FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

Global Bank Corporation and Subsidiaries

Interim condensed consolidated financial statements as of December 31, 2020 and Interim Financial Information Review Report of February 11, 2021

“This document has been prepared with the understanding that its contents will be made available to investors and the general public.”

Deloitte LATCO
Firma miembro de
Deloitte Touche Tohmatsu Limited

Global Bank Corporation and Subsidiaries

Interim Condensed Consolidated Financial Statement as of December 31, 2020

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**FREE ENGLISH LANGUAGE TRANSLATION
FROM SPANISH VERSION**

REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION BY THE INDEPENDENT AUDITORS

To the Shareholder and Board of Directors
Global Bank Corporation and Subsidiaries
Panama, Republic of Panama

Introduction

We have reviewed the accompanying consolidated financial statements of **Global Bank Corporation and Subsidiaries** as of December 31, 2020 and the condensed consolidated of profit and loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, and a summary of the main accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express is to indicate whether there are any circumstances that lead us to believe that the consolidated interim financial information is not fairly presented.

Scope of the review

We conducted our review in accordance with International Standard for Review Engagements 2410, "Review of Interim Financial Information by the Independent Auditor of the Bank". A review of the condensed consolidated interim financial consists of making inquiries primarily with those persons responsible for financial and accounting matters and applying another type of analytical procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not provide assurance that we will be aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the condensed consolidated financial position of Global Bank Corporation and Subsidiaries as of December 31, 2020, and of its condensed consolidated financial performance and its condensed consolidated cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

Paragraph of emphasis

We draw attention to Notes 34 and 35 to the accompanying condensed consolidated interim financial statements, which describe the uncertainty arising from the potential impact of COVID-19. Our report is not modified with respect to this matter.

Complementary information

Our review was conducted for the purpose of expressing a limited assurance described in the preceding paragraph on the condensed consolidated interim financial information taken as a whole. The complementary information included in Annexes I and II as of December 31, 2020 is presented with the purpose of providing an additional analysis of the condensed consolidated interim financial information and is not a part required by the condensed consolidated interim financial information. This complementary information is Management’s responsibility and is derived directly from its general accounting and other records used to prepare the consolidated interim financial information. Such complementary information has been subject to analytical procedures and inquiries that are applied in the review of the condensed consolidated interim financial information and no material modifications have come to our attention that should be made thereto in order for such information to be fairly presented in all material respects in accordance with International Financial Reporting Standards related to the condensed consolidated interim financial information.

(Signed by Deloitte)

February 11, 2021
Panama, Republic of Panama

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of financial position
As of December 31, 2020
(In balboas)

	Notes	December 2020	June 2020
Assets			
Cash and bank deposits	7,15	588,427,014	588,475,965
Securities purchased under resale agreements	8	52,047	5,062,025
Investments in securities	6,9,15	1,090,082,907	1,024,669,796
Loans	6,10	5,942,081,380	6,169,417,198
Property, furniture, equipment and improvements	11	195,150,529	199,336,110
Right-of-use assets	12	21,052,746	22,509,385
Other assets	6,13	547,882,674	506,656,251
Total assets		8,384,729,297	8,516,126,730
Liabilities and equity			
Liabilities			
Customer deposits	6,14	5,099,306,610	5,099,002,031
Bank deposits		46,456,307	72,765,182
Obligations with financial institutions	9,15	1,015,210,443	1,074,122,772
Marketable securities	16	11,150,000	23,300,000
Corporate bonds	17	1,071,180,224	1,133,628,975
Subordinated bonds	18	7,830,813	7,898,069
Perpetual bonds	19	160,181,575	137,089,374
Lease liabilities	12	22,287,509	23,511,572
Other liabilities	6,20,21	158,870,166	162,832,084
Total liabilities		7,592,473,647	7,734,150,059
Equity			
Common shares	22	270,202,657	270,202,657
Excess paid-in capital	26	2,243,567	1,999,307
Capital reserve		32,324,680	32,324,680
Regulatory reserve	33	115,605,233	106,968,271
Fair value reserve		14,050,153	1,439,777
Retained earnings		357,829,360	369,041,979
Total equity		792,255,650	781,976,671
Total liabilities and equity		8,384,729,297	8,516,126,730

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of profit or loss
for the six months ended December 31, 2020
(In balboas)

	Notes	December 2020	December 2019
Interest income	6	224,999,181	240,676,921
Interest expense	6	(133,368,494)	(153,405,170)
Net interest income	23	91,630,687	87,271,751
Commission income		23,538,763	32,692,625
Commission expense		(6,416,252)	(8,019,785)
Net commission income	23	17,122,511	24,672,840
Net interest and commission income, before provision	23	108,753,198	111,944,591
Provision for loan impairments		53,852,870	17,695,352
(Reversal of provision) provision for country risk		(92,216)	167,878
Provision (reversal of provision) for investments		195,527	(290,518)
		53,956,181	17,572,712
Net interest and commission income, after impairment losses		54,797,017	94,371,879
Other income	24	10,922,396	12,910,617
Total income, net		65,719,413	107,282,496
Other expenses			
Salaries and other compensations	6	29,164,751	30,374,502
Professional fees		3,824,740	3,512,062
Depreciation and amortization	11,12,13	10,958,569	9,608,027
Marketing and advertising		676,375	1,775,079
Maintenance and repairs		5,099,001	5,392,465
Leases		1,349,191	820,489
Multiple taxes		2,994,076	3,143,325
Other expenses	25	11,116,742	12,486,275
		65,183,445	67,112,224
Gain before income tax		535,968	40,170,272
Income tax:			
Current		2,045,238	3,615,324
Deferred		(9,446,274)	(1,521,814)
(Benefit) income tax expense	30	(7,401,036)	2,093,510
Profit for the period		7,937,004	38,076,762

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended December 31, 2020
(In balboas)

	December 2020	December 2019
Profit for the period	7,937,004	38,076,762
Other comprehensive income:		
Items that can be reclassified later to profit or loss:		
Net amount transferred to profit or loss	2,005,501	7,265,144
Reserve for investments	175,632	32,730
Net changes in valuation of investments at fair value through other comprehensive income	10,429,243	(10,830,861)
Effect on fair value of reclassified investments from the amortized cost category	-	7,952,846
Other comprehensive income for the period	12,610,376	4,419,859
Total comprehensive income for the period	20,547,380	42,496,621

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of changes in equity
for the six months ended December 31, 2020
(In balboas)

	Notes	Total shareholders' equity	Common shares	Excess paid-in capital	Capital reserves	Regulatory reserve	Fair value reserves	Retained earnings
Balance as of June 30, 2019		779,019,829	270,202,657	2,514,337	32,324,680	104,182,957	6,099,208	363,695,990
Profit for the period		38,076,762	-	-	-	-	-	38,076,762
Provision for investments		32,730	-	-	-	-	32,730	-
Net changes in the valuation of investments at fair value through other comprehensive income		4,387,129	-	-	-	-	4,387,129	-
Total comprehensive income for the period		42,496,621	-	-	-	-	4,419,859	38,076,762
Excess paid-in capital - share option plan for employees	26	81,420	-	81,420	-	-	-	-
Dividends paid - common shares	22	(19,350,030)	-	-	-	-	-	(19,350,030)
Complementary tax		(392,670)	-	-	-	-	-	(392,670)
Regulatory reserve	33	-	-	-	-	1,525,214	-	(1,525,214)
Balance as of December 31, 2019		801,855,170	270,202,657	2,595,757	32,324,680	105,708,171	10,519,067	380,504,838
Balance as of June 30, 2020		781,976,671	270,202,657	1,999,307	32,324,680	106,968,271	1,439,777	369,041,979
Profit for the period		7,937,004	-	-	-	-	-	7,937,004
Provision for investments		175,632	-	-	-	-	175,632	-
Net changes in the valuation of investments at fair value through other comprehensive income		12,434,744	-	-	-	-	12,434,744	-
Total comprehensive income for the period		20,547,380	-	-	-	-	12,610,376	7,937,004
Excess paid-in capital - share option plan for employees	26	244,260	-	244,260	-	-	-	-
Dividends paid - common shares	22	(10,025,911)	-	-	-	-	-	(10,025,911)
Complementary tax		(486,750)	-	-	-	-	-	(486,750)
Regulatory reserve	33	-	-	-	-	8,636,962	-	(8,636,962)
Balance as of December 31, 2020		792,255,650	270,202,657	2,243,567	32,324,680	115,605,233	14,050,153	357,829,360

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of cash flows
for the six months ended December 31, 2020
(In balboas)

	Notes	December 2020	December 2019
Cash flows from operating activities:			
Profit for the year		7,937,004	38,076,762
Adjustments for:			
Depreciation and amortization	11,12,13	10,958,569	9,608,027
Gain on sale of property, furniture and equipment		(2,615)	(3,405)
Fixed-asset disposals	11	19,193	-
Gain on sale of securities at fair value through other comprehensive income (FVTOCI)	9, 24	(2,005,501)	(7,265,144)
Net gain on instruments at fair value through profit or loss	24	(267,872)	(145,147)
Net loss in financial instruments		-	4,190,625
Provision for loan losses	4.2.2.1.2	53,852,870	17,695,352
Reversal of the provision for investments		195,527	(290,518)
Income tax	30	(7,401,036)	2,093,510
Net interest and commission income	23	(224,999,181)	(240,676,921)
Interest expenses	23	133,368,494	153,405,170
Share option plan for employees	26	244,260	81,420
Deferred tax	30	(9,446,274)	(1,401,944)
		(37,546,562)	(24,632,213)
Changes in:			
Deposits over 90 days		(14,874,394)	(2,530,111)
Securities purchased under resale agreements		5,009,978	(28)
Loans		173,482,948	(106,115,329)
Other assets		(1,121,272)	21,584,193
Client deposits		304,579	299,787,988
Bank deposits		(26,308,875)	31,842,113
Other liabilities		6,769,969	21,740,725
Cash generated from operations		105,716,371	241,677,338
Income tax paid		(1,382,483)	(8,895,080)
Interest received		194,673,592	227,681,333
Interest paid		(134,186,576)	(153,261,631)
Net cash generated from operating activities		164,820,904	307,201,960
Cash flows from investment activities:			
Acquisition of securities at fair value through other comprehensive income		(902,679,615)	(504,372,748)
Sale of securities at fair value through other comprehensive income		875,259,936	410,418,176
Purchase of investments at fair value through profit or loss		(24,040,000)	-
Redemption of investments at fair value through profit or loss		-	10,000,000
Purchase of investments at amortized cost		-	(75,075,657)
Redemptions of investments at amortized cost		734,790	28,220,276
Purchase of property, furniture and equipment	11	(4,156,187)	(10,557,435)
Proceeds from the sales of property, furniture and equipment		2,615	3,405
Net cash flows used in investment activities		(54,878,461)	(141,363,983)
Cash flows from financing activities:			
Proceeds from securities sold under repurchase agreements	14	-	26,948,400
Obligations received from financial institutions	15	409,555,713	460,622,701
Obligations paid to financial institutions	15	(468,468,042)	(424,227,062)
Proceeds from issuance of marketable securities	16	7,850,000	22,000,000
Payments from redemption of marketable securities	16	(20,000,000)	(49,459,000)
Proceeds from the issuance of bonds	19	23,330,000	102,685,000
Redemption of bonds	19	(64,989,050)	(341,844,000)
Dividends paid - common shares	22	(10,025,911)	(19,350,030)
Lease payment		(1,631,748)	(1,689,601)
Complementary tax		(486,750)	(392,670)
Net cash flows used in financing activities		(124,865,788)	(224,706,262)
Net decrease in cash and cash equivalents		(14,923,345)	(58,868,285)
Cash and cash equivalents at the beginning of the period		559,251,757	559,978,798
Cash and cash equivalents at end of the period	7	544,328,412	501,110,513

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. General information

Global Bank Corporation (the "Bank") was incorporated in the Republic of Panama, and started its operations on June 1994 under a general banking license granted by the Superintendency of Banks of Panama, which enables it to carry out banking business in Panama and outside the Republic of Panama. Its main activity is related to commercial and consumer banking.

The main office of the Bank is located at Santa Maria Business District, Panama, Republic of Panama.

The Bank is a wholly-owned subsidiary of G.B. Group Corporation, an entity incorporated on April 20, 1993 according to the laws of the Republic of Panama.

The Bank has an Investment Management License granted by the Superintendency of Securities Market of Panama through Resolution SMV 46-17 of February 1, 2017.

Through Resolution SBP-0077-2019 of the Superintendency of Banks of Panama, the merger by absorption is authorized of the banking entities Global Bank Corporation, Banco Panameño de la Vivienda, S.A. and the company GB, AV INC., all belonging to the same economic group, of which, Global Bank Corporation is the surviving company.

The main activity of the Bank and its Subsidiaries is described in Note 32.

2. *Basis of presentation*

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of June 30, 2020, and for the year then ended, which have been prepared in accordance with International Financial Reporting Standards (IFRS)

3. Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements as of June 30, 2020, and for the year then ended.

The Bank has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective as of December 31, 2020, and it is assessing the possible impact of these new standards on the interim condensed consolidated financial statements.

3.1 Comparative information

The information as of June 30, 2020 contained in these condensed consolidated interim financial statements is presented only for purposes of comparison with information related to the six-month period ended December 31, 2020.

3.3 Reclassification of investments

On November 26, 2019, the Bank notified the Superintendency of Banks of Panama of its decision to reclassify the securities portfolio at amortized cost to the category of securities at fair value through other comprehensive income, as a result of a change in the Bank's business model. The carrying value of the reclassification was B/.213,816,270. As a result of the reclassification, an unrealized gain of B/.7,952,846 was recognized, which was recorded in other comprehensive income.

4. Financial risk management

4.1 Objectives of financial risk management

Financial risk factors

The Bank's activities are exposed to a variety of financial risks: credit, liquidity, market and operational risk.

The condensed consolidated interim financial statements do not include all the financial risk management information and disclosures that are required in the annual financial statement. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements as of June 30, 2020.

There have been no changes in the risk management department or in any risk management policy as of June 30, 2020.

4.2 Credit and counterparty risk

Credit quality analysis

4.2.1 Table of the credit quality of financial assets and the impairment allowance

	December 2020	June 2020
Bank deposits		
Grade 1	521,429,552	507,060,948
Loans		
Grade 1	5,447,429,593	5,690,853,648
Grade 2	381,425,239	370,189,849
Grade 3	72,647,889	99,664,615
Grade 4	54,479,221	47,021,940
Grade 5	195,608,300	128,392,158
Gross amount	6,151,590,242	6,336,122,210
Allowance for individual and collective impairment	(197,198,573)	(155,025,832)
Discounted unearned interest	(12,310,289)	(11,679,180)
Net carrying value	5,942,081,380	6,169,417,198
Renegotiated and restructured loans		
Gross amount	109,557,815	120,553,296
Impairment allowance	(8,161,612)	(29,863,244)
Carrying value	101,396,203	90,690,052
Delinquent but not impaired		
31 to 60 days	42,319,205	35,298,485
61 to 90 days	28,565,657	9,468,973
Sub-total	70,884,862	44,767,458
Allowance for loan impairment		
Individual	(80,749,945)	(54,881,462)
Collective	(116,448,628)	(100,144,370)
Total impairment allowance	(197,198,573)	(155,025,832)
Off-balance sheet transactions		
Grade 1		
Letter of credit	128,052,566	102,177,552
Endorsements and guarantees	461,214,832	453,158,568
Promissory notes	184,704,087	231,749,808
Unused credit lines	347,935,350	439,087,347
	1,121,906,835	1,226,173,275
Securities purchased under resale agreements - at amortized cost		
Grade 1	52,047	5,062,025
Investment at fair value through other comprehensive income for sale		
Grade 1	892,955,450	851,095,526
Investments at fair value through profit or loss		
Grade 1	34,891,940	10,584,068
Investments at amortized cost income		
Grade 1	162,594,561	163,329,351

Below is the aging of the delinquency of the loan portfolio:

	December 2020		
	Global Bank Corporation	**Subsidiaries**	**Total**
Current	5,698,379,921	171,431,983	5,869,811,904
From 31 to 90 days	86,170,038	-	86,170,038
More than 90 days (principal or interest)	123,314,153	-	123,314,153
More than 30 days overdue (maturity principal)	72,294,147	-	72,294,147
Total	5,980,158,259	171,431,983	6,151,590,242

	June 2020		
	Global Bank Corporation	**Subsidiaries**	**Total**
Current	5,972,345,006	165,027,951	6,137,372,957
From 31 to 90 days	70,357,095	-	70,357,095
More than 90 days (principal or interest)	101,190,553	-	101,190,553
More than 30 days overdue (maturity principal)	27,201,605	-	27,201,605
Total	6,171,094,259	165,027,951	6,336,122,210

4.2.2 Movement of financial instruments and their provisions in the stages of IFRS 9

Due to the analysis of the Bank's exposure to credit risk by financial asset class, the internal classification and the “stage” without taking into account the effects of any collateral or other credit enhancements, are provided in the following tables. Unless specifically stated, for financial assets, the amounts in the table represent the gross carrying value. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

4.2.2.1 Loan portfolio

4.2.2.1.1 Credit quality analysis of loans by stage:

December 2020

	Stage 1	Stage 2	Stage 3	Total
Classification				
Grade 1	4,884,431,673	562,997,920	-	5,447,429,593
Grade 2	-	381,425,239	-	381,425,239
Grade 3	-	72,647,889	-	72,647,889
Grade 4	-	54,479,221	-	54,479,221
Grade 5	-	-	195,608,300	195,608,300
Gross amount	4,884,431,673	1,071,550,269	195,608,300	6,151,590,242
Reserve for expected credit losses	(29,560,342)	(86,888,286)	(80,749,945)	(197,198,573)
Net carrying value	4,854,871,331	984,661,983	114,858,355	5,954,391,669

June 2020

	Stage 1	Stage 2	Stage 3	Total
Classification				
Grade 1	5,521,214,407	169,639,241	-	5,690,853,648
Grade 2	-	370,189,849	-	370,189,849
Grade 3	-	99,664,615	-	99,664,615
Grade 4	-	47,021,940	-	47,021,940
Grade 5	-	-	128,392,158	128,392,158
Gross amount	5,521,214,407	686,515,645	128,392,158	6,336,122,210
Reserve for expected credit losses	(22,875,106)	(77,269,264)	(54,881,462)	(155,025,832)
Net carrying value	5,498,339,301	609,246,381	73,510,696	6,181,096,378

4.2.2.1.2 Movement of the reserve for expected credit losses on loans by stages

The reserve for expected credit losses related to loans at amortized cost is broken down as follows:

December 2020

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period	22,875,106	77,269,264	54,881,462	155,025,832
Transferred Stage 1	27,970,512	(26,442,062)	(1,528,450)	-
Transferred Stage 2	(11,859,939)	24,905,032	(13,045,093)	-
Transferred Stage 3	(492,234)	(30,411,612)	30,903,846	-
Net effect of changes in reserve for expected credit losses	(9,582,997)	51,250,203	25,094,028	66,761,234
New financial assets originated	3,373,392	-	-	3,373,392
Cancelled loans	(2,723,498)	(9,682,538)	(3,875,720)	(16,281,756)
Written-off loans	-	-	(12,767,993)	(12,767,993)
Recoveries	-	-	1,087,864	1,087,864
Balance at the end of the period	29,560,342	86,888,287	80,749,944	197,198,573

June 2020

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	15,497,853	51,784,473	52,432,529	119,714,855
Changes due to financial instruments recognized as of July 1, 2019				
Transferred Stage 1	20,682,856	(20,398,052)	(284,804)	-
Transferred Stage 2	(4,096,555)	34,523,798	(30,427,243)	-
Transferred Stage 3	(567,533)	(16,084,689)	16,652,222	-
Net effect of changes in reserve for expected credit losses	(15,169,122)	35,221,684	51,997,500	72,050,062
New financial assets originated	9,637,619	-	-	9,637,619
Cancelled loans	(3,110,012)	(7,777,950)	(6,669,156)	(17,557,118)
Written-off loans	-	-	(31,574,609)	(31,574,609)
Recoveries	-	-	2,755,023	2,755,023
Balance at the end of the year	22,875,106	77,269,264	54,881,462	155,025,832

Incorporation of forward-looking information

The Bank uses prospective forward-looking information that is available without undue cost or effort in its assessment of significant increases in credit risk, as well as in its measurement of expected loss provisions. The Bank's Risk Department uses external and internal information to generate a 'base case' scenario of the future forecast of relevant economic variables along with a representative range of other possible projected scenarios. The external information used includes economic data and forecasts published by government agencies and monetary authorities. These short and medium-term projections are the fundamental basis of the forward looking model.

The Bank applies probabilities to the identified forecast scenarios. The base case scenario is the single most likely outcome. The Bank has identified and documented credit risk and expected loss analysis and, using statistical analysis of historical data, has estimated the relationships between macroeconomic variables and credit risk and credit losses.

For the year ended June 30, 2020, and given the effects on the economy resulting from COVID-19, the Bank has incorporated a Post Model adjustment to the estimate and in this adjustment, the main macroeconomic variable that enters the forward-looking model is the Gross Domestic Product (GDP) projection, which is the fundamental basis for the unemployment rate projection, and with this, the probable rate of credit defaults. The impact of this adjustment was an increase in the provision for expected losses in the amount of B/.24,553,433.

The following table lists the macroeconomic assumptions used, under base, optimistic and pessimistic scenarios and considers an average forecast period of two years. In addition, included is a sensitivity of the differential between the expected loss provision selected, based on the weighting of the different scenarios and the expected loss provision of each scenario..

	Growth		Sensitivity on the selected
Scenario	GDP	Unemployment	reserve
Optimist	1.50%	9%	(10,799,208)
Base	0.0%	11%	(1,542,603)
Pessimist	-1.50%	13%	9,170,906

The relationships predicted between key indicators and default rates and loss rates have been developed based on the analysis of historical data over the last 9 years.

The effects known to Management and that can be reasonably estimated have been recognized in the condensed consolidated financial statements as of December 31, 2020. The main assumptions described above may change as economic and market conditions change. (See Note 34).

4.2.2.2 Investment portfolio

The following breakdown analyzes the Bank's investment portfolio that is exposed to credit risk and its corresponding evaluation based on the degree of international rating:

December 2020	With investment rating	Standard monitoring	Without international rating	Total
Investments at fair value through other comprehensive income	383,986,115	175,966,183	333,003,152	892,955,450
Investments at fair value through profit or loss	991,962	-	33,899,978	34,891,940
Investments at amortized cost	129,935,340	12,492,460	20,166,761	162,594,561
Securities purchased under resale agreements	-	-	52,047	52,047
Total	514,913,417	188,458,643	387,121,938	1,090,493,998

June 2020	With investment rating	Standard monitoring	Without international rating	Total
Investments at fair value through other comprehensive income	367,923,452	203,024,401	280,147,673	851,095,526
Investments at fair value through profit or loss	922,991	-	9,661,077	10,584,068
Investments at amortized cost	130,589,286	12,573,304	20,166,761	163,329,351
Securities purchased under resale agreements	-	-	5,062,025	5,062,025
Total	499,435,729	215,597,705	315,037,536	1,030,070,970

To manage the financial risk exposures of the investment portfolio, the Bank uses the rating of external rating agencies, as detailed below:

Rating grade	***External rating***
Investment rating	AAA, AA+, AA–, A+, A–, BBB+, BBB, BBB–
Standard monitoring	BB+, BB, BB–, B+, B, B–
Special monitoring	CCC a C
Default	D
Not rated	–

The allowances for expected credit losses related to investment at fair value through other comprehensive income are as follows:

December 2020

Investments at fair value through other comprehensive income	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the period	1,793,140	-	-	1,793,140
Net effect of changes in reserve for expected credit losses	72,194	-	-	72,194
New instruments acquired	826,804	-	-	826,804
Cancelled investments	(723,366)	-	-	(723,366)
Balance at the end of the period	1,968,772	-	-	1,968,772

June 2020

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the year	2,669,955	-	-	2,669,955
Net effect of changes in reserve for expected credit losses	(1,019,054)	-	-	(1,019,054)
Reclassification	260,303	-	-	260,303
New instruments acquired	648,486	-	-	648,486
Cancelled investments	(766,548)	-	-	(766,548)
Balance at the end of the year	1,793,142	-	-	1,793,142

The reserves for expected credit losses related to investment at amortized cost are as follows:

December 2020

Investments at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the period	339,149	-	-	339,149
Net effect of changes in reserve for expected credit losses	19,895	-	-	19,895
Balance at the end of the period	359,044	-	-	359,044

June 2020

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the year	279,397	-	-	279,397
Net effect of changes in reserve for expected credit losses	25,342	-	-	25,342
Reclassification	(260,303)	-	-	(260,303)
New instruments acquired	313,199	-	-	313,199
Cancelled investments	(18,486)	-	-	(18,486)
Balance at the end of the year	339,149	-	-	339,149

4.2.2.3 Collaterals to reduce credit risk and its financial impact

The Bank maintains guarantees to reduce credit risk and to ensure the collection of its financial assets exposed to credit risk.

The main types of guarantees taken with respect to different types of financial assets are presented below:

	Consumer				Corporative		
December 2020	**Personal**	**Credit cards**	**Vehicles**	**Mortgage**	**Commercial**	**Overdraft**	**Total loans**
Loans balance	729,889,168	142,709,025	245,699,979	1,778,094,764	3,034,570,723	220,626,583	6,151,590,242
Guarantees	370,781,280	3,200,560	349,512,280	2,472,122,366	5,837,262,366	288,320,603	9,321,199,455
Exposure % subject to guarantee requirements	51%	2%	142%	139%	192%	131%	152%

	Consumer				Corporative		
June 2020	**Personal**	**Credit cards**	**Vehicles**	**Mortgage**	**Commercial**	**Overdraft**	**Total loans**
Loans balance	738,961,575	149,150,127	265,346,309	1,776,866,924	3,215,375,955	190,421,320	6,336,122,210
Guarantees	362,191,799	4,594,393	381,285,417	2,469,939,427	6,112,616,424	346,067,249	9,676,694,709
Exposure % subject to guarantee requirements	49%	3%	144%	139%	190%	182%	153%

Residential mortgage loans

The table below shows the loan portfolio ratio of the mortgage portfolio in relation to the value of the collaterals ("Loan-To-Value" – LTV). The LTV is calculated as a percentage of the gross amount of the loan in relation to the value of the collateral. The gross amount of the loan excludes any impairment loss. The value of the collateral, for mortgages is based on the original value of the collateral at the date of disbursement.

	December 2020	**June 2020**
Residential mortgages loans:		
Less than 50%	113,518,716	113,509,742
51% - 70%	360,297,623	358,396,882
71% - 90%	902,145,111	889,235,822
More than 90%	402,133,314	415,724,478
Total	1,778,094,764	1,776,866,924

Time deposits placed in banks

As of December 31, 2020, the Bank held time deposits in banks for B/.319,089,621 (June 2020: B/.312,958,879). Time deposits in banks are kept in local and foreign financial institutions. These institutions have local and/or international ratings, mostly with an international investment grade of at least BBB- by Fitch Ratings or Standard and Poor's, or Baa3 by Moody's.

4.2.2.4 Credit risk concentration

The Bank monitors the concentration of credit risk by sector and geographic location. The analysis of the concentration of credit risks at the date of the condensed consolidated financial statements is as follows:

	December 2020		
	Deposits in banks	**Loans**	**Investments**
Concentration by sector:			
Corporate	-	3,109,979,080	-
Consumer	-	2,907,590,831	-
Government	105,574,313	-	333,017,531
Other sectors	415,855,239	134,020,331	757,476,467
	521,429,552	6,151,590,242	1,090,493,998
Geographical concentration:			
Panama	203,105,611	5,854,199,070	543,131,443
Latin America and Caribbean	55,078,303	272,787,940	265,506,157
Europe, Asia and Oceania	155,558,754	24,603,232	52,357,442
United States of America	107,686,884	-	229,498,956
	521,429,552	6,151,590,242	1,090,493,998

	June 2020		
	Deposits in banks	**Loans**	**Investments**
Concentration by sector:			
Corporate	-	3,255,811,269	-
Consumer	-	2,943,946,298	-
Government	147,970,153	-	335,836,312
Other sectors	359,090,795	136,364,643	694,234,658
	507,060,948	6,336,122,210	1,030,070,970
Geographical concentration:			
Panama	251,852,557	6,013,470,709	507,943,304
Latin America and Caribbean	40,078,365	291,838,084	292,098,194
Europe, Asia and Oceania	112,570,200	30,813,417	21,951,941
United States of America	102,559,826	-	208,077,531
	507,060,948	6,336,122,210	1,030,070,970

Concentration by sector, items from other loans comprised to credit facilities to banks, cooperatives, insurance companies, financial companies, government, international agencies and non-for-profit organization.

The geographic concentrations of loans are based on the debtor’s location while investments are based on the issuer’s domicile.

4.3 Liquidity or financing risk

Below is the legal liquidity ratio corresponding to the margin of the net liquid assets on deposits received from the Bank's clients at the date of the condensed consolidated financial statements:

	December 2020	June 2020
At the end of the period	**52.89%**	**50.27%**
Average for the period	51.24%	53.84%
Maximum for the period	54.59%	64.94%
Minimum for the period	48.62%	49.56%

The following table shows the undiscounted cash flows of the financial liabilities of the Bank based on their remaining maturities with respect to the contractual maturity date. The expected flows of these instruments may vary significantly as a result of this analysis:

December 2020	Carrying value	Undiscounted cash flows	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Deposits	5,145,762,917	5,187,383,187	3,350,969,828	1,384,166,769	424,789,787	27,456,803
Obligations with financial institutions	1,015,210,443	1,044,693,838	711,276,752	220,406,738	85,341,322	27,669,026
Marketable securities	11,150,000	11,322,533	11,322,533	-	-	-
Corporate bonds	1,071,180,224	1,270,749,319	675,733,557	104,174,315	40,772,466	450,068,981
Subordinated bonds	7,830,813	34,562,144	537,518	1,073,563	1,075,035	31,876,028
Perpetual bonds	160,181,575	231,433,465	10,930,094	21,830,243	21,860,189	176,812,939
Leases liabilities	22,287,509	27,179,503	3,583,968	5,048,055	4,280,148	14,267,332
	7,433,603,481	7,807,323,989	4,764,354,250	1,736,699,683	578,118,947	728,151,109

June 2020	Carrying value	Undiscounted cash flows	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Deposits	5,171,767,213	5,211,036,297	3,267,465,885	1,405,532,788	516,670,188	21,367,436
Obligations with financial institutions	1,074,122,772	1,103,722,853	817,036,367	249,429,755	32,998,083	4,258,648
Marketable securities	23,300,000	23,533,632	23,533,632	-	-	-
Corporate bonds	1,133,628,975	1,361,730,748	88,812,760	736,745,100	75,835,752	460,337,136
Subordinated bonds	7,898,069	35,141,054	542,270	1,083,054	1,084,539	32,431,191
Perpetual bonds	137,089,374	198,103,609	9,401,371	18,776,985	18,802,742	151,122,511
Leases liabilities	23,511,572	30,656,960	3,602,433	6,256,352	4,589,804	16,208,371
	7,571,317,975	7,963,925,153	4,210,394,718	2,417,824,034	649,981,108	685,725,293

To manage liquidity risk arising from financial liabilities, the Bank maintains effective liquid assets such as cash and cash equivalents and investments with an investment grade for which there is an active market. These assets can be sold easily to meet liquidity requirements. Consequently, the Bank believes that it is not necessary to disclose the maturity analysis related to these assets to enable the nature and extent of liquidity risk.

4.4 Market risk

The following table summarizes the Bank's exposure to interest rate risk. The Bank's assets and liabilities are included in the table at carrying value, categorized by the earlier between the contractual repricing or maturity dates, whichever occurs first.

December 2020	Less than 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate	Total
Financial assets:						
Cash and deposits	317,198,258	1,291,363	600,000	-	269,337,393	588,427,014
Securities purchased under resale agreements - at amortized cost	36,951	15,096	-	-	-	52,047
Investments at fair value through other comprehensive income	307,353,271	40,232,922	186,351,311	294,819,948	64,197,998	892,955,450
Investments at fair value through profit or loss	-	-	-	25,031,963	9,859,977	34,891,940
Investments at amortized cost	-	-	53,130,106	109,464,455	-	162,594,561
Loans	4,691,314,789	22,113,720	135,449,330	1,302,712,403	-	6,151,590,242
Total financial assets	5,315,903,269	63,653,101	375,530,747	1,732,028,769	343,395,368	7,830,511,254
Financial liabilities:						
Client deposits	2,058,622,215	795,957,074	1,787,379,038	26,839,863	476,964,727	5,145,762,917
Obligations with financial institutions	1,015,210,443	-	-	-	-	1,015,210,443
Marketable securities	4,300,000	6,850,000	-	-	-	11,150,000
Corporate bonds	-	629,118,892	59,260,733	382,800,599	-	1,071,180,224
Subordinated bonds	-	-	-	7,830,813	-	7,830,813
Perpetual bonds	-	-	-	160,181,575	-	160,181,575
Total financial liabilities	3,078,132,658	1,431,925,966	1,846,639,771	577,652,850	476,964,727	7,411,315,972
Commitments and contingencies	-	-	-	-	1,121,906,835	1,121,906,835
Total interest rate sensitivity	2,237,770,611	(1,368,272,865)	(1,471,109,024)	1,154,375,919	(133,569,359)	419,195,282

June 2020	Less than 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate	Total
Financial assets:						
Cash and deposits	311,358,878	750,000	850,000	-	275,517,087	588,475,965
Securities purchased under resale agreements - at amortized cost	5,025,073	36,952	-	-	-	5,062,025
Investments at fair value through other comprehensive income	338,362,223	23,561,870	214,753,697	226,685,620	47,732,116	851,095,526
Investments at fair value through profit or loss	-	-	-	922,991	9,661,077	10,584,068
Investments at amortized cost	-	-	53,476,257	109,853,094	-	163,329,351
Loans	4,855,007,285	13,523,345	146,739,958	1,320,851,622	-	6,336,122,210
Total financial assets	5,509,753,459	37,872,167	415,819,912	1,658,313,327	332,910,280	7,954,669,145
Financial liabilities:						
Client deposits	2,047,805,882	761,616,623	1,902,163,422	20,748,320	439,432,966	5,171,767,213
Obligations with financial institutions	1,074,122,772	-	-	-	-	1,074,122,772
Marketable securities	20,000,000	3,300,000	-	-	-	23,300,000
Corporate bonds	34,979,313	-	715,871,252	382,778,410	-	1,133,628,975
Subordinated bonds	-	-	-	7,898,069	-	7,898,069
Perpetual bonds	-	-	-	137,089,374	-	137,089,374
Total financial liabilities	3,176,907,967	764,916,623	2,618,034,674	548,514,173	439,432,966	7,547,806,403
Commitments and contingencies	-	-	-	-	1,226,173,275	1,226,173,275
Total interest rate sensitivity	2,332,845,492	(727,044,456)	(2,202,214,762)	1,109,799,154	(106,522,686)	406,862,742

To assess the interest rate risks and impact on the fair value of the assets and liabilities, the Bank performs simulations to determine the sensitivity of assets and liabilities.

Management's monthly analysis is to determine the net impact on the financial instruments subject to market risk, taking into account the specific effects caused by increases and decreases of 100 basis points in interest rates. The results of these simulations are presented monthly in the asset liability committee (ALCO) to determine if the financial instruments of the Bank's portfolio are within acceptable risk parameters by management.

An analysis of the Bank's sensitivity is performed to determine the impact on assets and liabilities of the increases or decreases in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position is presented as follows:

December 2020	Increase 100bps	Decrease 100bps
Investment in securities	(33,849,970)	36,423,683
Loans	(17,881,326)	19,124,056
Time deposits	49,208,966	(50,709,434)
Obligations with financial institutions	8,270,244	(8,562,800)
Marketable securities	62,664	(63,104)
Corporate bonds	31,117,718	(33,200,633)
Subordinated and perpetual bonds	3,187,823	(3,552,567)
Net impact	40,116,119	(40,540,799)

June 2020	Increase 100bps	Decrease 100bps
Investment in securities	(30,345,219)	32,154,746
Loans	(18,220,047)	19,508,844
Time deposits	51,580,968	(53,347,119)
Obligations with financial institutions	7,274,500	(7,460,451)
Marketable securities	82,201	(82,685)
Corporate bonds	35,853,892	(38,230,746)
Subordinated and perpetual bonds	2,878,021	(3,216,781)
Net impact	49,104,316	(50,674,192)

4.5 Capital management

As of December 31, 2020, the Bank analyzes its regulatory capital applying the standards of the Superintendency of Banks of Panama based on the new agreements, Agreement 1-2015 of February 3, 2015 and Agreement 3-2016 of March 22, 2016, which modified Agreement 5-2008 of October 1, 2008 that established the standards to determine the weighted assets by credit risk and counterparty risk and the new agreements, Agreements 11-2018 of September 11, 2018, modified by Agreement 3-2019 of April 30, 2019, by means of which new provisions on Operating Risk are established. Also, Agreement 2-2018 of January 23, 2018, by means of which the Superintendency of Banks has determined to take into consideration other risks to determine the capital adequacy index, among which are market risk, operating risk and country risk, to value the capital funds requirement.

As a consequence of the global health pandemic effects of COVID-19 decreed by the World Health Organization (WHO), the need and convenience of establishing temporary special measures such as the validity of the appraisal reports used for the constitution of guarantees on movable and immovable property has been made evident through General Resolution SBP-GJD-0004-2020 of the Board of Directors. In addition, for the purposes of Article 2 of Agreement No. 3-2016, all risk assets classified in categories 7 and 8, whose weighting is 125% and 150% respectively, will be temporarily weighted as part of category 6, whose weighting is 100% through the 'Board of Directors' General Resolution SBP-GJD-0005-2020.

The Bank maintains a regulatory capital position composed, as follows:

	December 2020	June 2020
Primary capital (Tier 1)		
Paid-in share capital	270,202,657	270,202,657
Excess paid-in capital	2,243,567	1,999,307
Declared reserves	41,976,287	41,500,057
Retained earnings	357,829,360	369,041,979
Other items of the comprehensive income	14,050,153	1,439,777
Dynamic reserve	87,863,198	87,863,198
Sub total	774,165,222	772,046,975
Less: Regulatory adjustments to ordinary primary capital calculations		
Trade funds	(92,014,817)	(92,014,817)
Other intangible assets	(21,689,800)	(22,461,470)
Total primary capital fund	660,460,605	657,570,688
Perpetual bonds	160,181,575	137,089,374
Total additional primary capital fund	160,181,575	137,089,374
Subordinated bonds	7,830,813	7,898,069
Total secondary capital fund	7,830,813	7,898,069
Total capital fund	828,472,993	802,558,131
Risk weighted asset		
Total risk weighted assets	5,304,660,488	5,505,142,076
Capital ratios		
Total regulatory capital expressed as a percentage of risk weighted asset	15.62%	14.58%
Total Tier 1 expressed as a percentage of risk weighted assets	15.47%	14.43%

5. Accounting estimates, critical judgments and contingencies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are periodically assessed and based on the historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

Judgments

In the process of applying the Bank's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Valuation of business model: The classification and measurement of financial assets depends on the results of the SPPI and the testing of the business model. The Bank determines the business model at a level that reflects how financial asset groups are managed together to achieve a particular business objective. This valuation includes reflecting all relevant evidence including how asset performance is evaluated and its performance measured, the risks that affect asset performance and how they are managed. The Bank monitors financial assets measured at amortized cost or at fair value through other comprehensive income that are written-off before maturity, to understand the reason for write-off and whether the reasons are consistent with the business objective for which the asset was held.

(b) Significant increase in credit risk: For Stage 1 assets, the expected losses are measured as a reserve equal to 12-months expected credit losses, or lifetime expected losses for Stage 2 assets or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. When assessing whether the credit risk of an asset has increased significantly, the Bank takes into account reasonable and supported prospective information, both qualitative and quantitative.

(c) Establishing the number and relative weights of forward-looking scenarios and determining the relevant forward-looking information for each scenario: When measuring ECLs, the Bank uses reasonable and sustainable forward-looking information, which is based on assumptions for the future movement of different economic forecasts and how those forecasts will affect each other.

(d) Establishing groups of assets with similar credit risk characteristics: When expected credit losses are measured on a collective basis, financial instruments are grouped based on shared risk characteristics.

The Bank monitors the appropriateness of credit risk characteristics on a continuous basis to assess whether they continue to be similar. This is required to ensure that, when the credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in the creation of new portfolios or that assets are moved to an existing portfolio that best reflects the similar credit risk characteristics of that group of assets. Portfolio re-segmentation and movement between portfolios is more common when there is a significant increase in credit risk (or when this significant increase is reversed) and therefore assets move from 12-months to expected credit losses over a life time, or vice versa, but it can also occur within portfolios that continue to be measured with the same 12-month basis or expected credit losses over a life time but the amount of expected credit losses changes because the portfolio's credit risk differs.

(e) Models and assumptions used: The Bank uses various models and assumptions in measuring the fair value of financial assets, as well as in estimating expected credit losses. The judgment is applied in the identification of the most appropriate model for each type of asset, as well as to determine the assumptions used in those models, including the assumptions that relate to the key credit risk indicators.

(f) Reserve for expected credit losses – When determining the reserve for expected credit, Management's judgment is required to evaluate the amount and timing of future cash flows in order to determine whether the credit risk has increased significantly from initial recognition, taking into account loan characteristics and default patterns in the past for similar financial instruments. The changes in the risk of default that occur in the next 12 months may be a reasonable approximation of the changes in the risk measured according to the life of the instrument. The Bank uses the changes in the risk of default that occur in the next 12 months to determine if the credit risk has increased significantly since initial recognition, unless the circumstances indicate that an assessment of the life of the instrument is necessary.

(g) Impairment losses on loans at amortized cost - The Bank reviews its individually significant loans on each date of the consolidated statement of financial position to assess whether an impairment loss should be recorded in the consolidated statement of profit or loss. In particular, Management's judgment in estimating the amount and future cash flows is required to determine the impairment loss. These estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes in the provision. Loans that have been individually assessed (and are not impaired) are evaluated together with other non-significant loans in groups of assets with similar risk characteristics. This is done to determine whether it is convenient to establish reserves due to loss events incurred for which there is objective evidence, but whose effects are not yet evident. The collective assessment takes into account the loan portfolio data (such as delinquency levels, credit utilization, loan-guarantee relationships, etc.), and judgments on the effect of risk concentration and economic data (including unemployment levels, consumer price indexes, country risk and the performance of different individual groups).

(h) After evaluating the recoverable value of the generating units to which the goodwill is allocated, Management considers that the goodwill of Banvivienda's generating unit is the most significant given its weight, whose value is 82% of the total goodwill in the balance sheet and, in addition, the most susceptible to impairment caused by current economic conditions and the effects of COVID-19. The budgets comprise forecasts of income, interest costs, provisions and overhead based on current and anticipated market conditions that have been considered and approved by the Board of Directors. While the Bank has made the projections using the best evidence as of the balance sheet date and applying its judgment on future forecasts, the projections are inherently uncertain due to the uncertainty in the economy as to the ultimate effect that COVID-19 will have.

The key assumptions in determining the recoverable amount are disclosed in Note 13.

(i) Impairment of the value of investments measured at fair value through other comprehensive income and investments measured at amortized cost – The Bank reviews its debt securities classified as investments at fair value through other comprehensive income and investments at amortized cost at the end of each reporting date to assess whether they are impaired. This requires a judgment similar to that applied to the individual evaluation of investment securities. The Bank records impairment when there has been a significant or prolonged decrease in the fair value below its cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Bank evaluates, among other factors, historical price movements and the duration and degree to which the fair value of an investment is lower than its cost.

(j) Fair value and valuation processes of financial instruments – The Bank measures fair value using hierarchy levels that reflect the meaning of data inputs used in the measures. In order to determine fair value, the Bank has established a documented process and policies that assigns responsibilities and the segregation of duties among the different areas responsible involved in this process, which has been approved by the Assets and Liabilities Committee (ALCO), the Risk Committee, and the Board of Directors.

When the Bank uses or contracts third parties as pricing agents to determine the fair value of the instruments, this control unit assesses and documents the evidence obtained from these third parties that support the conclusion that such valuations meet IFRS requirements. This review includes:

- Verifying that the pricing agents have been approved by the Bank;
- Obtain an understanding of how the fair value was determined and if it reflects current market transactions.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the information included in such valuation techniques is observable or unobservable. Observable information reflects market data obtained from independent sources; the non-observable information reflects the Bank's market assumptions. These two types of information have created the following fair value hierarchy:

Level 1: Inputs that are listed market prices (unadjusted) in active markets for identical assets and liabilities to those that the entity can access on the measurement date.

Level 2: Prices listed in active markets for similar financial instruments or use of a valuation technique where all variables are obtained from observable market information for the assets or liabilities either directly or indirectly. In some cases, the Bank uses benchmark information from active markets for similar instruments, and in other instances, it employs discounted flow techniques where all variables and inputs from the model are obtained from observable market information.

Level 3: When inputs are not available and the fair value is required through a valuation model, the Bank relies on entities engaged in the valuation of equity instruments or of the asset management entities or liabilities in question. The models used to determine the fair value are usually through discount of flows or valuations that use historical market observations.

Fair value of financial assets and financial liabilities measured on a recurring basis at the end of the period as of December 31, 2020 and June 30, 2020

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key data inputs	Significant unobservable data input(s)	Relationship between unobservable data inputs and fair value
	December 2020	June 2020				
Investments at fair value:						
Shares issued by companies -domestic	7,349,692	6,715,413	Level 2	Observable market prices in non-active markets.	N/A	N/A
Shares issued by companies -domestic	418,008	936,839	Level 3	Share prices in non-liquid market.	Calibration prices and calibration date.	If unobservable data increases, the fair value of the instruments will decrease.
Shares issued by companies - foreign	136,726	129,599	Level 2	Observable market prices in non-active markets.	N/A	N/A
Shares issued by companies - foreign not listed in stock exchange	10,076	2,500	Level 3	Share prices in non-liquid market.	Calibration prices and calibration date.	If unobservable data increases, the fair value of the instruments will decrease.
Private debt securities - domestic	14,742,580	18,739,189	Level 1	Observable market prices in active markets.	N/A	N/A
Private debt securities - domestic	76,017,408	31,796,555	Level 2	Observable market prices in non-active markets.	N/A	N/A
Private debt securities - domestic	164,321,009	233,480,548	Level 3	Bond prices in non-liquid market.	Calibration prices and calibration date.	If unobservable data increases, the fair value of the instruments will decrease.
Private debt securities - foreign	270,813,686	332,916,894	Level 1	Observable market prices in active markets.	N/A	N/A
Private debt securities - foreign	79,949,980	-	Level 2	Observable market prices in non-active markets.	N/A	N/A
Government debt securities - domestic	23,044,454	23,044,748	Level 1	Observable market prices in active markets.	N/A	N/A
Government debt securities - domestic	-	9,990,340	Level 3	Bond prices in non-liquid market.	Calibration prices and calibration date.	If unobservable data increases, the fair value of the instruments will decrease.
Government debt securities - domestic not listed in Stock Exchange	667,115	753,489	Level 3	Bond prices in non-liquid market.	Calibration prices and calibration date.	If unobservable data increases, the fair value of the instruments will decrease.
Government debt securities - foreign	161,307,811	153,669,020	Level 1	Observable market prices in active markets.	N/A	N/A
Shares issued by companies - domestic not listed in stock exchange	66,062,845	49,504,460	Level 3	Price per share, adjusted for the fair value of the issuer's properties.	Growth in issuer's assets, liabilities, equity and profits.	If growth increases, the price increases and viceversa.
Private debt securities -domestic not listed in Stock Exchange	24,040,000	-	Level 3	Net current value	CMS data, Cash flows	If the unobservable inputs deteriorate, the lower the fair value of the instrument.
Private debt securities -domestic not listed in Stock Exchange	38,966,000	-	Level 3	Discounted flows	Discount rate	If the discount rate is higher than the flows, the lower the fair value of the instrument.
Total investments at fair value	927,847,390	861,679,594				

The Bank considers that its valuation methodologies for Level 3 investments are appropriate. However, the use of different estimates of unobservable inputs could give different results as to the fair value of such investments. For investments classified as Level 3, valued by the Bank, adjustments in the credit margin in the case of fixed income (+100 bps and - 100 bps) would result in the following favorable and unfavorable impacts on the Bank's equity.

	December 2020 Investments at fair value through other comprehensive income	
	Effect on equity	
	Favorable	(Unfavorable)
Fixed income instruments	9,647,330	(9,020,488)

	June 2020 Investments at fair value through other comprehensive income	
	Effect on equity	
	Favorable	(Unfavorable)
Fixed income instruments	9,373,754	(8,846,413)

Fair value of financial assets and liabilities of the Bank not measured at fair value on a recurring basis (but that require fair value disclosures) at the of the year

A summary of the carrying value of main assets and liabilities not measured at fair value in the Ban's consolidated statement of financial position is summarized as follows:

	December 2020		June 2020	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and bank deposits	269,337,393	269,337,393	275,517,086	275,517,086
Time deposits	319,089,621	319,089,621	312,958,879	312,958,879
Securities purchased under resale agreements - at amortized cost	52,047	52,047	5,062,025	5,062,025
Investments at amortized cost	162,594,561	171,891,449	163,329,351	167,822,347
Loans	5,942,081,380	6,052,583,498	6,169,417,198	6,248,190,068
Total financial assets	6,693,155,002	6,812,954,008	6,926,284,539	7,009,550,405
Liabilities				
Demand deposits	476,964,727	476,964,727	439,432,966	439,432,966
Savings deposits	1,120,591,761	1,120,591,761	1,038,507,979	1,038,507,979
Time deposits	3,548,206,429	3,631,211,173	3,693,826,268	3,777,205,726
Obligations with financial institutions	1,015,210,443	1,008,925,551	1,074,122,772	1,063,700,059
Marketable securities	11,150,000	11,190,746	23,300,000	23,361,897
Corporate bonds	1,071,180,224	1,129,669,889	1,133,628,975	1,165,061,965
Subordinated bonds	7,830,813	7,861,428	7,898,069	7,903,780
Perpetual bonds	160,181,575	160,025,395	137,089,374	136,647,990
Total financial liabilities	7,411,315,972	7,546,440,670	7,547,806,403	7,651,822,362

	Fair value hierarchy December 2020			
	Total	Level 1	Level 2	Level 3
Assets				
Cash and bank deposits	269,337,393	-	269,337,393	-
Time deposits	319,089,621	-	319,089,621	-
Securities purchased under resale agreements -	52,047	-	52,047	-
Investments at amortized cost	171,891,449	154,414,934	-	17,476,515
Loans	6,052,583,498	-	-	6,052,583,498
Total financial assets	6,812,954,008	154,414,934	588,479,061	6,070,060,013
Liabilities				
Demand deposits	476,964,727	-	476,964,727	-
Savings deposits	1,120,591,761	-	1,120,591,761	-
Time deposits	3,631,211,173	-	3,631,211,173	-
Obligations with financial institutions	1,008,925,551	-	1,008,925,551	-
Marketable securities	11,190,746	-	11,190,746	-
Corporate bonds	1,129,669,889	1,039,848,889	24,821,000	65,000,000
Subordinated bonds	7,861,428	-	3,914,578	3,946,850
Perpetual bonds	160,025,395	-	160,025,395	-
Total financial liabilities	7,546,440,670	1,039,848,889	6,437,644,931	68,946,850

	Fair value hierarchy June 2020			
	Total	Nivel 1	Nivel 2	Nivel 3
Assets				
Cash and due from banks	275,517,086	-	275,517,086	-
Time deposits	312,958,879	-	312,958,879	-
Securities purchased under resale agreements -	5,062,025	-	5,062,025	-
Investments at amortized cost	167,822,347	149,497,709	-	18,324,638
Loans	6,248,190,068	-	-	6,248,190,068
Total financial assets	7,009,550,405	149,497,709	593,537,990	6,266,514,706
Liabilities				
Demand deposits	439,432,966	-	439,432,966	-
Savings deposits	1,038,507,979	-	1,038,507,979	-
Time deposits	3,777,205,726	-	3,777,205,726	-
Repurchase agreements	-	-	-	-
Obligations with financial institutions	1,063,700,059	-	1,063,700,059	-
Negotiable trade securities	23,361,897	-	23,361,897	-
Corporate bonds	1,165,061,965	1,040,365,070	54,696,895	70,000,000
Subordinate bonds	7,903,780	-	3,022,470	4,881,310
Perpetual bonds	136,647,990	-	136,647,990	-
Total financial liabilities	7,651,822,362	1,040,365,070	6,536,575,982	74,881,310

The fair values of financial assets and liabilities included in Level 2 and Level 3 as shown above have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The fair value of interbank and client deposits is estimated using the discounted cash flow technique, by applying rates offered for deposits with similar terms and maturities. The fair value for demand deposits is the amount payable at the date of the condensed consolidated financial statements.

The movement of investments at fair value through other comprehensive income, and investments at fair value through profit or loss in Level 3 is as follows:

	December 2020	**June 2020**
Balance at beginning of the period	294,668,176	197,551,777
Additions	96,089,702	75,192,430
Reclassifications from Level 2 to Level 3	3,860	36,006,966
Reclassifications from Level 3 to Level 2	(4,498,932)	(3,860)
Net changes in securities	172,670	(600,674)
Redemptions and amortization	(91,950,423)	(13,478,463)
Balance at the end of the period	294,485,053	294,668,176

As of December 31, 2020, Level 3 investments at fair value through other comprehensive income did not affect the Bank's profits.

The total unrealized gain or loss for investments at fair value through other comprehensive income classified as Level 3 as of December 31, 2020 is for (B/.1,034,700) (June 2020: B/.1,207,370).

As of December 31, 2020, reclassifications between Level 2 and Level 3 investments in domestic corporate bonds occurred as a result of observed activity in the securities market in which they are listed.

6. Balances and transactions with related parties

A summary of balances and transactions with related parties included in the condensed consolidated financial statements is as follows:

	December 2020	June 2020
Transactions with related companies		
Condensed consolidated statement of financial position		
Assets		
Investments at fair value through other comprehensive income	11,497,424	11,129,876
Investments at amortized cost	4,699,477	4,699,477
Loans	86,760,101	58,918,002
Accrued interest receivable	1,347,035	838,560
Other assets	51,008,943	44,162,235
Liabilities		
Client deposits:		
Demands	16,668,320	15,729,693
Savings	3,102,229	10,989,662
Time	75,898,521	108,543,997
Accrued interest payable	165,826	245,830
Commitments and contingencies	43,002,000	40,432,000

Condensed consolidated statement of profit or loss

	December 2020	December 2019
Income and expenses		
Interest and dividend income	1,410,171	1,544,772
Interest expenses	1,412,366	2,357,248

Transactions with Directors and key Management personnel

	December 2020	June 2020
Condensed consolidated statement of financial position		
Assets		
Loans	12,145,437	12,419,400
Accrued interest receivable	72,959	79,200
Liabilities		
Client deposits:		
Demands	2,676,467	3,043,618
Savings	11,941,720	11,516,797
Time	51,985,777	44,682,814
Accumulated interest payable	521,976	112,973
Commitments and contingencies	1,586,500	1,576,500

Condensed consolidated statement of profit and loss	December 2020	December 2019
Income and expenses		
Interest income	284,408	309,322
Interest expenses	1,147,952	948,949
Benefits of key Management personnel		
Salaries	2,714,885	1,941,919
Share option plan for employees	244,260	81,420
Allowances for Directors	451,750	331,250
	3,410,895	2,354,589

As of December 31, 2020, collaterals guaranteeing loans to related parties amounted to B/.102,756,011 (June 2020: B/.133,865,942), which correspond to property, assets and securities.

As of December 31, 2020, no loans with related parties show evidence of impairment. As of December 31, 2020, loans with related parties with maturities between January 2021 and October 2050 and annual interest rates ranging between 4.00% and 9.00% (June 2020: with maturities between July 2020 and September 2048 and annual interest rates ranging between 0.75% and 9.00%).

7. Cash and cash equivalents

	December 2020	June 2020
Cash and cash equivalents	66,997,462	81,415,017
Demand deposits	202,339,931	194,102,069
Time deposits	319,089,621	312,958,879
Cash and bank deposits	588,427,014	588,475,965
Less:		
Restricted time deposits	(901,172)	(4,674,208)
Time deposits with original maturities greater than 90 days	(43,197,430)	(24,550,000)
Cash and cash equivalents for purposes of the condensed consolidated statement of cash flows	544,328,412	559,251,757

As of December 31, 2020, there were fixed time deposits with original maturities greater than 90 days for B/.43,197,430 (June 2020: B/.24,550,000). In addition, there are fixed time deposits restricted for B/.901,172 (June 2020: B/.4,674,208) that guarantee financial obligations.

8. Securities purchased under resale agreements

As of December 31, 2020, securities purchased under resale agreements for B/.52,047 (June 2020: B/.5,062,025) with maturities in May and September 2021, (June 2020: with maturities in July 2020, September 2020 and May 2021), are guaranteed by corporate bonds and shares.

9. Investments in securities

The breakdown of investments in securities is as follows:

	December 2020	June 2020
Investments at fair value through other comprehensive income	892,955,450	851,095,526
Investments at fair value through profit or loss	34,891,940	10,584,068
Investments at amortized cost	162,594,561	163,329,351
Provision for impairment of investments at amortized cost	(359,044)	(339,149)
Investments in securities, net	1,090,082,907	1,024,669,796

9.1 Investments at fair value through other comprehensive income

	December 2020	June 2020
Securities listed in stock exchange:		
Shares issued by companies - domestic	2,772,300	2,855,752
Shares issued by companies - foreign	136,726	129,600
Private debt securities - domestic	255,080,998	284,016,292
Private debt securities - foreign	349,771,700	331,993,902
Government debt securities - domestic	23,044,454	33,035,088
Government debt securities - foreign	161,307,812	153,669,020
	792,113,990	805,699,654
Securities not listed in stock exchange:		
Shares issued by companies - domestic	61,198,268	44,639,882
Shares issued by companies - foreign	10,076	2,500
Private debt securities - domestic	38,966,000	-
Government debt securities - domestic	667,116	753,490
	100,841,460	45,395,872
	892,955,450	851,095,526

Investments at fair value through other comprehensive income accrued interest at a rate ranging from 1.00% and 9.38% (June 2020: 2.11% and 9.38%)

As of December 31, 2020, there are investments at fair value through other comprehensive income for B/.106,188,245 (June 2020: B/.157,055,197), which guarantee obligations with financial institutions (See Note 15).

As of December 31, 2020, the Bank sold and redeemed investments for B/.875,259,936 (June 2020: B/.983,094,209) and, as a result, recorded a gain of B/.2,005,501 (December 2019: B/.7,265,144), which is included in the condensed consolidated statement of profit or loss.

9.2 Investments at fair value through profit or loss

The investments at fair value through profit or loss are as follows:

	December 2020	June 2020
Securities listed in the stock exchange		
Corporate shares - domestic	4,995,400	4,796,500
Private debt securities - foreign	991,962	922,991
	5,987,362	5,719,491
Securities not listed in the stock exchange		
Corporate shares - domestic	4,864,578	4,864,577
Private debt securities - domestic	24,040,000	-
	28,904,578	4,864,577
	34,891,940	10,584,068

9.3 Investments at amortized cost

	December 2020		June 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Securities listed in the stock exchange:				
Government debt securities - domestic	107,283,520	116,290,128	107,752,937	113,180,694
Government debt securities - foreign	35,144,280	38,124,806	35,409,653	36,317,015
	142,427,800	154,414,934	143,162,590	149,497,709
Securities not listed in the stock exchange:				
Private debt securities - domestic	20,166,761	17,476,515	20,166,761	18,324,638
	20,166,761	17,476,515	20,166,761	18,324,638
	162,594,561	171,891,449	163,329,351	167,822,347

As of December 31, 2020, the annual interest rate earned by investments at amortized cost range between 2.85% and 8.875% (June 2020: 2.85% and 8.875%).

As of December 31, 2020, there are investments at amortized cost for B/.51,072,970 (June 2020: B/.62,936,258), which guarantee obligations with financial institutions. (See Note 15).

10. Loans

	December 2020			June 2020		
	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount
Domestic:						
Consumer	1,068,353,140	(48,019,928)	1,020,333,212	1,098,685,799	(29,277,906)	1,069,407,893
Commercial	1,316,893,438	(48,274,278)	1,268,619,160	1,312,258,778	(39,003,841)	1,273,254,937
Agricultural	375,463,317	(11,629,335)	363,833,982	393,138,731	(12,007,968)	381,130,763
Pledge	120,853,226	(887)	120,852,339	117,958,558	(886)	117,957,672
Overdrafts	163,512,124	(14,321,381)	149,190,743	142,012,600	(2,937,638)	139,074,962
Mortage	1,778,094,764	(20,388,457)	1,757,706,307	1,776,866,924	(16,310,093)	1,760,556,831
Industrial	159,655,311	(3,064,656)	156,590,655	205,159,408	(3,498,688)	201,660,720
Construction	610,431,750	(33,663,987)	576,767,763	699,919,036	(35,573,146)	664,345,890
Financial leasings	53,252,577	(1,940,863)	51,311,714	54,838,765	(1,513,925)	53,324,840
Factoring	207,689,423	(12,530,569)	195,158,854	212,632,110	(10,792,442)	201,839,668
Total domestic	5,854,199,070	(193,834,341)	5,660,364,729	6,013,470,709	(150,916,533)	5,862,554,176
Foreign:						
Commercial	150,464,258	(1,046,977)	149,417,281	184,435,763	(1,289,831)	183,145,932
Agricultural	714,581	(204)	714,377	738,001	(566)	737,435
Industrials	48,547,123	(264,247)	48,282,876	37,313,131	(190,104)	37,123,027
Construction	29,635,584	(1,974,244)	27,661,340	40,785,863	(2,566,968)	38,218,895
Pledge	10,915,166	-	10,915,166	10,970,022	-	10,970,022
Overdrafts	57,114,460	(78,560)	57,035,900	48,408,721	(61,830)	48,346,891
Total foreign	297,391,172	(3,364,232)	294,026,940	322,651,501	(4,109,299)	318,542,202
	6,151,590,242	(197,198,573)	5,954,391,669	6,336,122,210	(155,025,832)	6,181,096,378
Less:						
Discounted unearned interest and commissions			(12,310,289)			(11,679,180)
Total			5,942,081,380			6,169,417,198

As of December 31, 2020, the loan portfolio accrued interest at a rate ranging from 0.75% to 25.99% (June 2020: 0.75% to 25.99%).

As of December 31, 2020, there are loans that guarantee corporate bonds for a total of de B/.126,564,226 (June 2020: B/.196,436,317). (See Note 17).

The classification of the loan portfolio by type of interest is as follows:

	December 2020	June 2020
Fixed rate	716,153,380	731,868,318
Adjustable rate	5,266,643,806	5,471,409,351
Floating rate (Libor or Prime)	168,793,056	132,844,541
	6,151,590,242	6,336,122,210

Financial leasing

The balance of net financial leases and the maturity profile of minimum payments is summarized as follows:

	December 2020	June 2020
Less than a 1 year	5,871,878	5,181,552
1 to 5 years	47,380,699	49,657,213
Total	53,252,577	54,838,765
Less: unearned interest	(8,475,459)	(8,839,525)
Total financial leasings	44,777,118	45,999,240

Restructured loans

The restructuring activities include payment agreements, approved by external management plans and modification of the payment schedule. Restructuring policies and practices are based on indicators or criteria which, in Management's view, indicate that the payment will most likely continue. These policies are reviewed constantly.

As of December 31, 2020, restructured loans that would otherwise be overdue or impaired amount to B/.109,557,814 (June 2020: B/.120,553,296).

	December 2020	June 2020
Consumer:		
Personal loans	16,159,675	6,334,852
Mortgage	54,732,849	21,851,065
Corporate:		
Commercial	38,665,290	92,367,379
Total	109,557,814	120,553,296

The values shown in the table above do not include modified loans based on Agreement No. 2-2020 as part of governmental relief measures and voluntary and statutory moratorium plans. (See Note 35).

11. Property, plant, equipment and improvements

December 2020

	Land	Property	Furniture and office equipment	Computer equipment	Vehicles	Leasehold improvements	Projects in progress	Total
Cost:								
At the beginning of the period	12,468,404	134,755,615	30,029,139	79,957,233	3,762,467	15,868,093	14,830,575	291,671,526
Acquisitions or purchases	-	-	35,198	1,423,836	-	-	2,697,153	4,156,187
Reclassifications	-	-	478,070	317,835	-	-	(795,905)	-
Sales and write-offs	-	-	(39,013)	(45,464)	(671,853)	(268,765)	-	(1,025,095)
At the end of the period	12,468,404	134,755,615	30,503,394	81,653,440	3,090,614	15,599,328	16,731,823	294,802,618
Accumulated depreciation and amortization:								
At the beginning of the period	-	19,979,497	18,277,075	46,879,605	2,660,783	4,538,456	-	92,335,416
Expense for the period	-	1,966,553	1,678,076	3,878,046	220,136	579,764	-	8,322,575
Sales and write-offs	-	-	(38,590)	(44,596)	(653,951)	(268,765)	-	(1,005,902)
At the end of the period	-	21,946,050	19,916,561	50,713,055	2,226,968	4,849,455	-	99,652,089
Net balances	12,468,404	112,809,565	10,586,833	30,940,385	863,646	10,749,873	16,731,823	195,150,529

June 2020

	Land	Property	Furniture and office equipment	Computer equipment	Vehicles	Leasehold improvements	Projects in progress	Total
Cost:								
At the beginning of the year	12,396,467	82,210,152	28,066,812	70,435,546	3,273,242	15,607,440	66,379,845	278,369,504
Acquisitions or purchases	71,937	138,589	74,250	1,048,318	594,150	975	12,497,463	14,425,682
Reclassifications	-	52,410,602	2,067,008	8,967,892	-	601,231	(64,046,733)	-
Sales and write-offs	-	(3,728)	(178,931)	(494,523)	(104,925)	(341,553)	-	(1,123,660)
At the end of the year	12,468,404	134,755,615	30,029,139	79,957,233	3,762,467	15,868,093	14,830,575	291,671,526
Accumulated depreciation and amortization:								
At the beginning of the year	-	16,797,029	14,923,798	40,235,040	2,279,049	4,013,636	-	78,248,552
Expense for the year	-	3,188,347	3,528,253	7,128,382	464,135	860,486	-	15,169,603
Sales and write-offs	-	(5,879)	(174,976)	(483,817)	(82,401)	(335,666)	-	(1,082,739)
At the end of the year	-	19,979,497	18,277,075	46,879,605	2,660,783	4,538,456	-	92,335,416
Net balances	12,468,404	114,776,118	11,752,064	33,077,628	1,101,684	11,329,637	14,830,575	199,336,110

12. Right-of-use assets and lease liabilities

(a) Right-of-use assets

Right-of-use assets are presented below:

Building and properties	December 2020	June 2020
Cost:		
Balance at the beginning of the period	25,948,456	-
Adjustment from adoption of IFRS 16	-	25,520,133
Increases in right-of-use assets	407,685	428,323
Balance at the end of the period	26,356,141	25,948,456
Accumulated depreciation and amortization:		
Balance at the beginning of the period	3,439,071	-
Expense of the period	1,864,324	3,439,071
Balance at the end of the period	5,303,395	3,439,071
Net balance	21,052,746	22,509,385

Amounts recognized in the condensed consolidated statement of profit or loss:

	December 2020	December 2019
Depreciation expense on right-of-use assets	1,864,324	1,381,073
Interest expense on lease liabilities	202,288	416,546
	2,066,612	1,797,619

(b) Lease liabilities

The following table shows the maturity terms of contingent operating lease commitments under new application by the adoption of IFRS 16.

	December 2020	June 2020
Up to 1 year	2,876,634	2,718,276
Between 1 and 5 years	7,190,187	7,266,914
5 years or more	12,220,688	13,526,382
Total	22,287,509	23,511,572

The Bank does not face significant liquidity risk with respect to its lease liabilities. Lease liabilities are maintained in accordance with the Bank's operations.

13. Other assets

	December 2020	June 2020
Accrued interest receivable	151,378,082	121,052,493
Goodwill (a)	92,014,817	92,014,817
Accounts receivable - related companies	51,008,943	44,162,235
Accounts receivable	46,144,207	43,360,371
Deferred income tax (c)	43,340,377	33,894,103
Accounts payable - National Treasury	42,411,237	59,934,102
Foreclosed assets	24,716,992	22,345,463
Intangible assets (b)	21,689,800	22,461,470
Prepaid expenses	20,454,692	16,682,779
Guarantee deposits	14,544,351	12,896,224
Insurance premium receivables, net	8,497,672	10,831,126
Severance fund	7,428,374	7,155,915
Claims against insurance companies	5,045,226	3,504,654
Tax credit - agrarian subsidy	3,821,000	4,170,801
Judicial deposits	3,199,468	3,257,483
Customer liabilities under acceptances	-	277,525
Others	12,187,436	8,654,690
	547,882,674	506,656,251

(a) Goodwill

The table below summarizes the balance of goodwill generated from the acquired interest in the following entities:

Acquisition date	Company acquired	% interest acquired	December 2020	June 2020
June 1999	Banco Confederado de América Latina, S.A. (COLABANCO)	100%	8,330,187	8,330,187
December 2004	Afianzadora Colón, S.A.	100%	25,000	25,000
December 2014	PROGRESO - Administradora Nacional de Inversiones, Fondos de Pensiones y Cesantías, S.A.	100%	8,407,500	8,407,500
December 2018	Banco Panameño de la Vivienda, S.A. y Subsidiarias	99.972%	75,252,130	75,252,130
			92,014,817	92,014,817

(b) Intangible assets

	December 2020	June 2020
Cost:		
Rights to manage the severance fund portfolio HSBC		
Investment Corporation (Panamá, S. A.)	1,389,963	1,389,963
Tradermarks and other intangibles	8,454,809	8,454,809
Intangible assets from purchase of Banvivienda	15,500,000	15,500,000
	25,344,772	25,344,772
Accumulated amortization:		
Balance at beginning of the period	(2,883,302)	(1,339,962)
Amortization	(771,670)	(1,543,340)
	(3,654,972)	(2,883,302)
Net balance at end of the period	21,689,800	22,461,470

The amortization expense is presented in the condensed consolidated statement of profit or loss in the item line of depreciation and amortization.

(c) Deferred income tax

Details of the deferred income tax can be found in Note 30.

14. Client deposits

December 2020	Demand	Savings	Time	Total
Economic sector				
Corporate	395,584,432	375,606,041	2,196,732,450	2,967,922,923
Personal	81,380,295	744,985,720	1,305,017,672	2,131,383,687
	476,964,727	1,120,591,761	3,501,750,122	5,099,306,610
Sector				
Domestic	455,049,870	1,059,491,803	2,957,447,491	4,471,989,164
Foreign	21,914,857	61,099,958	544,302,631	627,317,446
	476,964,727	1,120,591,761	3,501,750,122	5,099,306,610

June 2020	Demand	Savings	Time	Total
Economic sector				
Corporate	356,160,833	359,635,978	2,288,966,949	3,004,763,760
Personal	83,272,133	678,872,001	1,332,094,137	2,094,238,271
	439,432,966	1,038,507,979	3,621,061,086	5,099,002,031
Sector				
Domestic	413,363,279	952,800,560	2,960,870,874	4,327,034,713
Foreign	26,069,687	85,707,419	660,190,212	771,967,318
	439,432,966	1,038,507,979	3,621,061,086	5,099,002,031

15. Obligations with financial institutions

	December 2020	June 2020
As of December 31, 2020, there are obligations with other banks for the financing of foreign trade, with multiple maturities until December 2021 and annual interest rates between 0.6050% and 2.914% (June 2020: between 0.7656% and 3.7196%).	231,287,187	265,322,776
As of December 31, 2020, there are obligations with financial institutions for the management of short-term liquidity, with renewal maturities starting April 2021 and interest rates between 2.15% and 2.37%, reviewed semianually (June 2020: between 1.722% and 2.37%).	125,006,833	164,198,408
As of December 31, 2020, there are obligations with international organizations for handling long-term liquidity, with renewal maturities between June 2021 and November 2022 and interest rates between 2.010% and 3.549% (June 2020: between 1.18% and 4.599%).	141,139,457	197,888,904
As of December 31, 2020, there are obligations with foreign banks for working capital, with multiple maturities until December 2027 and annual interest rates between 2.00100% and 3.29488% (June 2020: between 1.47038% and 4.93213%).	351,764,006	279,200,716
As of December 31, 2020, there are obligations with a multilateral financial institution, with various terms and final maturities starting March 2021 until January 2027, interest rates range between 1.5710% and 3.500%, reviewed semiannually (June 2020: between 1.7424% and 3.775%).	166,012,960	167,511,968
	1,015,210,443	1,074,122,772

As of December 31, 2020, there are investments at fair value through other comprehensive income for B/.106,188,245 (June 2020: B/.157,055,197) and investments at amortized cost for B/. B/.51,072,970 (June 2020: B/.62,936,258) which guarantee these obligations with financial institutions. Additionally, there are restricted time deposits as of December 31, 2020 for B/.901,172 (June 2020: B/.4,674,208), which guarantee these obligations with financial institutions.

The Bank in in compliance with the payments of principal and interest due as well as with contractual clauses regarding their obligations and placements.

The movement of obligations with financial institutions is broken down as follows for the purpose of conciliation with the reconsolidated statement of cash flows:

	December 2020	June 2020
Balance at the beginning of the period	1,074,122,772	920,612,697
Obligations received	409,555,713	1,054,577,680
Payments made	(468,468,042)	(901,067,605)
Balance at the end of the period	1,015,210,443	1,074,122,772

16. Marketable securities (VCNs for its initials in Spanish)

Interest is paid on a monthly basis. The Bank cannot redeem the VCNs early. These VCNs are secured by the Bank's overall credit.

Series	Issuance date	Interest rate	Maturity	December 2020
D-D	Mar-20	3.00%	Mar-21	2,000,000
D-E	Jun-20	3.00%	Jun-21	1,300,000
D-F	Jul-20	3.00%	Jun-21	1,000,000
D-G	Jul-20	3.00%	Jul-21	1,850,000
D-H	Aug-20	3.00%	Aug-21	2,000,000
D-I	Sep-20	2.75%	Sep-21	3,000,000
				11,150,000

Series	Issuance date	Interest rate	Maturity	June 2020
C-V	Jul-19	3.50%	Jul-20	3,000,000
C-W	Aug-19	3.50%	Jul-20	1,000,000
C-X	Aug-19	3.50%	Aug-20	2,000,000
C-Y	Sep-19	3.50%	Sep-20	2,000,000
C-Z	Oct-19	3.25%	Oct-20	5,000,000
D-A	Oct-19	3.00%	Oct-20	2,000,000
D-B	Nov-19	3.00%	Nov-20	3,000,000
D-C	Nov-19	3.00%	Nov-20	2,000,000
D-D	Mar-20	3.00%	Mar-21	2,000,000
D-E	Jun-20	3.00%	Jun-21	1,300,000
				23,300,000

The movement of marketable securities is broken down as follows for the purpose of reconciliation with the consolidated statement of cash flows:

	December 2020	June 2020
Balance at the beginning of the period	23,300,000	59,409,000
Proceeds from issuances	7,850,000	23,300,000
Redemptions	(20,000,000)	(59,409,000)
Balance at the end of the period	11,150,000	23,300,000

17. Corporate bonds

Type	Interest rate	Maturity	December 2020	June 2020
A Series - October 2016 Issuance	4.50%	Oct-21	599,262,422	626,976,592
C Series - August 2015 Issuance	5.13%	Aug-20	-	34,979,312
A Series - August 2018 Issuance	5.00%	Aug-21	29,856,470	29,752,358
B Series - August 2018 Issuance	5.25%	Aug-22	24,615,496	24,557,594
C Series - August 2018 Issuance	5.50%	Aug-23	34,645,237	34,584,709
A Series - April 2019 Issuance	5.25%	Apr-29	382,800,599	382,778,410
			1,071,180,224	1,133,628,975

The guarantees granted by the Bank for these issuances are described below:

October 2014 Issuance – The bonds of this issuance constitute direct, unconditional and unsecure obligations.

October 2016 Issuance – The bonds of this issuance constitute direct, unconditional and unsecure obligations.

August 2015 Issuance – The bond issuance is guaranteed through a Guarantee Trust with the Fiduciary Agent in whose favor Mortgage Loans with a total value that must cover at least 120% of the Unpaid Capital Balance of Issued and Outstanding Bonds will be transferred. Interest is payable quarterly and the principal of the bonds at maturity.

August 2018 Issuance – The bond issuance is guaranteed through a Guarantee Trust with the Fiduciary Agent in whose favor Mortgage Loans with a total value that must cover at least 120% of the Unpaid Capital Balance of Issued and Outstanding Bonds will be transferred. Interest is payable quarterly and the principal of the bonds at maturity.

April 2019 Issuance – The bonds of this issuance constitute direct, unconditional and unsecure obligations and not guaranteed. The coupon is paid semi-annually at a fixed rate and changes to a variable rate of Libor 3 months plus spread 3.30% in the last year of issuance.

As of December 31, 2020, there are corporate bonds that maintain loan guarantees in trust for a total of B/.126,564,226 (June 2020: B/.196,436,317). (See Note 10).

18. Subordinated bonds

For each issuance series there is a single principal payment on the maturity date of each series or until their early redemption. Subordinated bonds are unsecured, without special privileges as to priority and backed only by the Bank's overall credit.

Type	Interest rate	Maturity	December 2020	June 2020
A Series - August 2010 Issuance	6.75%	Aug-70	554,000	554,000
B Series - November 2010 Issuance	6.75%	Aug-70	3,038,649	3,037,514
C Series - December 2010 Issuance	6.75%	Aug-70	3,353,164	3,421,555
D Series - May 2011 Issuance	6.75%	Aug-70	270,000	270,000
E Series - October 2014 Issuance	6.75%	Aug-70	615,000	615,000
			7,830,813	7,898,069

19. Perpetual bonds

Perpetual bonds of any series are unsecured and can be redeemed, totally or partially, at the Issuer's choice staring from the sixth year after the issuance date of the respective series.

Type	Interest rate	December 2020	June 2020
A Series - May 2016 Issuance	6.75%	23,888,441	23,867,621
B Series - July 2016 Issuance	6.75%	90,443,305	90,407,551
C Series - May 2018 Issuance	6.75%	5,191,950	5,490,000
D Series - May 2019 Issuance	6.75%	16,566,879	16,563,202
E Series - June 2020 Issuance	6.75%	4,611,000	761,000
F Series - September 2020 Issuance	6.50%	4,799,000	-
G Series - December 2020 Issuance	6.50%	14,681,000	-
		160,181,575	137,089,374

The movement of corporate, subordinated and perpetual bonds is broken down as follows for the purpose of reconciliation with the consolidated statement of cash flows:

	December 2020	June 2020
Balance at the beginning of the period	1,278,616,418	1,577,813,688
Proceeds from issuances	23,330,000	93,235,000
Cost of debt issuance/ debt issuance cost amortization	1,563,416	3,337,427
Redemptions	(64,989,050)	(409,897,000)
Valuation	-	8,105,718
Premiums, discounts / amortization of discount premium	671,828	6,021,585
Balance at the end of the period	1,239,192,612	1,278,616,418

20. Other liabilities

	December 2020	June 2020
Accrued interest payable	52,819,125	53,637,207
Other creditors	26,795,634	28,822,572
Cashier´s checks and certificates	17,231,091	11,066,166
Employee benefits and other employee liabilities	15,192,534	16,362,218
Reserve of insurance operations	15,019,611	15,394,048
Factoring guarantee deposits (a)	8,141,973	7,619,668
Other reserve	7,909,281	9,148,122
Judicial and others deposits	3,504,584	3,116,436
Special Interest Compensations Special Fund (FECI) payable	2,491,395	1,512,865
Accounts payable - insurance	2,172,794	2,288,094
Income tax payable	4,716	513,098
Pending acceptances	-	277,525
Others	7,587,428	13,074,065
	158,870,166	162,832,084

a) Clients' and other withheld guarantees

Clients' withheld guarantees payable consists of a percentage value of each discounted invoice withheld until the time the payment is collected. If, at the end of the contract, the invoice becomes uncollectible, the Bank will decrease the amount receivable by the balance of the factoring guarantee deposit of the related transaction.

21. Insurance operating reserves

Unearned premiums

	December 2020	June 2020
Balance at the beginning of period	7,794,965	7,736,732
Issued premiums	16,644,188	32,813,415
Earned premiums	(9,292,927)	(18,144,711)
Balance at the end of the period	15,146,226	22,405,436
Participation of reinsurers		
Premiums assigned	(4,852,636)	(12,250,052)
Unearned premiums	(962,309)	(1,108,593)
Unearned premiums, net	9,331,281	9,046,791

Claims pending settlement, estimates	December 2020	June 2020
Balance at the beginning of the period	6,347,257	4,368,926
Claims incurred	7,171,201	11,856,946
Claims paid	(7,830,128)	(9,878,615)
Balance at the end of the period	5,688,330	6,347,257
	15,019,611	15,394,048

22. Common shares

As of December 31, 2020, the authorized capital of Global Bank Corporation consists of 2,000,000 common shares with no nominal value, of which 236,600 (June 2020: 236,000) shares are issued and outstanding for a value of B/.270,202,657 (June 2020: B/.270,202,657).

As of December 31, 2020, a total of B/.10,025,911 (December 2019: B/.19,350,030) was paid as dividends on common shares.

23. Interest and commission income and expenses

	December 2020	December 2019
Interest earned on:		
Loans	207,019,962	217,263,461
Deposits	836,224	4,168,815
Investments	17,142,995	19,244,645
	224,999,181	240,676,921
Interest expense:		
Deposits	(87,100,479)	(87,808,045)
Obligations with financial institutions and repurchase agreements	(12,081,694)	(19,711,343)
Marketable securities and bonds	(34,186,321)	(45,885,782)
	(133,368,494)	(153,405,170)
Net interest income	91,630,687	87,271,751
Commissions earned on:		
Loans	9,866,994	16,085,983
Letters of credit	1,230,314	1,952,993
Savings accounts and debit cards	2,034,393	3,152,396
Fiduciary and management services	5,285,207	5,148,698
Others	5,121,855	6,352,555
	23,538,763	32,692,625
Commission expenses	(6,416,252)	(8,019,785)
Net commissions income	17,122,511	24,672,840
Net interest and commissions income	108,753,198	111,944,591

24. Other income, net

	December 2020	December 2019
Insurance premiums, net	6,265,005	6,759,334
Net gain on sale of securities available for sale	2,005,501	7,265,144
Net gain on instruments at fair value through profit or loss	267,872	145,147
Trust and brokerage services, net	176,539	139,742
Net loss on derivative financial instruments	-	(4,190,625)
Other income, net	2,207,479	2,791,875
	10,922,396	12,910,617

25. Other expenses

	December 2020	December 2019
Communications and correspondance	922,795	1,068,764
Reserve for the redemption of miles	900,000	1,728,048
Surveillance	817,436	1,064,251
Public services	709,443	933,689
Supplies and stationery	217,151	421,113
Insurance	107,883	74,259
Other operating expenses	4,860,880	4,130,886
Other general expenses	2,581,154	3,065,265
	11,116,742	12,486,275

26. Excess paid-in capital – Share option plan for employees

As of December 31, 2020, key executive officers held stock options over 35,583 common shares of the Parent Company (G.B. Group Corporation) (June 2020: 71,672), of which 18,630 shares may be exercised in 2021; 16,953 may be exercised in 2022, with an average strike price of B/.41.00 as of December 31, 2020 (June 2020: B/.39.89). The Bank recognized income for B/.244,260 (December 2019: B/.81,420) in the condensed consolidated statement of profit or loss under the line item salaries and other personnel expenses and the corresponding entry in the shareholders' equity, which reflects the capital contribution it will receive from its Parent Company.

27. Commitments and contingencies

The Bank maintains financial instruments outside the consolidated statement of financial position with credit risks arising in the normal course of business, which involves elements of credit and liquidity risk. Such financial instruments include commercial letters of credit, granted endorsements and guarantees and promissory notes, which are summarized as follows:

	December 2020	June 2020
Letters of credit	128,052,566	102,177,552
Endorsements and guarantees	461,214,832	453,158,568
Promissory notes	184,704,087	231,749,808
Unused credit lines	347,935,350	439,087,347
Total	1,121,906,835	1,226,173,275

Commercial letters of credit, guarantees issued and loan commitments include exposure to some credit loss in the event of default by the customer. The Bank's credit policies and procedures to approve credit commitments and financial guarantees are the same as those for granting of loans that are recorded on the condensed consolidated statement of financial position.

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

Promissory notes represent conditional promises accepted by the Bank, once certain conditions have been met, which have an average maturity of six months and are used basically for disbursements of mortgage loans. The Bank does not anticipate losses as a result of these transactions.

28. Management of trust contracts and investment portfolio

As of December 31, 2020, the Bank held trust contracts at the client's risk that amounted to B/.2,820,315,878 (June: 2020: B/.2,868,011,581).

	December 2020	June 2020
Guarantee Trust	2,651,393,473	2,715,252,110
Investment Trust	105,650,262	95,257,902
Management Trust	59,315,872	53,418,175
Pension Trust	2,789,638	2,934,612
Testamentary Trust	585,352	574,761
Assets - Plica contract	581,281	574,021
	2,820,315,878	2,868,011,581

Considering the nature of these services, Management believes there is no risk for the Bank.

29. Management of pension and severance funds

	December 2020	June 2020
Severance Fund	297,643,401	287,721,156
Pension Fund (under Law No. 10)	237,110,957	219,099,700
Citibank, N. A.	3,556,416	3,544,223
Pribanco and Conase Plus	80,829	258,959
Bipan Plus	71,202	71,140
Other assets under management	30,811,817	25,959,515
	569,274,622	536,654,693

30. Income taxes

Income tax returns for the last three years of banks incorporated in the Republic of Panama are subject to examination by the tax authorities, including for the year ended June 30, 2020, according to current fiscal regulations.

According to current Panamanian tax legislation, banks are exempt from payment of income tax on profits derived from foreign operations, interest earned on time deposits placed in local banks, interest earned on Panamanian Government securities and securities issued through Panama's Stock Exchange.

The subsidiaries Global Capital Investment Corp., Global Bank Overseas and Banvivienda Assets are not subject to income tax payment in their respective jurisdictions, due to the nature of their foreign operations; however, the income tax on operations that generate taxable income in other jurisdictions is classified within the income tax expense.

As of January 1, 2010, by means of Law No.8 of March 15, 2010, Article No.699 of the Tax Code states that all legal entities whose annual income exceeds one million five hundred thousand balboas (B/.1,500,000) must pay an income tax calculated at 25% on whichever amount is greater: (1) the net taxable income calculated by the standard method established in Title I of the Fourth Book of the Tax Code, or (2) the net taxable income resulting from multiplying the total taxable income by four point sixty-seven percent (4.67%).

The current income tax (benefit) expense is broken down as follows:

	December 2020	December 2019
Current income tax	2,045,238	3,615,324
Deferred tax for temporary differences	(9,446,274)	(1,521,814)
(Benefit) income tax expense	(7,401,036)	2,093,510

The average effective rate of the current income tax is 9% as of December 31, 2019.

The tax effect item that comprises the deferred tax asset included in the consolidated statement of financial position is the reserve for possible loans losses and the goodwill tax effect, which is broken down below. (See Note 13):

	December 2020	June 2020
Balance at the beginning of the period	33,894,103	25,878,425
Effect of IFRS adoption	-	108,010
Other charges	-	(427,424)
Credit to profit or loss during the period	9,446,274	8,335,092
Balance at the end of the period	43,340,377	33,894,103

Deferred assets are recognized based on the deductible tax differences considering their past operations and projected taxable profits, which are influenced by Management's estimates. Based on current and projected results, the Bank's Management considers that there will be sufficient taxable income to absorb the deferred income tax previously described.

A reconciliation of income tax is shown below:

	December 2020	December 2019
(Loss) profit before income tax	(3,266,229)	36,030,221
Less: non-taxable income	(3,646,143)	(27,067,922)
Plus: non-deductible expenses	6,984,347	4,440,898
Plus: Tax loss on subsidiaries	8,098,451	1,052,573
Taxable base	8,170,426	14,455,770
Income tax calculated at 25%	2,042,607	3,613,943
Remittance income tax	2,631	1,381
Current income tax expense	2,045,238	3,615,324

The deferred income tax asset is broken down as follows:

	December 2020	June 2020
Deferred income tax asset:		
Provision for expected losses	46,627,808	37,266,587
Deferred taxes from acquired intangible asset - core deposit	(3,336,804)	(3,498,264)
Other provision	49,373	125,780
Deferred income tax asset	43,340,377	33,894,103

The reconciliation of the deferred income tax from the previous period with the one for the current period is as shown below:

December 2020		**Charged to Profit or Loss**	**IFRS adoption**	**Others**	
Deferred income tax asset:					
Provision for expected losses	37,266,587	9,361,221	-	-	46,627,808
Acquired intangible - core deposit	(3,498,264)	161,460	-	-	(3,336,804)
Other provision	125,780	(76,407)	-	-	49,373
Deferred income tax asset	33,894,103	9,446,274	-	-	43,340,377

June 2020		**Charged to Profit or Loss**	**IFRS adoption**	**Others**	
Deferred income tax asset:					
Provision for expected losses	29,753,425	7,513,162	-	-	37,266,587
Acquired intangible - core deposit	(3,875,000)	376,736	-	-	(3,498,264)
Other provision	-	445,194	108,010	(427,424)	125,780
Deferred income tax asset	25,878,425	8,335,092	108,010	(427,424)	33,894,103

Transfer pricing:

On August 29, 2012, Law No.52 entered into force, reforming regulations on transfer pricing, a price regime oriented to regulate transactions for tax purposes between related parties, so that the considerations between them are similar to those made between third parties. According to those rules, taxpayers carrying out transactions with related parties that have an impact on income, costs or deductions for determining taxable income for purposes of income tax for the fiscal period to be declared or the transaction taking place, must prepare an annual report on the operations performed within six months following the termination of the relevant tax period (Form 930). These transactions are subject to a review in order to verify that they meet the assumptions established in the Law.

At the date of these consolidated financial statements, the Bank is in the process of contemplating such an analysis, but according to Management, it is not expected that it will have a significant impact on the estimated income tax for the period.

31. Segment information

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

December 2020

	Banking and financial activities	Insurance	Pension and severance funds	Total consolidated
Interest and commission income	243,003,268	1,029,618	4,505,058	248,537,944
Interest expenses and provisions	193,617,650	127,196	(3,919)	193,740,927
Other income, net	4,251,100	6,432,928	238,368	10,922,396
Other expenses	51,216,793	1,698,328	1,309,755	54,224,876
Depreciation and amortization expense	10,856,582	6,857	95,130	10,958,569
Profit before income tax	(8,436,657)	5,630,165	3,342,460	535,968
Income tax	(9,295,971)	1,179,743	715,192	(7,401,036)
Net profit	859,314	4,450,422	2,627,268	7,937,004
Total assets	8,296,812,867	59,136,175	28,780,255	8,384,729,297
Total liabilities	7,564,273,945	26,871,314	1,328,388	7,592,473,647

December 2019

	Banking and financial activities	Insurance	Pension and severance funds	Total consolidated
Interest and commission income	268,350,285	769,481	4,249,780	273,369,546
Interest expenses and provisions	178,828,766	168,333	568	178,997,667
Other income, net	5,994,317	6,759,334	156,966	12,910,617
Other expenses	54,993,561	1,818,208	1,464,098	58,275,867
Depreciation and amortization expense	8,769,871	8,535	57,951	8,836,357
Profit before income tax	31,752,404	5,533,739	2,884,129	40,170,272
Income tax	203,216	1,260,999	629,295	2,093,510
Net profit	31,549,188	4,272,740	2,254,834	38,076,762

June 2020

	Banking and financial activities	Insurance	Pension and severance funds	Total consolidated
Total assets	8,434,744,643	55,874,115	25,507,972	8,516,126,730
Total liabilities	7,705,000,563	28,603,856	545,640	7,734,150,059

32. Bank subsidiaries

The following is a breakdown of the Bank, their main economic activity, date of incorporation, beginning of operations, country of incorporation and percentage of ownership of these companies:

Companies	Main economic activity	Date of incorporation	Begnning of operations	Country of incorporation	Percentage of ownership
Factor Global, Inc.	Purchase of discounted invoices - factoring	Dec-95	1995	Panama	100%
Global Financial Funds Corporation	Trust funds	Sep-95	1995	Panama	100%
Global Capital Corporation	Corporate finance and financial advisory	May-93	1994	Panama	100%
Global Capital Investment Corporation	Purchase of discounted invoices - factoring	Jun-93	1993	British Virgin Island	100%
Global Valores, S. A.	Stock brokers	Aug-02	2002	Panama	100%
Global Bank Overseas y Subsidiarias	Foreign banking	Aug-03	2003	Montserrat	100%
Aseguradora Global, S. A.	Subscription and issuance of insurance policies	Apr-03	2004	Panama	100%
Durale Holdings, S. A.	Ownership and management of real estate	Jan-06	2006	Panama	100%
Progreso, S. A.	Trust fund management	Oct-98	2014	Panama	100%
Anverli Investments Corporation	Ownership and management of real estate	Jan-17	2017	Panama	100%
Banvivienda Assets	Asset management	May-13	2013	Grand Cayman Island	100%
Banvivienda Leasing & Factoring	Financial leasing	Oct-06	2007	Panama	100%

33. Regulatory aspects

The following is a breakdown of the regulatory reserves:

	December 2020	June 2020
Banking reserves		
Dynamic reserve	87,863,198	87,863,198
Reserve for foreclosed assets	10,804,935	9,469,118
Equity reserve - modified loans	7,285,493	-
Equity reserve - uncollectible loans	-	460,578
Insurance reserve		
Technical reserve	3,902,414	3,426,184
Legal reserve	5,749,193	5,749,193
	115,605,233	106,968,271

Agreement 4-2013

The classification of the loan portfolio and reserve for possible loan losses based on Agreement 4-2013 is as follows:

December 2020

	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Corporate loans	2,515,901,617	371,045,851	104,306,536	54,848,643	63,876,433	3,109,979,080
Consumer loans	2,747,924,056	97,928,068	8,111,799	12,101,627	41,525,281	2,907,590,831
Other loans	134,012,248	3,631	4,452	-	-	134,020,331
Total	5,397,837,921	468,977,550	112,422,787	66,950,270	105,401,714	6,151,590,242
Specific reserve	-	25,053,636	11,100,234	18,749,903	51,945,814	106,849,587

June 2020

	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Corporate loans	2,764,769,258	320,889,533	77,378,902	39,834,797	52,938,779	3,255,811,269
Consumer loans	2,747,694,027	124,188,361	14,758,403	13,419,612	43,885,895	2,943,946,298
Other loans	136,364,643	-	-	-	-	136,364,643
Total	5,648,827,928	445,077,894	92,137,305	53,254,409	96,824,674	6,336,122,210
Specific reserve	-	20,525,755	8,221,093	15,784,851	38,493,510	83,025,209

The classification of the loan portfolio by maturity profile based on Agreement 4-2013 is as follows:

December 2020

	Current	Delinquent	Overdue	Total
Corporate	2,969,133,015	9,171,789	131,674,276	3,109,979,080
Consumer	2,766,666,642	76,994,618	63,929,571	2,907,590,831
Other	134,012,248	3,631	4,452	134,020,331
Total	5,869,811,905	86,170,038	195,608,299	6,151,590,242

June 2020

	Current	Delinquent	Overdue	Total
Corporate	3,173,917,998	13,703,895	68,189,376	3,255,811,269
Consumer	2,827,090,315	56,653,201	60,202,782	2,943,946,298
Other	136,364,643	-	-	136,364,643
Total	6,137,372,956	70,357,096	128,392,158	6,336,122,210

As of December 31, 2020, loans that do not accrue interest represented an amount of B/.143,228,761 (June 2020: B/.106,370,455).

Dynamic reserve

Accounting treatment for differences between prudential standards and IFRSs

As indicated in Note 2, the Bank adopted IFRSs for the preparation of its accounting records and the presentation of its consolidated financial statements. According to General Board Resolution SBP GJD-0003-2013, the accounting treatment of the differences between IFRS and prudential standards based on the following methodology is established.

- The respective figures for the calculations of the application of IFRS and prudential regulations issued by the Superintendency of Banks of Panama (SBP) will be made and compared.

- When the calculation performed in accordance with IFRSs results in a reserve resulting greater than the one resulting from the use of prudential standards, the IFRS figures will be recorded.

- When using prudential standards result in a higher reserve, IFRS figures will also be recorded in profit and loss and the difference will appropriate retained earnings, which will be moved to a regulatory reserve in equity. If the Bank does not have sufficient retained earnings, this difference will be presented as an accumulated deficit account.

- The regulatory reserve referred to in the preceding paragraph cannot be reversed against retained earnings while there are differences between IFRSs and prudential rules that originated it.

According to Agreement 4-2013, the restriction of the dynamic reserve establish that the amount cannot be less that the amount established for the previous quarter. As of December 31, 2020, the dynamic provision was for B/.87,863,198 (June 2020: B/.87,863,198).

By means of the Board of Directors' General Resolution SBP-GJD-0007-2020 of July 16, 2020, Article 1 temporarily suspends the obligation to create the dynamic provision established in Articles 36, 37 and 38 of Agreement No. 4-2013 on credit risk, in order to provide financial relief to banks in the market. It is also provided that this measure shall be applicable as of the information corresponding to the second quarter of 2020 (April, May and June).

Off-balance sheet operations

The Bank has classified off-balance sheet operations and required reserves based on Agreement No.4-2013 issued by the Superintendency of Banks of Panama and is shown below:

December 2020	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Letters of credit	128,052,566	-	-	-	-	128,052,566
Endorsements and guarantees	461,214,832	-	-	-	-	461,214,832
Promissory notes	184,704,087	-	-	-	-	184,704,087
Unused credit lines	347,935,350	-	-	-	-	347,935,350
Total	1,121,906,835	-	-	-	-	1,121,906,835

June 2020	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Letters of credit	102,177,552	-	-	-	-	102,177,552
Endorsements and guarantees	453,158,568	-	-	-	-	453,158,568
Promissory notes	231,749,808	-	-	-	-	231,749,808
Unused credit lines	439,087,347	-	-	-	-	439,087,347
Total	1,226,173,275	-	-	-	-	1,226,173,275

Letters of credit, guarantee issued, and promissory notes are exposed to credit losses in the event that the customer does not fulfill its payment obligations. Policies and procedures for approving credit commitments, financial guarantees and promissory notes are the same as those used for granting loans recorded on the consolidated statement of financial position.

Most letters of credit are used; however, most of those used are on demand and their payment is immediate.

Credit lines for customer disbursements correspond to outstanding guaranteed loans, which are not shown in the consolidated statement of financial position but are recorded in the Bank's memorandum accounts.

Foreclosed assets

As of December 31, 2020, the regulatory reserve on foreclosed assets amounts to B/.10,804,935 (June 2020: B/.9,469,118) based on the reserve of Agreement 3-2009 of the Superintendency of Banks of Panama.

Premiums and notes receivable

Article No.156 of Law No.12 of April 3, 2012, establishes:

a) Suspension of coverage: when the contractor has made the payment of the first premium installment and is delayed by more than the grace period stipulated in the payment of any subsequent premium installments, in accordance to the payment Schedule established in the corresponding policy, it will be understood to have incurred in the default of payment, which will have the immediate legal effect of suspending the policy's coverage for up to sixty days.

b) The suspension of coverage shall remain until the contractor makes the overdue payments, enabling the reestablishment of the policy's coverage from the moment of the premium payments for said period are made, or until the policy has been cancelled in accordance with the reserve of Article No.161.

Article No.161 of Law No.12 of April 3, 2012 specifies:

a) Any policy cancellation notice shall be sent to the contractor at the last physical, postal or electronic address that appears in the policy file kept by the insurance company. Copy of the cancellation notice must be issued to the insurance broker.

b) Any change in the contractor's address must be notified to the insurance Company; otherwise, the last address on the insurance company's file will remain as the valid address.

c) The cancellation notice of the policy for non-compliance with premium payments must be sent to the contractor in writing, fifteen business days in advance. If the notice is not sent, the contract will remain in force and the reserve in Article No.998 of the Commercial Code will apply.

Technical reserves

Pursuant to Law No.12 of April 3, 2012, the subsidiary Aseguradora Global, S.A. transferred from liability to equity the reserve for statistical deviations and the reserve for catastrophic risk and/or contingencies.

Assets admitted free of encumbrances must cover such capital reserves.

Such reserved shall be cumulative. The Superintendency of Insurance and Reinsurance of Panama will regulate their use and restitution when the claim rate shows adverse results.

	Reserve for statistical deviations		Reserve for catastrophic risk and contingencies	
	December 2020	**June 2020**	**December 2020**	**June 2020**
Balance at the beginning of the period	1,713,091	1,258,018	1,713,091	1,258,018
Additions	238,116	455,074	238,116	455,074
Balance at the end of the period	1,951,207	1,713,092	1,951,207	1,713,092

Regulatory Reserve

The regulatory reserve of the subsidiary Aseguradora Global, S.A. has been established in accordance with the regulations in Article No.213 of Law No.12 of April 3, 2012, which established the following:

Insurance companies are required to create and maintain a reserve fund within the country equivalent to 20% of net profit before income tax, until constituting a fund of B/.2,000,000; after this amount has been reached, 10% must be allocated until it reaches 50% of the paid-in capital.

The movement of the legal reserve is detailed below:

	December 2020	June 2020
Balance at the beginning of the period	5,749,193	5,749,193
Balance at the end of the period	5,749,193	5,749,193

Laws and Regulations:

a) Banking Law

In the Republic of Panama, banks are regulated by the Superintendency of Banks of Panama, through Executive Decree No.52 of April 30, 2008, which adopts the sole text of Decree Law No.9 of February 26, 1998, as amended by Decree Law No.2 of February 22, 2008, as well as Resolutions and Agreements issued by that entity. The main aspects of this law include: authorization of bank licenses, minimum capital and liquidity requirements, consolidated supervision, credit and market risk management procedures, anti-money laundering procedures, banking intervention and liquidation procedures, among other. Likewise, the banks will be subject to at least one inspection every two (2) years by the auditors of Superintendency of Banks of Panama, to determine their compliance with the reserve of Executive Decree No. 52 of April 30, 2008 and Law No. 42 of October 2, 2000, the latter on the prevention of money laundering.

Compliance with the regulatory body

Liquidity ratio

As of December 31, 2020, the liquidity ratio percentage reported to the regulatory body, under the parameters of Agreement 4-2008, was 52.89% (June 2020: 50.27%) (See Note 4.3).

Capital adequacy

The Law demands that Banks with a general license must have a minimum paid-in capital or assigned capital of ten million balboas (B/.10,000,000) and equity funds of no less than 8% of their weighted assets, including off-balance sheet operations. As of December 31, 2019, the Bank holds condensed consolidated equity funds of approximately 15.62% (June 2020: 14.58%) of its risk-weighted assets, in accordance with Agreement 1-2015 and Agreement 3-2016 and the new agreements, Agreement 11-2018 and Agreement 2-2018. (See Note 4.5).

As a consequence of the global health pandemic effects of COVID-19 decreed by the World Health Organization (WHO), the need and convenience of establishing temporary special measures such as the validity of the appraisal reports used for the constitution of guarantees on movable and immovable property has been manifested through General Resolution SBP-GJD-0004-2020 of the Board of Directors. In addition, for the purposes of Article 2 of Agreement No. 3-2016, all risk assets classified in categories 7 and 8, whose weighting is 125% and 150% respectively, will be temporarily weighted as part of category 6, whose weighting is 100% through the 'Board of Directors' General Resolution SBP-GJD-0005-2020.

The accounting treatment for the recognition of loan losses, investment securities and foreclosed assets of borrowers in accordance with the prudential standards issued by the Superintendency of Banks of Panama, differs in certain aspects from the accounting treatment under the International Financial Reporting Standards, specifically IAS 39 and IFRS 5. The Superintendency of Banks of Panama requires that general license banks apply these prudential standards.

b) Insurance and reinsurance Law

Insurance and reinsurance operations in Panama are regulated by the Superintendency of Insurance and Reinsurance of Panama in accordance with the legislation established by the Insurance Law No. 12 of April 3, 2012 and the Reinsurance Law No. 63 of September 19, 1996.

c) Securities Law

Stock Exchange operations in Panama are regulated by the Superintendency of Securities Market of Panama in accordance with the legislation established in Decree Law No.1 of July 8, 1999, amended by Law No.67 of September 1, 2011. The operations of the Stock Exchange are in the process of being aligned with Agreement 4-2011, modifying certain reserve through Agreement 8-2013, established by the Superintendency of Securities Market of Panama, which indicate that these are required to comply with the capital adequacy standards and its modalities.

d) Trust Law

Trust operations in Panama are regulated by the Superintendency of Banks of Panama in accordance with the legislation established in Law No.1 of January 5, 1984.

e) Financial Leasing Law

Financial leasing operations in Panama are regulated by the Directorate of Financial Companies of the Ministry of Commerce and Industries in accordance with the legislation established in Law No. 7 of July 10, 1990.

34. COVID-19 effect

The appearance of the Coronavirus COVID-19 in China at the end of 2019 and its recent global expansion to a large number of countries, has caused the viral outbreak to be qualified as a pandemic by the World Health Organization since March 11, 2020.

As a result of such global affectation and its respective arrival to our country, the National Government decreed a state of national emergency. The national emergency established a quarantine with limited citizen circulation and a closure of a large part of the economy. The operation of all businesses and industries was divided into 6 blocks.

The COVID-19 outbreak has significantly affected the Panamanian economy at the macro and micro levels. This impact may negatively affect the Bank's operating results. Likewise, the Bank is exposed to the performance of its customers, whose consumer loans and commercial operations have been affected by the closure of the economy as a measure to control the spread of the virus. Loan defaults that negatively affect the Bank's earnings correlate with deteriorating economic conditions (such as unemployment and business closures).

The Bank's financial position and results of operations are particularly dependent on the ability of borrowers to meet loan obligations. While its effects continue to materialize, the COVID-19 pandemic has resulted in a significant decrease in business activity throughout Panama. This decrease in business activity may cause the Bank's customers (including affected businesses and individuals) and counterparties to be unable to meet existing payment or other obligations.

The Bank has Policies and Procedures for Business Continuity, which establishes the mechanisms to operate in contingency situations, ensuring uninterrupted continuity of operations and services for our customers.

As a governmental relief measure, the National Government has established both voluntary and legal moratorium plans, has developed an economic reactivation plan by blocks for the return to normality and, among others, has developed a financial assistance program to support economic activities highly impacted by the pandemic.

In order to further strengthen banking institutions in Panama, the Superintendency of Banks of Panama issued Agreement No. 2-2020 (as amended by Agreement No. 3-2020) to create a temporary regulation for pandemic “modified loans”. Pursuant to the temporary regulation of Agreement No. 2-2020, a modified loan is a loan for which the original terms and conditions have been modified at the request of the borrower or at the initiative of the bank, without being considered a restructured loan. The new terms and conditions of modified loans must consider financial feasibility criteria based on the borrower's repayment capacity and the Bank's credit policy.

On March 31, 2020, Global Bank Corporation voluntarily agreed to grant an automatic grace period to borrowers affected in their business or personal activities by COVID-19. On May 4, 2020, the Government of Panama and the Panamanian Banking Association signed an agreement whereby the members of the Banking Association agreed (i) to extend such grace period until December 31, 2020 to any borrower whose commercial or personal activities were affected by COVID-19 and who so requested. This extension applies to mortgage loans, personal loans, auto loans, credit cards, SME loans and commercial loans, and (ii) not to exclude mortgages granted by borrowers affected by COVID-19 who have loans with extended grace periods.

The Panamanian government issued Law No. 156, which grants a moratorium until December 31, 2020 on loan payments to any borrower that can prove that COVID-19 affects it in its commercial or personal activities. Under the terms of the statute, the moratorium applies to mortgage loans, personal loans, auto loans, credit cards, SME loans, commercial loans, loans to the transportation sector, loans to the agricultural and livestock sector, and consumer loans.

As of September 2020, the opening of economic activities began, which has been proportionally based on the behavior of the virus and the infection rates in the country. This opening includes retail, wholesale, restaurants and the construction industry. In addition, the restriction on mobility by gender was lifted in order to reactivate the country's economy.

As part of the Bank's risk management, both collective and individual analyses of the condition of the loan portfolio have been developed from which policies, processes and procedures have been developed for continuous evaluation based on established strategies.

The COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and are likely to continue to adversely affect the Bank's business, of which its extent will depend on future developments that are highly uncertain and cannot be predicted. This includes the scope and duration of the pandemic, the effectiveness of the Bank's response plan, the direct and indirect impact of the pandemic on our customers and counterparties, as well as other market participants, and actions taken by governmental authorities (both domestic and abroad) and other third parties in response to the pandemic.

The effects known to Management and that can be reasonably estimated have been recognized in the condensed consolidated financial statements as of December 31, 2020. Based on the best evidence available at the balance sheet date, Management has performed the impact analysis and adjusted it in these condensed consolidated financial statements. Based on the above, the most significant impact resulting from COVID-19 is in the provision for expected losses as disclosed in Note 4.2 of the condensed consolidated financial statements. The Bank's Management will continue to monitor and modify operating and financial strategies to mitigate potential risks that could affect its business in the short, medium and long term.

35. Modified loans

On September 10, 2020 and according to note SBP-DR-N-4489-2020, the Superintendency of Banks of Panama required the Bank to incorporate additional disclosures on modified loans in the annual financial statements according to Agreement No. 2-2020 of March 16, 2020,. On September 11, 2020, Banking Agreement No. 9-2020 was issued, which amends Agreement No. 2-2020 and establishes the requirement for additional disclosures on modified loans in the annual financial statements of the Banks.

On September 11, 2020, the Superintendency of Banks of Panama published Agreement No. 9-2020, which establishes the characteristics that modified loans must comply with at the initiative of the banks or at the request of the debtor. Banks will have until December 31, 2020 to reevaluate the loans of those debtors whose cash flow and payment capacity have been affected by the COVID-19 situation, as well as loans that have not been previously modified and that at the original time of their modification were up to 90 days past due.

For credit risk coverage, banks must establish provisions on the portfolio of modified loans classified in the "Modified Special Mention" category, ensuring compliance with International Financial Reporting Standards (IFRSs) equivalent to the greater value between the provision according to IFRS of the Modified Special Mention portfolio and a generic provision equivalent to three percent (3%) of the gross balance of the modified loan portfolio, including uncollected accrued interest and capitalized expenses. Modified loans secured by pledged deposits in the same bank up to the guaranteed amount may be excluded from this calculation.

On October 21, 2020, the Superintendency of Banks of Panama issued Agreement No. 13-2020, which amended Agreement No. 2-2020 establishing additional, exceptional and temporary measures on credit risk and an additional term for financial relief measures.

Banks will have until June 30, 2021 to continue evaluating the credits of those debtors whose cash flow and payment capacity have been affected by the COVID-19 situation and that at the original time of their modification were up to 90 days in arrears.

Likewise, banks may make modifications to those loans that have not been previously modified, whose cash flow and payment capacity continue to be affected by the COVID-19 situation and that are not more than 90 days past due.

During the period January 1 through June 30, 2021, the Bank will not execute the guarantee for the modified loans.

These changes are due to the health, economic, financial and social consequences that the spread of COVID-19 has generated. In view of this reality and the economic recession it has caused, many debtors are unable to meet or continue to adequately meet their bank obligations, due to the potential or actual impairment of their ability to pay.

35.1. Legal Framework - Agreement No. 2-2020

Given the unprecedented situation experienced by the Panamanian economy due to the global pandemic situation, the Superintendency of Banks of Panama issued Agreement No. 2-2020, which establishes additional, exceptional and temporary measures for compliance with the provisions contained in Agreement No. 4-2013 on credit risk. Thus, relief measures are derived with modification of financial terms and conditions of bank loans, through the creation of a new modality of credits, called “modified loans”.

Agreement No. 2-2020 establishes provisions that apply to both consumer loans and corporate loans. In order to allow the debtor the proper attention to its obligation in the face of the potential or actual deterioration of the possibility of payment due to the crisis caused by COVID-19, the Banks may modify the terms of the loans, originally agreed, categorizing the loans as modified; and not considering them as restructured loans according to provisions of Agreement No. 4-2013. This modification may be made at the request of the debtor or at the initiative of the Bank.

The relief measures established for debtors who have been affected by the COVID-19 situation and who meet the criteria of Agreement No. 2-2020 include the revision of loan terms and conditions, granting grace periods and maintaining the credit ratings assigned at the time the agreement became effective.

In addition, Agreement No. 2-2020 allows the Banks to use up to 80% of the dynamic provision for the constitution of specific provisions and suspends the application of the contagion mechanism in credit ratings for the duration of the additional, exceptional and temporary measures.

On March 31, 2020, Global Bank Corporation voluntarily agreed to grant an automatic grace period to borrowers affected in their business or personal activities by COVID-19, until June 30, 2020.

On May 4, 2020, the Government of Panama and the Panamanian Banking Association signed an agreement whereby the members of the Banking Association agreed (i) to extend such grace period until December 31, 2020 to any borrower whose business or personal activities were affected by COVID-19 and who so requested; this extension applies to mortgage loans, personal loans, auto loans, credit cards, SME loans and commercial loans, and (ii) not to foreclose residential mortgage guarantees of borrowers affected by COVID-19 who have loans with extended grace periods.

On June 30, 2020, the Panamanian Government issued Law No. 156, which granted a moratorium until December 31, 2020 on loan payments to any borrower who can prove that COVID-19 affects it in its commercial or personal activities. Under the terms of the statute, the moratorium applies to mortgage loans, personal loans, auto loans, credit cards, SME loans, commercial loans, loans to the transportation sector, loans to the agricultural and livestock sector, and consumer loans.

35.2. Classification of loans modified by IFRS 9 Stage

The following is the classification of modified loans by Stage according to the expected loss methodology used by the Bank:

December 2020

	Stage 1	Stage 2	Stage 3	Total
Gross amount	1,777,084,556	642,910,772	27,197,038	2,447,192,366
Individual and collective impairment reserve	(9,211,576)	(43,828,079)	(15,421,229)	(68,460,884)
Carrying value, net	1,767,872,980	599,082,693	11,775,809	2,378,731,482

June 2020

	Stage 1	Stage 2	Stage 3	Total
Gross amount	3,244,915,449	301,451,462	1,976,028	3,548,342,939
Individual and collective impairment reserve	(12,158,010)	(20,652,439)	(814,042)	(33,624,491)
Carrying value, net	3,232,757,439	280,799,023	1,161,986	3,514,718,448

The following is a detail of the loan portfolio in the "Amended Special Mention" category:

Amended Special Mention Rating

	December 2020	June 2020
Corporate	1,173,423,782	1,162,079,955
Consumer	1,273,350,177	2,385,838,194
Others	418,407	424,790
Accrued interest receivables	86,119,473	56,928,698
Total	2,533,311,839	3,605,271,637

As required by Article 4-E of Agreement No. 9-2020, a detail of the loan portfolio category "Modified Special Mention" and its respective provisions and regulatory reserves as of December 31, 2020, were classified according to the three-step model of IFRS 9 presented below:

December 2020	ECLs during the following 12 months	ECLs during life time (not impaired collectively evaluated)	Lifetime ECLs (impaired individually assessed)	Total
Modified special category loans				
Modified loans	**1,777,084,555**	**642,910,773**	**27,197,038**	**2,447,192,366**
Consumer	880,852,633	374,923,960	17,573,584	1,273,350,177
Corporate	896,231,922	267,986,813	9,623,454	1,173,842,189
(+) Accrued interest receivable	57,468,014	27,995,581	655,878	86,119,473
(-) Deposit guarantees	8,099,820	220,509	112,260	8,432,589
Total portfolio subject to provisions of Agreement No. 9-2020	1,826,452,749	670,685,845	27,740,656	2,524,879,250
IFRS provisions				
IFRS 9 provisions in capital balance	8,890,152	40,936,149	15,186,845	65,013,146
IFRS 9 provisions in interest balance	321,424	2,891,930	234,384	3,447,738
	9,211,576	43,828,079	15,421,229	68,460,884
Regulatory reserve				
Regulatory reserve (complementary to 3%)				7,285,493
Total provisions and reserves				75,746,377

35.2.1. Determining a significant risk increase in modified loans

The extension of loan payments or modified loans established by Agreement No. 2-2020 does not automatically translate into those loans having suffered a significant increase in credit risk given that a significant portion of these reliefs address temporary liquidity events generated by the closure or economic downturn caused by the Pandemic. As part of the expected loss methodology, the Bank has mechanisms to identify the significant increase in risk applicable in general terms to the loan portfolio, based on quantitative and qualitative methodologies that incorporate, among other components, behavioral scoring models for consumer debtors and internal qualification (rating) models for corporate debtors.

The assessment for the recognition of expected credit losses over the life of the modified loans considers credit risk based on the best available quantitative and qualitative information on the current circumstances of borrowers and impact of COVID-19.

As time passes and the Bank returns to the new normal, it obtains more information from the borrowers which will complement the analysis and identification of the increase in risk for the modified loans, either by segment or on an individual basis. In order to identify the significant increase in credit risk for modified loans, the Bank considers the following factors associated with the current COVID-19 situation:

1. For the consumer portfolio, the affectation of customers is determined through conditions related to the age of the last payment received and causes such as; termination of contracts, suspended contracts and decrease in income.

2. With respect to the corporate portfolio and other loans, clients are evaluated on a case-by-case basis to determine the impact of COVID-19 on the line of business, economic activity in which it operates and vulnerability conditions that may be identified in the context of future economic conditions.

36. Subsequent events

The Group has evaluated subsequent events as of December 31, 2020 to assess the need for possible recognition or disclosure in the accompanying condensed consolidated interim financial statements. Such events were evaluated through February 11, 2021, the date these condensed consolidated interim financial statements were available to be issued. Based on this evaluation, it was determined that no events occurred, except for the following:

Significant event

In accordance with the legal provisions that dictate the rules to communicate significant events of issuers, we inform investors and the general public of the request for authorization before the Superintendency of Banks of Panama, for the merger by absorption between Global Bank Corporation and Factor Global, Inc. of which Global Bank Corporation will be the surviving entity.

37. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements of Global Bank Corporation and Subsidiaries for the period ended December 31, 2020 were authorized by General Management and approved by the Board of Directors for their issuance on February 11, 2021.

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