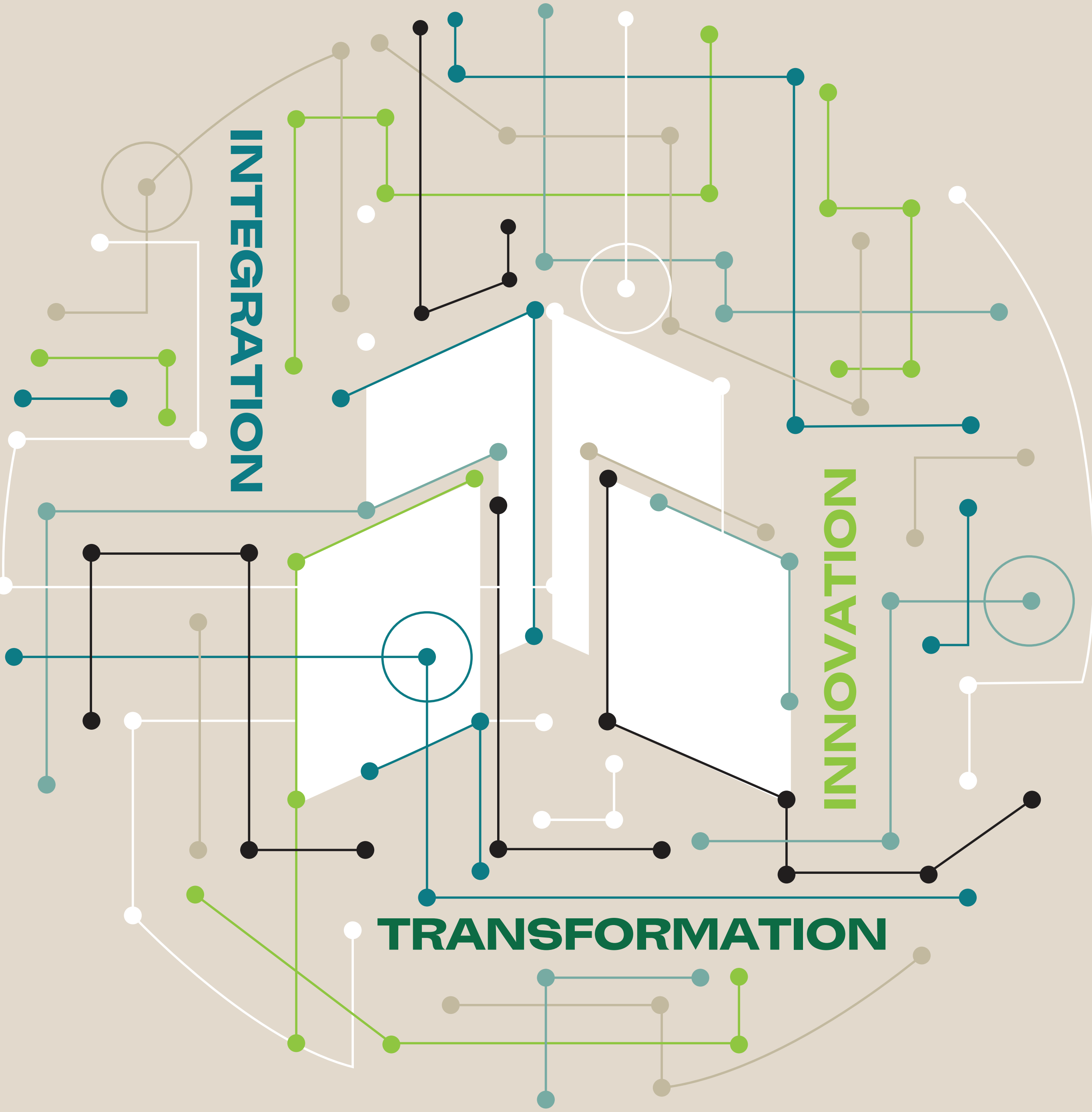
CONSOLIDATED FINANCIAL STATEMENTS 2023



MetroBank
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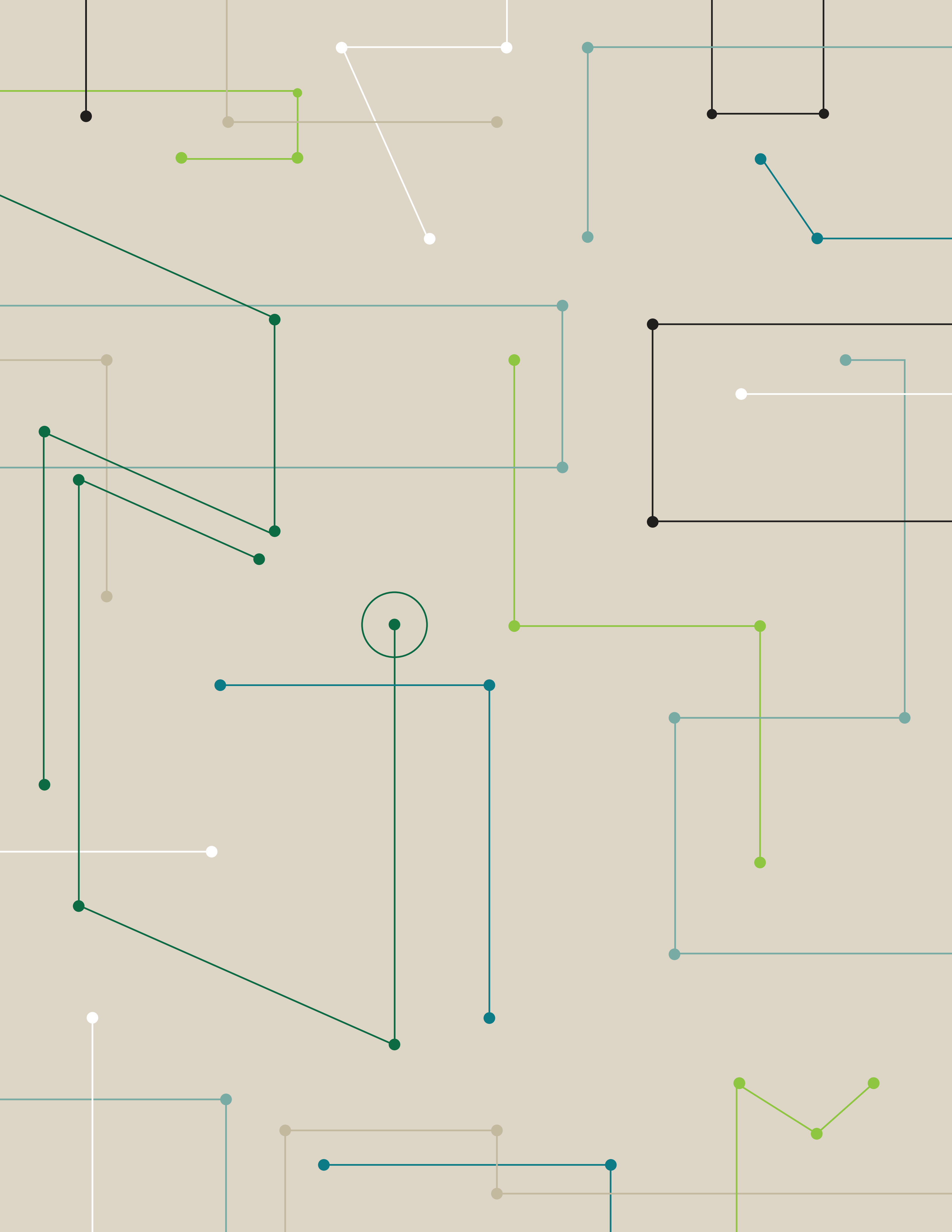

METROBANK, S. A.
AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Financial Statements

As of December 31, 2023

(With Independent Auditors' Report)

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

(FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION)

METROBANK, S.A. AND SUBSIDIARIES
(Panama, Republic of Panama)

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(FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder
Metrobank, S. A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Metrobank, S. A. and Subsidiaries (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matter

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

Loss allowance for loan
See Notes 3(g), 4 and 11 to the consolidated financial statements

Key Audit Matter	How the key matter was addressed in our audit
The loss allowance for loans at amortized cost is considered one of the most significant matters because it requires the use of judgments and subjective assumptions made by management in the construction of the expected credit loss ("ECL") model. The gross loan at amortized cost portfolio represents 61% of the Bank's total assets. The loss allowance for loans comprises the ECL as a result of the loan rating model and the mechanism used to determine the loans' probability of default according to the impairment stage assigned. The model to estimate the ECL is determined according to the grouping of loans with similar credit risk characteristics. The methodology contains estimates of the probability of default of payment, loss given default, prospective analysis, exposition at default and the evaluation of whether or not there has been a significant increase in the credit risk of the loans. These estimates involve the application of important judgments in the methodology. This constitutes a challenge from an audit perspective, due to the complexity in estimating the components used to calculate and apply management's judgment.	Our audit procedures, considering the use of specialists, included: • We evaluated the key controls over delinquency calculations. • Accuracy review of customer and model information, and the methodologies used. • For a sample of corporate loans, classified by type of activity or industry, the respective credit files were inspected, including the financial information of the debtors, the values of guarantees, determined by independent appraisers, that support credit operations and other factors that could represent an event that causes losses, to determine the reasonableness of the credit risk rating assigned by the Bank. • The Bank's ECL methodologies were evaluated to determine whether they complied with the requirements outlined in IFRS 9 Financial Instruments. This was achieved through the inspection of policies, manuals, and methodologies documented and approved by the Bank's corporate governance. • We performed an independent assessment of the inputs used in the corporate loans methodologies and recalculated according to the estimation model of ECL for the mentioned methodology. Additionally, a recalculation of the ratings granted by the Bank to its debtors was carried out in accordance with the Bank's methodology. • Management's applied judgments on assumptions related to the current economic conditions and the considerations on the forward-looking assessment that may change the ECL level were evaluated, based on our experience and industry knowledge.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of expressing an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has been subject to the audit procedures applied during the audit of the consolidated financial statements and, in our opinion, is presented fairly in all material respects, in relation to the consolidated financial statements as a whole.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal information requirements

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

- The direction, execution, and supervision of this audit work has been carried out physically in Panamanian territory.
- The engagement partner of the audit resulting in this independent auditors' report is Alexis Muñoz Giroldi.
- The engagement team that participated in the group audit to which this report refers, was Alexis Muñoz Giroldi, Partner and Rachell Cerrud, Manager.

KPMG (SIGNED)

ALEXIS MUÑOZ GIROLDI (SIGNED)

Panama, Republic of Panama
March 27, 2023

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

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Financial Position

December 31, 2023

(Expressed in Balboas)

	Note	2023	2022
Assets			
Cash and cash equivalents	7	4,170,806	4,095,738
Deposits with banks at amortized cost:			
Demand deposits - local		14,821,067	10,250,960
Demand deposits - foreign		75,156,300	86,050,413
Time deposits - local		47,552,917	44,539,992
Less: Allowance for losses in deposits with banks		3,958	4,541
Total deposits with banks at amortized cost		137,526,326	140,836,824
Total cash, cash equivalents and deposits with banks		141,697,132	144,932,562
Investments in securities, net	8	481,894,163	456,075,131
Securities purchased under resale agreements at amortized cost	9	8,625,439	6,228,662
Investment in associated	6, 10	173,922	0
Loans and interest receivable		1,174,197,448	1,154,511,618
Less:			
Allowance for loan losses		14,023,836	19,018,625
Interests, costs and unearned commissions		59,903,211	57,153,472
Loans at amortized cost	6,11	1,100,270,401	1,078,339,521
Property, furniture, equipment and property improvements, net	12	20,260,177	19,794,489
Right-of-use assets, net	13	1,861,821	2,136,088
Prepaid expenses		1,486,658	3,385,515
Goodwill	14	10,134,152	10,134,152
Deferred income tax, net	27	0	655,632
Assets held for sale	15	15,283,244	13,468,543
Other Assets	16	8,887,178	10,990,176
Total other assets		35,791,232	38,634,018
Total assets		1,790,574,287	1,746,140,471

The consolidated statement of financial position should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

	Note	2023	2022
Liabilities and equity			
Liabilities:			
Customers deposits at amortized cost			
Demand deposits - local		84,551,543	113,071,055
Demand deposits - foreign		7,325,683	5,292,098
Savings deposits - local		186,934,376	140,557,679
Savings deposits - foreign		16,866,098	18,210,222
Time deposits - local		974,315,148	909,597,926
Time deposits - foreign		66,575,605	44,612,990
Time deposits from banks - local		11,026,573	29,029,920
Total deposits from customers and banks at amortized cost	6	1,347,595,026	1,260,371,890
Borrowings at amortized cost	17	152,628,816	206,140,778
Marketable commercial securities at amortized cost	18	11,875,715	10,060,887
Lease liabilities	19	2,015,328	2,268,022
Securities sold under repurchase agreements at amortized cost	20	30,489,979	35,364,485
Other liabilities:			
Cashier's and certified checks		3,244,343	3,546,269
Deferred income tax, net	27	298,513	0
Other liabilities	21	17,788,577	17,741,156
Total other liabilities		21,331,433	21,287,425
Total liabilities		1,565,936,297	1,535,493,487
Equity:			
Common shares	22	103,000,000	103,000,000
Prefered shares	23	20,000,000	20,000,000
Valuation reserve for investments		(4,391,583)	(6,942,360)
Regulatory reserves		30,604,114	25,320,471
Other reserves		3,492,831	3,492,831
Retained earnings		71,932,628	65,776,042
Total equity		224,637,990	210,646,984
Commitments and contingencies	25		
Total liabilities and equity		1,790,574,287	1,746,140,471

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Profit or Loss

For the year ended at December 31, 2023

(Expressed in Balboas)

	Note	2023	2022
Interest income			
Interest earned on:			
Loans	6	89,350,381	75,386,439
Deposit with banks		3,369,913	785,783
Investments		37,522,582	20,536,881
Total interest income		130,242,876	96,709,103
Interest expenses on:			
Deposits	6	53,811,754	41,578,394
Borrowings		17,078,610	7,540,643
Marketable commercial securities		634,398	348,015
Lease liabilities		84,509	124,692
Total interest expenses		71,609,271	49,591,744
Net interest income		58,633,605	47,117,359
Reverse of provision for losses in deposits with banks	4	(583)	(775)
Provision for investment securities losses	4	574,775	535,575
Provision for loan losses	4	9,214,595	8,063,789
Impairment in assets held for sale	15	40,481	17,894
Provision for other account receivable losses	4	49,579	0
Provision (reverse) for off-balance sheet operations	4	97	(926)
Net interest income, after provisions		48,754,661	38,501,802
Other income (expenses):			
Other commissions earned	24	7,590,887	6,483,240
Gain in securities, net	8	526,407	223,620
Dividends earned		402,943	493,176
Other income		5,698,779	4,878,789
Commission expenses		(7,303,028)	(5,021,931)
Total other income, net		6,915,988	7,056,894
General and administrative expenses:			
Salaries and other employee expenses	6	18,464,329	16,168,727
Depreciation and amortization	12, 13, 16	3,571,235	3,397,856
Taxes		2,557,329	2,280,645
Technology support		1,974,736	1,628,589
Fees and professional services	6	1,918,185	2,364,356
Electricity, water and communications services		878,559	715,995
Maintenance and repairs		624,645	732,991
Advertising and publicity		750,531	943,135
Others		2,300,513	1,965,465
Total general and administrative expenses		33,040,062	30,197,759
Profit before tax		22,630,587	15,360,937
Equity participation in associate	10	(126,078)	0
Net income before income tax		22,504,509	15,360,937
Income tax, net	27	(2,289,516)	(3,736,239)
Net income		20,214,993	11,624,698

The consolidated statement of profit or loss should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Other Comprehensive Income

For the year ended at December 31, 2023

(Expressed in Balboas)

	Note	2023	2022
Net income		20,214,993	11,624,698
Other comprehensive income (loss)			
Items that will not be reclassified to the consolidated statement of profit or loss:			
Net changes in revaluation of investments on capital instruments - Equity investments at FVOCI	8	(16,395)	4,160
		(16,395)	4,160
Items that are or may be reclassified to the consolidated statement of profit or loss:			
Net realized gain on securities at FVOCI transferred to profit or loss	8	(242,457)	(4,919)
Net changes in fair value of securities at FVOCI		2,809,629	(6,303,760)
		2,567,172	(6,308,679)
Total other comprehensive income (loss) for the year		2,550,777	(6,304,519)
Total comprehensive income for the year		22,765,770	5,320,179

The consolidated statement of other comprehensive income should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

METROBANK, S. A. Y SUBSIDIARIAS
(Panama, Republic of Panama)

Consolidated Statement of Changes in Equity

For the year ended at December 31, 2023

(Expressed in Balboas)

				Other Reserves			
	Note	Common shares	Preferred shares	Reserve of investments valuation	Property revaluation Surplus	Option plan Valuation	Total other reserves
Balance at December 31, 2021		103,000,000	0	(637,841)	3,492,831	129,096	3,621,927
Net income		0	0	0	0	0	0
Other comprehensive income (loss):							
Net realized gain transferred to profit or loss	8	0	0	(4,919)	0	0	0
Net changes in fair value of securities at FVOCI		0	0	(6,299,600)	0	0	0
Total of other comprehensive income		0	0	(6,304,519)	0	0	0
Total of comprehensive income (loss)		0	0	(6,304,519)	0	0	0
Transactions attributable to shareholder:							
Issuance of preferred shares	23	0	20,000,000	0	0	0	0
Dividends paid on Common Shares	22	0	0	0	0	0	0
Dividends paid on Prefered Shares	23	0	0	0	0	0	0
Complementary tax		0	0	0	0	0	0
Stock option plan valuation		0	0	0	0	(129,096)	(129,096)
Total transactions attributable to shareholder		0	20,000,000	0	0	(129,096)	(129,096)
Other transactions in equity:							
Regulatory provision on assets management		0	0	0	0	0	0
Credit regulatory reserve		0	0	0	0	0	0
Regulatory reserve of generic provision		0	0	0	0	0	0
Regulatory reserve on foreclosed assets		0	0	0	0	0	0
Total of other transactions in equity		0	0	0	0	0	0
Balance at December 31, 2022	21	103,000,000	20,000,000	(6,942,360)	3,492,831	0	3,492,831
Net income		0	0	0	0	0	0
Other comprehensive income:							
Net realized gain transferred to profit or loss	8	0	0	(242,457)	0	0	0
Net changes in fair value of securities at FVOCI		0	0	2,793,234	0	0	0
Total of other comprehensive income		0	0	2,550,777	0	0	0
Total comprehensive income		0	0	2,550,777	0	0	0
Transactions attributable to shareholder:							
Dividends paid on Common Shares	22	0	0	0	0	0	0
Dividends paid on Prefered Shares	23	0	0	0	0	0	0
Complementary tax		0	0	0	0	0	0
Total transactions attributable to shareholder		0	0	0	0	0	0
Other transactions in equity:							
Regulatory provision on assets management		0	0	0	0	0	0
Reserve on capital instruments		0	0	0	0	0	0
Dynamic provision		0	0	0	0	0	0
Credit regulatory reserve		0	0	0	0	0	0
Regulatory reserve on foreclosed assets		0	0	0	0	0	0
Total of other transactions in equity		0	0	0	0	0	0
Balance at December 31, 2023	22	103,000,000	20,000,000	(4,391,583)	3,492,831	0	3,492,831

The consolidated Statement of changes in equity should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

Regulatory reserves								
Assets management	Foreclosed assets	Dynamic provision	Excess regulatory credit reserve	Reserve on capital instruments	Generic provision	Total regulatory reserves	Retained earnings	Total equity
233,759	3,267,434	18,373,574	0	0	4,394,241	26,269,008	58,071,495	190,324,589
0	0	0	0	0	0	0	11,624,698	11,624,698
0	0	0	0	0	0	0	0	(4,919)
0	0	0	0	0	0	0	0	(6,299,600)
0	0	0	0	0	0	0	0	(6,304,519)
0	0	0	0	0	0	0	11,624,698	5,320,179
0	0	0	0	0	0	0	0	20,000,000
0	0	0	0	0	0	0	(4,667,639)	(4,667,639)
0	0	0	0	0	0	0	(154,438)	(154,438)
0	0	0	0	0	0	0	(46,611)	(46,611)
0	0	0	0	0	0	0	0	(129,096)
0	0	0	0	0	0	0	(4,868,688)	15,002,216
7,194	0	0	0	0	0	7,194	(7,194)	0
0	0	0	1,228,963	0	0	1,228,963	(1,228,963)	0
0	0	0	0	0	(4,394,241)	(4,394,241)	4,394,241	0
0	2,209,547	0	0	0	0	2,209,547	(2,209,547)	0
7,194	2,209,547	0	1,228,963	0	(4,394,241)	(948,537)	948,537	0
240,953	5,476,981	18,373,574	1,228,963	0	0	25,320,471	65,776,042	210,646,984
0	0	0	0	0	0	0	20,214,993	20,214,993
0	0	0	0	0	0	0	0	(242,457)
0	0	0	0	0	0	0	0	2,793,234
0	0	0	0	0	0	0	0	2,550,777
0	0	0	0	0	0	0	20,214,993	22,765,770
0	0	0	0	0	0	0	(7,263,880)	(7,263,880)
0	0	0	0	0	0	0	(1,611,113)	(1,611,113)
0	0	0	0	0	0	0	100,229	100,229
0	0	0	0	0	0	0	(8,774,764)	(8,774,764)
(13,676)	0	0	0	0	0	(13,676)	13,676	0
0	0	0	0	728	0	728	(728)	0
0	0	1,983,923	0	0	0	1,983,923	(1,983,923)	0
0	0	0	1,695,881	0	0	1,695,881	(1,695,881)	0
0	1,616,787	0	0	0	0	1,616,787	(1,616,787)	0
(13,676)	1,616,787	1,983,923	1,695,881	728	0	5,283,643	(5,283,643)	0
227,277	7,093,768	20,357,497	2,924,844	728	0	30,604,114	71,932,628	224,637,990

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Cash Flows

For the year ended at December 31, 2023

(Expresed in Balboas)

	Notes	2023	2022
Operating activities:			
Net income		20,214,993	11,624,698
Adjustments to reconciled net income to net cash			
from operating activities:			
Depreciation and amortization	12, 13, 15	3,571,235	3,397,856
Provision for loan losses		9,214,595	8,063,789
Provision for investments in securities losses		574,775	535,575
Reverse of provision for losses in deposits with banks		(583)	(775)
Provisión for other account receivable losses		49,579	0
Reverse of provision for off-balance sheet operations		97	(926)
Impairment in assets held for sale	14	40,481	17,894
Stock option plan valuation		0	(129,096)
Gain in securities, net	8	(526,407)	(223,620)
(Gain) Loss on sale and disposal of furniture, equipment and intangible assets		(7,720)	31,941
Loss on sale of foreclosed assets		20,187	0
Equity participation in associate		126,078	0
Income tax, net	26	2,289,516	3,736,239
Net interest and commission income		(58,633,605)	(47,117,359)
Changes in operating assets and liabilities:			
Securities purchased under resale agreements		(2,370,036)	(3,999,999)
Investments in securities at FVTPL		944,101	(491,021)
Loans		(28,845,777)	(101,672,373)
Other assets		(1,869,291)	(7,050,430)
Customers deposits		85,496,611	73,470,583
Other liabilities		1,598,302	3,490,581
Cash generated from operation:			
Interest received		126,311,212	94,241,733
Interest paid		(70,989,016)	(47,997,928)
Dividends earned		402,943	493,176
Income taxes paid		(1,852,904)	(3,147,736)
Net cash flows from operating activities		85,759,366	(12,727,198)
Investing activities:			
Purchase of investments securities	8	(958,574,586)	(325,263,777)
Sale of investments securities		146,648,170	50,688,227
Redemptions of investments securities		791,667,623	156,189,666
Investment in associate		(300,000)	
Sale of property and equipment		25,965	47,009
Sale of foreclosed assets		109,813	
Adquisition of property, equipment and intangible assets	11, 15	(3,566,057)	(5,594,098)
Cash flows from investing activities		(23,989,072)	(123,932,973)
Financing activities:			
Borrowings paid	16	(120,001,604)	(227,078,011)
New borrowings received	16	67,821,644	308,025,689
Securities sold under repurchase agreements		(5,064,677)	34,800,000
Issuance of negotiable commercial securities		16,250,000	5,050,000
Negotiable commercial securities payments		(14,471,000)	0
Lease commitments payments	18	(778,831)	(950,963)
Issuance of prefered shares		0	20,000,000
Complementary tax		100,229	(46,611)
Dividends paid on common shares	21	(7,263,880)	(4,667,639)
Dividends paid on prefered shares	22	(1,611,113)	(154,438)
Cash flows from financing activities		(65,019,232)	134,978,027
Decrease net of cash and cash equivalents		(3,248,938)	(1,682,144)
Cash and cash equivalents at the beginning of the year		143,797,111	145,479,255
Cash and cash equivalents at the end of the year	7	140,548,173	143,797,111

The consolidated statement of cash flows should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

(1) General Information

Metrobank, S. A., was established on May 14, 1991 and started operations on September 1991 and operates in the Republic of Panama with a general license granted by the Superintendency of Banks of Panama (the "Superintendency"), which allows it to perform banking business activities indistinctly in Panama or abroad. Metrobank, S. A. and subsidiaries will be collectively referred to the "Bank".

The Bank is 100% owned by Metro Holding Enterprises, Inc., which in turn is its final controlling company.

The Bank owns and controls the following subsidiaries:

	Activity	Country of Incorporation	Controlling Interest 2023	Controlling Interest 2022
Metro Leasing, S. A.	Financial leasing.	Panama	100%	100%
Metro Asset Management, S.A.	Financial intermediation services and other related activities.	Panama	100%	100%
Financiera Govimar, S.A.	Consumer Loans.	Panama	100%	100%
Corporación Govimar	Consumer loans, subsidiary of Financiera Govimar, S. A.	Panama	100%	100%
Metrotrust, S.A.	Trust business.	Panama	100%	100%
Metrofactoring, S.A.	Factoring business.	Panama	100%	100%
Metro Assets, S.A	Buying, selling, and real estate management.	Panama	100%	100%
Galeradia S.A	Buying, selling, and real estate management. Subsidiary of Metro Assets, S.A.	Panama	100%	100%

Banking operations in Panama are regulated and supervised by the Superintendence according to the law established by Decree Law No. 2 of February 22, 2008 and the rules for its implementation.

The operations of Metro Leasing, S. A., are regulated by the Direction of Financial Enterprises of the Ministry of Commerce and Industry pursuant to Law No. 7 of July 10, 1990 and Executive Decree 76 of July 10, 1996, which regulates Law 7 that regulates the contract for the Financial Leasing of Movable Property.

The operations of Metro Asset Management, S.A., are regulated by the Superintendency of Securities Market of Panama according to the laws established in Decree Law No.1 of July 8, 1999, which was amended by Decree Law No.67 of September 1, 2011 and by Law No.66 of December 9, 2016.

(1) General Information, continued

Also, in accordance with Agreement No.004-2011 of June 27, 2011 issued by the Superintendency of Securities Market of Panama amended by Agreement No. 008-2013 of September 18, 2013, Brokerage Houses must meet capital adequacy standards, solvency ratio, capital funds, liquidity ratio and credit risk concentrations.

The operations of Financiera Govimar, S. A. and Corporación Govimar, are regulated by the Direction of Financial Enterprises of the Ministry of Commerce and Industry according with legislation established in Law No.42 of July 23, 2001, amended by Law No.33 of June 26, 2002 and regulated by Executive Decree 213 of October 26, 2010. Its main source of business constitutes consumer loans granted mainly to retirees and pensioners, employees of the central government, independent and semi-independent entities.

The operations of Metrotrust, S.A., are regulated by the Superintendence of Banks of Panama according to Law No.1 of January 5, 1984, by which regulates the Trust in Panama and adopts other provisions and Law No.21 of May 10, 2017, which establishes the rules for the regulation and supervision of trustees and the trust business and dictates other disposals.

The operations of Metrofactoring, S.A. are regulated by the Commercial Code of the Republic of Panama and by the Civil Code of the Republic of Panama (Law No.2 of August 22, 1916).

The subsidiaries Metro Assets, S.A. and Galeradia, S.A. are dedicated to acquiring, alienating or leasing the real estate that constitutes a guarantee of payment of unpaid loans, in accordance with the provisions of article 101 of the Banking Law and Agreement No. 003-2009.

The main office of the Bank is located at Panama City, Punta Pacífica, Isaac Hanono Misri street, Metrobank Tower, San Francisco township, Panama district, Republic of Panama.

(2) Basis of Preparation

- *Statement of Compliance*

  The Bank's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards).

  These consolidated financial statements were approved by the Audit Committee for the issuance on March 20, 2024 and approved and ratified by Board of Directors on March 27, 2024.

- *Basis of Measurement*

  These consolidated financial statements have been prepared on the historical cost basis or amortized cost, except for securities at fair value through changes in other comprehensive income, securities at fair value through profit or loss and assets held for sale, which are measured at its fair value; foreclosed assets which are measured at the lower of its carrying value and its fair value less costs to sell; and lands and buildings that are measured at their revaluation value.

(2) Basis of Preparation, continued

The Bank recognizes all financial assets at the moment of its initial recognition at his fair value on the date they are settled under.

- *Functional and Presentation Currency*

  These consolidated financial statements are presented in balboas (B/.). The balboa is the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the Dollar of the United States of America (US$). The Republic of Panama does not issue its own paper currency, and in lieu, the Dollar (US$) of the United States of America is used as legal tender and is considered the functional currency of the Bank.

(3) Summary of Material Accounting Policies

The accounting policies detailed below have been applied consistently by the Bank to all years presented in these consolidated financial statements.

(a) Basis of Consolidation

(a.1) Subsidiaries

The Bank has control on a subsidiary when is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns.

The financial statements of subsidiaries described in Note 1, are included in the consolidated financial statements from the date on which it obtains control until the date when control ceases.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of the acquisition or until the effective date of disposal, as appropriate.

(a.2) Investment Entities and Separate Vehicles

The Bank manages and administers assets held in trust funds and other investment vehicles to support investors. The financials statements of these entities do not form part of these consolidated financial statements except when the Bank has control over the entity.

(a.3) Transactions Eliminated on Consolidation

All assets, liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Bank are eliminated in preparing the consolidated financial statements.

(a.4) Investment in Associates

Associates are the entities over which the Bank exercises significant influence but doesn't have control, which generally involving a participation of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, through which the investment is initially recognized at cost, and the book amount is increased or decreased to recognize the investor's participation in the comprehensive income of the associate after the date of acquisition and is decreased by the dividends received."

(3) Summary of Material Accounting Policies, continued

(b) *Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered as active, if the transactions of these assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value is a quoted market price in an active market. In the case that the market for a financial instrument is not considered active, a valuation technique is used. The decision of whether a market is active may include, but is not limited to, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the magnitude of offers and sales. In markets that are not active, the guarantee to get that the price of the transaction provides evidence of fair value or to determine the adjustments to transaction prices that are necessary to measure the fair value of the instrument, requires additional work during the valuation process.

The fair value of a demand deposit is not lower than the amount payable as required, discounted since the first date payment might be required.

The Bank recognized transfers between levels of the fair value hierarchy at the end of the period during which the change occurred.

(c) *Cash and Cash Equivalents*

For purposes of the consolidated statement of cash flows, cash equivalents include demand deposits and time deposits with Bank's with original maturities of three months or less.

(d) *Financial Assets*

The three principal classification categories for financial assets are: measured at fair value with changes in profit or loss (FVTPL), at fair value through changes in other comprehensive income (FVOCI) and at amortized cost (AC).

i. *Financial Assets at fair value with changes in profit or loss (FVTPL)*

Financial assets and liabilities at fair value through profit or loss include:

- Assets and liabilities with contractual cash flows that do not meet the solely payment of principal and interests (hereinafter, "SPPI") criteria;

(3) Summary of Material Accounting Policies, continued

- Assets and liabilities designated directly to FVTPL using this option;

- Accounts receivable (unrealized gains) or accounts payable (unrealized losses) related to derivative financial instruments that are not designated as hedging or that do not qualify for hedge accounting.

Unrealized and realized gains and losses and interests earned on assets and liabilities for trading and financial instruments at FVTPL, are recorded in the consolidated statement of income as profit (loss) on financial instruments at fair value through profit or loss within the caption of gain in values, net.

ii. Financial assets at fair value through changes in other comprehensive income (FVOCI)
These securities include all debt securities not classified as securities at FVTPL or securities at amortized cost. These debt instruments are measured at fair value through changes in other comprehensive income (FVOCI) if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unrealized gains or losses are reported as a net increase or decreases in other comprehensive income ("OCI") in the consolidated statement of changes in stockholder's equity, net until they are realized. Realized gains and losses on the sale of securities are included in profit or loss as sale of securities, net in the consolidated statement of income. For an equity instrument to be designated as measured at FVOCI, the accumulated gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or losses but can be transferred within equity.

iii. Financial assets at amortized cost
Financial assets at amortized cost represent investment securities and loans whose objective is to hold them in order to obtain the contractual cash flows during the life of the instrument. These financial instruments are measured at amortized cost if the following two conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(3) Summary of Material Accounting Policies, continued

Initial recognition of financial instruments

The Bank classifies its financial assets as measured after the assessment of the business model of the Bank to manage financial assets and the contractual cash flows characteristics of financial assets, at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

The Bank classifies all financial liabilities as subsequently measured at amortized cost, except for those liabilities measured at fair value through profit or loss, as a result of hedge accounting, as well as liabilities measured at fair value for non-designated derivatives.

Business model Assessment

The Bank makes an assessment of the objective of the business model in which an asset is held at a portfolio level, because this reflects the way the business is managed, and information is provided to management. The information considered includes:

- The policies and objectives for the portfolio and the performance of those policies in practice. The policies are aligned to management's strategy, which focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- the risks that affect the performance of the business model and how those risks are managed;

- how the performance of the portfolio is evaluated and reported to the Bank's management;

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Assessment of whether contractual cash flows are solely payments of principal and interests (SPPI)

For the purpose of this assessment "principal" is defined as the fair value of the financial asset on initial recognition. The "interest" is defined as consideration of time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and the payment schedule;
- leverage features;
- prepayment and extension terms;
- legal terms that limit the Bank's claim to cash flows;
- changes in the environment that modify the consideration of time value of money.

(3) Summary of Material Accounting Policies, continued

Equity instruments

Equity financial instruments are considered as such, only if they meet the following two conditions:

(a) The instrument does not include contractual obligations for the issuer to:

- Deliver cash or any other financial asset to another entity,
- Exchange financial assets or liabilities to another entity under potential unfavorable conditions to the issuer

(b) If the instrument will or may be liquidated by the issuer through its own equity instruments, then it is:

- A non-derivative instrument that include no contractual obligation for the issuer to deliver a variable number of its own equity instrument or,
- A derivative that will be settled through the issuer as an exchange of a specific amount of cash or any other financial asset for a specific amount of equity instruments.

As consequence an equity instrument is a contract that shows the participation of an entity's assets.

Equity financial instruments can be classified at fair value through profit or loss (FVTPL). They can also be irrevocably classified in the category of fair value through other comprehensive income (FVOCI) but this selection is made based on an investment-by-investment basis.

Equity financial instruments that does not have a quoted price in an active market, may be reliably measured at fair value if:

- The estimate range variability of fair value is not significant for that asset; or
- The probability of various estimates within a range can be reasonably evaluated and used in the fair value estimation.

There are many occasions in which the probability that the variability in the range of the reasonable estimates of the fair value of equity financial instrument that does not have a quoted price may not be significant. Normally, it is possible to estimate the fair value of an equity financial instrument that the Bank have acquired from a third party.

Financial assets derecognition

A financial asset (or, in some cases, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- Contractual rights to the cash flows from the financial asset expire.

(3) Summary of Material Accounting Policies, continued

- The Bank have transferred its rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor restrain substantially all of the risk and rewards of ownership and it does not retain control of the financial asset.
- The Bank retains the rights to receive of the contractual cash flows but has the obligation to pay the total amount of cash flows received, without a material delay to a third party.
- When the Bank has transferred its right to receive cash flows from an asset or has entered into a transferred agreement, and has not transferred nor retained any substantial risk or benefit from the asset, nor transfer the control of the asset, the asset is recognized according to the Bank´s ownership over the asset. In that case, the Bank also recognized the associated liability. The transferred asset and the associated liability are based in a measure that reflects the contractual right and obligations that the Bank has retained. The continuous participation that takes the form of a guarantee on the transferred asset is measured at the lowest of the original book value of the asset and the maximum amount of consideration that the Bank could be obliged to pay.

When derecognizing a financial asset, the difference between the asset's carrying amount (or the carrying amount assigned to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any accumulated gain or loss that has been recognized in other comprehensive income is recognized in the results.

The Bank enters into transactions whereby it transfers assets recognized on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized.

Modification of financial assets and liabilities
When a financial asset or liability is modified, the Bank verifies whether this modification resulting in a derecognition. The modification results in a derecognition when the new terms are significantly different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as cash flows after the modification are no longer SPPI, currency exchange or counterparty exchange, the extent of the change in interest rate, maturity, payment arrangements. If they don't clearly identify a major modification, then;

- A quantitative valuation is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

(3) Summary of Material Accounting Policies, continued

- If the cash flows of the modified asset recorded at amortized cost are not materially different, the modification will not result in the derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes in its results the adjustment of the gross carrying amount as a gain or loss due to modification. If such modification is carried out due to financial difficulties of the debtor, then the gain or loss is presented as interest income.

(e) *Securities Purchased under Resale Agreements*

Securities purchased under resale agreements are secured financing transactions and are stated at the amount at which the securities are purchased, plus accrued financial returns. The Bank takes possession of the securities at a discount from market value and agrees to resell them to the debtor at a future date and at a specified price.

The related income or expense is recognized in the consolidated statement of profit or loss under the effective interest rate method.

(f) *Loans*

Loans receivable presented at amortized cost in the consolidated statement of financial position are initially measured at fair value plus incremental direct costs and subsequently at amortized cost using the effective interest method.

Finance leases are mainly comprised of vehicles lease arrangements, which are reported as part of the loan portfolio at their present value.

Factoring consists of the purchase of invoices, which are presented at their principal amount of collection. Discounted bills receivable, net of amounts retained, and interest collected in advance are presented as part of the loan portfolio.

(g) *Impairment of financial instruments*

The Bank maintains an expected credit loss (ECL) model for recognizing the impairment of financial assets. This model does not apply to:

- Investments in equity instruments and
- Financial instruments that are measured at fair value through profit or loss (FVTPL).

Expected credit loss (ECL)

The expected credit loss establishes that all expected credit losses for all its financial assets are recognized in profit or loss even when they have been recently originated or acquired.

The Bank makes an estimation of the expected credit losses (future defaults), based on:

- Historical credit scoring model (payment behaviors).
- Transition matrices.
- Probabilities of default that incorporates current macroeconomics conditions, and the foreseeable future.

(3) Summary of Material Accounting Policies, continued

The amount of "expected credit losses" (ECL) is an estimate (applying a probability weighed) of the present value of each shortfalls at the maturity, considering a time horizon of the next 12 months or during the expected life of the financial instrument. Thus, it is not necessary for a loss event to occur in order to recognize the impairment.

Expected credit loss model
According with the model, financial assets are classified into three stages according to the credit exposures:

- Stage 1: In credit exposures where these have been no significant increase in credit risk since initial recognition, the Bank constitutes provision, from the moment of initial recognition, for the expected credit losses that result from pre-determined default events that are possible within 12 months after the reporting date.

- Stage 2 and 3: In credit exposures where there has been a significant increase in credit risk since initial recognition, the Bank constitutes provisions for the expected credit losses resulting from the non-compliance over the expected lifetime of the instrument.

This model is given by the formula *ECL = PD x LGD x EAD*, which is defined by the following variables:

- *Probability of default (PD)*
  Risk measurement that indicates the probability that an operation, based on its credit characteristics, will achieve, in a specific time, a "default" stage,

- *Loss given default (LGD)*
  LGD represents the percentage of loss that occurs in the event of default. For this, the average recovery percentages are considered, on the operations that reached the state of non-compliance, throughout the recovery management.

- *Exposure at default (EAD)*
  Amount of debt pending payment at the time of the customer's default. The EAD must incorporate the potential increase in the balance that could occur from a reference date until the time of default.

The measurement of impairment is carried out through collective and individual evaluation models, as detailed below:

- Individual *methodology*
  The individual analysis methodology is applied to significant exposures and includes the evaluation of weighted loss scenarios, considering the economic expectations and the particular conditions of each debtor.

(3) Summary of Material Accounting Policies, continued

The Bank evaluates the credits classified in default analyzing the profile of the debt of each debtor, the guarantees granted that protect the facility and financial information, the credit behavior of the client and the sector. The outstanding financial assets were defaulted when, based on current or past information and events, it is probable that the Bank will not be able to recover all the amounts described in the original contract, including the interests and commissions agreed in the contract.

- Collective Models
  When estimating expected credit loss (ECL) is carried out collectively, financial instruments are grouped based on shared risk characteristics, which include:

  - Type of instrument; and
  - Type of guarantee.

  The grouping is subject to periodic review to guarantee the exhibitions within a particular group remain appropriately homogeneous.

  For portfolios in which the Bank has limited historical data, the uses external reference information to supplement data from historical information available internally.

Significant increase in credit-risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank will consider reasonable and supportable information that is relevant and available without undue cost or disproportionate effort, including both quantitative and qualitative information and analysis, based on the Bank´s historical experience and expert credit assessment and including forward-looking information.

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

- The remaining lifetime probability of default (PD) as at the reporting date;

- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

The assessment of whether the credit risk has increased significantly since the initial recognition of a financial asset requires to identify the initial recognition date of the instrument. For certain revolving credits (credit cards, overdrafts, among others), the date when the credit was granted for the first time could be a long time ago. Modifying the contractual terms of a financial asset may also affect this evaluation, which is discussed below.

(3) Summary of Material Accounting Policies, continued

Credit risk grades by categories

The Bank assigns each exposure a credit risk rating based on a variety of data that is determined to be predictive of PD and by applying expert credit judgment, the Bank uses these ratings for purposes of identifying significant increases in credit risk. Credit risk ratings are defined using qualitative and quantitative factors that are indicative of risk of loss. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of loss increases exponentially as the credit risk deteriorates so, for example, the difference in risk of loss between grades 1 and 2 is smaller than the difference between grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of PD

Credit risk grades are expected a primary input into the determination of the term structure of PD for exposures. The Bank obtains performance and default information about its credit risk exposures analyzed by jurisdiction or region, type of product and borrower, as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies may also be used.

The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime probability of default of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and in key macro-economic factors, as well as analysis of the impact of certain other factors in the credit risk (e.g. loans written-off). For most exposures, key macro-economic indicators are likely to include: Gross domestic product growth, benchmark interest and unemployment rates.

For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Determining whether the credit risk has increased significantly

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

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

The criteria to determine whether credit risk has increased significantly will vary by portfolio and will include limits based on non-compliance.

(3) Summary of Material Accounting Policies, continued

The Bank evaluates if the credit risk of a particular exposure has increased significantly since its initial recognition if, based on the Bank´s quantitative modeling, the remaining lifetime credit probability of default has significantly increase since its initial recognition. The determination of the increase in credit risk, the lifetime expected credit loss is adjusted due to changes in maturities.

In certain instances, using its expert credit judgment and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of this and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. As a limit, the Bank will presumptively consider that a credit has increased significantly in risk when the asset is in default for more than 30 days.

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

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes more than 30 days past due;
- The average time of identification of a significant increase in the credit risk and default seems reasonable;
- Exposures are not generally transferred directly from the ECL for the 12 months following the measurement of unpaid loans of impaired credits;
- There is not unwarranted volatility in loss allowances from transferred between 12 months probability of default and lifetime credit probability of default.

Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

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

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

(3) Summary of Material Accounting Policies, continued

The Bank renegotiates loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default. Under the Bank´s renegotiation policies to customers in financial difficulties, concessions are granted that usually includes a decrease on interest rate, extensions of the payment terms, reduction of the balances owed and or a combination of the above.

For financial assets modifies as part of the Bank´s renegotiation policy, the estimation of PD reflects whether the modification has improved or restored the Bank´s ability to collect interest and principal and the Bank´s previous experience of similar actions. As part of this process the Bank evaluates the borrower´s payment performance against the modified contractual terms and consider various behaviors indicators of such debtors or group of modified debtors.

Generally, restructuring indicators are a relevant factor of a significant increase in credit risk. Therefore, a customer needs to demonstrate a consistently good payment behaviors over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have a decrease in such way that the loss allowance reverts to being measured at an amount equal to 12-month ECL following the reporting date.

Forward-looking conditions

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL, based on recommendations from the Bank´s Credit Risk department, the use of economic experts, and consideration of a variety of external actual and forecast information, the Bank intends to formulate a “base-case” view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process would involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

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

The base case represents a most-likely outcome and it is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic result. The Bank also periodically carries out stress testing to calibrate its determination of these other representative scenarios.

(3) Summary of Material Accounting Policies, continued

Presentation of allowance for expected credit losses (ECL) in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

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

(h) Properties, Furniture, Equipment and property improvements

This category comprise buildings, furniture and improvements used by branches and offices. All properties, furniture, equipment, and property improvements are stated at historical cost less accumulated depreciation and amortization, and any impairment losses, except for lands and buildings, which are recognized at the revalued cost method.

Property revaluation model

After being recognized as an asset, lands and buildings whose fair value can be reliably measured will be accounted for at their revalued value, which is their fair value at the time of revaluation, less accumulated depreciation and the accumulated amount of losses due to impairment that they have suffered. Revaluations will be made regularly enough to ensure that the carrying amount, always, does not differ from the fair value at the end of the reporting period.

Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are recognized to the consolidated statement of profit or loss during the financial year in which they are incurred.

Depreciation expenses of properties, furniture and office equipment and amortization of property improvements are charged to current operations using the straight-line method over the estimated useful life of each asset. Lands are not depreciated. The useful lives of the assets are summarized as follows:

- Properties and improvements	Up to 30 years
- Furniture and office equipment	3 - 10 years
- Vehicles	3 - 5 years
- Leasehold Improvements	3 - 10 years

(3) Summary of Material Accounting Policies, continued

Leasehold improvements are amortized over the estimated useful life or over the term of the lease, whichever is less.

The useful life of assets is reviewed and adjusted if appropriate, at each reporting date. Properties and equipment are reviewed for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(i) *Intangible assets*

(i.1) Intangible assets

Intangible assets consist in licenses and software of computer programs with a defined life, acquired by the Bank, that are recorded at cost of acquisition or internal development, less accumulated amortization and impairment losses. Amortization is charged to operating results on a straight-line method over the estimated useful life of the acquired software from the date it is available for use life. The estimated useful life of software is three to seven years.

(i.2) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired, resulting from the acquisition of a business.

All goodwill is allocated to one or more cash-generating units of an entity and is tested for impairment at that level. Goodwill is not amortized but is tested for impairment at least once a year and when there is indication of impairment.

The impairment test requires that the fair value of each cash-generating unit be compared with it carrying amount. Goodwill is presented at cost less accumulated losses for impairment. The losses due to impairments, if any, are reflected in the consolidated statement of profit or loss.

(j) *Leases*

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

- the contract involves the use of an asset: this may be specified explicitly or implicitly and must be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has the right of substantial substitution, then no asset is identified;

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

(3) Summary of Material Accounting Policies, continued

- the Bank has the right to direct the use of the asset. The Bank has this right when it has the rights to make the decisions that are most relevant to changing how and for what purpose the asset is used. On rare occasions, when the decision on how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if:

  - the Bank has the right to operate the asset; or
  - the Bank designed the asset so that it predetermines how and for what purpose it will be used.

On the start date or on the reassessment of a contract containing a lease component, the Bank allocates the consideration in the contract to each lease component based on their independent relative prices. However, for bank branch, administrative office and parking lots leases in which the Bank is the lessee, the Bank has elected not to separate the non-lease components, and to consider the lease components to be recognized as a single lease component

<u>As a Lessee</u>
The Bank recognizes a right-of-use asset and a lease liability at the inception 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 inception date, plus an estimate of the costs to dismantle and dispose of the underlying asset or to restore the underlying asset or its site, less any lease incentives received.

The right-to-use asset is subsequently depreciated using the straight-line method from the beginning date to the end of the useful life or the end of the lease term or it that happens first. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain remedies to the lease liability.

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

When the lease liability is remedied in this manner, a corresponding adjustment is made to the carrying value of the right-to-use asset or recorded in the results of operations for the period if the carrying value of the right-to-use asset has been reduced to zero.

<u>Short-term leases and leases of low value assets</u>
The Bank has elected not to recognize right-of-use assets and lease liabilities for low value and / or short term (no more than twelve months) related to ATM, branches and parking space. The Bank recognizes lease payments associated with these leases as a straight-line expense over the term of the lease.

(3) Summary of Material Accounting Policies, continued

(k) Assets classified as held for sale

Non-current assets, or disposal groups comprising of assets and liabilities, including foreclosed assets held for sale, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Immediately before being classified as held for sale, assets or disposal groups will be measured again in conformity with the bank's accounting policies. Based on that classification, the lowest value between it carrying amount and its fair value less costs of sales shall be recognized. An impairment loss shall be recognized by virtue of reductions in the beginning value of the Bank's assets. Impairment losses are recognized in the consolidated statement of profit or loss.

(k.1) Foreclosed assets

Foreclosed assets are initially recognized at the lower of the carrying value of the unpaid loans and the fair value less the cost to sale. The difference between these values is maintained as an impairment reserve, in order to maintain control over the original value of the foreclosed assets in the books. The provision for impairment is recognized in the statement of profit or loss.

(l) Deposits, Borrowings Received and Marketable Commercial Securities

These instruments are the result of the funds received by the Bank and are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortized cost, using the effective interest rate method, except for liabilities that the Bank decides to measure at fair value through profit or loss. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

(m) Securities Sold under Repurchase Agreements

Securities sold under repurchase agreements are short term financing transactions guaranteed with securities, in which the Bank has the obligation to repurchase the securities sold on a future date and at a price. The difference between the sale price and the future purchase price is recognized as an interest expense under the effective interest rate method.

The securities submitted as collateral will remain recorded in the consolidated statement of financial position, as the counterparty has no right of ownership over securities unless there is a breach of contract by the Bank.

(n) Financial Guarantees

Financial guarantees are contracts that commits the Bank to make specific payments on behalf of its customers, to reimburse the beneficiary of the guarantee, in the event that the client fails to make payment when due in accordance with the terms and conditions of the contract.

Liabilities arising from financial guarantees are initially recognized at fair value; which is amortized throughout the term of the financial guarantee. Subsequently, the guarantee is recorded at the higher of the amortized amount and the amount of the reserve for expected credit losses. Financial guarantees are included in the consolidated statement of financial position within other liabilities.

(3) Summary of Material Accounting Policies, continued

(o) Equity Capital

The Bank classifies equity instruments as liabilities or equity in accordance with the substance of the contractual terms of the instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Common shares are issued at face value with no costs or expenses of any kind because they are privately issued.

Preferred shares are classified as part of its equity, since the Bank has total discretion in their redemption, declaration of dividends, and they do not have contractual expiration. Dividend payments are deducted from retained earnings.

(p) Interest Income and Expenses

Effective interest rate

Interest income and expense are recognized in income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument:

- to the gross carrying amount of the financial asset; or
- at the amortized cost of the financial liability.

In calculating the effective interest rate for financial instruments other than credit impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the ECL. In the case of credit-impaired financial assets, the credit-adjusted effective interest rate is calculated using the estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or a financial liability.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less any principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any ECL.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any ECL reserve.

Calculation of interest income and expenses

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or the amortized cost of the liability.

For financial assets that are impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(3) Summary of Material Accounting Policies, continued

Presentation

Interest income and expense presented in the consolidated statement of profit or loss include:

- Interest on financial assets and financial liabilities measured at AC calculated on an effective interest basis;
- Interest on debt instruments measured at FVOCI calculated on an effective interest basis.

Interest income and expenses on other financial assets and financial liabilities at FVTPL are presented in the gain in value, net.

(q) Performance Obligations and Fee and Commission Income Recognition Policy

Fee and commission income from customer contracts are measured based on the consideration specified in a customer contract. The Bank recognizes revenue when the customer receives the service.

The following table presents information on the nature and timing of performance obligations under customer contracts, including significant payment terms, and related revenue recognition policies.

Type of services	Nature and timing of compliance performance obligations, including the significant payment terms	Revenue recognition under IFRS 15
Corporate and Consumer Banking	The Bank provides banking services to corporate clients and individuals, including account management, credit and overdraft lines, credit cards, acquiring and other banking services. The Bank reviews and sets its fees for services on an annual basis. Charges for services related to account management are made directly to the customer's account at the time it is provided. Fees for acquiring services, credit lines and overdrafts are charged directly to the customer's account when the transaction takes place. Fees for banking services are charged on a monthly basis and are based on rates reviewed periodically by the Bank.	Revenue from account management services and fees for banking services are recognized over the time that the services are provided. Revenue related to transactions is recognized at the time the transaction takes place.
Investment Banking	The Bank's investment banking segment provides a variety of financial services, including securities management and custody. Fees for ongoing services are charged annually at the end of the calendar year directly to the customer's account. Transaction-based fees for securities administration are charged when the transaction takes place.	Revenues from securities management and custody services are recognized over time as the services are provided. Revenues related to transactions are recognized at the time the transaction takes place.
Asset Management	The Bank provides asset management services. Fees for asset management services are calculated based on negotiation with the client and are charged on an annual basis.	Asset management revenues are recognized over time as the services are provided.

(3) Summary of Material Accounting Policies, continued

(r) *Dividend income*

Dividends are recognized in the consolidated statement of profit or loss when the Bank has the rights to receive the payment established.

(s) *Share-based payment*

The grant-date fair value of stock options – granted to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period of concession. The amount recognized as an expense is adjusted to reflect the real number of stock options granted, such that the amount ultimately recognized as an expense is based on the number of stock options that meet the related service and non-market performance conditions at the grant date.

(t) *Revenue Recognition for Leases*

Lease income is recognized at the time the lessee has the right to use the leased asset. Lease contracts are valid when the following elements occur:

- Consent of the parties;
- Object certain that is subject of the contract;
- Cause of the obligation to be established; and
- There is a writing contract.

(u) *Trust Operations*

Assets held in trust or fiduciary function are not considered part of the Bank's assets, and therefore such assets and their corresponding income are not included in these consolidated financial statements. The Bank shall administrate the trust funds in conformity with contractual arrangements and separately from its own equity.

The Bank charges a commission for administrating the trust funds, which is paid by the trustees based on the amount maintained in the trust funds or as agreed between the parties. These commissions are recognized in income according with the terms of the trust agreements whether monthly, quarterly, or annually on an accrual basis.

(v) *Income Tax*

Estimated income tax is the income tax payable on the taxable income for the year, using tax rates enacted at the consolidated statement of financial position date, and any adjustment to tax from previous years.

Deferred income tax represents the amount of income tax payable and/or receivable in future years resulting from temporary differences between carrying values of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, measured at the tax rates that are expected to be applied to this temporary when they are reversed, based on the laws that have been enacted or substantively enacted at the reporting date. These temporary differences are expected to be reversed in future dates. If it is determined that the deferred tax may not be realized in future years, this would be totally or partially reduced.

(3) Summary of Material Accounting Policies, continued

(w) Foreign Currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Assets and liabilities held in foreign currency are translated into the functional currency at the rate prevailing exchange rate at the reporting date. Gains or losses from foreign currency translation are reflected in the accounts of other income or other expenses in the consolidated statement of profit or loss.

(x) Segment Information

A business segment is a Bank's component, whose operating results are regularly reviewed by the management to make decisions about the resources that will be assigned to the segment and thus evaluate its performance, and for which financial information is available for this segment purpose.

(y) Uniformity in the Presentation of the Consolidated Financial Statements

The accounting policies described above have been applied consistently in the periods presented in the consolidated financial statements.

(z) New International Financial Reporting Standards (IFRS) and Interpretations Not Yet Adopted

As of the date of the consolidated financial statements, there are standards, modifications and interpretations which are not effective for the year ended December 31, 2023; therefore, it has not been applied in the preparation of these consolidated financial statements:

(a) Lease liabilities in sale and leaseback transactions - modifications to IFRS 16 liabilities.

(b) Classifications of liabilities as current or non-current with financial compliance clauses (amendments to IAS 1).

(c) Modifications to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instrument: Disclosure Information – Financial agreements with suppliers

(d) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Modifications to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

(4) Financial Risks Management

The activities of the Bank are exposed to a variety of financial risks and those activities include the analysis, evaluation, acceptance and administration of certain degree of risk or combination of risks. Taking risks is essential to the financial business, and operational risks are inevitable consequence of being in the business. Therefore, the objective of the Bank is to achieve an appropriate balance between risk and return and minimize the potential adverse effects on the financial return of the Bank.

The Risk Committee is the maximum authority delegated by the Board of Directors, which is responsible for approving the limits and tolerance levels for risk management within the risk profile framework.

(4) Financial Risks Management, continued

The Bank has adopted four principles for risk management that are mentioned below:

- Risk culture
- Risk profile
- Ability to take on risks
- Risk limits.

The Bank has established a comprehensive risk management and administration policy approved by the Risk Committee and Board of Directors. The Bank's activities are primarily related to the use of financial instruments and as such, the consolidated statement of financial position is primarily composed of financial instruments and therefore is exposed to the following risks in the use of these instruments:

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

The Board of Directors of the Bank has the responsibility to establish and overlook the policies of financial instruments risk management. For this purpose, it has appointed committees in charge of the periodic management and overlook of the risks to which the Bank is exposed. These committees are:

- Audit Committee
- Asset and Liability Committee (ALCO)
- Risk Committee
- Prevention of Money Laundering Committee
- Credit Committee
- Human Resources Committee
- Senior Management Committee
- Technology Committee

In addition, the Bank is subject to the regulations of the Superintendency of Banks of Panama and its subsidiary Metro Asset Management, S. A., is subject to the regulations of the Superintendency of Securities Market of Panama, related to concentration, liquidity and capitalization risks, among others.

(a) *Credit risk*

Is the risk of a financial loss for the Bank that may take place if a client or a counterparty of a financial instrument fails to meet their contractual obligations, and it arises mainly from loans to customers and investment in securities.

(4) Financial Risk Management, continued

For purposes of risk management, the Bank considers and consolidates all elements of credit risk exposure, debtor risk, country risk, sector, or industry risk. The credit risk that arises from maintaining securities is managed independently but informed as a component of credit risk exposure.

The respective committees appointed by the Bank's Board of Directors, periodically overlooks the financial condition of the debtors and issuers of debt securities, that involves a credit risk for the Bank. The Credit Committee is comprised of members of the Board of Directors, credit management staff, and representatives of the business areas. This Committee oversees developing changes to credit policies, and to present them to the Bank's Board of Directors.

The bank has established certain procedures to manage credit risk, summarized as follows:

Formulating of credit policies

Credit policies are issued or reviewed as recommended by any member of the Credit Committee or by the credit vice presidents, as well as control areas, who must make written suggestions in writing, considering the following factors:

- Changes in market conditions
- Risk factors
- Changes in law and regulations
- Changes in financial conditions and credit availability
- Other relevant factors at the moments

All changes in policies or the issuance of new policies must be approved by the Risk Committee, whom in turn submits them to the Bank´s Board of Directors for approval, issuing a memorandum of instructions for disclosure and subsequent implementation.

Establishment of authorization limits

Approval limits for credits are established depending on the amount that it represents to the Bank's equity. These levels are recommended by the Credit Committee, whom in turn submits them for the approval of the Bank's Board of Directors.

Exposure limits

In order to limit the exposure, maximum limits have been established for an individual debtor or economic group, based on the Bank's Capital funds.

Concentration limits

In order to limit concentration per activity or industries, exposure limits have been approved based on capital distribution and the strategic orientation that wants to be given to the loan portfolio.

Furthermore, the Bank has limited its exposure in different regions through the country risk policy, in which it has defined countries where it would like to have exposure based on the Bank's strategic plan; also, credit and investment exposure limits have been implemented in such countries, based on their credit assessment of each of them.

(4) Financial Risk Management, continued

Maximum limits by counterparty

Regarding to counterparty exposure, limits have been defined based on risk rating of the counterparty, as a proportion of the Bank's capital.

Internal rating model

The internal rating model weights variables that seek to assign a score to each debtor based on their behavior and historical payment habit in order to predict an event of default in a future performance horizon. The internal rating is used as a variable to identify the significant increase in credit risk.

The current rating framework consists of 6 scores that reflect different degrees of default risk based on default behavior, which are detailed below:

- Rating 1: corresponds to low-risk loans, historically up to date in their payment commitments.
- Rating 2 to 4: corresponds to loans that have been in arrears in meeting their obligations.
- Rating 5: corresponds to loans from the consumer banking segment that have defaulted on their obligations, and that may be strictly monitored by individual analysis. The corporate banking segment corresponds to loans with a significant increase in credit risk.
- Rating 6: corresponds to loans from the corporate banking segment that have defaulted on their obligations, largely being strictly monitored by individual analysis.

The following tables analyze the Bank's loans and off-balance sheet operations:

	2023			
	12-months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Loans at amortized cost				
Rating 1	753,186,450	0	0	753,186,450
Rating 2	144,619,140	4,901,582	0	149,520,722
Rating 3	170,750,060	5,676,151	0	176,426,211
Rating 4	0	41,539,859	0	41,539,859
Rating 5	0	21,644,953	4,050,784	25,695,737
Rating 6	0	0	17,137,357	17,137,357
Total gross loans	1,068,555,650	73,762,545	21,188,141	1,163,506,336
Accrued interest receivable	9,272,637	1,349,322	69,153	10,691,112
Allowance for loan loss	(1,554,841)	(2,933,200)	(9,535,795)	(14,023,836)
Interests, costs and unearned commissions	0	0	0	(59,903,211)
Carrying value at amortized cost	1,076,273,446	72,178,667	11,721,499	1,100,270,401
Off-balance sheet operations				
Rating 1				
Letters of credit "Stand-by"	4,322,039	0	0	4,322,039
Sureties and endorsement	3,685,155	0	0	3,685,155
Promissory notes of payments	17,857,393	0	0	17,857,393
Carrying value	25,864,587	0	0	25,864,587

(4) Financial Risk Management, continued

	2022			
	12-months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Loans at amortized cost				
Rating 1	742,485,924	0	0	742,485,924
Rating 2	185,235,762	11,006,504	0	196,242,266
Rating 3	120,906,969	17,538,633	0	138,445,602
Rating 4	0	24,426,201	0	24,426,201
Rating 5	0	8,277,301	3,360,812	11,638,113
Rating 6	0	0	32,882,099	32,882,099
Total gross loans	1,048,628,655	61,248,639	36,242,911	1,146,120,205
Accrued interest receivable	7,597,086	724,196	70,131	8,391,413
Allowance for loan loss	(1,677,042)	(3,216,942)	(14,124,641)	(19,018,625)
Interests, costs and unearned commissions	0	0	0	(57,153,472)
Carrying value at amortized cost	1,054,548,699	58,755,893	22,188,401	1,078,339,521
Off-balance sheet operations				
Rating 1				
Letters of credit "Stand-by"	13,541,903	0	0	13,541,903
Sureties and endorsement	2,911,369	0	0	2,911,369
Promissory notes of payments	20,748,457	0	0	20,748,457
Carrying value	37,201,729	0	0	37,201,729

The following table analyzes investments in debt securities that are exposed to credit risk and its corresponding evaluation based on the most conservative investment rating between Standard and Poor´s, Moody´s, Fitch Ratings Inc. and Moody´s Local:

	2023			
	FVPL	FVOCI	At amortized cost	
	12-months ECL	12-months ECL	Lifetime ECL - not credit impaired	Total amortized cost
Investments in debt securities				
AAA	100,402,750	0	0	0
From AA to A-	0	28,521,102	0	28,521,102
From BBB+ to BBB-	54,374,140	59,063,379	4,822,518	63,885,897
From BB+ to B-	5,498,819	21,815,711	0	21,815,711
Unrated	0	191,855,601	125,413	198,981,014
Carrying value	160,275,709	301,255,793	11,947,931	313,203,724
Accrued interest receivable	610,120	3,318,151	94,097	3,412,248
Allowance for expected losses	0	(1,282,368)	(848,442)	(2,130,810)
Total balance	160,885,829	303,291,576	11,193,586	314,485,162

(4) Financial Risk Management, continued

	2022				
	FVPL	FVOCI	At amortized cost		
	12-months ECL	12-months ECL	12-months ECL	Lifetime ECL - not credit impaired	Total amortized cost
Investments in debt securities					
AAA	0	47,880,457	0	0	0
From AA to A-	0	0	38,592,157	0	38,592,157
From BBB+ to BBB-	0	59,500,037	46,088,103	0	46,088,103
From BB+ to B-	784,927	6,043,590	29,081,769	0	29,081,769
Unrated	0	0	208,682,81	11,952,706	220,635,187
Carrying value	784,927	113,424,084	322,444,510	11,952,706	334,397,216
Accrued interest receivable	143,912	635,834	1,502,518	147,804	1,650,322
Allowance for expected losses	0	0	(1,271,000)	(388,905)	(1,659,905)
Total balance	**928,839**	**114,059,918**	**322,676,028**	**11,711,605**	**334,387,633**

Deposits with banks:
On December 31, 2023, the Bank maintains deposits with banks with a gross value (capital only) of B/.137,477,367 (2022: B/.140,801,373), all classified with a 12 month ECL. Deposits with banks are maintained with banks and others financial institutions with risk rating between AA and BBB-, based in the agencies Moody´s, Standard and Poor's, Fitch Ratings Inc. and Moody´s Local.

The following tables analyzes the impairment allowances of the deposits with banks, loans, investments and contingencies of the Bank:

Impairment allowance for deposits at amortized cost	**2023** 12–months ECL	**2022** 12–months ECL
Allowance for expected credit losses at beginning of the year	4,541	5,316
Financial assets originated	3,791	4,362
Net remeasurement of allowance	(12)	37
Reversal of allowance of assets that have been derecognized	(4,362)	(5,174)
Balance at year end	3,958	4,541

	2023			
Allowance for loan losses at amortized cost	12-months ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Balance at the beginning of the year	1,677,042	3,216,942	14,124,641	19,018,625
Transferred to 12 months-ECL	27,231	(27,225)	(6)	0
Transferred to lifetime ECL – not credit impaired	(1,111,463)	1,263,620	(152,157)	0
Transferred to lifetime ECL – credit impaired	(1,768,191)	(1,109,822)	2,878,013	0
Net remeasurement of loss allowance	2,599,697	96,018	8,109,949	10,805,664
Reversal of allowance of assets that have been derecognized	(925,879)	(879,168)	(996,408)	(2,801,455)
Financial assets originated	1,056,404	372,835	53,329	1,482,568
Write-offs	0	0	(15,452,712)	(15,452,71)
Recoveries	0	0	971,146	971,146
Total at the end of the year	1,554,841	2,933,200	9,535,795	14,023,836

Allowance for loan losses at amortized cost	2022 12–months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Balance at the beginning of the year	1,526,244	8,619,344	7,011,299	17,156,887
Transferred to 12 months-ECL	544,813	(542,946)	(1,867)	0
Transferred to lifetime ECL – not credit impaired	(3,582,963)	4,771,401	(1,188,438)	0
Transferred to lifetime ECL – credit impaired	(537,178)	(11,987,118)	12,524,296	0
Net remeasurement of loss allowance	3,101,282	2,609,483	3,150,988	8,861,753
Reversal of allowance of assets that have been derecognized	(706,754)	(478,083)	(1,067,343)	(2,252,180)
Financial assets originated	1,331,598	224,861	47,757	1,604,216
Write-offs	0	0	(6,683,761)	(6,683,761)
Recoveries	0	0	331,710	331,710
Total at the end of the year	1,677,042	3,216,942	14,124,641	19,018,625

Allowance for investments securities at amortized cost	2022 12-months ECL	Lifetime ECL – no credit impaired	Total
Balance at the beginning of the year	1,271,000	388,905	1,659,905
Transfered to expected credit loss over the next 12 months	(459,537)	459,537	0
Net remeasurement of loss allowance	378,276	0	378,276
Financial assets originated	359,263	0	359,263
Reversal of allowance of assets that have been derecognized	(266,634)	0	(266,634)
Total at the end of the year	1,282,368	848,442	2,130,810

Allowance for investments securities at amortized cost	2022 12-months ECL	Lifetime ECL – no credit impaired	Total
Balance at the beginning of the year	634,951	485,085	1,120,036
Net remeasurement of loss allowance	70,318	(80,808)	(10,490)
Financial asset originated	627,590	0	627,590
Reversal of allowance of assets that have been derecognized	(61,859)	(15,372)	(77,231)
Total at the end of the year	1,271,000	388,905	1,659,905

Allowance for off-balance sheet operations	2023 12-months ECL	2022 12-months ECL
Balance at the beginning of the year	3,901	4,827
Net remeasurement of loss allowance	(897)	(1,374)
Financial assets originated	(4,840)	(6,223)
Reversal of allowance of assets that have been derecognized	5,834	671
Total at the end of the year	3,998	3,901

Allowance for investments securities losses at FVOCI	2023 12-months ECL	2022 12-months ECL
Balance at the beginning of the year	104,563	108,857
Net remeasurement of loss allowance	81,966	(2,974)
Financial assets originated	39,516	43,629
Reversal of allowance of assets that have been derecognized	(17,612)	(44,949)
Total at the end of the year	208,433	104,563

(4) Financial Risk Management, continued

The allowance for credit losses of investments at fair value through changes in other comprehensive income is not recognized in the consolidated statement of financial position because the balance value of these investments is their fair value. However, such allowance is presented within the consolidated statement of changes in equity in the allowance account for the valuation of investments in securities.

In the previous table, were detailed the factors of greatest risk exposure and information of the deposits with banks, loan portfolio and investments in debt securities, and the assumptions used for these disclosures are as follows:

- Impairment of loans and investments in debt securities:
  Management determines if there is objective evidence of impairment on loans and investments in debt securities, based on the following criteria established by the Bank:

  - Breach of contract, such as a default in interest or principal payments;
  - Cash flow difficulties experienced by the borrower
  - Non-compliance with agreed contractual term and conditions;
  - Initiation of bankruptcy procedures;
  - Decline in the borrower's competitive position; and
  - Impairment of collateral value.

- Modified Loans:
  They are those which have been led to a modification due to any impairment in the debtor's financial condition and when the Bank considers granting any variation with respect to the credit original terms (balance, term, payment plan, rate and collaterals). These loans once they are modified, are maintained in the same risk category that they have before the modification, notwithstanding if the debtor's capacity improves after Bank's modified, for a period of 180 days.

  As of December 31, 2023, the Bank carried out loan modifications with an amortized cost of B/.15,438,950 (2022: B/.8,258,725). The Bank recorded a reversal for B/.272,182 (2022: B/.150,000) against the provision for loan losses, due to the differences generated in modifications of previous periods.

- Charge-off:
  The Bank periodically reviews its impaired loan portfolio to identify those credits that require to be charged-off due to uncollectible of the balance and up to the amount not covered by any collateral. For unsecured consumer loans, charge-offs are carried out based on the accrued level of delinquency. In the case of residential mortgage and consumer loans, the charge-off is recognized for the estimated part of the carrying value that is not covered by the loan collateral.

  Loans written off as of December 31, 2023 by the amount of B/.15,452,712 (2022: B/.6,683,761) are still subject to collection activities.

(4) Financial Risk Management, continued

The portfolios for which the internal and external reference information represents a significant input in the ECL measure are detailed below:

Detail	2023 Amount (B/.)	2022 Amount (B/.)	Probably of Default (PD)	Loss given to non-compliance (LGD)
Deposit in bank	137,526,326	140,836,824	Studies by risk rating agencies: S&P / Fitch / Moody's	Moody's recovery rate studies
Investments	475,370,991	448,849,053		
Loans	1,174,197,448	1,154,511,618	The Bank segments the portfolio and projects default probability curves under transition matrices using the internal rating.	The Bank estimates recovery rate parameters based on theoretical scenarios using settlement periods, interest rates, price adjustment, expenses, among others.
Contingencies	25,864,587	37,201,729	The Bank segments the portfolio and projects default probability curves under transition matrices using the internal rating.	The Bank estimates recovery rate parameters based on theoretical scenarios using settlement periods, interest rates, price adjustment, expenses, among others.

Incorporation of forward-looking information

IFRS 9 stresses the need to reflect current and future customer conditions. It therefore postulates the incorporation of forward-looking factors, including macroeconomic effects in the estimates. For this reason, the calculation of ECLs is carried out under different macroeconomic scenarios, within which a loss may or may not occur. The purpose of estimating ECLs is not to estimate the most unfavorable scenario or to estimate the most favorable scenario. Instead, an ECL estimate will always reflect the possibility of a credit loss occurring or not. Consideration of forward-looking models allows for the evaluation of different credit loss scenarios by mitigating potential biases and subjectivities

The Bank incorporates information with projection of actual and futures conditions both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its measurement of ECL, based on the recommendations of the Credit Risk Division of the Bank, and considering a variety of current and projected external information, the Bank formulates a base case of the projection of the relevant economic variables, as well as a representative range of other possible projected scenarios. This process involves the development of two or more additional economic scenarios and considers the relative probabilities of each outcome.

Variable	Scenario	2024	2025	2026	2027
Gross Domestic Product (GDP) (annual growth)	Adverse	2.94%	2.95%	3.25%	2.80%
	Base	4.49%	4.50%	4.50%	4.00%
	Optimistic	5.19%	5.20%	5.00%	4.30%

(4) Financial Risk Management, continued

The base case represents the most likely outcome and is aligned with the information used by the Bank for other purposes, such as strategic planning and budgets. The other scenarios represent results with more optimistic or pessimistic expectations.

The following table shows the estimated impact on the reserve for loan losses, caused by movements in the economy affecting GDP by 1% and 2%, a variable that is considered the most important within the prospective financial information of the allowance model.

	100 bp of increase	**100 bp of decrease**	**200 bp of increase**	**200 bp of decrease**
2023	(353,400)	352,265	(707,422)	703,030

	100 bp of increase	**100 bp of decrease**	**200 bp of increase**	**200 bp of decrease**
2022	(394,736)	394,011	(789,811)	786,965

Collaterals and their financial effect

The Bank maintains collaterals to reduce credit risk, in order to ensure the collection of its financial assets exposed to credit risk. The table below shows the main types of collaterals taken with respect to the different types of financial assets.

	% percentage of portfolio that is collateralized		**Collateral type**
	2023	**2022**	
Loans at amortized cost	60%	58%	Cash, properties, equipments and other collaterals

Residential Mortgage Loans

The following table presents the ratio of the mortgage loans portfolio with respect to the value of the collateral ("Loan to Value" - LTV). The LTV is calculated as a percentage of the gross loan amount with respect to the value of the collateral. The gross amount of the loan does not include any impairment loss. The collateral value for mortgages, is based on the original value of the collateral at disbursement date and which is generally updated to the market requirements:

Residential Mortgage Loans:	**2023**	**2022**
% LTV		
Less than 50%	7,314,779	6,288,113
51% - 70%	24,796,795	16,183,170
71% - 90%	30,378,775	18,590,620
91% - 100%	18,382,401	19,294,427
Total	80,872,750	60,356,330

(4) Financial Risk Management, continued

Assets received as collateral

The following table presents the financial and non-financial assets that the Bank took as possession of collateral guarantees to ensure the collection or has executed for obtain other credit enhancements during the year.

	2021	2020
Vehicle	130,000	0
Real estate	1,855,182	3,940,241
Total	1,985,182	3,940,241

The Bank's policy is to perform or execute the sale of these assets in order to cover owed balances. In general terms, it is not the Bank's policy to use non-financial assets for its own operations, but to maintain these guarantees as held for sale in the short term.

Risk concentration of financial assets with credit risk disclosure

The Bank monitors the credit risk concentration by sector and geographic location. The analysis of the credit risk concentration at the date of the consolidated statement of financial position is detailed as follows (the balances presented correspond only to capital):

	Loans receivable		Investments in debt securities, Securities purchased under resale agreements and deposits with Banks	
	2023	2022	2023	2022
Concentration by sector:				
Corporate	871,211,004	886,555,610	316,447,460	345,594,143
Consumer	282,380,232	246,592,894	0	0
Government	9,915,100	12,971,700	163,402,000	106,227,163
Financial institutions	0	0	139,657,360	142,981,351
Total	1,163,506,336	1,146,120,204	619,506,820	594,802,657

	Loans receivable		Investments in debt securities, Securities purchased under resale agreements and deposits with Banks	
	2023	2022	2023	2022
Geographic concentration:				
Panama	912,217,566	895,618,125	229,454,784	215,171,186
Latin America and the Caribbean	227,239,849	232,849,980	19,554,784	28,491,893
United Stated of America	23,490,078	16,888,910	365,081,044	339,077,606
Others	558,843	763,189	5,416,208	12,061,972
Total	1,163,506,336	1,146,120,204	619,506,820	594,802,657

(4) Financial Risk Management, continued

	Letter of credit and "stand by"		Sureties and endorsements		Promissory note of payment	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Concentration by sector:						
Corporate	4,322,039	13,541,903	3,685,155	2,901,369	5,564,107	6,075,708
Consumer	0	0	0	10,000	12,293,286	14,672,749
	4,322,039	13,541,903	3,685,155	2,911,369	17,857,393	20,748,457
Geographic concentration:						
Panama	4,322,039	13,541,903	3,685,155	2,901,369	5,564,107	6,075,708
Latin America and the Caribbean	0	0	150,000	0	0	0
Others	0	0	0	0	112,000	0
	4,322,039	13,541,903	3,685,155	2,911,369	17,857,393	20,748,457

The geographical concentration of loans, letters of credit, "stand by", sureties and endorsements and promissory notes of payment is based on the location of the debtor and in the case of investments, the geographic concentration is based on the issuer's location.

(b) Liquidity or Financing Risk

Liquidity risk is the risk that the Bank is unable to meet all of its obligations related to its financial liabilities when they reach their maturity date and to replace funds when they are withdrawn. The consequence may be the inability to meet its obligations to repay deposits and commitments to lend.

Risk Management Process of Liquidity Risk

The risk management process of liquidity risk, as carried out in the Bank, includes:

- Manage and monitor future cash flows in order to ensure that cash supply requirements can be met. This includes replacement of funds as they mature or is borrowed by customers. The Bank maintains an active presence in international markets;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption of cash flow;
- Monitoring liquidity reports in accordance with internal and regulatory policies;
- Managing the concentration and maturity profile of its obligations.

The Assets and Liabilities Committee (ALCO) and the Risk committee reviews the management process detailed above.

The monitoring and reporting, prepared by management, becomes a tool to measure and forecast cash flow needs for the next day, week and month respectively, since these are fundamental tools for liquidity management. The starting point for those projections is an analysis of the contractual maturities of financial liabilities and the expected collection date of the financial assets.

(4) Financial Risk Management, continued

Management also monitors medium-term assets, the level and type of debt obligation, the use of overdraft facilities and the impact of contingent liabilities, such as “stand by” letters of credit, and guarantees.

Exposure to Liquidity Risk

The key measure used by the Bank to manage liquidity risk is the net liquid asset ratio over customer’s deposits and this index should not be less than 30%. Net liquid assets are cash and cash equivalents and debt securities, for which there is an active and liquid market less any other deposit received from banks, debt securities issued, other borrowings and commitments due during the following month.

The following is a detail of the Bank´s liquidity ratio, reported to the Superintendency of Banks of Panama, as of the date of the consolidated financial statements:

	2023	2022
At end of year	58.92%	57.20%
Average for the year	58.18%	54.44%
Maximum for the year	64.61%	63.23%
Minimum for the year	53.11%	44.32%

The Bank is exposed to daily demands on its available cash resources from overnight deposits, current accounts, time deposits, loan payments and collateral margin requirements and cash settled. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of the funds that are maturing can be projected with a high level of precision. The Board sets limits on the minimum proportion of funds available to meet those requirements and the minimum level of interbank facilities.

(4) Financial Risk Management, continued

The table below shows the undiscounted cash flows of the assets and liabilities and the loans commitments not recognized, based on groups of contractual maturity for the remaining year from the date of the consolidated financial statements. The expected cash flows of these instruments may vary significantly relating with this following analysis. These changes are mainly due to the fact that deposits received at amortized cost are expected to remain stable or increase, as well as there may also be early loan cancellations:

			Current	Non-current			
2023	**Carrying Value**	**Gross nominal amount inflow/(outflow)**	**Up to 1 Year**	**From 1 to 5 Years**	**From 5 to 10 Years**	**More than 10 years**	**Without maturity**
Financial assets:							
Cash and cash equivalents	4,170,806	4,170,806	4,170,806	0	0	0	0
Deposits with Banks at amortized cost	137,526,326	137,618,042	137,618,042	0	0	0	0
Investments in securities	481,894,163	678,011,554	201,537,655	347,105,724	117,779,377	5,065,626	6,523,172
Securities under resale agreement at amortized cost	8,625,439	8,805,555	8,805,555	0	0	0	0
Loans at amortized cost	1,100,270,401	1,450,754,588	482,959,457	653,353,032	173,972,983	140,469,116	0
Total financial assets	1,732,487,135	2,279,360,545	835,091,515	1,000,458,756	291,752,360	145,534,742	6,523,172
Financial liabilities:							
Deposits received at amortized cost	1,347,595,026	(1,391,376,090)	(998,720,082)	(392,656,008)	0	0	0
Borrowings at amortized cost	152,628,816	(201,388,140)	(11,705,728)	(187,624,912)	(2,057,500)	0	0
Marketable commercial securities	11,875,715	(12,391,882)	(12,391,882)	0	0	0	0
Lease liabilities	2,015,328	(2,325,579)	(496,802)	(1,773,827)	(54,950)	0	0
Securities under repurchase agreement at amortized cost	30,489,979	(31,748,509)	(31,748,509)	0	0	0	0
Total financial liabilities	1,544,604,864	(1,639,230,200)	(1,055,063,003)	(582,054,747)	(2,112,450)	0	0
Commitments and contingencies	0	(25,864,587)	(25,864,587)	0	0	0	0

			Current	Non-current			
2022	**Carrying Value**	**Gross nominal amount inflow/(outflow)**	**Up to 1 Year**	**From 1 to 5 Years**	**From 5 to 10 Years**	**More than 10 years**	**Without maturity**
Financial assets:							
Cash and cash equivalents	4,095,738	4,095,738	4,095,738	0	0	0	0
Deposits with Banks at amortized cost	140,836,824	140,876,616	140,876,616	0	0	0	0
Investments in securities	456,075,131	656,931,443	159,443,458	358,474,093	116,067,063	15,463,161	7,483,668
Securities under resale agreement at amortized cost	6,228,662	6,473,457	6,473,457	0	0	0	0
Loans at amortized cost	1,078,339,521	1,395,935,538	445,846,101	645,793,108	202,452,859	101,843,470	0
Total financial assets	1,685,575,876	2,204,312,792	756,735,370	1,004,267,201	318,519,922	117,306,631	7,483,668
Financial liabilities:							
Deposits received at amortized cost	1,260,371,890	(1,304,057,878)	(850,468,462)	(453,589,416)	0	0	0
Borrowings at amortized cost	206,140,778	(258,951,270)	(35,809,093)	(28,299,031)	(194,843,146)	0	0
Marketable commercial securities	10,060,887	(10,408,577)	(10,408,577)	0	0	0	0
Lease liabilities	2,268,022	(2,723,256)	(747,056)	(1,936,948)	(39,252)	0	0
Securities under repurchase agreement at amortized cost	35,364,485	(35,577,060)	(35,577,060)	0	0	0	0
Total financial liabilities	1,514,206,062	(1,611,718,041)	(933,010,248)	(483,825,395)	(194,882,398)	0	0
Commitments and contingencies	0	(37,201,729)	(37,201,729)	0	0	0	0

To manage the liquidity risk arising from financial liabilities, the Bank maintains liquid assets such as cash and cash equivalents and securities with investments grade for which an active market exists. These assets can be sold to meet liquidity requirements.

(4) Financial Risk Management, continued

The table below shows the Bank's assets pledged and available as collateral or as guarantee in connection with any financial liability or other commitment. Available as collateral represent those assets available to support future funding or commitments:

2023	Pledged as Collateral	Available as Collateral	Total
Gross deposits with banks	1,100,000	136,377,367	137,477,367
Investments in securities	229,447,829	250,554,776	480,002,605
Gross loans	46,808,030	1,116,698,306	1,163,506,336
	277,355,859	1,503,630,449	1,780,986,308

2022	Pledged as Collateral	Available as Collateral	Total
Gross deposits with banks	1,100,000	139,701,374	140,801,374
Investments in securities	263,226,484	192,848,647	456,075,131
Gross loans	57,793,262	1,088,326,941	1,146,120,204
	322,119,746	1,420,876,962	1,742,996,709

As of December 31, 2023, deposits with banks for B/.1,100,000 (2022: B/.1,100,000), are restricted as collateral for borrowings, and for Visa International and Mastercard's operations. Investments in securities for B/.229,447,829 (2022: B/.263,226,484), are committed as collateral for borrowings, securities sold under repurchase agreements and financial operations. Loans of B/.46,808,030 (2022: B/.57,793,262), are pledged to secure borrowings.

Agreement No. 002-2018 issued by the Superintendency of Banks of Panama (SBP), establishes the provisions on liquidity risk management and the Liquidity Coverage Ratio (LCR) in the short term. Modified by Agreement No. 004-2018 and Agreement No. 010-2020 and developed by General Resolution No. SBP-RG-0003-2018. This regulatory agreement ensures that Banks have high quality and unencumbered liquid assets that can be easily and immediately converted into cash in the markets, in order to cover their liquidity needs in a scenario of 30-day liquidity problems. On December 31, 2023, the minimum LCR required by the SBP is 100%. The Bank's index on December 31, 2023 is 1035% (2022: 529%).

(c) *Market risk*

It is the risk that the value of a Bank's financial asset is reduced as a result of changes in interest rates, foreign currency exchange rates, changes in the price of stocks or the effect of other financial variables beyond Bank's control. The objective of market risk management is to manage and supervise market risk exposures, in order that they are maintained within the acceptable parameters optimizing the risk return.

(4) Financial Risk Management, continued

Risk management policies establish compliance with limits per financial instrument, limits as to the maximum amount of loss requiring the closure of the positions causing such loss and the requirement that, otherwise approved by the Board of Directors, all the assets and liabilities should be substantially denominated in US dollars or in Balboas.

Market Risk Management:
The Bank's investment policies provide for the compliance with limits for the total amount of the investment portfolio, individual limits per type of assets, institution, issuer and/or issuance and maximum terms.

Additionally, the Bank has established maximum limits for market risk losses on its investment portfolio that might be exposed to fluctuations in the interest rates, credit risk and fluctuation in market value of the investments. The policies and structure of limits to investment exposure included in the Investments Manual are established and approved by the Bank's Board of Directors based on the recommendations of the Committees of Assets and Liabilities (ALCO) and Risk; such recommendations consider the portfolio and assets forming part thereto.

Below you will find a detail of the breakdown and analysis of each type of market risk:

- *Exchange Rate Risk*:
  It is the risk that the value of a financial instrument fluctuates as a result of variations in the exchange rates of foreign currencies and other financial variables, as well as the reaction of market participants to political and economic events. For IFRS purposes, this risk does not arise from financial instruments that are not monetary items, nor from financial instruments denominated in the functional currency.

  Generally, the Bank conducts its transactions in Balboas or US dollars, however; it maintains some deposits placed in Euros. Considering current market conditions and the amount represented by these balances, the Bank currently assumes the exchange rate risk, which, given the Bank's current position in foreign currency, would not have significant impacts on the consolidated financial position.

- *Interest rate risk:*
  These are the risks that future cash flows and the value of a financial instrument change due to fluctuations in the market interest rates. The Bank's net interest margin may change as a result of unexpected changes in interest rates. In order to mitigate this risk, the Risk Department has set limits to exposure to interest rate risks that might be assumed, which are approved by the Board of Directors. Compliance with these limits is monitored by the Assets and Liabilities Committee (ALCO) and the Risk Committee.

(4) Financial Risk Management, continued

For interest rate risk management, the Bank has defined an interval ranging sensitivity to monitor assets (time deposits with banks, loans and investments, mainly) and financial liabilities (customer deposits with costs and borrowings, mainly). The estimate of the effect of the interest change per category is made under the assumption of increase or decrease of 50 basis points (bp) in financial assets and liabilities. The table presented below reflects the impact on applying such variations in the interest rate.

Sensitivity in the projected net interest income

2023	50bp increase	50bp decrease
On December 31st	1,244,916	(846,915)
Average for the year	932,593	(679,388)
Maximum for the year	1,425,366	(1,047,798)
Minimum for the year	384,851	(385,712)

2022	50bp increase	50bp decrease
On December 31st	479,162	(476,595)
Average for the year	519,319	(492,597)
Maximum for the year	635,140	(607,967)
Minimum for the year	354,804	(266,436)

Sensitivity of net equity due to interest rate fluctuation

2023	50bp increase	50bp decrease
On December 31	476,583	(66,641)
Average for the year	(109,722)	384,044
Maximum for the year	657,032	(267,523)
Minimum for the year	(778,913)	804,042

2022	50bp de increase	50bp de decrease
On December 31st	(717,165)	1,114,198
Average for the year	(1,172,016)	1,234,206
Maximum for the year	(1,856,734)	2,008,785
Minimum for the year	(717,165)	730,432

(4) Financial Risk Management, continued

The following table summarizes the Bank´s exposure to interest rate risks. The Bank's assets are included in the table at their carrying values, classified by categories, based on the earlier of contractual repricing date or maturity dates (balances presented correspond to principal plus interests).

2023	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 year	Over 5 years	Non-interest bearing	Accrued interest	Total
Financial assets:								
Deposits with banks	93,471,007	1,000,000	0	0	0	43,006,360	52,917	137,530,284
Investment in securities	152,049,810	106,248,413	66,047,506	97,259,942	51,873,762	6,523,172	4,022,368	484,024,973
Securities under resale agreements	300,000	500,000	7,750,020	0	0	0	75,419	8,625,439
Loans	120,099,241	241,193,195	203,798,756	354,440,200	243,974,944	0	10,691,112	1,174,197,448
Total financial assets	365,920,058	348,941,608	277,596,282	451,700,142	295,848,706	49,529,532	14,841,816	1,804,378,144
Financial liabilities:								
Saving deposits	203,800,474	0	0	0	0	0	0	203,800,474
Time deposits	93,564,369	131,225,942	445,293,863	362,402,271	0	0	8,404,308	1,040,890,753
Deposits from banks	9,011,114	2,000,000	0	0	0	0	15,459	11,026,573
Borrowings	0	130,695,551	10,000,000	9,615,384	2,000,000	0	1,340,476	153,651,411
Marketable commercial securities	0	0	11,829,000	0	0	0	46,715	11,875,715
Lease liabilities	21,245	0	0	703,611	1,281,456	0	9,016	2,015,328
Securities under repurchase agreement	14,038,872	15,696,451	0	0	0	0	754,656	30,489,979
Total financial liabilities	320,436,074	279,617,944	467,122,863	372,721,266	3,281,456	0	10,570,630	1,453,750,233
Total interest rate sensitivity	45,483,984	69,323,664	(189,526,581)	78,978,876	292,567,250	49,529,532	4,271,186	350,627,911

2022	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 year	Over 5 years	Non-interest bearing	Accrued interest	Total
Financial assets:								
Deposits with banks	114,967,571	0	0	0	0	25,833,802	39,992	140,841,365
Investment in securities	110,568,812	99,122,618	67,941,826	112,611,289	58,361,682	6,698,741	2,430,068	457,735,036
Securities under resale agreements	0	6,179,984	0	0	0	0	48,678	6,228,662
Loans	115,470,566	236,154,335	162,207,574	393,089,172	239,198,557	0	8,391,414	1,154,511,618
Total financial assets	341,006,949	341,456,937	230,149,400	505,700,461	297,560,239	32,532,543	10,874,152	1,759,316,681
Financial liabilities:								
Saving deposits	158,767,901	0	0	0	0	0	0	158,767,901
Time deposits	81,307,293	93,750,867	354,709,463	417,780,092	0	0	6,663,201	954,210,916
Deposits from banks	22,000,137	7,000,000	0	0	0	0	29,783	29,029,920
Borrowings	15,000,000	143,721,663	30,000,000	15,769,232	0	0	2,248,332	206,739,227
Marketable commercial securities	0	0	10,050,000	0	0	0	10,887	10,060,887
Lease liabilities	0	0	293,810	578,542	1,386,387	0	9,283	2,268,022
	0	0	34,800,000	0	0	0	564,485	35,364,485
Total financial liabilities	277,075,331	244,472,530	429,853,273	434,127,866	1,386,387	0	9,525,971	1,396,441,358
Total interest rate sensitivity	45,483,984	69,323,664	(189,526,581)	78,978,876	292,567,250	49,529,532	4,271,186	350,627,911

- *Price risk:*

  It is the risk that the value of a financial instrument fluctuates as a consequence of the changes in market prices, independently if they are caused by specific factors relative to the particular instrument or its issuer, or for factors that affect all negotiable instruments in the market.

  The Bank is exposed to price risk of equity instruments classified as available for sale or as securities at fair value through profit or loss. To manage the price risk arising from investments in equity instruments, the Bank diversifies its portfolio as per established limits.

(4) Financial Risk Management, continued

(d) Operational risk

It is the possibility of incurring losses, direct or indirect, due to failures or inadequacies in processes, personnel, technology and infrastructure, management information, models used or by external factors, whether or not related to credit risks, market and liquidity risks such as those from legal and regulatory requirements and of the behavior of generally accepted corporate standards.

The objective of the Bank is to manage operational risk in a timely manner, in order to avoid financial losses and damages to the reputation of the Bank. For this, it had established an Integral Risk Management and Administration Policy approved by the Risk Committee, General Management and the Board of Directors.

The structure of operational risk management has been developed to provide a segregation of responsibilities among owners, executors, control areas and those areas responsible for ensuring compliance with policies and procedures. Business and services units of the Bank assume an active role in identifying, measuring, monitoring and controlling operational risk and are responsible for understanding and managing these risks within their daily activities.

The implementation of this risk management structure has made the Bank adopt a methodology for evaluating business processes based on risk, which consist on identifying the key areas and processes in relation to strategic objectives, identifying risks inherent to the business and laying out the cycle of the process to identify mitigating risks and controls. This is supported by technological tools to document, quantify and monitor the risks identified in the different processes through risk matrices. The internal audit department through its programs ensures compliance with the procedures and controls identified and together with the Risk Management Department monitors the severity of the risks. This methodology has as a main objective to add the maximum fair value in each of the organization's activities, reducing the possibility of failure and losses.

To establish this methodology, the Bank has allocated resources to strengthen the internal control and organizational structure allowing independence between business, risk control and accounting areas.

This includes a proper operating segregation in the recording, reconciliation and transaction authorization, which is documented through defined policies, processes and procedures that include control and security standards.

In relation with human resources, existing policies of recruitment, evaluation and personnel retention have been strengthened, thus achieving highly qualified personnel with professional experience, which has to meet various induction processes in different positions, training plans and certification of understanding and acceptance about behavior policies and business standards established in the Bank's Code of Ethics.

(4) Financial Risk Management, continued

The Bank has made a significant investment in adapting the technology platform in order to be more efficient in the different business processes and to reduce risk profiles. To achieve that, security policies have been strengthened and a policy for technology risk management has been established.

(e) Capital risk management

The Bank manages its capital to ensure:

- Compliance with requirements established by the Superintendency of Banks of Panama.

- Maintain a capital base, strong enough to support its business performance.

The Bank, as an entity regulated by the Superintendency of Banks of Panama, is required to maintain a total capital ratio measured based on risk weighted assets.

The capital adequacy and the use of regulatory capital are monitored by the Bank's Management based on guidelines and techniques developed by the Superintendency of Banks of Panama. Requests for information are sent to the regulators on a quarterly basis.

The Bank analyzes its regulatory capital by applying the rules of the Superintendency of Banks of Panama established for General License Banks, based on the Agreements No. 001-2015 and No. 003-2016.

The Panamanian Banking Law requires General License Banks to maintain a minimum paid capital of B/.10,000,000, an equity of at least 8% of risk weighted assets, including financial instruments outside the consolidated statement of financial position. For these purposes, assets should be considered net of the respective allowances or reserves and with the weighted considerations as specified in the Agreement No. 001-2015 of the Superintendency of Banks of Panama

It is also established a new ratio called leverage ratio, calculated as the ratio of the common tier 1 capital to the total exposure to the non-risk-weighted assets (in and off-balance sheet) established by the Superintendency in the Agreement No. 003-2016. To determine off-balance sheet operations exposure, the criteria for credit risk and counterparty risk will be used. At no time can the leverage ratio be less than 3%.

The Bank incorporates by regulation the calculation of weighted assets in accordance with Agreement No. 0011-2018 by means of which it issues new provisions on Operational Risk and Agreement No. 6-2019 by means of which it modifies Agreement No. 003-2018 that establishes the capital requirements for the financial instruments registered in the trading portfolio as of December 31, 2019.

(4) Financial Risks Management, continued

Based on Agreements No. 001-2015 and its amendments and No. 003-2016, issued by the Superintendency of Banks of Panama, the Bank, maintains a regulatory capital position as of December 31, 2023 that is detailed as follows:

	2023	2022
Common Tier 1 Capital		
Common shares	103,000,000	103,000,000
Retained earnings	71,932,628	65,776,042
Other items of comprehensive income	(4,391,583)	(6,942,360)
Goodwill, intangible assets and investment in associte	(12,176,848)	(11,728,386)
Total Common Tier 1 capital	158,364,197	150,105,296
Additional Primary Capital		
Preferred Shares	20,000,000	20,000,000
Total Tier 1 Capital	178,364,197	170,105,296
Dynamic provision	20,357,497	18,373,574
Total Regulatory Capital Funds	198,721,694	188,478,870
Total assets weighted by credit, operational and market risk	1,306,117,277	1,307,516,432

Ratios:	**2023**	**2022**	**Minimum required**
Capital Adequacy Ratio	15.21%	14.42%	8.00%
Tier 1 Capital	13.66%	13.01%	6.00%
Common tier 1 Capital	12.12%	11.48%	4.50%
Leverage ratio	9.12%	10.09%	3.00%

(f) *Continuity plan*

The Bank has a Business Continuity Plan, in which the guidelines that must be implemented to resume operations in the event of a contingency or a disaster event have been defined; it is accompanied by contingency tests that are carried out once a year and an evaluation plan awareness program.

(g) *Technology risk*

Technological risk is defined as the possibility of economic losses arising from an event related to the technological infrastructure, access or use of technology, which affects the development of the business processes or the Bank´s risk management, by attempting against confidentiality, integrity, availability, efficiency, reliability, compliance or timely use of the information. This management is done in conjunction with the Technology Committee in order to timely manage potential threats in the business.

(5) Use of Estimates and Judgments in the Application of Accounting Policies

Bank´s Management makes estimates and judgements that affect the reported amounts of assets and liabilities within the next fiscal year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Losses on impairment of financial assets*

The Group reviews its main financial assets such as cash and cash equivalent, assets at amortized cost, and assets at fair value fair value through other comprehensive income to evaluate the impairment based on the criteria stablished by the Integral Risk Committee, which establishes provisions under the expected credit loss methodology. These are divided in provisions in 3 different stages, 12-month losses, loan lifetime expected losses, and credits with default. (See note 3 (g) and note 4).

(b) *Impairment of Goodwill:*

The Bank checks annually or when there are indications, if goodwill has experienced impairment losses. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (See note 14).

(6) Balances and Transactions with Related Parties

The consolidated statement of financial position and the consolidated statement of profit or loss include balances and transactions with related parties, which are summarized as follows:

2023	Directors and Key Executives	Related Companies	Total
Assets:			
Loans and interest receivable	7,992,751	28,356,306	36,349,057
Investment in associate	0	173,922	173,922
Liabilities:			
Deposits:			
Demand	445,146	1,344,767	1,789,913
Saving	556,016	2,050,816	2,606,832
Time and interest payable	6,002,972	6,882,841	12,885,813
Interest income:			
Loans	374,029	1,679,949	2,053,978
Severance fund	0	37,887	37,887
Interest expenses:			
Deposits	366,587	647,749	1,014,336
Commission expenses	0	5,112	5,112
General and administrative expenses:			
Director's allowances (meetings)	297,500	0	297,500
Salaries and other benefits – short term	1,762,789	0	1,762,789

(6) Balances and Transactions with Related Parties, continued

2022	Directors and Key Executives	Related Companies	Total
Assets:			
Loans and interest receivable	5,834,415	23,599,930	29,434,345
Liabilities:			
Deposits:			
Demand	522,369	960,782	1,483,151
Saving	375,056	4,646,157	5,021,213
Time and interest payable	6,013,477	4,886,058	10,899,535
Interest income:			
Loans	419,415	1,481,701	1,901,116
Interest expenses:			
Deposits	252,056	219,253	471,309
General and administrative expenses:			
Director's allowances (meetings)	303,500	0	303,500
Salaries and other benefits – short term	1,466,202	0	1,466,202

The Bank holds demand deposits of its Controlling Company for the amount of B/.567,385 (2022: B/.567,385).

The capital of loans to related companies as of December 31, 2023 amounted to B/.28,280,243 with an interest rate in a range between 4% to 24%; and have various maturities until 2028 (2022: B/.23,534,699 with rates between 4% and 16%).

Loans to directors, key executives and collaborators as December 31, 2023 present a balance of B/.7,572,436, at an interest rate between 4% to 18% (2022: B/.5,529,706, with an interest rate between 4% to 18%); with various maturities until the year 2053 (2022: with various maturities until year the 2048).

The loan balances with related parties, directors and key executives that are cash collateralized amounted to B/.4,249,033 (2022: B/.4,098,914) and balances secured by mortgages amounted to B/.22,486,483 (2022: B/.20,986,503).

(7) Cash, Cash Equivalents and Deposits with Banks

The cash, cash equivalents and deposits with banks are detailed as follows:

	2023	2022
Cash and cash equivalents	4,170,806	4,095,738
Demand deposits with banks	89,977,367	96,301,373
Time deposits with banks	47,500,000	44,500,000
Total cash, cash equivalents and bank deposits, excluding interest receivable	141,648,173	144,897,111
Less:		
Interest-bearing restricted deposits with banks	1,100,000	1,100,000
Cash and cash equivalents in the consolidated statement of cash flows	140,548,173	143,797,111

As of December 31, 2023, the Bank maintained deposits for a value of B/.1,100,000 (2022: B/.1,100,000), provided to guarantee commitments.

As of December 31, 2023, interest receivable on time deposits amounted to B/.52,917 (2022: B/.39,992).

(8) Investments in Securities

The investments in securities are presented as follows:

	2023			
	FVTPL	FVOCI	Amortized Cost	Total
Mutual Fund	6,138,065	0	0	6,138,065
Obligations of the Government of the Republic of Panama and Panamanian public entities	0	45,359,218	16,872,871	62,232,089
Foreign Government Obligations	0	100,402,751	0	100,402,751
Quasi Bonds - Local State	0	767,160	0	767,160
Foreign corporate bonds	0	13,746,580	15,714,037	29,460,617
Local corporate bonds	0	0	81,942,615	81,942,615
Local Shares	0	385,107	0	385,107
Marketable commercial securities	0	0	3,736,000	3,736,000
Corporate Debt	0	0	194,938,201	194,938,201
Total investments	6,138,065	160,660,816	313,203,724	480,002,605
Accrued interest receivable	0	610,120	3,412,248	4,022,368
Allowance for losses in investments at amortized cost	0	0	(2,130,810)	(2,130,810)
Balance at the end of the year, net	6,138,065	161,270,936	314,485,162	481,894,163

(8) Investments in Securities, continued

	2022			
	FVTPL	FVOCI	Amortized Cost	Total
Mutual Fund	6,297,239	0	0	6,297,239
Obligations of the Government of the Republic of Panama and Panamanian public entities	0	50,460,232	6,987,916	57,448,148
Foreign Government Obligations	0	47,880,457	0	47,880,457
Quasi Bonds - Local State	0	898,558	0	898,558
Foreign corporate bonds	784,927	14,184,837	241,482,610	256,452,374
Local corporate bonds	0	0	82,426,689	82,426,689
Local Shares	0	401,502	0	401,502
Marketable commercial securities	0	0	3,500,000	3,500,000
Total investments	7,082,166	113,825,586	334,397,216	455,304,968
Accrued interest receivable	143,912	635,834	1,650,322	2,430,068
Allowance for losses in investments at amortized cost	0	0	(1,659,905)	(1,659,905)
Balance at the end of the year, net	7,226,078	114,461,420	334,387,633	56,075,131

The investments at fair value through profit or loss were mandatorily recorded in this category because it does not meet the criterion of solely payment of principal and interests (SPPI).

The movement of investment securities is summarized as follows:

	2023		
Investments in securities	FVOCI	Amortized Cost	Total
Balance at the beginning of the year	113,825,586	334,397,216	448,222,802
Additions	861,328,603	97,245,983	958,574,586
Sales and redemptions	(818,203,516)	(120,112,277)	(938,315,793)
Net realized gain transferred to profit or loss	(242,457)	0	(242,457)
Amortization of premiums and discounts	1,263,236	1,672,802	2,936,038
Changes in fair value to OCI	2,689,364	0	2,689,364
Total	160,660,816	313,203,724	473,864,540
Investment in securities at FVTPL			6,138,065
Balance at the end of the year			480,002,605

	2022		
Investments in securities	FVOCI	Amortized Cost	Total
Balance at the beginning of the year	130,101,667	205,788,551	335,890,218
Additions	146,750,391	178,513,386	325,263,777
Sales and redemptions	(156,217,831)	(50,655,144)	(206,872,974)
Net realized gain transferred to profit or loss	(4,919)	0	(4,919)
Amortization of premiums and discounts	(508,417)	750,422	242,006
Changes in fair value to OCI	(6,295,306)	0	(6,295,306)
Total	113,825,586	334,397,216	448,222,802
Investment in securities at FVTPL			7,082,166
Balance at the end of the year			455,304,968

(8) Investments in Securities, continued

As of December 31, 2023, investments in securities for B/.194,938,202 (2022: B/.221,315,905) are collateralized for borrowings (See Note 17).

As of December 31, 2023, investments in securities for B/.328,417, are pledged as collateral for operations of the Bank´s subsidiary Metro Asset Management, S. A. with Latinclear (2022: B/.331,660), B/.211,125 are pledged as collateral for operations of the Bank´s subsidiary Metrotrust, S.A. with Banco Nacional de Panama (2022: B/.213,210). As of December 31, 2022 B/.249,422 are pledged as collateral for operations of the Bank´s subsidiary Metro Asset Management with Pershing.

Equity instruments at fair value through changes in other comprehensive income as of December 31, 2023, recorded a net unrealized loss of B/.16,395 as a result of the net change in fair value (2022: recorded a net unrealized gain of B/.4,160).

The net gain on financial instruments included in the consolidated statement of profit or loss, is summarized as follows:

	2023	**2022**
(Loss) gain on sale of investments at FVTPL	(11,747)	33,203
Gain (loss) unrealized on investments at FVTPL	109,945	(164,502)
Total Gain (loss) on investments in securities at FVTPL, net	98,198	(131,299)
Net gain on sale of investments at FVOCI	242,457	4,919
Gain on financial instruments at amortized cost, net	185,752	350,000
Total gain on sale of investments securities, net	526,407	223,620

(9) Securities Purchased Under Resale Agreements

As of December 31, 2023, the Bank holds securities purchased under resale agreements for B/.8,625,439 maturing during the year 2024 (2022: B/.6,228,662 maturing during the year 2023).

	2023	**2022**
Securities purchased under resale agreements	8,550,020	6,179,984
Accrued interest receivable	75,419	48,678
Total at amortized cost	8,625,439	6,228,662

These securities purchased under resale agreements are held with local financial institutions and are backed by common stocks with a risk rating between A+ and BBB+.

(10) Investment in associate

As of December 31, 2023, the Bank holds B/.173,922 as an investment in associate in the retirement and pension fund investment manager PROCRECER AFPC, S.A. and maintains a participation percentage of 30%.

PROCRECER AFPC, S.A. is a public limited company constituted under the laws of the Republic of Panama on January 23, 2023. The company is authorized by the Superintendency of the Securities Market to operate through a Retirement and Pension Fund Investment Manager License. The company's main office is located at Bella Vista, Calle 50, Edificio Plaza Galería 50.

The movement of the investment in associate is presented below:

	2023
Balance at the beginning of the year	0
Contributions	300,000
Participation in the result of the year	(126,078)
Balance at the end of the year	173,922

The financial information of PROCRECER AFPC. S.A. as December 31, 2023 is presented below:

Assets	622,385
Liabilities	142,644
Equity	479,741
Income	39,092
Expense	459,351
Net Income	(420,259)
Recognized participation in results	(126,078)

(11) Loans

The loan portfolio by product is summarized as follows:

	2023	2022
Local:		
Services	200,571,225	172,712,433
Consumer	192,475,728	181,399,595
Commercials	160,780,357	194,966,861
Construction	128,925,314	141,038,316
Residential mortgages	80,872,750	60,356,330
Industrial	39,018,066	43,745,730
Agricultural	34,444,864	29,723,357
Financial Leases	28,583,665	21,300,530
Mining and quarrying	2,420,075	2,875,806
Others	44,125,521	47,499,167
Total local	895,618,125	895,618,125
Foreign:		
Industrial	101,250,905	76,554,469
Services	60,366,070	87,880,446
Agricultural	19,167,771	22,859,715
Construction	15,195,201	91,475
Commercials	6,390,533	6,923,077
Mining and quarrying	3,440,000	4,000,000
Consumer	63,191	291,785
Others	45,415,100	51,901,112
Total foreign	251,288,771	250,502,079
Total gross loans	1,163,506,336	1,146,120,204
Accrued interest receivable	10,691,112	8,391,414
Less:		
Allowance for loan losses	14,023,836	19,018,625
Interest, costs and unearned commissions	59,903,211	57,153,472
Total loans at amortized cost	1,100,270,401	1,078,339,521

(11) Loans, continued

The loan portfolio includes financial leases receivable which maturities are detailed as follows:

	2023	**2022**
Financial leases minimum payments:		
Up to 1 year	11,659,416	9,920,478
From 1 to 5 years	19,912,996	13,403,312
Over 5 years	638,042	239,274
Total minimum payments	32,210,454	23,563,064
Less: unearned revenue	(3,626,789)	(2,262,534)
Gross financial leases	28,583,665	21,300,530
Accrued interest receivable	94,120	92,665
Less:		
Allowance for loan losses	42,876	39,643
Unearned interest, costs and commissions	135,255	92,079
Financial leases at amortized cost	28,499,654	21,261,473

As of December 31, 2023, the loan portfolio includes loans for B/.46,808,030 (2022: B/.57,793,262) that are pledged as collateral for borrowings for B/.15,000,000 (2022: B/.40,000,000) (See Note 17).

(12) Property, furniture, equipment and property improvements

Property, furniture, equipment and property improvements presented in the consolidated statement of financial position are detailed as follows:

2022	**Building in Progress**	**Building**	**Land**	**Property improvements**	**Furniture and equipment**	**Vehicles**	**Total**
Cost							
Balance at the beginning of the year	0	11,870,184	1,846,182	9,463,502	8,517,719	928,628	32,626,215
Additions	1,055,250	0	0	73,447	976,966	263,373	2,369,036
Sales and disposals	0	0	0	(11,582)	(169,525)	(302,338)	(483,445)
Reclassification	0	0	0	0	(16,900)	0	(16,900)
Balance at the end of the year	1,055,250	11,870,184	1,846,182	9,525,367	9,308,260	889,663	34,494,906
Accumulated depreciation							
Balance at the beginning of the year	0	(2,767,245)	0	(3,261,316)	(6,116,607)	(686,558)	(12,831,726)
Expenses for the year	0	(450,431)	0	(496,224)	(781,760)	(139,788)	(1,868,203)
Sales and disposals	0	0	0	258	167,606	297,336	465,200
Balance at the end of the year	0	(3,217,676)	0	(3,757,282)	(6,730,761)	(529,010)	(14,234,729)
Net balance	1,055,250	8,652,508	1,846,182	5,768,085	2,577,499	360,653	20,260,177

2022	**Building in Progress**	**Building**	**Land**	**Property improvements**	**Furniture and equipment**	**Vehicles**	**Total**
Cost							
Balance at the beginning of the year	6,422,069	8,202,235	1,284,132	5,385,217	6,787,440	966,549	29,047,642
Additions	882,761	0	562,050	1,051,166	2,212,712	110,072	4,818,761
Sales and disposals	0	0	0	(475,767)	(616,428)	(147,993)	(1,240,188)
Reclassification	(7,304,830)	3,667,949	0	3,502,886	133,995	0	0)
Balance at the end of the year	0	11,870,184	1,846,182	9,463,502	8,517,719	928,628	32,626,215
Accumulated depreciation							
Balance at the beginning of the year	0	(2,367,908)	0	(3,238,329)	(6,121,384)	(666,571)	(12,394,192)
Expenses for the year	0	(399,337)	0	(445,199)	(601,563)	(152,673)	(1,598,772)
Sales and disposals	0	0	0	422,212	606,340	132,686	1,161,238
Balance at the end of the year	0	(2,767,245)	0	(3,261,316)	(6,116,607)	(686,558)	(12,831,726)
Net balance	0	9,102,939	1,846,182	6,202,186	2,401,112	242,070	19,794,489

(13) Right-of-Use-Assets

The movement of a right-of-use-assets is presented below:

Right of use assets	2023	2022
Cost:		
Balance at the beginning of the year	4,307,778	6,089,878
New contracts	610,103	354,599
Expired and cancelled contracts	(1,004,440)	(2,136,699)
	3,913,441	4,307,778
Accumulated depreciation:		
Balance at the beginning of the year	(2,171,690)	(2,671,735)
Expenses of the year	(800,671)	(1,003,030)
Expired and cancelled contracts	920,741	1,503,075
Balance at the end of the year	(2,051,620)	(2,171,690)
Net balance	1,861,821	2,136,088

Depreciation expense for right-of-use assets is included in depreciation and amortization expense in the consolidated statement of profit or loss.

(14) Goodwill

As of December 31, 2023, the Bank maintains goodwill for B/.10,134,152 (2022: B/.10,134,152) that was originated by the acquisition of the financial assets and liabilities of Financiera Govimar, S. A. and subsidiary, on April 11, 2008.

In order to verify a possible impairment in the goodwill, management makes a valuation of the generating unit annually or when there is any evidence of impairment.

The recoverable amounts of the personal financial services business unit have been calculated based on their value in use.

Value in use for the business unit has been determined by discounting the future cash flows expected to be generated from the continuing use of the unit. The calculation of value in use was based on the following key assumptions:

- The actual operating results for the year ended on 2023 and the business plan for 2024 were used to project future cash flows. The future cash flows were projected for the next 5 years were carried out estimating growth rates average of 5.2% on its operating income and the growth rate in perpetuity was estimated at 2.3%. The forecast period is based on the Bank long-term perspective with respect to the operation of these units were determined in 5 years.

- The discount rate of 15.26% (without considering any tax effects), was applied in determining the recoverable amounts for the personal financial services unit. This discount rate is calculated based on the Weighted Average Cost of Capital (WACC) assigned to the personal financial service unit, which is based in function on the risk-free rate, for which it was used the yield of the Treasury Bonds of the United States of America at 10 years, a premium for country risk and a return premium for applicable capital investments.

The key assumptions described above may change as economic and market conditions change.

(14) Goodwill, continued

The Bank estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the unit to decline below its carrying amount.

As of December 31, 2023, management has determined that there is no clue of impairment of this goodwill.

(15) Assets Held for Sale

The assets held for sale included foreclosed assets for B/.13,425,865, net (2022: B/.11,611,164, net) and assets acquired via judicial auction for B/.1,857,379, net (2022: B/.1,857,379, net).

The foreclosed assets are detailed below:

	2023	**2022**
Real Estate	14,088,371	12,233,189
Allowance for impairment	(662,506)	(622,025)
Total	13,425,865	11,611,164

The movement of foreclosed assets is detailed below:

	2023	**2022**
Cost		
Balance at the beginning of the year	12,233,189	8,292,948
Additions	1,985,182	3,940,241
Sales	(130,000)	0
Balance at the end of the year	14,088,371	12,233,189
Allowance for impairment		
Balance at the beginning of the year	(622,025)	(604,131)
Expense of the year	(51,641)	(17,894)
Sale	11,160	0
Balance at the end of the year	(662,506)	(622,025)
Net balance	13,425,865	11,611,164

As of December 31, 2023, the Bank maintains a property acquired via judicial auction, classified as an asset held for sale for the amount of B/.1,857,379 (2021: B/.1,857,379).

The following is the movement of the assets acquired in judicial auction:

	2023	**2022**
Cost		
Balance at the beginning of the year	2,000,000	2,000,000
Balance at the end of the year	2,000,000	2,000,000
Allowance of impairment		
Balance at the beginning of the year	(142,621)	(142,621)
Balance at the end of the year	(142,621)	(142,621)
Net balance	1,857,379	1,857,379

(16) Other Assets

Other assets are summarized as follows:

	2023	2022
Account receivable, net of reserves	3,427,285	4,663,251
Severance funds	2,307,238	2,098,210
Intangible assets (software and licenses)	1,868,774	1,594,234
Deposits in guarantee	535,211	428,883
Insurance receivables	443,277	404,880
Advance purchase of assets	243,859	358,792
Other assets	61,534	1,441,926
Total	8,887,178	10,990,176

The movement of the software and licenses is detailed as follows:

	2023	2022
Balance at the beginning of the year	1,594,234	1,614,951
Additions	1,197,021	775,337
Disposals	(20,120)	0
Expense of the year	(902,361)	(796,054)
Balance at the end of the year	1,868,774	1,594,234

(17) Borrowings

Borrowings are detailed as follow:

Financial liability	Annual nominal Interest rate	Due date	2023	2022
Borrowing	SOFR 3M + margen	2028	130,695,550	143,721,663
Line of credit	SOFR 6M + margen	2023	0	10,000,000
Line of credit	SOFR 6M + margen	2023	0	5,000,000
Line of credit	SOFR 1M + margen	2023	0	5,000,000
Line of credit	FF + margen	2030	2,000,000	0
Line of credit	SOFR 3m + margen	2025	15,000,000	25,000,000
Line of credit	Fixed rate	2027	4,615,385	5,769,232
Line of credit	Fixed rate	2023	0	10,000,000
		Subtotal	152,310,935	204,490,895
		Accrued interest payable	1,340,476	2,248,332
		Less: paid commissions	(1,022,595)	(598,449)
			152,628,816	206,140,778

As of December 31, 2023, borrowing for B/.145,695,551 (2022: B/.199,490,894) are secured by loans for B/.46,808,030 (2022: B/.57,793,262) and investments in securities for B/.194,938,202 (2022: B/.221,315,905) (See Notes 8 and 11).

(17) Borrowings, continued

The movement of borrowings is detailed bellow with the purpose of reconciling with the consolidated financial statement of cash flows:

	2023	2022
Balance at the beginning of the year (including accrued interest)	206,140,778	123,352,563
New borrowings	67,821,644	308,025,689
Payments of borrowings	(120,001,604)	(227,078,011)
Amortization of paid commissions	690,416	301,254
Paid commissions	(1,114,562)	(150,374)
Recognition of interests	16,388,194	7,239,389
Paid interest	(17,296,050)	(5,549,732)
Balance at the end of the year	152,628,816	206,140,778

(18) Marketable Commercial Securities

The Bank was authorized by the Superintendency of the Securities Market of Panama to offer through a public offer according to Resolution No. SMV-414-21 of August 31, 2021 rotating Marketable Commercial Securities ("VCNs" by its acronym in Spanish) for a nominal value of up to B/.50,000,000. The VCNs will be issued in a nominative basis, immobilized and represented by book entries, in denominations of one thousand dollars (B/.1,000.00) and its multiples. Will be issued on a registered basis and without coupons. The capital payment will be made on the maturity date of each series. The VCNs are not guaranteed and cannot be redeemed early.

Marketable commercial securities are detailed as follows:

Series	Interest rate	Due date	2023	2022
Serie D	3.00%	2023	0	5,000,000
Serie E	3.00%	2023	0	2,550,000
Serie F	3.50%	2023	0	2,000,000
Serie G	4.50%	2023	0	500,000
Serie I	6.00%	2024	5,000,000	0
Serie K	6.00%	2024	2,000,000	0
Serie L	6.00%	2024	281,000	0
Serie M	6.00%	2024	4,548,000	0
		Subtotal	11,829,000	10,050,000
		Interest payable	10,877	46,715
		Total	11,875,715	10,060,887

(19) Lease Liabilities

The lease liabilities are detailed below:

2023	Average Interest rate	Miscellaneous Due date up to	Carrying value
Lease Liabilities	4.53%	2032	2,015,328
2022			
Lease Liabilities	4.05%	2032	2,268,022

(19) Lease Liabilities, continued

Maturity analysis – contractual undiscounted cash flows	2023	2022
Up to 1 year	496,802	747,055
From 1 to 5 years	1,773,827	1,936,948
More than 5 years	54,950	39,251
Total undiscounted lease liabilities at the end of the year	2,325,579	2,723,254
Lease liabilities included in the consolidated statement of financial position of the year	2,015,328	2,268,022

Amounts recognized in the Consolidated Statement of Profit or Loss	2023	2022
Interest expense on lease liabilities	(84,509)	(124,692)
Expenses related to low value leases	(18,366)	(12,400)
Expenses related to short-term leases	(57,346)	(81,856)
Expenses related to leases with option to terminate	(243,514)	(93,687)
Total at the end of the year	(403,735)	(312,635)

Amounts recognized in the Consolidated Statement of Cash Flows		
Total cash outflow from leases	(1,182,566	(1,263,598)

As of December 31, 2023, the total cash outflow from leases recognized in the consolidated statement of cash flows comprises the portion of payment to principal as financing activities for B/.778,831 (2022: B/.950,963), the portion of interest for B/.84,509 (2022: B/.124,692) and the portion of short-term, low value and leases with a termination option for B/.319,226 (2022: B/.187,943), as operating activities.

(20) Securities Sold under Repurchase Agreements at Amortized Cost

As of December 31, 2022, the Bank had obligations arising from securities sold under repurchase agreements for B/.30,489,979 (2022: B/.35,364,485) with maturity until March 2024 with an interest rate of 6 months SOFR + margin. These securities are secured by investments for B/. 33,970,085 (2022: B/.41,116,287) (See Note 8). Because the Bank transfers the securities that are guaranteeing these operations to the counterparty. It does not have the ability to use the transferred assets during the term of the agreement.

(21) Other liabilities

Other liabilities are detailed as follows:

	2023	2022
Sundry creditors	6,250,425	4,866,531
Provisions	4,830,049	3,458,032
Staff costs provisions	3,920,451	3,157,483
Income tax payable	69,909	2,501,329
Loans payments and compensations pending of ACH transfers	762,337	536,359
Others	1,955,406	3,221,422
Total	17,788,577	17,741,156

(22) Common Shares

Common shares are detailed as follows:

	2023 Share Capital issue and in circulation	2023 Amount	2022 Share Capital issue and in circulation	2022 Amount
Issued and outstanding shares:				
Balance at the end of the year	103,000	103,000,000	103,000	103,000,000

The authorized common share capital is represented by 110,000 shares, issued and in circulation 103,000 shares (2022: 103,000 shares).

During the year ended as of December 31, 2023, dividends were paid on common shares amounting to B/.7,263,880 (2022: B/.4,667,639).

(23) Preferred Shares

As of December 31, 2023, the Bank held Series "A" non-cumulative preferred shares for B/.20,000,000 (2022: B/.20,000,000), covered by Resolution No.SMV-362-22 of October 21, 2022 of the Superintendence Market of Panama with nominal value of B/.100 each without expiration date and yield of 7.25% net of taxes provided that dividends are declared during the year. The Bank may, at its sole discretion, redeem all or part of the preferred shares 5 years after their issuance.

During the year ended as of December 31, 2023, dividends on preferred shares were paid for a total of B/.1,611,113 (2022: B/.154,438).

(24) Other Commissions Earned

Other commissions earned are presented below:

	2023	2022
Other commissions earned:		
Merchant and point of sale	1,159,221	641,027
Money transfers, money orders and cashier checks	1,100,324	1,516,154
Custody and administration of securities	483,262	480,598
Trust management	348,241	445,177
Letters of credit	277,944	282,706
Others revenues and commissions	4,221,895	3,117,578
Total other commissions earned	7,590,887	6,483,240

(25) Commitments and Contingencies

Commitments

The Bank maintains financial instruments outside the consolidated statement of financial position with credit risks that arise from the normal course of business and which involve elements of credit and liquidity risk. Such financial instruments include commercial letters of credit, endorsement and sureties and promissory notes of payment, which are summarized as follows:

	Standard	
	2023	**2022**
Letters of credit and "Standby"	4,322,039	13,541,903
Endorsement and sureties	3,685,155	2,911,369
Promissory notes of payment	17,857,393	20,748,457
Total	25,864,587	37,201,729

Letters of credit, endorsement and sureties and promissory notes of payment and loan include exposure to some credit loss in the event of default by the customer. The Banks' credit policies and procedures to approve credit commitments and financial guarantees are the same as those for granting loans recorded on the consolidated statement of financial position.

Guarantees issued have fixed maturity dates, and most of them expire without being drawn upon, and therefore, they generally do not represent a significant liquidity risk. With respect to the letters of credit, most are used; however, the majority are at-sight and paid immediately.

Promissory notes of payment are a commitment in which the Bank agrees to make a payment once certain conditions are met, which have an average maturity of six (6) months and are mainly used for disbursements of mortgage loans. The Bank does not anticipate losses as a result of these transactions.

Contingencies

As of December 31, 2023, the Bank is not involved in any litigation that is likely to have a material adverse effect on the Bank's consolidated financial position or results of operations.

(26) Trust Management and Assets under Custody

As of December 31, 2023, the subsidiary Metrotrust, S. A. held in trust management, contracts on behalf and at the risk of clients with a carrying amount of B/.801,465,024 (2022: B/.768,445,149). Considering the nature of these services, Management considers that there are no risks to Metrotrust, S. A.

(26) Trust Management and Assets under Custody, continued

The following table describes the types of structured entities in which the subsidiary Metrotrust, S. A. acts as a sponsor of it. Metrotrust, S. A., is considered as a sponsor of a structured entity when it facilitates its establishment:

Type of structured entity	Nature and purpose	Interest held by Metrotrust, S. A.
Guarantee trust	Created in support of third parties for financing secured by transferred assets. These vehicles are financed through assets pledged as security third parties.	None
Administration trust	Created to offer collection management services through the transfer of securities issued pursuant to the execution of contracts.	None

The Bank has not contractual obligation to provide financial or other support to these unconsolidated structured entities.

As of December 31, 2022, Metrotrust, S. A. maintains commissions on trust management for B/.483,262 (2022: B/.445,177).

The Bank provides its customers services as an administrator of securities through one of its subsidiaries, Metro Asset Management, S. A., which manages securities accounts. As of December 31, 2022, the carrying amount of assets under custody amounted to B/.568,191,204 (2022: B/.602,383,129), of which, B/.287,709,001 (2022: B/.272,461,000) are with related parties. As stated by Agreement No. 004-2011 of Superintendency of the Securities Market of Panama, as of December 31, 2023, the subsidiary Metro Asset Management, S. A. maintains a regulatory reserve on assets management for B/.227,276 (2022: B/.240,953).

(27) Income Tax

The income tax returns filed by the Bank are subject to examination by local tax authorities for the last three years, including the year ended December 31, 2023, in accordance with current tax regulations.

The current tax legislation is territorial in nature, which levies no income tax profits or revenues generated from foreign sources. In addition, revenue are exempt from income tax, among others, the following: those derived from interests that are earned or paid on savings accounts, term deposits or of any other nature that are held in banking institutions in Panama; of interest earned on bonds or other securities registered with the Superintendency of Securities Market and which have been placed through a stock exchange established properly in Panama; the gain on the sale of securities registered with the Superintendency of Securities Market and traded on a regulated market; interest earned on investment securities and debentures of Panama State.

(27) Income Tax, continued

In the Republic of Panama, pursuant to an Article 699 of the Tax Code, modified by Article 9 of Law No. 8 of March 15, 2010, legal entities will pay income tax based on the following rates:

In the Republic of Panama, the income tax for legal is calculated based on the rate of 25%. In addition, legal entities whose taxable income exceeds one million five hundred thousand dollars (B/.1,500,000) per year will pay income tax on whichever is greater of:

(a) The net taxable income calculated by the established method (traditional), and
(b) The net taxable income resulting from applying four point sixty-seven (4.67%) to the total taxable income.

Law 52 of August 28, 2012, reinstated the payment of estimated income tax from September 2012. According to that law, the estimated income tax should be paid in three equal amounts during the months of June, September, and December of each year.

Income tax expense is detailed as follows:

	2023	**2022**
Income tax, current	1,985,166	2,501,329
Income tax, previous yeras	(649,795)	(49,334)
Income tax, deferred	954,145	1,284,244
Income tax, net	2,289,516	3,736,239

Alternative Calculation of Income Tax (CAIR, acronym in Spanish)

Through Law No. 8 of March 15, 2010, the method called Alternative Calculation of Income Tax is eliminated and replaced with the presumed taxation of Income Tax, obliging all legal entities that accrue income in excess to one million five hundred thousand balboas (B/.1,500,000) to be determined as the taxable base of this tax, the sum that is greater between: (a) the net taxable income calculated by the traditional method established in the Tax Code and (b) the net taxable income that results from applying, to the total taxable income, four point sixty-seven percent (4.67%).

As of December 31, 2022, Metrobank, S.A. registered the amount resulting from the Alternative Calculation of Income Tax (CAIR), because the amount calculated according to the traditional method resulted in less. Below is presents the tax calculation under the CAIR method:

	2022
To Metrobank S. A.	
Taxable income (tax purposes)	55,355,831
Determination of taxable income (4.67%)	2,585,117
Total tax incurred	646,279

(27) Income Tax, continued

The deferred income tax asset and liability registered by the Bank is detailed as follows:

	2023	**2022**
Deferred income tax – asset:		
Allowance for loan losses	1,080,078	2,037,359
Allowance for customer loyalty programs	84,340	81,204
Total	1,164,418	2,118,563
Deferred income tax – liability:		
Tax effect on goodwill	(1,174,931)	(1,174,931)
Tax effect on revaluation of properties	(288,000)	(288,000)
	(298,513)	655,632

The deferred tax asset is recognized based on the deductible fiscal differences considering its past operations and the projected taxable income, which is influenced by management's estimates. Based on actual and projected results, Bank's management considers that there will be sufficient taxable income to absorb the deferred income taxes assets and liabilities previously described.

Reconciliation of financial income before income tax and the year income tax expense, as follows for Metrobank, S.A., Metro Leasing, S.A., Metro Asset Management, S.A., Metrotrust, S.A., Metrofactoring, S.A., Financiera Govimar, S.A. and Corporación Govimar, S.A.:

	2023	**2022**
Net income before income tax	24,628,956	7,514,766
Foreign, exempt and nontaxable income, net	(75,560,167)	(4,740,937)
Losses carried over from previous years.	(2,350,707)	0
Nondeductible costs and expenses	61,222,582	4,646,371
Net taxable income	7,940,664	7,420,200
Income tax 25%	1,985,166	1,855,050

Effective income tax rate:

	2023	**2022**
Profit before income tax	22,630,587	15,360,937
Income tax expense	2,289,516	3,736,239
Effective income tax rate	10.1%	24.3%

As of December 31, 2023, the subsidiary Metrobank, S.A. maintains a balance of accumulated tax losses of B/.6,041,039 (2022: B/.8,073,771). Accumulated tax losses may be used by 20% every year, up to five years, provided that they do not exceed 50% of taxable income.

(28) Segment Information

Management has prepared the following segment information based on the Bank's businesses for its financial analysis:

2023	Banking	Brokerage	Financial	Subtotal	Eliminations	Total consolidated
Interest income	122,364,896	65,720	14,849,458	137,280,074	(7,037,198)	130,242,876
Interest expenses	(72,655,652)	0	(5,990,817)	(78,646,469)	7,037,198	(71,609,271)
Provisions for impairment in financial assets	(8,324,315)	(116)	(1,568,653)	(9,893,084)	54,718	(9,838,366)
Impairment of foreclosed assets for sale	(40,481)	0	0	(40,481)	0	(40,481)
Provisions for loss irrevocable commitments	(97)	0	0	(97)	0	(97)
Other income	7,996,428	547,038	4,604,417	13,147,883	(6,519,754)	6,628,129
Other commissions earned	7,200,332	683,148	155,359	8,038,839	(447,952)	7,590,887
Commission expenses	(7,119,861)	(466,894)	(164,225)	(7,750,980)	447,952	(7,303,028)
General and administrative expense	(28,614,752)	(718,367)	(8,047,532)	(37,380,651)	4,340,589	(33,040,062)
Equity participation in associate	(126,078)	0	0	(126,078)	0	(126,078)
Earnings before income tax	20,680,420	110,529	3,838,007	24,628,956	(2,124,447)	22,504,509
Income tax, net	(1,298,732)	(24,681)	(966,103)	(2,289,516)	0	(2,289,516)
Net income	19,381,688	85,848	2,871,904	22,339,440	(2,124,447)	20,214,993
Total Assets	1,820,946,157	3,780,240	99,120,646	1,923,847,043	(133,272,756)	1,790,574,287
Total Liabilities	1,610,717,535	129,635	86,728,285	1,697,575,455	(131,639,158)	1,565,936,297

2022	Banking	Brokerage	Financial	Subtotal	Eliminations	Total consolidated
Interest income	88,139,046	18,667	14,448,568	102,606,281	(5,897,178)	96,709,103
Interest expenses	(51,986,455)	0	(3,502,467)	(55,488,922)	5,897,178	(49,591,744)
Provisions for impairment in financial assets	(7,658,233)	372	(981,434)	(8,639,293)	40,706	(8,598,589)
Impairment of foreclosed assets for sale	(17,894)	0	0	(17,894)	0	(17,894)
Provisions for loss irrevocable commitments	926	0	0	926	0	926
Other income	9,947,768	65,740	4,337,631	14,351,139	(8,755,554)	5,595,585
Other commissions earned	5,816,411	1,024,329	160,593	7,001,333	(518,093)	6,483,240
Commission expenses	(5,082,685)	(293,907)	(163,432)	(5,540,024)	518,093	(5,021,931)
General and administrative expense	(25,982,177)	(503,743)	(8,266,519)	(34,752,441)	4,554,680	(30,197,759)
Earnings before income tax	13,176,707	311,458	6,032,940	19,521,105	(4,160,168)	15,360,937
Income tax, net	(2,223,042)	(56,457)	(1,456,740)	(3,736,239)	0	(3,736,239)
Net income	10,953,665	255,001	4,576,200	15,784,866	(4,160,168)	11,624,698
Total Assets	1,756,602,503	3,753,931	91,318,640	1,851,675,074	(105,534,603)	1,746,140,471
Total Liabilities	1,559,875,136	170,883	79,293,754	1,639,339,773	(103,846,286)	1,535,493,487

(29) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that are not frequently traded and have limited availability of pricing information, fair value is less objective, and its determination requires a certain degree of judgment, that depends on liquidity, concentration, market uncertainty factors, pricing assumptions and other risks affecting the specific instrument.

(29) Fair Value of Financial Instruments, continued

The Bank measures fair values using the following levels of hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

- Level 2: inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e., determined based on prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which significant data inputs are direct or indirectly observable from market data.

- Level 3: This category includes all instruments for which the valuation techniques include unobservable inputs and have a significant effect on the fair value measurement. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions reflect the difference between the instruments.

Other valuation techniques include net present value valuation models and discounted cash flows models, comparisons to similar instruments for which observable market prices are available and other valuation models. Inputs and assumptions used in valuation techniques include risk-free referential rates, credit spreads and other assumptions used in estimating discount rates.

The objective of applying valuation techniques is to estimate the price at which an orderly transaction would take place to sell the asset or transfer the liability between market participants at the measurement date in current market conditions.

(29) Fair Value of Financial Instruments, continued

The fair value and carrying amounts of financial assets and liabilities is as follows:

	2023		2022	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets:				
Time deposits at amortized cost	47,552,917	47,552,917	44,539,992	44,539,992
Investments in securities at amortized cost	314,485,162	303,481,612	334,387,633	329,342,325
Investment in securities at FVTPL	6,138,065	6,138,065	7,226,078	7,226,078
Investment in securities at FVOCI	161,270,936	161,270,936	114,461,420	114,461,420
Securities purchased under resale agreements	8,625,439	8,625,439	6,228,662	6,228,662
Loans at amortized cost (excluding financial leases)	1,071,770,747	1,074,973,895	1,057,078,048	1,064,985,645
	1,609,843,266	1,602,042,864	1,563,921,833	1,566,784,122
Financial liabilities:				
Time deposits – customer and interbank at amortized cost	1,051,917,326	1,047,475,137	983,240,836	980,430,326
Borrowings at amortized cost	152,628,816	151,900,676	206,140,778	206,550,035
Marketable commercial securities	11,875,715	11,824,189	10,060,887	10,054,718
Lease liabilities	2,015,328	2,015,328	2,268,022	2,268,022
Securities sold under repurchase agreements at amortized cost	30,489,979	30,489,979	35,364,485	35,364,485
	1,248,927,164	1,243,705,310	1,237,075,008	1,234,667,586

The table below analyzes financial instruments measured at fair value on a recurring basis. These instruments are classified into different levels of fair value hierarchy based on the data inputs and valuation techniques used.

2023	Level 1	Level 2	Level 3	Total
Investment in securities to FVTPL:				
Mutual Funds	0	0	6,138,065	6,138,065
Total investments in securities at FVTPL	0	0	6,138,065	6,138,065
Investment in securities to FVOCI:				
Foreign Government Obligations	100,402,751	0	0	100,402,751
Obligations of Republic of Panama Government and panamanian public entities	0	45,359,218	0	45,359,218
Local Quasi-State Bonds	0	767,160	0	767,160
Foreign Corporate Bonds	0	13,746,580	0	13,746,580
Local Stocks	0	376,422	8,685	385,107
	100,402,751	60,249,380	8,685	160,660,816
Accrued interest receivable	0	610,120	0	610,120
Total investment in securities FVOCI	100,402,751	60,859,500	8,685	161,270,936
Total investment in securities measured at fair value	100,402,751	60,859,500	6,146,750	167,409,001

(29) Fair Value of Financial Instruments, continued

2022	Level 1	Level 2	Level 3	Total
Investment in securities to FVTPL:				
Mutual Funds	0	0	6,297,239	6,297,239
Foreign Corporate Bonds	0	784,927	0	784,927
	0	784,927	6,297,239	7,082,166
Accrued interest receivable	0	143,912	0	143,912
Total Investments in securities at FVTPL	0	928,839	6,297,239	7,226,078
Investment in securities to FVOCI:				
Foreign Government Obligations	47,880,457	0	0	47,880,457
Obligations of Republic of Panama Government and panamanian public entities	0	50,460,232	0	50,460,232
Local Quasi-State Bonds	0	898,558	0	898,558
Foreign Corporate Bonds	0	14,184,837	0	14,184.837
Local Stocks	24,300	377,202	0	401,502
	47,904,757	65,920,829	0	113,825,586
Accrued interest receivable	0	635,834	0	635,834
Total investment in securities FVOCI	47,904,757	66,556,663	0	114,461,420
Total investment in securities measured at fair value	47,904,757	67,485,502	6,297,239	121,687,498

As of December 31, 2023, there were no transfers between the different levels of the hierarchy (2022: no transfers between levels were made)

The following table presents the movement in financial instruments measured at fair value on a recurring basis classified in Level 3:

	2023	2022
Balance at the beginning of the year	6,297,239	6,591,145
Additions	8,685	647,570
Sales	0	(734,771)
Changes in fair value	(159,174)	(206,705)
Total at the end of the year	6,146,750	6,297,239

(29) Fair Value of Financial Instruments, continued

The following table describes the valuation techniques and inputs used for financial instruments measured at fair value, on a recurring basis:

Financial Instrument	Valuation technique and inputs used	Level
Obligations of the Government of the Republic of Panama and Panamanian Public Entities; Foreign Government Obligations	Quoted prices observable from active markets and quoted prices observable from non-active markets	1 and 2
Mutual Funds and shares	Discounted future cash flows using a discount rate on the underlying assets of the fund. The valuation model used assesses the underlying assets of the mutual fund based on the flows of the instruments, their remaining term as of the valuation date, and discounts the flows by a compound rate of the sum of the following variables: - Rates based market references - Plus a credit risk margin	3

The Bank maintains investments at fair value with changes in profit or loss in a mutual fund, that in turn invests in mutual funds whose investments are personal and corporate loans. The participation's interests in these mutual loans funds are presented at fair value as determined by the administrator of these funds, based on transaction prices, adjusted for amortizations and changes in market interest rates on current loans. Such measurement is based on the value indicated by current market expectations of future cash flows and considers the nature of the loan, the realizable value of any collateral, and the borrowers' capability to make payments. Additional consideration is given to current contractual interest rates, relative maturities, and other key terms and risks associated with an investment.

These investments are subject to the risk that the borrower would not be able to meet principal and interest payments on their obligations and to price volatility due to factors such as sensitivity to interest rates and the market's perception of the creditworthiness of the borrower. Due to the uncertainties inherent in the valuation, which is at Level 3 of the fair value hierarchy, certain estimated values may differ significantly from the values that would have been realized if there had been an active market for these investments. However, the objective of the fair value measurement remains the same that is, an exit price on the measurement date from the perspective of a market participant, therefore, the unobservable data used in the valuation reflect the assumptions that market participants would use to price the asset.

The Bank's management considers that changing any unobservable input data used in the fair value measurement of Level 3 investments to reflect other reasonably possible alternative assumptions would not result in a significant change in the fair value estimate.

(29) Fair Value of Financial Instruments, continued

The table below analyzes the fair values of financial instruments not measured at fair value. These instruments are classified into different levels of fair value hierarchy based on the data inputs and valuation techniques used.

2023	Total	Level 2	Level 3
Financial assets:			
Time deposits	47,552,917	47,552,917	0
Investments at amortized cost	303,481,612	0	303,481,612
Securities purchased under resale agreements	8,625,439	8,625,439	0
Loans at amortized cost (excluding financial leases)	1,074,973,895	0	1,074,973,895
Total financial assets	1,434,633,863	56,178,356	1,378,455,507
Financial liabilities:			
Time deposits – customers and interbank	1,047,475,137	0	1,047,475,137
Borrowings received	151,900,676	0	151,900,676
Marketable commercial securities	11,824,189	0	11,824,189
Lease liabilities	2,015,328	0	2,015,328
Securities sold under repurchase agreement	30,489,979	30,489,979	0
Total financial liabilities	1,243,705,310	30,489,979	1,213,215,331

2022	Total	Level 2	Level 3
Financial assets:			
Time deposits	44,539,992	44,539,992	0
Investments at amortized cost	329,342,325	0	329,342,325
Securities purchased under resale agreements	6,228,662	6,228,662	0
Loans at amortized cost (excluding financial leases)	1,064,985,645	0	1,064,985,645
Total financial assets	1,445,096,624	50,768,654	1,394,327,970
Financial liabilities:			
Time deposits – customers and interbank	980,430,326	0	980,430,326
Borrowings received	206,550,035	0	206,550,035
Marketable commercial securities	10,054,718	0	10,054,718
Lease liabilities	2,268,022	0	2,268,022
Securities sold under repurchase agreement	35,364,485	35,364,485	0
Total financial liabilities	1,234,667,586	35,364,485	1,199,303,101

The valuation techniques and significant inputs used in the financial assets and liabilities not measured at fair value, classified in the fair value hierarchy as Level 2 and 3, are described below:

- Time deposits placed with Banks, securities sold under repurchase agreements and securities purchased under resale agreements; its fair value represents the amount receivable/or to be paid at the reporting date, because of its short-term nature.

- Investments at amortized cost: Discounted cash flows using a discount rate that is made up of the free market risk rate and the risk-free rate of the Republic of Panama, for an instrument with a similar remaining maturity.

(29) Fair Value of Financial Instruments, continued

- Loans: The fair value of loans represents the discounted amount of estimated future cash flows estimated to be received. Provided future cash flows are discounted at current market rates offered by the Bank, to determine its fair value.

- Time deposits received from customers/interbank, borrowings and marketable commercial securities: discounted future cash flows using current market rated for financing new debts with similar remaining maturities.

(30) Major Applicable Laws and Regulations

General law and regulations

(a) *Banking law*

Banking operations in the Republic of Panama, are regulated and supervised by the Superintendency of Banks of the Republic of Panama, pursuant to the regulations established in Executive Decree No.52 of April 30, 2008, which adopted the sole text of Decree Law 9 of February 26, 1998, as amended by Decree Law No. 2 of February 22, 2008, whereby establishing the banking system in Panama and creates the Superintendency of Banks and its regulations.

For purposes of compliance with the prudential norms issued by the Superintendency of Banks of Panama, the Bank will prepare an estimate of the regulatory credit reserve. If the regulatory calculation is greater than the corresponding estimate determined under IFRS, the excess reserve is recognized in a regulatory equity reserve.

(b) *Finance companies law*

The operations of finance companies in the Republic of Panama are regulated by the Ministry of Commerce and Industry through the Direction of Financial Enterprises according to legislation established in Law No.42 of July 23, 2001, regulated by Executive Decree 213 of October 26, 2010 and modified by the Law 33 of June 26, 2002.

(c) *Financial leases law*

The operations of financial leases in Panama are regulated by the Ministry of Commerce and Industry through the Direction of Financial Enterprises according with legislation established under Decree Law No.7 of July 10, 1990, regulated by Executive Decree No. 76, regarding to the contract of financial leasing of movable property.

(d) *Securities laws*

Brokerage operations in Panama are regulated by the Superintendency of Securities Market according to legislation established in Law Decree No.1 of July 8, 1999 as amended by Law No.67 of September 1, 2011 that established the system of coordination and cooperation between financial Control Authorities and creates the Superintendency of Securities and by Law Decree No.66 of December 9, 2016.

(30) Major Applicable Laws and Regulations, continued

The powers of the Superintendency of Securities include, among others: approve, suspend and cancel public offerings; issue, suspend, revoke and cancel licenses of securities exchanges, central securities depositories, brokerages, investment advisors, key executives, stockbrokers, analysts and investment managers; establish rules of good business conduct and ethical standards; and prescribe the form and content of financial statements and other information.

In 2013, the Superintendency of Securities Markets of Panama issued Agreement No.008-2013 that modifies some rules that are included in Agreement No.004-2011, relating to Capital Adequacy, Total Minimum Required Capital, Solvency Ratio, Liquidity and Credit Risk Concentration, that must be followed by Brokerage Houses in Panama.

(e) *Trust Law*

Trust operations in Panama are regulated by the Superintendency of Banks of Panama according with regulations established under Law No.1 of January 5, 1984 and its amendments by Law 21 of March 10, 2017, which establishes the rules for the regulation and supervision of the trustees and the trust business and dictates other provisions.

(f) *Factoring Law*

Factoring operations in Panama are regulated by the Commercial Code of the Republic of Panama and the Civil Code of the Republic of Panama through Law No. 2 of August 22, 1916 which approves theses codes.

The main regulations or norms in the Republic of Panama, which have an effect on the preparation of these consolidated financial statements are described below:

- *General Resolution of the Board of Directors SBP-GJD-003-2013* dated July 9, 2013, which establishes the accounting treatment for differences arisen between prudential standards issued by the Superintendency of Banks and International Financial Reporting Standards (IFRS), so that: 1) the accounting records and financial statements be prepared in conformity with IFRS as required by *Agreement No.006-2012* dated December 18, 2012 and 2) in the event that the calculation of a provision or reserve in conformity with prudential standards applicable to banks presenting specific accounting aspects in addition to those required by IFRS, results to be higher than the corresponding calculation as per IFRS, the excess of the provision or reserve under prudential standards shall be recognized in a regulatory reserve in equity. This General resolution entered into effect for accounting periods that ended on December 31, 2014.

  Subject to prior approval of the Superintendency of Banks, banks shall be able to, partially or totally reverse the established provision, based on justifications duly evidenced and presented to the Superintendency of Banks.

(30) Major Applicable Laws and Regulations, continued

- *Agreement No. 004-2013,* dated May 28, 2013, which sets forth the rules for credit risk management and administration inherent to the loan portfolio and off-balance sheet operations, including general classification criteria of credit facilities for the purpose of determining the specific and dynamic provisions to cover the Bank´s credit risk. Additionally, this Agreement establishes certain required minimum disclosures that are aligned with IFRS disclosure requirements for credit risk management and administration.

  This Agreement derogates Agreement No.006-2000 dated June 28, 2000 and any addendum thereto, Agreement No.006-2002 dated August 12, 2002 and Article 7 of Agreement No.002-2003 dated March 12, 2003. This Agreement entered into effect on June 30, 2014.

  Specific Provisions
  The Agreement No.004-2013 establishes that specific provisions are generated by any objective and concrete evidence of impairment. These provisions shall be recorded for credit facilities classified in the risk categories referred as: special-mention, substandard, doubtful or loss, both for individual or collective credit facilities.

  Effective December 31, 2014, banks shall calculate and maintain at all times the amount of the specific provisions determined by the methodology specified in this Agreement, which takes into account the outstanding balance of each credit facility classified in one of the categories subject to provision mentioned in the previous paragraph; the present value of each collateral available as risk mitigating, for each type of collateral as required by this Agreement; and a table of weightings applied to the net balance exposed to loss of such credit facilities.

  In case of a surplus in the specific provisions, calculated according to this Agreement, on the provision calculated under IFRS, this surplus shall be accounted for as a regulatory reserve in equity, increasing or decreasing allocations to or from retained earnings. The balance of the regulatory reserves will not be considered as capital funds for purposes of calculating certain prudential indices or ratios mentioned in the Agreement.

- *Agreement No. 003 – 2009* - Dispositions on Acquired Foreclosed Assets, issued by the Superintendency of Banks of Panama on May 12, 2009.

  For regulatory purposes, the Superintendency sets at term of (5) years, from the date of registration in the Public Register, the deadline to alienate property acquired in settlement of unpaid loans. If after that term the Bank has not sold the acquired property, it shall conduct an independent appraisal of the property to determine if its value has decreased, by applying in such case the provisions of IFRS.

(30) Major Applicable Laws and Regulations, continued

Likewise, the Bank should create a reserve in equity, through the appropriation in the following order of: a) undistributed earnings; b) profits for the period, to which the following value of the foreclosed property will be transferred:

First year:	10%
Second year:	20%
Third year:	35%
Fourth year:	15%
Fifth year:	10%

The above reserves shall maintain until the acquired asset is actually transferred, and it shall not be considered a regulatory reserve for purposes of calculating the equity ratio.

At the same time, the table summarizes the classification of the Bank's loan portfolio based on Agreement No. 4-2013:

	2023		2022	
	Loans	**Regulatory Reserves**	**Loans**	**Regulatory Reserves**
Standard	1,107,127,819	0	1,086,738,873	0
Special mention	27,826,782	3,598,819	20,573,825	2,259,989
Sub-standard	9,753,895	3,009,315	24,912,508	10,902,743
Doubtful	3,074,914	1,554,128	2,294,155	878,741
Loss	15,722,926	12,192,866	11,600,843	5,887,985
Total	1,163,506,336	20,355,128	1,146,120,204	19,929,458

The Agreement No.004-2013 defines as overdue any credit facility whose failure to pay the contractual amounts agreed, presents a delinquency over 90 days. This period shall be calculated from the date set for compliance with payments. The operations with a single payment at its maturity date and overdrafts, are considered overdue when its lack of payment exceeds 30 days from the date on which the obligation was determined to be paid.

The classification of the Bank's loan portfolio by maturity profile is presented below:

	2022				2022			
	Current	**Past-due**	**Overdue**	**Total**	**Current**	**Past-due**	**Overdue**	**Total**
Corporate	863,085,869	1,831,286	16,208,949	881,126,104	864,955,190	2,422,587	32,149,533	899,527,310
Consumer	278,442,058	2,121,457	1,816,717	282,380,232	243,682,180	1,837,173	1,073,541	246,592,894
Total gross loans	1,141,527,927	3,952,743	18,025,666	1,163,506,336	1,108,637,370	4,259,760	33,223,074	1,146,120,204

The balance of restructured loans as of December 31, 2023, amounted to B/.30,868,430 (2022: B/.29,153,709).

(30) Major Applicable Laws and Regulations, continued

Furthermore, based on Agreement No.008-2014, recognition of interest income based on past due days in paying principal and or interest and the type of credit transaction is suspended according to the following criteria:

a) For consumer and commercial loans, if it is overdue in more than 90 days; and
b) For mortgage loans for housing, if it is overdue in more than 120 days.

The Bank's loans in status of non-accrual of interest as of December 31, 2023 amounts to B/.16,954,381 (2022 B/.32,743,888).

For requirements of Agreement No.004-2013, Metrobank, S. A. has a regulatory provision for requirements of the Agreement No.004-2013 of B/.2,924,844 (2022: B/.1,228,963). (Which represents the excess of regulatory provision of credit on the balance of credit reserves recognized under IFRS).

Dynamic provision

Agreement No. 004-2013 sets forth that a dynamic provision is a reserve established to meet future requirements of specific provisions, which is ruled by prudential criteria inherent to the banking regulation. The dynamic provision is constituted on a quarterly basis on credit facilities without specific provision assigned, that is, on credit facilities classified as normal.

This Agreement regulates the methodology to calculate the amount of the dynamic provision, which considers a maximum and minimum percentage restriction applicable to the amount of provision determined on credit facilities classified as normal.

The dynamic provision is an equity item that increases or decreases through allocations from or to retained earnings. The credit balance of this dynamic provision forms part of the regulatory capital but does not replace nor offset capital adequacy requirements established by the Superintendency.

The following table summarizes the balance consisting of dynamic provision by the Bank and each of the following subsidiaries:

Companies	2023	2022
Metrobank, S. A.	16,349,533	14,993,818
Metro Leasing, S. A.	686,819	1,257,332
Metrofactoring, S. A.	694,291	694,291
Financiera Govimar, S. A. and Subsidiary	2,626,854	1,428,133
Total	20,357,497	18,373,574

(30) Major Applicable Laws and Regulations, continued

Trading Portfolio

The Superintendency of Banks of Panama issued Agreement No. 003-2018, modified by Agreement No. 006-2019, through which provisions are established on the management of the market risk inherent to the investment portfolio of the Banks in Panama, based on the general criteria of classification of the trading portfolio with the purpose of determining the capital requirement of those instruments applied as established in the agreements.

The Agreement establishes that the regulatory trading portfolio for the purpose of estimating capital requirements for market risk is composed of the financial instruments that meet one or more of the following purposes:

- Closing a short-term position with profits, whether through its purchase or sale, considering the original position of the financial instrument;
- To obtain short-term valuation gains;
- To obtain arbitrage profits;
- To hedge risks that arise from instruments meeting any of the above criteria.

In addition, financial instruments decided by this Superintendency of Banks on the basis of their special characteristics, and whose economic fund responds to the purposes indicated above shall be included in the trading portfolio, regardless of the classification of the financial instrument according to IFRS Standards.

Additionally, any financial instrument that may be identified with any of the following characteristics is part of the trading portfolio:

- An instrument held for accounting purposes, in accordance with IFRS Standards, as an asset or liability for trading purposes (so that it would be measured daily at market prices, with valuation differences being recognized in the consolidated statement of profit or loss).
- Instruments resulting from market-making activities.
- Instruments resulting from underwriting commitments.
- Equity investment in a fund, except when the daily market price is not available for determining the fund’s value.
- Representative value of capital quoted on the stock exchange.
- Short position in short,
- Derivative contracts, except those that serve to hedge positions that are not recorded in the trading book.
- Financial instruments that include derivatives, whether explicit or implicit, that are part of the banking book and whose underlying is related to equity risk or credit risk.

(30) Major Applicable Laws and Regulations, continued

The Bank has defined policies and procedures that provide for limits, and there is a process for keeping the Board of Directors and senior management informed, as an integral part of the Bank's risk management process.

The following is a breakdown, by type of position, of the value of the capital requirement for market risk and the profit and loss of the trading portfolio, as defined by Agreement No. 003-2018, as amended by Agreement No. 006-2019:

2023

Type of instrument	Market Value	(Loss)/ Gain
Common Shares	37,155	19,355

2022

Type of instrument	Market Value	(Loss)/ Gain
Mutual Funds	529,902	(3,893)
Common Shares	24,900	6,500
Total	554,202	2,607

The capital requirement for these instruments at December 31, 2023 is B/.13,376 (2022: B/.106,967).

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Schedule of Consolidation - Information on Consolidated Statement of Financial Position

December 31, 2023

(Expressed in Balboas)

	Metrobank, S. A.	Metro Leasing, S. A.	Metrofactoring, S. A.
Assets			
Cash and cash equivalents	4,165,106	1,500	100
Deposits with banks at amortized cost			
Demand deposits - local	13,318,281	1,323,205	620,306
Demand deposits - foreign	74,908,781	0	0
Time deposits - local	47,552,917	0	0
Less: Allowance for losses in deposits with banks	3,958	0	0
Total deposits with banks at amortized cost	135,776,021	1,323,205	620,306
Total cash, cash equivalents and deposits with banks	139,941,127	1,324,705	620,406
Investments in securities, net	536,397,789	0	0
Securities purchase under resale agreements at amortized cost	8,625,439	0	0
Investment in subsidiaries	1,759,105	0	0
Investment in asociated	173,922	0	0
Loans and interest receivable	1,026,617,511	28,677,785	35,331,626
Less:			
Allowance for loan losses	13,063,017	42,876	207,975
Interests, costs and unearned commissions	1,919,461	135,255	741,791
Loans at amortized cost	1,011,635,033	28,499,654	34,381,860
Inversión en asociadas			
Property, furniture, equipment and property improvements, net	19,614,431	0	0
Right-of-use assets	1,463,169	0	0
Prepaid expenses	864,302	9,277	2,265
Goodwill	10,134,152	0	0
Deferred income tax, net	0	10,719	51,994
Assets held for sale	13,425,865	0	0
Other Assets	8,803,844	20,431	383,359
Total other assets	33,228,163	40,427	437,618
Total assets	1,752,664,256	29,864,786	35,439,884

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The consolidated statement of financial position should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

Schedule 1

Metro Asset Management, S. A.	Metrotrust, S. A.	Financiera Govimar, S. A. and Subsidiary	Metro Assets S.A and Subsidiary	Sub-total	Eliminations	Total Consolidated
0	0	4,100	0	4,170,806	0	4,170,806
1,587,654	562,459	2,144,957	6,332	19,563,194	(4,742,127)	14,821,067
247,519	0	0	0	75,156,300	0	75,156,300
0	0	0	0	47,552,917	0	47,552,917
0	0	0	0	3,958	0	3,958
1,835,173	562,459	2,144,957	6,332	142,268,453	(4,742,127)	137,526,326
1,835,173	562,459	2,149,057	6,332	146,439,259	(4,742,127)	141,697,132
1,553,796	212,836	8,685	0	538,173,106	(56,278,943)	481,894,163
0	0	0	0	8,625,439	0	8,625,439
0	0	0	0	1,759,105	(1,759,105)	0
0	0	0	0	173,922	0	173,922
0	0	151,756,648	0	1,242,383,570	(68,186,122)	1,174,197,448
0	0	709,968	0	14,023,836	0	14,023,836
0	0	57,106,704	0	59,903,211	0	59,903,211
0	0	93,939,976	0	1,168,456,523	(68,186,122)	1,100,270,401
2,968	0	642,778	0	20,260,177	0	20,260,177
0	0	398,652	0	1,861,821	0	1,861,821
79,621	15,300	515,893	0	1,486,658	0	1,486,658
0	0	0	0	10,134,152	0	10,134,152
0	0	174,089	0	236,802	(236,802)	0
0	0	0	1,857,379	15,283,244	0	15,283,244
308,682	149,003	1,291,516	0	10,956,835	(2,069,657)	8,887,178
388,303	164,303	1,981,498	1,857,379	38,097,691	(2,306,459)	35,791,232
3,780,240	939,598	99,120,646	1,863,711	1,923,847,043	(133,272,756)	1,790,574,287

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Schedule of Consolidation - Information on Consolidated Statement of Financial Position

	Metrobank, S. A.	Metro Leasing, S. A.	Metrofactoring, S. A.
Liabilities and equity			
Liabilities:			
Customers deposits at amortized cost			
Demand deposits - local	89,567,015	0	0
Demand deposits - foreign	7,325,683	0	0
Saving deposits - local	186,934,376	0	0
Saving deposits - foreign	16,866,098	0	0
Time deposits - local	974,315,148	0	0
Time deposits - foreign	66,575,605	0	0
Time deposits from banks - local	11,026,573	0	0
Total customer and interbank deposits at amortized cost	1,352,610,498	0	0
Borrowings at amortized cost	137,568,225	0	0
Marketable commercial securities at amortized cost	11,875,715	0	31,350,283
Lease liabilities	1,607,969	0	0
Securities sold under repurchase agreements at amortized cost	30,489,979	0	0
Bonds payable	0	25,054,167	0
Other liabilities:			
Cashier's and certified checks	3,244,343	0	0
Deferred income tax, net	535,315	0	0
Other liabilities	13,128,790	85,097	1,064,446
Total other liabilities	16,908,448	85,097	1,064,446
Total liabilities	1,551,060,834	25,139,264	32,414,729
Equity:			
Common shares	103,000,000	100,000	50,000
Preferred Shares	20,000,000	0	0
Valuation reserve for investments	(4,390,179)	0	0
Regulatory reserves	26,079,524	729,990	694,291
Other reserves	3,492,831	0	0
Retained earnings	53,595,168	3,895,532	2,280,864
Total equity	201,777,344	4,725,522	3,025,155
Total liabilities and equity	1,752,838,178	29,864,786	35,439,884

Metro Asset Management, S. A.	Metrotrust, S.A.	Financiera Govimar, S. A. and Subsidiary	Metro Assets S.A and Subsidiary	Sub-total	Eliminations	Total Consolidated
0	0	0	0	89,567,015	(5,015,472)	84,551,543
0	0	0	0	7,325,683	0	7,325,683
0	0	0	0	186,934,376	0	186,934,376
0	0	0	0	16,866,098	0	16,866,098
0	0	0	0	974,315,148	0	974,315,148
0	0	0	0	66,575,605	0	66,575,605
0	0	0	0	11,026,573	0	11,026,573
0	0	0	0	1,352,610,498	(5,015,472)	1,347,595,026
0	0	83,246,714	0	220,814,939	(68,186,123)	152,628,816
0	0	0	0	43,225,998	(31,350,283)	11,875,715
0	0	407,359	0	2,015,328	0	2,015,328
0	0	0	0	30,489,979	0	30,489,979
0	0	0	0	25,054,167	(25,054,167)	0
0	0	0	0	3,244,343	0	3,244,343
0	0	0	0	535,315	(236,802)	298,513
129,635	102,708	3,074,212	2,000,000	19,584,888	(1,796,311)	17,788,577
129,635	102,708	3,074,212	2,000,000	23,364,546	(2,033,113)	21,331,433
129,635	102,708	86,728,285	2,000,000	1,697,575,455	(131,639,158)	1,565,936,297
1,050,000	500,000	5,500,000	10,000	110,210,000	(7,210,000)	103,000,000
0	0	0	0	20,000,000	0	20,000,000
21,404	(22,808)	0	0	(4,391,583)	0	(4,391,583)
227,276	0	2,873,033	0	30,604,114	0	30,604,114
0	0	0	0	3,492,831	0	3,492,831
2,351,925	359,698	4,019,328	(146,289)	66,356,226	5,576,402	71,932,628
3,650,605	836,890	12,392,361	(136,289)	226,271,588	(1,633,598)	224,637,990
3,780,240	939,598	99,120,646	1,863,711	1,923,847,043	(133,272,756)	1,790,574,287

Schedule 2

Metro Asset Management, S. A.	Metrotrust, S. A.	Financiera Govimar, S. A. and Subsidiary	Metro Assets S.A and Subsidiary	Sub-total	Eliminations	Total Consolidated
0	0	14,835,561	0	92,877,845	(3,527,464)	89,350,381
23,695	236	13,897	0	3,369,913	0	3,369,913
42,025	4,596	0	0	41,032,316	(3,509,734)	37,522,582
65,720	4,832	14,849,458	0	137,280,074	(7,037,198)	130,242,876
0	0	0	0	53,811,754	0	53,811,754
0	0	5,978,486	0	20,606,074	(3,527,464)	17,078,610
0	0	0	0	2,911,215	(2,276,817)	634,398
0	0	12,331	0	84,509	0	84,509
0	0	0	0	1,232,917	(1,232,917)	0
0	0	5,990,817	0	78,646,469	(7,037,198)	71,609,271
65,720	4,832	8,858,641	0	58,633,605	0	58,633,605
0	0	0	0	(583)	0	(583)
115	(2)	0	0	629,493	(54,718)	574,775
0	0	1,568,653	0	9,214,595	0	9,214,595
0	0	0	0	40,481	0	40,481
0	0	0	0	49,579	0	49,579
0	0	0	0	97	0	97
65,605	4,834	7,289,988	0	48,699,943	54,718	48,754,661
683,148	490,137	155,359	0	8,038,839	(447,952)	7,590,887
1,006	0	0	0	526,407	0	526,407
5,525	0	0	0	2,582,108	(2,179,165)	402,943
540,507	75	4,604,417	0	10,039,368	(4,340,589)	5,698,779
(466,894)	(148,346)	(164,225)	0	(7,750,980)	447,952	(7,303,028)
763,292	341,866	4,595,551	0	13,435,742	(6,519,754)	6,915,988
493,175	102,472	1,806,468	0	18,464,329	0	18,464,329
16,244	0	440,763	0	3,571,235	0	3,571,235
53,572	50,565	69,726	0	1,918,185	0	1,918,185
89,514	77,438	657,661	0	2,557,329	0	2,557,329
12,400	34,800	119,752	0	1,974,736	0	1,974,736
1,836	0	350,885	0	878,559	0	878,559
2,792	0	123,627	0	624,645	0	624,645
0	0	77,997	0	750,531	0	750,531
48,835	9,070	4,400,653	0	6,641,102	(4,340,589)	2,300,513
718,368	274,345	8,047,532	0	37,380,651	(4,340,589)	33,040,062
110,529	72,355	3,838,007	0	24,755,034	(2,124,447)	22,630,587
0	0	0	0	(126,078)	0	(126,078)
110,529	72,355	3,838,007	0	24,628,956	(2,124,447)	22,504,509
(24,681)	(19,759)	(966,103)	0	(2,289,516)	0	(2,289,516)
85,848	52,596	2,871,904	0	22,339,440	0	20,214,993

METROBANK, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Schedule of Consolidation - Information on Consolidated Statement of Profit or Loss

For the year ended at December 31, 2023

(Expressed in Balboas)

	Metrobank, S. A.	Metro Leasing, S. A.	Metrofactoring, S. A.
Interest income:			
Interest earned on:			
Loans	72,464,592	1,694,091	3,883,601
Deposit with banks	3,330,711	684	690
Investments	40,985,695	0	0
Total interest income	116,780,998	1,694,775	3,884,291
Interest expense on:			
Deposits	53,811,754	0	0
Borrowings	14,602,780	7,836	16,972
Marketable commercial securities	634,398	0	2,276,817
Lease liabilities	72,178	0	0
Bonds	0	1,232,917	0
Total interest expenses	69,121,110	1,240,753	2,293,789
Net interest income	47,659,888	454,022	1,590,502
Reversal of provision for losses in deposits with banks	(583)	0	0
Provision for investment securities losses	629,380	0	0
Provision for loan losses	7,534,510	52,266	59,166
Impairment in assets held for sale	40,481	0	0
Provision for other account receivable losses	0	0	49,579
Reversal of provision for operation off balance sheet	97	0	0
Net interest income, after provisions	39,456,003	401,756	1,481,757
Other income (expenses):			
Other commissions earned	6,289,780	399,265	21,150
Gain in securities, net	525,401	0	0
Dividends earned	2,576,583	0	0
Other income	4,851,311	11,340	31,718
Commission expenses	(6,893,145)	(37,661)	(40,709)
Total other income, net	7,349,930	372,944	12,159
General and administrative expenses:			
Salaries and other employee expenses	15,702,181	232,683	127,350
Depreciation and amortization	3,114,228	0	0
Fees and professional services	1,692,640	35,630	16,052
Taxes	1,564,130	71,830	96,756
Technology support	1,806,684	1,100	0
Advertising and publicity	525,838	0	0
Electricity, water and communications services	498,186	40	0
Maintenance and repairs	672,534	0	0
Others	1,684,344	44,520	453,680
Total general and administrative expenses	27,260,765	385,803	693,838
	19,545,168	388,897	800,078
Equity participation in associate	(126,078)	0	0
Net income before income tax	19,545,168	388,897	800,078
Income tax, net	(961,374)	(102,502)	(215,097)
Net income	18,583,794	286,395	584,981

The consolidated statement of profit or loss should be read along with the accompanying notes which are an integral part of the consolidated financial statements.

MetroBank

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Founded since 1991