course of its operations, the Bank carries out transactions with related parties, including principal executives and directors. These transactions, in accordance with the Bank's internal policies, are conducted at market value and comply with the arm's length principle.

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

	2025			2024		
	Key personnel and directors	Controlling interest	Related parties	Key personnel and directors	Controlling interest	Related parties
<b>Assets:</b>						
Interest bearing deposits	0	0	21,930,000	0	0	33,470,000
Investments at FVOCI	0	0	937,415	0	0	880,628
Loans	20,962,150	0	368,301,963	19,267,057	0	271,784,539
Allowance for loan losses	(83,939)	0	(521,724)	(40,585)	0	(2,527,710)
Accrued interest receivable and other accounts receivable	72,320	0	1,768,376	72,172	56,181	1,414,637
	<u>20,950,531</u>	<u>0</u>	<u>392,416,030</u>	<u>19,298,644</u>	<u>56,181</u>	<u>305,022,094</u>
<b>Liabilities:</b>						
Demand deposits	6,210,306	5,071,686	172,602,280	5,924,906	32,864,957	141,002,563
Time deposits	19,341,730	0	62,296,989	21,487,810	0	72,573,357
Other financial obligations	0	0	520,000,000	0	0	520,000,000
Accrued interest payable and other liabilities	297,662	0	4,042,451	366,927	0	3,829,068
	<u>25,849,698</u>	<u>5,071,686</u>	<u>758,941,720</u>	<u>27,779,643</u>	<u>32,864,957</u>	<u>737,404,988</u>
Interest income and other income	<u>1,212,278</u>	<u>657,199</u>	<u>39,832,899</u>	<u>1,084,375</u>	<u>644,413</u>	<u>33,692,022</u>
Interest expense and other expenses	<u>1,175,050</u>	<u>282,436</u>	<u>68,876,591</u>	<u>966,490</u>	<u>93,853</u>	<u>64,761,778</u>
Expense (recovery) for credit risk on loans	<u>237,320</u>	<u>0</u>	<u>2,400,599</u>	<u>(67,210)</u>	<u>0</u>	<u>2,046,931</u>
Key management personnel benefits	<u>15,401,938</u>	<u>0</u>	<u>0</u>	<u>15,898,302</u>	<u>0</u>	<u>0</u>

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

**(33) Segment 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. Bank's management reviews the internal management reports of each operating group at least once a month.

**Notes to the Consolidated Financial Statements**

**(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.

<b>2025</b>	<b>BAC Guatemala</b>	<b>BAC El Salvador</b>	<b>BAC Honduras</b>	<b>BAC Nicaragua</b>	<b>BAC Costa Rica</b>	<b>BAC Panama</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
<b>Total assets</b>	<u>6,829,589,154</u>	<u>4,040,157,928</u>	<u>5,757,229,967</u>	<u>2,763,591,610</u>	<u>12,769,684,716</u>	<u>8,791,361,875</u>	<u>399,689,814</u>	<u>(604,224,836)</u>	<u>40,747,080,228</u>
<b>Total liabilities</b>	<u>6,063,422,915</u>	<u>3,622,678,392</u>	<u>5,018,817,891</u>	<u>2,153,126,616</u>	<u>11,134,743,901</u>	<u>8,907,955,423</u>	<u>73,919,921</u>	<u>(604,224,836)</u>	<u>36,370,440,223</u>
<b>Consolidated statement of profit or loss</b>									
Interest income	551,717,095	330,545,208	658,342,433	230,390,896	1,035,291,739	616,040,325	6,784,607	(24,904,792)	3,404,207,511
Interest expense	(235,744,493)	(114,760,295)	(222,246,456)	(32,294,206)	(298,533,180)	(371,834,620)	(1,421,448)	24,904,792	(1,251,929,906)
Net interest income	315,972,602	215,784,913	436,095,977	198,096,690	736,758,559	244,205,705	5,363,159	0	2,152,277,605
Credit risk impairment loss, net	(119,130,065)	(55,380,682)	(155,907,887)	(14,831,137)	(172,001,843)	(90,215,101)	(3,613)	0	(607,470,328)
Net interest income after credit risk impairment losses	196,842,537	160,404,231	280,188,090	183,265,553	564,756,716	153,990,604	5,359,546	0	1,544,807,277
Commissions and service charges income	374,189,993	103,699,568	320,788,040	137,997,910	854,301,287	268,645,439	150,749,553	0	2,210,371,790
Commissions and other charges expenses	(210,242,347)	(55,040,749)	(141,687,544)	(60,410,411)	(291,325,440)	(181,298,088)	(169,400)	533,204	(939,640,775)
Gain on financial instruments, net	4,443,082	(69,560)	417,117	0	18,970,015	1,594,918	0	0	25,355,572
Foreign currency exchange, net	(2,882,669)	0	3,433,872	(50,548)	(18,853,237)	(60,850)	(711,593)	0	(19,125,025)
Other income, net	4,364,578	1,420,107	1,326,581	214,411	7,378,244	9,757,224	322,078,238	(324,195,056)	22,344,327
Operating expense	(260,708,156)	(165,316,529)	(312,700,950)	(121,992,001)	(777,369,013)	(218,887,533)	(277,671,329)	323,661,852	(1,810,983,659)
Income before income tax	106,007,018	45,097,068	151,765,206	139,024,914	357,858,572	33,741,714	199,635,015	0	1,033,129,507
Less: Income tax	(15,559,428)	(6,684,823)	(37,947,128)	(46,689,698)	(121,858,027)	(14,942,186)	(689,828)	0	(244,371,118)
Net income	<u>90,447,590</u>	<u>38,412,245</u>	<u>113,818,078</u>	<u>92,335,216</u>	<u>236,000,545</u>	<u>18,799,528</u>	<u>198,945,187</u>	<u>0</u>	<u>788,758,389</u>
<b>2024</b>	<b>BAC Guatemala</b>	<b>BAC El Salvador</b>	<b>BAC Honduras</b>	<b>BAC Nicaragua</b>	<b>BAC Costa Rica</b>	<b>BAC Panama</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
<b>Total assets</b>	<u>6,547,384,248</u>	<u>3,725,159,485</u>	<u>5,540,916,485</u>	<u>2,395,280,778</u>	<u>11,680,484,309</u>	<u>8,404,761,579</u>	<u>338,419,721</u>	<u>(661,969,516)</u>	<u>37,970,437,089</u>
<b>Total liabilities</b>	<u>5,832,685,939</u>	<u>3,345,821,414</u>	<u>4,858,389,069</u>	<u>1,846,765,484</u>	<u>10,231,017,817</u>	<u>8,623,961,019</u>	<u>83,139,640</u>	<u>(661,955,060)</u>	<u>34,159,825,322</u>
<b>Consolidated statement of profit or loss</b>									
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	158,001,396	(30,881,839)	1,957,783,678
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
Operating expense	(239,087,601)	(151,435,263)	(292,035,241)	(108,612,491)	(726,605,260)	(210,016,330)	(275,819,338)	316,658,811	(1,686,952,713)
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: Income 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	<u>87,484,002</u>	<u>37,018,713</u>	<u>122,028,638</u>	<u>90,557,406</u>	<u>187,059,114</u>	<u>12,777,639</u>	<u>168,039,473</u>	<u>0</u>	<u>704,964,985</u>

## **Notes to the Consolidated Financial Statements**

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### **(34) Litigation**

As of December 31, 2025, 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 Bank's consolidated financial statements 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, 2025 and 2024, the Bank complied with the capital adequacy requirements applicable to banking operations in the countries where it operates, whose minimum required levels range from 9.25% to 12.50% (2024: between 8% and 12%). The Bank also complies with all other applicable regulatory and prudential requirements.

Main laws and regulations applicable to banking operations in the Republic of Panama, regulated and supervised by the Superintendency of Banks of the Republic of Panama:

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

This Resolution establishes that in the event 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.

**Notes to the Consolidated Financial Statements**

**(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, 2025 and 2024:

	2025					
	Satisfactory	Special Mention	Substandard	Doubtful	Loss	Total
Corporate and other loans	12,669,359,649	505,568,670	93,222,527	26,889,158	48,955,547	13,343,995,551
Consumer loans	<u>14,035,238,042</u>	<u>607,402,288</u>	<u>125,255,620</u>	<u>116,639,828</u>	<u>62,549,335</u>	<u>14,947,085,113</u>
<b>Total</b>	<u>26,704,597,691</u>	<u>1,112,970,958</u>	<u>218,478,147</u>	<u>143,528,986</u>	<u>111,504,882</u>	<u>28,291,080,664</u>
Specific reserve	<u>0</u>	<u>110,559,057</u>	<u>75,124,670</u>	<u>85,778,964</u>	<u>50,133,615</u>	<u>321,596,306</u>

  

	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	<u>13,345,413,517</u>	<u>516,768,890</u>	<u>110,341,835</u>	<u>117,338,262</u>	<u>61,480,557</u>	<u>14,151,343,061</u>
<b>Total</b>	<u>24,860,433,856</u>	<u>994,915,514</u>	<u>223,973,971</u>	<u>128,457,547</u>	<u>121,189,658</u>	<u>26,328,970,546</u>
Specific reserve	<u>399,347</u>	<u>88,161,531</u>	<u>77,000,526</u>	<u>85,330,219</u>	<u>62,794,491</u>	<u>313,686,114</u>

Agreement No. 4-2013 defines a credit facility as past due when any amount of principal, interest or expenses agreed contractually remains unpaid for more than 30 days and up to 90 days, from the contractually stipulated due date.

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

	2025			
	Current	Past due	Overdue	Total
Corporate and other loans	13,238,757,291	56,213,511	49,024,749	13,343,995,551
Consumer loans	<u>14,365,854,386</u>	<u>310,354,522</u>	<u>270,876,205</u>	<u>14,947,085,113</u>
<b>Total</b>	<u>27,604,611,677</u>	<u>366,568,033</u>	<u>319,900,954</u>	<u>28,291,080,664</u>

  

	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	<u>13,590,081,046</u>	<u>305,769,829</u>	<u>255,492,186</u>	<u>14,151,343,061</u>
<b>Total</b>	<u>25,670,244,025</u>	<u>344,421,836</u>	<u>314,304,685</u>	<u>26,328,970,546</u>

**Notes to the Consolidated Financial Statements**

**(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, 2025, in interest in non-accrual status amounts to \$143,820,480 (2024: \$134,719,051). Total unrecognized interest income on these loans is \$10,469,503 (2024: \$7,942,631).

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, 2025 and 2024, the Bank constituted an equity reserve of \$5,845,113 and \$5,784,555, respectively, pursuant to Agreement No. 11-2019.

**Notes to the Consolidated Financial Statements**

**(35) Regulatory aspects, continued**

As of December 31, 2025, 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 \$413,157,244 (2024: \$393,234,267), appropriated from retained profits. The credit balance of this dynamic provision forms 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, 2025, the Bank maintains a percentage of 1.71% 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, 2025. These percentages represent the following amounts:

	2025	2024
1.25%	<u>302,680,438</u>	<u>279,137,929</u>
2.50%	<u>605,360,876</u>	<u>558,275,858</u>

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

	2025	2024
<b>Component 1</b>		
Risk – weighted assets (credit facilities – Normal category)	<u>24,114,435,025</u>	<u>22,331,034,332</u>
For alpha coefficient (1.50%)		
<b>Result</b>	<u>363,216,525</u>	<u>334,965,515</u>
<b>Component 2</b>		
Variation (positive) between the current quarter versus the previous risk – weighted assets		
For beta coefficient (5.00%)	<u>269,252,988</u>	<u>584,296,162</u>
<b>Result</b>		
<b>Less:</b>	<u>13,462,649</u>	<u>29,214,808</u>
<b>Component 3</b>		
Amount of change in the balance of specific provisions in the quarter	<u>(7,711,564)</u>	<u>12,054,765</u>
<b>Gross dynamic reserve balance</b>	<u>384,390,738</u>	<u>352,125,558</u>
<b>Plus:</b>		
Restricted amount as set forth in paragraphs “a” and “b” of Article 37	<u>28,766,506</u>	<u>41,108,709</u>
<b>Net dynamic provision balance</b>	<u>413,157,244</u>	<u>393,234,267</u>

As of December 31, 2025, and 2024, we present the composition of the dynamic provision by subsidiary:

Increase by subsidiaries	2025	2024	Variance
BAC International Bank Inc.	86,233,659	80,445,532	5,788,127
BAC Bahamas Bank Ltd.	736,211	644,018	92,193
Banco de America Central S.A. (Guatemala)	63,117,058	62,104,224	1,012,834
Credomatic de Guatemala S.A.	8,447,681	8,447,681	0
Banco de America Central Honduras, S.A.	55,164,509	53,787,801	1,376,708
Inversiones Financieras Banco de America Central, S.A.	47,250,608	44,945,761	2,304,847
Corporacion Tenedora BAC COM, S.A.	33,921,928	24,595,581	9,326,347
Corporacion de Inversiones Credomatic, S.A.	<u>118,285,590</u>	<u>118,263,669</u>	<u>21,921</u>
<b>Total</b>	<u>413,157,244</u>	<u>393,234,267</u>	<u>19,922,977</u>

## Notes to the Consolidated Financial Statements

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### (35) Regulatory aspects, continued

As of December 31, 2025 and, 2024, 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, 2025, and 2024, 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.11-2018, which states the provisions on liquidity risk management and the short-term liquidity hedging ratio, became effective on 1 January 2020.

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:

	2025	2026
Capital Adequacy Ratio	9.25%	10.50%
Primary Capital Ratio Total	7.25%	8.50%
Ordinary Primary Capital Ratio	5.75%	7.00%

**Notes to the Consolidated Financial Statements**

**(35) Regulatory aspects, continued**

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:

<b>Ordinary Primary Capital (Pilar I)</b>	<b>2025</b>	<b>2024</b>
Common stock	834,708,000	834,708,000
Additional paid-in capital	140,897,488	140,897,488
Retained earnings	3,187,862,060	2,742,356,715
Non-controlling interest	321,888	290,611
Other comprehensive losses	(208,834,691)	(310,695,272)
Less: Goodwill	(336,084,994)	(335,849,896)
Less: Intangible assets	0	(88,167,700)
Less: Treasury stock	(5,218,370)	(5,218,370)
<b>Total Ordinary Primary Capital</b>	<u><b>3,613,651,381</b></u>	<u><b>2,978,321,576</b></u>
<b>Additional Primary Capital</b>		
Perpetual bonds issued by the Bank	520,000,000	520,000,000
<b>Total Additional Primary Capital</b>	<u><b>520,000,000</b></u>	<u><b>520,000,000</b></u>
<b>Total Primary Capital (Net)</b>	<u><b>4,133,651,381</b></u>	<u><b>3,498,321,576</b></u>
<b>Total Secondary Capital</b>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Dynamic Provision</b>	<u><b>413,157,244</b></u>	<u><b>393,234,267</b></u>
<b>Total Regulatory Capital Fund</b>	<u><b>4,546,808,625</b></u>	<u><b>3,891,555,843</b></u>
Total Assets Weighted by Net Risk deductions	32,011,864,114	30,068,346,759
Operational Risk Weighted Assets (Agreement No.11-2018)	1,923,175,235	1,727,512,984
Market Risk Weighted Assets (Agreement No.3-2018)	86,109,142	313,141,898
<b>Total risk weighted assets</b>	<u><b>34,021,148,491</b></u>	<u><b>32,109,001,641</b></u>
<b>Ratios:</b>		
Capital Adequacy Ratio	<u><b>13.36%</b></u>	<u><b>12.12%</b></u>
Primary Capital Ratio Total	<u><b>12.15%</b></u>	<u><b>10.90%</b></u>
Ordinary Primary Capital Ratio	<u><b>10.62%</b></u>	<u><b>9.28%</b></u>

- **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, 2025, was 49.89% (2024: 50.70%).

- **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% in the fifth year after foreclosure, through the establishment of an equity reserve. The following is the progressive booking table:

<b>Years</b>	<b>Minimum Reserve Percentage</b>
First	10%
Second	20%
Third	35%
Fourth	15%
Fifth	10%

**Notes to the Consolidated Financial Statements**

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**(35) Regulatory aspects, continued**

As of December 31, 2025, the Bank constituted a reserve for assets held for sale amounting to \$7,901,273 (2024: \$9,253,773), 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 subsequent events through February 26, 2026, the date of authorization for the issuance of the consolidated financial statements for the year ended December 31, 2025, to determine whether any recognition or disclosure is required.

BAC Holding International Corp. ("the Parent Company") reported that the relevant shareholders' meetings and boards of directors granted the necessary approvals for its subsidiary, BAC International Corporation ("BIC"), to proceed with the acquisition of 99.569068% of the shares of Multi Financial Group, Inc., owned by Multi Financial Holdings, Inc., an affiliate of Banco de Bogota, S.A. The parties involved are currently awaiting the required authorization from the Panamanian regulator in order to complete the closing of the transaction.

This transaction does not result in adjustments to the consolidated financial statements as of December 31, 2025.