# Panacorp Casa de Valores, S. A.

Independent Auditors' Report and Financial Statements

For the year ended on December 31, 2023

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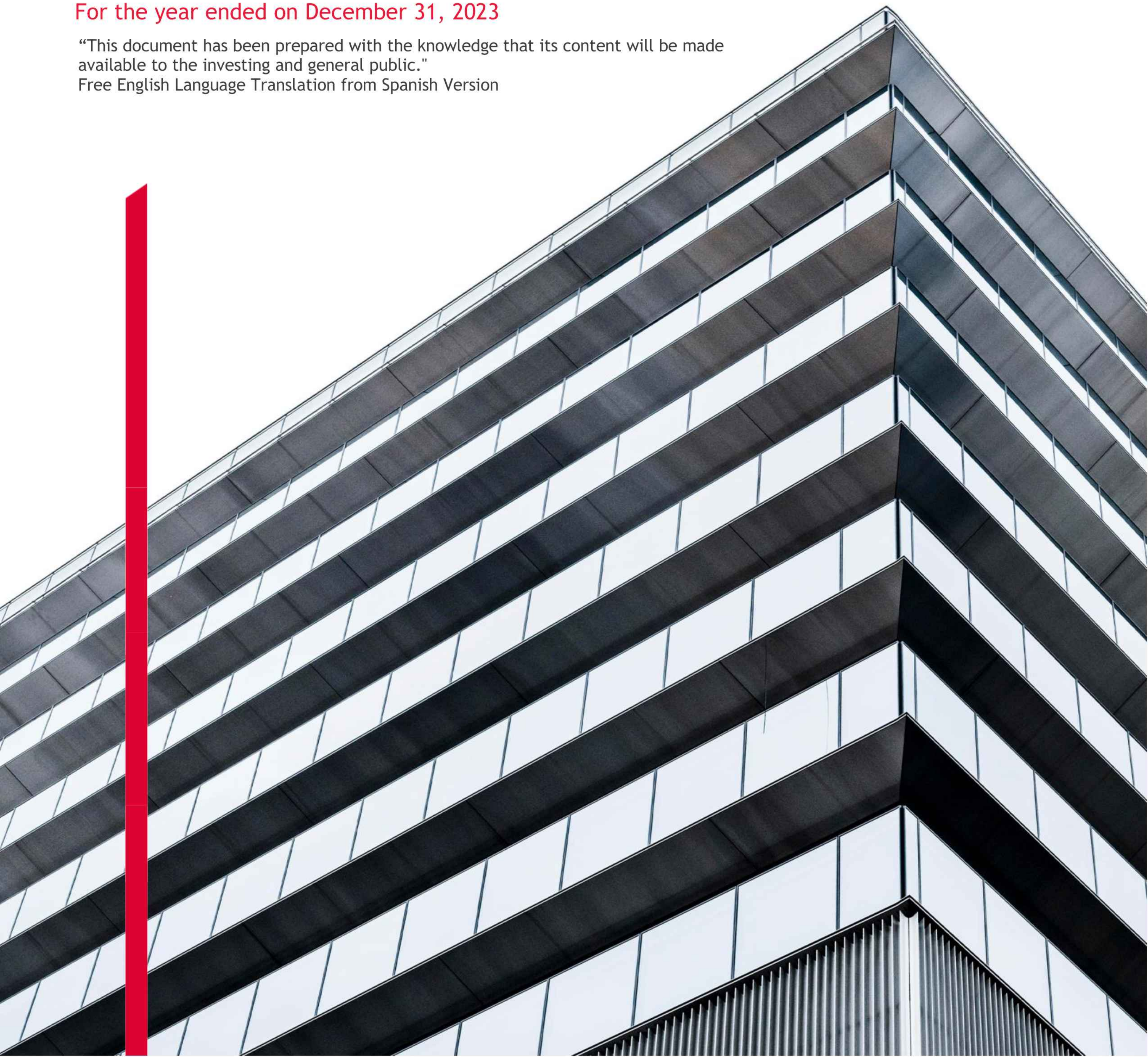

**Panacorp Casa de Valores, S. A.**

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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" which comprise the statement of financial position as of December 31, 2023 and the statements of income, other comprehensive income, changes in equity and cash flows for the year ended on that date, and the notes to the financial statements, that include information on material 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, 2023, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

*Basis of Opinion*

We conducted our audit in accordance with the International Auditing Standards. Our responsibilities under those standards are described in more detail in the Auditor's Responsibilities in Relation to 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) together with ethics 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 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.

*Responsibilities of the Administration and those in charge of the Corporate Governance of the Company regarding the Financial Statements*

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



BDO Audit, BDO Tax y BDO Advisory son sociedades anónimas panameñas, miembros de BDO International Limited, una compañía limitada por garantía del Reino Unido, y forma parte de la red internacional BDO de firmas miembros independiente.

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In preparing the financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, where appropriate, matters relating to its continuity as a going concern and using the basis of accounting. of going concern, unless Management intends to liquidate the Company or cease operations, or there is no realistic alternative other than this.

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

*Auditor Responsibilities in Relation to the Audit of Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 conducted in accordance with International Standards on Auditing will always detect a material error, when one exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the financial decisions made by users based on these financial statements.

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to respond to those risks; and obtained audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to fraud is greater than one resulting from a material misstatement due to error, since fraud involves collusion, forgery, intentional omissions, intentional misrepresentations, or the override of internal control.

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

- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and the corresponding information disclosed by Management.



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- We conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists with events or conditions that may create a doubt. important to the Company's ability 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; If such information to be disclosed is not adequate or insufficient, it is necessary to modify our opinion.

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

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

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

*Other Legal and Regulatory Requirements*

In compliance with Law 280 of December 30, 2021, which regulates the exercise of the profession of the Authorized Public Accountant in the Republic of Panama, and specifically addressing Chapter III “Practice of the Profession”, Article 13, we indicate that the address, execution and supervision of this audit commitment was carried out physically in the national territory.

BDO

April 3, 2024.
Panama, Republic of Panama.

Kenneth Barroso Rendón
Audit Partner
C.P.A. 0237-2008



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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 the Authorized Public Accountant in the Republic of Panama, and specifically addressing Chapter III "Practice 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 engagement:

| | **Work team statement** |
|---|---|
| Partner | Kenneth Barroso Rendón |
| Manager | Miguel Montero |
| In charge | Arquímedes Vargas |



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**Panacorp Casa de Valores, S. A.**

**Statement of Financial Position**
**As of December 31, 2023**
*(Amounts in balboas)*

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and deposits at banks | 5 | **2,113,601** | 830,389 |
| | | | |
| Investments in financial instruments: | | | |
| Securities at fair value through profit or loss | 6 | **-** | 446,117 |
| Securities at fair value with changes in other comprehensive income | 7 | **1,725,558** | 1,440,609 |
| Values at amortized cost, net | 8 | **6,839** | 6,839 |
| Purchase operations with resale agreement | 9 | **509,000** | 672,021 |
| Margin loans at amortized cost, net | 10 and 20 | **-** | 202,127 |
| Interest receivable on margin loans | 10 and 20 | **-** | 1,432 |
| Other accounts receivable, net | 11 | **443,848** | 60,196 |
| Taxes receivable | | **51,346** | 82,036 |
| Intangible assets, net | 12 | **9,201** | 5,243 |
| Furniture, equipment and improvements, net | 13 | **38,097** | 22,366 |
| Right-of-use assets, net | 14 and 20 | **308,733** | 652,514 |
| Other assets | 15 | **68,918** | 69,797 |
| **Total assets** | | **5,275,141** | 4,491,686 |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Financing obligations | 4 and 16 | **1,861,918** | 1,861,918 |
| Interest payable on financing | 16 | **18,930** | 9,516 |
| Financial liabilities indexed to securities | 17 | **-** | 451,676 |
| Lease liability | 18 and 20 | **347,495** | 703,974 |
| Accounts payable | 19 | **76,169** | 28,232 |
| Accruals and other obligations | | **34,417** | 28,318 |
| Provision for seniority bonus and other labor provisions | 21 | **154,216** | 128,825 |
| **Total liabilities** | | **2,493,145** | 3,212,459 |
| | | | |
| **Equity:** | | | |
| Share capital | 22 | **6,000,000** | 5,000,000 |
| Accumulated deficit | | **(2,641,427)** | (2,981,359) |
| Fair value reserve | | **(576,577)** | (739,414) |
| **Total equity** | | **2,781,996** | 1,279,227 |
| **Total liabilities and equity** | | **5,275,141** | 4,491,686 |

*The notes on pages 6 to 48 are an integral part of these financial statements.*

Panacorp Casa de Valores, S. A.

**Statement of Income**
**For the year ended on December 31, 2023**
*(Amounts in balboas)*

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **Income from:** | | | |
| Commissions for stock services | 20 | **2,889,441** | 1,598,512 |
| Interest earned on: | | | |
| Deposits | | **18,511** | 6,175 |
| Investments in securities | | **80,010** | 48,480 |
| Margin loans | 20 | **17,561** | 38,042 |
| Consulting services | | **674,619** | 940,883 |
| **Total income** | | **3,680,142** | 2,632,092 |
| **Expenses for:** | | | |
| Interest on financial obligations | | **12,626** | 13,049 |
| Interest on financial liabilities indexed to securities | | **9,531** | 5,224 |
| Commissions for stock services | | **1,509,147** | 1,313,550 |
| Commissions for custody and advisory services | | **42,240** | 2,743 |
| Interest on lease liabilities | 18 and 20 | **13,782** | 47,050 |
| **Total expenditures** | | **1,587,326** | 1,381,616 |
| **Net income, before provision** | | **2,092,816** | 1,250,476 |
| Provision for impairment of securities at fair value through OCI | 7 | **63,198** | - |
| Provision for impairment of other accounts receivable | 11 | **13,092** | - |
| **Net income, after provision** | | **2,016,526** | 1,250,476 |
| Other income | | **-** | 21,653 |
| Loss (gain) on valuation of securities at fair value through results | | **1,821** | 1,565 |
| **Total other income** | | **1,821** | (20,088) |
| **Total operating revenues, net** | | **2,014,705** | 1,270,563 |
| **General and administrative expenses:** | | | |
| Salaries and other remuneration | 20 | **753,338** | 812,642 |
| Professional fees | 23 | **351,814** | 275,883 |
| Other administrative expenses | 24 | **327,285** | 216,387 |
| Bank charges and interest | | **101,295** | 127,827 |
| Depreciation and amortization | 12, 13, 14, 20 | **83,747** | 84,269 |
| Advertising | | **8,160** | 14,639 |
| Water, electricity and telephone | | **12,079** | 13,804 |
| Rent | | **9,392** | 8,283 |
| Repair and Maintenance | | **21,614** | 3,391 |
| Stationery and office supplies | | **1,585** | 1,759 |
| Travel and transportation | | **4,464** | 2,210 |
| **Total general and administrative expenses** | | **1,674,773** | 1,561,094 |
| **Net profit (loss)** | | **339,932** | (290,531) |

*The notes on pages 6 to 48 are an integral part of these financial statements.*

Panacorp Casa de Valores, S. A.

Statement of Other Comprehensive Income
For the year ended on December 31, 2023
*(Amounts in balboas)*

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Net profit (loss)** | | **339,932** | (290,531) |
| | | | |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Net change in fair value of equity instruments to FVTOCI | | **144,158** | (417,796) |
| **Total other comprehensive income** | | **144,158** | (417,796) |
| | | | |
| **Items that are or will be reclassified to profit or loss:** | | | |
| Net change in fair value of debt instruments to FVTOCI | | **18,679** | (47,690) |
| **Total other comprehensive income** | 7 | **162,837** | (465,486) |
| **Total comprehensive income for the year** | | **502,769** | (756,017) |

*The notes on pages 6 to 48 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, 2023
*(Amounts in balboas)*

| | Notes | Share capital | Accumulated deficit | Fair value reserve | Total equity |
|---|---|---|---|---|---|
| Balance as of December 31, 2021 | 7 | 5,000,000 | (2,690,828) | (273,928) | 2,035,244 |
| **Net loss** | | - | (290,531) | - | (290,531) |
| **Other comprehensive income:** | | | | | |
| **Items that will not be reclassified to profit or loss:** | | | | | |
| Net change in fair value of equity instruments to FVTOCI | | - | - | (417,796) | (417,796) |
| **Total other comprehensive income** | | - | - | (417,796) | (417,796) |
| **Items that are or can be reclassified to profit or loss** | | | | | |
| Net change in fair value of debt instruments to FVTOCI | | - | - | (47,690) | (47,690) |
| **Total other comprehensive income** | 7 | - | - | (465,486) | (465,486) |
| Balance as of December 31, 2022 | | 5,000,000 | (2,981,359) | (739,414) | 1,279,227 |
| **Net income** | | - | 339,932 | - | 339,932 |
| **Other comprehensive results:** | | | | | |
| **Items that will not be reclassified to profit or loss:** | | | | | |
| Net change in fair value of equity instruments to FVTOCI | | - | - | 144,158 | 144,158 |
| **Total other comprehensive income** | | - | - | 144,158 | 144,158 |
| **Items that are or can be reclassified to profit or loss** | | | | | |
| Net change in fair value of debt instruments to FVTOCI | | - | - | 18,679 | 18,679 |
| **Total other comprehensive income** | 7 | - | - | 162,837 | 162,837 |
| **Transactions with owners:** | | | | | |
| Common shares issued | 22 | 1,000,000 | - | - | 1,000,000 |
| **Balance as of December 31, 2023** | | **6,000,000** | **(2,641,427)** | **(576,577)** | **2,781,996** |

*The notes on pages 6 to 48 are an integral part of these financial statements.*

Panacorp Casa de Valores, S. A.

**Statement of Cash Flow**
**For the year ended on December 31, 2023**
*(Amounts in balboas)*

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit (loss) | | **339,932** | (290,531) |
| Adjustments to reconcile net loss with cash flow in operating activities: | | | |
| Depreciation and amortization | 12, 13, 14, 20 | **83,747** | 84,269 |
| Provision for impairment of investments to FVTOCI | 7 | **65,054** | - |
| Provision for impairment of other accounts receivable | 11 | **13,092** | - |
| Loss (gain) on valuation of securities at fair value through profit or loss | | **(1,821)** | 1,565 |
| Interest income on deposits | | **(18,511)** | (6,175) |
| Interest income on investments | | **(80,010)** | (48,480) |
| Interest income on margin loans | | **(17,561)** | (38,042) |
| Interest expenses on financing | | **18,930** | 13,049 |
| Interest expenses on financial liabilities indexed to securities | | **9,531** | 5,224 |
| Interest expense on lease liability | 18 | **13,782** | 47,050 |
| Seniority premium expense and other labor provisions | | **25,391** | 24,609 |
| **Net changes in operating assets and liabilities:** | | | |
| Taxes receivable | | **30,690** | 39,807 |
| Other assets | | **879** | 1,613 |
| Accounts payable | | **47,937** | (35,818) |
| Accruals and other obligations | | **4,243** | (6,697) |
| Financial liabilities indexed to securities | | **(451,676)** | (472,916) |
| Margin loans at amortized cost | | **202,127** | 138,948 |
| **Cash generated from operations:** | | | |
| Interest received | | **(284,425)** | 311,050 |
| Interest paid | | **(19,048)** | (13,049) |
| **Net cash (used in) operating activities** | | **(17,717)** | (244,522) |
| **Cash flows from investing activities** | | | |
| Securities at fair value through profit or loss | | **(480,295)** | 339,166 |
| Acquisition of securities at fair value through profit or loss | 6 | **(1,034,977)** | (39,758) |
| Sale and redemption of securities at fair value through profit or loss | 6 | **1,962,868** | 106,296 |
| Securities at fair value through in other comprehensive income | | **7,664** | 2,867 |
| Acquisition of securities at fair value through in other comprehensive income | 7 | **(24,482,527)** | (11,828,650) |
| Sale and redemption of securities at fair value through other comprehensive income | 7 | **24,295,089** | 11,206,842 |
| Acquisition of securities with a resale agreement | 9 | **(509,000)** | - |
| Sale and redemption of securities with a resale agreement | 9 | **672,021** | 560,782 |
| Intangible assets additions | 12 | **(8,000)** | (2,486) |
| Furniture, equipment and upgrade additions | 13 | **(23,558)** | (20,618) |
| Right of use assets additions | 14 and 18 | **271,904** | - |
| **Net cash provided by investing activities** | | **671,189** | 324,441 |
| **Cash flows from financing activities** | | | |
| Financing received | 4 y 16 | **551,136** | 2,614,914 |
| Financing paid | 4 y 16 | **(551,136)** | (2,730,467) |
| Accounts payable related parties | | **-** | (50,000) |
| Lease liability payments | 18 | **(370,261)** | (98,357) |
| Share capital | 22 | **1,000,000** | - |
| **Net cash provided by (used in) financing activities** | | **629,739** | (263,910) |
| **Net increase (decrease) in cash for the year** | | **1,283,212** | (183,991) |
| Cash at the beginning of the year | | **830,389** | 1,014,380 |
| **Cash at the end of the year** | 5 | **2,113,601** | 830,389 |

*The notes on pages 6 to 48 are an integral part of these financial statements.*

## 1. General information of the company

Panacorp Casa de Valores, S. A. (the Company), is a corporation incorporated in May 2006 under the laws of the Republic of Panama, with the intention of offering 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 Superintendency of the Market Securities. It obtained its license through CNV resolution No.75-08, dated January 9, 2008. It is also a member of the Panamanian Capital Markets Association (APAMEC). Originally the company was called Madison Securities, SA, then it changed its 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. changing its name to Panacorp Casa de Valores, S. A. Through the Minutes of the Board of Directors meeting dated January 18, 2024 and Public Deed No.2572 dated February 15, 2024, the change of name of the company Panacorp Casa de Valores, S. A. to Avanza Casa de Valores S.A. is formalized.

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. (Avanza Casa de Valores, S.A.) is domiciled at PH Oceanía Business Plaza, Torre 1000, 22nd floor, office A-01, Punta Pacifica, district of San Francisco, district of Panama, Republic of Panama.

The main officers of the Company are:

| **Names** | **Position** |
|---|---|
| Javiela M. Cedeño C. | Senior Executive |
| Andrea Tribuiani | Compliance officer |
| Alcides J. Carrión R. | Legal representative |
| Eisenmann Abogados y Consultores | Resident Agent |

The members of the Board of Directors and directors are the following:

| **Names** | **Position** |
|---|---|
| Alcides J. Carrión R. | President |
| Erwin Thomas | Vice President and Secretary |
| Melva Ellis | Treasurer |
| Luz Mery Arango Ortega | Director |
| Ángel Eduardo Pinzón Peralta | Director |

**Approval of financial statements**

These financial statements were authorized for issuance by the Company's Management on April 1st, 2024.

## 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).

**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 through in other comprehensive income (OCI)

**New International Financial Reporting Standards (IFRS), Interpretations and amendments effective and adopted as of January 1, 2023**

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

IFRS 17 Insurance contracts;
Disclosure of accounting policies (amendments to IAS 1 Presentation of Financial Statements and Statement of Practice IFRS 2 Making materiality judgments);
Definition of accounting estimates (amendments to IAS 8 Accounting Policies, changes in accounting estimates and errors);
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12 Income Tax); and
International Tax Reform – Second Pillar Model Rules (amendment to IAS 12 Income Taxes) effective immediately upon issuance of the amendments and retrospectively.

These amendments to various IFRS Accounting Standards are mandatory effective for annual reporting periods beginning on or after January 1, 2023.

*IFRS 17 Insurance Contracts*

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for the annual reporting period beginning on or after January 1, 2023.

IFRS 17 introduces an internationally consistent approach to accounting for insurance contracts. Prior to IFRS 17, there was significant diversity around the world in relation to the accounting and disclosure of insurance contracts, and IFRS 4 allowed many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurance companies.

Accounting Policy Disclosures (Amendments to IAS 1 Presentation of Financial Statements and Statement of Practice IFRS 2 Making Materiality Judgments)

In February 2021, the IASB issued amendments to IAS 1 and Statement of Practice IFRS 2. The amendments are intended to make accounting policy disclosures more informative by replacing the requirement to disclose "significant accounting policies" with "information on accounting policies." material accountants". The amendments also provide guidance under what circumstances accounting policy information is likely to be considered material and therefore require disclosure.

These amendments have no effect on the mediation or presentation of any item in the Company's financial statements, but do affect the disclosure of accounting policies.

Definition of accounting estimates (amendments to IAS 8 Estimates Policies, changes in accounting estimates and errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless they result from the correction of errors in prior periods. These amendments clarify how entities distinguish between changes in accounting estimate, changes in accounting policy, and prior period errors.

These amendments have no effect on the Company's financial statements.

Deferred tax related to Assets and Liabilities arising from a single transaction (amendments to IAS 12 Income Tax)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the exemption from initial recognition applies to certain transactions that result in the simultaneous recognition of an asset and a liability (for example, a lease in the scope of the IFRS 16). The amendments introduce an additional criterion for exemption from initial recognition, whereby the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal, taxable and deductible temporary differences.

These modifications had no effect on the Company's annual financial statements.

International Tax Reform – Second Pillar Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organization for Economic Cooperation and Development (OECD) published a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The objective of the framework is to reduce profit shifting from one jurisdiction to another to reduce overall tax liabilities on corporate structures. In March 2022, the OECD published detailed technical guidance on the second pillar of standards.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially deferred tax accounting, arising from the Pillar Two model rules. The IASB issued the Final Amendments (the Amendments) to the Model Rules of the Second Pillar of International Tax Reform, in response to stakeholder concerns on May 23, 2023.

The amendments introduce a mandatory exception for entities from the recognition and disclosure of information on deferred tax assets and liabilities related to the Pillar Two model rules. The exception takes effect immediately and retroactively. The Amendments also establish additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

The management of Panacorp Casa de Valores, S. A. has determined that the Company is not within the scope of the OECD Second Pillar Model Rules and the exception to the recognition and disclosure of information on deferred tax assets and liabilities related to taxes on Second Pillar income is not applicable to the Company.

**Operating 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) of the United States of America.

**Estimates and accounting judgments**

The Company's Management is responsible for the development, selection, disclosure of critical accounting policies and estimates and their application in a manner consistent with the assumptions selected and related to significant estimation uncertainties.

*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 to acquire the asset, or received to assume 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 quoted price in an active market for such instrument. A market is considered active if transactions in these assets or liabilities occur with sufficient frequency and 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 on Bloomberg for securities markets.

**Financial assets**

*Cash and deposits in banks*

Cash and deposits in banks are represented by cash on hand, demand deposits in banks and other financial institutions in the country and abroad. For purposes of the cash flow statement, the Company considers what is reflected as Cash and cash equivalents.

Until December 31, 2023, 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. Upon initial recognition, financial assets are classified as measured at:

Amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (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 maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and
b. The contractual terms of the financial asset establish specific dates for 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 secured by securities, in which the Company takes possession of the securities at a discount to market value and agrees to resell them to the borrower at a future date and at a certain 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 in the event that there is a material and non-transitory deterioration in the value of a specific security, the Company recognizes against profits or losses of 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.

Securities sold subject to repurchase agreements (Purchase Repos) are short-term financing transactions with securities collateral, in which the Company has the obligation to repurchase the securities sold at a future date and for a certain 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 through in other comprehensive income (FVTOCI)*

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and has not been designated as 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 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 elect 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 FVTOCI as described above are measured at fair value through profit or loss (FVTPL).

Additionally, upon initial recognition, the Company may irrevocably designate a financial asset that meets the measurement requirements at CA or FVTOCI to be measured at FVTPL if doing so eliminates or significantly reduces an accounting asymmetry that could occur otherwise. do it. The Company does not currently use this option.

5) *Purchase operations with resale agreement*

This subgroup totals the amounts delivered in negotiations of spot purchase contracts of TVD with an installment resale agreement (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 International Financial Reporting Standards do not consider it definitive to record the Investment or the definitive Derecognition of the financial asset normally involved Titles 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 best reflect the way in which the business is managed and how 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 particular interest return profile, or coordinating the duration of financial assets with that of the liabilities that are financing them or expected cash outflows or realizing cash flows through the sale of assets;

- How the Company's key management personnel are evaluated and informed about 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 such 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 as part of an evaluation of how the Company's stated objectives for managing financial assets are achieved and how cash flows are realized.

*Evaluation of whether contractual cash flows are only payments of principal and interest (SPPI)*

For the purpose of 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 time value of money and for the credit risk associated with the principal amount outstanding at a particular time 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 profitability margin.

When evaluating whether contractual cash flows are solely 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 contractual cash flows such that it does not meet this condition. In making this evaluation, the Company considers:

- Contingent events that will change the amount and timing of cash flows;
- Leverage conditions;
- Prepayment and extension terms;
- Terms that limit the Company from obtaining cash flows from specific assets (e.g., non-recourse asset arrangements); and
- Features that modify considerations for the time value of money (e.g., periodic reset of interest rates).

**Impairment of financial assets**

The Company evaluates 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 FVTOCI
- Debt instruments at amortized cost
- Margin loans at amortized cost
- Other accounts receivable
- Purchase operations with resale agreement

No impairment loss is recognized on investments in equity instruments.

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

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

- 12-month ECL: 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: 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 over the life of the asset, except in the following cases in which the amount recognized is equivalent to 12-month ECL:

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

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

| | |
|---|---|
| Stage 1: | The 12-month ECL is calculated as the portion of the expected life of the ECL resulting from default events 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 within 12 months of the filing date. These 12-month expected default probabilities are applied to a projection of (EI), multiplied by the expected PDI 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 over the entire life of the asset (ECL) for those financial assets that are considered to have experienced a significant increase in credit risk since their initial recognition. This requires computing the ECL based on the probability of default over 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 equivalent to the expected credit losses over the entire life of the asset, based on a probability of default (PI) of 100% on the recoverable cash flows of the asset. |

*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 supportable information that is relevant and available without disproportionate cost or effort, including both quantitative and qualitative information and analysis, based on the historical experience and expert credit evaluation of the Company including information with a future projection.

The Company expects to identify whether a significant increase in credit risk has occurred for exposure by comparing between:

- The probability of default (PD) during the remaining life at the reporting date; with
- The lifetime probability of default (PD) remaining at this point in time 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 the IP 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 may 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 assigned a credit risk rating at the time of initial recognition based on information available about the debtor. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit rating.

*Generating the IP term structure*

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

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

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

The Company determines that a credit risk exposure 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 deterioration 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 credit rating agencies or credit bureaus, the Company may determine that an exposure has significantly increased its credit risk based on particular qualitative indicators that it believes are indicative of this and the effect of which would not otherwise be fully reflected by timely quantitative analysis.

*Measurement of Expected Credit Loss (ECL)*

The expected credit loss (ECL) is the estimated weighted probability of credit loss and is measured as follows:

- Financial assets that do not show credit deterioration at the reporting date.
- Financial assets that are impaired as of the reporting date.

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

*Inputs in the measurement of expected credit loss (ECL)*

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

- Probability of default (PD)
- Loss given default (LGD)
- Exposure before default (ED)

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

The LGD is obtained for the credit 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 LGD 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 exposure to the counterparty and potential changes to the current amount allowed under contract, including any amortization.

*Definition of impairment*

The Company considers a financial asset impaired when:

- The debtor is more than 90 days delinquent on any material credit obligation. Overdrafts are considered delinquent once the client has exceeded the established limit or a limit lower than the outstanding balance has been established.
- Reduction of the internal risk classification established in the Company due to signs of deterioration in its financial or operational situation
- For fixed income financial instruments, the following concepts are included, among others:
- Downgrade of the issuer's external rating;
- Contractual payments are not made when due or within the stipulated term or grace period;
- There is a high probability of suspension of payments;
- It is likely that you will enter bankruptcy or file a bankruptcy petition or similar action;
- The financial asset ceases to be traded in an active market given 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 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 assessing whether financial assets are impaired and their significance 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 negotiation date, the date on which the Company commits to buy or sell the financial instrument. Financial assets and liabilities are initially recognized at fair value.

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

*Consideration of future conditions*

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

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

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 FVTOCI, ECL reflected in the statement of financial position is not recognized 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 arising from stock market services and are recorded at their realizable value. Recovery is expected in a period of less than one year.

**Intangible assets, net**

Licenses and software purchased from third parties are shown at 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 themselves in 12 and 60 months.

**Furniture, equipment and improvements, net**

They correspond to goods for use in the production or supply of goods and services, to rent them to third parties or for administrative purposes; and that are expected to be used for more than one year. Leasehold property improvements are included in this category.

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

Maintenance costs are recorded in results, as expenses of the period in which they occur.

The estimated useful lives over which the assets are depreciated or amortized are:

| **Assets** | **Estimated useful life in years** |
|---|---|
| Office furniture | 5 |
| Computer equipment | 5 |
| Leasehold improvements | 5 |

**Right-of-use asset, net**

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and must be physically distinct or represent substantially the full capability of a physically distinct asset. If the supplier has a substantial substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset 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; either
  - The asset is designated in a way that predetermines how and for what purpose it will be used.

At the initiation or revaluation of a contract containing a lease component, the Company allocates 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 elected not to separate the non-lease components of the contract and to account for them in a single lease component along with the qualifying components.

The Company recognizes a right-of-use asset and a lease liability on the start date of the lease. 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 the costs to decommission. and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any leasing incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to 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. Additionally, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

**Employee benefits – Seniority Premium**

In accordance with the Labor Code of the Republic of Panama, the Company must pay a seniority premium, 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 relationship. of work. You must also pay compensation in the event of an unjustified dismissal or justified resignation.

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

*Vacations for employees*
The Company grants vacations to employees in accordance with the provisions of the country's labor laws. As of December 31, 2023 and December 31, 2022, 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 is identified, 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.

The loss due to impairment in the value of an asset is recognized as an expense in the income statement.

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

As of December 31, 2023, Management has not identified impairment of non-financial assets.

**Financial liabilities**

*Financing obligations*

Financing obligations are initially recognized at their 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 method.

The gains or losses from amortization are recognized in the results of the period, in the item results from financial instruments at amortized cost.

*Financial liabilities indexed to securities*

The Company enters into contracts with third parties through which it acts as a borrower, borrowing securities with the commitment to return on an agreed date the same amount of securities with characteristics similar to those borrowed, as well as any payment of interest, dividends or capital amortizations made by the issuer of the security during 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 through profit or loss, 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 results under the heading results from financial instruments at fair value.

*Lease liability*

The lease liability is initially measured at the present value of the lease payments not paid at the start date, discounted using the interest rate implicit in the lease. The Company uses the debt rate as a discount rate.

The lease payments included in the measurement of the lease liability include the following:

- Fixed payments, including fixed payments in substance;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the inception 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, extension or termination option.

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

**Share capital**

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

Dividends on common shares are cumulative and their distribution is authorized by the Board of Directors. At the time its distribution is authorized, a liability is recognized, affecting the accumulated profits.

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

**Revenue recognition**

Coupon income from securities classified as TVD Portfolio “PIC” is recognized daily in the Results for financial instruments: at fair value.

Fee commissions are recognized in revenue, 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 more than 7 business days from the date of agreement and the value date), are recorded in results, in the results of financial instruments: at value reasonable, when the effect is increase.

**Financing costs**

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

**Commission expenses for stock market services**

Commission expenses for stock market services consider losses arising from the sale of securities in the investment portfolio, and are recognized at the time the sale operation is agreed and liquidated.

**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 the results.

*Current income tax*
The current tax expense is calculated based on the laws approved or about to be approved as of the date of the annual balance sheet.

The current income tax is determined for the current year, using the effective rates in force at the balance sheet date and any other adjustments to 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 tax*
Deferred tax is recognized in accordance with the liability method for 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, that, at the time of the transaction, does not affect either the accounting result or the profit or loss. tax 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 tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognized right to offset current tax assets with current tax liabilities and when the deferred tax assets and deferred tax liabilities They are derived from the income tax corresponding to the same tax authority, which falls on the same entity or tax subject, or different entities or tax subjects, which intend to settle the current tax assets and liabilities for their net amount.

### Comparative information

Some 2022 figures included in certain notes to the financial statements were reclassified to standardize their presentation with that of the 2023 financial statements. These reclassifications seek to better describe the nature of the Company's balances and transactions, and are for amounts that They are not considered material for the financial statements as of December 31, 2023.

## 3. Risk Management of Financial Instruments

A financial instrument is a contract that creates 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 ensures 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, therefore it is exposed to the following risks in the use of these:

- 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 arising from the failure of a client or counterparty to comply with their contractual obligations with the Institution, when the client or counterparty does not have the 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 financial condition of the subject 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 Market Securities Superintendency, as indicated below:

*<u>Exposure limits and risk concentration:</u>*

The 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 cumulative value of this risk may not exceed 10% of the total value of the fund. of capital. Nor may the set of risk concentration situations exceed 8 times the value of the capital fund of the brokerage firm. (see Note 22).

Below is the delinquency of the margin loan portfolio by age:

| | **2023** | 2022 |
|---|---|---|
| Current | - | 202,127 |
| From 31 to 90 days | - | - |
| More than 90 days (principal and interest) | - | - |
| More than 30 days past due (maturity capital) | - | - |
| Interest receivable | - | 1,432 |
| Total | - | 203,559 |

The margin loan portfolio does not have delinquencies, since they were paid in full by clients. These loans authorized by the brokerage house are considered current and immediate. They were guaranteed by negotiable securities with a risk rating higher than B.

*Guarantees to reduce credit risk and its financial effect:*

As of December 31, 2023, there is no current margin loan or securities portfolio, so the value of the collateral portfolio amounts to B/.0.00 (2022: B/.452,956).

*Concentration of credit risk*

The maximum exposure to credit risk is represented by the book amount of each financial asset, in the statement of financial position. The Company monitors the concentration of credit risk by sector and geographic location. The analysis of the concentration of credit risks at the date of the financial statements is as follows:

| | Investments at fair value with changes in other comprehensive income | | Purchase operations with resale agreement | | Margin Loans | | Deposits in banks | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Book value | 1,725,558 | 1,440,609 | 509,000 | 672,021 | - | 202,127 | 2,113,601 | 830,389 |
| Concentration by sector: | | | | | | | | |
| Corporate | 417,802 | 916,311 | - | - | - | 202,127 | - | - |
| Government | 982,908 | 436,662 | - | 672,021 | - | - | - | - |
| Natural person | - | - | - | - | - | - | - | - |
| Financial | 324,848 | 87,636 | 509,000 | - | - | - | 2,113,601 | 830,389 |
| | 1,725,558 | 1,440,609 | 509,000 | 672,021 | - | 202,127 | 2,113,601 | 830,389 |
| **Geographic concentration:** | | | | | | | | |
| Panama | - | - | - | - | - | - | 908,969 | 395,120 |
| United States of America | 1,537,690 | 1,250,053 | 509,000 | 672,021 | - | - | 811,300 | 295,987 |
| Israel | 13,186 | - | - | - | - | - | - | - |
| Canada | 23,131 | 19,010 | - | - | - | - | - | - |
| United Kingdom | - | - | - | - | - | 202,127 | - | 3,622 |
| Swiss | - | - | - | - | - | - | 7,231 | 7,231 |
| Germany | 7,740 | 9,125 | - | - | - | - | - | - |
| China | 48,175 | 74,785 | - | - | - | - | - | - |
| Bahamas | 95,636 | 87,636 | - | - | - | - | 47,774 | 50,274 |
| Dominica | - | - | - | - | - | - | 338,304 | 78,105 |
| Venezuela | - | - | - | - | - | - | 23 | 50 |
| | 1,725,558 | 1,440,609 | 509,000 | 672,021 | - | 202,127 | 2,113,601 | 830,389 |

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

On margin loans at amortized cost 0% (2022: 0%).

The Company carries out continuous monitoring and follow-up of the active and passive position maintained inside and outside 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 raters, allow capital to be reserved to mitigate exposure in countries other than Panama.

Investment portfolio quality

The Company segregates the investment portfolio in securities at fair value through profit or loss, securities at fair value through other comprehensive income. As of December 31, 2023, the investment portfolio totals B/.1,732,397 (2022: B/.1,893,566).

- *Securities at fair value through profit or loss*

As of December 31, 2023, the values at fair value through profit or loss included in this risk analysis total B/.0.00 (2022: B/.446,117).

- *Securities at fair value through other comprehensive income*

As of December 31, 2023, the valuesat fair value through other comprehensive income included in this risk analysis total B/.1,725,558 (2022: B/.1,440,609).

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

| **At fair value through at ORI** | **12 month ECL** | **2023**<br>**Total Lifetime ECL Without Credit Impairment** | **Total Lifetime ECL with Credit Impairment** | **Purchase with impaired credit** | **Total** |
|---|---|---|---|---|---|
| *Foreigners:* | | | | | |
| AAA | - | 982,908 | - | - | 982,908 |
| AA+ to BBB- | 112,272 | - | - | - | 112,272 |
| Less than BBB- | 242,404 | 387,974 | - | - | 630,378 |
| Book value | 354,676 | 1,370,882 | - | - | 1,725,558 |
| Credit risk assessment | 354,676 | 1,370,882 | - | - | 1,725,558 |
| *Local:* | | | | | |
| AAA | - | - | - | - | - |
| AA+ to BBB- | - | - | - | - | - |
| Less than BBB- | - | - | - | - | - |
| Book value | - | - | - | - | - |
| Credit risk assessment | - | - | - | - | - |
| Total book value | 354,676 | 1,370,882 | - | - | 1,725,558 |
| Total Credit risk assessment | 354,676 | 1,370,882 | - | - | 1,725,558 |

| **At fair value through at ORI** | **12 month ECL** | 2022<br>**Total Lifetime ECL Without Credit Impairment** | **Total Lifetime ECL with Credit Impairment** | **Purchase with impaired credit** | **Total** |
|---|---|---|---|---|---|
| *Foreigners:* | | | | | |
| AAA | - | 436,662 | - | - | 436,662 |
| AA+ to BBB- | - | 313,007 | - | - | 313,007 |
| Less than BBB- | - | 690,940 | - | - | 690,940 |
| Book value | - | 1,440,609 | - | - | 1,440,609 |
| Credit risk assessment | - | 1,440,609 | - | - | 1,440,609 |
| *Local:* | | | | | |
| AAA | - | - | - | - | - |
| AA+ to BBB- | - | - | - | - | - |
| Less than BBB- | - | - | - | - | - |
| Book value | - | - | - | - | - |
| Credit risk assessment | - | - | - | - | - |
| Total book value | - | 1,440,609 | - | - | 1,440,609 |
| Total Credit risk assessment | - | 1,440,609 | - | - | 1,440,609 |

*Quality of deposit portfolio in banks*

The Company maintains deposits placed in banks for B/.2,113,601 as of December 31, 2023 (2022: B/.830,389). These deposits are placed in financial institutions, most of which have risk ratings in the ranges of BBB+ and AA-, based on the agencies Standard & Poor's, Moody's, and/or Fitch Ratings.

In accordance with 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 fails to settle transactions for the purchase or sale of securities or other instruments traded in the securities markets.

The risk management policies establish counterparty limits that determine at all times the maximum amount of net exposure to unsettled transactions that the Company can have with a counterparty. The Risk Management Committee is responsible for identifying acceptable counterparties, taking into account each counterparty's track record in meeting its obligations, as well as indications of its ability and willingness to meet its commitments.

*(c) Liquidity risk*

It arises from the administration of working capital. It consists of the possibility of not being able to meet obligations when due, due to lack of sufficiency of 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 financial assets:

| 2023 | Until 1 month | Between 1 and 3 months | Between 3 months and one year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Cash and equivalents | 1,862,325 | - | 251,276 | - | - | 2,113,601 |
| Securities at fair value through in results | - | - | - | - | - | - |
| Securities at fair value through in others comprehensive results | - | - | - | 795,910 | 929,648 | 1,725,558 |
| Values at amortized cost | - | - | - | - | 6,839 | 6,839 |
| Purchase operations with resale agreement | - | - | 509,000 | - | - | 509,000 |
| Margin Loans | - | - | - | - | - | - |
| Interest receivable on margin loans | - | - | - | - | - | - |
| Other accounts receivable | 642 | 37,420 | - | - | - | 38,062 |
| Totals | 1,862,967 | 37,420 | 760,276 | 795,910 | 936,487 | 4,393,060 |

| 2022 | Until 1 month | Between 1 and 3 months | Between 3 months and one year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Cash and equivalents | 578,029 | - | 252,360 | - | - | 830,389 |
| Securities at fair value through in results | - | - | 342 | - | 445,775 | 446,117 |
| Securities at fair value through in others comprehensive results | - | 2,656 | 249,681 | 248,775 | 939,497 | 1,440,609 |
| Values at amortized cost | - | - | - | - | 6,839 | 6,839 |
| Purchase operations with resale agreement | - | 497,021 | 175,000 | - | - | 672,021 |
| Margin Loans | - | - | 202,127 | - | - | 202,127 |
| Interest receivable on margin loans | 1,432 | - | - | - | - | 1,432 |
| Other accounts receivable | - | 47,104 | - | - | 13,092 | 60,196 |
| Totals | 579,461 | 546,781 | 879,510 | 248,775 | 1,405,203 | 3,659,730 |

The following are the contractual maturities of financial liabilities:

| | Maturities | | | | | |
|---|---|---|---|---|---|---|
| 2023 | Until 1 month | Between 1 and 3 months | Between 3 months and one year | Between 1 and 5 years | More than 5 years | Total |
| Financial liabilities indexed to securities | - | - | - | - | - | - |
| Lease liability | 6,359 | 12,821 | 59,438 | 268,877 | - | 347,495 |
| Obligations with Foreign financial institutions | 1,880,848 | - | - | - | - | 1,880,848 |
| | 1,887,207 | 12,821 | 59,438 | 268,877 | - | 2,228,343 |

| | Maturities | | | | | |
|---|---|---|---|---|---|---|
| 2022 | Until 1 month | Between 1 and 3 months | Between 3 months and one year | Between 1 and 5 years | More than 5 years | Total |
| Financial liabilities indexed to securities | - | - | 5,901 | | 445,775 | 451,676 |
| Lease liability | 4,428 | 8,927 | 41,388 | 258,175 | 391,056 | 703,974 |
| Obligations with Foreign financial institutions | 1,871,434 | - | - | - | - | 1,871,434 |
| | 1,875,862 | 8,927 | 47,289 | 258,175 | 836,831 | 3,027,084 |

*(d) Market risk*

Risk incurred when market conditions change affecting the liquidity of the Institution, or the value of the financial instruments it maintains 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 market risk exposure using weekly assessments of portfolio value at risk, limits and exposures, which are reviewed jointly by the Treasury Committee and 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 managed and that correspond to the foreign currency exchange position, which is reviewed as part of the negotiable portfolio for risk management purposes.

*Market risk exposure*

Panacorp Casa de Valores, S. A. is subject to incurring this risk due to possible fluctuations in financial markets, affecting the fair value or future cash flows of 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.

In order to obtain a risk measurement regarding the investment portfolio, different analyzes of the portfolio are prepared using the Bloomberg technological tool. This tool allows you to carry out different risk measurement exercises on the portfolio, such as:

- Assignment (allocation): allows you to identify 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 you to identify as a risk measurement the liquidity horizon of the portfolio on its instruments.
- VAR “value at risk”: allows you to identify the financial risk on the investment portfolio through the different variables used for its calculation.
- Scenarios: allows an assessment of Market Risk on the sensitivity that the maintained portfolio could experience in the face of possible stress scenarios, simulating the behavior of the market in historical stress situations used as a reference.
- Volatility: allows you to have a perception of the volatility incurred in the portfolio on its investments.

These, among other tools, are what 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. Excluded from the test are positions held in Venezuelan papers issued by the Republic of Venezuela or PDVSA.

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 their analyst recommendations. The Interactive Brokers platform where most of the securities are kept in custody, and frequently sends rating information and credit outlooks from analysts.

About Market Risk and sensitivity analysis

As of December 31, 2023, the market value of the positions used as a reference for the test amounts to approximately $3,260,263. The multiple Global Assets model under the Global Classification of Industry Sectors (GICS GLOBAL INDUSTRY CLASSIFICATION SECTORS) 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: -22.70%
- Greek Financial Crisis 2015: +2.33%
- Hit to oil due to War in Libya 2011: +1.89%
- Russian Financial Crisis 2008: +34.38%
- Fall in Oil prices - May 2010: +7.35%
- Japan earthquake 2011: +1.69%
- Debt ceiling crisis and US credit downgrade 2011: +14.31%
- Stock fall of 10% in markets: +8.71%
- EUR rise vs. USD 10%: -4.32%
- Lehman Brothers bankruptcy 2008: +14.93%
- EUR Fall vs. USD 10%: +4.32%
- Stock rise of 10% in markets: -8.71%

Description of Stress Scenarios

- Recovery of stock markets global 2009: Refers to the recovery of global stock markets followed after unfortunate events that occurred in 2008 that led global stock markets to an abrupt decline.
- Greek Financial Crisis -2015: Athens' resistance through a referendum and at the last minute the agreement to accelerate economic reforms that they had resisted for a long time, imposed by their creditors as an attempt to remain in the Eurozone.
- Oil Hit by War in Libya 2011 – The civil war in Libya that broke out 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 fear of an economic recession in the region. It included the period between August – November 2008.
- Fall in oil prices May 2010: The price of oil fell 20% due to uncertainty over how European nations would reduce budget deficits in the face of an imminent 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 USA 2011: crisis that led to the credit downgrade in the USA. This stress scenario describes a 17-day period beginning on 7/22/2011 when the market began to react to the debt ceiling impasse. 8/8/2011 is the first business day after the credit rating downgrade announcement.
- 10% drop in stock markets: The markets stock-global, American, European, Asian and Japanese leading to a 10% fall in the market propagating a correlation shock.
- EURO currency rise 10% vs. USD: fall spread to other currencies and equity factors due to correlation.
- Lehman Bankruptcy Brothers – 2008: Fall of the mortgage credit giant in 2008 in the period from September to October 2008.
- EURO currency fall 10% vs. USD: fall spread to other currencies and equity factors due to correlation.
- 10% rise in stock markets: The markets stock-global, American, European, Asian and Japanese leading a 10% rise in the market propagating a correlation shock.

*Price risk*

It is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, regardless of whether they are caused by specific factors relating to the particular instrument or its issuer, or by factors affecting all securities traded in the market.

The Company is exposed to the price risk of equity or debt instruments classified as at fair value through other comprehensive income. To manage the price risk that arises from investments in equity or debt instruments, the Company diversifies its portfolio, based on 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 the fair value. All financial instruments at fair value are categorized into one of the three levels of the hierarchy.

- **Level 1**- Prices quoted 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 primary or best market in which the transaction could be conducted and considers the assumptions that a trading participant 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 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.

Investments at fair value through profit or loss and through other comprehensive income are recorded at fair value, based on quoted market prices when available, or if not available, based on discounted future flows. using market rates in accordance with the quality of the credit and maturity of the investment. When 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 are used. valuation mainly discounted cash flow models. These types of securities are classified within level 2 of the fair value hierarchy.

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

| **2023** | **Value in books** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| *Financial assets measured at fair value:* | | | | | |
| Values through to profit and loss | - | - | - | - | - |
| Values through to others comprehensive income | 1,725,558 | 982,908 | 647,014 | 95,636 | 1,725,558 |
| *Financial assets not measured at fair value:* | | | | | |
| Values at amortized cost | 6,839 | - | - | 6,839 | 6,839 |
| Purchase operations with resale agreement | 509,000 | 658,853 | - | - | 658,853 |
| Margin loans at amortized cost | - | - | - | - | - |
| | 2,241,397 | 1,641,761 | 647,014 | 102,475 | 2,391,250 |
| *Financial liabilities measured at fair value* | | | | | |
| Financial liabilities indexed to securities | - | - | - | - | - |
| *Financial liabilities not measured at fair value* | | | | | |
| Obligations for financing | 1,861,918 | - | - | 1,861,805 | 1,861,805 |
| | 1,861,918 | - | - | 1,861,805 | 1,861,805 |

| 2022 | **Value in books** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| *Financial assets measured at fair value:* | | | | | |
| Values through to profit and loss | 446,117 | 446,117 | - | - | 446,117 |
| Values through to others comprehensive income | 1,440,609 | 684,487 | 668,486 | 87,636 | 1,440,609 |
| *Financial assets not measured at fair value:* | | | | | |
| Values at amortized cost | 6,839 | - | - | 6,839 | 6,839 |
| Purchase operations with resale agreement | 672,021 | 865,610 | - | - | 865,610 |
| Margin loans at amortized cost | 202,127 | - | - | 202,097 | 202,097 |
| | 2,767,713 | 1,996,214 | 668,486 | 296,572 | 2,961,272 |
| *Financial liabilities measured at fair value* | | | | | |
| Financial liabilities indexed to securities | 451,676 | 451,676 | - | - | 451,676 |
| *Financial liabilities not measured at fair value* | | | | | |
| Obligations for financing | 1,861,918 | - | - | 1,861,816 | 1,861,816 |
| | 2,313,594 | 451,676 | - | 1,861,816 | 2,313,492 |

The table below describes the valuation techniques, the input data used and the significant unobservable input data in measuring the fair value of instruments classified as Level 2 and 3 as of December 31, 2023 and 2022:

| Financial instrument | Valuation technique and input data used |
|---|---|
| **Measured at fair value:** | |
| Values through to other comprehensive income | The fair value is determined using prices provided by Bloomberg.<br><br>The fair value of the level 3 portfolio, Copernicus Fund, is determined by the fund itself, and the price indicated by the custodian Safra Sarasin Switzerland is taken as a reference. |
| **Not measured at fair value:** | |
| Margin loans at amortized cost | The fair value of margin loans for disclosure purposes is based on discounted cash flows using a lending rate of 7.58% (2022: 6.91%) which represents the average lending rate of the Panama financial system. As of the end of the 2023 period, there are no margin loans in force. |
| Financing obligations | The fair value of the financing obligations for disclosure purposes is based on discounted cash flows using a lending rate of 7.58% (2022: 6.91%) which represents the average lending rate of the financial system of Panama. |

The table below describes the valuation techniques, input data used and significant unobservable input data in measuring the fair value of instruments classified as Level 3 as of December 31, 2023:

| Financial instrument | Valuation technique and input data used | Significant unobservable input data | Sensitivity of fair value measurement to significant unobservable input |
|---|---|---|---|
| Equity shares | Discounted cash flows | The discount rate used to discount the flows includes the share price subject to the last transaction date. | The higher the discount rate, the lower the market value. |

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

## 5. Cash and deposits at banks

Cash and deposits at banks are made up of the following:

| | **2023** | 2022 |
|---|---|---|
| Cash | 200 | 200 |
| Balances at banks | | |
| Local demand deposit | 657,494 | 142,560 |
| Foreign demand deposit | 1,204,631 | 435,269 |
| Term deposit certificates | 250,000 | 250,000 |
| | 2,112,325 | 828,029 |
| More: Accrued interest receivable | 1,276 | 2,360 |
| Total Cash and deposits at banks | 2,113,601 | 830,389 |

The fixed-term certificates of deposit earn an annual interest rate of 4.90% (2022: 2.25% and 4.25%), maturing on November 20, 2024.

## 6. Securities at fair value through profit or loss

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

| | **2023** | 2022 |
|---|---|---|
| Foreign bonds as collateral for other operations | - | 445,774 |
| Accrued interest receivable | - | 343 |
| | - | 446,117 |

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

| | **2023** | 2022 |
|---|---|---|
| Balance at the beginning of the year | 446,117 | 859,884 |
| Purchase | 1,034,977 | 39,758 |
| Sales and redemptions | (1,962,868) | (106,296) |
| Changes in values at fair value through profit or loss | 482,116 | (332,816) |
| Earned returns | (342) | (7,574) |
| Reclassifications | - | (6,839) |
| Balance at the end of the year | - | 446,117 |

## 7. Securities at fair value through other comprehensive income

The portfolio of securities at fair value through other comprehensive income is detailed below:

| | **2023** | 2022 |
|---|---|---|
| Foreign shares as collateral for other operations | 795,633 | 756,122 |
| Foreign bonds as collateral for other operations | 999,426 | 688,662 |
| Accrued interest receivable | 4,240 | 4,512 |
| Less: Expected credit loss provision | (73,741) | (8,687) |
| | 1,725,558 | 1,440,609 |

Below is the movement of the values at fair value through other comprehensive income:

| | **2023** | 2022 |
|---|---|---|
| Balance at the beginning of the year | 1,440,609 | 1,282,641 |
| Purchase | 24,482,527 | 11,828,650 |
| Sales and redemptions | (24,295,089) | (11,206,842) |
| Changes in values at fair value through other comprehensive income | 162,837 | (465,486) |
| Earned returns | (272) | 1,646 |
| Expected credit loss provision | (65,054) | - |
| Balance at the end of the year | 1,725,558 | 1,440,609 |

As of December 31, 2023, management calculated expected credit losses at fair value through other comprehensive income. This portfolio is composed 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 market value weighted and instantly convertible.

During the period ended December 31, 2023, the Company recorded an unrealized net gain of B/.162,837 (unrealized net loss 2022: B/.465,486) as a result of the valuation at fair market value of the Securities Portfolio of Debt for Marketing -TVD “T” Portfolio, which were recorded in the results by financial instruments at fair value in the income statement.

## 8. Values at amortized cost, net

The values at amortized cost are detailed below:

| | **2023** | 2022 |
|---|---|---|
| National stocks in long-term operation | 6,839 | 6,839 |
| PDVSA 26, expiring November 15, 2026 | - | - |
| VZLA 11.95 expiring August 5, 2031 | - | - |
| VZLA 9.25 due September 15, 2027 | - | - |
| Total | 6,839 | 6,839 |
| Less: Expected credit loss provision | - | - |
| Total | 6,839 | 6,839 |

The movement of values at amortized cost is detailed below:

| | **2023** | 2022 |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Expense for provision for impairment in securities amortized cost | - | - |
| Balance at the end of the year | - | - |

The following table shows a reconciliation of the beginning and ending balances for the period as of December 31, 2023, of the provision for loss in financial assets. The comparative amounts as of December 31, 2023 represent the reserve for loss on financial assets under IFRS 9:

| | **2023** | 2022 |
|---|---|---|
| Balance at the beginning of the year | - | - |
| Write offs | - | - |
| Provision expense | - | - |
| Balance at the end of the year | - | - |

## 9. Purchase operations with resale agreement

The purchase operations with a future sale agreement are detailed below:

| | **2023** | 2022 |
|---|---|---|
| Treasury securities of the United States of America | 509,000 | 672,021 |

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

| | **2023** | 2022 |
|---|---|---|
| Balance at the beginning of the year | 672,021 | 1,232,803 |
| Purchase | 509,000 | - |
| Sales | (672,021) | (560,782) |
| Balance at the end of the year | 509,000 | 672,021 |

## 10. Margin loans at amortized cost, net

Margin loans at amortized cost are detailed below:

| | **2023** | 2022 |
|---|---|---|
| Related parties | - | 202,127 |
| Other costumers | - | - |
| | - | 202,127 |
| Less: Expected credit loss provision | - | - |
| More: Interest receivable on margin loans | - | 1,432 |
| | - | 203,559 |

The securities subject to margin lending were mutually transferred to the brokerage house.

As of December 31, 2023, no margin loans are maintained, and the average annual interest rate on margin loans was 8.50% (2022: 8.50%).

The margin loans are guaranteed with a portfolio of securities, as there are no margin loans in force as of December 31, 2023, the portfolio of securities is B/.0.00 (2022: B/.452,956). See Note 6.

## 11. Other accounts receivable, net

The other accounts receivable are detailed below:

| | **2023** | 2022 |
|---|---|---|
| Commissions for stock trading | 37,420 | 33,512 |
| Portfolio custody fees | 642 | 13,592 |
| Other accounts receivable | 405,786 | - |
| Restricted deposits | 50,109 | 50,109 |
| | 493,957 | 97,213 |
| Less: Provision for impairment of deposits | (50,109) | (37,017) |
| | 443,848 | 60,196 |

The Company recognized an expense for impairment of other accounts receivable in 2023 of B/.13,092 (2022: B/.0.00).

## 12. Intangible assets, net

The intangible assets are detailed below:

| **2023** | **Balance at the beginning of the year** | **Additions** | **Withdrawals** | **Balance in the end of the year** |
|---|---|---|---|---|
| **Cost:** | | | | |
| Trademarks and licenses | 19,049 | 2,970 | - | 22,019 |
| Software | 62,681 | 5,030 | - | 67,711 |
| | 81,730 | 8,000 | - | 89,730 |
| **Depreciation and amortization accumulated:** | | | | |
| Trademarks and licenses | 17,184 | 2,607 | - | 19,791 |
| Software | 59,303 | 1,435 | - | 60,738 |
| | 76,487 | 4,042 | - | 80,529 |
| **Net value** | 5,243 | 3,958 | - | 9,201 |

| 2022 | **Balance at the beginning of the year** | **Additions** | **Withdrawals** | **Balance in the end of the year** |
|---|---|---|---|---|
| Cost | 79,244 | 2,486 | - | 81,730 |
| Depreciation and amortization accumulated | 67,468 | 9,019 | - | 76,487 |
| Net value | 11,776 | (6,533) | - | 5,243 |

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

## 13. Furniture, equipment, and improvements, net

The furniture, equipment and improvements are presented below:

| **2023** | **Balance at the beginning of the year** | **Additions** | **Withdrawlas** | **Balance in the end of the year** |
|---|---|---|---|---|
| **Cost:** | | | | |
| Furniture and equipment | 11,352 | - | - | 11,352 |
| Property improvements | 40,089 | 23,558 | - | 63,647 |
| Computer equipment | 60,976 | - | - | 60,976 |
| | 112,417 | 23,558 | - | 135,975 |
| **Depreciation and amortization accumulated:** | | | | |
| Furniture and equipment | 9,160 | 720 | - | 9,880 |
| Property improvements | 22,031 | 6,104 | - | 28,135 |
| Computer equipment | 58,860 | 1,003 | - | 59,863 |
| | 90,051 | 7,827 | - | 97,878 |
| **Net value** | 22,366 | 15,731 | - | 38,097 |

| 2022 | **Balance at the beginning of the year** | **Additions** | **Withdrawlas** | **Balance in the end of the year** |
|---|---|---|---|---|
| Cost | 91,799 | 20,618 | - | 112,417 |
| Depreciation and amortization Accumulated | 82,890 | 7,161 | - | 90,051 |
| Net value | 8,909 | 13,457 | - | 22,366 |

## 14. Right-of-use assets, net

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

| **Cost:** | **2023** | 2022 |
|---|---|---|
| At the beginning of the year | 788,691 | 788,691 |
| New contracts | - | - |
| Withdrawal to contracts | (248,409) | - |
| At the end of the year | 540,282 | 788,691 |
| **Accumulated depreciation:** | | |
| At the beginning of the year | (136,177) | (68,088) |
| Expenditure of the year | (71,877) | (68,089) |
| Accumulated depreciation adjustment | (23,495) | - |
| Total accumulated depreciation | (231,549) | (136,177) |
| At the end of the year | 308,733 | 652,514 |

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

## 15. Other assets

Other assets are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deposits granted as guarantee | 51,840 | 51,840 |
| Prepaid expenses | 13,153 | 12,203 |
| Deferred taxes | 3,925 | 3,925 |
| Salary advance | - | 1,829 |
| | 68,918 | 69,797 |

## 16. Financing obligations

The financing obligations are detailed below:

| | 2023 | 2022 |
|---|---|---|
| **Amicorp Bank and Trust Limited** | | |
| Loan authorized for the acquisition of securities at an interest rate of 0.5% with an active portfolio guarantee, without a maturity date. | 1,861,918 | 1,861,918 |

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

| | 2023 | 2022 |
|---|---|---|
| Balance at the beginning of the year | 1,861,918 | 1,977,471 |
| New obligations | 551,136 | 2,614,914 |
| Cancellation of obligations | (551,136) | (2,730,467) |
| Balance at the end of the year | 1,861,918 | 1,861,918 |

As of December 31, 2023, the interest accrued and accumulated payable on financing obligations with Amicorp Bank and Trust Limited amounts to B/.18,930 (2022: B/.9,516) and no interest accrued with Interactive Brokers is maintained.

## 17. Financial liabilities indexed to securities

As of December 31, 2023, the Company does not have obligations resulting from contracts with third parties that require borrowing securities with the commitment to return B/.0.00 on an agreed date (2022: B/.451,676).

Financial liabilities indexed to securities are detailed below:

| | 2023 | 2022 |
|---|---|---|
| Financial liabilities indexed to securities | - | 445,774 |
| Accrued interest payable | - | 5,902 |
| | - | 451,676 |

## 18. Lease liability

The movement of the lease liability is detailed below:

| | **2023** | 2022 |
|---|---|---|
| Future Minimum Lease Payments | 703,974 | 755,281 |
| New contracts | - | - |
| Interest on lease liabilities | 13,782 | 47,050 |
| Lease liability adjustments | (271,904) | - |
| Payments made | (98,357) | (98,357) |
| Present value of minimum lease payments | 347,495 | 703,974 |

As of December 31, 2023, the Company has recognized interest expenses on its lease liability for B/.13,782 (2022: B/.47,050) as part of its financial expenses in the income statement.

## 19. Accounts payable

Accounts payable are detailed below:

| | **2023** | 2022 |
|---|---|---|
| Commissions payable to third parties | - | - |
| Creditors, goods and services | 76,169 | 28,232 |
| | 76,169 | 28,232 |

## 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:

| | **2023** | 2022 |
|---|---|---|
| **Assets:** | | |
| Margin Loans | - | 202,127 |
| Interest receivable on margin loans | - | 1,432 |
| Right-of-use assets | 308,733 | 652,514 |
| | 308,733 | 856,073 |
| **Liabilities:** | | |
| Lease liability | 347,495 | 703,974 |
| **Revenue:** | | |
| Interest earned on margin loans | 3,886 | 28,916 |
| Trading commissions earned | 3,566 | 39,209 |
| Commissions for advisory services | - | 234,579 |
| Intermediation income | 894 | - |
| | 8,346 | 302,704 |
| **Expenses:** | | |
| Intermediation expenses | 217 | - |
| Depreciation of the right-of-use assets | 71,878 | 68,089 |
| Interest on lease liabilities | 13,782 | 47,050 |
| Per Allowance for directors | 194,000 | 306,400 |
| Consulting fees | 69,600 | - |
| | 349,477 | 421,539 |

Accounts payable – shareholders were paid in full in the 2022 period.

## 21. Provision for seniority premium and compensation

Provision for seniority premium and compensation is detailed as follows:

| | **2023** | 2022 |
|---|---|---|
| Seniority premium | 35,042 | 29,272 |
| Other labor provisions | 119,174 | 99,553 |
| | 154,216 | 128,825 |

## 22. Share capital

The Company's shareholding structure is detailed as follows:

| | **2023** | 2022 |
|---|---|---|
| The authorized Share Capital of the shareholders amounts to the sum of B/.6,000,000 (2022: B/.5,000,000); Consisting of 6,000,000 common nominative shares with a nominal value of B/.1.00 each. All shares are issued and in circulation. It is authorized and formalized by deed No.1841 of January 25, 2023, increase in share capital for B/.1,000,000 | 6,000,000 | 5,000,000 |

## 23. Professional fees

The details of professional fees is detailed below:

| | **2023** | 2022 |
|---|---|---|
| Consulting and other contracted services | 219,560 | 150,440 |
| Technology support and services | 57,568 | 53,751 |
| Information services | 46,185 | 44,137 |
| External audit and consulting | 26,845 | 27,535 |
| Manuals and corporate strategies | 1,521 | - |
| Cleaning services | 135 | 20 |
| | 351,814 | 275,883 |

## 24. Other administrative expenses

The detail of other administrative expenses is detailed as follows:

| | **2023** | 2022 |
|---|---|---|
| Legal and notarial expenses | 114,303 | 144,482 |
| Contributions to other institutions | 131,800 | 24,400 |
| Subscriptions | 16,841 | 14,811 |
| Insurance | 14,233 | 12,075 |
| Parking fees | 12,875 | 12,250 |
| Taxes and other contributions | 28,509 | 1,265 |
| Restaurant and lodging expenses | 4,794 | 3,100 |
| Materials | 1,756 | 1,522 |
| Vehicle maintenance and fuel | 821 | 1,460 |
| Other general expenses | 1,159 | 679 |
| Messenger service | 194 | 343 |
| | 327,285 | 216,387 |

## 25. Income tax

For the year 2023, the Company records profits and for the year 2022, the Company generated tax losses, considering that it maintains an accumulated fiscal deficit at the end of 2023, no provision for income tax was recorded.

The income tax rate for the end of December 2023 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 may be.

## 26. Regulatory framework (Financial ratios)

Agreement No.4-2011 of June 27, 2011, establishes rules on adequate capital, solvency ratio, capital funds, liquidity coefficient and credit risk concentrations that must be addressed by the Brokerage Houses regulated by the Superintendency of Market Securities 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 Minimum Total Capital Required 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 Liquidity Coefficient of Brokerage Houses of Chapter Six whose validity as of January 1, 2012, and the Agreement No.8-2013 of September 30, 2013, the entry into force of Agreement No.4-2011 is extended, as of 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 is responsible for monitoring compliance with minimum capital requirements. The Company's policies on capital management are to maintain capital, which can sustain the future growth of the business. The Company recognizes the need to maintain a balance between returns to shareholders and the capital adequacy required by the regulatory entity.

As of December 31, 2023, the Company maintained assets suitable for compliance with the liquidity ratio for an amount of B/.3,385,991 (2022: B/.2,692,340), which exceed current liabilities of B/.2,338,927 (2022: B/.3,083,634).

The Company maintains a capital fund detailed below:

| | **2023** | 2022 |
|---|---|---|
| Capital required by the regulator | 350,000 | 350,000 |
| **Capital fund:** | | |
| Capital fund amount | 6,000,000 | 5,000,000 |
| Right-of-use assets, net | (308,733) | (652,514) |
| Furniture, equipment and improvements, net | (38,097) | (22,366) |
| Intangible asset, net | (9,201) | (5,243) |
| Fair value reserve | (576,577) | (739,414) |
| Accumulated deficit | (2,641,427) | (2,981,359) |
| Account receivable from shareholders and related parties | - | - |
| Other accounts receivable | - | (13,091) |
| Taxes receivable | (55,270) | (82,036) |
| Other assets | (470,779) | (67,968) |
| **Capital funds, net** | 1,899,916 | 436,009 |

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

| 2023 | **According to books** | **Minimum required** |
|---|---|---|
| **Liquidity ratio** | | |
| Assets suitable for liquidity | 3,385,991 | |
| Liabilities due less than one year | 2,338,927 | 30% passive |
| Minimum liquidity ratio required | 144.77% | Short term |
| **Solvency ratio** | | |
| Reported capital amount | 1,899,916 | 350,000 |
| Risk or credit exposure value | 1,075,088 | 8% |
| Solvency ratio | 176.72% | |
| **Capital fund** | | |
| Capital fund amount reported | 1,899,916 | 350,000 |
| Amount of capital required | 362,014 | 362,014 |

| 2022 | **According to books** | **Minimum required** |
|---|---|---|
| **Liquidity ratio** | | |
| Assets suitable for liquidity | 2,692,340 | |
| Liabilities due less than one year | 3,083,634 | 30% passive |
| Minimum liquidity ratio required | 87.31% | Short term |
| **Solvency ratio** | | |
| Reported capital amount | 436,009 | 350,000 |
| Risk or credit exposure value | 882,495 | |
| Solvency ratio | 49.31% | 8% |
| **Capital fund** | | |
| Capital fund amount reported | 436,009 | 350,000 |
| Amount of capital required | 361,512 | 361,512 |

**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 standards and their modalities, we present the following information as of 31 December:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| **Solvency ratio - minimum 8%** | | | | |
| The solvency ratios of the Company have been: | | | | |
| Minimum | 48.61% | 01/06/2023 | 26.13% | 05/06/2022 |
| Maximum | 193.49% | 11/24/2023 | 88.16% | 01/07/2022 |
| At the closure | 176.72% | 12/31/2023 | 49.41% | 12/31/2022 |
| **Capital funds – net** | | | | |
| The fund balances of the Company have been: | | | | |
| Minimum | 442,616 | 01/06/2023 | 220,800 | 05/06/2022 |
| Maximum | 1,964,011 | 12/15/2023 | 811,044 | 01/14/2022 |
| At the closure | 1,899,916 | 12/31/2023 | 436,009 | 12/31/2022 |

In addition to the minimum regulatory capital of B/.350,000, the Company must have 0.04% of the amount of securities in custody, by custodians domiciled in jurisdictions recognized by the Superintendency of Market Securities of Panama and which at the close of December 31, 2023 represented an additional capital amount of B/.10,088 (2022: B/.9,385); 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 Market Securities of Panama and which at the close of December 31, 2023 represented an additional amount of capital of B/.1,926 (2022: B/.2,127).

The minimum regulatory capital surplus as of December 31, 2023 is B/.362,014 (2022: B/.361,512), an amount with which the Company has complied and exceeded.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| **Liquidity ratio – minimum 10%** | | | | |
| The liquidity ratios of the Company have been: | | | | |
| Minimum | 86.90% | 01/06/2023 | 66.38% | 05/06/2022 |
| Maximum | 144.77% | 12/31/2023 | 87.31% | 12/30/2022 |
| At the closure | 144.77% | 12/31/2023 | 87.31% | 12/31/2022 |

Brokerage houses are required to comply with capital adequacy standards and their modalities as established by Agreement 4-2011 of June 27, 2011 of the Superintendency of Market Securities of Panama.

### 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 a situation of concentration when the accumulated value of these risks exceeds ten percent (10%) of the total value of your capital funds.

In any case, the value of all the risks that a brokerage firm incurs and maintains with the same issuer, client or group of issuers or clients related to each other, may not exceed thirty percent (30%) of the total value of its funds. of capital. Nor may the set of concentration situations of a brokerage firm exceed eight times the value of the Company's capital funds.

As of December 31, 2023, the Company did not report concentration of credit risk with related issuers or 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 third-party custody is detailed below:

| | **2023** | 2022 |
|---|---|---|
| Local custody securities | 12,244,351 | 16,830,010 |
| International custody securities | 9,721,374 | 6,624,442 |
| Cash International Custody | 112,924 | 207,783 |
| Local bank cash | 416,723 | 42,951 |
| Local custody cash | 139,925 | 151,815 |
| Cash at international banks | 4,511,063 | 1,731,966 |
| | 27,146,360 | 25,588,967 |

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

## 28. Management plans

The accompanying financial statements have been prepared on a going concern basis that contemplate the realization of assets and satisfaction of liabilities in the normal course of business. During the years ended December 31, 2023 and 2022, the Company has incurred an accumulated deficit of B/.2,641,427 and B/.2,981,359 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 regulations in Panama.

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

The Company is searching for new market niches and attracting institutional clients.

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

## 29. Subsequent events

The Company authorizes and formalizes by deed No.2572 of February 15, 2024, change of corporate name to Avanza Casa de Valores S. A., in addition, the tenth clause of the articles of incorporation is modified, so that the position of Vice President of the company is eliminated and the positions held by the Dignitaries and members of the Board of Directors of the company are approved and ratified. On March 1, 2024, Mr. Erwin Kurt Thomas assumes the position of Chief Executive of Avanza Casa de Valores S. A.

FOR MORE INFORMATION:

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