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Panacorp Casa de Valores, S. A.

Independent Auditor's Report
and Financial Statements
At December 31, 2014

"This document has been prepared with the knowledge
your content will be made available
the investing public and the public in general."

Panacorp Casa de Valores, S.A.

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of Panacorp Casa de Valores S. A., which comprise the statement of financial position at December 31, 2014 and the statements of profit or loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other information explanatory.

Management's Responsibility for Financial Statements

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

Responsibility of the Auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement importance.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement importance of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of financial statements by an entity in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the entity. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Panacorp Casa de Valores, S. A., at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other issues

The financial statements of Panacorp Casa de Valores, S. A., the period ended December 31, 2013 were audited by another auditor that expressed an opinion unmodified on these financial statements on March 28, 2014.

BDO

March 18, 2015.
Panama, Republic of Panama.

Panacorp Casa de Valores, S.A.

Statement of Financial Position
December 31, 2014
(Amounts in the United Stated Dollars)

ASSETS	Note	2014	2013
Currrent assets:			
Cash	4	**412,792**	366,372
Interest receivable	5	**590,053**	133,514
Accounts receivable - other		**1,500**	549
Financial assets indexed to in securities	6	**11,775,426**	6,836,509
Securities available for sale	7	**10,379,893**	16,348,049
Total current assets		**23,159,664**	23,684,993
Non - current assets			
Property, equipment and improvements	8	**307,263**	323,909
Other assets		**13,904**	-
Total non - current assets		**321,167**	323,909
Total assets		**23,480,831**	24,008,903
LIABILITIES AND EQUITY			
Current liabilities:			
Financing obligations	9	**13,871,134**	7,644,500
Accounts payable		**24,274**	14,043
Financial liabilities indexed to securities	10	**8,208,284**	15,081,562
Total current liabilities		**22,103,692**	22,740,105
Non-current liabilities:			
Accounts payable - shareholders	11	**190,316**	150,593
Seniority premiums and indemnization		**16,663**	5,033
Total non-current liabilities		**206,979**	155,626
Total liabilities		**22,310,671**	22,895,731
Equity:			
Share capital	12	**1,195,000**	1,195,000
Capital paid in excess	13	**271,880**	271,880
Revaluation surplus		**130,162**	136,701
Net change in fair value of securities available for sale		**(1,296,839)**	(141,504)
Undistributed earnings		**869,957**	(348,905)
Total equity		**1,170,160**	1,113,172
Total liabilities and equity		**23,480,831**	24,008,903

The notes in pages 5 to 21 are an integral part of these financial statements.

Panacorp Casa de Valores, S.A.

Statement of Profit or Loss
For the year ended on December 31, 2014
(Amounts in the United Stated Dollars)

	Note	2014	2013
Income:			
Commissions		**383,744**	225,074
Interest income		**1,610,359**	416,518
Advisory service		**268,925**	101,742
Trust		**615,283**	-
Other income		**5,401**	77,047
Total income		**2,883,712**	820,381
Expenses:			
Administration and general expenses	15	**655,691**	422,936
Financial		**995,384**	245,051
Depreciation	8	**20,314**	25,800
Total expenses		**1,671,389**	693,787
Income tax	16	-	(3,925)
Net profit		**1,212,323**	122,669

The notes in pages 5 to 21 are an integral part of these financial statements.

Panacorp Casa de Valores, S.A.

Statement of Comprehensive Income
For the year ended on December 31, 2014
(Amounts in the United Stated Dollars)

	Note	2014	2013
Net income		**1,212,323**	122,669
Other comprehensive income			
Items that are or will be reclassified to income statement			
Net change in valuation of securities available for sale	7	**(1,296,839)**	(141,504)
Other comprehensive loss for the year		**(1,296,839)**	(141,504)
Total comprehensive loss for the year		**(84,516)**	(18,835)

The notes in pages 5 to 21 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, 2014
(Amount in the United States Dollars)

	Share capital	Capital paid in excess	Revaluation surplus	earnings	securities available for sale	Total Equity
Balance at January 1, 2013	1,195,000	271,880	143,240	(478,113)	8,500	1,140,507
Transfer of revaluation surplus depreciation			(6,539)	6,539		
Net change on securities available for sale	-	-	-	-	(150,004)	(150,004)
Net profit - 2013	-	-	-	122,669	-	122,669
Balance at December 31, 2013	1,195,000	271,880	136,701	(348,905)	(141,504)	1,113,172
Balance at January 1, 2014	1,195,000	271,880	136,701	(348,905)	(141,504)	1,113,172
Transfer of revaluation surplus depreciation	-	-	(6,539)	6,539	-	-
Net change on securities available for sale	-	-	-	-	(1,155,335)	(1,155,335)
Net profit - 2014	-	-	-	1,212,323	-	1,212,323
Balance at December 31, 2014	**1,195,000**	**271,880**	**130,162**	**869,957**	**(1,296,839)**	**1,170,160**

The notes in pages 5 to 21 are an integral part of these financial statements.

Panacorp Casa de Valores, S.A.

Statement fo Cash Flows
For the year ended on December 31, 2014
(Amouts in the United States Dollars)

	Note	2014	2013
Operating activities			
Net profit		1,212,323	122,669
Adjustment for net cash (used in) provided by operating activities:			
Depreciation	8	20,314	25,800
		1,232,637	148,469
Net changes in operating assets and liabilities:			
Interest receivable		(456,539)	(113,517)
Accounts receivable - other		(950)	190
Indexed financial assets in securities		(4,938,917)	(6,836,509)
Other assets		(13,903)	-
Financial liabilities indexed to securities		(6,873,278)	15,081,562
Accounts payable		10,231	4,089
Seniority premiums and indemnization		11,630	5,034
Net cash provided by (used in) operating activities		(11,029,089)	8,289,318
Cash flows from investing activities			
Acquisition of securities available for sale		5,968,156	(15,898,053)
Net change on securities available for sale		(1,155,335)	76,500
Acquisition of fixed assets	8	(3,668)	(7,299)
Net cash (used in) investing activities		4,809,153	(15,828,852)
Cash flows from financing activities			
Financing obligations		6,226,634	7,644,500
Cash received from shareholder		39,722	35,491
Net cash provided by financing activities		6,266,356	7,679,991
Net increase in cash during the year		46,420	140,457
Cash at beginning of year		366,372	225,915
Cash at end of year	4	412,792	366,372

The notes in pages 5 to 21 are an integral part of these financial statements.

1. Organization and operations

Panacorp Casa de Valores, S. A., is a company organized under the laws of the Republic of Panama registered on October 12, 2010, in the Public Registry of the Republic of Panama.

Its main activity consists of the transaction and trading under the authorization of the The Superintendency of The Market of Securities for individuals and corporations. Originally the company was called MADISON SECURITIES, S. A. The company name change was made by the Public Registry Act Shareholders meeting of February 6, 2009 and Deed No. 2690 of April 23, 2009 by which the name change was formalized to Panacorp Casa de Valores, S. A.

Its main office is located street Aquilino De La Guardia, Ocean Business Plaza Building, 11th floor, Office 11-06, Urbanization Marbella, Township of Bella Vista, Panama District, and Panama.

Authorization for the issuance of financial statements

These financial statements were authorized for issue by the Directors of the Company on February 5, 2015.

2. Summary of the most significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are presented below. These policies have been consistently applied over the previous year.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management of the Company to exercise its judgment on the most appropriate way of applying the accounting policies of the Company. Areas where there have been significant judgments and to prepare financial statements and their effect estimates are disclosed in Note 3.

Changes in accounting policies

a. New standards, interpretations and amendments effective from 1 January 2014.

In these financial statements it has taken a number of new standards, interpretations and amendments in force for the first time to periods beginning on 1 January 2014 or thereafter. We detail below the nature and effect of the most significant rules:

IAS 32 - Financial Instruments: Presentation, December 2011 amendment

IAS 32, unchanged, requires an entity to offset financial assets and financial liabilities when there is a legally enforceable right to offset and intends to settle net or to realize the asset and settle the liability simultaneously. The amendment to IAS 32 clarifies the accounting requirements to cover financial instruments under the following conditions:

a) Should not be conditional on a future event
b) It must be legally enforceable in all the following circumstances:
   i. In the normal course of business.
   ii. In the event of non - payment.
   iii. In case of insolvency or bankruptcy of the entity and all partners.

IAS 36 - Impairment of assets, amendment May 2013

The amendment to IAS 36 requires the disclosure of information about the recoverable amount of assets (cash generating units) having impairment if that amount is based on fair value less disposal costs when the recoverable amount was determined on the basis of value in use. Certain disclosures are now required only when an impairment loss was recorded or reversed with respect to the asset or cash-generating unit. Other disclosures required have been clarified and expanded.

The amendments to the above standards had no effect on the financial statements.

b. Identification of standards that are not yet effective and have not been early adopted.

A number of new standards and interpretations are effective for annual periods beginning on or after 1 January 2014 and have not been early adopted in preparing the financial statements. It is not expected that some of these standards have a significant effect on the financial statements.

Below are the most relevant standards and amendments are listed:

Standard	*Validity*
• IFRS 7 - Financial Instruments: Disclosures - Annual amendment September 2014	January 1, 2016
• IFRS 9 - Financial Instruments - issued July 2014	January 1, 2018
• IFRS 13 - Fair Value Measurement - Annual amendment December 2013	July 1, 2014
• IFRS 15 - Revenue from contracts with customers - issued May 2014	January 1, 2017
• IAS 16 - Property, plant and equipment	
- Annual amendment December 2014	July 1, 2014
- Amendment May 2014	January 1, 2016

Functional and presentation currency

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

Cash

For purposes of preparing the statement of cash flows, the Company considers all cash accounts with original maturities of three months or less and has no restrictions for use. The deposits of more than 90 days were not considered as effective.

Financial instruments

Non-derivative financial instruments are recognized by the Company as financial assets or liabilities when they become a part of the contract.

Financial assets
Financial assets are initially recognized at fair value plus any directly attributable transaction costs. Financial assets of the Company are mainly cash items in bank commission's receivable. They do not accrue interest, except for the savings account, have fixed or determinable payments and not quoted in an active market. For commission's receivable, if damaged, a provision for doubtful accounts is established.

Financial liabilities
All non-derivative financial liabilities are initially recognized on the date of the transaction in which the Company becomes part of the contractual instrument at fair value plus any directly attributable transaction costs. Financial liabilities of the Company are mainly payable, trade payable and other monetary liabilities, which are not subject to interest payments, have fixed or determinable payments and are not traded in an active market. These items are included in current liabilities, except those with maturities exceeding 12 months from the date of the statement of financial position are classified as non-current liabilities.

Securities available for sale
It consists of securities purchased with the intention of holding them for an indefinite period that may be sold in response to the need for liquidity or changes in interest rates or prices of equity instruments. Gains or losses that arise from changes in the fair value of securities available for sale are recognized directly in equity until they are discharged from the securities available for sale or impairment has been determined.

At this time, the cumulative gain or loss previously recognized in equity is recognized in income except for impairment losses, interest calculated using the effective interest method and gains or losses on foreign exchange are recognized directly in the statement of profit or loss.

Yields on securities available for sale are recognized in the statement of profit or loss when the entity's right to receive payment is established.

Low of securities available for sale
The company writes off a single value when the contractual rights to receive cash flows have expired or when the Company has transferred the securities and substantially all the risks and benefits inherent to the property of value to another entity. If the Company does not transfer or retain substantially all the risks and rewards of ownership and continues to control the transferred value, the Company recognizes its retained interest in the assets and liabilities related to the amounts that would have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred value available for sale, the Company continues to recognize the value available for sale and also recognizes a liability secured by the amount received.

Impairment of financial assets
Assets classified as available for sale.

At the date of the statement of financial position it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity instruments classified as available for vetoes a significant or prolonged decline in the fair value of the investment below its cost is taken into account in determining whether the assets are impaired.

Equipment and property improvements

The property, equipment and improvements are recorded at cost and revaluation, net of accumulated depreciation and amortization. Significant improvements are capitalized while minor repairs and maintenance that do not extend the useful life or improve the asset are directly expensed as incurred.

Depreciation and amortization are charged to current operations, and is calculated under the straight-line method based on their estimated useful lives, as follows:

Assets	Estimated useful life (years)
Building	25
Improvements	5
Furniture and office equipment	3-5
Computer equipment	5

Impariment of non - financial assets

The carrying value of non-financial assets of the Company is reviewed at the reporting date to determine whether there are indications of permanent impairment. If any indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or its cash-generating unit is the higher of value in use and its fair value less costs to sell. To determine the value in use, the estimated future cash flows are discounted to their present value using a discount interest rate that reflects current market assessment of the time value of money and the specific risks to the asset. For purposes of impairment testing, assets are grouped within the smaller group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable value. Impairment losses are recognized in income.

An impairment loss is reversed if there has been any change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the carrying amount of asset does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if he had recognized a loss on impairment. Without such evidence it exists for financial assets available for sale, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, it is removed from the equity and recognized in the profit and loss account. Impairment losses recognized in the statement of profit or loss on equity instruments are not booked through the profit and loss account. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit and loss, loss impairment is booked through the state profits and losses.

Financial assets and liabilities indexed securities

Financial assets indexed to securities are caused by collateral securities that generated financing that is recognized by the accrual method.

This operation generates its time liabilities indexed to securities that also originate interest expense payable to third parties at the time of settlement funding.

These assets and liabilities indexed securities are measured at fair value. Once the title is sold, the company makes the retention of the financed amount and corresponding yields refer to third parties.

Commissions

Commissions are recognized as income when collected to be short-lived transactions. The income is recognized when it collection is not significantly different from that recognized under the accrual method or accrual.

Equity shares

The financial instruments issued by the Company are classified as equity only to the extent that does not meet the definition of a liability or a financial asset.

The common shares of the Company are classified as equity instruments.

3. Critical accounting estimates and judgments

The use of IFRS requires estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience basis and other factors, including expectations of future events that are created reasonable under the circumstances. In the future, actual experience may differ from those estimates and assumptions. The estimates and assumptions that involve a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated useful life of equipment and furniture
The equipment and furniture are depreciated or amortized over their useful lives. Useful lives are based on estimates of management on the period that the assets will generate income, which are reviewed periodically to adjust them properly. Changes in estimates may result in significant adjustments to the amounts presented and recognized in the profit or loss.

Income tax
The income tax is the expected tax payable on the taxable income for the current year, using the effective rates in effect on the date of the statement of financial position and any adjustment to tax payable in respect of previous year's tax. At the date of these financial statements, the Company has not generated taxable income that requires an estimate of income tax.

4. Cash

	2014		
	Local	**Foreign**	**Total**
Petty cash	200	-	200
At sight			
Credit Suisse	-	14,312	14,312
Commonwelth	-	94,694	94,694
Balboa Bank	69,415	-	69,415
Credicorp Bank	12,969	-	12,969
Banplus	-	219	219
Amicorp Bank and Trust Ltd.	-	19,984	19,984
Interactive Brokers	-	31,084	31,084
Canal Bank	9,963	-	9,963
Banistmo	9,952	-	9,952
Time deposit			
Balboa Bank & Trust	150,000	-	150,000
	252,499	160,293	412,792

2013	Local	Foreign	Total
Petty cash	200	-	200
At sight			
Clariden	-	675	675
Commonwelth	-	51,812	51,812
Balboa Bank	112,151	-	112,151
Credicorp Bank	7,986	-	7,986
Banplus	-	43,548	43,548
Time deposit			
Balboa Bank & Trust	150,000		150,000
	270,337	96,035	366,372

The time deposit in Balboa Bank maintains an annual interest of 3.75%.

5. Interest receivable

	2014	2013
Generated fees	590,053	133,514

Interest receivable at December 31, 2014 are a fixed deposit product that keeps in Balboa Bank for B/ 150.000, and it generates an annual yield of 3.75%; also comprise interests arising from financing or loans indexed securities margin to the overall performance which entered the margins of 2% to 10% annually and additional private bonus First Factoring is acquired at a rate of 5% for a period of 180 days.

For the period 2013, it comprises interest accrued on a preferred stock purchase in Commonwealth which generates an interest rate of 6%.

6. Financial assets indexed to securities

Financial assets indexed to securities are listed below:

	2014	2013
Actions	394,570	157,443
Bonds	6,470,300	5,809,694
Bonds of the Republic of Venezuela	4,910,556	869,372
	11,775,426	6,836,509

Financial assets are indexed securities margin loans which have an annual rate of 0.25.% to 12%. These financial assets indexed to securities are guaranteeing funding obligations. See Note 9.

7. Securities available for sale

The securities available for sale are comprised of equity investments in investment portfolios, which are detailed below:

	2014	2013
Actions	1,153,608	638,562
Corporate bonds	100,000	14,948,327
Bonds of the Republic of Venezuela	8,979,745	761,160
Trust fund	146,540	-
	10,379,893	16,348,049

The movement of securities available for sale is summarized below:

	2014	2013
Balance at the beginning of year	16,348,049	676,500
Purchasing	545,351	1,063,901
Acquisition in indexed securities	11,119,883	14,825,652
Sales	(16,336,551)	(76,500)
Changes in fair value	(1,296,839)	(141,504)
Balance at end of year	10,379,893	16,348,049

8. Property, equipment and improvements

2014

	Balance at the beginning of year	**Additions**	**Balance at the end of year**
Building (Revaluated)	335,000	-	335,000
Property improvements	1,412	-	1,412
Furniture and equipment	17,790	1,603	19,393
Software	27,328	-	27,328
Computer equipment	35,773	2,065	37,838
	417,303	3,668	420,971
Depreciation and accumulated amortization:			
Building (Revaluated)	40,200	13,400	53,600
Property improvements	1,126	282	1,408
Furniture and equipment	7,659	1,795	9,454
Software	9,433	4,439	13,872
Computer equipment	34,976	398	35,374
	93,394	20,314	113,708
Net cost	323,909	16,646	307,263

2013

	Balance at the beginning of year	Additions	Balance at the end of year
Cost	410,004	7,299	417,303
Accumulated depreciation and amortization	67,594	25,800	93,394
Net cost	342,410	18,501	323,909

9. Financing obligations

	2014	2013
Bank J. Safra Sarasin Ltd.:		
Authorized loan for the acquisition of titles with an interest rate of 1.664% and active portfolio guarantee; 27-day term expiring on January 15, 2014	-	6,648,993
Authorized loan for the acquisition of titles to an interest rate of 1.668% with active portfolio guarantee; 27-day term expiring on January 15, 2014	-	995,507
Authorized loan for the acquisition of titles to an interest rate of 1.6540% with active portfolio guarantee; 30 days term expiring on October 15, 2015	2,315,000	-
Amicorp Bank and Trust Limited:		
Authorized loan for the acquisition of titles to an interest rate of 1% active portfolio collateralized; maturity in October 2016	5,999,985	-
Dinosaur Merchant Bank, Ltd.:		
Loan authorized to purchase shares at an interest rate of 1% with active portfolio guarantee and maturity on January 1, 2015	5,444,604	-
	13,759,589	7,644,500
Yield by other funding	111,545	-
Total	13,871,134	7,644,500

10. Financial liabilities indexed to securities values

Indexed financial liabilities are detailed below:

	2014	2013
Actions	394,570	140,656
Bonds	6,621,119	14,259,559
Bonds of The Republic of Venezuela	1,192,595	681,347
	8,208,284	15,081,562

11. Accounts payable - Shareholders

Accounts payable - shareholder does not provide a defined payment neither earn interest and have no expiration date.

12. Share capital

The shareholders authorized share capital is the sum of B/.1.195 million consisting of 1,195,000 common registered shares with a nominal value of B/.1.00 each. All shares are issued and outstanding.

13. Capital paid in excess

The shareholders, in the minutes of the Extraordinary Shareholders Meeting of December 13, 2010, approved the quasi-organization of Panacorp House Securities, lowering the accumulated as of December 2009 and approved to reclassify it to capital paid in excess. This transfer of accounts had no effect on equity.

14. Managed portfolio

At December 31, 2014 the third party portfolio managed by the company amounted to B/.4,837,219.

15. Administrative and general expenses

The administrative and general expenses are presented as follows:

	2014	2013
Professional fees	250,951	166,605
Wages and other remuneration	279,155	146,785
Miscellaneous	51,656	37,905
Travel and transportation	15,229	32,300
Advertising	4,347	3,095
Water, power and telephone	13,341	18,523
Repair and maintenance	10,230	985
Bank charges and interest	25,947	12,282
Office suppliers	4,364	3,750
Cable	471	706
	655,691	422,936

16. Income tax

According to Panamanian tax legislation in force, the company is exempt from income tax in respect of profits from foreign sources. It is also exempt from income tax, interest earned on deposits in local banks, interest earned on Panamanian State securities and investments in securities - securities issued through the Bolsa de Valores de Panama, S. A.

Income tax returns of the companies incorporated in the Republic of Panama are subject to review by the tax authorities for the last three years.

The Company's December 31, 2014, did not generate income tax.

17. Financial instruments - Risk Management

The Company is exposed to risks arising from the use of financial instruments. This note describes the objectives, policies and processes of the Company to manage the risks and methods used to measure them. Additional quantitative information on these risks is presented throughout these financial statements.

By virtue of its operations, the Company is exposed to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The main financial instruments used by the Company, of which their respective financial risks arising are as follows:

- Cash - bank accounts
- Commissions receivable
- accrued expenses payable

All identified financial instruments of the Company are of short duration, why considering their registered as a reasonable value.

Objectives, general policies and processes

The Board has overall responsibility for the determination of the objectives and risk management policies of the Company and, while retaining ultimate responsibility for them, it has delegated authority of the design and operation of processes to ensure effective implementation objectives and policies of the Administration of the Company. The Board receives reports from the Administration, through which reviews the effectiveness of the established processes and appropriateness of the objectives and policies.

The overall objective of the Board is to set policies to reduce the risk as far as possible, without unduly affecting the competitiveness and flexibility of the Company. Below listed further details regarding such policies:

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk mainly commissions receivable. The Company policy to mitigate this risk is to assess the credit risk of new clients before concluding contracts, set limits on amounts of credit, and monitors the collectability of receivables.

Credit risk also arises from current and savings accounts at banks and securities houses, which only accounts are maintained in recognized institutions and in compliance with regulatory requirements.

Market risk
Market risk is the risk that financial instruments suffer a decline in value due to fluctuations in interest rates, currency conversion or other price risks. None of the risks have material effect on financial assets and liabilities of the Company because it does not have financial instruments denominated in foreign currency or equity securities. The fluctuation of interest that could get their savings accounts would not have a significant negative impact.

Liquidity risk
Liquidity risk arises from the management of working capital of the Company and financial charges. This is the risk that the Company will find it difficult to meet their financial obligations when due.

The policy of the Company to managing liquidity is to ensure compliance with regulatory requirements (see note 10), to meet their obligations when due, under normal and stressed conditions, without incurring unacceptable losses or at risk of damage to the reputation of the Company.

The following are the contractual maturities of financial liabilities at December 31, 2014 and 2013:

2014	Amount	Until a year	More than a year
Financing obligations	13,871,134	13,871,134	-
Accounts payable	24,274	24,274	-
Financial liabilities indexed to securities	8,208,284	8,208,284	-

2013	Amount	Until a year	More than a year
Financing obligations	7,644,500	7,644,500	-
Accounts payable	14,043	14,043	-
Financial liabilities indexed to securities	15,081,562	15,081,562	-

Operational risk
Operational risk is the risk of direct or indirect losses caused by the failure or failure of processes, people and internal or external events not related to credit or liquidity risk systems, such as those arising from legal and regulatory requirements and compliance with standards generally accepted standards of corporate behavior.

To manage this risk, the Company management remains within its policies and procedures the following controls: segregation of duties, internal and administrative controls.

Capital Management
The Company policy is to maintain a strong capital base to support its operations and growth, maintaining a balance of return to its shareholders; at the same time, meeting the minimum capital requirements of the Superintendence of Securities.

18. Regulatory framework

By Decree Law No. 1 of July 8, 1999, the National Securities Commission is created and the stock market in the Republic of Panama is regulated. The National Securities Commission in its No. 2, 7 and 8 agreements requires the Houses and Securities Dealers, preparation and presentation of financial statements with a periodicity of 60 calendar days to the quarterly closing and 90 days following the respective fiscal closing, in accordance with International Financial Reporting Standards adopted by the National Securities Commission.

Note the entry into force of the Agreement 4-2011 of June 27, 2011, whereby rules on capital adequacy, solvency ratio, capital funds, liquidity ratio and concentrations of credit risk are taught that they must meet Houses regulated by the Superintendence of Securities Panama. Published in Official Gazette No.26836-C of July 26, 2011, amended through Agreement No.5-2011 of August 8, 2011, published in Official Gazette No.26849 of August 12, 2011; Agreement No.9-2011 of December 13, 2011 published in Official Gazette No.26932-A of December 15, 2011, the Agreement 1-2012 of June 12, 2012 published in Official Gazette No.27061 of June 21, 2012, the Agreement 6-2013 published in Official Gazette No.27320 of July 1, 2013 and the Agreement 8-2013 published in Official Gazette No.27384-A of September 30, 2013. Agreement No.9-2011 repealed in its entirety by the 1-2012 Agreement, the Agreement 3-2012, 6-2013 Agreement on June 16, 2013 and the Agreement 8-2013 of September 30, 2013, extends the effective date of 4-2011, Agreement from October 1, 2013. In Agreement No.9-2011 extends the effective date of the Agreement 4-2011, which will start on July 2012, except for Articles 4 on the Minimum Total Capital Required of the first chapter on general provisions, which shall be two hundred fifty thousand dollars ($250,000) from January 27, 2012 and Article 13 on Current Ratio of the Broker Dealer of Chapter Six whose validity will be from January 1, 2012. Chapter Six Securities which was effective from January 1, 2012. Under Article 4 of the agreement No.8-2013 the minimum capital requirement will be (B/.350,000) with an adaptation period of six months from the publication of this agreement.

The Compliance Company is responsible for monitoring compliance with minimum capital requirements. Company policies on capital management are to maintain a capital which can support future business growth. The company recognizes the need to maintain a balance between shareholder returns and capital adequacy required by the regulator.

At December 31, 2014, the Company had assets eligible for compliance with the liquidity ratio in the amount of B/.12,173,321, which exceeds current liabilities of B/.8,046,243.

At December 31, 2014, it holds a Capital Fund which is detailed below:

Amount of capital required	350,000
Amount of capital fund	1,288,198
Net property, plant and equipment	(307,264)
Accumulated losses	(348,904)
Net profit	1,212,323
Other assets	(13,903)
Equity Fund	1,830,450

At December 31, 2014, the Company submitted the following information about liquidity ratio, solvency ratio and capital fund reported to the Regulator:

	According to books	Minimum required
Liquidity ratio		
Assets eligible for liquidity	12,173,321	
Liabilities receivable less than one year	8,072,116	30% liabilities
Minimum required liquidity ratio	2,421,635	Short term
Solvency ratio		
Principal amount reported	1,833,450	350,000
Exposure value of credit risk or	7,588,742	
Solvency ratio	24.12%	8%
Capital fund		
Amount of capital fund reported	1,833,188	351,566
Amount of capital required	351,566	351,566