

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

**Condensed Consolidated Interim
Financial Statements
(Unaudited)**

As of september 30, 2024

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

Table of Contents

Condensed Consolidated Statement of Financial Position
Condensed Consolidated Statement of Profit or Loss
Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Changes in Equity
Condensed Consolidated Statement of Cash Flows

Notes to the Condensed Consolidated Interim Financial Statements



BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Financial Position

As of September 30, 2024

(In U.S. dollars)

<u>Assets</u>	<u>Note</u>	September 30, <u>2024</u> <u>(Unaudited)</u>	December 31, <u>2023</u>
Cash and cash equivalents		747,264,791	931,707,522
Securities purchased under resale agreements	4, 7	67,163,596	61,193,065
Deposits in banks:			
Demand		3,736,718,779	3,809,315,812
Time deposits		464,102,477	533,683,400
Allowance for impairment on deposits in banks		(40,183)	(85,973)
Total deposits in banks, net	4	<u>4,200,781,073</u>	<u>4,342,913,239</u>
Total cash, cash equivalents and deposits in banks	6	5,015,209,460	5,335,813,826
Investments in securities, net	4, 8	4,886,740,772	4,548,929,982
Loans:			
Loans granted		25,620,934,583	23,356,663,662
Accrued interest receivable		194,903,750	185,825,399
Unearned commissions		(70,556,291)	(64,023,709)
Total loans	4, 9	<u>25,745,282,042</u>	<u>23,478,465,352</u>
Allowance impairment for loan losses	4, 9	(741,391,067)	(734,661,520)
Loans, net	9	<u>25,003,890,975</u>	<u>22,743,803,832</u>
Property and equipment, net		560,968,284	571,947,463
Acceptances outstanding		27,444,351	61,996,226
Other accounts receivable, net	4	315,419,409	594,677,078
Goodwill		335,647,766	335,569,978
Intangible assets, net		83,722,391	78,263,577
Deferred income tax		50,799,434	51,014,984
Other assets		199,528,114	180,633,802
Total assets		<u>36,479,370,956</u>	<u>34,502,650,748</u>

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

As of september 30, 2024

<u>Liabilities and Equity</u>	<u>Note</u>	September 30, <u>2024</u> <u>(Unaudited)</u>	December 31, <u>2023</u>
<u>Liabilities</u>			
Deposits from customers:			
Demand		9,741,138,882	9,883,922,827
Savings		6,546,359,373	6,214,269,103
Time deposits		10,894,048,131	9,917,991,462
Total deposits from customers	10	<u>27,181,546,386</u>	<u>26,016,183,392</u>
Securities sold under repurchase agreements		180,308,866	114,006,590
Financial obligations	11	2,755,963,224	2,443,136,750
Other financial obligations	12	1,487,105,924	1,365,943,096
Lease liabilities	13	108,084,824	119,512,038
Acceptances outstanding		27,444,351	61,996,226
Income tax payable		43,462,186	22,366,539
Deferred income tax		78,932,267	82,059,399
Provisions		85,941,051	76,289,856
Accounts payable and other liabilities		761,471,753	847,432,065
Total liabilities		<u>32,710,260,832</u>	<u>31,148,925,951</u>
<u>Equity</u>			
Common stock	14	834,708,000	834,708,000
Additional paid in capital		140,897,488	140,897,488
Treasury stock		(5,218,370)	(5,218,370)
Retained earnings		2,710,510,869	2,393,292,250
Regulatory reserves		389,450,552	348,536,827
Other comprehensive losses		(301,525,422)	(358,751,532)
Total stockholders' equity, excluding non-controlling interest		<u>3,768,823,117</u>	<u>3,353,464,663</u>
Non-controlling interest		287,007	260,134
Total equity		<u>3,769,110,124</u>	<u>3,353,724,797</u>
Total liabilities and equity		<u><u>36,479,370,956</u></u>	<u><u>34,502,650,748</u></u>

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Profit or Loss

As of september 30, 2024

(In U.S. dollars)

	<u>Note</u>	<u>September 30,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u> <u>(Unaudited)</u>
Interest income:			
Deposits in banks		52,299,847	44,719,181
Investments in securities		224,236,686	197,095,736
Loans		2,004,460,427	1,686,569,921
Total interest income		<u>2,280,996,960</u>	<u>1,928,384,838</u>
Interest expense:			
Deposits from customers		575,792,854	441,245,768
Financial obligations		124,455,053	96,270,675
Other financial obligations		97,086,185	82,280,615
Securities sold under repurchase agreements		10,517,312	10,753,969
Lease liabilities	13	4,472,564	5,120,651
Total interest expense		<u>812,323,968</u>	<u>635,671,678</u>
Net interest income		<u>1,468,672,992</u>	<u>1,292,713,160</u>
Credit risk impairment losses (recoveries):			
Loans	4	365,104,667	259,692,959
Deposits in banks and investments in securities	4	3,706,422	(2,526,184)
Other accounts receivable	4	1,273,009	1,200,516
Commitments and guarantees	4	2,866,837	-113,842
Total credit risk impairment loss, net		<u>372,950,935</u>	<u>258,253,449</u>
Net interest income after credit risk impairment losses		<u>1,095,722,057</u>	<u>1,034,459,711</u>
Other income (expenses):			
Commissions and services charges income		1,427,203,606	1,278,297,998
Commissions and other charges expenses		(604,211,865)	(530,715,507)
Gain on financial instruments, net	15	21,599,623	3,744,253
Foreign currency translation, net		(10,886,601)	(85,921,763)
Other income		17,899,389	30,853,473
Total other income, net		<u>851,604,152</u>	<u>696,258,454</u>
General and administrative expenses:			
Salaries and employee benefits		527,612,293	483,898,836
Depreciation and amortization		98,801,845	97,081,881
Administrative		88,162,271	79,946,357
Occupancy and related expenses		26,607,783	26,262,779
Other expenses		494,860,095	441,716,561
Total general and administrative expenses		<u>1,236,044,287</u>	<u>1,128,906,414</u>
Income before income tax		711,281,922	601,811,751
Current income tax		(173,570,469)	(131,125,838)
Deferred income tax		551,831	(18,355,538)
Net income		<u>538,263,284</u>	<u>452,330,375</u>
Net income attributable to:			
Controlling interest		538,229,210	452,290,616
Non-controlling interest		34,074	39,759
		<u>538,263,284</u>	<u>452,330,375</u>

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

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Comprehensive Income

As of september 30, 2024

(In U.S. dollars)

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	
Net income	<u>538,263,284</u>	<u>452,330,375</u>
Other Comprehensive income:		
Items that will not be reclassified to profit or loss:		
Employee benefits plan - change in actuarial effect	520,388	(279,502)
Net change in foreign currency of common stocks	(22,170)	(86,665)
Items that are or may be reclassified to profit or loss:		
Foreign currency translation	14,200,855	119,409,149
Valuation of FVOCI securities:		
Net amount reclassified to profit or loss	(13,686,719)	(9,794)
Net change in fair value	<u>56,211,270</u>	<u>14,851,399</u>
Total other comprehensive income	<u>57,223,624</u>	<u>133,884,587</u>
Total comprehensive income	<u><u>595,486,908</u></u>	<u><u>586,214,962</u></u>
Total comprehensive income attributable to:		
Controlling interest	595,455,320	586,179,132
Non-controlling interest	<u>31,588</u>	<u>35,830</u>
	<u><u>595,486,908</u></u>	<u><u>586,214,962</u></u>

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

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Changes in Equity

As of september 30, 2024

(In U.S. dollars)

	Attributable to the Bank's owners							Non-controlling interest	Total
	Common stock	Additional paid in capital	Treasury stocks	Retained earnings	Regulatory reserves	Other comprehensive income	Total controlling interest		
Balance as of January 1, 2023 (Audited)	834,708,000	140,897,488	(5,218,370)	2,346,577,551	259,511,063	(549,079,111)	3,027,396,621	273,006	3,027,669,627
Impact of IFRS 17 adoption	0	0	0	(2,834,733)	0	0	(2,834,733)	0	(2,834,733)
Balance as of January 1, 2023 (Audited)	<u>834,708,000</u>	<u>140,897,488</u>	<u>(5,218,370)</u>	<u>2,343,742,818</u>	<u>259,511,063</u>	<u>(549,079,111)</u>	<u>3,024,561,888</u>	<u>273,006</u>	<u>3,024,834,894</u>
Net income	0	0	0	452,290,616	0	0	452,290,616	39,759	452,330,375
Other comprehensive income:									
Foreign currency translation	0	0	0	0	0	119,410,866	119,410,866	(1,717)	119,409,149
Valuation of FVOCI securities:									
Net amount reclassified to profit or loss	0	0	0	0	0	-9,574	-9,574	(220)	-9,794
Net change in fair value	0	0	0	0	0	14,853,410	14,853,410	(2,011)	14,851,399
Employee benefits plan - change in actuarial effect	0	0	0	0	0	(279,521)	(279,521)	19	(279,502)
Net change in foreign currency of common stocks	0	0	0	0	0	(86,665)	(86,665)	0	(86,665)
Total other comprehensive income	0	0	0	0	0	133,888,516	133,888,516	(3,929)	133,884,587
Total comprehensive income	0	0	0	452,290,616	0	133,888,516	586,179,132	35,830	586,214,962
Other changes in equity:									
Regulatory reserves	0	0	0	(68,521,054)	68,521,054	0	0	0	0
Transactions with the Bank's owners:									
Complementary tax	0	0	0	897,475	0	0	897,475	0	897,475
Contributions and distributions:									
Dividends	0	0	0	(303,800,000)	0	0	(303,800,000)	(6,902)	(303,806,902)
Total transactions with the Bank's owners	0	0	0	(302,902,525)	0	0	(302,902,525)	(6,902)	(302,909,427)
Balance as of September 30, 2023 (Unaudited)	<u>834,708,000</u>	<u>140,897,488</u>	<u>(5,218,370)</u>	<u>2,424,609,855</u>	<u>328,032,117</u>	<u>(415,190,595)</u>	<u>3,307,838,495</u>	<u>301,934</u>	<u>3,308,140,429</u>
Balance as of January 1, 2024 (Audited)	834,708,000	140,897,488	(5,218,370)	2,393,292,250	348,536,827	(358,751,532)	3,353,464,663	260,134	3,353,724,797
Net income	0	0	0	538,229,210	0	0	538,229,210	34,074	538,263,284
Other comprehensive income:									
Foreign currency translation	0	0	0	0	0	14,201,802	14,201,802	(947)	14,200,855
Valuation of FVOCI securities:									
Net amount reclassified to profit or loss	0	0	0	0	0	(13,686,728)	(13,686,728)	9	(13,686,719)
Net change in fair value	0	0	0	0	0	56,213,027	56,213,027	(1,757)	56,211,270
Employee benefits plan - change in actuarial effect	0	0	0	0	0	520,179	520,179	209	520,388
Net change in foreign currency of common stocks	0	0	0	0	0	(22,170)	(22,170)	0	(22,170)
Total other comprehensive income	0	0	0	0	0	57,226,110	57,226,110	(2,486)	57,223,624
Total comprehensive income	0	0	0	538,229,210	0	57,226,110	595,455,320	31,588	595,486,908
Other changes in equity:									
Regulatory reserves	0	0	0	(40,913,725)	40,913,725	0	0	0	0
Transactions with the Bank's owners:									
Complementary tax	0	0	0	903,134	0	0	903,134	0	903,134
Contributions and distributions:									
Dividends	0	0	0	(181,000,000)	0	0	(181,000,000)	(4,715)	(181,004,715)
Total transactions with the Bank's owners	0	0	0	(180,096,866)	0	0	(180,096,866)	(4,715)	(180,101,581)
Balance as of September 30, 2024 (Unaudited)	<u>834,708,000</u>	<u>140,897,488</u>	<u>(5,218,370)</u>	<u>2,710,510,869</u>	<u>389,450,552</u>	<u>(301,525,422)</u>	<u>3,768,823,117</u>	<u>287,007</u>	<u>3,769,110,124</u>

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

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Cash Flows

As of september 30, 2024

(In U.S. dollars)

	<u>Note</u>	<u>September 30,</u> <u>2024</u>	<u>2023</u>
		<u>(Unaudited)</u>	
Cash flows from operating activities:			
Net Income		538,263,284	452,330,375
Adjustments to reconcile net income and cash by operating activities:			
Depreciation and amortization		98,801,845	97,081,881
Credit risk impairment losses on loans	4	365,104,667	259,692,959
Credit risk impairment losses (recoveries) on deposits in banks and investments in securities	4	3,706,422	(2,526,184)
Credit risk impairment losses on other accounts receivable	4	1,273,009	1,200,516
Credit risk impairment losses (recoveries) on commitments and guarantees	4	2,866,837	(113,842)
Impairment loss on assets held for sale		672,296	520,728
Net interest income		(1,468,672,992)	(1,292,713,160)
Gain on financial instruments, net	15	(21,599,623)	(3,744,253)
Net loss on sale and disposal of property and equipment		697,952	430,614
Net gain on sale of assets held for sale		(4,908,833)	(7,731,366)
Net loss on disposal of intangible assets		115,753	9,399
Dividends on equity securities		(2,001,539)	(2,035,993)
Income tax expense		173,018,638	149,481,376
Changes in operating assets and liabilities:			
Deposits with original maturities of 90 days or more		7,694,721	10,921,493
Investments in securities		13,425,987	2,918,858
Loans		(2,537,095,713)	(1,399,232,767)
Securities sold under agreements to repurchase		67,233,182	(197,802,202)
Other accounts receivable		301,718,153	79,025,882
Other assets		(13,033,055)	(30,808,462)
Deposits from costumers		1,070,499,092	400,123,576
Other liabilities		(133,000,478)	(38,424,113)
Cash generated by operations:			
Interest received		2,176,980,086	1,875,559,406
Interest paid		(795,054,561)	(608,898,065)
Dividends received		2,001,539	2,035,993
Income tax paid		(120,156,151)	(204,903,380)
Net cash used in operating activities		<u>(271,449,482)</u>	<u>(457,600,731)</u>
Cash flows from investment activities:			
Proceeds from sale of investments in securities		507,087,696	225,643,953
Maturities and prepayments of investments in securities		3,160,836,694	2,794,446,743
Purchase of investments in securities		(3,887,250,769)	(3,436,703,783)
Purchase of property and equipment		(50,950,800)	(63,344,359)
Proceeds from sale of property and equipment		335,649	690,231
Acquisition of intangible assets		(28,012,111)	(24,773,350)
Proceeds from sale of assets held for sale		23,755,215	29,840,319
Net cash used in investment activities		<u>(274,198,426)</u>	<u>(474,200,246)</u>
Cash flows from financing activities:			
Proceeds from financial obligations		1,458,254,667	1,069,073,495
Payment of financial obligations		(1,158,063,621)	(1,294,817,540)
Proceeds from other financial obligations		195,331,281	275,079,503
Payment of other financial obligations		(78,927,953)	(29,965,492)
Payment of lease liabilities		(24,124,587)	(22,546,676)
Paid dividends		(180,994,031)	(303,804,295)
Net cash used in financing activities		<u>211,475,756</u>	<u>(306,981,005)</u>
Effect of exchange rate fluctuations on cash held		21,345,624	226,581,389
Net decrease in cash and cash equivalents		(312,826,528)	(1,012,200,593)
Cash and cash equivalents at the beginning of the period		5,280,690,179	5,094,061,121
Cash and cash equivalents at the end of the period	6	<u>4,967,863,651</u>	<u>4,081,860,528</u>

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

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Table of Contents to the Notes to the Unaudited Condensed Consolidated Interim Financial Statements

- (1) Organization
- (2) Basis of preparation of the unaudited condensed consolidated interim financial statements
- (3) Material accounting policies
- (4) Risk management
- (5) Critical accounting estimates and judgments in the implementation of accounting policies
- (6) Cash, cash equivalents and deposits in banks
- (7) Securities purchased under resale agreements
- (8) Investments in securities
- (9) Loans
- (10) Deposits from customers
- (11) Financial obligations
- (12) Other financial obligations
- (13) Lease liabilities
- (14) Common stock
- (15) Gains on financial instruments
- (16) Income taxes
- (17) Off-Balance financial instruments with risk and other commitments
- (18) Disclosures on the fair value of financial instruments
- (19) Administration of trust contracts and securities custody
- (20) Related party transactions
- (21) Segments information
- (22) Litigations
- (23) Regulatory aspects
- (24) Subsequent events

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024

(In U.S. dollars)

(1) Organization

BAC International Bank, Inc. ("the Parent Bank") was incorporated as a banking institution and bank holding company on August 25, 1995, in Panama City, Republic of Panama. The Parent Bank is owned in a 90.5339% by BAC International Corporation (BIC), 9.4622% by BAC Holding International Corp. (the "Parent Company") and 0.0039% by other shareholders. BIC is an indirect subsidiary of BAC Holding International Corp., a company listed on the Panama Stock Exchange, S.A ("Latinex") and the Colombian Stock Exchange ("BVC"). These unaudited condensed consolidated interim financial statements as of September 30, 2024, include the Bank and its subsidiaries, which together are referred to as the "Bank".

BAC International Bank, Inc. provides, directly and through its subsidiaries (direct and indirect), a wide variety of financial services to individuals and institutions in Central America: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks of the Republic of Panama, in accordance with the legislation established by Executive Decree No.52 of 30 April 2008, which adopts the sole text of Decree Law No.9 of 26 February 1998, as amended by Decree Law No.2 of 22 February 2008, establishing the banking system of the Republic of Panama and creating the Superintendency of Banks and the rules that govern it.

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

Notes to the Condensed Consolidated Interim Financial Statements

(1) Organization, continued

The Parent Bank consolidates directly and indirectly with the following significant entities:

<u>Subsidiary</u>	<u>Core Business</u>	<u>Country</u>	<u>Total voting rights held by the Bank</u>
BAC Bahamas Bank Limited.	Banking	Bahamas	100.0000%
BAC Valores (Panama) Inc.	Securities broker	Panama	100.0000%
BAC Latam SSC S.A.	Services	Costa Rica	100.0000%
BAC Latam Honduras, S.A.	Services	Honduras	100.0000%
Banco de America Central S.A.	Banking	Guatemala	99.9999%
Financiera de Capitales S.A.	Financial services	Guatemala	99.9996%
BAC Valores de Guatemala S.A.	Securities broker	Guatemala	99.9929%
Bakito, Inc.	Inactive	Panama	100.0000%
Credomatic de Guatemala S.A.	Card Industry	Guatemala	99.9999%
Negocios y Transacciones Institucionales S.A.	Leasing	Guatemala	99.9958%
Banco de America Central Honduras S.A.	Banking	Honduras	99.9776%
Credomatic de Honduras S.A.	Card Industry	Honduras	99.9999%
Admin. de Fondos de Pensiones y Cesantias BAC Honduras.	Mutual funds	Honduras	100.0000%
Inversiones Financieras Banco de America Central S.A.	Holding	El Salvador	99.9987%
Banco de America Central S.A.	Banking	El Salvador	99.9999%
Credomatic de El Salvador S.A.	Card Industry	El Salvador	99.9997%
Sistemas Internacionales S.A.	Holding	El Salvador	99.9948%
Viajes Credomatic El Salvador S.A.	Travel Agency	El Salvador	100.0000%
Corporacion Tenedora BAC COM S.A.	Holding	Nicaragua	99.9850%
Banco de America Central S.A.	Banking	Nicaragua	99.9999%
Almacenes Generales de Deposito BAC S.A.	Fiscal Warehouse	Nicaragua	99.9994%
Credito S.A.	Card Industry	Nicaragua	99.6631%
Corporacion de Inversiones Credomatic S.A.	Holding	Costa Rica	100.0000%
Corporacion Tenedora BAC Credomatic S.A.	Holding	Costa Rica	100.0000%
Banco BAC San Jose S.A.	Banking	Costa Rica	100.0000%
BAC San Jose Puesto de Bolsa S.A.	Securities broker	Costa Rica	100.0000%
BAC San Jose Leasing S.A.	Leasing	Costa Rica	100.0000%
BAC San Jose Soc. de Fondos de Inversion S.A.	Mutual funds	Costa Rica	100.0000%
BAC San Jose Pensiones S.A.	Mutual funds	Costa Rica	100.0000%
BAC Credomatic Corredora de Seguros S.A.	Insurance	Costa Rica	100.0000%
Coinca Corporation	Holding	British Virgin Islands	100.0000%
Comunicaciones Inalambricas de Centroamerica S.A de C.V.	Telematic services	El Salvador	100.0000%
Namutek S.A.	Telematic services	Costa Rica	100.0000%
Comunicaciones Inalambricas de Centroamerica S.A.	Telematic services	Nicaragua	97.0000%
Comunicaciones Inalambricas de Centroamerica S.A.	Telematic services	Honduras	100.0000%
Agencia de Viajes Interur S.A.	Travel Agency	Costa Rica	100.0000%
Credomatic of Florida, Inc.	Card Industry	United States of America	100.0000%
Red Land Bridge Reinsurance Ltd.	Reinsurance	Grand Cayman	100.0000%

(2) Basis of preparation of the condensed consolidated interim financial statements

(a) Basis of consolidation

The Bank prepares its condensed consolidated interim financial statements incorporating its controlled entities. The Bank controls an entity if and only if it meets the following elements:

- Power over the entity that gives the Bank the right to direct any relevant activity that significantly affects the entity's performance.
- Exposure or rights to variable returns from their participation in the entity.
- Ability to affect those returns through its power over the entity.

To comply with this requirement, the Bank performs an annual reassessment of all its contractual relationships. No new entities are required to be consolidated as a result of this process, including structured entities.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(2) Basis of preparation of the condensed consolidated interim financial statements, continued

The financial statements of the Bank's subsidiaries are included in the condensed consolidated interim financial statements from the date which the Bank acquired control or until the date which control is lost.

During the consolidation process, the Bank consolidates the assets, liabilities and profits or losses of the entities under control, previously aligning the accounting policies in all its subsidiaries. Such process includes the elimination of intragroup balances and transactions and any unrealized and realized income and expenses (except foreign currency translation gains or losses and taxes that are not subject to elimination) arising from intragroup transactions. Unrealized and realized losses are eliminated in the same way as unrealized and realized gains, but only to the extent that there is no evidence of impairment.

(b) Basis of accounting

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* and should be read in conjunction with the last annual consolidated financial statements as at and for the year ended December 31, 2023 ("last annual consolidated financial statements"). The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of consolidated financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding the changes in the Bank's financial position and performance since the last annual consolidated financial statements.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Bank's Management on October 29, 2024.

(c) Basis of measurement

The condensed consolidated Interim financial statements have been prepared on a historical cost basis, except for the following accounts in the consolidated statement of financial position.

- Investments at fair value; and
- Assets held for sale.

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

(d) Functional and presentation currency

Items included in the condensed consolidated interim financial statements of each entity of the Bank are determined using the currency of the primary economic environment in which each entity operates (functional currency).

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(2) Basis of preparation of the unaudited condensed consolidated interim financial statements, continued

The Bank's condensed consolidated interim financial statements are presented in US dollars, the functional and presentation currency of the Bank's condensed consolidated interim financial statements.

(e) Use of estimates and judgments

Preparation of the condensed consolidated interim financial statements requires the Bank's management to make judgments, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Final results may differ from these estimates. These also requires the Bank's management to apply its judgment when applying the Bank's accounting policies. The main judgments made by management in applying the Bank's accounting policies and the main sources of uncertainty in the estimates have been the same as those described in the last annual financial statements.

The information on the most significant areas of estimation of uncertainty and critical judgments in applying the accounting policies that have the most important effect on the amounts recognized in the condensed consolidated interim financial statements is disclosed in Note 5.

(3) Material accounting policies

The Bank has applied the policies to the condensed consolidated interim financial statements in a manner consistent with those of the consolidated financial statements as of December 31, 2023.

(a) New IFRS Accounting Standards not yet adopted.

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after January 1, 2025, and early application is permitted. The Bank has not adopted any of these new accounting standards or modifications early in the preparation of these condensed consolidated interim financial statements.

(b) Non-material corrections

Non-material amounts in the condensed consolidated interim financial statements as at September 30, 2023, have been corrected to be consistent with the presentation of the condensed consolidated interim financial statements as of September 30, 2024. The Bank applied non-material corrections to improve the presentation that have been included in the consolidated financial statements as of December 31, 2023, and condensed consolidated statements of profit or loss for the period ended September 30, 2023.

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

Notes to the Condensed Consolidated Interim Financial Statements

(3) Material accounting policies, continued

The following table shows a description of the non-material corrections identified:

	December 31, 2023		
	<u>Previously reported amount</u>	<u>Correction</u>	<u>Corrected Amount</u>
Condensed consolidated statement of financial position			
Deposits in banks:			
Time deposits	533,682,534	866	533,683,400
Allowance for impairment on deposits in banks	(85,107)	(866)	(85,973)
Loans:			
Loans granted	23,368,747,987	(12,084,325)	23,356,663,662
Accrued interest receivable	173,741,074	12,084,325	185,825,399

	September 30, 2023		
	<u>Previously reported amount</u>	<u>Correction</u>	<u>Corrected Amount</u>
Condensed consolidated statement of profit or loss			
Loss (recovery) due to credit risk impairment:			
Commitments	0	(113,842)	(113,842)
Other income (expenses):			
Services charges	452,948,774	(452,948,774)	0
Commissions and other fees, net	186,919,966	(186,919,966)	0
Commissions and services charges income	0	1,278,297,998	1,278,297,998
Commissions and other charges expenses	0	(530,715,507)	(530,715,507)
Foreign currency translation, net	34,389,511	(120,311,274)	(85,921,763)
Impairment of assets held for sale	(520,728)	520,728	0
General and administrative expenses			
Other expenses	453,679,514	(11,962,953)	441,716,561

These corrections did not change the total assets, liabilities, equity or results of the respective period.

(4) Risk management

Risk management is a fundamental part of the Bank. It has an infrastructure to comprehensively manage risks, in order to ensure a responsible and sustainable growth in time, to maintain the confidence of its stakeholders, and to assure with reasonable certainty the fulfillment of its short, medium and long-term goals, through a balance between meeting objectives and taking risks, in line with the corporate strategy.

Classification of financial assets

See the classification under IFRS 9 in accounting policies in Note 3 (c) of the annual consolidated financial statements as of December 31, 2023.

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

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

	Designated FVPL – debt instruments	Designated FVPL - equity instruments	FVOCI - debt instruments	FVOCI - equity instruments	AC	Total
September 30, 2024						
Cash, cash equivalents and deposits in banks	0	0	0	0	5,015,209,460	5,015,209,460
Investments in securities, net	12,652,704	14,273,740	4,742,145,255	3,187,870	114,481,203	4,886,740,772
Loans, net	0	0	0	0	25,003,890,975	25,003,890,975
Other accounts receivable, net	0	0	0	0	315,419,409	315,419,409
Total financial assets	12,652,704	14,273,740	4,742,145,255	3,187,870	30,449,001,047	35,221,260,616
December 31, 2023						
Cash, cash equivalents and deposits in banks	0	0	0	0	5,335,813,826	5,335,813,826
Investments in securities, net	24,471,050	14,285,693	4,408,686,599	3,083,163	98,403,477	4,548,929,982
Loans, net	0	0	0	0	22,743,803,832	22,743,803,832
Other accounts receivable, net	0	0	0	0	594,677,078	594,677,078
Total financial assets	24,471,050	14,285,693	4,408,686,599	3,083,163	28,772,698,213	33,223,224,718

As of September 30, 2024 and December 31, 2023, all of the financial liabilities held by the Bank are classified at amortized cost.

The Bank is exposed to the following risks from financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk and
- Operational risk.

For the management of these risks, an organizational framework based on current regulations in the region on risk management has been defined. This framework includes policies, procedures and a human and technical infrastructure to identify, analyze and assess risks, as well as to set adequate limits and controls, monitor risk management and comply with defined limits.

These policies and risk management systems are periodically reviewed, updated and reported to the respective committees, to ensure they reflect changes in market conditions, products and services offered.

The Bank, through its management standards and procedures, develops a disciplined and constructive control environment in which all employees understand their roles and obligations.

The periodic oversight and management of risks is conducted through the following corporate governance bodies, established both regionally and in the countries where the Bank operates: Committee of Comprehensive Risk Management, Assets and Liabilities Committee (ALICO), Compliance Committee, Credit Committee, and Audit Committee.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

(a) *Credit Risk*

This is the risk of financial loss faced by the Bank when a client or counterparty fails to meet their contractual obligations, and is mainly originated from deposits, investments in securities and loans receivable.

To mitigate credit risk, risk management policies establish processes and controls to follow for the approval of loans or credit facilities. The Bank structures acceptable credit risk levels by setting limits on the amount of risk that is assumed in relation to one borrower, or group of borrowers, and geographic segment. These credits are constantly controlled and subject to periodic review.

Exposure to credit risk is managed through periodic analysis of the borrowers' or potential borrowers' capacity to pay principal and interest. Exposure to credit risk is also mitigated in part through collateral, corporate and personal guarantees.

Credit is managed through policies that have been clearly defined by the Board of Directors and are reviewed and modified periodically based on changes and expectations in the market where the Bank operates, regulations and other factors considered while preparing these policies.

The Bank uses a series of credit reports to assess its portfolio's performance, and provision requirements and specially to anticipate events that could affect its debtor's condition in the future.

The Bank has a regional guideline on investments that defines the general profile for the investment portfolio and establishes two large maximum levels to control the investments' exposure: a limit on country risk and issuer risk. The country risk limits are set based on an internal qualification scale and are measured as percentages of the Bank's equity or as absolute amounts. The guideline includes approval schemes and attributions for new limits or increases on existing limits.

Compliance with this guideline is monitored on a daily basis through the Investment Portfolio Management and Control Module (MACCI from Spanish), an internal tool to document the entire investment process, including new approvals, limit increases or decreases, purchases and sales, and also to control exposures by the issuer and the use of assigned quotas.

The Board of Directors has delegated the responsibility of managing credit risk to the Credit Committee and Assets and Liabilities Committee (ALICO); both periodically monitor the financial condition of the respective debtors and issuers that represent a credit risk for The Bank.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Information on the portfolio's quality

Quality of the portfolio of bank deposits and securities under resale agreements

The Bank maintains deposits in banks for \$4,200,781,073 as of September 30, 2024 (December 31, 2023: \$4,342,913,239). Deposits are maintained at central banks and other financial institutions, most of which have AA to B- risk ratings, (December 31, 2023: A+ to B- risk ratings) based on Standard & Poor's, Moody's, and/or Fitch Ratings. Of total deposits, excluding deposits in central banks, as of September 30, 2024, approximately \$10.8 million did not have a risk rating (December 31, 2023: \$11.3 million).

Securities under resale agreements are mostly classified based on the ratings assigned by Standard & Poor's, Moody's, and/or Fitch Ratings.

As of September 30, 2024, all securities under resale agreements and bank deposits are up to date on the payment of principal and interest.

Quality of the investments in securities

The Bank segregates the investment portfolio into investments at fair value through PL (FVPL), investments at fair value through OCI (FVOCI) and investments at amortized cost (AC). As of September 30, 2024, investments amounted to \$4,886,740,772 (December 31, 2023: \$4,548,929,982).

- Investments at FVPL

The credit quality of investments is monitored according to the international risk rating of the issuer provided by Standard & Poor's, Moody's, and/or Fitch Ratings

The following table summarizes debts investments at FVPL categories:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Governments and agencies		
AA+	0	4,337,576
BB-	<u>12,652,704</u>	<u>20,133,474</u>
Total Governments and agencies	<u>12,652,704</u>	<u>24,471,050</u>
Total investments at FVPL	<u>12,652,704</u>	<u>24,471,050</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

• Investments at FVOCI

The following table summarizes the investments at FVOCI categories:

	September 30, 2024			December 2023		
	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI
Governments and agencies						
AA+	677,576,546	0	677,576,546	479,810,159	0	479,810,159
BBB	409,693,733	0	409,693,733	296,630,686	0	296,630,686
BB+ to B-	<u>3,170,451,127</u>	<u>0</u>	<u>3,170,451,127</u>	<u>3,189,424,962</u>	<u>0</u>	<u>3,189,424,962</u>
Total governments and agencies	<u>4,257,721,406</u>	<u>0</u>	<u>4,257,721,406</u>	<u>3,965,865,807</u>	<u>0</u>	<u>3,965,865,807</u>
Corporate						
AA	2,016,735	0	2,016,735	2,050,627	0	2,050,627
A	301,706	0	301,706	294,658	0	294,658
A-	124,916,595	0	124,916,595	102,978,816	0	102,978,816
BBB+	44,701,578	0	44,701,578	31,117,585	0	31,117,585
BBB	53,819,647	0	53,819,647	29,041,521	0	29,041,521
BBB-	58,341,017	0	58,341,017	43,698,038	0	43,698,038
BB+ to B-	200,326,571	0	200,326,571	232,631,433	0	232,631,433
No Qualification	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,008,114</u>	<u>0</u>	<u>1,008,114</u>
Total corporate	<u>484,423,849</u>	<u>0</u>	<u>484,423,849</u>	<u>442,820,792</u>	<u>0</u>	<u>442,820,792</u>
Total	<u>4,742,145,255</u>	<u>0</u>	<u>4,742,145,255</u>	<u>4,408,686,599</u>	<u>0</u>	<u>4,408,686,599</u>
Allowance for ECL	<u>9,814,471</u>	<u>0</u>	<u>9,814,471</u>	<u>6,107,894</u>	<u>0</u>	<u>6,107,894</u>

As of September 30, 2024, and December 31, 2023, investments at FVOCI are current and do not reflect impairment.

• Investments at AC

The following table summarizes the investments at AC categories:

	September 30, 2024			December 31, 2023		
	12 months ECL	Lifetime ECL - without impairment	Total investments at AC	12 months ECL	Lifetime ECL - without impairment	Total investments at AC
Governments and Agencies						
BB+ to BB-	<u>69,238,016</u>	<u>0</u>	<u>69,238,016</u>	<u>68,673,874</u>	<u>0</u>	<u>68,673,874</u>
Total Governments and Agencies	<u>69,238,016</u>	<u>0</u>	<u>69,238,016</u>	<u>68,673,874</u>	<u>0</u>	<u>68,673,874</u>
Corporate						
BB+ to B+	45,243,187	0	45,243,187	6,476,893	0	6,476,893
No Qualification	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,252,710</u>	<u>0</u>	<u>23,252,710</u>
Total Corporate	<u>45,243,187</u>	<u>0</u>	<u>45,243,187</u>	<u>29,729,603</u>	<u>0</u>	<u>29,729,603</u>
Total	<u>114,481,203</u>	<u>0</u>	<u>114,481,203</u>	<u>98,403,477</u>	<u>0</u>	<u>98,403,477</u>
Allowance for ECL	<u>209,640</u>	<u>0</u>	<u>209,640</u>	<u>185,768</u>	<u>0</u>	<u>185,768</u>

Quality of the loans portfolio

Note 3 (c) contains an explanation of the measurement of the quality of financial instruments, which include the loan portfolio.

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The following table presents the loans portfolio and the debts commitments and guarantee according to its risk category, in accordance with the grading used for each stated term:

September 30, 2024	Loans			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
Corporate				
Satisfactory	10,224,072,763	5,793,598	0	10,229,866,361
Special mention	0	290,723,652	0	290,723,652
Sub-standard	0	0	99,994,474	99,994,474
Doubtful	0	0	12,394,615	12,394,615
Loss	0	0	32,962,019	32,962,019
Gross amount	10,224,072,763	296,517,250	145,351,108	10,665,941,121
Allowance for ECL	<u>(26,687,763)</u>	<u>(20,582,698)</u>	<u>(52,784,727)</u>	<u>(100,055,188)</u>
Net amount	10,197,385,000	275,934,552	92,566,381	10,565,885,933
Small company				
Satisfactory	1,219,184,126	51,806,816	0	1,270,990,942
Special mention	2,660,686	29,985,590	0	32,646,276
Sub-standard	0	0	7,324,176	7,324,176
Doubtful	0	0	7,792,136	7,792,136
Loss	0	0	4,007,341	4,007,341
Gross amount	1,221,844,812	81,792,406	19,123,653	1,322,760,871
Allowance for ECL	<u>(2,985,787)</u>	<u>(4,842,447)</u>	<u>(6,611,195)</u>	<u>(14,439,429)</u>
Net amount	1,218,859,025	76,949,959	12,512,458	1,308,321,442
Mortgage				
Satisfactory	3,355,346,249	202,772,233	0	3,558,118,482
Special mention	1,964,825	296,581,445	0	298,546,270
Sub-standard	0	0	102,963,124	102,963,124
Doubtful	0	0	31,925,743	31,925,743
Loss	0	0	27,916,744	27,916,744
Gross amount	3,357,311,074	499,353,678	162,805,611	4,019,470,363
Allowance for ECL	<u>(7,385,574)</u>	<u>(28,974,490)</u>	<u>(18,156,937)</u>	<u>(54,517,001)</u>
Net amount	3,349,925,500	470,379,188	144,648,674	3,964,953,362
Personal Banking				
Satisfactory	2,265,435,717	94,390,338	1,415,177	2,361,241,232
Special mention	844,548	72,611,754	1,438,326	74,894,628
Sub-standard	0	0	31,884,601	31,884,601
Doubtful	0	0	23,392,884	23,392,884
Loss	0	0	6,782,967	6,782,967
Gross amount	2,266,280,265	167,002,092	64,913,955	2,498,196,312
Allowance for ECL	<u>(51,320,553)</u>	<u>(24,826,046)</u>	<u>(36,336,391)</u>	<u>(112,482,990)</u>
Net amount	2,214,959,712	142,176,046	28,577,564	2,385,713,322
Vehicles				
Satisfactory	1,422,242,113	73,623,650	0	1,495,865,763
Special mention	48,261	67,799,237	0	67,847,498
Sub-standard	0	0	9,586,686	9,586,686
Doubtful	0	0	4,012,034	4,012,034
Loss	0	0	1,516,716	1,516,716
Gross amount	1,422,290,374	141,422,887	15,115,436	1,578,828,697
Allowance for ECL	<u>(2,156,929)</u>	<u>(3,725,449)</u>	<u>(3,469,709)</u>	<u>(9,352,087)</u>
Net amount	1,420,133,445	137,697,438	11,645,727	1,569,476,610
Credit card				
Satisfactory	4,472,628,086	500,024,442	3,291,205	4,975,943,733
Special mention	5,685,736	365,494,570	84,233,812	455,414,118
Sub-standard	0	0	16,077,182	16,077,182
Doubtful	303,562	72,728,390	16,781,789	89,813,741
Loss	0	0	122,835,904	122,835,904
Gross amount	4,478,617,384	938,247,402	243,219,892	5,660,084,678
Allowance for ECL	<u>(96,637,556)</u>	<u>(203,898,508)</u>	<u>(150,008,308)</u>	<u>(450,544,372)</u>
Net amount	4,381,979,828	734,348,894	93,211,584	5,209,540,306
Net carrying amount of loans	22,783,242,510	1,837,486,077	383,162,388	25,003,890,975

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

<u>December 31, 2023</u>	Loans			Total
	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	
Corporate				
Satisfactory	8,931,595,052	7,901,110	0	8,939,496,162
Special mention	0	281,447,989	0	281,447,989
Sub-standard	0	0	153,169,312	153,169,312
Doubtful	0	0	34,053,014	34,053,014
Loss	0	0	49,892,995	49,892,995
Gross amount	<u>8,931,595,052</u>	<u>289,349,099</u>	<u>237,115,321</u>	<u>9,458,059,472</u>
Allowance for ECL	<u>(20,470,447)</u>	<u>(17,667,195)</u>	<u>(90,976,218)</u>	<u>(129,113,860)</u>
Net amount	8,911,124,605	271,681,904	146,139,103	9,328,945,612
Small company				
Satisfactory	1,088,985,430	55,361,304	0	1,144,346,734
Special mention	3,474,964	36,772,837	0	40,247,801
Sub-standard	0	0	4,544,133	4,544,133
Doubtful	0	0	6,387,300	6,387,300
Loss	0	0	4,531,551	4,531,551
Gross amount	<u>1,092,460,394</u>	<u>92,134,141</u>	<u>15,462,984</u>	<u>1,200,057,519</u>
Allowance for ECL	<u>(3,096,450)</u>	<u>(6,281,727)</u>	<u>(5,086,478)</u>	<u>(14,464,655)</u>
Net amount	1,089,363,944	85,852,414	10,376,506	1,185,592,864
Mortgage				
Satisfactory	3,250,000,975	138,966,692	27,457	3,388,995,124
Special mention	14,754,134	314,088,213	18,708	328,861,055
Sub-standard	0	0	112,892,423	112,892,423
Doubtful	0	0	37,709,387	37,709,387
Loss	0	0	25,456,139	25,456,139
Gross amount	<u>3,264,755,109</u>	<u>453,054,905</u>	<u>176,104,114</u>	<u>3,893,914,128</u>
Allowance for ECL	<u>(10,434,402)</u>	<u>(35,078,389)</u>	<u>(21,507,065)</u>	<u>(67,019,856)</u>
Net amount	3,254,320,707	417,976,516	154,597,049	3,826,894,272
Personal banking				
Satisfactory	2,150,448,998	60,763,665	1,287,713	2,212,500,376
Special mention	697,951	73,365,452	1,100,420	75,163,823
Sub-standard	0	0	35,683,652	35,683,652
Doubtful	0	0	15,464,346	15,464,346
Loss	0	0	7,927,735	7,927,735
Gross amount	<u>2,151,146,949</u>	<u>134,129,117</u>	<u>61,463,866</u>	<u>2,346,739,932</u>
Allowance for ECL	<u>(48,475,060)</u>	<u>(21,045,517)</u>	<u>(32,733,695)</u>	<u>(102,254,272)</u>
Net amount	2,102,671,889	113,083,600	28,730,171	2,244,485,660
Vehicles				
Satisfactory	1,233,905,860	38,034,555	0	1,271,940,415
Special mention	1,338,013	70,419,935	0	71,757,948
Sub-standard	0	0	11,699,891	11,699,891
Doubtful	0	0	2,638,911	2,638,911
Loss	0	0	1,379,098	1,379,098
Gross amount	<u>1,235,243,873</u>	<u>108,454,490</u>	<u>15,717,900</u>	<u>1,359,416,263</u>
Allowance for ECL	<u>(2,558,961)</u>	<u>(3,538,038)</u>	<u>(3,158,142)</u>	<u>(9,255,141)</u>
Net amount	1,232,684,912	104,916,452	12,559,758	1,350,161,122
Credit card				
Satisfactory	3,566,801,897	1,046,036,465	3,144,214	4,615,982,576
Special mention	63,018,165	272,543,108	69,177,694	404,738,967
Sub-standard	0	0	13,372,735	13,372,735
Doubtful	682,024	59,130,543	12,612,821	72,425,388
Loss	0	0	113,758,372	113,758,372
Gross amount	<u>3,630,502,086</u>	<u>1,377,710,116</u>	<u>212,065,836</u>	<u>5,220,278,038</u>
Allowance for ECL	<u>(115,848,755)</u>	<u>(138,842,117)</u>	<u>(138,862,864)</u>	<u>(412,553,736)</u>
Net amount	<u>3,514,653,331</u>	<u>1,238,867,999</u>	<u>73,202,972</u>	<u>4,827,724,302</u>
Net carrying amount of loans	<u>20,104,819,388</u>	<u>2,213,378,885</u>	<u>425,605,559</u>	<u>22,743,803,832</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The following table presents the loans portfolio and the debts commitments and guarantee according to its risk category, in accordance with the classification used for each year indicated:

<u>September 30, 2024</u>	<u>Credit commitments and guarantees</u>			<u>Total</u>
	<u>12 months ECL</u>	<u>Lifetime ECL - credit unimpaired</u>	<u>Lifetime ECL - credit impaired</u>	
Corporate				
Satisfactory	653,399,385	0	0	653,399,385
Special mention	0	1,746,018	0	1,746,018
Sub-standard	0	0	108,137	108,137
Doubtful	0	0	0	0
Loss	0	0	1,455,521	1,455,521
Gross amount	<u>653,399,385</u>	<u>1,746,018</u>	<u>1,563,658</u>	<u>656,709,061</u>
Allowance for ECL	<u>(162,795)</u>	<u>(8,184)</u>	<u>(941,085)</u>	<u>(1,112,064)</u>
Net amount	<u>653,236,590</u>	<u>1,737,834</u>	<u>622,573</u>	<u>655,596,997</u>
Small company				
Satisfactory				
Special mention	4,021,091	0	0	4,021,091
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	<u>4,021,091</u>	<u>0</u>	<u>0</u>	<u>4,021,091</u>
Allowance for ECL	<u>(278,899)</u>	<u>0</u>	<u>0</u>	<u>(278,899)</u>
Net amount	<u>3,742,192</u>	<u>0</u>	<u>0</u>	<u>3,742,192</u>
Mortgage				
Satisfactory	64,801,200	0	0	64,801,200
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	<u>64,801,200</u>	<u>0</u>	<u>0</u>	<u>64,801,200</u>
Allowance for ECL	<u>(6,467)</u>	<u>0</u>	<u>0</u>	<u>(6,467)</u>
Net amount	<u>64,794,733</u>	<u>0</u>	<u>0</u>	<u>64,794,733</u>
Net carrying amount, net of reserve	<u>721,773,515</u>	<u>1,737,834</u>	<u>622,573</u>	<u>724,133,922</u>

<u>December 31, 2023</u>	<u>Credit commitments and guarantees</u>			<u>Total</u>
	<u>12 months ECL</u>	<u>Lifetime ECL - credit unimpaired</u>	<u>Lifetime ECL - credit impaired</u>	
Corporate				
Satisfactory	579,452,628	0	0	579,452,628
Special mention	0	1,926,978	0	1,926,978
Sub-standard	0	0	16,016	16,016
Doubtful	0	0	0	0
Loss	0	0	941,724	941,724
Gross amount	<u>579,452,628</u>	<u>1,926,978</u>	<u>957,740</u>	<u>582,337,346</u>
Allowance for ECL	<u>(129,775)</u>	<u>(10,126)</u>	<u>(948,828)</u>	<u>(1,088,729)</u>
Net amount	<u>579,322,853</u>	<u>1,916,852</u>	<u>8,912</u>	<u>581,248,617</u>
Small company				
Satisfactory	5,800,157	0	0	5,800,157
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	268,207	268,207
Gross amount	<u>5,800,157</u>	<u>0</u>	<u>268,207</u>	<u>6,068,364</u>
Allowance for ECL	<u>(3,153)</u>	<u>0</u>	<u>(268,207)</u>	<u>(271,360)</u>
Net amount	<u>5,797,004</u>	<u>0</u>	<u>0</u>	<u>5,797,004</u>
Mortgage				
Satisfactory	55,797,681	0	0	55,797,681
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	<u>55,797,681</u>	<u>0</u>	<u>0</u>	<u>55,797,681</u>
Allowance for ECL	<u>(5,579)</u>	<u>0</u>	<u>0</u>	<u>(5,579)</u>
Net amount	<u>55,792,102</u>	<u>0</u>	<u>0</u>	<u>55,792,102</u>
Net carrying amount, net of reserve	<u>640,911,959</u>	<u>1,916,852</u>	<u>8,912</u>	<u>642,837,723</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Guarantees and other improvements to reduce credit risk and its financial effect

The Bank maintains guarantees and other improvements to reduce credit risk to ensure the payment of their financial assets exposed to credit risk. The types of mortgage guarantees include residential and commercial, buildings and land. The types of collateral include private vehicles, commercial use, leasing, machinery and other equipment.

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

	September 30, 2024					
	Mortgage	Pledge	Certificates of deposit	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	67,163,596	0	67,163,596
Investments in securities	0	0	0	0	4,869,279,162	4,869,279,162
Loans						
Corporate						
Corporate	4,514,228,660	785,513,717	284,605,007	0	4,749,124,887	10,333,472,271
Corporate leases, net	0	332,468,850	0	0	0	332,468,850
Total corporate	4,514,228,660	1,117,982,567	284,605,007	0	4,749,124,887	10,665,941,121
Personal Banking and Small company						
Small company						
Small company	537,382,861	67,344,278	22,199,115	0	541,978,117	1,168,904,371
Small company leases, net	0	153,856,500	0	0	0	153,856,500
Total Small company	537,382,861	221,200,778	22,199,115	0	541,978,117	1,322,760,871
Personal Banking						
Mortgage	4,019,470,363	0	0	0	0	4,019,470,363
Personal	467,388,165	333,555	39,637,955	0	1,990,836,637	2,498,196,312
Vehicles	0	1,406,226,295	0	0	0	1,406,226,295
Personal leases, net of interest	0	172,602,402	0	0	0	172,602,402
Credit cards	0	0	0	0	5,660,084,678	5,660,084,678
Total Personal Banking	4,486,858,528	1,579,162,252	39,637,955	0	7,650,921,315	13,756,580,050
Total Personal Banking and Small company	5,024,241,389	1,800,363,030	61,837,070	0	8,192,899,432	15,079,340,921
Allowance for ECL	(113,191,112)	(23,121,570)	(3,221,107)	0	(601,857,278)	(741,391,067)
Total loans	9,425,278,937	2,895,224,027	343,220,970	0	12,340,167,041	25,003,890,975
Commitments and guarantees, gross	129,783,611	7,029,393	101,495,518	2,568,762	484,654,068	725,531,352
Commitments and guarantees, provision	(28,505)	(1,114)	(21,704)	(122)	(1,345,985)	(1,397,430)
Total commitments and guarantees, net	129,755,106	7,028,279	101,473,814	2,568,640	483,308,083	724,133,922

	December 31, 2023					
	Mortgage	Pledge	Certificates of deposit	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	61,193,065	0	61,193,065
Investments in securities	0	0	0	0	4,531,561,126	4,531,561,126
Loans						
Corporate						
Corporate	4,105,838,071	737,132,560	195,318,960	0	4,134,287,989	9,172,577,580
Corporate leases, net	0	285,481,892	0	0	0	285,481,892
Total corporate	4,105,838,071	1,022,614,452	195,318,960	0	4,134,287,989	9,458,059,472
Personal Banking and Small company						
Small company						
Small company	532,659,753	64,520,345	23,240,096	0	452,154,962	1,072,575,156
Small company leases, net	0	127,482,363	0	0	0	127,482,363
Total Small company	532,659,753	192,002,708	23,240,096	0	452,154,962	1,200,057,519
Personal Banking						
Mortgage	3,893,914,128	0	0	0	0	3,893,914,128
Personal	440,137,444	245,643	29,519,835	0	1,876,837,010	2,346,739,932
Vehicles	0	1,223,289,541	0	0	0	1,223,289,541
Personal leases, net of interest	0	136,126,722	0	0	0	136,126,722
Credit cards	0	0	0	0	5,220,278,038	5,220,278,038
Total Personal Banking	4,334,051,572	1,359,661,906	29,519,835	0	7,097,115,048	12,820,348,361
Total Personal Banking and Small company	4,866,711,325	1,551,664,614	52,759,931	0	7,549,270,010	14,020,405,880
Allowance for ECL	(146,438,497)	(20,131,783)	(1,145,841)	0	(566,945,399)	(734,661,520)
Total loans	8,826,110,899	2,554,147,283	246,933,050	0	11,116,612,600	22,743,803,832
Commitments and guarantees, gross	86,378,987	1,594,251	52,087,826	3,478,455	500,663,872	644,203,391
Commitments and guarantees, provision	(14,326)	(189)	(4,509)	(200)	(1,346,444)	(1,365,668)
Commitments and guarantees, net	86,364,661	1,594,062	52,083,317	3,478,255	499,317,428	642,837,723

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The table below shows the portfolio and identifiable value of collateral (primarily commercial properties) backing the loan. For each loan, the corresponding value of its guarantees is capped by the guaranteed nominal amount:

	September 30, 2024		December 31, 2023	
	Loans	Covered amount	Loans	Covered amount
Corporates				
Stage 1 and 2	4,379,545,238	4,169,514,745	3,918,528,006	3,801,626,202
Stage 3	<u>111,512,929</u>	<u>110,183,224</u>	<u>173,049,248</u>	<u>172,172,085</u>
Total	<u>4,491,058,167</u>	<u>4,279,697,969</u>	<u>4,091,577,254</u>	<u>3,973,798,287</u>

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

	September 30, 2024	December 31, 2023
Properties	17,159,071	15,453,610
Furniture and equipment	<u>2,743,856</u>	<u>4,903,981</u>
Total	<u>19,902,927</u>	<u>20,357,591</u>

The Bank's policy is to perform the sale of these assets to cover the balances due. Using non-financial assets for its operations is not a Bank policy.

Residential mortgage loans

The following table shows the index of loans from the mortgage portfolio to the value of collaterals LTV is calculated as a percentage of the gross amount of the loan in relation to the value of collaterals. The gross amount of the loan excludes any loss impairment. The value of collaterals for mortgages is based on the original value of the guarantee as of the date of disbursement. The corresponding values are updated based on requirements of local regulators, new disbursements with the same guarantee, credit restructuring or judicial processes that involve execution.

LTV Ratio	September 30, 2024		December 31, 2023	
	Loans	Credit and guarantee commitments	Loans	Credit and guarantee commitments
Less than 50%	825,899,052	1,789,666	797,244,140	2,872,169
51-70%	1,325,195,805	6,990,996	1,296,290,312	5,704,427
71-80%	1,233,179,380	11,649,632	1,239,894,430	13,464,312
81-90%	499,108,437	14,037,194	447,890,396	13,593,618
91-100%	118,858,784	29,949,252	96,648,840	19,492,274
More than 100%	<u>17,228,905</u>	<u>384,460</u>	<u>15,946,010</u>	<u>670,881</u>
Total	<u>4,019,470,363</u>	<u>64,801,200</u>	<u>3,893,914,128</u>	<u>55,797,681</u>

Impaired loans

LTV Ratio	September 30, 2024	December 31, 2023
Less than 50%	25,376,676	26,288,223
51-70%	43,677,444	47,806,512
71-80%	51,943,888	54,388,281
81-90%	31,474,542	35,283,501
91-100%	6,957,964	9,526,468
More than 100%	<u>3,375,097</u>	<u>2,811,129</u>
Total	<u>162,805,611</u>	<u>176,104,114</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Expected credit loss allowance (ECL)

Projection of future conditions

The upside, central and downside scenarios are described below, along with the main risks taken into consideration to define them.

External sector:

External risk	Upside	Central	Downside
<p>Slowdown of commercial partners: Less dynamism is expected in developed economies; important trading partners for the region.</p>	<p>Monetary policies are effective in controlling inflation and moderation is achieved without generating considerable distortions on economies at a global level. The inflation target is reached in the USA at the end of the year.</p>	<p>Economic growth is affected by the declining interest rate cycle. Developed economies are slowing but growth remains positive. USA inflation declines, but persists at levels close to the target and high rates remain for longer than expected.</p>	<p>Economic growth is significantly by policies to contain inflation. It results in significant levels of unemployment and negative growth in several quarters of the year in developed countries.</p>
<p>Global financial volatility: As a result of the geopolitical and climatic shocks of recent months, greater volatility has been inserted into raw materials markets. This represents a risk to monitor that can bias inflationary risks to the upside for the region.</p>	<p>The contractionary interest rate cycle eases as inflation returns to its usual levels. The issue of geopolitical conflicts does not escalate and there are no climate shocks that could generate price disruptions. Inflationary cycle concludes successfully without obstacles.</p>	<p>Geopolitical conflicts continue, but do not escalate to major consequences, having a slight impact on commodity markets that is not significant to enough to trigger production prices and inflationary pressures. Inflationary cycle comes to a moderate end.</p>	<p>Climatic events continue to hit the region and this is compounded by the escalation of geopolitical conflicts and tensions that trigger a series of sanctions and events that drive up commodity prices. This represents a challenge to contain inflation and rate should remain at contractionary levels for longer than expected. Inflationary cycle does not conclude successfully and remains the main issue in the economic spectrum.</p>

The scenarios for each country are detailed below:

Scenario	Scenarios synthesis	Upside	Central	Downside
Guatemala	<p>1. It remains among the BAC countries with the highest growth outlook, considering recent stability, with resilience to adverse economic conditions and a favorable financial position to face financial shocks.</p> <p>Inflation expectations show a downward moderation, in line with the expectation of lower imported inflation due to lower inflationary pressures in international markets.</p>	<p>Global growth considerations compared to the previous iteration improved slightly, going from low to medium impact. Although this effect may be moderated by the lower expectation of growth worldwide, the expectation remains that global growth will remain favorable for Guatemala, with strength in the external sector, high prices for exports and high income from remittances, who showed themselves to be resilient during the pandemic.</p>	<p>Economic growth slows, but remains positive. Macroeconomic conditions remain stable and inflationary pressures ease so that inflation moderates in the short term. Problems related to Governance will not worsen after months of stability after the takeover of president-elect Bernardo Arévalo.</p>	<p>In the term, the markets discount more relaxed financial conditions regarding downward adjustments in the monetary policy rates of the main economies; this has not yet materialized and there are concerns that the contractionary period will extend for longer than anticipated in relevant economies such as USA.</p>
Honduras	<p>1. Inflation in line with international indicators of reduced prices, inflation within the target range and measures taken by the country to curb inflationary pressures such as increasing the minimum legal reserve. Short-term climatological risks remain, but they are attenuated for next year.</p> <p>2. A devaluation of the lempira is expected, pressured by external conditions, an increase in international interest rates and a deterioration in the terms of trade.</p>	<p>It is considered that the country has improved in aspects of governance with respect to the beginning of the current government's term. This panorama has benefited the relationship between the different actors in society, such as companies, government and individuals.</p>	<p>Economy loses dynamism but remains in positive territory. Fiscal indicators improve considerably and inflation moderates. Currency convertibility with the dollar remains a risk, and there are medium-term risks related to country risk profile and external investors' distrust.</p>	<p>Although in the medium term, markets are expecting more flexible financial conditions regarding downward adjustments in the monetary policy rates in the main economies, this has not yet materialized and there are concerns that the contractionary period may be extended for longer than anticipated in relevant economies such as the USA.</p>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Scenario	Scenarios synthesis	Upside	Central	Downside
El Salvador	<ol style="list-style-type: none"> The update made by the International Monetary Fund in April 2024 revised the forecast for El Salvador upward due to more favorable growth prospects in the coming months. Even so, a weighted scenario of relatively low growth is maintained due to the pessimistic peso, which contemplates an increase in financial vulnerability and a decrease in economic growth. Inflation improved compared to the previous quarter due to the pronounced slowdown that this indicator has shown in recent months 	<p>The performance and resilience shown by its relevant trading partners, such as the USA, helps to support growth and maintain an optimistic outlook. However, lower growth is expected when compared to the previous quarter.</p>	<p>Economic growth slows and financial volatility continues. In addition, there will be uncertainty due to national elections and disagreements between the Government and the IMF.</p>	<p>Access to external financing is highly conditioned by the entities, and the level of country risk and risk rating, so the cost of international financing is prohibitive due to the level of rates. The perspective remains as a counterweight for El Salvador.</p>
Nicaragua	<ol style="list-style-type: none"> Growth scenarios improved for the country hand in hand with updated perspectives from multilateral entities and figures shown by the country in the last six months that have been much better than expected The Inflation does not show a clear path towards moderation and is at high levels compared to the region. It remains a risk to monitor as it is the country in the region with the highest current levels of inflation and the risk of potential effects of the El Niño phenomenon. 	<p>Nicaragua is expected to benefit from an improved global economic growth outlook. Despite the projected economic slowdown for its trading partners, Nicaragua maintains positive indicators for the external sector, such as high levels of international remittances receipts approaching historic highs.</p>	<p>Democratic deterioration continues and the economy loses dynamism compared to previous years. Good performance in terms of fiscal discipline is maintained. Emigration continues to grow, generating an increasing dependence of the country on the flow of incoming remittances.</p>	<p>Nicaragua's international financial conditions remain in place due to international isolation, which may result in fewer available sources of financing.</p>
Costa Rica	<ol style="list-style-type: none"> General growth prevails and a slight improvement is expected by 2025, with which growth prospects have slightly improved, in line with the cuts in the MPR, dynamism in free zones, tourism and investment and factors that may be beneficial for investment and the recent improvements in the country's risk rating. This remains in line with the most recent update of perspectives from multilateral entities. Inflation was higher (in magnitude) than anticipated, showing negative inflation readings in the last 10 months, with which the inflation forecast for the next 12 months was adjusted slightly downwards, with the reading that the Inflation will return to the target, but now starting from its lower threshold. 	<p>External demand is expected to weaken due to the slowdown in important trading partners such as the USA. and that the BAC countries are less favored in terms of exports and tourist income, given the panorama of lower economic growth worldwide. Despite this, for Costa Rica the considerations are less serious than in the rest of the region due to the diversification of exports; A significant proportion of these is made up of services and manufacturing of medical equipment.</p>	<p>Its economy demonstrated resilience in the face of difficult financial conditions. In the short term, financial conditions are expected to relax, hand in hand with lower inflation, which opens room for more growth in the medium term. Fiscal discipline is maintained and the agreements stipulated with the IMF are complied with, which favors lower debt/GDP than in the previous year.</p>	<p>It was changed from unlikely to probable due to the effects of the El Niño phenomenon in line with other countries and a low impact due to the resilience that the country has historically exhibited in the face of adverse environmental events.</p>
Panama	<ol style="list-style-type: none"> General growth prevails and a lower magnitude of growth is expected due to recent activity with issues related to mining, Panama Canal, droughts in artificial lakes, fiscal items, degradation of outlook by rating agencies, elections and other factors that represent important challenges for the economy. in 2024. The inflation outlook remains at lower levels in line with the latest observations, showing moderation and relaxation in climatological effects towards 2025. 	<p>Economic growth remains stable, the incoming government takes structural measures in time before the country's fiscal situation deteriorates further and negotiations are being held with the mining company to reopen it, respecting the legal processes. The country picks up its growth.</p>	<p>Economic growth slows as a result of mining company's exit. Growth is slowed compared to previous years and this is combined with the risks on the fiscal level with a new Government; which makes immediate and effective measures difficult. External agents consider the mandate of President-elect Mulino positive due to his pro-business ideological current.</p>	<p>Economic growth slows down more than expected due to the mining issue, government measures generate social discontent, which generates strikes and further economic slowdown. The fiscal situation deteriorates further and growth stagnates.</p>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

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

September 30, 2024						
Scenario probability weighting	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
Upside	35%	10%	5%	10%	30%	20%
Central	55%	65%	55%	65%	65%	60%
Downside	10%	25%	40%	25%	5%	20%

December 31, 2023						
Scenario probability weighting	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
Upside	30%	15%	5%	10%	30%	25%
Central	50%	55%	55%	65%	65%	65%
Downside	20%	30%	40%	25%	5%	10%

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios, advised by at least one external economist.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for loans' portfolios are: Monthly Economic Activity Index, Consumer Price Index, Exchange Rate, Local Currency Interest Rate and Dollars Interest Rate.

The Bank estimates each key driver for credit risk over the active forecast period of one year.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the forecast period.

		September 30, 2024					
		Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
		%	%	%	%	%	%
Annual rate of change in economic growth, expressed as a percentage	Upside	4.52	4.04	2.99	4.58	4.20	3.77
	Central	3.66	3.53	2.78	3.62	3.98	2.54
	Downside	2.73	2.83	1.91	2.77	2.90	2.12
Year-on-year rate of change of inflation, expressed as a percentage	Upside	2.60	3.14	1.58	4.40	0.90	1.35
	Central	3.33	4.26	1.71	5.16	2.22	1.77
	Downside	5.08	5.82	2.35	5.49	3.80	2.50
Nominal exchange rate of change, expressed as a percentage	Upside	(0.68)	0.39	-	0.04	1.37	-
	Central	0.56	3.52	-	0.35	1.46	-
	Downside	1.81	4.08	-	0.35	4.58	-
Annual difference in the local currency lending rate measured in basis points	Upside	(0.19)	(0.19)	-	0.35	(1.46)	-
	Central	(0.11)	0.39	-	0.46	(0.54)	-
	Downside	0.82	0.68	-	0.96	0.64	-
Annual difference in foreign currency lending rate measured in basis points	Upside	(0.23)	0.12	0.47	(0.36)	(1.24)	0.05
	Central	0.38	0.56	0.60	0.14	(0.53)	0.41
	Downside	0.78	1.04	0.90	0.78	0.82	1.18

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

		December 31, 2023					
		Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
		%	%	%	%	%	%
Annual rate of change in economic growth, expressed as a percentage	Upside	4.66	3.79	2.83	4.21	3.92	5.16
	Central	3.77	3.46	1.99	3.20	3.42	4.87
	Downside	2.06	2.34	1.78	2.29	2.67	3.55
Year-on-year rate of change of inflation, expressed as a percentage	Upside	2.84	4.62	1.63	3.94	2.45	1.71
	Central	4.11	4.83	2.29	4.34	2.53	1.94
	Downside	5.57	5.78	2.62	5.01	4.17	3.41
Nominal exchange rate of change, expressed as a percentage	Upside	(0.01)	2.76	-	0.20	2.48	-
	Central	1.92	3.68	-	0.49	3.30	-
	Downside	3.22	5.64	-	1.72	4.31	-
Annual difference in the local currency lending rate measured in basis points	Upside	(0.17)	(0.01)	-	(0.54)	(1.14)	-
	Central	(0.13)	0.42	-	0.51	(0.73)	-
	Downside	0.71	0.77	-	1.23	0.77	-
Annual difference in foreign currency lending rate measured in basis points	Upside	0.10	0.04	0.54	0.01	(0.07)	(0.01)
	Central	0.15	0.34	0.73	0.32	0.00	0.17
	Downside	0.93	1.56	1.26	0.95	0.56	0.88

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognized on material classes of its assets.

The table below shows the loss allowance on loans assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios, shown in note 3 (c).

<u>September 30, 2024</u>	<u>Upside</u>	<u>Central</u>	<u>Downside</u>
Book Value			
Corporate	10,665,941,121	10,665,941,121	10,665,941,121
Small company	1,322,760,871	1,322,760,871	1,322,760,871
Mortgage	4,019,470,363	4,019,470,363	4,019,470,363
Personal banking	2,498,196,312	2,498,196,312	2,498,196,312
Vehicles	1,578,828,697	1,578,828,697	1,578,828,697
Credit card	<u>5,660,084,678</u>	<u>5,660,084,678</u>	<u>5,660,084,678</u>
	<u>25,745,282,042</u>	<u>25,745,282,042</u>	<u>25,745,282,042</u>
ECL Allowance			
Corporate	99,040,605	100,382,143	106,134,385
Small company	14,064,887	14,487,747	16,558,865
Mortgage	53,242,724	54,749,136	57,301,001
Personal banking	108,611,814	112,880,637	119,468,095
Vehicles	8,875,578	9,431,460	12,284,087
Credit card	<u>443,348,944</u>	<u>450,563,142</u>	<u>457,590,331</u>
	<u>727,184,552</u>	<u>742,494,265</u>	<u>769,336,764</u>
Proportion of assets in Stage 2			
Corporate	2.76%	2.76%	2.76%
Small company	5.99%	6.11%	8.14%
Mortgage	11.92%	12.14%	12.58%
Personal banking	6.39%	6.83%	7.90%
Vehicles	7.31%	8.89%	14.04%
Credit card	<u>16.16%</u>	<u>16.38%</u>	<u>18.04%</u>
	<u>7.93%</u>	<u>8.16%</u>	<u>9.12%</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

<u>December 31, 2023</u>	<u>Upside</u>	<u>Central</u>	<u>Downside</u>
Book Value			
Corporate	9,458,059,472	9,458,059,472	9,458,059,472
Small company	1,200,057,519	1,200,057,519	1,200,057,519
Mortgage	3,893,914,128	3,893,914,128	3,893,914,128
Personal banking	2,346,739,932	2,346,739,932	2,346,739,932
Vehicles	1,359,416,263	1,359,416,263	1,359,416,263
Credit card	<u>5,220,278,038</u>	<u>5,220,278,038</u>	<u>5,220,278,038</u>
	<u>23,478,465,352</u>	<u>23,478,465,352</u>	<u>23,478,465,352</u>
ECL Allowance			
Corporate	126,568,400	128,737,894	133,242,517
Small company	14,058,095	14,545,626	15,849,220
Mortgage	65,078,503	67,519,317	70,288,178
Personal banking	97,818,947	102,060,833	108,189,210
Vehicles	8,775,910	9,377,179	10,150,568
Credit card	<u>398,497,954</u>	<u>413,544,346</u>	<u>427,825,912</u>
	<u>710,797,809</u>	<u>735,785,195</u>	<u>765,545,605</u>
Proportion of assets in Stage 2			
Corporate	3.04%	3.04%	3.04%
Small company	7.53%	7.58%	7.83%
Mortgage	11.14%	11.29%	11.35%
Personal banking	5.39%	5.57%	6.53%
Vehicles	7.57%	7.84%	8.14%
Credit card	<u>25.76%</u>	<u>26.19%</u>	<u>26.20%</u>
	10.16%	10.32%	10.45%

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The following table shows a reconciliation of the opening and closing balances of the period as of September 30, 2024 and December, 2023, of the financial assets' ECL allowance.

	September 30, 2024				December 31, 2023			
	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Deposits in Banks								
Balance on January 1	85,968	0	0	85,968	141,799	0	0	141,799
Net remeasurement of loss allowance	(46,450)	0	0	(46,450)	(97,100)	0	0	(97,100)
New financial assets originated	803	0	0	803	41,192	0	0	41,192
Foreign currency translation	(138)	0	0	(138)	77	0	0	77
Balance at period end	<u>40,183</u>	<u>0</u>	<u>0</u>	<u>40,183</u>	<u>85,968</u>	<u>0</u>	<u>0</u>	<u>85,968</u>
Investments at FVOCI								
Balance on January 1	6,107,894	0	0	6,107,894	20,818,098	0	0	20,818,098
Net remeasurement of loss allowance	(3,459,107)	0	0	(3,459,107)	(18,631,596)	0	0	(18,631,596)
New financial assets originated	7,186,407	0	0	7,186,407	4,653,396	0	0	4,653,396
Foreign currency translation	(20,723)	0	0	(20,723)	(732,004)	0	0	(732,004)
Balance at period end	<u>9,814,471</u>	<u>0</u>	<u>0</u>	<u>9,814,471</u>	<u>6,107,894</u>	<u>0</u>	<u>0</u>	<u>6,107,894</u>
Investments at AC								
Balance on January 1	185,768	0	0	185,768	115,089	0	0	115,089
Net remeasurement of loss allowance	(11,736)	0	0	(11,736)	(48,997)	0	0	(48,997)
New financial assets originated	36,505	0	0	36,505	119,676	0	0	119,676
Foreign currency translation	(897)	0	0	(897)	0	0	0	0
Balance at period end	<u>209,640</u>	<u>0</u>	<u>0</u>	<u>209,640</u>	<u>185,768</u>	<u>0</u>	<u>0</u>	<u>185,768</u>
Loans								
Balance on January 1	200,884,075	241,452,983	292,324,462	734,661,520	188,965,909	244,766,032	259,207,996	692,939,937
Transfer from stage 1 to 2	(112,942,973)	112,942,973	0	0	(110,283,076)	110,283,076	0	0
Transfer from stage 1 to 3	(91,161)	0	91,161	0	(630,952)	0	630,952	0
Transfer from stage 2 to 3	0	(258,382,995)	258,382,995	0	0	(303,454,564)	303,454,564	0
Transfer from stage 3 to 2	0	91,462,507	(91,462,507)	0	0	105,517,983	(105,517,983)	0
Transfer from stage 2 to 1	186,949,438	(186,949,438)	0	0	202,116,284	(202,116,284)	0	0
Transfer from stage 3 to 1	12,824,382	0	(12,824,382)	0	18,355,604	0	(18,355,604)	0
Net remeasurement of loss allowance	(138,749,514)	312,277,900	212,034,513	385,562,899	(136,978,204)	317,941,763	219,643,504	400,607,063
New financial assets originated	139,839,356	46,752,883	14,562,372	201,154,611	177,644,627	47,208,410	30,186,356	255,039,393
Net derecognition of financial assets	(104,387,438)	(72,707,175)	(44,518,230)	(221,612,843)	(138,306,117)	(78,693,433)	(53,087,481)	(270,087,031)
Reclassification	2,847,997	0	0	2,847,997	0	0	0	0
Charge-offs	0	0	(471,680,382)	(471,680,382)	0	0	(507,657,498)	(507,657,498)
Recovery	0	0	114,162,409	114,162,409	0	0	152,779,586	152,779,586
Foreign currency translation	0	0	(3,705,144)	(3,705,144)	0	0	11,040,070	11,040,070
Balance at period end	<u>187,174,162</u>	<u>286,849,638</u>	<u>267,367,267</u>	<u>741,391,067</u>	<u>200,884,075</u>	<u>241,452,983</u>	<u>292,324,462</u>	<u>734,661,520</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

	September 30, 2024				December 31, 2023			
	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Commitments and guarantee								
Balance on January 1	138,507	10,126	1,217,035	1,365,668	536,382	27,189	947,871	1,511,442
Transfer from stage 1 to 3	(40,457)	0	40,457	0	(319,514)	0	319,514	0
Transfer from stage 3 to 2	0	0	0	0	0	947,871	(947,871)	0
Transfer from stage 2 to 1	1,452	(1,452)	0	0	3,182	(3,182)	0	0
Transfer from stage 3 to 1	1,217,035	0	(1,217,035)	0	0	0	0	0
Net remeasurement of loss allowance	1,591,398	(2,925)	97,406	1,685,879	210,009	(961,614)	897,521	145,916
New financial assets originated	448,159	8,184	849,457	1,305,800	65,056	3,848	0	68,904
Net derecognition of financial assets	(72,858)	(5,749)	(46,235)	(124,842)	(335,916)	(3,986)	0	(339,902)
Reclassification	(2,847,997)	0	0	(2,847,997)	0	0	0	0
Foreign currency translation	12,922	0	0	12,922	(20,692)	0	0	(20,692)
Balance at period end	<u>448,161</u>	<u>8,184</u>	<u>941,085</u>	<u>1,397,430</u>	<u>138,507</u>	<u>10,126</u>	<u>1,217,035</u>	<u>1,365,668</u>

	September 30, 2024				December 31, 2023			
	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total	12 months ECL	Lifetime ECL - unimpaired	Lifetime ECL - impaired	Total
Other accounts receivable								
Balance on January 1	6,633,884	0	0	6,633,884	6,760,140	0	0	6,760,140
Net remeasurement of loss allowance	(4,087,925)	0	0	(4,087,925)	(6,945,801)	0	0	(6,945,801)
New financial assets originated	5,360,934	0	0	5,360,934	8,249,342	0	0	8,249,342
Charge-offs	(1,534,290)	0	0	(1,534,290)	(1,835,208)	0	0	(1,835,208)
Recovery	570,914	0	0	570,914	330,858	0	0	330,858
Foreign currency translation	28,790	0	0	28,790	74,553	0	0	74,553
Balance at period end	<u>6,972,307</u>	<u>0</u>	<u>0</u>	<u>6,972,307</u>	<u>6,633,884</u>	<u>0</u>	<u>0</u>	<u>6,633,884</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Modified financial assets

The following table provides information on individually significant financial assets that were modified while having a provision for losses measured in an amount equal to the ECL for the expected life.

	September 30, <u>2024</u>	December 31, <u>2023</u>
Amortized cost before modification	20,470,112	6,606,646
Net loss due modification	<u>296</u>	<u>839,698</u>
Total	<u>20,470,408</u>	<u>7,446,344</u>

Concentration of credit risk

The Bank follow-up the concentration of credit risk by sector and geographic location. The geographic location of loans and deposits in banks is based on the location of the debtor. Regarding investments, they are based on the location of the issuer. The analysis of the concentration of credit risks as of the reporting date is as follows:

	September 30, 2024						
	<u>Loans</u>	<u>Commitments and guarantees</u>	<u>Securities purchased under resale agreements</u>	<u>Deposits in banks</u>	<u>Investments at FVOCI</u>	<u>Investments at FVPL</u>	<u>Investments at AC</u>
Concentration by sector							
Government	0	0	10,212,226	3,327,911,727	4,257,721,406	12,652,704	69,238,016
Corporate							
Trade	2,830,149,728	209,120,938	0	0	0	0	0
General industry	1,996,709,696	115,034,639	0	0	6,036,146	0	0
Real estate	1,962,823,855	33,043,954	0	0	49,109,694	0	35,992,604
Services	1,438,505,490	66,102,830	0	0	14,930,922	0	0
Food industry	1,046,677,595	40,990,286	0	0	4,953,024	0	0
Agricultural	951,822,117	7,271,277	0	0	0	0	0
Hotels and restaurants	507,424,976	1,987,874	0	0	3,122,699	0	0
Financial	463,265,697	76,943,049	56,951,370	872,909,529	232,471,101	0	4,388,476
Transport	281,699,813	15,502,309	0	0	2,838,678	0	0
Telecommunications	262,113,493	18,619,676	0	0	26,568,939	0	4,862,107
Construction	247,509,532	76,113,320	0	0	6,119,111	0	0
Oil and derivatives	0	0	0	0	19,802,107	0	0
Public services	0	0	0	0	8,554,309	0	0
Energy	0	0	0	0	88,100,770	0	0
Media	0	0	0	0	5,405,832	0	0
Technology	0	0	0	0	6,902,120	0	0
Pharmacist	0	0	0	0	2,803,024	0	0
Personal banking	13,756,580,050	64,801,200	0	0	6,705,373	0	0
Allowance for ECL	<u>(741,391,067)</u>	<u>(1,397,430)</u>	<u>0</u>	<u>(40,183)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net carrying amount	<u>25,003,890,975</u>	<u>724,133,922</u>	<u>67,163,596</u>	<u>4,200,781,073</u>	<u>4,742,145,255</u>	<u>12,652,704</u>	<u>114,481,203</u>
Geographic location:							
Costa Rica	7,470,117,084	291,404,858	400,789	1,522,536,452	1,335,000,936	12,652,704	4,862,107
Panama	5,479,475,042	185,086,887	0	131,693,033	584,379,778	0	40,381,083
Guatemala	4,636,514,296	9,840,545	66,762,807	465,485,394	900,486,295	0	0
Honduras	3,937,669,946	81,531,272	0	624,726,324	386,206,374	0	69,238,013
El Salvador	2,678,275,029	123,200,146	0	358,817,351	305,159,441	0	0
Nicaragua	1,543,230,645	34,467,644	0	284,481,920	236,282,677	0	0
North America	0	0	0	789,560,259	939,897,929	0	0
Europe	0	0	0	23,504,221	0	0	0
South America	0	0	0	0	52,715,092	0	0
Others	0	0	0	16,302	2,016,733	0	0
Allowance for ECL	<u>(741,391,067)</u>	<u>(1,397,430)</u>	<u>0</u>	<u>(40,183)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net carrying amount	<u>25,003,890,975</u>	<u>724,133,922</u>	<u>67,163,596</u>	<u>4,200,781,073</u>	<u>4,742,145,255</u>	<u>12,652,704</u>	<u>114,481,203</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

	December 31, 2023						
	Loans	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at FVPL	Investments at AC
Concentration by sector							
Government	0	0	60,578,007	3,472,563,851	3,965,865,807	24,471,050	68,673,874
Corporate							
Trade	2,438,348,941	172,233,348	0	0	0	0	0
General industry	1,813,587,239	61,658,620	0	0	4,295,663	0	0
Real estate	1,751,977,958	20,867,981	0	0	72,614,020	0	23,252,711
Services	1,395,744,859	61,554,710	0	0	5,071,680	0	0
Agricultural	1,032,956,047	26,203,956	0	0	0	0	0
Food industry	763,394,824	44,520,034	0	0	1,944,565	0	0
Hotels and restaurants	474,638,538	4,474,861	0	0	3,095,082	0	0
Financial	350,063,302	77,556,259	615,058	870,435,362	216,185,840	0	1,495,550
Telecommunications	225,471,395	19,940,266	0	0	19,526,285	0	4,981,342
Transport	220,347,621	15,411,620	0	0	2,741,887	0	0
Construction	191,586,267	83,984,055	0	0	6,832,508	0	0
Oil and derivatives	0	0	0	0	7,259,335	0	0
Public services	0	0	0	0	8,314,436	0	0
Energy	0	0	0	0	85,544,544	0	0
Media	0	0	0	0	1,263,884	0	0
Technology	0	0	0	0	2,053,253	0	0
Materials	0	0	0	0	1,008,115	0	0
Personal banking	12,820,348,361	55,797,681	0	0	5,069,695	0	0
Allowance for ECL	<u>(734,661,520)</u>	<u>(1,365,668)</u>	<u>0</u>	<u>(85,974)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net carrying amount	<u>22,743,803,832</u>	<u>642,837,723</u>	<u>61,193,065</u>	<u>4,342,913,239</u>	<u>4,408,686,599</u>	<u>24,471,050</u>	<u>98,403,477</u>
Geographic location:							
Costa Rica	6,848,787,959	250,188,844	615,058	1,410,876,306	1,443,495,423	20,133,474	4,981,342
Panama	5,008,630,259	184,147,796	0	212,239,003	494,143,891	0	24,748,260
Guatemala	4,342,946,907	4,618,031	60,578,007	542,942,238	728,594,452	0	0
Honduras	3,514,546,991	48,451,769	0	701,354,141	435,884,802	0	68,673,875
El Salvador	2,465,590,764	129,278,256	0	322,706,060	302,344,153	0	0
Nicaragua	1,297,962,472	27,518,695	0	366,096,537	280,735,783	0	0
North America	0	0	0	770,333,294	663,585,224	4,337,576	0
Europe	0	0	0	16,442,010	0	0	0
South America	0	0	0	0	57,852,244	0	0
Others	0	0	0	9,624	2,050,627	0	0
Allowance for ECL	<u>(734,661,520)</u>	<u>(1,365,668)</u>	<u>0</u>	<u>(85,974)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net carrying amount	<u>22,743,803,832</u>	<u>642,837,723</u>	<u>61,193,065</u>	<u>4,342,913,239</u>	<u>4,408,686,599</u>	<u>24,471,050</u>	<u>98,403,477</u>

Since April 2018, the Republic of Nicaragua has been facing a series of socio-political events that have economic implications that are affecting the development of activities in the productive sectors of the country.

The Bank has been and will continue to monitor the evolution of the liquidity and the quality of the portfolio of financial instruments placed or acquired in that country, in order to mitigate and manage the impacts of this situation.

(b) Liquidity Risk

Liquidity risk is defined as the contingency of not being able to comply fully, in a timely and efficient manner, the expected and unexpected cash flows, current and future, without affecting the course of daily operations or the financial condition of the entity. This contingency (liquidity risk) is evidenced in the insufficient liquid assets available for this and/or the need to assume unusual funding costs. The liquidity management conducted by the Bank seeks to meet its obligations of (i) withdrawals of deposits by its customers, (ii) repayment of the service of its debts of institutional funding according to maturity and the payment scheme scheduled, and (iii) compliance with the credit demand and investment funds according to the requirements. In this regard, the Bank has constant control over its short-term liabilities and assets.

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The liquidity of the Bank is carefully managed and adjusted daily based on the estimated liquidity in a contingent and expected scenario.

The Bank's liquidity management is in compliance with the policies and guidelines issued by Senior management and/or Regional and Local Board of Directors; the regulators of each country in which it operates and the contractual obligations. These best practices are primarily defensive, in the sense of seeking to always maintain appropriate levels of liquidity. In addition, the Bank has implemented the internal liquidity requirements that force it to keep excesses on regulatory requirements.

Specifically, the Bank's liquidity risk is managed through the calculation of liquidity coverage indicators in the short term, net of obligations and requirements, and in normal and stressful situations, as well as a stress model of liquidity based on the cash flow, which considers the activity of assets and liabilities in a time horizon of up to one year, under a variety of scenarios, which include both normal market conditions and more severe conditions. In addition, the Bank seeks to maintain a term matching, which enables it to meet its financial obligations over time.

As in the market risk, Senior Management engages actively in liquidity risk management through regional and local Assets and Liabilities Committee (ALICO) and Comprehensive Risk Management; thus, giving greater support to the strategic decision-making process. The liquidity risk assumed by the Bank is in line with the structure, complexity, size and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by Senior Management and/or Regional and Local Board of Directors.

At the level of the entire Bank is established the obligation of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations is established; as well as ensuring that reports related to liquidity risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

The following table shows the results of the ratios for high-quality liquidity coverage with respect to the outflow of deposits under normal and stressful conditions, calculated based on internal policies, reported as of the reporting date and during the year:

	<u>% of Liquidity</u>	
	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
As of period end	26.9	28.3
Maximum	28.3	34.2
Average	27.1	28.9
Minimum	25.6	25.1

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

As of September 30, 2024, and December 31, 2023, the Banking operations of the Bank comply with the liquidity requirements established by the regulators.

Quantitative information

The following table details the undiscounted cash flows of financial liabilities and financial assets, and disbursements due to financial derivatives in contractual maturity groups from the remaining period from the date.

		September 30, 2024					
Amounts in thousands	Carrying Amount	Total nominal gross amount inflows / (outflows)	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Liabilities							
Demand deposits	9,741,139	(9,741,139)	(9,741,139)	0	0	0	0
Savings deposits	6,546,359	(6,546,359)	(6,546,359)	0	0	0	0
Time deposits	10,894,048	(11,471,339)	(1,259,953)	(1,902,168)	(5,601,071)	(2,623,635)	(84,512)
Securities sold under repurchase agreements	180,309	(181,651)	(106,687)	0	(74,964)	0	0
Financial obligations	2,755,963	(3,191,879)	(382,951)	(354,638)	(1,120,307)	(1,157,690)	(176,293)
Other financial obligations	1,487,106	(1,683,880)	(3,815)	(43,278)	(734,109)	(661,125)	(241,553)
Lease liabilities	108,085	(129,161)	(3,228)	(15,326)	(16,081)	(73,228)	(21,298)
Sub-total liabilities	31,713,009	(32,945,408)	(18,044,132)	(2,315,410)	(7,546,532)	(4,515,678)	(523,656)
Commitments and guarantees	98,992	98,992	12,692	17,030	69,270	0	0
Acceptances	27,444	(27,444)	(8,598)	(16,462)	(2,384)	0	0
Total liabilities	31,839,445	(32,873,860)	(18,040,038)	(2,314,842)	(7,479,646)	(4,515,678)	(523,656)
Assets							
Cash and cash equivalents	747,265	747,265	747,265	0	0	0	0
Securities purchased under resale agreements	67,164	67,164	67,164	0	0	0	0
Deposits in banks, net	4,200,781	4,203,470	4,160,428	6,100	10,718	26,224	0
Investments at FVPL (1)	12,653	14,512	11	53	2,973	9,043	2,432
Investments at FVOCI (1)	4,742,145	5,572,724	164,320	431,371	1,365,346	2,400,488	1,211,199
Investments at AC (1)	114,481	203,575	0	2,761	4,520	31,162	165,132
Other accounts receivable, net	315,419	315,419	219,720	29,239	37,088	29,372	0
Loans, net	25,003,891	35,657,795	3,648,763	5,304,517	5,370,281	10,297,814	11,036,420
Sub-total assets	35,203,799	46,781,924	9,007,671	5,774,041	6,790,926	12,794,103	12,415,183
Acceptances outstanding	27,444	27,444	8,598	16,462	2,384	0	0
Total assets	35,231,243	46,809,368	9,016,269	5,790,503	6,793,310	12,794,103	12,415,183

(1) Common stocks are excluded

		December 31, 2023					
Amounts in thousands	Carrying Amount	Total nominal gross amount inflows / (outflows)	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Liabilities							
Demand deposits	9,883,923	(9,883,923)	(9,883,923)	0	0	0	0
Savings deposits	6,214,269	(6,214,269)	(6,214,269)	0	0	0	0
Time deposits	9,917,991	(10,566,062)	(1,294,728)	(1,466,104)	(4,583,723)	(3,050,779)	(170,728)
Securities sold under repurchase agreements	114,007	(114,438)	(60,219)	(54,219)	0	0	0
Financial obligations	2,443,137	(2,782,967)	(56,875)	(321,472)	(903,526)	(1,323,352)	(177,742)
Other financial obligations	1,365,943	(1,599,563)	(8,072)	(24,218)	(198,400)	(1,205,729)	(163,144)
Lease liabilities	119,512	(134,765)	(2,972)	(14,459)	(16,472)	(76,863)	(23,999)
Sub-total liabilities	30,058,782	(31,295,987)	(17,521,058)	(1,880,472)	(5,702,121)	(5,656,723)	(535,613)
Commitments and guarantees	86,390	(86,390)	(3,744)	(28,717)	(53,929)	0	0
Acceptances	61,996	(61,996)	(7,972)	(33,654)	(20,370)	0	0
Total liabilities	30,207,168	(31,444,373)	(17,532,774)	(1,942,843)	(5,776,420)	(5,656,723)	(535,613)
Assets							
Cash and cash equivalents	931,708	931,708	931,708	0	0	0	0
Securities purchased under resale agreements	61,193	61,193	61,193	0	0	0	0
Deposits in banks, net	4,342,913	4,348,261	4,291,122	1,122	19,681	36,336	0
Investments at FVPL (1)	24,471	27,121	4,382	423	832	18,724	2,760
Investments at FVOCI (1)	4,409,243	5,238,509	320,610	310,432	831,796	2,379,379	1,396,292
Investments at AC (1)	97,847	184,802	23	281	6,824	24,506	153,168
Other accounts receivable, net	594,677	594,677	467,921	26,240	40,312	60,204	0
Loans, net	22,743,804	32,351,069	3,301,493	4,928,884	4,921,763	9,072,363	10,126,566
Sub-total assets	33,205,856	43,737,340	9,378,452	5,267,382	5,821,208	11,591,512	11,678,786
Acceptances outstanding	61,996	61,996	7,972	33,654	20,370	0	0
Total assets	33,267,852	43,799,336	9,386,424	5,301,036	5,841,578	11,591,512	11,678,786

(1) Common stocks are excluded

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The main differences are the following:

- customer demand deposits are expected to remain stable or increase;
- not all unrecognized loan commitments are expected to be withdrawn immediately; and
- retail mortgage loans have an original contractual maturity of between 20 and 30 years, but an expected average maturity of eight years because customers take advantage of early repayment options.

The liquidity of the Bank is measured and monitored on a daily basis by the Treasury of each country. In addition, the Bank maintains appropriate levels of cash in vaults, deposits in banks and short-term deposits which constitute the Bank's basis of liquidity reserves. The composition of liquidity is shown in the following table:

	September 30, 2024	December 31, 2023
Cash and cash equivalents	747,264,791	931,707,522
Securities bought under resale agreements	67,163,596	61,193,065
Deposits in central banks	3,062,878,919	3,060,636,560
Deposits due from banks maturing in less than 90 days	1,090,556,345	1,227,153,033
Deposits due from banks greater than 90 days	<u>47,345,809</u>	<u>55,123,646</u>
Total cash, cash equivalents and deposits in banks, net	<u>5,015,209,460</u>	<u>5,335,813,826</u>
Not committed sovereign debt instruments	4,156,115,000	3,823,685,688
Other credit lines available (1)	<u>1,755,298,246</u>	<u>1,774,804,556</u>
Total liquidity reserve	<u>10,926,622,706</u>	<u>10,934,304,070</u>

(1) Amounts not disbursed as of the reporting date.

The available credit lines are for use in normal business scenarios. They may have restricted use in stressful situations.

The following table shows the availability of the Bank's financial assets to support the future financing:

	Committed		Uncommitted		Total
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	
Cash and cash equivalents	0	0	0	747,264,791	747,264,791
Securities purchased under resale agreements	0	0	67,163,596	0	67,163,596
Deposits due from banks, net	151,818	226,005,666	2,978,739,075	995,884,514	4,200,781,073
Investments in securities, net	245,968,552	4,387,873,529	69,238,015	183,660,676	4,886,740,772
Loans, net	<u>191,092,273</u>	<u>0</u>	<u>0</u>	<u>24,812,798,702</u>	<u>25,003,890,975</u>
Total assets	<u>437,212,643</u>	<u>4,613,879,195</u>	<u>3,115,140,686</u>	<u>26,739,608,683</u>	<u>34,905,841,207</u>

(1) It represents uncommitted assets, but whose use the Bank considers use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Bank operates and can be used according to the regulation of each country.

(2) It represents assets that are uncommitted for use as collateral.

	Committed		Uncommitted		Total
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	
Cash and cash equivalents	0	0	0	931,707,522	931,707,522
Securities purchased under resale agreements	0	0	61,193,065	0	61,193,065
Deposits due from banks, net	151,405	309,929,203	2,854,056,539	1,178,776,092	4,342,913,239
Investments in securities, net	293,007,933	3,976,713,267	68,592,305	210,616,477	4,548,929,982
Loans, net	<u>251,167,496</u>	<u>0</u>	<u>0</u>	<u>22,492,636,336</u>	<u>22,743,803,832</u>
Total assets	<u>544,326,834</u>	<u>4,286,642,470</u>	<u>2,983,841,909</u>	<u>24,813,736,427</u>	<u>32,628,547,640</u>

(1) It represents uncommitted assets, but whose use the Bank considers use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Bank operates and can be used according to the regulation of each country.

(2) It represents assets that are uncommitted for use as collateral.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

(c) *Market risk*

Market risks are those that may result in losses as a result of adverse price movements in the financial markets where positions are maintained. It comprises the following risks:

- Interest rate risk: is the possibility of an economic loss due to adverse variations in interest rates.
- Exchange rate risk: is the possibility of an economic loss due to adverse variations in the exchange rate.

The main objectives of the Bank's corporate governance structure include supervising the performance of the management team in each country, ensuring the proper functioning of the internal control system, monitoring the exposure to risks and managing them effectively. For such purpose, management engages actively in market risk management through the regional and local Assets and Liabilities Committees (ALICO) and the Comprehensive Risk Management Committee; thus, giving greater support to the strategic decision-making process.

Market risks assumed by the Bank are in line with the structure, complexity, size and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by management and/or regional and local board of directors.

The Bank establishes the requirement of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations, as well as ensuring that reports related to market risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of the content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

For the measurement, control and management of market risk, the Bank uses the indicators required by the regulator of each country as well as another set of indicators established in the internal regional guideline, which are calculated by country and in a consolidated manner based on internal sources of information.

Exchange risk is measured through the determination of the equity percentage that is not dollarized (also known as monetary position). The main objective of the policy is to establish that the difference between assets denominated in US dollars and liabilities denominated in US dollars is at least equal to equity, which is equivalent to having a 100% dollarized equity. However, due to regulatory restrictions applicable in each country that limit the position in US dollars, the consolidated monetary position may be below this desirable limit.

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

Quantitative information

The Bank maintains operations in the condensed consolidated statement of financial position, agreed in local currency other than US dollars, which are listed below:

September 30, 2024

Amounts in US millions

	<u>Euro</u>	<u>Quetzales</u>	<u>Lempiras</u>	<u>Cordobas</u>	<u>Colones</u>	<u>Total</u>
Cash, cash equivalents and deposits in banks	44	405	467	168	883	1,967
Investments in securities	0	702	416	226	601	1,945
Loans, net	<u>0</u>	<u>2,673</u>	<u>2,978</u>	<u>185</u>	<u>2,855</u>	<u>8,691</u>
Total assets	44	3,780	3,861	579	4,339	12,603
Deposits	21	3,115	2,974	448	3,254	9,812
Obligations	<u>0</u>	<u>312</u>	<u>334</u>	<u>0</u>	<u>752</u>	<u>1,398</u>
Total liabilities	21	3,427	3,308	448	4,006	11,210
Contingencies	<u>1</u>	<u>0</u>	<u>37</u>	<u>1</u>	<u>76</u>	<u>115</u>
Exchange risk exposure	<u>24</u>	<u>353</u>	<u>590</u>	<u>132</u>	<u>409</u>	<u>1,508</u>

December 31, 2023

Amounts in US millions

	<u>Euro</u>	<u>Quetzales</u>	<u>Lempiras</u>	<u>Cordobas</u>	<u>Colones</u>	<u>Total</u>
Cash, cash equivalents and deposits in banks	35	480	627	170	899	2,211
Investments in securities	0	520	464	186	607	1,777
Loans, net	<u>0</u>	<u>2,529</u>	<u>2,614</u>	<u>153</u>	<u>2,703</u>	<u>7,999</u>
Total assets	35	3,529	3,705	509	4,209	11,987
Deposits	14	2,916	2,909	453	3,318	9,610
Obligations	<u>0</u>	<u>308</u>	<u>235</u>	<u>0</u>	<u>707</u>	<u>1,250</u>
Total liabilities	14	3,224	3,144	453	4,025	10,860
Contingencies	<u>0</u>	<u>0</u>	<u>30</u>	<u>0</u>	<u>74</u>	<u>104</u>
Exchange risk exposure	<u>21</u>	<u>305</u>	<u>591</u>	<u>56</u>	<u>258</u>	<u>1,231</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The summary exposure of the Bank's condensed consolidated statement of financial position to interest rate risk. Assets and liabilities are included in the table at their carrying amount, classified by categories of time considering the next rate review date or the maturity date, as applicable:

<u>September 30, 2024</u>	<u>Without exposure</u>	<u>Up to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Cash and cash equivalents	747,264,791	0	0	0	747,264,791
Securities purchased under resale agreements	15,433	67,148,163	0	0	67,163,596
Deposits due from Banks, net	2,747,203,617	1,428,762,456	24,815,000	0	4,200,781,073
Investments in securities, net	1,307,354,724	834,047,937	1,808,803,095	936,535,016	4,886,740,772
Loans, net	<u>192,101,913</u>	<u>22,170,457,971</u>	<u>1,905,494,168</u>	<u>735,836,923</u>	<u>25,003,890,975</u>
Total assets	<u>4,993,940,478</u>	<u>24,500,416,527</u>	<u>3,739,112,263</u>	<u>1,672,371,939</u>	<u>34,905,841,207</u>
Deposits	1,438,048,882	23,136,934,249	2,517,186,789	89,376,466	27,181,546,386
Securities sold under resale agreements	1,357,708	178,951,158	0	0	180,308,866
Financial obligations	36,333,483	2,007,651,560	563,665,354	148,312,827	2,755,963,224
Other financial obligations	<u>18,901,406</u>	<u>285,227,205</u>	<u>979,538,217</u>	<u>203,439,096</u>	<u>1,487,105,924</u>
Total liabilities	<u>1,494,641,479</u>	<u>25,608,764,172</u>	<u>4,060,390,360</u>	<u>441,128,389</u>	<u>31,604,924,400</u>
Exposure to interest rate risk	<u>3,499,298,999</u>	<u>(1,108,347,645)</u>	<u>(321,278,097)</u>	<u>1,231,243,550</u>	<u>3,300,916,807</u>
<u>December 31, 2023</u>	<u>Without exposure</u>	<u>Up to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Cash and cash equivalents	931,707,522	0	0	0	931,707,522
Securities purchased under resale agreements	239,130	60,953,935	0	0	61,193,065
Deposits due from Banks, net	2,104,873,042	2,204,164,539	33,875,658	0	4,342,913,239
Investments in securities, net	1,109,408,401	718,954,547	1,648,677,821	1,071,889,213	4,548,929,982
Loans, net	<u>181,272,308</u>	<u>20,218,187,657</u>	<u>1,675,077,805</u>	<u>669,266,062</u>	<u>22,743,803,832</u>
Total assets	<u>4,327,500,403</u>	<u>23,202,260,678</u>	<u>3,357,631,284</u>	<u>1,741,155,275</u>	<u>32,628,547,640</u>
Deposits	1,412,368,043	21,605,209,982	2,831,286,156	167,319,211	26,016,183,392
Securities sold under resale agreements	1,941,300	112,065,290	0	0	114,006,590
Financial obligations	28,071,396	1,653,018,036	593,084,802	168,962,516	2,443,136,750
Other financial obligations	<u>16,802,414</u>	<u>212,135,629</u>	<u>1,010,157,574</u>	<u>126,847,479</u>	<u>1,365,943,096</u>
Total liabilities	<u>1,459,183,153</u>	<u>23,582,428,937</u>	<u>4,434,528,532</u>	<u>463,129,206</u>	<u>29,939,269,828</u>
Exposure to interest rate risk	<u>2,868,317,250</u>	<u>(380,168,259)</u>	<u>(1,076,897,248)</u>	<u>1,278,026,069</u>	<u>2,689,277,812</u>

Based on the above, the Bank calculates the total exposure of the condensed consolidated statement of financial position to interest rate risk. The Bank states that the interest rate risk should be measured for each currency in which assets and liabilities are maintained.

Interest rate risk is analyzed based on the gap analysis, in order to approximate the change in equity of the Bank's condensed consolidated statement of financial position and in the net income from interest from eventual changes in market interest rates. The economic value of an instrument involves an assessment of the current value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a financial entity can be seen as the present value of expected net cash flows from the entity, defined as expected cash flows from assets less expected cash flows from liabilities. In this sense, the perspective of economic value reflects a view of the sensitivity of the financial entity net value to interest rate fluctuations.

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

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The estimate of the impact of variations in interest rates is conducted under a scenario of increase or decrease of 100 basis points in assets and liabilities at the different terms (parallel movement of the curve). The following table presents a summary of the impact on the Bank's economic value and on the net interest income applying these variations:

	<u>Increase of 100 bps (1)</u>	<u>Decrease of 100 bps (1)</u>
Impact on equity to interest rate movements		
September 30, 2024	(83,213,982)	83,213,982
Average for the period	(77,913,132)	77,913,132
Maximum for the period	(88,667,137)	88,667,137
Minimum for the period	(70,172,325)	70,172,325
December 31, 2023	(66,588,960)	66,588,960
Average for the year	(71,913,819)	71,913,819
Maximum for the year	(86,080,394)	86,080,394
Minimum for the year	(59,786,967)	59,786,967
Impact on net income from interests		
September 30, 2024	90,004,081	(90,004,081)
Average for the period	84,116,555	(84,116,555)
Maximum for the period	90,612,793	(90,612,793)
Minimum for the period	77,866,902	(77,866,902)
December 31, 2023	84,476,873	(84,476,873)
Average for the year	79,702,299	(79,702,299)
Maximum for the year	84,476,873	(84,476,873)
Minimum for the year	75,826,488	(75,826,488)

(1) According to the nature of the instruments on demand, the sensitivity of annual income and expenses to a decrease or increase in rates for currencies with rates below 1% is measured using a variation of 25 basis points.

(d) Operational risk

The Bank has established a minimum framework for operational risk management within its companies, which is intended to provide general guidelines to ensure the identification, assessment, control, monitoring and reporting of operational risks and materialized events that may affect the organization with the objective of ensuring the proper management, mitigation or reduction of the managed risks and contributing to provide a reasonable assurance with respect to the achievement of organizational objectives.

The operational risk management model considers best practices issued by the Basel Committee on Banking Supervision and by COSO (Committee of Sponsoring Organizations of the Treadway Commission). In addition, it complies with the regulatory requirements of the region, which have been defined by the regulators of the countries where the Bank operates.

Based on the above, operational risk is defined as the possibility that the events resulting from personnel, information technologies or inadequate or failed internal processes, or produced by external causes, generate negative impacts that go against the objectives. By its nature, it is present in all of the organization's activities.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(4) Risk management, continued

The priority of the Bank is, therefore, identifying and managing the major risk factors, regardless of whether they can produce monetary losses. The measurement also contributes to the establishment of priorities in the management of operational risk.

The operational risk management system is properly documented in the Operational Risk Guideline and Manual. It is a continuous process with several stages:

- Measurement of the perspective of control environment
- Identification and assessment of operational risks
- Treatment and mitigation of operational risks
- Risk monitoring and review
- Registration and accounting of losses due to operational risk incidents

Additionally, the Bank has policies formally established for the management of information security, business continuity, fraud prevention and code of ethics that support the proper management of operational risks in the organization.

At the regional level and in all countries where the Bank operates, there is an operational risk management unit that monitors, advises and assesses the management conducted by the administration with regard to operational risks. In addition, there is a specialized Operational Risk Committee (OR Committee) composed of senior management. The OR Committee reports to the Comprehensive Risk Management Committee, monitors management and ensures that identified operational risks are kept at accepted levels by the organization.

Compliance with Bank standards is supported by a program of periodic reviews undertaken by Internal Audit, which reports the results to the Internal Audit Committee of each entity where the Bank operates.

(5) Critical accounting estimates and judgments in the implementation of accounting policies

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

Loan impairment losses

The Bank reviews its loan portfolio to assess the impairment at least on a quarterly basis. When determining whether an impairment loss should be recorded in condensed consolidated statement of profit or loss, the Bank's makes decisions as to whether observable information exists indicating that there is a measurable reduction in estimated future cash flows from a loan portfolio before such reduction may be identified with an individual loan in that portfolio. This evidence includes observable information indicating that an adverse change in the payment condition of borrowers in a group, national or local economic conditions that correlate with non-compliance instances in Bank's assets have occurred.

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

Notes to the Condensed Consolidated Interim Financial Statements

(6) Cash, cash equivalents and deposits in banks

Cash and cash equivalents are listed below for reconciliation purposes with the condensed consolidated statement of cash flows:

	September 30, <u>2024</u>	September 30, <u>2023</u>
Cash and cash equivalents	747,264,791	717,897,586
Securities purchased under resale agreements	67,163,596	33,680,721
Deposits in central banks	3,062,878,919	2,629,791,794
Deposits in banks and deposits due in less than 90 days	<u>1,090,556,345</u>	<u>700,490,427</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	4,967,863,651	4,081,860,528
Deposits in banks greater than 90 days, net	<u>47,345,809</u>	<u>59,894,825</u>
	<u>5,015,209,460</u>	<u>4,141,755,353</u>

(7) Securities purchased under resale agreements

As of September 30, 2024, securities purchased under resale agreements amounted to \$67,163,596 (December 31, 2023: \$61,193,065), which have an expiration date October 2024 (December 31, 2023: January 2024) and an interest rate between 4.7% and 5.4% (December 31, 2023: between 4.7% and 6.0%). These securities were guaranteed with local government bonds and corporate bonds, which amounted to \$67,168,394 (December 31, 2023: \$54,655,658).

(8) Investments in securities

As of September 30, 2024, investments in securities amounted to \$4,886,740,772 (December 31, 2023: \$4,548,929,982) are summarized as follows:

(a) Investments at FVPL

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

	September 30, <u>2024</u>	December 31, <u>2023</u>
Government bonds	12,652,704	24,471,050
Common stocks	<u>14,273,740</u>	<u>14,285,693</u>
	<u>26,926,444</u>	<u>38,756,743</u>

As of September 30, 2024 and December 31, 2023, there are no investments in securities at FVPL used as collateral in repurchase agreements.

(b) Investments at FVOCI

The portfolio of investments at FVOCI is detailed as follows:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Government and Agencies:		
United States of America	677,576,546	479,810,159
Other governments	<u>3,580,144,860</u>	<u>3,486,055,648</u>
	4,257,721,406	3,965,865,807
Corporate bonds	484,423,849	442,820,792
Common stocks	<u>3,187,870</u>	<u>3,083,163</u>
	<u>4,745,333,125</u>	<u>4,411,769,762</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(8) Investments in securities, continued

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

<u>Entity</u>	<u>Country</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Latinex Holdings, Inc.	Panama	479,357	501,527
Compañía de Procesamiento de Medio de Pago.	Guatemala	453,896	388,912
Grupo APC, S.A.	Panama	445,582	445,582
Transacciones y transferencia	Guatemala	310,608	306,500
Servicios Financieros, S.A.	El Salvador	247,500	247,500
ACH de Nicaragua	Nicaragua	184,304	184,304
Bancajeros BANET	Honduras	178,067	179,470
Fondo Hondureño de Inversion Turistica	Honduras	175,143	176,522
ICG Imagenes Computarizadas de Guatemala, S.A.	Guatemala	142,698	140,810
Asociacion Bancaria de Guatemala	Guatemala	93,467	92,231
Others	Others	<u>477,248</u>	<u>419,805</u>
		<u>3,187,870</u>	<u>3,083,163</u>

As of September 30, 2024, the portfolio of shares common to stocks at FVOCI had a variation in the Bank's other comprehensive income of \$(22,170) (December 31, 2023: \$(86,662)). As of September 30, 2024, the Bank received \$2,001,539 in dividends of common stocks at FVOCI (December 31, 2023: \$2,554,317).

(c) Investments at AC

The investment portfolio at AC is detailed as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Government bonds	69,238,016	68,673,874
Corporate bonds	<u>45,243,187</u>	<u>29,729,603</u>
	<u>114,481,203</u>	<u>98,403,477</u>

(9) Loans

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

	<u>September 30, 2024</u>			<u>December 31, 2023</u>		
	<u>Portfolio</u>	<u>Allowance for ECL</u>	<u>Net portfolio of allowance</u>	<u>Portfolio</u>	<u>Allowance for ECL</u>	<u>Net portfolio of allowance</u>
Loans						
Corporate						
Corporate loans	10,333,472,271	(95,083,655)	10,238,388,616	9,172,577,580	(124,805,729)	9,047,771,851
Corporate leases, net (1)	<u>332,468,850</u>	<u>(4,971,533)</u>	<u>327,497,317</u>	<u>285,481,892</u>	<u>(4,308,131)</u>	<u>281,173,761</u>
Total Corporate	<u>10,665,941,121</u>	<u>(100,055,188)</u>	<u>10,565,885,933</u>	<u>9,458,059,472</u>	<u>(129,113,860)</u>	<u>9,328,945,612</u>
Personal Banking and Small company						
Small company						
Small company loans	1,168,904,371	(13,034,630)	1,155,869,741	1,072,575,156	(12,891,244)	1,059,683,912
Small company leases, net (1)	<u>153,856,500</u>	<u>(1,404,799)</u>	<u>152,451,701</u>	<u>127,482,363</u>	<u>(1,573,411)</u>	<u>125,908,952</u>
Total Small company	<u>1,322,760,871</u>	<u>(14,439,429)</u>	<u>1,308,321,442</u>	<u>1,200,057,519</u>	<u>(14,464,655)</u>	<u>1,185,592,864</u>
Personal Banking						
Mortgage loans	4,019,470,363	(54,517,001)	3,964,953,362	3,893,914,128	(67,019,856)	3,826,894,272
Personals	2,498,196,312	(112,482,990)	2,385,713,322	2,346,739,932	(102,254,272)	2,244,485,660
Vehicles	1,406,226,295	(7,327,881)	1,398,898,414	1,223,289,541	(7,439,543)	1,215,849,998
Personal leases, net (1)	172,602,402	(2,024,206)	170,578,196	136,126,722	(1,815,598)	134,311,124
Credit Cards	<u>5,660,084,678</u>	<u>(450,544,372)</u>	<u>5,209,540,306</u>	<u>5,220,278,038</u>	<u>(412,553,736)</u>	<u>4,807,724,302</u>
Total Personal Banking	<u>13,756,580,050</u>	<u>(626,896,450)</u>	<u>13,129,683,600</u>	<u>12,820,348,361</u>	<u>(591,083,005)</u>	<u>12,229,265,356</u>
Total Personal Banking and Small company	<u>15,079,340,921</u>	<u>(641,335,879)</u>	<u>14,438,005,042</u>	<u>14,020,405,880</u>	<u>(605,547,660)</u>	<u>13,414,858,220</u>
Total loans	<u>25,745,282,042</u>	<u>(741,391,067)</u>	<u>25,003,890,975</u>	<u>23,478,465,352</u>	<u>(734,661,520)</u>	<u>22,743,803,832</u>
(1) Total leases, net of interest	<u>658,927,752</u>	<u>(8,400,538)</u>	<u>650,527,214</u>	<u>549,090,977</u>	<u>(7,697,140)</u>	<u>541,393,837</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(9) Loans, continued

The net value of the financial lease's receivable is presented below:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Minimum lease payments receivable	672,442,081	562,541,491
Less: unearned interest	<u>4,004,680</u>	<u>5,952,545</u>
Minimum lease payments receivable, net	668,437,401	556,588,946
Less: allowance for loss in leases	8,400,538	7,697,140
Less: net deferred commissions	<u>9,509,649</u>	<u>7,497,969</u>
Net value of investment in finance leases	<u>650,527,214</u>	<u>541,393,837</u>

The following table summarizes the minimum lease payments receivable as of September 30, 2024:

<u>Year ended December 31</u>	
2024	44,493,650
2025	140,290,142
2026	132,757,320
2027	120,839,957
2028 and thereafter	<u>230,056,332</u>
	<u>668,437,401</u>

(10) Deposits from customers

Deposits from customers by type are detailed below:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Individual customers		
Demand	1,543,973,914	1,615,336,881
Savings	5,684,756,237	5,396,578,839
Time deposits	4,232,948,998	3,654,346,409
Corporate customers		
Demand	8,197,164,968	8,268,585,948
Savings	861,603,136	817,690,264
Time deposits	<u>6,661,099,133</u>	<u>6,263,645,051</u>
	<u>27,181,546,386</u>	<u>26,016,183,392</u>

As of September 30, 2024, time deposits include net instruments of origination costs for \$996,238,956 (December 31, 2023: \$1,151,712,619) subscribed with special purpose vehicles (hereinafter SPV), which are detailed below:

<u>Vehicle</u>	<u>Series</u>	<u>Fixed interest rate</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
			<u>Principal amount</u>	<u>Origination cost</u>	<u>Principal amount</u>	<u>Origination cost</u>
BIB Merchant Voucher Receivables Limited	2017-1	4.08%	159,407,591	1,273,740	199,881,701	1,659,443
BIB Merchant Voucher Receivables Limited	2018-1	4.18%	243,853,045	1,860,525	288,224,370	2,256,887
BIB Central American Card Receivables Limited	2019-1	3.50%	<u>602,352,845</u>	<u>6,240,260</u>	<u>675,906,290</u>	<u>8,383,412</u>
			<u>1,005,613,481</u>	<u>9,374,525</u>	<u>1,164,012,361</u>	<u>12,299,742</u>

BIB Merchant Voucher Receivables Limited (SPV) issued financial obligations subscribed by international holders secured by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Bank, with credit cards issued with the Visa and MasterCard brands in Panama. The obligations have an average original duration of 7 years. Principal repayments of the 2017-1 and 2018-1 obligations will be paid through Citibank N.A., beginning in January 2021 and January 2022, respectively. As of September 30, 2024, the weighted average duration of the certificates is 1.53 years and 2.05 years, respectively.

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

Notes to the Condensed Consolidated Interim Financial Statements

(10) Deposits from customers, continued

BIB Central American Card Receivables Limited (SPV) issued financial obligations subscribed by international holders guaranteed by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Bank, with credit cards issued by international financial institutions, with the Visa and MasterCard brands in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as well as the American Express brand for those countries and Panama; with an average original duration of 7 years. Principal repayments of the 2019-1 obligation will be paid through Citibank N.A., beginning in October 2023. As of September 30, 2024, the weighted average duration of the certificates is 2.96 years.

The collection rights of the accounts receivable were assigned by BAC International Bank Inc., to the SPV's, and the SPV's invested the amount received for the notes issued in fixed-term certificates of deposits in BAC International Bank Inc.

(11) Financial obligations

Financial obligations are detailed below:

	September 30, 2024		
	<u>Interest rate</u>	<u>Maturities up to</u>	<u>Carrying amount</u>
Payable in US dollars:			
Fixed rate	0.90% to 8.00%	2038	609,684,234
Floating rate	4.86% to 11.41%	2031	1,488,930,868
Payable in quetzales (Guatemala):			
Fixed rate	7.00% to 8.00%	2027	315,825,311
Payable in lempiras (Honduras):			
Fixed rate	0.00% to 11.50%	2058	181,370,701
Payable in colones (Costa Rica):			
Fixed rate	0.80%	2025	123,746,590
Floating rate	6.10% to 7.80%	2038	<u>36,405,520</u>
			<u>2,755,963,224</u>
December 31, 2023			
	<u>Interest rate</u>	<u>Maturities up to</u>	<u>Carrying amount</u>
Payable in US dollars:			
Fixed rate	1.50% to 8.00%	2042	373,016,360
Floating rate	5.33% to 11.57%	2028	1,418,856,005
Payable in quetzales (Guatemala):			
Fixed rate	5.50% to 8.00%	2027	310,138,266
Floating rate			
Payable in lempiras (Honduras):	1.00% to 11.50%	2058	165,013,746
Fixed rate			
Payable in colones (Costa Rica):	0.80%	2025	135,586,707
Floating rate	7.17% to 10.19%	2038	<u>40,525,666</u>
			<u>2,443,136,750</u>

As of September 30, 2024, the carrying amount of the principal issued by BAC San Jose DPR Funding Limited, a special purpose vehicle (hereinafter SPV), amounted to \$127,500,000 (December 31, 2023: \$150,000,000), corresponding to the 2020-1 series with a balance of \$150,000,000. The origination costs pending amortization of the certificates amounted to \$1,314,772 as of September 30, 2024 (December 31, 2023: \$1,553,821). The notes issued by the SPV are secured by current and future Diversified Payment Rights denominated in US dollars, originated by a subsidiary of the Bank and sold to the SVP. Series 2020-1 obligations pay interest in February, May, August and November of each year at a fixed interest rate of 3.70%. The notes have an original average duration of 5.58 years. As of September 30, 2024, the weighted average duration of the notes is 2.16 years.

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

Notes to the Condensed Consolidated Interim Financial Statements

(11) Financial obligations, continued

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

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

	September 30,	
	2024	2023
Balance as of January 1	2,443,136,750	2,283,961,350
Changes from financing cash flows		
Proceeds from financial obligations	1,458,254,667	1,069,073,495
Payment of financial obligations	<u>(1,158,063,621)</u>	<u>(1,294,817,540)</u>
Total changes from financing cash flows	<u>300,191,046</u>	<u>(225,744,045)</u>
Effect of changes in foreign exchange rates	4,373,342	19,714,819
Other changes (liability-related)		
Interest expense	124,455,053	96,270,675
Interest paid	<u>(116,192,967)</u>	<u>(88,232,120)</u>
Total liability-related other changes	<u>8,262,086</u>	<u>8,038,555</u>
Balance as of September 30	<u>2,755,963,224</u>	<u>2,085,970,679</u>

(12) Other financial obligations

The Bank has placed, through its subsidiaries and through the stock markets of Costa Rica, El Salvador, Honduras and Panama, debt certificates with fixed and variable rates, which are described below:

<u>Payable in:</u>	September 30, 2024		December 31, 2023	
	<u>Interest rate</u>	<u>Carrying amount</u>	<u>Interest rate</u>	<u>Carrying amount</u>
US dollars	3.25% to 10.00%	809,231,493	3.25% to 10.00%	764,542,378
Colones	4.71% to 12.35%	583,388,651	4.71% to 12.35%	531,222,469
Lempiras	4.75% to 9.25%	<u>94,485,780</u>	4.75% to 7.50%	<u>70,178,249</u>
		<u>1,487,105,924</u>		<u>1,365,943,096</u>

Through Resolution No. 208-20 of May 14, 2020, issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank Inc., an indirect subsidiary of the Bank's is authorized to offer a Public Offering, Perpetual Subordinated Corporate Bonds convertible into common shares for a nominal value of \$700 million. The bonds are issued in registered form, registered and without coupons, in denominations of \$1,000,000 and in integral multiples of \$100,000, with no specific expiration or redemption date. The bonds bear an interest rate of 10% and interest is payable quarterly, unless the issuer exercises its right not to pay interest. As of September 30, 2024, the balance of the perpetual bonds is \$520,000,000, and they have been acquired by Grupo AVAL Limited, a related party.

The Bank has not had payment default of principal, interest or other contractual clauses in relation to its other financial obligations.

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

Notes to the Condensed Consolidated Interim Financial Statements

(12) Other financial obligations, continued

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

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance as of January 1	1,365,943,096	1,059,787,532
Changes from financing cash flows		
Proceeds from other financial obligations	195,331,281	275,079,503
Payment from other financial obligations	<u>(78,927,953)</u>	<u>(29,965,492)</u>
Total changes from financing cash flows	<u>116,403,328</u>	<u>245,114,011</u>
Effect of changes in foreign exchange rates	2,660,509	33,339,870
Other changes (liability-related)		
Interest expense	97,086,185	82,280,615
Interest paid	<u>(94,987,194)</u>	<u>(73,760,278)</u>
Total liability-related other changes	<u>2,098,991</u>	<u>8,520,337</u>
Balance as of September 30	<u>1,487,105,924</u>	<u>1,346,761,750</u>

(13) Lease liabilities

Lease liabilities are detailed below:

<u>September 30, 2024</u>				
	<u>Interest rate</u>	<u>Maturities up to</u>	<u>Carrying amount</u>	<u>Undiscounted cash flows</u>
Payable in US dollars	5.22%	2038	105,278,728	126,419,813
Payable in quetzales (Guatemala)	5.22%	2032	1,691,949	1,448,691
Payable in lempiras (Honduras)	5.22% to 7.58%	2029	547,970	632,570
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	<u>566,177</u>	<u>659,605</u>
			<u>108,084,824</u>	<u>129,160,679</u>
<u>December 31, 2023</u>				
	<u>Interest rate</u>	<u>Maturities up to</u>	<u>Carrying amount</u>	<u>Undiscounted cash flows</u>
Payable in US dollars	5.22%	2033	116,632,355	131,824,768
Payable in quetzales (Guatemala)	5.22%	2029	1,794,077	1,653,831
Payable in lempiras (Honduras)	5.22% to 7.58%	2029	514,653	609,923
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	<u>570,953</u>	<u>675,396</u>
			<u>119,512,038</u>	<u>134,763,918</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Less than a year	34,635,381	33,902,345
One to two years	25,625,177	27,008,505
Two to three years	20,787,848	20,324,806
Three to four years	15,912,539	17,376,350
Four to five years	10,901,627	12,152,957
More than five years	<u>21,298,107</u>	<u>23,998,955</u>
	<u>129,160,679</u>	<u>134,763,918</u>

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

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Interest on leases	4,472,564	5,120,651
Expense for leases with less than 12 months	2,889,899	2,793,708
Expense for leases of low-value assets	<u>12,715,933</u>	<u>9,032,639</u>
	<u>20,078,396</u>	<u>16,946,998</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

(13) Lease liabilities, continued

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

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance as of January 1	119,512,038	138,555,391
Changes from financing cash flows		
Payment of lease liabilities	<u>(24,124,587)</u>	<u>(22,546,676)</u>
Total changes from financing cash flows	<u>(24,124,587)</u>	<u>(22,546,676)</u>
Effect of changes in foreign exchange rates	12,697,373	10,148,768
Other changes (liability-related)		
Interest expense	4,472,564	5,120,651
Interest paid	<u>(4,472,564)</u>	<u>(5,120,651)</u>
Total liability-related other changes	<u>0</u>	<u>0</u>
Balance as of September 30	<u>108,084,824</u>	<u>126,157,483</u>

(14) Common stock

As of September 30, 2024, and December 31, 2023, the Bank's authorized common stock comprises:

- 850,000 class A authorized stocks with a par value of \$1,000 each. Of these class A stocks, 834,708 have been issued, of which 814 are Treasury stock.
- 1,000,000 class B authorized stocks of no-par value each. None of the class B stocks have been issued yet.

(15) Gains from financial instruments

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

	<u>September 30,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>
Net income from the sale of investments at FVOCI	19,530,362	442,053
Unrealized net gain (losses) from securities at FVPL	90,994	(486,723)
Realized gain on investments at FVPL	863,733	2,612,379
Net fair value gains on derivative financial instruments	<u>1,114,534</u>	<u>1,176,544</u>
	<u>21,599,623</u>	<u>3,744,253</u>

(16) Income taxes

As of September 30, 2024, the Bank maintains an effective tax rate of 24.32% (December 31, 2023: 24.78%).

The Bank's earnings are taxed in various jurisdictions. As of September 30, 2024, the Bank had unrecognized tax positions for \$1,552,028 (December 31, 2023: \$1,302,616). Interest expense and penalties related to income tax liabilities and recognized as part of income tax expenses for the year ended September 30, 2024, amounted to \$(230,634) (September 30, 2023: \$(891,320)). As of September 30, 2024, total interest and penalties expenses included in other liabilities amounted to \$264,809 (December 31, 2023: \$246,474).

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(17) Off-Balance financial instruments with risk and other commitments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include, principally, commitments to extend credit, financial guarantees and letters of credit, the balances of which are not reflected in the accompanying consolidated balance sheets.

Letters of credit are conditional commitments issued by the Bank to guarantee performance of a customer to a third party. Those letters of credit are primarily used to support trade transactions and borrowing arrangements. Generally, all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

As of September 30, 2024, the Bank had outstanding revolving available for its credit card customers in each of the countries where it operates. that ranged from approximately \$11,048, million (December 31, 2023: from \$10,318 million). The unused portion of the total available amounts to \$7,618 million (December 31, 2023: \$6,836 million). Although these amounts represented the available amounts of the credit lines granted to customers, the Bank has never experienced, and does not anticipate, that all customers exercise all available lines of credit simultaneously at one time specific.

While these amounts represented the available lines of credit to customers per country, the Bank has experienced, and does not anticipate, that all of its customers will exercise their entire available lines at any given point in time.

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

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

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. As of September 30, 2024, outstanding letters of credit and financial guarantees are as follows:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Stand-by letters of credit	144,126,625	131,120,286
Commercial letters of credit	86,832,845	67,948,317
Financial guarantees	395,579,725	358,744,777
Commitments and guarantees (1)	<u>98,992,157</u>	<u>86,390,011</u>
	<u>725,531,352</u>	<u>644,203,391</u>

(1) Includes commercial and mortgage payment promise letter

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

Notes to the Condensed Consolidated Interim Financial Statements

(17) Off-Balance financial instruments with risk and other commitments, continued

The nature, terms and maximum potential amount of future payments the Bank could be required to make under the standby letters of credit and guarantees as of September 30, 2024, are detailed as follows:

	September 30, <u>2024</u>	December 31, <u>2023</u>
Up to 1 year	554,252,549	503,802,948
Over 1 year	<u>84,445,958</u>	<u>72,452,126</u>
	<u>638,698,507</u>	<u>576,255,074</u>

Generally, the Bank has resources to recover from clients the amounts paid under these guarantees; additionally, the Bank can hold cash or other collateral to cover for these guarantees. As of September 30, 2024, the assets held as collateral, that the Bank can obtain and liquidate to recover totally or partially the amounts paid under guarantees amounted to \$238,308,523 (December 31, 2023: \$140,061,063).

As of September 30, 2024, and December 31, 2023, BAC International Bank, Inc., maintains an irrevocable guarantee and stand-by letter of credit to support the payment of the interchange settlement to VISA, Master Card and American Express. The total guaranteed amount corresponds to \$71,971,918.

(18) Disclosures on the fair value of financial instruments

The Bank established a process for determining the fair value. The fair value is primarily based on quoted market prices, when available. If market prices or quotes are not available, fair value is determined based on internally developed models that primarily use market information or other information obtained as inputs regardless of market parameters, including but not limited to yield curves, interest rates, debt prices, foreign exchange rates and credit curves. However, in situations where there is little or no market activity for the asset or liability at the measurement date, the fair value measurement reflects the Bank's own judgments about assumptions that market participants would use in setting the price of the asset or liability.

The judgments are developed by the Bank based on the best information available in the circumstances, including expected cash flows, discount rates adjusted for risks and the availability of observable and unobservable inputs.

The methods described above can generate fair value estimates that may not be indicative of the net realizable value or that do not reflect future values. In addition, while the Bank believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value estimates as of the reporting date.

Financial instruments measured at fair value

Recurring Fair Value Measurement

The following is a description of the valuation methodologies used to value instruments carried at fair value, including a general classification of such instruments according to the fair value hierarchy.

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

Notes to the Condensed Consolidated Interim Financial Statements

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

Securities

When there are market prices in an active market, securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid bonds from the government and agencies and investments in highly traded shares.

If market prices are not available for a specific security, the fair value is determined using market prices of securities with similar characteristics or discounted cash flows and are classified in Level 2. In certain cases where there is limited activity or less transparency in determining the assumptions used in the valuation, securities are classified in Level 3 of the fair value hierarchy.

Therefore, when valuing certain debt obligations, determining fair value may require comparisons with similar instruments or default and collection rate analysis.

Assets and liabilities recorded at fair value on a recurring basis are summarized below:

	Other significant observable assumptions (Level 2)	Significant unobservable assumptions (Level 3)	September 30, 2024
Assets			
Investments at FVPL:			
United States of America	0	0	0
Other governments	12,652,704	0	12,652,704
Common stocks	<u>0</u>	<u>14,273,740</u>	<u>14,273,740</u>
Total investments at FVPL	<u>12,652,704</u>	<u>14,273,740</u>	<u>26,926,444</u>
Investments at FVOCI:			
Governments and Agencies bonds:			
United States of America	677,576,546	0	677,576,546
Other governments	<u>3,580,144,860</u>	<u>0</u>	<u>3,580,144,860</u>
	4,257,721,406	0	4,257,721,406
Corporate debentures	484,423,849	0	484,423,849
Common stocks	<u>924,939</u>	<u>2,262,931</u>	<u>3,187,870</u>
Total investments at FVOCI	<u>4,743,070,194</u>	<u>2,262,931</u>	<u>4,745,333,125</u>
Investments at AC:			
Other governments	69,238,016	0	69,238,016
Corporate debentures	<u>45,243,187</u>	<u>0</u>	<u>45,243,187</u>
Total investments at AC	<u>114,481,203</u>	<u>0</u>	<u>114,481,203</u>
Total assets	<u>4,870,204,101</u>	<u>16,536,671</u>	<u>4,886,740,772</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

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

	Other significant observable assumptions (Level 2)	Significant unobservable Assumptions (Level 3)	December 31, 2023
Assets			
Investments at FVPL:			
Other governments	4,337,576	0	4,337,576
Corporate debentures	20,133,474	0	20,133,474
Common stocks	<u>0</u>	<u>14,285,693</u>	<u>14,285,693</u>
Total investments at FVPL	<u>24,471,050</u>	<u>14,285,693</u>	<u>38,756,743</u>
Investments at FVOCI:			
Governments	479,810,159	0	479,810,159
United States of America	<u>3,486,055,648</u>	<u>0</u>	<u>3,486,055,648</u>
Other governments	3,965,865,807	0	3,965,865,807
Corporate debentures	442,820,792	0	442,820,792
Common stocks	<u>947,110</u>	<u>2,136,053</u>	<u>3,083,163</u>
Total investments at FVOCI	<u>4,409,633,709</u>	<u>2,136,053</u>	<u>4,411,769,762</u>
Investments at AC:			
Other governments	68,673,874	0	68,673,874
Corporate debentures	<u>29,729,603</u>	<u>0</u>	<u>29,729,603</u>
Total investments at AC	<u>98,403,477</u>	<u>0</u>	<u>98,403,477</u>
Total assets	<u>4,532,508,236</u>	<u>16,421,746</u>	<u>4,548,929,982</u>

The Bank's accounting policies include the recognition of transfers between the levels of the fair value hierarchy on the date of the event or change in the circumstances that caused the transfer.

As of September 30, 2024, there were no transfers between levels.

The table below includes the roll forward in the consolidated statement of financial position for the period ended September 30, 2024 (including changes in fair value) of the financial instruments at FVPL and FVOCI classified by the Bank within Level 3 of the fair value hierarchy. When determining whether to classify an instrument in Level 3, the decision is based on the importance of unobservable assumptions within the overall fair value measurement.

<u>September 30, 2024</u>	<u>Investments in common stocks at</u>		
	<u>FVPL</u>	<u>FVOCI</u>	<u>Total</u>
Assets			
Fair value at January 01, 2024	14,285,693	2,136,053	16,421,746
Purchase of shares	0	105,719	105,719
Capital adjustment	0	15,832	15,832
Foreign currency translation	<u>(11,953)</u>	<u>5,327</u>	<u>(6,626)</u>
Fair value at September 30, 2024	<u>14,273,740</u>	<u>2,262,931</u>	<u>16,536,671</u>
<u>December 31, 2023</u>	<u>Investments in common stocks at</u>		
	<u>FVPL</u>	<u>FVOCI</u>	<u>Total</u>
Assets			
Fair value at January 01, 2023	13,078,802	2,141,325	15,220,127
Valuation of investments	1,209,995	0	1,209,995
Foreign currency translation	<u>(3,104)</u>	<u>(5,272)</u>	<u>(8,376)</u>
Fair value at December 31, 2023	<u>14,285,693</u>	<u>2,136,053</u>	<u>16,421,746</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

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

The table below describes the valuation techniques and input data used in the financial instruments' recurring fair value measurements:

Financial instrument	Valuation technique and entry data used	Level
Corporate bonds and government and agencies bonds	Consensus prices obtained from price providers (Bloomberg). For part of these instruments the Bank applies cash flows discounted using a market rate of an instrument with a similar remaining maturity. Market prices provided by local price providers or regulators, in markets of lower securitization. Discounted cash flows using a market rate of an instrument with similar remaining maturity are used for several bonds.	(2,3)
Common stocks	Discounted cash flows using a premium-for-size adjusted cost of capital rate. Market prices provided by local stock exchanges and/or net asset value. Book value of instruments acquired or received for specific business purposes and not used for liquidity management	(2,3)
Embedded financial derivative instruments	Functional currency cash flows. Foreign currency cash flows.	(3)

Fair Value of Financial Instruments, Additional Disclosures

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

Financial instruments with carrying amounts that approach the fair value

Cash and cash equivalents, deposits that bear interest and clients' obligations for acceptances and acceptances outstanding are measured at book value reported in the condensed consolidated statement of financial position, which is considered a reasonable fair value estimate due to the characteristics and maturity of these instruments.

Loans

To determine the fair value of the loan portfolio, the cash flows were discounted at a rate that reflects:

- a. actual market rate, and
- b. future interest rate expectations, for a term that reflects the anticipated payments on the loan portfolio.

Deposits from customers

To determine the fair value of these instruments, the cash flows were discounted at a rate that reflects:

- a. Actual market rate, and
- b. Future interest rate expectations, for the remaining term of these instruments.

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

Notes to the Condensed Consolidated Interim Financial Statements

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

Securities sold under repurchase agreements

There are no market price quotes for these instruments; therefore, their fair value is determined using discounted cash flow techniques. Cash flows are estimated based on the contractual terms, considering any incorporated derivative characteristic or other factors. Expected cash flows are discounted using market rates that approach the maturity of the instrument, as well as the nature and amount of the guarantee given or received.

Financial obligations

The fair value is estimated based on current interest rates for debt with similar and adjusted maturities to reflect the credit rating of the Bank and its guarantees.

Other financial obligations

Fair value is estimated based on the market price quotes for the same issuance or similar issuances or on the current rates offered by the Bank for debts with the same terms, adjusted for credit quality.

Below are described the valuation techniques and significant unobservable input data used in determining the fair value of recurring and nonrecurring assets and liabilities categorized within Level 3 of the fair value hierarchy that are recognized in the condensed consolidated statement of financial position:

<u>December 31, 2023</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Quantitative information of Level 3 fair values</u>	
			<u>Unobservable assumptions</u>	<u>Range (weighted average)</u>
Common stocks	16,421,746	Discounted cash flows	Increase annual rate	5% - 10%

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized:

<u>September 30, 2024</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>	<u>Total carrying amount</u>
Financial assets				
Cash and cash equivalents	747,264,791	0	747,264,791	747,264,791
Securities purchased under resale agreements	0	67,163,596	67,163,596	67,163,596
Deposits in banks, net	0	4,200,781,073	4,200,781,073	4,200,781,073
Loans, net (excluding financial leases)	0	23,787,494,350	23,787,494,350	24,353,363,761
Acceptances outstanding	0	27,444,351	27,444,351	27,444,351
Total financial assets	<u>747,264,791</u>	<u>28,082,883,370</u>	<u>28,830,148,161</u>	<u>29,396,017,572</u>
Financial liabilities				
Deposits from customers	16,287,498,255	11,098,154,745	27,385,653,000	27,181,546,386
Securities sold under repurchase agreements	0	180,308,866	180,308,866	180,308,866
Financial obligations	0	2,917,103,706	2,917,103,706	2,755,963,224
Other financial obligations	0	1,457,053,288	1,457,053,288	1,487,105,924
Acceptances outstanding	0	27,444,351	27,444,351	27,444,351
Total financial liabilities	<u>16,287,498,255</u>	<u>15,680,064,956</u>	<u>31,967,563,211</u>	<u>31,632,368,751</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

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

<u>December 31, 2023</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>	<u>Total carrying amount</u>
Financial assets				
Cash and cash equivalents	931,707,522	0	931,707,522	931,707,522
Securities purchased under resale agreements	0	61,193,065	61,193,065	61,193,065
Deposits in banks, net	0	4,342,913,239	4,342,913,239	4,342,913,239
Loans, net (excluding financial leases)	0	21,713,956,348	21,713,956,348	22,202,409,995
Acceptances outstanding	0	61,996,226	61,996,226	61,996,226
Total financial assets	<u>931,707,522</u>	<u>26,180,058,878</u>	<u>27,111,766,400</u>	<u>27,600,220,047</u>
Financial liabilities				
Deposits from customers	16,098,191,930	10,121,361,918	26,219,553,848	26,016,183,392
Securities sold under repurchase agreements	0	114,006,590	114,006,590	114,006,590
Financial obligations	0	2,504,914,481	2,504,914,481	2,443,136,750
Other financial obligations	0	1,361,046,227	1,361,046,227	1,365,943,096
Acceptances outstanding	0	61,996,226	61,996,226	61,996,226
Total financial liabilities	<u>16,098,191,930</u>	<u>14,163,325,442</u>	<u>30,261,517,372</u>	<u>30,001,266,054</u>

(19) Administration of trust contracts and securities custody

As of September 30, 2024, several subsidiaries of the Bank manage and keep custody of securities for a total amount of approximately \$5,587,547,982 (December 31, 2023: \$4,476,859,033).

(20) Related party transactions

In the normal course of business, the Bank conducts transactions with related parties, including main executives and directors. These transactions, according to the internal policies of the Bank are carried out at book value.

The following table shows the balances and transactions with related parties as of September 30, 2024:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Key personnel and directors</u>	<u>Related parties</u>	<u>Key personnel and directors</u>	<u>Related parties</u>
Assets:				
Deposits in banks	0	36,355,000	0	45,010,000
Investments in securities	0	891,052	0	851,766
Loans granted	19,245,572	280,974,872	19,399,955	331,680,466
Allowance for loan losses	(67,272)	(375,909)	(107,795)	(480,779)
Accrued interest receivable and other accounts receivable	<u>65,237</u>	<u>7,909,165</u>	<u>85,253</u>	<u>4,488,398</u>
	<u>19,243,537</u>	<u>325,754,180</u>	<u>19,377,413</u>	<u>381,549,851</u>
Liabilities:				
Demand deposits	5,284,774	138,675,189	5,210,702	76,082,021
Time deposits	20,727,954	66,408,366	14,844,444	53,330,065
Other financial obligations	0	520,000,000	0	525,602,372
Accrued interest payable and other liabilities	<u>387,448</u>	<u>3,242,659</u>	<u>262,620</u>	<u>3,148,767</u>
	<u>26,400,176</u>	<u>728,326,214</u>	<u>20,317,766</u>	<u>658,163,225</u>
	<u>September 30, 2024</u>		<u>September 30, 2023</u>	
	<u>Key personnel and directors</u>	<u>Related parties</u>	<u>Key personnel and directors</u>	<u>Related parties</u>
Interest income and other income	<u>863,890</u>	<u>24,321,082</u>	<u>863,201</u>	<u>29,170,493</u>
Interest expense and other expenses	<u>849,344</u>	<u>46,662,864</u>	<u>519,659</u>	<u>42,535,080</u>
Key management personnel benefits	<u>13,152,816</u>	<u>0</u>	<u>13,177,719</u>	<u>0</u>

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

(21) Segments information

The Bank segregates its operations according to each of the countries in which it operates ("Operating Groups"). Each operating group offers similar products and services (consumer and corporate banking, asset management and investment banking), and they are managed separately based on the Bank's internal reporting and management structure. The Bank's Administration reviews the internal management reports of each operating group at least once a month

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(21) Segments information, continued

The information related to each operation group is presented below. The segment's profit before taxes, as included in the internal management reports reviewed by the Bank's Management, is used to measure performance because management considers that this information is the most relevant for evaluating the results of the respective groups of companies. operation in relation to other entities operating within the industry.

<u>September 30, 2024</u>	<u>BAC Guatemala</u>	<u>BAC El Salvador</u>	<u>BAC Honduras</u>	<u>BAC Nicaragua</u>	<u>BAC Costa Rica</u>	<u>BAC Panama</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Total assets	6,419,397,000	3,592,223,781	5,391,920,513	2,353,279,879	10,966,943,542	8,176,204,015	291,198,212	(711,795,986)	36,479,370,956
Total liabilities	5,769,114,889	3,223,247,381	4,718,949,607	1,825,078,094	9,574,702,185	8,243,763,335	67,186,872	(711,781,531)	32,710,260,832
Condensed Consolidated Statement of Income									
Interest income	395,256,564	226,503,194	398,853,541	148,905,452	717,838,649	413,311,487	5,335,402	(25,007,329)	2,280,996,960
Interest expense	164,418,752	75,928,625	102,174,123	16,944,488	215,091,307	261,351,720	1,422,282	(25,007,329)	812,323,968
Net interest income	230,837,812	150,574,569	296,679,418	131,960,964	502,747,342	151,959,767	3,913,120	0	1,468,672,992
Credit risk impairment loss, net	81,344,907	35,899,631	70,938,934	(1,524,053)	134,675,514	51,615,245	757	0	372,950,935
Net interest income after credit risk impairment losses	149,492,905	114,674,938	225,740,484	133,485,017	368,071,828	100,344,522	3,912,363	0	1,095,722,057
Commissions and services charges income	227,788,665	64,973,175	211,429,128	87,885,284	550,860,427	181,238,526	123,344,085	(20,315,684)	1,427,203,606
Commissions and other charges expenses	(130,381,223)	(33,389,852)	(94,389,397)	(37,423,708)	(196,824,401)	(111,612,994)	(190,290)	0	(604,211,865)
Gain on financial instruments, net	23,834	(16,305)	(59,328)	0	21,607,397	44,025	0	0	21,599,623
Foreign currency exchange, net	(3,462,477)	0	(544,009)	(33,238)	(6,253,557)	(36,890)	(556,430)	0	(10,886,601)
Other income, net	3,670,074	756,578	1,086,381	144,668	8,196,427	6,487,388	205,178,181	(207,620,308)	17,899,389
General and administrative expense	173,748,269	112,595,689	213,500,764	78,581,085	529,068,050	150,196,848	206,289,574	(227,935,992)	1,236,044,287
Income before income tax	73,383,509	34,402,845	129,762,495	105,476,938	216,590,071	26,267,729	125,398,335	0	711,281,922
Less: Income tax	11,152,004	8,902,750	33,508,649	35,050,111	72,190,000	11,988,100	227,024	0	173,018,638
Net income	62,231,505	25,500,095	96,253,846	70,426,827	144,400,071	14,279,629	125,171,311	0	538,263,284
December 31, 2023									
Total assets	6,035,708,425	3,358,833,994	5,129,869,489	2,190,310,243	10,616,060,146	7,653,355,919	323,458,327	(804,945,795)	34,502,650,748
Total liabilities	5,416,813,492	3,004,862,189	4,525,621,975	1,702,759,137	9,326,014,335	7,898,513,644	79,286,974	(804,945,795)	31,148,925,951
September 30, 2023									
Condensed Consolidated Statement of Income									
Interest income	353,162,118	197,389,831	306,525,833	121,201,563	621,566,619	348,516,666	4,634,218	(24,612,010)	1,928,384,838
Interest expense	132,521,523	59,418,261	62,134,630	14,353,962	184,182,161	206,721,731	951,420	(24,612,010)	635,671,678
Net interest income	220,640,595	137,971,570	244,391,203	106,847,601	437,384,458	141,794,935	3,682,798	0	1,292,713,160
Credit risk impairment loss, net	61,956,939	26,839,439	33,809,900	(6,662,518)	79,452,922	62,894,208	(37,441)	0	258,253,449
Net interest income after credit risk impairment losses	158,683,656	111,132,131	210,581,303	113,510,119	357,931,536	78,900,727	3,720,239	0	1,034,459,711
Commissions and services charges income	202,590,063	63,270,708	183,261,450	77,613,293	488,876,232	160,541,585	120,215,950	(18,071,283)	1,278,297,998
Commissions and other charges expenses	(115,041,939)	(28,905,293)	(80,453,112)	(32,708,084)	(170,851,394)	(99,436,094)	(3,319,591)	0	(530,715,507)
Gain on financial instruments, net	(20,512)	(87,739)	1,445,511	0	3,301,656	(899,033)	4,370	0	3,744,253
Foreign currency exchange, net	49,587	0	(356,713)	3,953,430	(88,995,318)	(89,405)	(483,344)	0	(85,921,763)
Other income, net	4,921,622	948,929	1,943,825	71,922	12,233,058	12,441,706	167,507,357	(169,214,946)	30,853,473
General and administrative expense	166,231,259	102,423,722	193,797,134	72,870,033	462,620,601	141,712,699	176,537,195	(187,286,229)	1,128,906,414
Income before income tax	84,951,218	43,935,014	122,625,130	89,570,647	139,875,169	9,746,787	111,107,786	0	601,811,751
Less: Income tax	13,146,538	11,881,798	32,930,081	26,931,275	55,515,288	9,082,127	(5,731)	0	149,481,376
Net income	71,804,680	32,053,216	89,695,049	62,639,372	84,359,881	664,660	111,113,517	0	452,330,375

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(22) Litigations

As of September 30, 2024, the Bank maintains litigation against various kinds, which are not material when evaluated individually and collectively. These litigations are in the process of resolution and would not represent a significant effect on the condensed consolidated interim financial statements of the Bank in the event of an adverse result.

(23) Regulatory aspects

The Bank's banking operations are subject to various regulatory requirements managed by the government agencies of the countries in which it operates or has a license. Failure to comply with these regulatory requirements can lead to certain mandatory actions and possibly additional discretionary actions by the regulators that, if performed, could have a significant effect on The Bank's condensed consolidated interim financial statements. Under capital adequacy guidelines and the regulatory framework of prompt corrective actions, the Bank's banking operations must comply with specific capital guidelines that provide for the quantitative asset measurements and certain elements out of the consolidated balance sheet, in accordance with the regulatory accounting practices. The amounts of capital of the Bank's banking operations and their classification are subject to qualitative judgments by the regulators about their components, risk weightings and other factors.

As September 30, 2024 and December 31, 2023, the Banking operations of the Bank meet all capital adequacy minimum requirements to which they are subject, which varies from 8.00% to 12.00% and other regulatory requirements.

Main Laws and Regulations applicable for banking operations in the Republic of Panama regulated and supervised by the Superintendency of Banks of the Republic of Panama:

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

This Resolution establishes that in the event that the calculation of a provision or reserve in accordance with prudential rules applicable to banks, which present specific aspects in addition to those required by IFRS, is greater than the respective calculation determined under IFRS, over-provision or reserve under prudential rules will be recognized in a wealth regulatory reserve.

Agreement No. 4-2013 "By which provisions are established on the management and administration of credit risk inherent in the letter of credit and off-balance sheet transactions", issued by the Superintendency on May 28, 2013.

- Among other aspects, this Agreement defines the classification categories for credit facilities for specific and dynamic provisions, as well as the criteria that policies for restructured loans, acceptance of guarantees and punishment of operations. Specific impairment provisions of the loan portfolio should be determined and recognized in the financial statements according to the classification of credit facilities in the risk categories currently in use, according to certain weightings of calculations set out in the Agreement and considering certain percentages of minimum provisions per category.

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

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

- Dynamic provisions, as a prudential regulatory criterion, will be determined and recognized quarterly as wealth reserves following certain calculation criteria and restrictions that will be gradually applied.

The table below summarizes the classification of the amortized cost loan portfolio and the reserves for loan losses based on Agreement No. 4-2013, as of September 30, 2024

	<u>September 30, 2024</u>					
	<u>Satisfactory</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Corporate loans and other loans	11,307,927,880	466,050,586	108,965,637	11,393,111	59,483,827	11,953,821,041
Consumer loans	<u>12,864,559,841</u>	<u>521,723,211</u>	<u>105,347,127</u>	<u>112,090,111</u>	<u>63,589,989</u>	<u>13,667,310,279</u>
Total	<u>24,172,487,721</u>	<u>987,773,797</u>	<u>214,312,764</u>	<u>123,483,222</u>	<u>123,073,816</u>	<u>25,621,131,320</u>
Specific reserve	<u>0</u>	<u>87,240,039</u>	<u>62,833,908</u>	<u>85,138,859</u>	<u>65,878,130</u>	<u>301,090,936</u>

	<u>December 31, 2023</u>					
	<u>Satisfactory</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Corporate loans and other loans	9,942,128,581	435,765,945	152,170,792	35,716,031	67,542,823	10,633,324,172
Consumer loans	<u>11,935,700,819</u>	<u>528,739,367</u>	<u>100,972,753</u>	<u>99,721,571</u>	<u>58,679,498</u>	<u>12,723,814,008</u>
Total	<u>21,877,829,400</u>	<u>964,505,312</u>	<u>253,143,545</u>	<u>135,437,602</u>	<u>126,222,321</u>	<u>23,357,138,180</u>
Specific reserve	<u>0</u>	<u>78,878,918</u>	<u>52,030,946</u>	<u>73,557,712</u>	<u>68,511,835</u>	<u>272,979,411</u>

Agreement No. 4-2013 defines as default any credit facility that presents any amount not paid, by principal, interest or expenses agreed contractually, with an age of more than 30 days and up to 90 days, from the date established for the compliance with payments.

Agreement No. 4-2013 defines as an overdue any credit facility whose non-payment of contractually agreed amounts is more than 90 days old. This period shall be calculated from the date set for the payment to be made. Transactions with a single payment at maturity and overdrafts will be considered due when the age of the non-payment exceeds 30 days, from the date on which the payment obligation is established.

As of September 30, 2024, the classification of the amortized cost loan portfolio by maturity profile based on Agreement No. 4-2013:

	<u>September 30, 2024</u>			<u>Total</u>
	<u>Current</u>	<u>Past due</u>	<u>Overdue</u>	
Corporate loans and other loans	11,853,667,175	42,934,689	57,219,177	11,953,821,041
Consumer loans	<u>13,118,972,146</u>	<u>301,342,488</u>	<u>246,995,645</u>	<u>13,667,310,279</u>
Total	<u>24,972,639,321</u>	<u>344,277,177</u>	<u>304,214,822</u>	<u>25,621,131,320</u>

	<u>December 31, 2023</u>			<u>Total</u>
	<u>Current</u>	<u>Past due</u>	<u>Overdue</u>	
Corporate loans and other loans	10,546,749,131	30,012,189	56,562,852	10,633,324,172
Consumer loans	<u>12,226,180,626</u>	<u>271,429,221</u>	<u>226,204,161</u>	<u>12,723,814,008</u>
Total	<u>22,772,929,757</u>	<u>301,441,410</u>	<u>282,767,013</u>	<u>23,357,138,180</u>

Based on Agreement No. 8-2014, for regulatory purposes, interest recognition as income based on the days of arrears in payment to principal and/or interest and the type of credit transaction is suspended operationally as follows:

- a) For consumer and business credits, if there is a default of more than 90 days; and
- b) For home mortgage loans, if there is a default of more than 120 days.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

Total loans from BAC International Bank, Inc., ("Parent Bank") as of September 30, 2024, in non-interest calculation status amounts to \$138,495,973 (December 31, 2023: \$146,424,441). Total unrecognized interest as income on these loans is \$5,820,214 (December 31, 2023: \$8,279,947).

Article 1 of Agreement No.11-2019 amends Article 27 of Agreement No. 004-2013 as follows:

Article 27. Write-offs: Each bank shall write off all loans classified as unrecoverable within a period of no more than one year from the date on which it was classified in this category. The following loans shall be exempt from the application of this period:

- Mortgage loans, consumer loans with real estate guarantees and corporate loans with real estate guarantees, classified as risk mitigators in accordance with Article 42 of Agreement No. 11-2019 and whose guarantee is found duly constituted in the Republic of Panama in favor of the Bank. In these cases, each bank will write off all loans classified as unrecoverable within a period of no more than two years, from the date on which it was classified in this category. The above provision may be extended only once for an additional year upon approval by the Superintendent.

After the year of extension, if the Bank has not yet made any write off, it must create a reservation in the equity account, by appropriating its retained earnings to which the net loan value of the provisions will be charged already constituted, according to the percentages set out in the following table:

<u>Loans</u>	<u>Period</u>	<u>Applicable percentage</u>
Mortgage loans and consumer loans with real estate guarantees	At the beginning of the first year after the extension (fourth year)	50%
Corporate loans with real estate guarantees	At the beginning of the third year	50%

As of September 30, 2024, and December 2023, the Bank constituted an estate provision of \$5,424,618 and \$8,028,348, respectively, pursuant to Agreement No. 11-2019.

The General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, for the purposes of the provisions of articles 36, 37 and 38 of Agreement No.4-2013 on credit risk, temporarily suspends the obligation to constitute the dynamic provision established in the aforementioned articles, in order to provide financial relief to the banks in the marketplace during the State of National Emergency decreed by the National Government due to the pandemic of COVID-19.

On June 6, 2023, the General Resolution of the Board of Directors SBP-GJD-R-2023-01125 is issued, which reinstates the recognition of the dynamic provision, in accordance with the regulatory criteria established in articles 36, 37 and 38 of Agreement No.4-2013 and repeals in all its parts the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020.

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

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

As of September 30, 2024, in compliance with the provisions set out in Articles 36 and 38 of Agreement No. 4-2013, the Bank established a dynamic provision with a balance of \$376,526,549 (December 31, 2023: \$334,115,069), is allocated from retained profits. The credit balance of this dynamic provision is part of the regulatory capital but does not replace or compensate the requirements for the minimum percentage of capital adequacy established by the Superintendency of Banks of Panama.

As of September 30, 2024, the Bank maintains a percentage of 1.65% on risk-weighted assets. Agreement No. 4-2013 establishes a dynamic reserve which shall not be less than 1.25%, nor more than 2.50% of the risk-weighted assets corresponding to credit facilities classified as normal, as of December 31, 2023. These percentages represent the following amounts:

	September 30, <u>2024</u>	December 31, <u>2023</u>
1.25%	<u>272,789,634</u>	<u>242,425,001</u>
2.50%	<u>545,579,267</u>	<u>484,850,003</u>

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

	September 30, <u>2024</u>	December 31, <u>2023</u>
Component 1		
Risk – weighted assets (credit facilities – Normal category)	<u>21,823,170,684</u>	<u>19,394,000,109</u>
For alpha coefficient (1.50%)		
Result	<u>327,347,560</u>	<u>290,910,002</u>
Component 2		
Variation (positive) between the current quarter versus the previous risk – weighted assets		
For beta coefficient (5.00%)	<u>1,143,338,679</u>	<u>988,643,124</u>
Result		
Less:	<u>57,166,934</u>	<u>49,432,156</u>
Component 3		
Amount of change in the balance of specific provisions in the quarter	<u>22,489,948</u>	<u>14,606,227</u>
Gross dynamic reserve balance	<u>362,024,546</u>	<u>325,735,931</u>
Plus:		
Amount restriction as set forth in paragraphs “a” and “b” of Article 37 and consolidation effect.	<u>14,502,003</u>	<u>8,379,138</u>
Net dynamic reserve balance	<u>376,526,549</u>	<u>334,115,069</u>

As of September 30, 2024, and December 31, 2023, we present the composition of the dynamic reserve by subsidiaries:

	September 30, <u>2024</u>	December 31, <u>2023</u>	<u>Variance</u>
Increase by subsidiaries			
BAC International Bank Inc.	80,445,532	72,456,812	7,988,720
BAC Bahamas Bank Ltd.	644,018	582,078	61,940
Banco de America Central S.A. (Guatemala)	62,104,224	57,285,692	4,818,532
Credomatic de Guatemala S.A.	6,235,300	4,501,633	1,733,667
Banco de America Central Honduras, S.A.	53,787,801	47,265,760	6,522,041
Inversiones Financieras Banco de America Central, S.A.	44,945,762	33,839,516	11,106,246
Corporacion Tenedora BAC COM, S.A.	22,443,270	13,660,337	8,782,933
Corporacion de Inversiones Credomatic, S.A.	<u>105,920,642</u>	<u>104,523,241</u>	<u>1,397,401</u>
Total	<u>376,526,549</u>	<u>334,115,069</u>	<u>42,411,480</u>

As of September 30, 2024, and December 31, 2023, the Bank did not register an excess regulatory credit reserve based on Agreement No. 4-2013.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

- *Capital Management*

Banking law in Panama states that general license banks must maintain a minimum paid or allocated capital of \$10 million; and a minimum capital adequacy rate of 8% of its risk-weighted assets, which should include off-balance sheet operations.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts of Total Capital and Primary Capital (Pillar 1) on risk-weighted assets. Management considers that, as of September 30, 2024, and December 31, 2023, the Bank meets all the financial adequacy requirements to which it is subject.

The Bank presents its consolidated capital funds on its risk-weighted assets based on Agreements No.1-2015, No.3-2016, No.2-2018 and No.11-2018 of the Superintendency of Banks of Panama.

Agreement No.1-2015, which lays down capital adequacy rules for banks and banking groups, began to govern on 1 January 2016.

Agreement No.3-2016, which lays down rules for the determination of assets weighted by credit risks and counterparty risk, began to govern on 1 July 2016.

Agreement No.2-2018, which lays down the provisions on liquidity risk management and the short-term liquidity hedging ratio, began to govern on 1 January 2020.

Agreement No.11-2018, by which new provisions on Operational Risks are issued, began to govern on September 30, 2020.

Agreement No. 9-2020, which establishes additional, exceptional, and temporary measures issued to comply with the provisions contained in Agreement No. 4-2013, became effective on September 21, 2020.

The Bank did not require establishing additional reserves to comply with Agreement 9-2020.

Resolution SBP-GJD-005-2020, established special measures in relation to article 2 of Agreement No. 3- 2016, in order to temporarily modify the risk weights of the different categories of assets used to calculate the capital index, by virtue of the current situation that is being experienced at the national level as a result of COVID-19. It became effective on April 20, 2020.

Resolution SBP-GDP-R-2023-01034, published on April 11, 2023, nullifies the special and temporary considerations contemplated in the General Resolution of the Board of Directors SBP-GJD-005-2020. The application of the provisions of this resolution will be reflected in the report corresponding to June 2023.

Agreement No.5-2023, through which the rules on the capital conservation buffer are established, was issued on October 10, 2023, and came into force as of July 1, 2024.

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

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

The purpose of the capital conservation buffer is the accumulation of ordinary primary capital above the minimum requirements established in articles 10,11 and 14 of Agreement No. 1-2015 on Capital Adequacy. Once the buffer is established, it is maintained permanently, except in periods of stress or tension at a systemic level, as determined by this Superintendency of Banks.

The Bank presents consolidated capital funds on its weighted assets based on risks, in accordance with the requirements of the Superintendency of Banks of Panama, which are detailed below:

	September 30, 2024	December 31, 2023
Ordinary Primary Capital (Pillar I)		
Common stocks	834,708,000	834,708,000
Additional paid in capital	140,897,488	140,897,488
Retained earnings	2,710,510,869	2,393,292,250
Non-controlling interest	287,007	260,134
Other Comprehensive losses	(301,525,422)	(358,751,532)
Less: Goodwill	(335,647,766)	(335,569,978)
Less: Intangible assets	(83,722,391)	(78,263,578)
Less: Treasury stock	(5,218,370)	(5,218,370)
Total Ordinary Primary Capital	<u>2,960,289,415</u>	<u>2,591,354,414</u>
Additional Primary Capital		
Perpetual bond issued by the Bank	520,000,000	520,000,000
Total Additional Primary Capital	<u>520,000,000</u>	<u>520,000,000</u>
Total Primary Capital (Net)	<u>3,480,289,415</u>	<u>3,111,354,414</u>
Total Secondary Capital	<u>0</u>	<u>0</u>
Dynamic Provision	<u>376,526,549</u>	<u>334,115,069</u>
Total Regulatory Capital Fund	<u>3,856,815,964</u>	<u>3,445,469,483</u>
Total Assets Weighted by Net Risk deductions	29,294,769,103	27,354,161,149
Operational Risk Weighted Assets (Agreement No.11-2018)	<u>1,590,067,152</u>	<u>1,428,785,491</u>
Total risk weighted assets	<u>30,884,836,255</u>	<u>28,782,946,640</u>
Ratios:		
Capital Adequacy Ratio	12.49%	11.97%
Primary Capital Ratio	11.27%	10.81%

- **Liquidity Ratio**

The percentage of the liquidity index reported by BAC International Bank, Inc., to the regulatory body, under the parameters of Agreement No. 4-2008, as of September 30, 2024, was 48.68% (December 31, 2023: 43.32%).

- **Assets Held for Sale**

Agreement No. 3-2009 issued by the Superintendency of Banks of Panama, by which the provisions on disposal of property are updated, sets a five (5) year's period to dispose of property acquired in settlement of unpaid loans.

BAC INTERNATIONAL BANK, INC. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Statements

(23) Regulatory aspects, continued

The awarded properties held for sale are recognized at the lowest value between the carrying value of non-cancelled loans or the estimated value of realization of the properties. The agreement provides that the provision of the awarded properties, allocated of the non-distributed profits, is progressively within a range of 10% from the first year of registration up to 90% to the fifth year of award, through the establishment of a heritage reserve. The following is the progressive booking table:

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

As of September 30, 2024, the Bank constituted provision of the awarded properties amounting to \$7,499,385 (December 31, 2023: \$6,393,409), as a property item that is allocated from undistributed profits.

- *Financial Bank Act*

The operations of financial companies in Panama are regulated by the Directorate of Financial Enterprises of the Ministry of Trade and Industry in accordance with the laws established in Law No.42 of 23 July 2001.

- *Lease Acts*

Leasing operations in Panama are regulated by the Directorate of Financial Enterprises of the Ministry of Trade and Industry in accordance with the legislation established by the Act No.7 of July 10, 1990.

- *Securities Act*

The stock market operations in Panama are regulated by the Superintendency of the Securities Market in accordance with the legislation established in Decree Law No.1 of 8 July 1999, reformed by Law No. 67 of September 1, 2011.

The broker firm's operations are regulated by Agreement No. 4-2011, modified in certain aspects by the Agreements No. 8-2013 and No. 3-2015, issued by the Superintendency of the Securities. The Agreements specifies that broker firms must comply with capital adequacy requirements and its modalities.

(24) Subsequent events

The Bank has assessed the subsequent events to October 29, 2024, to assess the need for their recognition or disclosure in the accompanying financial statements. Based on this evaluation, we determined that there were no subsequent events which require recognition or disclosure in these Condensed Consolidated Interim Financial Statements.