FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

Prival Securities, Inc.

(A wholly-owned subsidiary of Prival Bank, S.A.)

Financial statements for the year ended June 30, 2021 and Independent Auditors' Report dated September 10, 2021

Deloitte LATCO
Firma miembro de
Deloitte Touche Tohmatsu Limited

Prival Securities, Inc.
(A wholly-owned subsidiary of Prival Bank, S.A.)

Independent Auditors’ Report and 2021 financial statements

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FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors of
Prival Securities, Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Prival Securities, Inc.** as at June 30, 2021, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and the Professional Code of Ethics for Authorized Public Accountants of Panama (Chapter V of Law 57 of September 1, 1978), and we have fulfilled the other ethical responsibilities in accordance with those requirements and with the IESBA Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Deloitte.

Auditors' 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 the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, 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; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, then we are required to draw attention in our auditors' 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

(Deloitte signed)

September 10, 2021
Panama, Republic of Panama

Prival Securities, Inc.
(A wholly-owned subsidiary of Prival Bank, S. A.)

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

	Notes	2021	2020
Assets			
Cash and bank deposits	5, 6	6,028,414	22,467,905
Time deposits	5,7	15,033,904	-
Financial assets at fair value through other comprehensive income	8	565,342	615,881
Investments in other entities	5, 9	275,000	175,000
Intangible assets and goodwill	10	3,386,487	3,411,269
Other assets	5, 11	6,023,492	3,634,219
Total assets		31,312,639	30,304,274
Liabilities and equity			
Liabilities			
Other accounts payable	5	598,696	229,815
Total liabilities		598,696	229,815
Equity			
Common shares		500,000	500,000
Additional paid-in capital		4,800,000	4,800,000
Net changes in other comprehensive income		(10,252)	(16,166)
Retained earnings		25,424,195	24,790,625
Total liabilities		30,713,943	30,074,459
Total liabilities and equity		31,312,639	30,304,274

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

Prival Securities, Inc.
(A wholly-owned subsidiary of Prival Bank, S. A.)

Statement of profit or loss and other comprehensive income
For the year ended June 30, 2021
(In balboas)

	Notes	2021	2020
Income:			
Brokerage services	5, 13	9,064,656	8,399,602
Interest		555,106	21,633
Other commissions earned		368,004	67,902
Other income		9,968	1,958
Total income		9,997,734	8,491,095
Expenses:			
Commissions	5	(1,535,611)	(1,521,592)
Professional fees and services	5	(2,537,701)	(2,530,285)
Amortization of intangible assets	10	(24,782)	(142,473)
Others	14	(313,034)	(389,720)
Total expenses		(4,411,128)	(4,584,070)
Profit before income tax		5,586,606	3,907,025
Income tax expense	14	(934,683)	(650,448)
Profit for the year		4,651,923	3,256,577
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net changes in financial assets at FVTOCI		5,914	(76,656)
Total comprehensive income		4,657,837	3,179,921

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

Prival Securities, Inc.
(A wholly-owned entity of Prival Bank, S. A.)

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

	Common shares	Additional paid-in capital	Legal reserve	Net changes in other comprehensive income	Retained earnings	Total
Balance as of June 30, 2019	500,000	4,800,000	51,287	60,490	21,567,226	26,979,003
Profit for the year	-	-	-	-	3,256,577	3,256,577
Other comprehensive income:						
Net changes in fair value						
of financial assets at FVTOCI	-	-	-	(76,656)	-	(76,656)
Total comprehensive income	-	-	-	(76,656)	3,256,577	3,179,921
Legal reserve	-	-	(51,287)	-	51,287	-
Complementary tax	-	-	-	-	(84,465)	(84,465)
Balance as of June 30, 2020	500,000	4,800,000	-	(16,166)	24,790,625	30,074,459
Profit for the year	-	-	-	-	4,651,923	4,651,923
Other comprehensive income:						
Net changes in fair value						
of financial assets at FVTOCI	-	-	-	5,914	-	5,914
Total comprehensive income	-	-	-	5,914	4,651,923	4,657,837
Legal reserve	-	-	-	-	31,647	31,647
Complementary tax	-	-	-	-	(4,050,000)	(4,050,000)
Balance as of June 30, 2021	500,000	4,800,000	-	(10,252)	25,424,195	30,713,943

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

Prival Securities, Inc.
(A wholly-owned subsidiary of Prival Bank, S. A.)

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

	Notes	2021	2020
Cash flows from operating activities:			
Profit for the year		4,651,923	3,256,577
Adjustments for:			
Amortization of intangible assets	10	24,782	142,473
Income tax recognized in profit or loss	15	934,683	650,448
		5,611,388	4,049,498
Changes in operating assets and liabilities:			
Increase in other assets		(2,380,328)	(2,513,655)
Decrease in loans		-	36,372
Increase (decrease) in other accounts payable		84,646	(180,355)
		3,315,706	1,391,860
Income tax paid		(650,448)	(607,910)
Net cash provided by operating activities		2,665,258	783,950
Cash flows from investment activities:			
Purchase of financial assets at fair value through other comprehensive income		(467,630)	(599,001)
Sale of financial assets at fair value through other comprehensive income		515,138	-
Acquisition of intangible assets	10	-	(18,000)
Restricted time deposits and demand deposits		(15,033,904)	200,000
Net cash used in investment activities		(15,086,396)	(417,001)
Cash flows from financing activities:			
Complementary tax		31,647	(84,465)
Dividends paid		(4,050,000)	
Net cash used in financing activities		(4,018,353)	(84,465)
Net (decrease) increase in cash		(16,439,491)	282,484
Cash and bank deposits at the beginning of the year	6	22,467,905	22,185,421
Cash and bank deposits at the end of the year	6	6,028,414	22,467,905

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

1. General information

Prival Securities, Inc. (the "Company") was incorporated in October 29, 2009 under the laws of the Republic of Panama. Its main activity is to negotiate, execute and process the purchase and sale of securities, locally and internationally, and manage investment portfolios, among others.

The Superintendency of Securities Market of Panama, through Resolution No.119 of April 19, 2010, authorized the Company to operate as a Brokerage Firm and through Resolution No.342-10 of September 6, 2010, it granted a license to operate as Investment Administrator.

The Company is a wholly-owned subsidiary of Prival Bank, S.A., a Panamanian banking entity with a General License, authorized to operate by the Superintendency of Banks of Panama.

The Company's main offices are located at 50th Street and 71st Street, San Francisco, Panama City.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Standards and interpretations adopted without significant impact on the financial statements

There were no IFRS's or IFRIC interpretations, effective for the year beginning July 1, 2020, that had a significant effect on the financial statement.

2.2 New and revised International Financial Reporting Standards issued, but not yet effective

The Company has not applied the following new and revised IFRS that have been issued, but are not yet effective:

Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IAS 1	*Classification of liabilities as Currents and Non-Currents*
Annual improvements to IFRS Cycle 2018-2020	*Amendments to IFRS 1 adoption for the first time of IFRS, IFRS 9 Financial instruments, IFRS 16 Leases and IAS 41 Agriculture*

The Company does not expect these amendments to standards and interpretations to have a significant impact on the Company's financial statements.

Amendments to to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 to refer to the 2018 Conceptual Framework instead of the 1989 Framework. It also adds to IFRS 3 a requirement that, for obligations under IAS 37, an acquirer applies IAS 37 to determine whether a current obligation exists on the date of acquisition as a result of past events. For a lien that would fall within the scope of IFRIC 21 Encumbrances, the acquirer applies IFRIC 21 to determine whether the obligation giving rise to a liability for payment of the lien occurred before the date of acquisition.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The modifications are effective for business combinations for which the date of acquisition is on or after the start of the first annual period beginning on or after January 1, 2022. Early application is allowed if an entity also applies all other updated references (published together with the Conceptual Framework) at the same time or earlier.

Amendments to IAS 1 – Classification of liabilities as current or non-current

Amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the balance or time of recognition of any assets, liabilities, income or expenditure, or information disclosed on those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that exist at the end of the reporting period, specifies that the classification is not affected by expectations as to whether an entity will exercise its right to defer the settlement of liability, explains that rights exist if the agreements are fulfilled at the end of the reporting period and introduces a definition of 'settlement' to make it clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The modifications apply retrospectively for annual periods beginning on or after January 1, 2023, with advance application permitted.

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 Adoption for the first time of international financial reporting standards

The modification provides additional relief to a subsidiary that becomes an adopter for the first time later than its parent with respect to accounting for cumulative conversion differences. As a result of the modification, a subsidiary using the IFRS 1:D16(a) exemption may now also choose to measure cumulative conversion differences for all foreign transactions at book value that would be included in the parent's consolidated financial statements, based on the parent's conversion date to IFRS Standards, whether no adjustments were made to the consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar choice is available to a partner or joint venture using the exemption in IFRS 1:D16(a). The modification is effective for annual periods beginning on or after January 1, 2022, with advance application allowed.

IFRS 9 Financial instruments

The amendment clarifies that, in applying the '10 per cent' criterion to assess whether a financial liability should be recognised, an entity includes only commissions paid or received between the entity (the borrower) and the lender, including fees paid or received by the entity or lender on behalf of the other.
The modification applies prospectively to modifications and exchanges that occur on or after the date on which the entity first applies the modification. The modification is effective for annual periods beginning on or after January 1, 2022, with advance application allowed.

3. Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared based on historical cost, except for investments in securities, which are presented at fair value.

The fair value is the price that would be received from the sale of 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 another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants take into account these characteristics to value the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

3.3 Foreign currency

Functional and presentation currency

The financial statements are presented in Balboas (B/.), the functional and presentation currency of the Company.

The Balboa, monetary unit of the Republic of Panama, is at par and freely exchangeable with the United States Dollar. The Republic of Panama does not issue paper currency and instead uses the US Dollar as legal tender.

Balances and transactions

Transactions in foreign currency are converted into the functional currency applying the prevailing exchange rate at the transaction date. The gain or loss arising from the settlement of such transactions and the year-end conversion of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss, except when they are deferred in equity for qualifying as a cash flow hedge.

3.4 Financial assets

3.4.1 Classification

In accordance with IFRS 9, the Company classifies its financial assets and liabilities at the time of initial recognition in the categories of financial assets and financial liabilities discussed below.

When applying that classification, a financial asset or liability is considered to be held for trading if:

- It has been acquired principally for the purpose of selling or repurchasing it in the near-term, or
- On the initial recognition, it is part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3.4.1.1 Financial Assets

The Company classifies its financial assets as subsequently measured at fair value through other comprehensive income based on:

- The entity's business model for managing the financial assets.
- The contractual cash flows characteristics of the financial asset.

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

A debt instrument is measured at FVTOCI if it meets both of the following conditions and has not been designated as FVTPL:

- The asset is held within a business model whose objective is to collect contractual cash flows and to sell these financial assets, and;
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from payments of principal and interest on the current balance.

3.5 Financial liabilities

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method, with interest expenses recognized on an effective interest rate basis.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the obligations of the Company are settled, cancelled or expired.

3.6 Offsetting of financial instruments

Financial assets and liabilities are offset, that is, when the net amount is presented in the consolidated statement of financial position, only when the dependent entities have the right, legally, to offset the recognized amounts in the mentioned instruments, as well as the intention to liquidate the net amount, or to realize the asset and pay the liability simultaneously.

3.7 Interest income and expenses

Interest income and expenses are recognized in the statement of profit or loss and other comprehensive income for all financial instruments that generate interest using the effective interest rate method.

The effective interest rate method is used to calculate the amortized cost of a financial asset or liability and for allocating interest income or expenses over a period of time. The effective interest rate is the rate that exactly discounts estimated cash flows over the estimated life of a financial instrument, or, when appropriate over a shorter period, at its net carrying amount. When calculating the effective interest rate, cash flows are estimated considering the contractual terms of the financial instrument; however, future credit losses are not considered.

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

3.8 Dividend income

Dividend income is recognized once the Company's rights to receive this payment have been established, usually being at the previous dividend date. Dividend income is recognized gross of tax withholdings, if any.

3.9 Commission income and expenses

Commission fees, income and expenses that are an integral part of the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other income and expenses from fees and commissions are mainly related to fees from transactions and services, which are recorded as income and expenses to the extent that the services are provided or received.

On the other hand, income from brokerage services and issuance structuring corresponds to the commissions received for the purchase and sale of securities on behalf of clients and debt structuring, which are recognized as income at the settlement date.

3.10 Goodwill

Goodwill arising from a business acquisition is carried at the cost established at the acquisition date of the business less any impairment loss, if any.

Goodwill is reviewed annually to determine if there are any indications of impairment of its carrying amount. If such indications exist, the difference between the carrying amount of the goodwill and the recoverable amount is recognized against the results of the period. Goodwill is allocated to cash-generating units for impairment assessment purposes. Any impairment loss is recognized in profit or loss. An impairment loss recognized in goodwill is not reversed in subsequent periods.

3.11 Intangible assets

Software licenses are stated at cost less accumulated amortization. Amortization is calculated on the cost of the license based on the straight-line method over the estimated useful life of three years.

3.12 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In case the asset does not generate cash flows for itself, that is independent of other assets, the Company calculates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually.

The recoverable amount is the higher of fair value, less costs of sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments with respect to the time value of money and the specific risks of the asset for which estimated future cash flows have not been adjusted.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as an expense.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. This reversal is done in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (cash-generating unit) in prior years. The reversal of an impairment loss is immediately recognized as income.

3.13 Income tax

The annual income tax includes both current tax and deferred tax. Income tax is recognized in results from operations for the year. The current income tax refers to the estimated tax payable on taxable income for the period, using the prevailing rate at the date of the statement of financial position.

3.14 Cash equivalents

Bank deposits are presented at cost in the statement of financial position. For purposes of the statement of cash flows, total cash consists of the Company's demand deposits.

4. Financial risk management

4.1 Objectives of financial risks management

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

The activities of the Company are mainly related to the use of financial instruments, and, as such, the statement of financial position is mainly composed of financial instruments. The Company is therefore exposed to the following risks:

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

The Board of Directors of the Company has the responsibility to establish and overlook the policies on financial instruments risk management.

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

The main risks identified by the Company are credit, liquidity and market risk, which are described below:

4.2 Credit risk

It is the risk of losses due to the counterparty not paying on time and all its obligations or that the counterparty with whom it negotiates breaches a contractual obligation before settling a contract and the effect of having to replace the transaction to balance the position.

The financial assets that potentially present credit risk for the Company consist essentially of bank deposits that earn interests. Bank deposits are placed with local and foreign banks. The risk rating of the FVTOCI would be BBB according to the S&P rating agency.

4.3 Liquidity risk

Liquidity risk is the risk that the Company does not meet all its obligations on time. The Company holds short-term obligations; however, its liquid assets are higher and provide the coverage necessary to meet its obligations.

The liquidity risk's management process as carried out by the Company includes:

- Managing and monitoring future cash flows to ensure that requirements can be met (this includes the repositioning of funds as they mature);
- Monitoring liquidity rate against internal and regulatory requirements; and
- Managing the maturity profiles of financial liabilities.

The monitoring and reporting, prepared by Management, become tools for measuring and cash flow projection for the next day, week and month respectively, as these are key periods for liquidity management.

The key measurement used by the Company for the administration of liquidity risk is ratio of liquid assets on liquid liabilities. The liquidity risk is defined as the inability of the Company to meet all its obligations due to, among others, the decrease in the value of investments, excessive concentration of liabilities with a particular source, the mismatch between assets and liabilities, the lack of liquidity of the assets, or the financing of long-term assets with short-term liabilities.

Risk management policies establish liquidity limits that determine the portion of assets that the Company must maintain in highly liquid instruments and deadlines.

4.4 Market risk

Market risk is the risk that the value of a financial asset will decrease due to changes in interest rates, in foreign currency exchange rates, in stock prices, and other financial variables, as well as the reaction of market participants to economic and political events.

Currently, the Company measures its market risk using internal factors and according to internal investment policies, considering that they should be properly approved by the Board of Directors, who determine the risks factors according to the positions of the Company inside the market. In addition, reports are made to the Board of Directors on investments, thus allowing better decision-making thereon.

The market risk to which the Company is exposed is mainly related to the interest rate risk.

4.5 Operational risk management

Operational risk is defined as the possibility of incurring in losses due to deficiencies, errors or inadequacies of the personnel, the processes, technology, and infrastructure or due to the occurrence of external events. This definition includes the legal risk associated with such factors.

4.6 Capital management

The Company manages its capital to assure:

- Compliance with requirements established by the Panama Stock Exchange and by the Superintendency of Securities Market of Panama.
- Maintaining a capital base, sufficiently strong to support its business performance.
- Continuing as a going concern while shareholders' returns are maximized through the optimization of the debt and capital balances.

4.7 Fair value of financial instruments

The estimated fair value is the amount by which financial instruments can be traded in a common transaction between interested parties, under conditions other than a forced sale or settlement and is best evidenced by market quotations, if any.

The fair value estimates are made at a specific date, based on market estimates and information on financial instruments. These estimates do not reflect any premium or discount that could result from a particular financial instrument sale offering at a given date. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and, therefore, cannot be determined accurately. Any changes in assumptions could affect estimates significantly.

Fair value hierarchy

IFRS 13 sets a hierarchy level of the valuation techniques based on the transparency of the variables used in determining the fair value. All financial instruments at fair value are categorized in one of the three levels of hierarchy:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for assets or liabilities identical to those the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, or similar in markets that are not active.
- Level 3 - Inputs that are unobservable for the asset or liability.

When determining the fair value measurements of assets and liabilities that are required or permitted to be recorded at fair value, the Company considers the main market or the best market in which the transaction could take place and considers the assumptions that a participant of market would use to value the asset or liability. When possible, the Company uses active markets and observable market prices for identical assets and liabilities.

When identical assets and liabilities are not traded in active markets, the Company uses observable market data for similar assets and liabilities. However, certain assets and liabilities are not actively traded in observable markets and the Company must use alternative valuation techniques to determine the fair value measurement. The frequency of transactions, the size differential between supply and demand and the size of the investment are factors considered to determine the liquidity of markets and the relevance of observed prices in these markets.

Fair value of investments at FVTOCI is based on quoted market prices when available or, if they are not available, based on discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment.

When the reference prices are available in an active market, investments at FVTOCI are classified within Level 1 of the fair value hierarchy. If the prices of market value are not available or available in markets that are not active, fair value is estimated based on the quoted prices of similar instruments, or where these are not available, internal valuation techniques are used primarily discounted cash flow models. Such securities are classified within Level 2 of the fair value hierarchy.

Some of the assets and liabilities of the Company are valued at fair value at the end of each year.

Fair value of financial assets and liabilities measured at fair value

Some of the Company's financial assets are measured at fair value at the end of each year. The following table provides information on how the fair values of financial assets are determined (particularly, the valuation technique and inputs used).

Fair value measurement of financial assets FVTOCI

	2021	**Level 1**	**Level 2**	**Level 3**
Shares listed in local organized markets	95,592	-	95,592	-
Government debt securities	469,750	469,750	-	-
	565,342	469,750	95,592	-

	2020	**Level 1**	**Level 2**	**Level 3**
Shares listed in local organized markets	95,578	-	95,578	-
Government debt securities	520,303	520,303	-	-
	615,881	520,303	95,578	-

The following table presents the main valuation methods, variable hypotheses used in the fair value estimates of financial instruments:

Instruments	**Valuation technique**	**Inputs used**	**Level**
Equity instruments	Market prices	Observable market prices in active markets	1 - 2

Financial assets and liabilities not measured at fair value (but that require fair value disclosures)

The following table summarizes the carrying value and the estimated fair value of significant financial assets and liabilities not measured at fair value:

2021	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Financial assets:					
Bank deposits	-	6,028,414	-	6,028,414	6,028,414
Time deposits		15,083,339		15,083,339	15,033,904
Total financial assets	-	21,111,753	-	21,111,753	21,062,318

2020	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
Financial assets:					
Bank deposits	-	22,467,905	-	22,467,905	22,467,905
Total financial assets	-	22,467,905	-	22,467,905	22,467,905

Assumptions used in determining the fair value of assets and liabilities

Below is a summary of the assumptions used in the fair value estimates of the most important financial instruments of the Company:

Short-term financial assets

For financial assets with short-term maturities (less than three months), the carrying amount, net of impairment, is a fair estimate of its fair value. Such instruments include bank demand deposits.

5. Balances and transactions with related parties

Balances and transactions with related parties included in the financial statements are summarized below:

2021	Related company	Parent company	Total
Balances with related parties			
Assets:			
Demand deposits	-	6,028,414	6,028,414
Time deposits		15,033,904	15,033,904
Investments in other entities	275,000	-	275,000
Other assets	728,994	4,627,785	5,356,779
Liabilities:			
Other accounts payable	74,869	-	74,869
Equity:			
Dividends paid	-	4,050,000	4,050,000
Transactions with related parties			
Income:			
Interest income from time deposits	-	505,479	505,479
Income from brokerage services	3,585,987	78,195	3,664,182
Expenses:			
Commissions	170,005	-	170,005
Professional fees and services	-	2,460,000	2,460,000

2020	Related company	Parent company	Total
Balances with related parties			
Assets:			
Demand deposits	-	22,467,905	22,467,905
Investments in other entities	175,000	-	175,000
Other assets	548,122	-	548,122
Liabilities:			
Other accounts payable	45,000	-	45,000
Transactions with related parties			
Income:			
Income from brokerage services	3,751,201	-	3,751,201
Expenses:			
Commissions	105,380	-	105,380
Professional fees and services	-	2,460,000	2,460,000

2021	Directors and management personnel	Related companies	Total
Off-balance sheet assets			
Managed assets	813,047	177,392,340	178,205,387
Total operations off-balance sheet	813,047	177,392,340	178,205,387
2020			
Off-balance sheet assets			
Managed assets	2,109,201	234,566,761	236,675,962
Total operations off-balance sheet	2,109,201	234,566,761	236,675,962

Prival Securities Inc. has entered a Management Contract with the Mutual Funds Family. The conclusion and signing of the Management Contract was approved by the Board of Directors of the Company, with favorable votes from the independent directors.

The Company receives an income for management services pursuant to an agreement dated March 12, 2012. Under the terms of the agreement, the Company receives up to 1% of the total net assets from the Funds. Management, administrative and custody fees as at June 30, 2021, amounted to B/.3,518,904 (2020: B/.3,535,637) and are presented in the statement of profit or loss and other comprehensive income. The amount outstanding at year-end is B/.719,688 (2020: B/.548,122) and is included in accounts receivable.

According to the contract between the parties Prival Bank, S.A. and Prival Securities, Inc., through a private document dated April 19, 2010, the parties entered into a contract for administrative, operational and technical support services.

6. Cash and cash equivalents

	2021	2020
Demand deposits	6,028,414	22,467,905
Cash and cash equivalents for cash flow purposes	6,028,414	22,467,905

7. Time deposits

	2021	2020
Time Deposits	15,033,904	-

The interest rate 3.75% with a maturity of 1 year.

8. Financial assets at fair value through other comprehensive income

The following types of investment constitute financial assets at fair value through other comprehensive income:

	2021	2020
Securities quoted in stock exchanges:		
Common shares - domestic companies	95,592	95,578
Government debt securities	469,750	520,303
	565,342	615,881

9. Investments in other entities

As at June 30, investments in other entities are summarized as follows:

Company name	Activity	Country of incorporation	2021	2020
Prival Bond Fund, S.A.	Mutual fund	Panamá	25,000	25,000
Prival Multi Strategy and Growth Fund, S.A.	Mutual fund	Panamá	25,000	25,000
Prival Mila Fund, S.A.	Mutual fund	Panamá	25,000	25,000
Prival Private Equity Fund, S.A.	Mutual fund	Panamá	50,000	50,000
Prival Real Estate Fund, S.A.	Mutual fund	Panamá	50,000	50,000
Insigneo Private Ventures Fund, S.A.	Mutual fund	Panamá	50,000	-
PS Multi-Asset Class Fund, Inc.	Mutual fund	Panamá	50,000	-
			275,000	175,000

The Company holds class “B” shares with voting rights and without dividend rights; therefore, no participation in these funds is calculated.

The Company is the holder of all 500 Class A common shares of Insigneo Private Ventures Fund, S.A. and PS Multi-Asset Class Fund, Inc. with a nominal value of B/. 100 each from the investment company. The right to vote belongs exclusively to class A shares, at the rate of one vote for each share.

Insigneo Private Ventures Fund, S.A. is a venture capital investment company, closed and umbrella type regulated and supervised by the Superintendency of the Securities Market, under resolution SMV No.520-20 of December 7, 2020.

PS Multi-Asset Class Fund, Inc. is a venture capital, closed and umbrella-type investment company regulated and supervised by the Superintendency of the Securities Market, under resolution SMV No.183-21 of April 16, 2021.

10. Intangible assets and goodwill

	2021	2020
Intangible assets	3,361	28,143
Goodwill	3,383,126	3,383,126
	3,386,487	3,411,269

10 .1 Intangible assets

	2021			
	Beginning balance	Additions	Disposals	Ending balance
Cost:				
Software	248,623	-	(18,000)	230,623
Accumulated amortization:				
Software	(220,480)	(24,782)	18,000	(227,262)
2020 Net balance	28,143			3,361

	2020			
	Beginning balance	Additions	Disposals	Ending balance
Cost:				
Software	333,313	18,000	(102,690)	248,623
Accumulated amortization:				
Software	(180,697)	(142,473)	102,690	(220,480)
2020 Net balance	152,616			28,143

As at June 30, the balance of additions and disposals corresponds to software licenses whose validity is between 6 to 12 months.

10.2 Goodwill

The following table summarizes the Company's goodwill balance, generated by the acquisition of:

Company	Acquisition date	Acquired interest	Balance
Prival Securities, Inc.	August 12, 2010	100%	3,383,126

In order to verify goodwill impairment, Prival Securities carries out an annual valuation of the various businesses acquired and which have generated such gains. The calculation of the valuation of goodwill was determined based on the estimated growth projection, using the discount cash flow method based on financial budgets approved by the Board of Directors, covering a period of 10 years at a discount rate of 10%.

Management makes the valuation of goodwill in the subsidiary acquired, applying the method of discounted future cash flows, based on the profitability of its operations.

In order to carry out the valuation of the assets and acquired businesses, the expected cash flows from the businesses are projected for the corresponding cash-generating unit in 10 year periods. Similarly, a growth to perpetuity or multiple cash flows are defined at the end of the period of the projection of cash flows to estimate the terminal cash flow.

The growth rate was placed at 10%. To determine the growth rates of the businesses, growth, performance and historical metrics, their future prospects, as well as business plans were used as a reference. A price to book value multiple of 1.48 is incorporated with comparables from the United States and Mexico

11. Other assets

	2021	2020
Stock exchange transactions (i)	4,627,785	2,631,684
Commissions receivable (ii)	1,217,067	975,178
Prepaid expenses	16,860	19,969
Other accounts receivable	161,780	7,388
	6,023,492	3,634,219

i. As at June 30, 2021, the Company kept exchange-receivable operations with its liquidating bank.

ii. The commissions receivable corresponds to management fees and trailer fees pending collection. As at June 30, 2021, 60% of the commissions receivable are with related parties (see Note 5).

12. Common shares

The share capital at year-end is comprised of 100 authorized and outstanding shares without par value.

Prival Securities Inc, declared dividend payments at the meeting of Boards of Directors held in January and April 2021. The dividends declared and paid were for the sum of B/. 4,050,000.

13. Brokerage services

Commissions earned for B/.9,064,656 (2020: B/.8,399,602), are mainly related to commissions obtained from brokerage financial intermediation transactions provided to customers.

14. Other expenses

The detail of other expenses is as follows:

	2021	**2020**
Taxes	137,515	159,185
Leases	115,535	121,406
Maintenance	-	10,282
Legal and notary expenses	22,806	981
Others	37,178	97,866
	313,034	389,720

15. Income tax expense

Income tax returns of the companies incorporated in the Republic of Panama for the last three years 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 Legislation, companies 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 investments on securities issued through the Panama Stock Exchange.

Current income tax expense is as follows:

	2021	**2020**
Current income tax	934,683	650,448

As of January 1, 2010, with the entry into force of Law No. 8 of March 15, 2010, Article 699 of the Tax Code states that legal entities whose annual taxable income exceed one million five hundred thousand balboas (B/.1,500,000) must pay income tax at a rate of 25% over the higher of: (1) net taxable income calculated by the traditional method established in Title I of the Fourth Book of the Tax Code, or (2) net taxable income arising from applying four point sixty-seven percent (4.67%) to total taxable income.

As at June 30, 2021, the income tax expense amounts to B/.934,683 (2020: B/.650,448), calculated by the traditional method as follows:

	2021	**2020**
Profit before income tax	5,586,605	3,907,025
Less: tax effect of non-taxable income	(2,855,455)	(2,972,089)
Plus: tax effect of non-deductible expenses	1,007,583	1,666,856
Taxable base	3,738,733	2,601,792
Income tax	934,683	650,448

16. Assets under management and custody

The Company managed investment portfolio on behalf of and at the risk of the customers amounting to B/.2,570,699,544 (2020: B/.2,231,241,964). Considering the nature of these services, Management considers there is no risk for the Company.

17. Main applicable laws and regulations

17.1 Securities Law in Panama

The stock market in the Republic of Panama is regulated by Decree Law No. 1 of July 8, 1999, which has been amended by Law No. 67 of September 1, 2011 that establishes the coordination and inter-institutional cooperation system between the entities of financial inspection and creates the Superintendency of the Securities Market of Panama.

17.2 Compliance with the Regulatory Entity

On September 18, 2013, the Superintendency of the Securities Market of Panama issued Agreement 8-2013, by which certain provisions of Agreement 4-2011 of June 27, 2011 were modified on the capital adequacy, solvency ratio, capital fund, liquidity ratio and risk concentrations that securities houses should address, regulated by the Superintendency of the Securities Market of Panama.

17.3 Capital adequacy

Below is a description on the rules amended in Agreement No. 8-2013 of the Superintendency of Securities Market of Panama and the ratios for each of these provisions:

- Total minimum capital required: Brokerage firms will have to constitute and maintain a total minimum capital of B/.350,000 free of taxes, at all times.

- Additional capital request: Article 4-A of Agreement 8-2013 establishes that all brokerage firms offering management services for custody accounts, physically or through a third party, will have to comply with the requirement provided in said agreement. As at June 30, 2021, the Company maintains the minimum required capital.

- Capital adequacy ratio: Brokerage firms must maintain at all times a minimum capital adequacy ratio of eight per cent (8%) of the totality of its assets and off-balance operations weighted in relation to their risks. Those clients' accounts are not included within the calculation of the capital adequacy ratio or of third parties who must be duly separated from the equity of the brokerage firm.

- Liquidity ratio: It is needed to maintain a volume of low-risk investments at all times and highly liquid assets that will be, at least, thirty per cent (30%) of the totality of its expected liabilities with a residual term lower than one year.

- Credit risk concentrations: the risks sustained by a brokerage firm regarding an issuer, individual client or a group of issuers or clients related among themselves, will be considered as a concentration situation when the accrued value of these risks exceeds ten per cent (10%) of the entire value of its equity funds.

Due to the nature of the transactions and services rendered by the Company, Management believes there are no risks of credit risk concentration.

As established by the regulatory scheme, capital requirements are measured as follows:

	At year-end	Minimum for the year		Maximum for the year	
2021	**Value**	**Value**	**Date**	**Value**	**Date**
Capital funds	27,129,432	25,708,140	April 29	29,205,670	April 29
Liquidity ratio	1689.82%	1689.82%	June 30	20610.60%	October 27
Solvency ratio	391.75%	349.95%	October 22	1731.89%	May 21

	At year-end	Minimum for the year		Maximum for the year	
2020	**Value**	**Value**	**Date**	**Value**	**Date**
Capital funds	25,972,430	22,354,369	July 1	26,917,340	June 9
Liquidity ratio	2770.16%	2770.16%	June 30	15027.18%	October 30
Solvency ratio	705.80%	657.17%	May 29	2188.14%	August 14

- Capital Funds: Capital funds will consist of the sum of the primary and secondary capital. The primary capital consists of the sum of paid-in and subscribed capital, capital reserves declared, the first placement of shares and (net) accumulated earnings and from which are deducted net and ongoing loss carryforwards, intangible and deferred assets, property, plant and equipment (net of depreciation), the adjusted cost of capital investments, financings granted to third parties, accounts receivable to partners or shareholders and related companies, as well as assets classified as “other assets” within the balance sheet. The secondary capital shall consist of subordinated financings provided they do not exceed fifty percent (50%) of the value of primary capital, financings of undetermined duration, and bonds mandatorily converted into shares.

	2021	2020
Primary capital		
Subscribed and paid-in capital	5,300,000	5,300,000
Retained earnings	25,424,195	24,790,625
Complementary tax	559,419	591,066
Total primary capital	31,283,614	30,681,691
Less:		
Value of intangible and deferred assets	(4,053,795)	(4,630,219)
Latinex Holding, Inc.	(105,114)	(105,113)
Total deductions from primary capital	(4,158,909)	(4,735,332)
Primary capital, net of deductions	27,124,705	25,946,359
Total capital funds	27,124,705	25,946,359

17.4 Customers' investment accounts

In compliance with Article No. 2 of Agreement 3-2015 of the Superintendency of Securities Market, below is presented the following information:

a. Managed amount in customer accounts:

2021	**Amount**	**Market value**
Securities in local custody	1,263,738,772	1,631,294,486
Securities in international custody	1,037,788,048	939,404,058
	2,301,526,820	2,570,698,544

2020	**Amount**	**Market value**
Securities in local custody	1,327,780,200	1,667,281,595
Securities in international custody	776,082,006	563,960,369
	2,103,862,206	2,231,241,964

Market value corresponds to the securities reported by the custodians.

b. Information per activity according to the licenses granted to the Company:

2021	**Brokerage Firm**	**Management**	**Total**
Operating income:	6,006,555	3,981,211	9,987,766
Domestic	4,487,862	3,981,211	8,469,073
Foreign	1,518,693	-	1,518,693
Interest and commission expenses	(923,503)	(612,108)	(1,535,611)
Other income	9,968	-	9,968
Operating expenses	(1,729,311)	(1,146,206)	(2,875,517)
Profit before income tax	3,363,709	2,222,897	5,586,606
Total assets	18,831,149	12,481,490	31,312,639
Total liabilities	360,051	238,645	598,696

2020	**Brokerage Firm**	**Management**	**Total**
Operating income:	4,477,363	4,011,774	8,489,137
Domestic	4,142,866	3,535,638	7,678,504
Foreign	334,497	476,137	810,634
Interest and commission expenses	(802,522)	(719,070)	(1,521,592)
Other income	1,033	925	1,958
Operating expenses	(1,615,221)	(1,447,258)	(3,062,479)
Profit before income tax	2,060,653	1,846,372	3,907,025
Total assets	15,983,161	14,321,113	30,304,274
Total liabilities	121,210	108,605	229,815

18. Subsequent events

The Company has assessed subsequent events as of June 30, 2021, to evaluate the need for possible recognition or disclosure in the accompanying financial statements. Such events were assessed up until September 10, 2021, the date in which these financial statements were made available for issuance. Based on this assessment, it was determined that no subsequent events occurred that require acknowledgement or disclosure in the financial statements.

19. Approval of the financial statements

The financial statements of the Company for the year ended June 30, 2021, were authorized by General Management and approved for issuance by the Board of Directors on September 10, 2021.

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