Panacorp Casa de Valores, S. A.

Independent Auditors' Report and Financial Statements

For the year ended on December 31, 2021

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

Panacorp Casa de Valores, S. A.

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INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Panacorp Casa de Valores, S. A.
Panama, Republic of Panama

Opinion

We have audited the financial statements of Panacorp Casa de Valores, S. A. “the Company” that comprise the statement of financial position as of December 31, 2021, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Panacorp Casa de Valores, S. A. as of December 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis of the Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities based on those standards are described in more detail in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) along with the ethical requirements, which are relevant to our audit of the financial statements in the Republic of Panama, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities and of Those Charged with Corporate Governance regarding the financial statements

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

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

Those in charge of Corporate Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities in relation to the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with International Standards on Auditing will always detect a material error, where one exists. Errors may arise from fraud or error and are considered material if, individually or, when they can reasonably be expected to influence financial decisions made by users based on these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. We also:

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

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

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Panama, Republic of Panama

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

- We conclude on the appropriateness of Management's use of the going concern accounting basis and, based on the audit evidence obtained, we conclude whether there is a material uncertainty with events or conditions that may give rise to significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the respective disclosures in the financial statements; or if such disclosures are inadequate or insufficient, it is necessary to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements provide a fair view.

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

Report on Other Legal and Regulatory Requirements

In compliance with Law 280 issued on December 30,2021, which regulates the execution of the profession of Certified Public Accountants in the Republic of Panama and specifically addressing Chapter III “Execution of the Profession”, article 13, we indicate that the management, execution, and supervision of this audit engagement was physically carried out in national territory.

BDO
April 20, 2022.
Panama, Republic of Panama.

Darío González C.
Audit Partner
C.P.A. 6052

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APPENDIX

Shareholders and Board of Directors
Panacorp Casa de Valores, S. A.
Panama, Republic of Panama

WORK TEAM STATEMENT

In compliance with Law 280 of December 30, 2021, which regulates the exercise of the profession of Authorized Public Accountant in the Republic of Panama, and specifically addressing Chapter III "Exercise of the Profession", article 13, we indicate the names of the partner and the work team responsible for the direction, execution, and supervision of this commitment:

	Work team statement
Partner	Darío González
Director	Eduardo Lezcano
Senior	Jandra Sequeira

Panacorp Casa de Valores, S. A.

Statement of Financial Position
As at December 31, 2021
(Amounts in Balboas)

	Notes	2021	2020
ASSETS			
Cash and cash equivalent	5 and 20	**1,014,380**	1,697,056
Investments in financial instruments:			
Securities at fair value through profit or loss	6	**859,884**	7,052,392
Securities at fair value with changes in other comprehensive income	7	**1,282,641**	7,925,273
Securities at amortized cost, net	8	**-**	1,475,297
Purchase operations with resale agreements	9 and 20	**1,232,803**	-
Margin loans at amortized cost, net	10 and 20	**341,075**	5,045,343
Interest receivable on margin loans	10 and 20	**23,896**	331,548
Interest receivable on securitizations		**-**	165,507
Other accounts receivable, net	10 and 20	**256,748**	437,198
Tax receivable		**121,843**	100,913
Intangible assets, net	12	**11,776**	14,898
Furniture, equipment and improvements, net	13	**8,908**	13,524
Right of use assets, net	14 and 20	**720,603**	149,999
Other assets	15	**71,410**	146,284
Total assets		**5,945,967**	24,555,232
LIABILITIES AND EQUITY			
Liabilities:			
Financing obligations	16	**1,977,471**	10,331,035
Interest payable on financing	16	**103**	-
Interest payable on securitizations	25	**-**	241,853
Financial liabilities indexed on securities	17	**924,588**	10,088,966
Lease liability	18 and 20	**755,281**	167,646
Accounts payable	19	**64,050**	373,225
Accounts payable - shareholders	20	**50,000**	101,185
Accumulations and other obligations		**35,014**	34,935
Provision for seniority premium and compensation	21	**104,216**	93,657
Total Liabilities		**3,910,723**	21,432,502
Equity:			
Share capital	22	**5,000,000**	4,000,000
Accumulated deficit		**(2,690,828)**	(1,266,524)
Fair value reserve		**(273,928)**	389,254
Total equity		**2,035,244**	3,122,730
Total liabilities and equity		**5,945,967**	24,555,232

The notes on pages 6 to 52 are an integral part of these financial statements.

Panacorp Casa de Valores, S. A.

Income Statement
For the year ended on December 31, 2021
(Amounts in Balboas)

	Notes	2021	2020
Income for:			
Commissions for stock exchange services	20	**1,895,682**	1,431,724
Interest earned on:			
Deposits		**8,172**	15,621
Investments in securities		**65,933**	473,078
Margin Loans	20	**666,141**	1,399,624
Advisory services		**581,389**	649,629
Total income		**3,217,317**	3,969,676
Expenses for:			
Interest on financial obligations		**111,303**	322,921
Interest on financial liabilities indexed to securities		**42,828**	429,404
Commissions for stock exchange services		**1,228,594**	1,119,700
Commissions for custodial and advisory services		**266,265**	647,414
Interest on lease liability	18	**50,071**	19,980
Total expenditure		**1,699,061**	2,539,419
Net income, before provision		**1,518,256**	1,430,257
Provision for impairment of securities at amortized cost	8	**1,475,297**	-
Provision for impairment of other accounts receivable	11	**37,017**	-
Provision for impairment of margin loans at amortized cost	10	**-**	24,743
Net income, after provision		**5,942**	1,405,514
Other income		**-**	(87,643)
(Profit) loss in valuation of securities at fair value through profit or loss		**(18,090)**	5,348
Total other income		**(18,090)**	(82,295)
Total operating revenues, net		**24,032**	1,487,809
General and administrative expenses:			
Salaries and Other remunerations	20	**774,714**	911,897
Professional fees	23	**277,634**	312,099
Other administrative expenses	24	**163,017**	51,175
Bank charges and interest		**106,588**	68,242
Depreciation and amortization	12, 13 and 14	**85,781**	109,780
Advertising		**14,640**	17,040
Electricity and telephone services		**11,449**	15,706
Rental		**8,794**	24,659
Repair and maintenance		**3,669**	3,607
Stationery and office supplies		**1,348**	2,444
Travel and transportation		**702**	3,800
Total general and administrative expenses		**1,448,336**	1,520,449
Net loss		**(1,424,304)**	(32,640)

The notes on pages 6 to 52 are an integral part of these financial statements.

Panacorp Casa de Valores, S. A.

Other Comprehensive Income Statement
For the year ended on December 31, 2021
(Amounts in Balboas)

	Notes	2021	2020
Net loss		**(1,424,304)**	(32,640)
Other comprehensive income:			
Items that will not be reclassified under profit/loss:			
Net change in fair value of equity instruments at FVCOCI		**(133,454)**	174,659
Total other comprehensive income		**(133,454)**	174,659
Items that will be reclassified under profit/loss:			
Net change in fair value of debt instruments to FVCOCI		**(529,728)**	557,773
Total other comprehensive income	7	**(663,182)**	732,432
Total comprehensive results for the year		**(2,087,486)**	699,792

The notes on pages 6 to 52 are an integral part of these financial statements.

Panacorp Casa de Valores, S. A.

Statement of Changes in Equity
For the year ended on December 31, 2021
(Amounts in Balboas)

	Notes	Share capital	Accumulated deficit	Fair value reserve	Total equity
Balance as of December 31, 2019		4,000,000	(1,233,884)	(343,178)	2,422,938
Net loss		-	(32,640)	-	(32,640)
Other comprehensive income:					
Items that will not be reclassified under profit/loss:					
Net change in fair value of equity instruments at FVCOCI		-	-	174,659	174,659
Total other comprehensive income		-	-	174,659	174,659
Items that will be reclassified under profit/loss:					
Net change in fair value of debt instruments to FVCOCI		-	-	557,773	557,773
Total other comprehensive income		-	-	732,432	732,432
As of December 31, 2020	7	4,000,000	(1,266,524)	389,254	3,122,730
Net loss		-	(1,424,304)	-	(1,424,304)
Other comprehensive income:					
Items that will not be reclassified under profit/loss:					
Net change in fair value of equity instruments at FVCOCI		-	-	(133,454)	(133,454)
Total other comprehensive income		-	-	(133,454)	(133,454)
Items that will be reclassified under profit/loss:					
Net change in fair value of debt instruments to FVCOCI		-	-	(529,728)	-
Total other comprehensive income	7	-	-	(663,182)	(663,182)
Transactions with owners					
Common shares issued		1,000,000	-	-	1,000,000
As of December 31, 2021		**5,000,000**	**(2,690,828)**	**(273,928)**	**2,035,244**

The notes on pages 6 to 52 are an integral part of these financial statements.

Panacorp Casa de Valores, S. A.

Cash Flow Statement
For the year ended on December 31, 2021
(Amounts in Balboas)

	Notes	2021	2020
Cash flow from operating activities			
Net loss		**(1,424,304)**	(32,640)
Adjustments to reconcile net loss with cash flow from operating activities:			
Depreciation and amortization	12, 13 and 14	**85,781**	109,780
Provision for seniority premium and compensation		**10,560**	1,198
Provision for impairment of investments at amortized cost	8	**1,475,297**	-
Provision for impairment of margin loans at amortized cost	10	**-**	24,743
Provison for impairment of other accounts receivable		**37,017**	
Loss in valuation of securities at fair value through profit or loss		**(18,090)**	5,348
Interest income on bank deposits		**(8,172)**	(15,621)
Interest income on investments		**(65,933)**	(473,078)
Interest income on margin loans		**(666,141)**	(1,399,624)
Interest expense on financing		**111,303**	322,921
Interest expense on financial liabilities indexed to securities		**42,828**	429,404
Interest expense on lease liabilities	18	**50,071**	19,980
Net changes in operating assets and liabilities:			
Tax receivable		**(20,930)**	(17,680)
Other assets		**74,874**	192,234
Accounts payable		**(309,175)**	125,669
Accumulations and other obligations		**(655)**	4,268
Financial liabilities indexed to securities		**9,164,378**	5,573,022
Margin loans at amortized cost		**4,704,267**	5,457,447
Cash from operating activities:			
Interest received		**1,385,349**	1,561,476
Interest paid		**(436,259)**	(754,753)
Cash flow from operating activities		**14,192,066**	11,134,094
Cash Flows from investing activities			
Securities at fair value through profit or loss		**(11,421,957)**	(9,779,930)
Acquisitions of securities at fair value through profit or loss	6	**(8,061,222)**	(18,582,640)
Sale and redemption of securities at fair value through profit or loss	6	**13,988,969**	25,674,503
Securities at fair value with changes in other comprehensive income		**(6,625,890)**	(2,999,700)
Acquisitions of securities at fair value with changes in other comprehensive income	7	**(40,426,005)**	(51,586,562)
Sale and redemption of securities at fair value with changes in other comprehensive income	7	**46,399,208**	51,125,458
Acquisitions of operations with resale agreements	9	**(1,232,803)**	-
Acquisitions of intangible assets	12	**(9,096)**	(7,570)
Furniture, equipment and upgrades acquisitions	13	**(860)**	(1,816)
Furniture, equipment and upgrades withdrawals	13		
Cash flows used in investing activities		**(7,389,656)**	(6,158,257)
Cash flows from financing activities			
Financing received	16	**5,837,313**	12,470,271
Financing paid	16	**(14,190,877)**	(17,782,830)
Accounts payable (related parties)		**(51,185)**	(19,364)
Lease liability payments	18	**(83,482)**	(25,410)
Common shares issued	22	**1,000,000**	-
Cash flows used in financing activities		**(7,488,231)**	(5,357,333)
Net decrease in cash for the year		**(685,821)**	(381,496)
Cash at the beginning of the year		**1,700,201**	2,081,697
Cash at the end of the year	5 and 20	**1,014,380**	1,700,201

The notes on pages 6 to 52 are an integral part of these financial statements.

1. General information of the company

Panacorp Casa de Valores, S. A. (the Company), is a public limited company incorporated in May 2006 under the laws of the Republic of Panama, with the intention of offering to its clients the products and businesses of the capital market. The Company is controlled by Panam Capital Market Holding, S. A.

Panacorp Casa de Valores, S. A. is a Brokerage House duly authorized and regulated by the Securities Market Superintendence. The Company obtained his license through CNV resolution No.75-08, of January 9, 2008. The Company is also a member of the Panamanian Chamber of Capital Markets CAPAMEC. Originally the company was called Madison Securities, S. A., then it changed the company name in the Public Registry, through the Minutes of the Shareholders' Meeting of February 6, 2009, and Public Deed No.2234 of April 1, 2009, renamed Panacorp Casa de Valores, S. A.

Its main activity is the securities brokerage business and all those activities permitted by Decree Law No.1 of July 8, 1999 (Securities Law) and its modifications in the Securities Law, single text, published in the Official Gazette of February 23, 2012.

Panacorp Casa de Valores, S. A. is domiciled at P.H. Oceania Business Plaza, Tower 1000, 22nd floor, office A-01, Punta Pacifica, San Francisco district, Panama district, Republic of Panama.

The main officers of the Company are:

Names	**Position**
Javiela M. Cedeño C.	Chief Executive
Andrea Tribuiani	Compliance Officer
Alcides J. Carrión R.	Legal Representative
Eisenmann Lawyers and Consultants	Resident Agent
Luz Jerome	Accountant

The members of the Board of Directors are the following:

Names	**Position**
Alcides J. Carrión R.	Chair
Erwin Thomas	Vice President and Secretary
Mohamed Ibrahim	Treasurer

Approval of the financial statements

These financial statements were authorized for issuance by the Company's management on April 20, 2022.

2. Summary of significant accounting policies

The main accounting policies adopted for the preparation of these financial statements are presented below. These policies have been applied consistently in relation to the previous year.

Basis of preparation

The Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The individual financial statements have been prepared in accordance with the historical cost approach, although modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and with changes in other comprehensive income.

Measurement basis

The financial statements have been prepared on a historical cost basis, except for assets presented at fair value, which are presented below:

- Financial assets: at fair value through profit or loss (FVTPL)
- Financial assets: at fair value with changes in other comprehensive income (OCI)

New International Financial Reporting Standards (IFRS), Interpretations and amendments adopted from 1 January 2021:

New regulations that impact the Company and that have been adopted in the annual financial statements for the year ended December 31, 2021 are:

- Interest rate benchmark reform - IBOR “phase 2” (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- Rent concessions related to COVID-19 after June 30, 2021 (amendments to IFRS 16).

COVID-19 Concessions related to income (Amendments to IFRS 16)
Effective June 1, 2020, IFRS 16 was amended to provide a practical file for tenant accounting for rental concessions as a direct consequence of the COVID-19 pandemic and meet the following criteria:

- The change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for immediate rental that precedes the previous one.
- The decrease in lease payments affecting payments originally due on or before June 30, 2021; and
- There are no substantive changes to other terms and conditions in the lease.

Rent concessions that satisfy this criterion can be accounted for in accordance with the practical file, which means that the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

New rules, interpretations and amendments issued that are not effective

There are several standards, amendments to standards, and interpretations that have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2022:

- Onerous contracts - Cost of fulfilling a contract (amendments to IAS 37);
- Property, Plant and Equipment: Income before intended use (amendments to IAS 36)
- Annual improvements to the International Financial Reporting Standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to the conceptual framework (amendments to IFRS 3).

The following amendments are effective for the period beginning January 1, 2023:

- Accounting policy disclosures (amendments to IAS 1 and IFRS 2 practice statements);
- Definition of accounting estimates (amendments to IAS 8); and
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that the current or non-current classification is based on whether an entity has a claim at the end of the reporting period. The amendments also clarify that “settlement” includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual periods beginning on or after January 1, 2023.

In response to comments and queries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a tentative agenda decision, analyzing the applicability of the amendments to three scenarios. However, given the comments received and the concerns raised about some aspects of the amendments, in April 2021, the IFRIC did not finalize the agenda decision and referred the matter to the IASB. At its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 regarding the classification of liabilities subject to conditions and the disclosure of information about such conditions and defer the effective date of the 2020 amendment by at least one year.

The Company is evaluating the impact of these new accounting standards and their amendments. The Company will assess the impact of the final amendments to IAS 1 on the classification of its liabilities once they are issued by the IASB. The Company considers that the amendments to IAS 1, in its present form, will not have any impact on the classification of its liabilities.

Operating and presentation currency

The financial statements are expressed in Balboas (B/.), The monetary unit of the Republic of Panama, which is at par with and is freely exchangeable with the Dollar (USD) of the United States of America.

Measurement of the fair value

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 on the measurement date (exit price).

When an asset is acquired or a liability is assumed, the transaction price is the price paid for acquiring the asset or received for assuming the liability (entry price). The initial fair value of a financial instrument is the transaction price.

The fair value of an instrument is measured using a price quoted in an active market for that instrument. A market is considered an asset if the transactions for these assets or liabilities are carried out frequently and with sufficient volume to provide information for setting prices on a going concern basis. When a price for an identical asset or liability is not observable, a valuation technique will be used that maximizes the use of relevant observable variables and minimizes the use of unobservable variables. Since fair value is a measurement based on market variables (prices, yield, credit spread, etc.), it is measured using the assumptions that market participants would use when pricing the asset or liability.

The fair value of financial instruments is determined using prices accessible in Bloomberg for the stock markets.

Financial assets

Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, demand deposits in banks and other financial institutions in the country and abroad and other short-term highly liquid investments with original maturity of three (3) months or less. For the purposes of the cash flow statement, the Company considers what is reflected as Cash and cash equivalents.

Until December 31, 2021, the Company classifies its financial assets depending on the purpose for which they were acquired.

Investments in financial instruments:

Investments are classified at the date of initial recognition, based on the nature and purpose of the acquisition of the financial asset. On initial recognition, financial assets are classified as measured at:

Amortized cost, fair value with changes in other comprehensive income (FVCOCI), or fair value with changes in results (FVTPL).

1) Values measured at amortized cost:

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

a. The asset is held in conjunction with a business model whose objective is to hold assets to collect contractual cash flows; and
b. The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the outstanding balance.

2) Margin loans at amortized cost:

Margin loans are short-term financing transactions with security guarantees, in which the Company takes possession of the securities at a discount from the market value and agrees to resell them to the debtor at a future date and at a specified price. The difference between the repurchase value and the future sale price is recognized as income under the effective interest rate method.

The market prices of the underlying securities are monitored and if there is a material and non-transitory deterioration in the value of a specific security, the Company recognizes against profit or loss for the period an adjustment to the value of the amortized cost. The market value of these investments is monitored, and additional collateral is obtained where appropriate to protect against credit exposure.

The securities sold subject to repurchase agreements (Repos in purchase), are short-term financing transactions with security guarantees, in which the Company has the obligation to repurchase the securities sold at a future date and at a specified period. The difference between the sale price and the future purchase value is recognized as interest expense under the effective interest rate method.

3) Securities at fair value with changes in other comprehensive income (VRCORI)

A debt instrument is measured at values at fair value with changes in other comprehensive income only if it meets both of the following conditions and has not been designated as a FVTPL:

a. The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
b. The contractual terms of the financial asset establish specific dates for the cash flows derived only from payments of principal and interest on the outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Company may irrevocably choose to record subsequent changes in fair value as part of other comprehensive income. This choice is made on an instrument-by-instrument basis.

4) Securities at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at CA or FVCOCI as described above, are measured at fair value through profit or loss (FVTPL).

Additionally, on initial recognition, the Company may irrevocably designate a financial asset that meets the CA or FVCOCI measurement requirements to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that could otherwise occur. The Company does not use this option for now.

5) Purchase operations with a resale agreement

This subgroup totals the amounts delivered in negotiations of cash purchase contracts (spot) of TVD with resale agreement in installments (forward) with a counterparty, in which the risks and benefits of the acquired securities are not transferred, and therefore, they are not recognized in the portfolio. In general, these contracts constitute a financial activity to obtain or grant liquidity between the intermediary and the counterparty, which is why the IFRS do not consider it definitive to register the investment or the definitive derecognition of the financial asset normally involved securities and debt securities.

Business model evaluation

The Company carries out an evaluation of the objectives of the business models in which the different financial assets are maintained at the portfolio level to reflect, in the best manner, the way in which the business is managed and how the information is provided to the management. The information considered includes:

- The policies and objectives indicated for each portfolio of financial assets and the operation of those policies in practice. These include whether management's strategy focuses on collecting contractual interest income, maintaining a specific interest performance profile, or coordinating the duration of financial assets with that of the liabilities that are financing them or the expected or realizing cash outflows or carry out cash flows from the sale of assets;
- How the Company's key management personnel are evaluated and reported on portfolio performance;
- The risks that affect the performance of the portfolios (and the financial assets held in the business model) and the way in which those risks are managed;
- The frequency, value, and timing of sales in prior periods, the reasons for those sales, and expectations about future sales activity. However, information on sales activity is not considered in isolation, but rather as part of an evaluation of how the Company's established objectives for managing financial assets are achieved and how cash flows are realized.

Assessment of whether the contractual cash flows are only payments of principal and interest (SPPI)

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

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

- Contingent events that will change the amount and periodicity of cash flows;
- Leverage conditions;
- Advance payment terms and extension;
- Terms that limit the Company to obtain cash flows from specific assets (example, asset-less deals); and
- Characteristics that modify considerations for the value of money over time (example, periodic reset of interest rates).

Impairment of financial assets

The company assesses the impairment of financial assets using an expected credit loss (ECL) model. This model requires considerable judgment to be applied regarding how changes in economic factors affect ECL, which is determined on a weighted average basis.

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

- Debt instruments to VRCORI
- Debt instruments at amortized cost
- Margin loans at amortized cost
- Other accounts receivable

No impairment loss is recognized on investments in equity instruments.

The company recognizes a provision for impairment of financial assets to CA and VRCORI in an amount equal to an expected credit loss in a period of twelve months after the cut-off date of the financial statements or during the remaining life of the financial instrument.

Under IFRS 9, the ECL is measured on the following basis:

- ECL 12-month ECL: it is the portion of the ECL that results from loss events on a financial instrument that are possible within a period of 12 months after the reporting date.
- ECL during the life of the asset: these are the losses that result from all possible impairment events during the life of a financial instrument.

Loss reserves are recognized at an amount equal to the ECL during the asset's lifetime, except in the following cases in which the recognized amount is equivalent to a 12-month ECL:

- Investments in debt instruments that are determined to reflect credit risks as of the reporting date; and
- Other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The expected credit loss model (ECL) presents three stages of impairment for financial assets that are applied from the date of origin or acquisition. These are summarized below:

Stage 1:	The 12-month ECL is calculated as the portion of the expected life of the ECL because of events of default of a financial instrument that are possible within 12 months of the reporting date. The Company calculates the 12-month ECL reserve based on the expectation of a default in the 12 months after the reporting date. These 12-month expected default probabilities are applied to a projection of (ED), multiplied by the expected LDN expectation and discounted by an approximation to the original EIR (effective interest rate).
Stage 2	The Company recognizes the provision for expected credit losses for the amount equivalent to the expected credit losses during the total life of the asset (ECLDTL) for those financial assets that are considered to have experienced a significant increase in credit risk since their initial recognition. This requires the computation of the ECL based on the probability of default during the remaining life of the financial asset. The provision for credit losses is higher at this stage due to increased credit risk and considering the impact of a longer time horizon when compared to stage 1 to 12 months.
Stage 3	The Company recognizes a provision for losses in the amount equal to the expected credit losses during the asset's total lifetime, based on a 100% probability of default (PD) on the asset's recoverable cash flows.

Significant increase in credit risk

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

The Company expects to identify if there has been a significant increase in credit risk for exposure by comparing between:

- The probability of default (PD) during the remaining life at the reporting date; with
- The probability of default (PD) during the remaining life now, which was estimated at the time of initial recognition of the exposure.

Rating by credit risk categories

The Company will assign each exposure a credit risk rating based on a variety of data determined to be predictive of PD and applying expert credit judgment. The Company expects to use these ratings for the purpose of identifying significant increases in credit risk under IFRS 9.

Credit risk ratings are defined using qualitative and quantitative factors that are indicative of risk of loss. These factors can vary depending on the nature of the exposure and the type of borrower.

Credit risk ratings are defined and calibrated so that the risk of loss increases exponentially as credit risk deteriorates.

Each exposure will be allocated to a credit risk rating upon initial recognition based on available information about the debtor. Exposures will be subject to ongoing monitoring, which may result in an exposure being shifted to a different credit rating.

Generating the term structure of the PD

Credit risk ratings are the main input to determine the term structure of the PD for different exposures. The Company obtains performance and loss information on credit risk exposures analyzed by jurisdiction or region, type of product and debtor, as well as by the assigned credit risk rating. For some portfolios, information compared with external credit reference agencies can also be used.

Determine if credit risk has significantly increased in the loan portfolio.

The criteria for determining whether credit risk has increased significantly varies depending on the portfolio and should include quantitative changes in the PD and qualitative factors, including limits based on delinquency.

The Company determines that an exposure to credit risk reflects a significant increase based on the evaluation of the risk rating for either the loan portfolio or the issuance in the investment portfolio. Based on the above, transition matrices have been established where it can be observed for each of the risk ratings, at what level of impairment a financial asset is.

In certain instances, using its expert judgment and, to the extent possible, relevant historical experience, as well as information from relevant data sources such as publications from risk rating agencies or credit bureau agencies, the Company may determine that an exposure has significantly increased your credit risk based on particular qualitative indicators that it believes are indicative of this and the effect of which would not be fully reflected otherwise by a timely quantitative analysis.

The Risk Management Committee, the Administration, and the Board of Directors in response to COVID-19 have increased the monitoring of credit portfolios and consider the different parameters on which they are based to define the significant increase in credit risk.

Expected Credit Loss Measurement (ECL)

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

- Financial assets that do not show credit impairment at the reporting date.
- Financial assets that are impaired at the reporting date.

Pending loan commitments: the present value of the difference between the contractual cash flows that are owed to the Company if the commitment is executed and the cash flows that the Company expects to receive, as long as they are of an irrevocable nature.

Inputs in the measurement of expected credit loss (ECL)

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

- Probability of Default (PD)
- Loss due to non-compliance (LDN)
- Exposure before default (ED)

The estimates of the PD and LDN of the Company are determined based on information from entities qualified in the matter such as credit bureau agencies for the loan portfolio and recognized risk rating agencies for the investment portfolio.

The LDN is obtained for the loan portfolio based on the present values issued by the most significant regulatory entities for the Company. For the investment portfolio, it is obtained based on publications issued by recognized risk rating agencies.

The Company will be collecting the history of the PD and LDN as the corresponding information is collected.

The (ED) represents the expected exposure in the event of default. The Company expects to determine the (ED) of the current counterparty exposure and the potential changes to the current figure allowed under the contract, including any amortization.
Definition of impairment

The Company considers an impaired financial asset when:

- The debtor is delinquent for more than 90 days on any material credit obligation. Overdrafts are considered delinquent once the client has exceeded the established limit or has been established a lower limit than the outstanding balance.
- Reduction of the internal risk classification established in the Company due to showing signs of deterioration in its financial or operating situation
- For fixed income financial instruments, the following concepts are included, among others:
- Downgrade of the issuer's external rating;
- Contract payments are not made on the due date or within the stipulated grace period or period;
- There is a high probability of suspension of payments;
- You are likely to enter bankruptcy, or a bankruptcy petition or similar action is being filed;
- The financial asset ceases to be traded in an active market due to its financial difficulties.

When evaluating whether a debtor is impaired, the Company considers indicators that are:

- Qualitative (for example, breach of contractual clauses);
- Quantitative (for example, deterioration in the risk classification, delinquency status, and non-payment on another obligation of the same issuer or borrower); and
- Based on data developed internally and obtained from external sources.

The inputs used in evaluating whether financial assets are impaired, and their importance may vary over time to reflect changes in circumstances.

Recognition and derecognition

Purchases and sales of financial instruments on a regular basis are recognized on the trading date, the date on which the Company agrees to buy or sell the financial instrument. Financial assets and liabilities are initially recognized at fair value.

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

Consideration of future conditions

Information about future conditions could be incorporated both in your assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in your ECL measurement.

The extraordinary situation caused by COVID-19 has forced our authorities to impose restrictions on mobility and the closure of commercial activities during different periods, causing an economic contraction in Panama and the countries of our region, as in most of the economies of the world. Given the economic impact, the Government and the Superintendency of the Securities Market of Panama have established and authorized abbreviated procedures for the modifications of terms and conditions of the public offering of securities registered in the Superintendency, as part of the special and temporary measures adopted before the State of National Emergency declared by the Cabinet Council.

Presentation of reserves for expected credit losses in the statement of financial position

The reserves for expected credit losses are presented in the statement of financial position as follows:

- Financial assets at amortized cost: as a deduction from the gross book value of the assets;
- For debt instruments measured at FVTPL, ECL is not recognized reflected in the statement of financial position because their book value is at fair value. However, the reserve is disclosed and recognized in the reserve for fair value.

Other accounts receivable

Other accounts receivable represents enforceable rights originated by stock exchange services and are recorded at their realizable value. Recovery is expected in a period of less than a year.

Intangible assets, net

Licenses and software purchased from third parties are shown by their historical cost. They have a finite useful life and are valued at cost less accumulated amortization. Amortization is calculated using the straight-line method to distribute the cost of the licenses over their estimated useful life. The software pays for itself in 60 months and the licenses pay for itself in 12 and 60 months.

Furniture, equipment and improvements, net

They correspond to the goods for use in the production or supply of goods and services, to lease them to third parties or for administrative purposes; and that are expected to be used for more than one exercise. This category includes improvements to leased property.

These assets are recorded at acquisition cost less the recovery amount and are depreciated based on the straight-line method at appropriate rates to distribute their cost over the years of their estimated useful life.

Maintenance costs are recorded in income, as expenses for the period in which they occur.

The estimated useful lives in which the assets are depreciated are:

Holdings	Estimated useful lives in years
Office furniture	5
IT Equipment	5
Leasehold improvements	5

Right -of- use assets, net

At the beginning of a contract, the Company 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly specified and must be physically distinct or represent substantially the full capacity of a physically distinct asset. If the supplier has a substantial substitution right, then the asset is not identified;
- The Company is entitled to obtain substantially all the economic benefits from the right of use assets during the entire period of use;
- The Company has the right to direct the use of the asset. The Company has this right when it has the most relevant decision-making rights to change how and for what purpose the asset is used. In exceptional cases where the decision on how and for what purpose the asset is used is predetermined, the Company has the right to direct the use if:

  - The Company has the right to operate the asset; or
  - The asset is designated in a way that predetermines how and for what purpose it will be used.

At the commencement or reassessment of a contract that contains a lease component, the Company assigns consideration in the contract to each lease component based on their relative independent prices. However, for leases of land and buildings in which it is a lessee, the Company has chosen not to separate the non-lease components of the contract and to account for them in a single lease component together with the qualifying components.

As lessee - Under IFRS 16

The Company 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 on or before the commencement date, plus initial direct costs incurred and an estimate of costs to decommission and to remove the underlying asset or to restore the underlying asset or the site where 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 life of right-of-use assets is determined on the same basis as that of furniture, equipment, and improvements. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain new measurements of the lease liability.

Employee benefits - Seniority Premium and Compensation

According to the Labor Code of the Republic of Panama, the Company must pay a seniority bonus, equivalent to one week's salary for each year worked (1.92% of the annual salary), to all workers with an indefinite contract upon termination of the work relationship. You will also have to pay compensation in the event of an unjustified dismissal or justified resignation. The compensation is calculated based on 3.4 weeks for each year worked in the first ten years, and an additional week for each year after ten years.

The Company establishes a provision in accordance with the provisions of the Labor Code to cover these employment benefits.

Employee vacations
The Company grants vacations to employees in accordance with the provisions of the country's labor laws. As of December 31, 2021, and December 31, 2020, there were only benefits in accordance with the Law.

Impairment of non-financial assets

The book values of non-financial assets are reviewed at the reporting date to determine if there is an impairment in their value. If such impairment exists, the recoverable value of the asset is estimated, and an impairment loss is recognized equal to the difference between the book value of the asset and its estimated recovery value.

An impairment loss in the value of an asset is recognized as an expense in the income statement.

The recoverable amount is the higher value between the fair value less costs of sales and the value in use.

As of December 31, 2021, Management has not identified impairment of non-financial assets.

Financial liabilities

Financing obligations

Financing obligations are initially recognized at fair value less transaction costs incurred. They are subsequently valued at their amortized cost; Any difference between the funds obtained (net of the costs necessary to obtain them) and the reimbursement value is recognized in the income statement, during the life of the debt, in accordance with the effective interest rate method.

Gains or losses from amortization are recognized in profit or loss for the period, under the heading results for financial instruments at amortized cost.

Financial liabilities indexed to securities

The Company enters contracts with third parties through which it acts as a borrower, borrowing securities with the commitment to return the same number of securities with characteristics like those borrowed on an agreed date, as well as any payment of interest, dividends or capital repayments made by the issuer of the title for the duration of the contract, and the consideration for the loan operation (mutual contracts or securities loans).

The liability, called financial liability indexed to securities, is recorded at its fair value with changes in results, both in the initial measurement and in the subsequent measurement, and is presented in the statement of financial position under the item financial liabilities at fair value.

Gains or losses from the valuation at fair value of financial liabilities indexed to securities are recorded in profit or loss in the item results for financial instruments at fair value.

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. The Company uses the borrowing rate as the discount rate.

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

- Fixed payments, including fixed payments in substance;
- Variable lease payments that depend on an index or a rate, initially measured using the index or the rate on the commencement date;
- Amounts expected to be paid under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, the lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and the penalties for early termination of a lease unless the Company is reasonably certain not to finish 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 Company's estimate of the amount expected to be paid under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase option, extension, or termination.

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

Share capital

Common and preferred shares are recorded at their issue value for the amount received, subscribed, and paid, net of issue costs.

Dividends from common shares are cumulative and their distribution is authorized by the Board of Directors. When their distribution is authorized, a liability is recognized, affecting accumulated profits.

Dividends from preferred shares are not cumulative, so they are only recognized when authorized by the Board of Directors.

Income recognition

The coupon income of securities classified as Portfolio PDS “PIC” are recognized daily in Results for financial instruments: at fair value.

Commissions for fees are recognized in income, as established in the contract signed with the client, when the service has been transferred to the client or as the service has been transferred to the client.

The effects of the daily valuation of spot purchase or sale contracts (those whose term does not exceed 7 business days from the agreement date and the value date), are recorded in results, in results for financial instruments: at value reasonable, when the effect is increase.

Financing costs

Financing and margin obligations would be initially recognized at fair value less transaction costs incurred. They are subsequently valued at their amortized cost; Any difference between the funds obtained (net of the costs necessary to obtain them) and the reimbursement value is recognized in the income statement, during the life of the debt, in accordance with the effective interest rate method.

Recognition of expenses

Operating expenses are recognized when the service or goods are received. Other administrative expenses, such as amortization expenses, are recorded monthly based on the amortization period of the respective asset.

Income tax

The tax expense for the period includes current and deferred taxes. Taxes are recognized in profit or loss.

Income tax, current

The current tax expense is calculated based on the laws approved or about to be approved on the date of the annual statement of position.

The current income tax is determined for the current year, using the effective rates in effect on the balance sheet date and any other adjustment on the tax payable with respect to previous years according to the provisions established by the Income Tax Law of the Republic of Panama, its regulations, and modifications.

The provision for income tax is recorded based on the Company's accounting profit, adjusted for non-taxable income, non-deductible expenses, and tax credits.

Deferred income taxes

Deferred tax is recognized in accordance with the liability method for the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the individual financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, which, at the time of the transaction, does not affect either the accounting result or the fiscal profit or loss.

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

Deferred income tax assets and liabilities are offset when, and only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the assets and liabilities on a net basis.

Comparative information

Some 2020 figures included in certain notes to the financial statements were reclassified to align their presentation with that of the 2021 financial statements. These reclassifications seek to better describe the nature of the Company’s balances and transactions and are for amounts that are not considered material for the financial statements as of December 31, 2021.

3. Risk Management of Financial Instruments

A financial instrument is a contract that originates a financial asset for one of the parties and at the same time a financial liability or equity instrument for the counterparty.

Financial instruments expose the Company to various types of risks. To manage and monitor the different risks to which the Company is exposed, the Board of Directors has established the Risk Committee; which supervises credit, liquidity, market, interest rate and price risks. There is also an Audit Committee that oversees the establishment of appropriate internal controls for the presentation of the Company's financial information.

The Company's activities are mainly related to the use of financial instruments and, as such, the statement of financial position is mainly composed of financial instruments, so it is exposed to the following risks in their use:

- Credit risk
- Counterparty risk
- Liquidity risk
- Market risk

A summary of the risks associated with these financial instruments and the Company's policies for managing these risks are detailed as follows:

(a) Credit risk

Risk that arises from the breach of a client or counterpart with their contractual obligations with the Institution when the client or counterpart does not have financial resources to meet their contractual obligations.

Credit risk mitigation is carried out by setting credit policies and establishing credit limits in each category in accordance with the credit risk profile defined by the Members of the Board of Directors, and the equity condition of the subject to the credit limit.

The Company has established some procedures to manage credit risk, based on the provisions of agreement 4-2011 of June 27, 2011, issued by the Superintendency of the Securities Market, as indicated below:

Exposure limits and risk concentration:

Credit risk with respect to issuers and clients may not exceed 30% of the total value of the company's capital fund and for related parties, the accumulated value of this risk may not exceed 10% of the total value of the capital fund. Neither the set of risk concentration situations may exceed 8 times the value of the equity fund of the brokerage house. (See Note 22).

The delinquency of the margin loan portfolio by maturity is presented below:

	2021	2020
Current	341,075	5,045,343
From 31 to 90 days	-	-
More than 90 days (principal and interest)	-	-
More than 30 days past due (maturity capital)	-	-
Interest receivable	23,896	331,548
Total	364,971	5,376,891

The margin loan portfolio is not delinquent. These loans authorized by the brokerage house are considered current and of immediate realization. They are guaranteed by negotiable securities with a risk rating higher than B.

Guarantees to reduce credit risk and its financial effect:

The margin loans as of December 31, 2021 are guaranteed with a portfolio of securities amounting to B/.859,884 (2020: B/.7,049,246).

	Fair value with changes in other comprehensive income		Investments at amortized cost		Margin Loans		Deposits in banks	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Book Value	1,282,641	7,925,273	-	1,475,297	341,075	5,045,343	1,014,380	1,700,201
Concentration by sector:								
Corporate	377,510	887,309	-	1,103,932	331,075	3,064,381	-	-
Government	725,183	7,037,964	-	371,365	-	311,534	-	-
Individuals	-	-	-	-	10,000	-	-	-
Financial	179,948	-	-	-	-	1,669,428	1,014,380	1,700,201
	1,282,641	7,925,273	-	1,475,297	341,075	5,045,343	1,014,380	1,700,201
Geographical concentration:								
Panama	-	38,905	-	-	-	460	679,228	516,236
United States of America	1,053,453	7,746,906	-	-	-	3,064,381	4,728	1,888
Puerto Rico	-	-	-	-	-	-	200,971	548,303
Mexico	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	-	-	154,391	-	-
United Kingdom	-	-	-	-	331,075	156,683	-	2,069
France	-	-	-	-	-	180,257	-	-
Switzerland	-	-	-	-	-	-	7,231	7,231
Germany	45,710	-	-	-	-	832,191	-	-
Netherlands	-	-	-	-	-	656,980	-	-
China	65,850	51,820	-	-	-	-	-	-
Barbados	-	-	-	-	-	-	-	-
Bahamas	117,628	87,642	-	-	-	-	88,850	-
Dominica	-	-	-	-	-	-	33,352	624,470
Venezuela	-	-	-	1,475,297	10,000	-	-	4
	1,282,641	7,925,273	-	1,475,297	341,075	5,045,343	1,014,380	1,700,201

The active position of Panacorp Casa de Valores, S. A. in the Bolivarian Republic of Venezuela is maintained according to the following detail:

In investments at amortized cost 0% (2020: 100%) and in margin loans at amortized cost 2.93% (2020: 0%).

The Company continuously monitors and follows up on the active and passive position maintained inside and outside of Panama. This analysis includes exposure in Venezuela, as it is a country that shows political and economic uncertainty.

The Company continues to constantly monitor credit risk exposures, generating alerts to the respective corporate governance bodies; In addition, it uses country risk models that, based on the sovereign ratings of risk rating agencies, allow capital to be reserved to mitigate exposure in countries other than Panama.

The Risk Committee in response to COVID-19 has maintained detailed reviews of the exposure concentrations maintained by the Company by type of segment: sector, country, among others.

Investment portfolio quality

The Company segregates the investment portfolio in securities at fair value through profit or loss, securities at fair value with changes in other comprehensive income and at amortized cost. As of December 31, 2021, the investment portfolio totals B/.2,142,525 (2020: B/.16,449,816).

- *Securities at fair value through profit or loss (FVTPL)*

As of December 31, 2021, the values at fair value with changes in results included in this risk analysis a total of B/.859,884 (2020: B/7,049,246.).

- *Securities at fair value with changes in other comprehensive income (FVCOCI)*

As of December 31, 2021, the values at fair value with changes in other comprehensive income included in this risk analysis a total of B/.1,282,641 (2020: B/.7,925,273).

- *Securities at amortized cost, net*

As of December 31, 2021, there is no securities at amortized cost included in this risk analysis (2020: B/.1,475,297) net of provision for expected credit losses.

The following table presents the credit quality of the investments and their provision for impairment maintained by the Company:

		2021			
Assets at fair value with changes in OCI	**ECL at 12 months**	**ECL during its lifetime without its credit impairment**	**ECL during its lifetime with credit impairment**	**Credit Impaired Purchase**	**Total**
Foreign:					
AAA	-	725,183	-	-	725,183
AA+ to BBB-	-	62,850	-	-	62,850
Less than BBB-	-	494,608	-	-	494,608
Book Value	-	1,282,641	-	-	1,282,641
Credit risk valuation	-	1,282,641	-	-	1,282,641
Local:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	-	-	-	-
Book Value	-	-	-	-	-
Credit risk valuation	-	-	-	-	-
Total book value	-	1,282,641	-	-	1,282,641
Credit risk valuation	-	1,282,641	-	-	1,282,641

At amortized cost	**ECL at 12 months**	**ECL during its lifetime without its credit impairment**	**ECL during its lifetime with credit impairment**	**Credit Impaired Purchase**	**Total**
Foreign:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	-	-	-	-
Book Value	-	-	-	-	-
Credit risk valuation	-	-	-	-	-
Local:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	-	-	-	-
Book Value	-	-	-	-	-
Credit risk valuation	-	-	-	-	-
Total book value	-	-	-	-	-
Credit risk valuation	-	-	-	-	-

2020

Assets at fair value with changes in OCI	ECL at 12 months	ECL during its lifetime without its credit impairment	ECL during its lifetime with credit impairment	Credit Impaired Purchase	Total
Foreign:					
AAA	-	7,037,964	-	-	7,037,964
AA+ to BBB-	-	423,901	-	-	423,901
Less than BBB-	-	424,503	-	-	424,503
Book Value	-	7,886,368	-	-	7,886,368
Credit risk valuation	-	7,886,368	-	-	7,886,368
Local:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	38,905	-	-	38,905
Book Value	-	38,905	-	-	38,905
Credit risk valuation	-	38,905	-	-	38,905
Total book value	-	7,925,273	-	-	7,925,273
Credit risk valuation	-	7,925,273	-	-	7,925,273

At amortized cost	ECL at 12 months	ECL during its lifetime without its credit impairment	ECL during its lifetime with credit impairment	Credit Impaired Purchase	Total
Foreign:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	-	1,475,297	-	1,475,297
Book Value	-	-	1,475,297	-	1,475,297
Credit risk valuation	-	-	1,475,297	-	1,475,297
Local:					
AAA	-	-	-	-	-
AA+ to BBB-	-	-	-	-	-
Less than BBB-	-	-	-	-	-
Book Value	-	-	-	-	-
Credit risk valuation	-	-	-	-	-
Total book value	-	-	1,475,297	-	1,475,297
Credit risk valuation	-	-	1,475,297	-	1,475,297

Bank deposit portfolio quality

The Company maintains deposits placed in banks for B/.1,014,380 as of December 31, 2021 (2020: B/.1,700,201). These deposits are placed in financial institutions, most of which have risk ratings in the BBB and AA ranges, based on Standard & Poor's, Moody's, and / or Fitch Ratings agencies.

According to the calculations made by management, the amounts of expected credit losses associated with these instruments are not significant.

(b) Counterparty risk

It is the risk that a counterparty defaults in the settlement of transactions for the purchase or sale of securities or other instruments traded in the securities markets.

Risk management policies indicate counterparty limits that determine, at any given time, the maximum amount of net exposure to transactions to be settled that the Company may have with a counterparty. The Risk Management Committee is responsible for identifying acceptable counterparties, considering the trajectory of each counterpart regarding the fulfillment of their obligations, as well as indications on their capacity and willingness to fulfill their commitments.

(c) Liquidity risk

It arises from the administration of working capital. It consists of the possibility of not being able to comply with the obligations at maturity, due to lack of sufficient monetary resources and securities. Panacorp Casa de Valores, S. A., manages liquidity risk by maintaining adequate levels of cash and cash equivalents and financial instruments, which allows it to cover its immediate commitments.

The following are the contractual maturities of the financial liabilities:

2021	Up to 1 month	Between 1 and 3 months	Between 3 months and a year	Between 1 and 5 years	More than 5 years	Total
Cash and cash equivalents	761,820	-	252,560	-	-	1,014,380
Securities at fair value through profit or loss	7,918	-	-	916	851,050	859,884
Securities at fair value with changes in other comprehensive income	441	1,920	500,600	-	779,680	1,282,641
Purchase operations with Resale agreements	-	497,803	735,000	-	-	1,232,803
Margin Loans	-	-	341,075	-	-	341,075
Interest receivable on margin loans	23,896	-	-	-	-	23,896
Other accounts receivable	-	256,748	-	-	-	256,748
Totals	794,075	756,471	1,829,235	916	1,630,731	5,011,428

2020	Up to 1 month	Between 1 and 3 months	Between 3 months and a year	Between 1 and 5 years	More than 5 years	Total
Cash and cash equivalents	1,447,056	-	250,000	-	-	1,697,056
Securities at fair value through profit or loss	11,008	469	221,645	208,420	6,610,850	7,052,392
Securities at fair value with changes in other comprehensive income	887,419	2,999,700	509,254	-	3,528,900	7,925,273
Securities at amortized cost	-	-	-	-	1,475,297	1,475,297
Margin Loans	-	-	5,045,343	-	-	5,045,343
Interest receivable on margin loans	497,055	-	-	-	-	497,055
Other accounts receivable	385,290	-	-	51,908	-	437,198
Totals	3,227,828	3,000,169	6,026,242	260,328	11,615,047	24,129,614

The following are the contractual maturities of the financial liabilities:

	Maturities					
2021	Up to 1 month	Between 1 and 3 months	Between 3 months and a year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities indexed to securities	7,918	-	48,010	916	867,744	924,588
Lease liability	4,150	8,367	38,791	241,969	462,004	755,281
Obligations with financial institutions abroad	1,977,574	-	-	-	-	1,977,574
	1,989,642	8,367	86,801	242,885	1,329,748	3,657,443
2020						
Financial liabilities indexed to securities	12,341	3,000,169	218,500	254,033	6,603,923	10,088,966
Lease liability	6,848	20,376	53,073	87,349	-	167,646
Obligations with financial institutions abroad	10,572,888	-	-	-	-	10,572,888
	10,592,077	3,020,545	271,573	341,382	6,603,923	20,829,500

(d) Market risk

Risk incurred when market conditions change, affecting the Institution's liquidity, or the value of the financial instruments it holds in investment portfolios or in contingent positions, resulting in a loss for Panacorp Casa de Valores, S. A.

Market risk management

The Company manages its exposure to market risk using weekly evaluations of the portfolio's value at risk, limits, and exposures, which are jointly reviewed by the Treasury Committee and the Risk Management.

The Company also maintains exposure in foreign operations, where they are exposed to the risk corresponding to the exchange rates on which said transactions are handled and which correspond to the foreign currency exchange position, which is reviewed as part of the negotiable portfolio for risk management purposes.

Exposure to market risk

Panacorp Casa de Valores, S. A. is subject to incur this risk due to possible fluctuations in the financial markets, affecting the fair value or future cash flows of the instruments held in investment portfolios or in contingent positions. If the scenario of a market with unfavorable conditions arises, it could represent a loss in the value of the financial instruments held by the company.

To obtain a risk measurement with respect to the investment portfolio, different analyzes of the portfolio are prepared using the Bloomberg technological tool. This tool allows carrying out different risk measurement exercises on the portfolio, such as:

- Allocation: allows the identification of the type of instrument, industry sector and geographical distribution of investments, helping to identify different types of risks such as sectoral risk and political risk.
- Liquidity profile: allows the liquidity horizon of the portfolio on its instruments to be identified as a risk measurement.
- VAR “Value at risk”: allows identifying the financial risk on the investment portfolio through the different variables used for its calculation.
- Scenarios: allows and appreciation of market risk on the sensitivity that the porfatolios held could experiencia in the face of possible stress scenarios, simulating the behavior of the market in historical stress situations used as a reference.
- Volatility: allows to have a perception of the volatility incurred in the portfolio on its investments.

These, among other tools, are the ones that allow us to carry out risk measurement management. The PORT (Portfolio and Risk Analytics) application is used, where the positions held in the portfolio are loaded into a model portfolio. Positions held in Venezuelan securities issued by the Republic of Venezuela or PDVSA are excluded from the essay.

There are other tools and information that are used to manage risk and maintain qualified information on the credit quality of the positions held and the recommendation of their analysts. The Interactive Brokers platform where most of the titles are kept in custody, and frequently sends the rating information and credit perspectives of the analysts.

On market risk and sensitivity analysis

As of December 31, 2021, the market value of the positions used as a reference for the test amounts to approximately USD 4,359,205. The multiple global assets model under the Global Industry Classification Sectors (GICS) has been used for the test, obtaining the following results in the percentage performance of the P&L of our portfolio according to each scenario provided, as follows:

- Stock market recovery in 2009: +10.69%
- Greek financial crisis 2015: -1.38%
- Blow to oil due to war in Libya 2011: +1.49%
- Russian financial crisis 2008: -7.88%
- Drop in oil prices – May 2010: 1.60%
- Japan earthquake 2011: +0.35%
- Debt ceiling crisis and US credit downgrade 2011: +0.07%
- Stock market drop of 10%: -2.24%
- Rise in the EUR vs. $10%: 6.02%
- Bankruptcy of Lehman Brothers 2008: -4.61%
- Fall of the EUR vs. $10%: 6.01%
- 10% stock rise in markets: +2.24%

Description of stress scenarios

- 2009 Global Stock Market Recovery: Refers to the global stock market recovery following unfortunate events in 2008 that sent global stock markets into a sharp decline.
- Financial Crisis in Greece-2015: The resistance of Athens by referendum and at the last minute the agreement to speed up economic reforms which they resisted for a long time, imposed by their creditors as an attempt to remain in the Eurozone.
- 2011 Libyan War Oil Blow – The civil war in Libya triggered on February 15,2011 caused crude oil prices to rise sharply.
- Russian financial crisis – 2008: caused by the war with Georgia resulting in a sharp drop in oil prices and fears of an economic recession in the region. It covered the period between August – November 2008.
- Fall in oil prices May 2010: The price of oil fell 20% due to the uncertainty of how European nations would reduce the budget deficit in the face of an impending economic crisis in Europe.

- Japan earthquake in March 2011: On March 11,2011 an earthquake with a magnitude of 9.0 on the Richter Scale occurred off the coast of Japan, giving way to a larger scale tsunami.
- Debt ceiling crisis and credit downgrade in the US 2011: crisis that led to the credit downgrade in the US. This stress scenario describes a 17-day period from 7/22/2011 when the market began to react to the debt ceiling impasse 8/8/2011 is the first business day after the downgrade announcement.
- 10% drop in stock markets: the global, US, European, Asian, and Japanese stock markets experiencing a 10% market drop propagating a correlation shock.
- Increase of the Euro currency 10% vs USD: drop propagated to other currencies and equity factors by correlation.
- 10% rise in stock markets: The global, US, European, Asian and Japanese stock markets leading a 10% rise in the market propagating a shock of correlations.

Interest-rate risk

Panacorp Casa de Valores S. A. maintains a portfolio with investments in fixed income instruments, measured at fair value. The interest rates on the coupons of these investments are higher than the interest rates on financial liabilities.

Price risk

It is the risk that the value of a financial instrument fluctuates because of changes in market prices, regardless of whether they are caused by specific factors related to the instrument or its issuer, or by factors that affect all securities traded in the market.

The Company is exposed to the price risk of equity or debt instruments classified as at fair value with changes in other comprehensive income. To manage the price risk that arises from investments in equity or debt instruments, the Company diversifies its portfolio, based on the established limits.

4. Financial instruments: measured at fair value

Fair value hierarchy

IFRS 13 specifies the hierarchy of valuation techniques based on the transparency of the variables used in determining fair value. All financial instruments at fair value are categorized into one of the three levels of the hierarchy.

- **Level 1** — Quoted prices in active markets for identical assets or liabilities.
- **Level 2 -** Valuation techniques for which all market variables are observable, directly, or indirectly.
- **Level 3 -** Valuation techniques that include significant variables that are not based on observable market variables.

When determining fair value measurements for assets and liabilities that are required or permitted to be recorded at fair value, the Company considers the principal market or the best market in which the transaction could be carried out and considers the assumptions that a participant in market would use to value the asset or liability. When possible, the Company uses active markets and observable market prices for identical assets and liabilities.

When identical assets and liabilities are not traded in active markets, the Company uses observable market information for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Company must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size of the bid-ask spread, and the size of the investment are factors considered to determine the liquidity of the markets and the relevance of the prices observed in these markets.

Securities at fair value through profit or loss and with changes in other comprehensive income are recorded at fair value, based on quoted market prices when they are available, or if they are not available, based on discounted future cash flows using market rate according to the quality of the credit and the maturity of the investment. When the reference prices are available in an active market, investments at fair value through profit or loss and with changes in other comprehensive income are classified within level 1 of the fair value hierarchy. If market value prices are not available or are available in markets that are not active, the fair value is estimated based on the established prices of other similar instruments, or if these prices are not available, internal techniques of valuation mainly discounted cash flow models are used. These types of securities are classified within level 2 of the fair value hierarchy.

The main valuation methods, assumptions and variables used in estimating the fair value of financial instruments are presented below:

2021	**Book Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets measured at fair value:					
Securities through profit or loss	859,884	851,493	1,552	6,839	859,884
Securities with changes to other comprehensive income	1,282,641	725,183	439,830	117,628	1,282,641
Financial Assets not measured at fair value					
Purchase operations with resale agreement	1,232,803	1,631,231	-	-	1,631,231
Margin loans at amortized cost	341,075	-	-	341,073	341,073
	3,716,403	3,207,907	441,382	465,540	4,114,829
Financial instruments measured at fair value					
Financial liabilities indexed to securities	924,588	901,056	23,532	-	924,588
Financial liabilities not measured at fair value					
Obligations from financing	1,977,471	-	-	1,977,370	1,977,370
	2,902,059	901,056	23,532	1,977,370	2,901,958

2020	**Book Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets measured at fair value:					
Securities through profit or loss	7,049,246	7,049,246	-	-	7,049,246
Securities with changes to other comprehensive income	7,925,273	7,037,964	799,666	87,643	7,925,273
Financial Assets not measured at fair value					
Securities measured at amortized cost	1,475,297	-	-	-	-
Margin loans at amortized cost	5,045,343	-	-	5,045,376	5,045,376
	21,495,159	14,087,210	799,666	5,133,019	20,019,895
Financial instruments measured at fair value					
Financial liabilities indexed to securities	10,088,966	-	10,088,966	-	10,088,966
Financial liabilities not measured at fair value					
Obligations from financing	10,331,035	-	-	10,331,079	10,331,079
	20,420,001	-	10,088,966	10,331,079	20,420,045

The following premises were used by the Company in determining the fair value of financial instruments:

The price sources of financial assets and securities sold under repurchase agreements correspond to prices of professional counterparties published by international financial information services providers, such as Bloomberg. The fair value of margin loans and financing obligations for disclosure purposes is based on discounted cash flows using a loan rate of 6.94% (2020: 7.01%) that represent the average lending rate of the financial system of Panama. This fair value is classified in the fair value hierarchy as "Level 3" due to the use of unobservable data.

The table below describes the valuation techniques, the input data used and the significant unobservable input data in measuring the fair value of the instruments classified in Level 3 as of December 31, 2021:

Financial instrument	**Valuation technique and input data used**	**Significant unobservable input data**	**Sensitivity of the measurement to the fair value, regarding the non-observable significant input data**
Capital Shares	Discounted cash flows	The discount rate used to discount the flows comprises the price of the shares subject to the last transaction date.	The higher the discount rate, the lower the market value.

The Company's Management considers that changing any unobservable input data mentioned in the previous tables, to reflect other reasonably possible alternative assumptions, would not result in a significant change in the fair value estimate.

As of December 31, 2021, the transfer between categories from Level 1 to Level 2 in securities at fair value through profit or loss amounts to B/.1,552. These transfers correspond to the Administration's review of the price sources and their respective qualification, and in accordance with the volume and frequency of the tradability of said instruments.

5. Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	2021	2020
Cash in hand	200	200
Balances in banks		
Demand deposit	429,028	266,037
Foreign demand deposit	332,592	1,180,819
Term deposit certificates	250,000	250,000
	1,011,820	1,697,056
Accrued interest receivable	2,560	3,145
Cash and cash equivalents	1,014,380	1,700,201

Fixed-term deposit certificates accrued an interest rate of 2.25% and 3% per year (2020: 3.50%)

6. Securities at fair value through profit or loss (FVTPL)

The portfolio of securities at fair value through profit or loss is detailed below:

	2021	2020
National shares in long-term operation	6,839	6,839
Foreign bonds as collateral for other operations	845,128	7,012,227
Accrued interest receivable	7,917	30,180
	859,884	7,049,246

During the period ended December 31, 2021, the Company recorded an unrealized net loss of B/.663,182 (2020: unrealized net profit B/.732,432) product of the valuation at fair market value of the Portfolio of Debt Securities for Commercialization - PDS Portfolio "T", which were recorded in the results of financial instruments at fair value in the income statement.

The following is the movement of the securities at fair value through profit or loss:

	2021	2020
Balance at the beginning of the year	7,049,246	12,632,772
Purchases	8,061,222	18,582,640
Sales and redemptions	(13,988,969)	(25,674,503)
Changes in values at fair value with changes through profit or loss	(236,206)	1,674,620
Income	(25,409)	(166,283)
Balance at the end of the year	859,884	7,049,246

7. Securities at fair value with changes in other comprehensive income

The portfolio of securities at fair value with changes in other comprehensive income is detailed below:

	2021	2020
Foreign shares as collateral for other operations	557,458	848,404
Local shares as collateral for other operations	-	38,905
Foreign bonds as collateral for other operations	725,183	7,037,964
	1,282,641	7,925,273

The following is the movement of the securities at fair value with changes in other comprehensive income:

	2021	2020
Balance at the beginning of the year	7,925,273	6,734,540
Purchases	40,426,005	51,586,562
Sales and redemptions	(46,399,208)	(51,125,458)
Changes in values at fair value		
Other comprehensive income	(663,182)	732,432
Income	(6,247)	(2,803)
Balance at the end of the year	1,282,641	7,925,273

As of December 31, 2021, management calculated expected credit losses at fair value values with changes in other comprehensive income. Said portfolio is made up of AAA-rated bonds, so its book value corresponds to the market value of the financial instrument. This portfolio is also made up of stocks that are weighted to market value and convertible.

8. Securities at amortized cost, net

The values at amortized cost are detailed below:

	2021	2020
PDVSA 26, due November 15, 2026	2,207,864	2,207,864
VZLA 7.75 due October 13, 2019	-	-
VZLA 11.95 due August 5, 2031	392,606	392,606
VZLA 9.25 due September 15, 2027	350,124	350,124
Total	2,950,594	2,950,594
Less: Provision for expected credit loss	(2,950,594)	(1,475,297)
Total	-	1,475,297

The movement of the securities at amortized cost is detailed below:

	2021	2020
Balance at the beginning of the year	1,475,297	1,475,297
Expense for provision for impairment in securities at amortized cost	(1,475,297)	-
Balance at the end of the year	-	1,475,297

The following table shows a reconciliation of the beginning and end balances for the period as of December 31, 2021, of the provision for loss on financial assets. The comparative amounts as of December 31, 2020, represent the reserve for loss in financial assets under IFRS 9:

	2021	2020
Balance at the beginning of the year	1,475,297	(2,681,566)
Penalty	-	1,206,269
Provision expense	1,475,297	-
Balance at the end of the year	2,950,594	1,475,297

9. Purchase operations with resale agreement

Purchase operations with resale agreement are detailed below:

2021	**Value at cost**	**Fair value**
Treasury 0 1/4 09/30/25 V.N.707,000.00	497,803	684,956
Treasury 1 5/8 05/15/26 V.N.680,000.00	560,000	691,900
Treasury 1 5/8 05/15/26 V.N.250,000.00	175,000	254,375
Total	1,232,803	1,631,231

The movement of purchase transactions with a resale agreement is presented below:

	2021	2020
Balance at the beginning of the year	-	-
Purchases	1,232,803	-
Balance at the end of the year	1,232,803	-

10. Margin loans at amortized cost, net

Margin loans at amortized cost are detailed below:

	2021	2020
Legal entities	-	2,944,989
Related Parties	331,075	2,100,354
Individuals	32,370	22,370
	363,445	5,067,713
Less: Expected credit losses	(22,370)	(22,370)
Plus: Interest receivable on margin loans	23,896	331,548
	364,971	5,376,891

The following table shows a reconciliation of the beginning and end balances for the period as of December 31, 2021, of the provision for loss on financial assets.

	2021	2020
Balance at the beginning of the year	-	-
Provision expense	-	(24,743)
Balance at the end of the year	-	(24,743)

The securities subject to the margin loan were transferred in mutual to the brokerage house.

As of December 31, 2021, the average annual interest rates for margin loans is 6.06% (2020: 8.14%).

The margin loans as of December 31, 2021 are guaranteed with a portfolio of securities amounting to B/.859,884. (2020: B/.7,049,246).

11. Other accounts receivable, net

The other accounts receivable is detailed below:

	2021	2020
Commissions for stock operations	181,707	316,311
Commissions for portfolio custody	60,151	63,009
Restricted deposits	51,907	51,908
Other accounts	-	5,970
	293,765	437,198
Less: Expected credit losses	(37,017)	-
	256,748	437,198

The Company recognized an expense for impairment of other accounts receivable for B/.37,017 in the income statement.

12. Intangible asset, net

The intangible assets are detailed as follows:

2021	**Balance At the beginning of the year**	**Additions**	**Withdrawals**	**Balance at the end of the year**
Cost:				
Trademarks and licenses	10,401	6,162	-	16,563
Software	59,747	2,934	-	62,681
	70,148	9,096	-	79,244
Depreciation and amortization accrued:				
Trademarks and licenses	8,108	6,284	-	14,392
Software	47,142	5,934	-	53,076
	55,250	12,218	-	67,468
Net value	14,898	(3,122)	-	11,776

2020	**Balance At the beginning of the year**	**Additions**	**Withdrawals**	**Balance at the end of the year**
Cost	62,578	7,570	-	70,148
Depreciation and amortization accrued:	45,689	9,561	-	55,250
Net value	16,889	(1,991)	-	14,898

The software pays for itself in 60 months and the licenses pay for itself in 12 and 60 months.

13. Furniture, equipment, and improvements, net

The furniture, equipment and improvements are presented below:

2021	**Balance At the beginning of the year**	**Additions**	**Provisions**	**Balance at the end of the year**
Cost:				
Furniture and equipment	9,273	-	-	9,273
Property improvements	21,550	-	-	21,550
IT equipment	60,116	860	-	60,976
	90,939	860	-	91,799
Depreciation and amortization accrued:				
Furniture and equipment	7,944	579	-	8,523
Property improvements	15,172	2,187	-	17,359
IT equipment	54,299	2,709	-	57,008
	77,415	5,475	-	82,890
Net value	13,524	(4,675)	-	8,908

2020	**Balance At the beginning of the year**	**Additions**	**Provisions**	**Balance at the end of the year**
Cost	89,123	2,616	800	90,939
Depreciation and amortization accrued:	69,503	9,430	1,518	77,415
Net value	19,620	(6,814)	(718)	13,524

14. Right of use assets, net

The movement right of use assets, net is detailed below:

Cost:	**2021**	2020
At the beginning of the year	242,306	-
New contracts	546,385	242,306
As at the end of the year	788,691	242,306
Accumulated depreciation:		
At the beginning of the year	(92,307)	-
Expense of the period	(68,088)	(92,307)
Prior period adjustments	92,307	-
As at the end of the year	(68,088)	(92,307)
Net balance	720,603	149,999

The depreciation expense of right-of-use assets is included under depreciation and amortization expenses in the income statement.

15. Other assets

Other assets are as follows:

	2021	2020
Deposits granted as guarantee	51,840	53,220
Prepaid expenses	13,033	84,198
Deferred taxes	3,925	3,925
Salary advance	2,612	4,942
	71,410	146,284

16. Financing obligations

The financing obligations are detailed below:

	2021	2020
Amicorp Bank and Trust Limited		
Loan authorized for the acquisition of securities at an interest rate of 0.5% with an active portfolio as collateral; maturing on January 31, 2022.	1,861,918	2,282,643
Interactive Brokers		
Loan authorized for the acquisition of securities with maturity on January 31, 2022, and a variable interest rate of Libor with an active portfolio as collateral.	115,553	8,048,392
Total	1,977,471	10,331,035

The movement of the financing obligation is detailed below for the purpose of reconciliation with the statement of cash flows:

	2021	2020
Balance at the beginning of the year	10,331,035	15,643,594
New obligations	5,837,313	12,470,271
Payments	(14,190,877)	(17,782,830)
Balance at the end of the year	1,977,471	10,331,035

As of December 31, 2021, the interests caused by the financing obligations with Amicorp Bank and Trust Limited were paid in full, only accrued interest payable of B/. 103 with Interactive Brokers remained.

17. Financial liabilities indexed to securities

As of December 31, 2021, the company maintains obligations resulting from contracts with third parties, borrowing securities with the commitment to return on an agreed date and amounting to B/. 924,588 (2020: B/.10,088,966), with various maturities until December 2050 and annual interest rates of 0.125% to 11.95%. These securities are guaranteed by investment instruments at a nominal value of B/.1,045,593.

The financial liabilities indexed to securities are detailed below:

	2021	2020
Financial liabilities indexed to securities	916,630	10,057,540
Accrued interest payable	7,958	31,426
Balance at the end of the year	924,588	10,088,966

18. Lease liability

The movement of the lease liability is detailed below:

	2021	2020
Future minimum lease payments	167,646	-
New contracts	671,117	193,056
Payments	(83,482)	(25,410)
Present value of minimum lease payments	755,281	167,646

As of December 31, 2021, the Company has recognized interest expenses on its lease liability for B/.50,071 (2020: B/.19,980) as part of its financial expenses in the income statement.

19. Accounts payable

Accounts payable are detailed below:

	2021	2020
Commissions payable to third parties	20,916	367,541
Creditors of goods and services	43,134	5,684
	64,050	373,225

20. Balances with related parties

The Company is controlled by Panam Capital Market Holding, S. A., which owns 100% of the shares.

The balances with related parties included in the financial statements are summarized below:

	2021	2020
Assets		
Cash and cash equivalent	30,792	621,325
Margin Loans	331,075	2,100,354
Interest receivable on margin loans	23,883	235,851
Right of use assets	720,603	149,999
Interest receivable on trading commissions	203,061	23,025
Purchase operations with resale agreement	175,000	-
	1,484,414	3,130,554
Liabilities		
Lease liability	755,281	167,646
Account payable - shareholders	50,000	101,185
	805,281	268,831
Revenue		
Interest earned on margin loans	184,517	510,963
Trading commissions earned	87,295	84,504
Commissions and fees	168,224	-
	440,036	595,467
Expenditure		
Amortization of the right of use assets	68,088	23,077
Interest on lease liability	50,071	19,980
Directors' allowances	266,400	291,600
	384,559	334,657

Accounts payable - shareholders do not contemplate a defined payment plan, nor do they accrue interest on their balances and do not have a maturity date.

21. Provision for seniority premium and compensation

Provision for seniority premium and compensation is detailed as follows:

	2021	2020
Seniority premium	23,680	71,817
Compensation	80,536	21,840
	104,216	93,657

22. Share capital

The Company's shareholding structure is detailed as follows:

	2021	2020
The authorized Social Capital of the shareholders amounts to the sum of B/.5,000,000 (2020: B/.4,000,000); made up of 5,000,000 nominative common shares with a nominal value of B /.1.00 each. All shares are issued and outstanding. It is authorized and protocolized through deed No. 12,056 of October 15,2021, capital increase for B/. 1,000,000.	5,000,000	4,000,000

23. Professional fees

The detail of professional fees is detailed below:

	2021	2020
Consultancies and other contracted services	147,375	190,615
Technological support and services	54,610	46,505
Information services	41,664	43,158
Audit and external consulting	27,685	20,752
Manuals and corporate strategies	6,000	10,131
Cleaning services	300	938
	277,634	312,099

24. Other administrative expenses

The detail of other administrative expenses is detailed as follows:

	2021	2020
Legal and notary expenses	90,566	10,475
Contributions to other institutions	17,864	18,516
Subscriptions	14,242	-
Insurance	12,748	11,025
Parking fees	12,265	-
Taxes and other contributions	5,286	600
Restaurants expenses	4,631	2,157
Materials and toiletries	2,989	3,981
Vehicle maintenance	1,086	1,493
Other general expenses	817	2,473
Messenger services	523	455
	163,017	51,175

25. Income tax

For the years 2021 and 2020, the Company generated tax losses, therefore no provision for income tax was recorded.

The income tax rate for the end of December 2021 was 25%. There are differences between the result before income tax, as shown in the income statements, and the net taxable income determined in accordance with the Tax Code of the Republic of Panama. These differences are recognized as permanent and temporary differences as the case maybe.

26. Regulatory framework (Financial indexes)

Agreement No.4-2011 of June 27, 2011, dictates rules on adequate capital, solvency ratio, capital funds, liquidity ratio and concentrations of credit risk that must be attended by the Brokerage Houses regulated by the Superintendency of the Stock Market of Panama. Agreement No.9-2011 extends the entry into force of Agreement 4-2011, which will be from July 2012, except for Article 4, on the Total Minimum Required Capital of the First Chapter on general provisions, which will be two hundred and fifty thousand dollars (B /.250,000) as of January 27, 2012 and Article 13 on the Liquidity Coefficient of the Securities Houses of the Sixth Chapter whose validity is as of January 1, 2012, and Agreement No.8-2013 of September 30, 2013, the entry into force of Agreement No.4-2011, effective October 1, 2013. According to Article 4 of Agreement No.8-2013, the minimum capital required will be (B/.350,000) with an adaptation period of 6 months from the publication of said agreement.

The Company's Compliance Unit oversees monitoring compliance with the minimum capital requirements. The Company's policies on capital management are to maintain capital, which can sustain future business growth. The Company recognizes the need to maintain a balance between returns to shareholders and the capital adequacy required by the regulator.

As of December 31, 2021, the Company had assets suitable for compliance with the liquidity ratio for an amount of B/.3,233,119 (2020: B/.18,364,920), which exceed current liabilities of B/.3,755,773 (2020: B/.21,237,661).

The Company maintains a capital fund that is detailed below:

	2021	2020
Capital required by the regulator	350,000	350,000
Capital fund:		
Capital fund amount	5,000,000	4,000,000
Furniture, equipment and improvements, net	(729,511)	(163,523)
Intangible assets	(11,776)	(14,898)
Unrealized profit (loss)	(273,928)	389,254
Accumulated Result	(2,690,828)	(1,266,524)
Account receivable shareholders and related parties	(180,000)	-
Other assets	(205,531)	(300,134)
Net equity fund	908,426	2,644,175

The Company presented the following information regarding the liquidity index, solvency ratio and capital fund reported to the regulator:

2021	**According to books**	**Minimum required**
Liquidity ratio		
Assets suitable for liquidity	3,233,119	
		30%
Liabilities due less than one year	3,755,773	liabilities
Minimum coefficient of liquidity required	86,08%	Short term
Solvency ratio		
Reported capital amount	908,426	350,000
Risk or credit exposure value	925,915	
Solvency Ratio	98,19%	8%
Capital fund		
Reported Equity Fund Amount	908,426	350,000
Amount of capital required	368,730	368,730
2020		
Liquidity ratio		
Assets suitable for liquidity	18,364,920	
		30%
Liabilities due less than one year	21,237,661	liabilities
Minimum coefficient of liquidity required	86,47%	Short term
Solvency ratio		
Reported capital amount	2,644,174	350,000
Risk or credit exposure value	5,897,080	
Solvency Ratio	44,84%	8%
Capital fund		
Reported Equity Fund Amount	2,644,174	350,000
Amount of capital required	369,492	369,492

Capital adequacy

In compliance with Article 24 of Resolution No.220-07 of August 8, 2007, in relation to the disclosure in the audited and interim financial statements of the capital adequacy rules and their modalities, we present the following information as of December 31:

	2021		2020	
Solvency ratio - minimum 8%				
The solvency ratios of the company have been:				
Minimum	26,58%	10/1/2021	35,55%	12/4/20
Max	98,19%	12/31/2021	44,84%	12/31/20
At Closing	98,19%	12/31/2021	44,84%	12/31/20
Equity funds - net				
The fund balances of the company have been:			(B/.)	
Minimum	454,113	10/8/2021	2,041,339	10/30/20
Max	1,511,493	10/15/2021	2,644,174	12/31/20
At Closing	908,426	12/31/2021	2,644,174	12/31/20

In addition to the minimum regulatory capital of B/.350,000, the Company must have 0.04% of the amount of the securities in custody, by custodians domiciled in jurisdictions recognized by the Superintendency of the Securities Market and that at the end of December 31, 2021 represented an additional amount of capital of B/.14,945 (2020: B/.8,759); in turn, the Company must have 0.10% of the amount of the securities in custody, by custodians domiciled in jurisdictions not recognized by the Superintendency of the Securities Market and that at the end of December 31, 2021 represented an additional amount of capital of B/.3,785 (2020: B/.10,733).

The minimum regulatory capital surplus as of December 31, 2021, is B/.368,730 (2020: B/.369,492) amount with which the Company has met and exceeded.

	2021		2020	
Liquidity ratio - minimum 10%				
The liquidity ratios of the company have been:				
Minimum	73,13%	12/24/2021	78,84%	11/27/20
Max	93,71%	11/5/2021	86,47%	12/31/20
At Closing	86,08%	12/31/2021	86,47%	12/31/20

Brokerage houses are obliged to comply with the capital adequacy rules and their modalities as established in Agreement 4-2011 of June 27, 2011, of the Superintendency of the Securities Market.

Concentrations of credit risk

The risks that the Company maintains with respect to an issuer, individual client or a group of issuers or clients related to each other, will be considered as a situation of concentration when the accumulated value of these risks exceeds ten percent (10%) of the total value of your equity funds.

The risks that the Company maintains with respect to an issuer, individual client or a group of issuers or clients related to each other, will be considered as a situation of concentration when the accumulated value of these risks exceeds ten percent (10%) of the total value of your equity funds. Neither may all the situations of concentration of a brokerage house exceed eight times the value of the Company's capital funds.

As of December 31, 2021, the Company did not report concentration of credit risk with issuers or related clients.

The international securities that are part of the investment portfolio at amortized cost are 100% provisioned.

27. Portfolio in custody of third parties

The portfolio in custody of third parties is detailed below:

	2021	2020
Local custody securities	28,550,613	10,701,470
International custody securities	7,332,801	17,635,255
Cash international custody	338,558	1,356,241
Cash local banks	605,232	80,416
Cash local custody	1,119,548	151,689
Cash in international banks	3,199,924	2,706,862
	41,146,676	32,631,933

The portfolio in custody of third parties corresponds to non-discretionary accounts.

28. Other off-balance accounts, third parties

The other third-party memorandum accounts are detailed below:

	2021	2020
Securitizations	-	14,659,436

For 2021, the securitizations did not generate accrued interest payable (2020: B/.241,853).

29. Relevant fact

The Company, as of December 31, 2021, presents the following situation to be disclosed:

Claim for unauthorized operation

On December 28, 2018, Panacorp Casa de Valores, S. A. rejects an operation carried out by one of its custodians because it was not authorized by the Company; however, it was executed on the reported value date. This action by the custodian resulted in the Brokerage House, to protect the interests of its clients, exercising legal actions against the custodian for the breach of the contract signed between the parties. In March 2021, the hearing to present the final reports of the trial was held. The Bermuda Supreme Court of Justice issued a ruling in favor of Panacorp Casa de Valores, S. A. for breach of contract. Since it was determined that the defendant (Castle Harbour Securities Ltd), does not maintain any type of presence and assets in Bermuda to be executed due to the judgment, the Board of Directors decided not to initiate the execution procedure due to the legal costs associated with the same.

30. COVID-19 impact

The outbreak of the virus known as COVID-19 has spread like a pandemic among the world population during the year 2020, significantly affecting the macroeconomic variables in Panama, impacting our financial position and the results of operations that depend particularly on the capacity of our clients to fulfill their obligations.

The Company has policies and procedures for business continuity, which establishes the mechanisms to function in contingency situations, guaranteeing the uninterrupted continuity of operations and services for our clients.

As of the date of these financial statements and until the date of their issuance, the administration continues with the monitoring, analysis, and management of the effects that COVID-19 is having on its operations, its clients, and its suppliers.

31. Management plans

The accompanying financial statements have been prepared on a going-concern basis that contemplate the realization of assets and liabilities in the normal course of business. During the years ended December 31, 2021, and 2020, the Company has incurred a net loss of B/.1,424,304 and B/.32,640, respectively; which could indicate the existence of uncertainty about the Company’s ability to continue as a going concern. However, the Administration has taken the necessary measures to mitigate the economic impact of the current crisis, on the main financial indicators that a financial entity must maintain to comply with the regulation in Panama.

The Board of Directors has prepared the strategic plan that aims to increase the Company's assets, diversify its financial products, increase its portfolio management and trading, as well as private placements.

The Company is searching for new market niches and attracting institutional clients, as well as opening international markets in countries such as Ecuador, Colombia, and Peru.

Finally, if the Company requires financial support from shareholders to compliance with the operations and the required regulatory indexes, the Board of Directors considers that, as in recent years, the Company will have the financial support of the shareholder.

FOR MORE INFORMATION:

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