FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Financial statements for the year ended June 30, 2021 and Independent Auditors' Report dated September 30, 2021

"This document has been prepared with the knowledge that its contents will be available to investors and the general public."

Deloitte LATCO
Member Firm of
Deloitte Touche Tohmatsu Limited

Global Valores, S. A.
(A wholly-owned subsidiary of Global Bank Corporation)

Independent Auditors' Report and Financial Statements as of June 30, 2021

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FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors of
Global Valores, S. A.

Opinion

We have audited the accompanying financial statements of **Global Valores, S.A.** (the "Company"), which comprise the statement of financial position as of June 30, 2021, the statement of profit or loss, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies applied.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of **Global Valores, S.A.** as of June 30, 2021, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for the Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are further described in the Auditor´s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent from the Bank in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accounting Professionals (IESBA Code) and the Professional Code of Ethics for Authorized Public Accountants in Panama (Chapter V of Law 57 of September 1, 1978), and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinión.

Matter of Emphasis

We draw attention to Note 16 of the financial statements, which describes the uncertainty arising from the possible impact of COVID-19. Our opinion is unchanged with respect to this matter.

Management's Responsibilities and of those in Charge of Corporate Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Deloitte.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicated with those in charge of Corporate Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

(Signed by Deloitte)

September 30, 2021
Panama, Republic of Panama

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Statement of financial position
June 30, 2021
(In balboas)

	Notes	2021	2020
Assets			
Bank deposits:			
Demand - domestic	6,7	5,126,801	3,502,750
Demand - foreign		981,580	2,249,866
Time - domestic	6,7	5,300,000	5,300,000
Total bank deposits		11,408,381	11,052,616
Investment in securities	5,7,8	2,640,395	2,570,792
Other assets	9	370,689	369,775
Total assets		14,419,465	13,993,183
Liabilities and equity			
Liabilities:			
Other liabilities	7,10	824,367	1,366,486
Equity:			
Common shares with a par value of B/.100 each, 5,000 authorized, issued and outstanding		500,000	500,000
Net changes on securities available for sale		321,289	301,095
Retained earnings		12,773,809	11,825,602
Total equity		13,595,098	12,626,697
Total liabilities and equity		14,419,465	13,993,183

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

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Statement of profit or loss
for the year ended June 30, 2021
(In balboas)

	Notes	2021	2020
Income from operations:			
Brokerage commissions		2,493,882	2,056,237
Interest earned on deposits	7	268,475	264,928
Interest earned on investments		147,528	146,624
Gain on sale of securities	8	428,792	349,743
Other income		94,467	53,855
Total income		3,433,144	2,871,387
Reserve (reversal of reserve) for investments		225	(2,821)
Interest and commission expenses		40,035	52,923
Total income from operations, net		3,392,883	2,821,285
Other expenses:			
Salaries and other compensations	13	1,416,665	636,038
Administrative services	7	390,000	410,500
Professional fees		112,557	117,209
Other taxes		117,763	134,050
Maintenance and repairs		16,434	25,206
Insurances		56,104	33,163
Advertising		1,120	1,938
Other		92,157	162,046
Total general and administrative expenses		2,202,800	1,520,150
Profit before income tax		1,190,083	1,301,135
Income tax	14	206,921	173,114
Net profit		983,162	1,128,021

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

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Statement of other comprehensive income
for the year ended June 30, 2021
(In balboas)

	Note	2021	2020
Net profit		983,160	1,128,021
Other comprehensive income:			
Items that can be reclassified to the statement of profit or loss:			
Reserve (reversal of reserve) for investments		225	(2,821)
Net change in the valuation of investments at fair value through other comprehensive income	8	448,760	339,992
Gain transferred to the statement of profit or loss	8	(428,791)	(349,749)
Total other comprehensive income, net		20,194	(12,578)
Total comprehensive income of the year		1,003,354	1,115,443

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

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Statement of changes in equity
for the year ended June 30, 2021
(In balboas)

	Total shareholders' equity	Common shares	Fair value reserve	Retained earnings
Balance as of June 30, 2019	11,548,229	500,000	313,673	10,734,556
Profit for the year	1,128,021	-	-	1,128,021
Other comprehensive income:				
Reversal of reserve for investments	(2,821)	-	(2,821)	-
Net changes in the valuation of investments at fair value through other comprehensive income	(9,757)	-	(9,757)	-
Total comprehensive income for the year	1,115,443	-	(12,578)	1,128,021
Transactions attributable to shareholders:				
Complementary tax	(36,975)	-	-	(36,975)
Total transactions attributable to shareholders:	(36,975)	-	-	(36,975)
Balance as of June 30, 2020	12,626,697	500,000	301,095	11,825,602
Profit for the year	983,162	-	-	983,162
Other comprehensive income:				
Reversal of reserve for investments	225	-	225	-
Net changes in the valuation of investments at fair value through other comprehensive income	19,969	-	19,969	-
Total comprehensive income for the year	1,003,356	-	20,194	983,162
Transactions attributable to shareholders:				
Complementary tax	(34,955)	-	-	(34,955)
Total transactions attributable to shareholders:	(34,955)	-	-	(34,955)
Balance as of June 30, 2021	13,595,098	500,000	321,289	12,773,809

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

Global Valores, S. A.

(A wholly-owned subsidiary of Global Bank Corporation)

Statement of cash flows
for the year ended June 30, 2021
(In balboas)

	Notes	2021	2020
Cash flows from operating activities:			
Net profit		983,162	1,128,021
Income tax	14	206,921	173,114
Gain on sale of securities at fair value through other comprehensive income		(428,791)	(349,743)
Reserve (reversal) for investments		225	(2,821)
Net changes in operating assets and liabilities:			
Increase in other assets		(6,857)	(128,485)
(Decrease) increase in other liabilities		(614,463)	997,434
Income tax paid		(163,588)	(179,196)
Net cash provided by operating activities		(23,391)	1,638,324
Cash flows from investment activities			
Purchase of securities at fair value through other comprehensive income	8	(65,623,026)	(75,909,665)
Sale of securities at fair value through other comprehensive income	8	66,002,183	76,392,813
Net cash provided by investment activities		379,157	483,148
Cash flows from financing activities			
Complementary tax		(34,955)	(36,975)
Net cash used in financing activities		(34,955)	(36,975)
Net increase in cash and cash equivalents		320,811	2,084,497
Cash and cash equivalents at the beginning of the year		5,752,616	3,668,119
Cash and cash equivalents at the end of the year	6	6,108,382	5,752,616

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

1. General information

Global Valores, S. A. (the “Company”) is incorporated under the laws of the Republic of Panama through Public Deed No.11218 of August 27, 2002 and started operations in February 2003. It is a wholly-owned subsidiary of Global Bank Corporation, an entity incorporated in June 1994 in accordance with the laws of the Republic of Panama.

The Company has a Brokerage firm license granted by the Superintendency of Securities Market of Panama through Resolution CNV-022-03 of November 23, 2003. It also has an Investment Management license granted by the Superintendency of Securities Market of Panama through Resolution SMV-686-2016 of October 12, 2016.

The Superintendency of Securities Market of Panama regulates brokerage firm operations in accordance with Decree Law No.1 of July 8, 1999, amended through Law No.67 of September 1, 2011. Brokerage firm operations are in the process of adjusting to Agreement 4-2011, which modifies certain provisions through Agreement 8-2013, established by the Superintendency of Securities Market of Panama, indicating they are required to comply with standards of capital adequacy and its dispositions.

The Company’s main office is located in 50th Street, Global Bank Tower, Panama, Republic of Panama. Its parent company, Global Bank Corporation, provides management services to the Company.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 Standards and interpretations adopted with effects on the financial statements

For the year ended June 30, 2021, the following IFRS standards and their interpretations (“IFRIC”) became effective, which have had no impact on the Company's financial statements.

- Amendment to IFRS 9, IAS 39, and IFRS 7 - Reference Interest Rate Reform.
- Amendment to IFRS 16 - Rental concessions related to COVID-19.
- Conceptual framework - Amendments to the references to the conceptual framework in the Standards.
- FRS 3 (Amendment) - Definition of a business.
- IAS 1 and IAS 28 (Amendment) - Definition of materiality.

2.2 New and revised IFRSs issued, but not yet effective

New standards, interpretations and amendments to accounting standards have been published, but are not mandatory for the year ended June 30, 2021, and have not been adopted early by the Company. The main changes to these new standards are presented below:

Amendments to IFRS 10 - financial statements and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*:

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The effective date of the amendments has yet to be set; however, earlier application of the amendments is permitted. The Company's Management anticipates that the application of these amendments may have an impact on the financial statements in future periods.

IFRS 17 – Insurance contracts

In May 2016, the IASB issued IFRS 17 to replace IFRS 4. Accounting for insurance contracts requires entities to separate specified embedded derivatives, investment components, and performance obligations of insurance contracts in order to separately recognize, present, and disclose insurance revenue, insurance service expense, and insurance finance income or expense. However, a simplified measurement method is permitted to measure the service-related amount remaining by allocating the premium during the coverage period.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation of changes that were identified after IFRS 17 was published. The amendments defer the initial application date of IFRS 17 (incorporating the amendments) to annual reporting beginning on or after January 1, 2023. At the same time, the IASB issued a Temporary Extension of Exemption to Apply IFRS 9 (amendments to IFRS 4) that extends the expiration date of the temporary exemption to apply IFRS 9 in IFRS 4 for annual periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

This IFRS is mandatory for periods beginning on or after January 1, 2023. Earlier application is permitted. Management is in the process of assessing the impact of the adoption of IFRS 17 on the Company's financial statements and disclosures.

Amendments to IFRS 3 - *Reference to the Conceptual Framework*

The amendments updated IFRS 3 so that it can refer to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also added a requirement that, for obligations within the scope of IAS 37, a buyer applies IAS 37 to determine whether the acquisition date is a present obligation or exists as a result of a past event. For liens that are within the scope of IFRIC 21 - *Liens*, the buyer applies IFRIC 21 to determine whether the obligation gives rise to a liability to pay the lien that occurred at the acquisition date.

Finally, the amendments add an explicit statement that the buyer will not recognize a contingent asset acquired from a business combination.

The amendments are effective for business combinations whose acquisition date is on or after the initial period of the first annual period beginning on or after January 1, 2022. With an option for early application if the entity also applies all other updated references (published together with the *Conceptual Framework*) at the same time or early.

Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'costs of fulfilling' a contract comprise 'costs directly related to the contract'. Costs that relate directly to a contract consist of the incremental costs and costs of fulfilling a contract (e.g. labor or materials) and the allocation of other costs that relate directly to fulfilling a contract (such as the allocation of depreciation to items of property, plant and equipment).

Amendments apply to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives should not be restated. Instead, an entity should recognize the cumulative effect of the initial application of the amendments as a balance sheet adjustment to retained earnings or such other component of equity, as appropriate, for the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with an option for earlier application.

Annual amendments to IFRS standards 2018-2020

Annual amendments were included to three standards which are of interest to the Company:

IFRS 1 - First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief for a subsidiary that is a first-time adopter later than its parent with respect to accounting for cumulative translation differences. As a result of the amendments, a subsidiary using the IFRS 1: D16(a) exception may now elect to measure the cumulative translation effects of foreign operations at the carrying value that is included in the parent's statements. This is based on the parent's date of transition to IFRS if there were no adjustments for consolidation procedures and for the effects of business combinations in which the parent acquired the subsidiary. A similar election is available for an associate or joint venture that uses the exception in IFRS 1: D16(a).

The amendment is effective for periods beginning on or after January 1, 2022, with an early adoption option.

IFRS 9 - Financial Instruments

The amendment clarifies that when applying the '10%' test to assess whether a financial liability should be derecognized, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by the entity or the lender.

The amendments are applied prospectively to amendments or changes that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with an option for earlier application.

IFRS 16 - Leases

The amendments eliminate the reimbursement figure for leasehold improvements.

As the amendments to IFRS 16 are only with respect to an illustrative example, there is no established starting date.

Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases, "Interest Rate Benchmark Reform - Phase 2

The IASB finalized its response to the ongoing reform of interbank offered interest rates ("IBOR") and other interest rate benchmarks by issuing a package of amendments to IFRS standards. The amendments complement those published in 2019 and focus on the effects on the financial statements when an entity replaces the old benchmark interest rate with an alternative benchmark rate as a result of the reforms.

The amendments in this final phase relate to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- Hedge accounting; and
- Disclosures

The amendments are effective for annual periods beginning on or after January 1, 2021, with early application permitted. Management is in the process of evaluating the impact of these amendments.

In addition, the following amendments have been issued and have no effect on the Company's financial statements:

Amendments to IAS 1	*Classification of liabilities as current or non-current.*
Amendments to IAS 16	*Property, Plant and Equipment—proceeds before intended use*
Amendments to IAS 41	*Agriculture*

3. Most significant accounting policies

3.1 Statement of compliance

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

3.2 Basis of preparation

The financial statements are prepared under the historical cost basis, except for securities available for sale, investments at fair value through other comprehensive income which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other direct valuation techniques. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value, for the purposes of measurement and/or disclosure in these financial statements, is determined on such a basis, except for share-based payment transactions that are within scope of IFRS 2, and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in IAS 2 or value-in-use in IAS 36.

The financial statements have been prepared by Management assuming that the Company will continue to operate as a going concern. The impact of COVID-19 on the Company's operations is described in Note 13 to the financial statements.

3.3 Functional and presentation currency

The accounting records are kept in balboas and the financial statements are expressed in this currency. The balboa, monetary unit of the Republic of Panama, is at par value and freely exchangeable with the U.S. dollar. The Republic of Panama does not issue paper currency and instead uses the U.S. dollars as legal tender.

3.4 Financial assets

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal (SPPI), are later measured at amortized cost. Debt instruments held in a business model, whose objective is both to collect the contractual cash flows as well as to sell financial assets and that have contractual cash flows that are SPPI, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments (for example, those managed on a fair value basis, or held for sale) and capital investments are subsequently measured at fair value through profit and loss (FVTPL).

However, the following irrevocable choice or designation may be made in the initial recognition of a financial asset on an asset-by-asset basis:

- It is possible to irrevocably choose to present subsequent changes in the fair value of a capital investment that is not held for trading, nor a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 is applied - *"Business Combinations"*, in other comprehensive income; and
- A debt instrument that meets the amortized cost or the FVTOCI criteria measured at FVTPL can be irrevocably designated if doing so eliminates or significantly reduces causing an accounting asymmetry.

3.4.1 Classification

The Company classifies its financial assets according to its subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the Company's business model for asset management of financial assets and contractual cash flow characteristics of financial assets.

The Company classifies all financial liabilities according to their subsequent measurement at amortized cost, except for those liabilities measured through profit or loss, as a result of hedge accounting, as well as liabilities measured at fair value corresponding to non-designated derivatives.

3.4.2 Evaluation of the business model

The Company carries out an evaluation of the objective of the business model in which the financial asset is held at the portfolio level, as it reflects the way in which the business is managed and information is provided to Management. The information considers the following:

- The Company's policies and objectives for the portfolio and the operation of these policies in practice. In particular, if the management strategy is focused on obtaining income from contractual interests, maintaining a particular interest rate profile, adapting the duration of the financial assets to the duration of the liabilities that finance those assets or making cash flows to through the sale of assets;
- How the portfolio performance is evaluated and informed to the Company's Management;
- The risk that affects the performance of the business model and how these risks are managed.

An evaluation of business models to manage financial assets is essential for the classification of a financial asset. The Company determines the business model at a level that reflects how financial asset groups are managed together to achieve a particular business objective. The business model does not depend on Management's intentions for an individual instrument; therefore, the evaluation of the business model is carried out at a higher level of aggregation rather than instrument-by-instrument.

In the initial recognition of a financial asset, it is determined whether the newly recognized financial assets are part of an existing business model or if they reflect the beginning of a new business model. The Company reassesses its business model in each reporting period to determine if business models have changed since the previous period. For the current and previous reporting period, the Company has not identified a change in its business model.

3.4.3 Evaluation on contractual cash flows if they are solely payments of principal and interest

For the purposes of this evaluation, “principal” means the fair value of the financial asset at the time of initial recognition. “Interest” is defined as the consideration for the value of money over time and for the credit risk associated with the outstanding capital for a certain period of time and for other basic risks and costs of the loan, as well as the profit margin.

The contractual cash flows that are SPPI are consistent with a basic loan agreement. Contractual terms that introduce exposure to risks or volatility in contractual cash flows not related to a basic loan agreement, such as exposure to changes in stock prices or commodity prices, do not give rise to contractual cash flows that are SPPI. A financial asset originated or acquired may be a standard credit agreement regardless of whether it is a loan in its legal form.

In assessing whether contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the schedule or amount of contractual cash flows so that it does not meet this condition. When conducting the evaluation, the Company considers the following:

- Contingent events that would change the amount and schedule of cash flows;
- Leverage characteristics;
- Prepayment and extension terms;
- Terms that limit the Company's claim to the cash flows of specified assets (for example, agreements with assets without recourse); and characteristics that modify the consideration of the value of money over time (for example, periodic readjustment of interest rates).

3.4.4 Financial assets at fair value through other comprehensive income (FVTOCI)

These securities are made up of non-classified debt instruments such as securities at FVTPL or at amortized cost securities and are subject to the same approval criteria as the rest of the loan portfolio. These securities are accounted at fair value if the following two conditions are met:

- The financial asset is maintained in accordance with a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and,
- The contractual conditions of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding principal.

Unrealized gains and losses are reported as net increases or decreases in other comprehensive income (“OCI”) in the statement of changes in shareholders' equity until they are realized. Gains and losses made from the sale of securities that are included in the net gain on the sale of securities are determined using the specific identification method.

For an equity instrument designated as measured at FVTOCI, the accumulated gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but may be transferred within the equity.

3.4.5 Financial assets at amortized cost

Financial assets at amortized cost represent securities and loans whose objective is to be held in order to obtain contractual cash flows over the life of the instrument. These securities and loans are valued at amortized cost if the following two conditions apply:

- The financial asset remains within the business model whose objective is to maintain the financial assets so as to obtain the contractual cash flows, and
- The contractual conditions of the financial asset give rise, on the specified dates, to cash flows that are solely payments of principal and interest on the amount of the outstanding principal.

3.4.6 Financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets and liabilities at fair value through profit and loss include a) assets and liabilities with contractual cash flows that are not SPPI; and/or b) assets and liabilities designated in FVTPL using the fair value option; and accounts receivable (unrealized gains) and accounts payable (unrealized losses) related to derivative financial instruments not designated as hedges or that do not qualify for hedge accounting.

Unrealized gains and losses made on assets and liabilities for trading are recorded in the statement of profit or loss as profit (loss) of financial instruments at fair value through profit or loss.

3.4.7 Reclassification

If the business model, under which the Company maintains financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements related to the new category are applied prospectively from the first day of the first reporting period following the change in the business model resulting in the reclassification of the Company's financial assets.

During the current fiscal year and the previous accounting period, no changes were made to the business model the Company uses to hold financial assets and, therefore, no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy of modification and derecognition of financial assets and liabilities described below:

3.4.8 Write-offs

A financial asset (or, where appropriate, a part of a financial asset or a part of a group of similar financial assets) is written off when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive the cash flows of the asset and has either substantially transferred all the risks and benefits of the asset, or has transferred or substantially retained the risks and benefits of the asset, but control has been transferred of the asset.
- The Company reserves the right to receive the cash flows of the asset, but has assumed an obligation to pay the cash flows received in full and without significant delay to a third party under a “pass-through agreement”.

- When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, and neither has substantially transferred or retained all the risks and benefits of the asset, nor transferred control of the asset, the asset is recognized to the extent that the Company's participation in the asset continues. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the contractual rights and obligations that the Company has retained.

The continued participation that takes the form of a guarantee on the transferred asset is measured by the lower amount between the original carrying value of the asset and the maximum amount of the consideration that the Company could be required to pay.

The Company carries out operations through which it transfers recognized assets in its statement of financial position, but retains all or substantially all the risks and rewards of the transferred asset or part thereof. In such cases, the transferred assets are not written-off. Examples of these transactions are securities loans and sale and repurchase transactions.

3.5 Equity instruments issued by the Company

Classification as equity

Equity instruments are classified as equity in accordance to the contractual agreement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount received, net of direct cost of issuance.

3.6 Interest income and expenses

Interest income and expenses are recognized in the statement of profit or loss under the effective interest method for all financial instruments that earn interest. The effective interest rate method is the method used to calculate the amortized cost of a financial asset or liability and to distribute income or interest expense over a period of time. The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of a financial instrument, or where a shorter period is appropriate, at its net carrying value. When calculating the effective interest rate, we estimate cash flows considering all contractual terms of the financial instrument, but do not consider future loan losses.

3.7 Commission income

Commissions on financial services are usually recognized as income when they are collected due to their short-term maturity. Income recognized at collection is not significantly different from income under the accrual method. Commissions on medium and long-term loans and other transactions are deferred and amortized over their lifetimes, net of some direct costs of granting them.

3.8 Impairment of financial assets

Measuring the provision for expected credit losses for financial assets measured at amortized cost and at fair value through other comprehensive income requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Several significant judgments are also required when applying accounting requirements to measure expected losses, such as:

- Determine the criteria for a significant increase in credit risk;
- Choice of appropriate models and assumptions for measuring the expected loss;
- Establish the number and relative weights of future scenarios for each type of product/market and the associated expected loss; and
- Establish groups of similar financial assets in order to measure the expected loss.

The Company recognizes provision for losses due to ECLs in the following financial instruments that are not measured at FVTPL:

- Investment debt securities;

No impairment loss is recognized in equity investments.

With the exception of financial assets, ECLs are required to be measured for those impaired financial assets that are acquired through a loss provision at an amount equal to:

- ECL at 12-months - ECL during the lifetime that results from events of default in the financial instrument that are possible within 12 months after the filing date of the report, (referred to as Stage 1); or

- ECL during the lifetime - ECL during the lifetime that result from all possible events of default during the life of the financial instrument, (referred to as Stage 2 and Stage 3).

The provision for loss by all ECLs during the life time is required for a financial instrument if the credit risk in that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the ECLs of 12-months.

Impaired financial assets

A financial asset is ‘credit-impaired’ when one or more events have occurred that have a detrimental effect on the estimated future cash flows of the financial asset. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data of the following events:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- For economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider is granted to the borrower.
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase of a financial asset with a huge discount reflecting the incurred credit losses.

It may not be possible to identify a single discrete event; instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or at VROCI are credit-impaired on each reporting date. To assess whether sovereign and corporate debt instruments have credit-impaired, the Company considers factors such as bond yields, credit ratings and the borrower's ability to obtain funds.

3.9 Income tax

Current income tax expense is based on taxable income for the year. Income tax is recognized in the operating profit for the current year. Current income tax refers to the estimated tax payable on taxable income of the year, using the prevailing rate as of the date of the statement of financial position.

Taxable income differs from net profit as reported in the statement of profit or loss as it excludes income or expenses that are taxable or deductible in other years and, furthermore, it excludes items that will never be taxable or deductible.

Complementary tax corresponds to a portion of the dividend tax prepaid by shareholders, which is deducted when dividends are paid to shareholders.

4. Financial instrument risk management

4.1 *Objectives of financial risk management*

The Company's activities are exposed to a variety of financial risks and these activities include the analysis, assessment, acceptance, and management of a certain degree of risk or a combination of risks. Taking risks is necessary in the financial business and operational risks are inevitable consequences of being in the business. Therefore, the Company's objective is to achieve an appropriate balance between risk and return to minimize potential adverse effects on the Company's financial performance.

The Company's activities are mainly related to the use of financial instruments and, as such, the statement of financial position consists mainly of financial instruments, so it is exposed to the following risks for using them:

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

The Company's Board of Directors is responsible for establishing and monitoring risk management policies of financial instruments. For this purpose, it has appointed committees responsible for the management and regular monitoring of risks to which the Company is exposed.

These committees are:

- Audit Committee, under management of the Bank Board of Director
- Risk and Compliance Committee

Additionally, the Company is subject to the regulations of the Superintendency of the Securities Market of Panama, regarding risk concentrations, liquidity and capitalization, among others.

4.2 *Credit and counterparty risk*

Credit risk is the risk of a financial loss for the Company that may take place if a client or a counterparty of a financial instrument fails to meet their contractual obligations arising mainly on loans to clients and investment in equity securities.

For purposes of risk management, the Company considers and consolidates all the elements of exposure of credit risk, debtor risk, country risk, and segment or industry risk. The credit risk that originates in maintaining securities is managed independently, but reported as a component of credit risk exposure.

The respective committees appointed by the Board of Directors periodically monitor the financial condition of the debtors and issuers of negotiable instruments that involve a credit risk for the Company.

4.3 Liquidity risk

Liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time.

The key measure used by the Company for managing liquidity risk is the ratio of liquid assets to liquid liabilities. Liquid assets are cash, Company deposits and debt securities, for which there is an active liquid market. Liquid liabilities are commitments with short-term maturities. A similar calculation, but not identical, is used for measuring liquidity limits set by the Company in compliance with what is indicated by the Superintendency of Securities Market of Panama, as established in Agreement 4-2011, regarding liquidity risk measurement.

The following are the liquidity ratios corresponding to the net margin of liquid assets over liquid liabilities as of the date of the financial statements:

	2021	**2020**
At the end of the year	**1044.24%**	**808.84%**
Average for the year	812.02%	1263.31%
Maximum for the year	1496.97%	2429.85%
Minimum for the year	165.40%	102.20%

4.4 Market risk

Market risk is the risk that the value of a financial asset will decrease due to changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as feedback from participants of markets to economic and political events, whether it is due to latent losses or potential gains. The objective of market risk management is to manage and monitor risk exposures, and that they remain within the acceptable parameters maximizing the risk return.

Risk management policies provides for the compliance with limits by financial instrument and the requirement that, except by approval of the Board of Directors, substantially all assets and liabilities are denominated in U.S. dollars or balboas.

The Company manages the market risk of its financial instruments available for sale through regular reports to the Asset and Liability Committee (ALCO) and the Risk Committee in which the price changes of each instrument are analyzed in order to take action regarding portfolio composition.

The Company's investment strategy, duly sanctioned by the Board of Directors, sets exposure limits for individual risks, which are established based on approvals according to the risk rating of the issuer of these instruments.

Additionally, as part of market risk, the Company is mostly exposed to interest rate risk.

- *Cash flows and fair value interest rate risk* – Cash flow interest rate risk and fair value interest rate risk are the risks that will cause future cash flows and the value of financial instruments to fluctuate due to changes in market interest rates.

- The Assets and Liabilities Committee periodically reviews the exposure to interest rate risk.

The following table summarizes the Company’s exposure to interest rate risk. The Company’s financial assets are included in the table at their carrying value, categorized by the earlier of a new contractual rate or maturity dates, whichever occurs first.

2021	Up to 6 months	6 months to 1 years	1 to 5 years	More than 5 years	No interest rate	Total
Financial assets:						
Bank deposits	1,500,000	1,000,000	2,800,000	-	6,108,381	11,408,381
Investments at fair value through profit or loss	-	-	-	2,060,000	-	2,060,000
Investments at fair value through other comprehensive income	-	-	101,915	-	478,480	580,395
Total financial assets	1,500,000	1,000,000	2,901,915	2,060,000	6,586,861	14,048,776

2020	Up to 6 months	6 months to 1 years	1 to 5 years	More than 5 years	No interest rate	Total
Financial assets:						
Bank deposits	1,500,000	3,800,000	-	-	5,752,616	11,052,616
Investments at fair value through profit or loss	-	-	-	1,970,000	-	1,970,000
Investments at fair value through other comprehensive income	125,312	-	55	-	475,425	600,792
Total financial assets	1,625,312	3,800,000	55	1,970,000	6,228,041	13,623,408

4.5 Capital management

The Superintendency of Securities Market of Panama, by means of Agreement 8-2013, requires the Company to maintain a total minimum equity of B/.350,000, free from encumbrances. Additionally, the Company as a brokerage firm manages its capital to insure compliance with the requirements established by Panama’s Stock Exchange.

- *Solvency ratio:* Brokerage firms must maintain a minimum solvency ratio of 8% at all times.

- *Capital funds:* Capital funds of brokerage firms cannot be less than the highest of any of the following two (2) variables at any time: (i) two-thirds of the minimum paid-in capital required by Panama's Stock Exchange, and (ii) the amount resulting from the application of the required hedging standards for the level of activity supplemented according to plan.

- *Liquidity ratio:* Brokerage firms must maintain an active volume of investments in low-risk and high liquidity assets at all times, which must be, at least, ten percent (10%) of all of its liabilities with a residual maturity of less than one year.

- *Concentration risk:* The risks faced by a brokerage firm in Panama's Stock Exchange with respect to an issuer, individual client or group of issuers or clients related to each other, will be considered a concentration situation when the aggregate value of these risks exceeds ten percent (10%) of the total value of its capital resources.

Additionally, the value of all the risks that a brokerage firm contracts and keeps with the same issuer, customer or group of issuers or clients related with each other, may not exceed thirty percent (30%) of the total value of its capital resources.

2021	**At closing on June 30**	**Maximumm for the year**	**Minimum for the year**
Solvency ratio	528.69%	531.54%	209.30%
Date of occurrence	June 30, 2021	June 24, 2021	December 1, 2020
Capital funds	12,451,495	12,479,866	10,073,319
Date of occurrence	June 30, 2021	May 19, 2021	December 22, 2020
Liquidity ratio	1044.24%	1496.97%	165.40%
Date of occurence	June 30, 2021	February 9, 2021	June 22, 2021
Risk concentration	n/a	n/a	n/a

2020	**At closing on June 30**	**Maximumm for the year**	**Minimum for the year**
Solvency ratio	447.12%	492.54%	157.82%
Date of occurrence	June 30, 2020	February 27, 2020	January 9, 2020
Capital funds	11,524,600	11,916,024	4,868,085
Date of occurrence	June 30, 2020	June 1, 2020	February 25, 2020
Liquidity ratio	808.84%	2429.85%	102.20%
Date of occurence	June 30, 2020	July 1, 2019	February 25, 2020
Risk concentration	n/a	n/a	n/a

5. Critical accounting estimates and judgments

The Company makes estimates and judgments that affect the reported amounts of assets and liabilities within the next fiscal year. Estimates and judgments are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Fair value determinants and valuation processes* – The Company measures fair value using hierarchy levels that reflect the meaning of data inputs used when making measurements. In order to determine fair value, the Company has established a documented process and policy that defines the responsibilities and the segregation of duties among the different areas responsible involved in this process, which have been approved by the Assets and Liabilities Committee, Risk Committee, and the Board of Directors.

When the Company uses or hires a third party as pricing agents to provide the service of obtaining prices for determining the fair value of instruments, this control unit assesses and documents the evidence obtained from the third party pricing agents to support the conclusion that these valuations meet IFRS requirements. This review includes:

- Verifying the pricing agent has been approved by the Company;
- Obtaining an understanding of how fair value is determined and whether it reflects current market transactions;

When similar instruments are used to determine fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement.

IFRS 13 establishes a hierarchy level to the valuation techniques based whether the data inputs used in the valuation techniques are observable or unobservable. Observable data inputs reflect market data from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of data inputs have created the following fair value hierarchy:

Level 1: Data inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date.

Level 2: Quoted prices in active markets for similar financial instruments or the use of a valuation technique where all variables are obtained from observable market data for assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). In some cases, the Company uses reference data from active markets for similar instruments and in others, uses discounted cash flow techniques where all model variables and inputs are obtained from observable market data.

Level 3: When the "inputs" are unavailable and a valuation model is required to determine the fair value, the Company relies on entities dedicated to the valuation of quoted instruments or on the own managing entities for the asset or liability in question. Generally, the models used to determine fair value are discounted cash flows or valuations that use historical market observations.

Fair value of financial assets measured at fair value on a recurring basis

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

Financial assets/liabilities	**Fair value**		**Fair value hierarchy**	**Valuacion technique(s) and key data input(s)**	**Significant unobservable input(s)**	**Relationship between unobservable data inputs and fair value**
	2021	**2020**				
Shares issued by companies - domestic	437,915	447,925	Level 2	Observable market prices in non-active markets	N/A	N/A
Shares issued by companies - domestic	25,000	25,000	Level 3	Share prices in non-liquid market	N/A	N/A
Shares issued by companies - foreign	15,565	2,500	Level 3	Share prices in non-liquid market	N/A	N/A
Private debt securities - domestic	2,060,000	1,970,000	Level 2	Observable market prices in non-active markets	N/A	N/A
Private debt securities - domestic	101,915	125,367	Level 3	Observable market prices in non-active markets	N/A	N/A
	2,640,395	2,570,792				

Fair value of financial assets not measured at fair value on a recurring basis in the statement of financial position (but requiring fair value disclosures)

The carrying value of main financial assets and liabilities not measured at fair value in the Company's statement of financial position is summarized as follows:

	2021		2020	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets:				
Demand deposits	6,108,381	6,108,381	5,752,616	5,752,616
Time deposits	5,300,000	5,378,176	5,300,000	5,356,615
Total financial assets	11,408,381	11,486,557	11,052,616	11,109,231

	Fair value hierarchy 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Demand deposits	6,108,381	-	6,108,381	-
Time deposits	5,378,176	-	5,378,176	-
Total	11,486,557	-	11,486,557	-

	Fair value hierarchy 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Demand deposits	5,752,616	-	5,752,616	-
Time deposits	5,356,615	-	5,356,615	-
Total	11,109,231	-	11,109,231	-

6. Bank deposits

The breakdown of bank deposits is as follows:

	2021	2020
Demand deposits	6,108,381	5,752,616
Time deposits	5,300,000	5,300,000
	11,408,381	11,052,616
Less:		
Time deposits with maturities greater than 90 days	5,300,000	5,300,000
Bank deposits for the purposes of the statement of cash flows	6,108,381	5,752,616

As of June 30, 2021, there were time deposits with maturities greater than 90 days for B/.5,300,000 (2020: B/.5,300,000).

7. Balances and transactions with related parties

The balances and transactions with related parties included in the financial statements are summarized as follows:

Transactions with related parties

	2021	2020
Statement of financial position		
Assets		
Bank deposits	5,126,801	3,502,750
Time deposits - domestic	5,300,000	5,300,000
Investments in securities	2,060,000	2,000,000
Other assets	190,996	87,397

	2021	2020
Statement of profit or loss		
Income and expenses		
Interest earned on deposits	268,386	254,587
Interest earned from investments	137,365	146,624
Management and custody commission	327,728	223,335
Fees for services	40,800	40,800
Expenses for administrative services	390,000	410,500
Insurance expenses	56,104	20,708

The Company has a management service agreement with its Parent Bank, which includes, among others, the use of part of the Bank's facilities, electricity, water, telephone, maintenance, stationary, and management and accounting services provided by the Bank's personnel.

8. Investment in securities

The breakdown of investments in securities is as follows:

	2021	2020
Investments at fair value through other comprehensive income	580,395	570,792
Investments at fair value through profit or loss	2,060,000	2,000,000
Total	2,640,395	2,570,792

8.1 Securities at fair value through other comprehensive income

	2021	2020
Securities listed in the stock exchange		
Shares issued by companies - domestic	437,915	417,925
Private debt securities - domestic	101,915	125,367
	539,830	543,292
Securities not listed in the stock exchange:		
Investment fund - domestic	25,000	25,000
Investment fund - foreign	15,565	2,500
	40,565	27,500
Total	580,395	570,792

8.2 *Securities at fair value through profit or loss*

The information as of June 30, 2021, based on the new classification of IFRS 9 for financial assets at fair value through profit or loss, is shown below:

	2021	2020
Securities listed in the stock exchange:		
Private debt securities - domestic	2,060,000	2,000,000
Total	2,060,000	2,000,000

The movements of securities available for sale is summarized as follows:

	2021	2020
Balance at the beginning of the year	2,570,792	2,713,954
Additions	65,623,026	75,909,665
Net changes in securities available for sale	19,969	(9,757)
Realized gain on securities at fair value through other comprehensive income transferred to profit or loss	428,791	349,743
Sales	(66,002,183)	(76,392,813)
Balance at the end of the year	2,640,395	2,570,792

9. Other assets

Other assets are broken down as follows:

	2021	2020
Guarantee deposit	-	102,433
Prepaid expenses	30,586	19,063
Other accounts receivable	148,534	237,349
Other assets	191,569	10,930
	370,689	369,775

10. Other liabilities

Other liabilities are broken down as follows:

	2021	2020
ITBMS payable	8,314	10,395
Accounts payable others	372,009	300,694
Employee benefits	432,852	379,575
Accounts payable clients	11,192	675,822
	824,367	1,366,486

11. Managed funds – client accounts

11.1 Assets in custody

The Company protected under the Securities Brokerage License granted by the Superintendency of Securities Market of Panama, provides brokerage services, securities management and custody services to third parties. As of June 30, 2021, the value of assets held in custody amounted to B/.1,594,079,674 (2020: B/.1,332,664,460) and third party cash for B/.38,276,765 (2020: B/.36,656,524) and these are registered outside of the Company's statement of financial position. Management believes there is no risk for the Company.

As of June 30, 2021, the Company does not maintain assets under Management on behalf of third parties.

11.2 Management of funds

The Company owns 25,000 common shares with a par value of B/.1, representing 100% of type A shares issued by Fondo Global de Inversiones, S.A. (Management Shares), a Panamanian company incorporated on September 30, 2016 and authorized to operate by Resolution No. SMV-71-17 of the Superintendence of the Securities Market of February 14, 2017, as amended by Resolution No. SMV-151-17 of March 30, 2017. The main objective of the Fund is to be an umbrella investment company that offers different types of participation quotas, aliquots in different investment portfolios or sub-funds through Participation Shares. As of June 30, 2020, Fondo Global de Inversiones, S.A. has issued 2,893,666 type B shares, which it invests mainly in fixed income investments, both domestic and international, as well as in time deposits, in local and/or international banks.

12. Managed funds – own accounts

The value of proprietary and cash positions of the Company as of June 30, 2021 amounted to B/.14,048,776 (2020: B/.13,623,408).

13. Salaries and other remunerations

Salaries and other remunerations are summarized below:

	2021	**2020**
Salaries	681,588	283,444
Representation expenses	356,040	142,439
Vacation, thirteenth month	186,389	84,001
Employee benefits	168,847	70,723
Bonus	-	34,792
Production premium	500	8,874
Seniority premium	23,301	11,754
Personnel expenses	-	11
	1,416,665	636,038

14. Income tax

Income tax returns for the last three years of companies incorporated in the Republic of Panama are subject to revision by the local tax authorities, including the year ended June 30, 2021, according to current tax regulations.

According to current Panamanian tax regulations, companies are exempted from paying income tax on profits derived from foreign sources. Also exempted from income tax are interest earned on time deposits in local banks and on Panamanian government securities and investments securities issued through the Bolsa de Valores de Panamá (Panama's Securities Exchange).

In Official Gazette No.26489-A, regarding Law No.8 of March 15, 2010, general income tax rates are modified. For financial entities, the current rate is 27.5% as of January 1, 2012 and will decrease to 25% as of January 1, 2014.

By means of Law No. 8 of March 15, 2010, the method known as Alternative Calculation of Income Tax (CAIR in Spanish) was eliminated and replaced with the presumptive income tax calculation. Thus, requiring all legal entities that generate income in excess of one million five hundred thousand balboas (B/.1,500,000) to pay income tax on the tax base amount that is greater between: (a) net taxable income calculated using the ordinary method established in the Tax Code, and (b) the net taxable income resulting from the application of four point sixty-seven percent (4.67%) to total taxable income.

The reconciliation of current income tax is as follow:

	2021	**2020**
Profit before income tax	1,190,083	1,301,135
Less: non-taxable income	(1,017,910)	(1,337,802)
Plus: non-deductible expenses	655,510	729,125
Tax base	827,683	692,458
Income tax expense - calculated at 25%	206,921	173,114

15. Complementary information

The Brokerage firm, Global Valores, S.A., presents the following information on assets, liabilities, equity and profit by activity based on Agreement No.3-2015, as follows:

	2021		
	Brokerage Firm	**Investment manager**	**Totals**
Total assets	13,618,091	801,374	14,419,465
Total liabilities	822,180	2,187	824,367
Total equity	12,595,911	799,187	13,395,098
Total income from operations	2,973,174	419,709	3,392,883
Total expenses from operations	2,134,182	68,618	2,202,800
Profit before income tax	838,992	351,091	1,190,083
Income tax	206,921	-	206,921
Net profit	632,071	351,091	983,162

	2020		
	Brokerage Firm	**Investment manager**	**Totals**
Total assets	13,543,434	449,749	13,993,183
Total liabilities	1,364,833	1,653	1,366,486
Total equity	12,178,601	448,096	12,626,697
Total income from operations	2,459,828	361,457	2,821,285
Total expenses from operations	1,459,763	60,387	1,520,150
Profit before income tax	1,000,065	301,070	1,301,135
Income tax	173,114	-	173,114
Net profit	826,951	301,070	1,128,021

16. COVID-19 effect

The appearance of the Coronavirus COVID-19 in China in January 2020 and its recent global expansion to a large number of countries has led to the viral outbreak being classified as a pandemic by the World Health Organization since March 11th. COVID-19 has adversely affected economic conditions for businesses in most countries of the world, creating global uncertainty that can significantly affect the Company's operations, as well as those of its customers, counterparts and suppliers. The duration and severity of the impacts of the COVID-19 outbreak are uncertain at this time.

The effects known to Management and which can be reasonably estimated have been recognized in the financial statements as of June 30, 2021. Management will continue to monitor and modify operational and financial strategies to mitigate potential risks that could affect its business in the short, medium and long term.

17. Approval of financial statements

These financial statements for the year ended June 30, 2021, were authorized by General Management for issuance on September 30, 2021.

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