EUROBANCO BANK LIMITED

Audited Financial Statements
Year ended December 31, 2024
with Independent Auditor's Report

Eurobanco Bank Limited

Audited Financial Statements

Year ended December 31, 2024

Contents

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Independent Auditor's Report

The Board of Directors
Eurobanco Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eurobanco Bank Limited (the "Bank"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Board of Directors as a body, for our audit work, for this report, or for the opinion we have formed.

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

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

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

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

Shape the future
with confidence

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young Ltd.

April 24, 2025

Eurobanco Bank Limited

Statement of Financial Position

Year ended December 31, 2024

(Stated in United States Dollars)

	Note	December 31 2024	2023
Assets			
Cash and due from banks	3	3,406,287	2,262,854
Placements with other banks	4	28,921,752	33,801,753
Cash and cash equivalents		32,328,039	36,064,607
Cash collateral pledged on securities borrowed and reverse repurchase agreements	5	43,872,820	-
Financial assets designated at fair value through profit or loss	6	58,140,754	106,186,509
Financial assets designated at amortized cost	6	1,319,216	52,864,654
Loans and advances	7	55,252,631	51,065,786
Other financial assets	8	8,173,420	-
Equipment, net	9	48,038	142,442
Other assets	10	664,333	1,103,442
Total assets		**199,799,251**	**247,427,440**
Liabilities			
Cash collateral received on securities lending and reverse repurchase agreements	5	337,908	42,056,562
Due to customers	11	137,968,942	171,221,773
Other financial liabilities	12	22,171,150	733,918
Other liabilities	13	5,284,666	1,260,817
Total liabilities		165,762,666	215,273,070
Shareholder's equity			
Share capital	17	3,000,000	3,000,000
Contributed surplus		10,000,000	10,000,000
Retained earnings		21,036,585	19,154,370
Total shareholder's equity		34,036,585	32,154,370
Total liabilities and shareholder's equity		**199,799,251**	**247,427,440**

See accompanying notes.

Approved by the Board:

José Alberto Benegas Lynch - President

Marcos V. F. Prieto - Director

Eurobanco Bank Limited

Statement of Comprehensive Income

Year ended December 31, 2024

(Stated in United States Dollars)

	Note	Year ended December 31	
		2024	**2023**
Interest Income			
Loans and overnight accounts		7,353,136	6,227,514
Interest Expense			
Time deposits and current accounts		(3,901,267)	(3,575,539)
Net interest income		3,451,869	2,651,975
Other Income – Net			
Net fair value change and realized gains on securities, net premiums on forward sales and repurchases	14	4,250,600	2,376,209
Commissions		2,022,044	1,424,557
Other operating income		-	2,888
Net interest and other income		9,724,513	6,455,629
Other expenses			
Management and other fees		(6,405,655)	(4,050,772)
Personnel expenses		(273,475)	(277,701)
Depreciation	9	(94,404)	(96,269)
License		(179,000)	(79,000)
Credit loss release / (expense)	7	185,785	(12,975)
Other operating expenses		(1,075,549)	(793,865)
Total other expense		(7,842,298)	(5,310,582)
Net profit, being total comprehensive income for the year		**1,882,215**	**1,145,047**

See accompanying notes.

Eurobanco Bank Limited

Statement of Changes in Shareholder's Equity

Year ended December 31, 2024

(Stated in United States Dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balance, December 31, 2022	3,000,000	10,000,000	18,009,323	31,009,323
Total comprehensive income for the year	–	–	1,145,047	1,145,047
Balance, December 31, 2023	3,000,000	10,000,000	19,154,370	32,154,370
Total comprehensive income for the year	–	–	1,882,215	1,882,215
Balance, December 31, 2024	3,000,000	10,000,000	21,036,585	34,036,585

See accompanying notes.

Eurobanco Bank Limited

Statement of Cash Flows

Year ended December 31, 2024

(Stated in United States Dollars)

	Year ended December 31	
	2024	**2023**
Operating activities		
Net profit	1,882,215	1,145,047
<u>Adjustments to reconcile net profit to:</u>		
Depreciation (Note 8)	94,404	96,269
Interest expense incurred on lease liabilities (Note 13)	5,606	5,018
Credit loss release / (expense) (Note 7.2)	(185,785)	12,975
<u>Changes in operating assets and liabilities:</u>		
Decrease / (Increase) in financial assets designated at fair value through profit or loss	48,045,755	(67,887,976)
Decrease in financial assets designated at amortized cost	51,545,438	37,219,211
(Increase) / Decrease in loans and advances	(4,001,060)	5,067,515
Increase in other financial assets	(8,173,420)	-
Decrease / (Increase) in other assets	439,109	(377,064)
(Decrease) / Increase in cash collateral on securities borrowings/ lending and reverse repurchase agreements	(85,591,474)	28,502,190
Decrease in due to customers	(33,252,831)	(34,779,582)
Increase in other financial liabilities	21,437,232	-
Increase / (Decrease) in other liabilities	4,112,573	(892,732)
Net cash flows used in operating activities	(3,642,238)	(31,889,129)
Investing activities		
Increase in equipment net	-	(187,615)
Net cash flows used in investing activities	-	(187,615)
Financing activities		
Repayment of principal portion of lease liabilities (Note 13)	(94,330)	(93,149)
Net cash flows used in financing activities	(94,330)	(93,149)
Net decrease in cash and cash equivalents	(3,736,568)	(32,169,893)
Cash and cash equivalents at beginning of year	36,064,607	68,234,500
Cash and cash equivalent at end of year	32,328,039	36,064,607
Operational cash flows from interest		
Interest received	6,744,459	6,129,057
Interest paid	3,859,216	3,680,792

See accompanying notes.

1. Corporate Information

Eurobanco Bank Limited (the Bank) was incorporated as a limited liability company under the laws of the Commonwealth of The Bahamas, with its principal place of business at Caves Professional Centre, at Caves Village, Suite 5, West Bay St. & Blake Rd., Nassau - Bahamas. The license to carry on a banking and trust business under The Bahamas Banks and Trust Companies Regulation Act 2000, as amended was obtained on May 25, 1992. The Bank is also licensed under the Securities Commission of the Bahamas with the following categories (i) Dealing in Securities as Agent, (ii) Arranging Deals, (iii) Managing Securities, and (iv) Advising on Securities.

The objectives of the Bank are unrestricted and include the business of banking and all kinds of financial, investment, commercial, trading and other transactions.

The Bank operations mainly comprise trading in publicly offered corporate and sovereign debt securities, financing transactions, and investments in low-risk financial assets on international markets. The sources of funds for these transactions are its own capital and deposits obtained.

The Bank is controlled by Banco CMF S.A. (the Parent), a bank incorporated under the Argentine law and a portion of its transactions are entered into with related parties (Note 16).

The Bank obtained a written consent from depositors regarding all the risks related to the probable placements to be made by the Bank of their deposits with its parent entity Banco CMF S.A. As of December 31, 2024, Eurobanco Bank Ltd. does not maintain deposits in Banco CMF S.A.

The financial statements of the Bank for the year ended December 31, 2024 were authorized for issue by the Directors on April 24, 2025.

2. Summary of material accounting and reporting policies

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities designated at fair value through profit or loss, which are measured at fair value, and loans and advances and which are held at amortized cost. The financial statements are expressed in United States (U.S.) dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

Material accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

In the process of applying the Bank's accounting policies, management has exercised judgement and estimates in determining the amounts recognized in the financial statements. The material uses of judgements and estimates are as follows:

Going concern
The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. The valuation of financial instruments is described in more detail in Note 6.

Effective Interest Rate (EIR) method
The Bank's EIR method recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of financial assets and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as other fee income/expense that are integral parts of the instrument.

Impairment of financial assets
The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Credit risk management described in more detail in Note 19.

The investment in Lemitel S.A., a wholly owned subsidiary incorporated in August 12, 2005 was measured at cost in accordance with IAS 27 and the Bank claimed the consolidation exemption under IFRS 10.

New and amended standards and interpretations

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. Although these new standards and amendments applied for the first time in 2024, they did not have a material impact on the financial statements of the Bank. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective. Based on the initial assessment performed, the amendments detailed below are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

<u>Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7</u>

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Bank is currently not intending to early adopt the Amendments.

In addition, the Bank is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments.

<u>IFRS 18 Presentation and Disclosure in Financial Statements</u>

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued the IFRS 19, which is an accounting standard that allows eligible subsidiaries to reduce the amount of information they disclose in their financial statements. The standard is effective for annual reporting periods starting on or after January 1, 2027.

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 relating to the "Lack of exchangeability". The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when interchangeability is lacking. A currency is considered to be exchangeable for another currency when an entity is able to obtain the other currency without undue delay and through markets or exchange mechanisms that create enforceable rights and obligations. If a currency is not exchangeable for another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's purpose in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments state that an entity may use an unadjusted observable exchange rate or other estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable for another currency, it should disclose information that enables users of the financial statements to understand how the fact of that currency not being interchangeable affects, the entity's performance, financial position and cash flows. These amendments will be effective from January 1, 2025.

Financial assets and Financial liabilities

The Bank determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. All financial investments are measured initially at their fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

As of December 31, 2024, and 2023, the Bank has valued its financial instruments considering the business model of the Bank to manage their financial assets and their characteristics in accordance with IFRS 9 "Financial Instruments".

All regular way purchases and sales of financial assets are recognized on the trade date, being the date that the Bank commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The Bank classifies and measures its trading portfolio at FVPL. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than financial guarantees, are measured at amortized cost or at FVPL when they are held for trading or the fair value designation is applied.

Financial assets designated at fair value through profit or loss

Financial assets may at initial recognition, be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognizing gains and losses on them on different basis. An entity shall classify financial assets as subsequently measured at fair value on the basis of both:

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

The financial assets designated at fair value through profit or loss, are recorded in the statement of financial position at fair value. Changes in fair value are recognized in "Other Income – Net". Interest income is recorded in "Other income – Net" according to the terms of the contract.

Included in this classification are government debt securities, corporate bonds and shares which have been acquired principally for the purpose of selling or repurchasing in the near term.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

<u>The solely payments of principal and interest (SPPI) test</u>

As a second step of its classification process, the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Loans and advances, due from banks and other financial assets at amortized cost

The Bank only measures Due from banks, Placements with other banks, Loans and advances, and other financial asset at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

Impairment of financial assets and financial guarantee contracts

The adoption of IFRS 9 changed the Bank’s impairment loss model by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss approach. This model requires the estimation of expected credit losses (ECL) adjusted by the future changes in macroeconomic factors (forward-looking approach), which is determined based on probability weighting.

The Bank analyzes the potential allowance for expected credit losses for all loans and other debt financial assets not held at fair value through profit or loss, together with financial guarantee contracts (in this section all referred to as financial instruments).

Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).
The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When financial instruments are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank Records an allowance for the LTECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved and the financial instrument has been reclassified from Stage 3.

- Stage 3: Financial instruments considered credit-impaired. The bank records an allowance for the LTECLs.

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate (EIR). ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses. The Bank did not have POCI financial assets as at December 31, 2024 and 2023.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of Expected Credit Loss

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

- EAD: The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD: The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the financial instrument. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

  These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the 3 scenarios, as explained above.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For loans considered credit-impaired, the Bank recognized the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

<u>Forward-looking information</u>

According to IFRS 9, the Bank includes prospective information (such as GDP growth, consumer price index and inflation, interest rates, etc.) in order to determine its expected credit loss. This process implies the use of economic scenarios and taking into account the probability of occurrence for each scenario. This information can be external and can use economic data and forecasts published by regulatory entities.

<u>Significant increase in credit risk</u>

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Derecognition Due to Substantial Modification of Terms and Conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

Derecognition Other Than for Substantial Modification

Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Reclassification of financial assets and liabilities
The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, terminates a business line, or when the business model for the relevant instruments' changes. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets and liabilities in 2024 and 2023.

Repurchase and reverse repurchase agreements
Securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within Cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the effective interest rate (EIR).

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within Other liabilities and measured at fair value with any gains or losses included in Other Income - Net.

Cash and cash equivalents
Cash and cash equivalents consist of cash and due from banks and placements with other banks and are stated at the outstanding principal plus accrued interest receivable.

For the purpose of presenting the statement of cash flows, cash and cash equivalents include cash and due from banks and placements with other banks, with original maturities of less than three months.

Equipment, net
Equipment is stated at historical cost less accumulated depreciation, which is calculated on the straight-line basis to write down the cost of such assets to their residual values over their estimated useful lives (60 months). Equipment is not greater than their estimated recoverable amount. Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the assets carrying amount, is recognized in other income or other expenses in the statement of comprehensive income.

Leases
The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee
The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities
At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. The lease liabilities are presented within “Other liabilities” on the statement of financial position.

Due to customers
Amounts due to customers are stated at the outstanding principal amounts plus accrued interest.

Foreign currency translation
The financial statements are presented in U.S. dollar, which is the Bank’s functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to “Fair value change and trading on securities, net premiums on forward sales and repurchases”.

Taxation

Effective January 1, 2015, Value Added Tax ("VAT") was implemented in the Commonwealth of The Bahamas at a rate of 7.5%. Effective January 1, 2022, the VAT rate was 10%. The Bank also pays business license fees in accordance with the Business License Act, 2023.

Domestic Minimum Top-up Tax

In November 2024, the Bahamas enacted a Qualified Domestic Minimum Top-up Tax (“QDMTT”) in accordance with the OECD’s Pillar Two initiative. This QDMTT is applicable to income years beginning on or after January 1, 2024, and will result in an effective tax rate of 15% of net income (based on the OECD’s GLoBE rules). Under this regime the income of constituent entities of in-scope MNEs (Multinational Enterprises) may not be subject to the QDMTT until an Income Inclusion Rule applies in the jurisdiction of the Ultimate Parent Entity, which for the Bank is Argentina. Argentina has not implemented any Pillar 2 measures and as such, QDMTT is not applicable to the Bank for the fiscal year ended December 31, 2024 in accordance with s.1(2) of the Domestic Minimum Top-up Tax Act, 2024.

Recognition of income and expense

Revenue from contracts with customers is recognized based on the amount of consideration the Bank expects to be entitled to in exchange for providing services and when obligations under the terms of its contracts with customers are satisfied. The following specific revenue or expense recognition criteria must also be met before revenue or expense is recognized:

(i) Interest and similar income and expense

For all financial instruments measured at amortized cost, interest income or expense is recorded at the effective interest rate. The calculation of amortized costs takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of receipts or payments. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

(ii) Fees and commission income

The Bank earns fee and commission income from services it provides to its customers. Fee income can be divided into the following categories:

- Fee income earned from services that are provided over a certain period of time: Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

- Fee income from providing transaction services: Fees arising from transaction services, such as share purchases, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to certain performance are recognized after fulfilling the corresponding criteria.

(Stated in United States Dollars)

3. Cash and due from banks

Cash and due from banks are summarized as follows:

	2024	**2023**
Euroclear (Belgium)	1,133,047	-
Standard Chartered Bank (Frankfurt)	962,805	816,952
Interactive Brokers (United States)	688,223	1,291,962
Bulltick LLC (United States)	402,751	64,361
Jefferies (United States)	119,085	40,656
Raymond James Financial (United States)	50,137	30,106
Metrocorp Valores S.A. (Argentina)	41,024	11,244
The Winterbotham Merchant Bank (Bahamas)	5,308	3,090
Standard Chartered (Honk Kong)	3,907	4,483
	3,406,287	**2,262,854**

4. Placements with other banks

The account includes:	**2024**	**2023**
Overnight	28,921,752	33,801,753
	28,921,752 (1)	**33,801,753** (1)

(1) 100% of these time deposits are located in the United States.

Due from banks and placements with other banks are short terms funds placed with financial institutions of low credit risk. The breakdown of interest rate of the overnight is as follows: JP Morgan 0.38% (2023: 4.1%), Standard Chartered Bank 1.47% (2023: 4.3%), and Citibank 3.3% (2023: 2.5%).

The Bank therefore considers the risk of default to be very low. The ECL on these instruments were determined to be immaterial on the financial statements taken as a whole.

5. Cash collateral on securities borrowing / lending and reverse repurchase agreements

The Bank has a program to borrow securities and to purchase securities under agreements to resell (reverse repos). The Bank may sell or re-pledge any securities borrowed or purchased under agreements to resell, but has an obligation to return the securities and the counterparty retains substantially all the risks and rewards of ownership. As a result, the Bank does not recognize the securities; instead, it records a separate asset and liability for any potential cash collateral pledged and received, respectively.

As of December 31, 2024, the Bank recognized in the statement of financial position cash collateral pledged on securities borrowed and reverse repurchase agreements of 43,872,820. The securities borrowed amounted to a fair value of 47,617,959.

As of December 31, 2024 and 2023, the Bank recognized in the statement of financial position cash collateral received on securities lending and reverse repurchase agreements of 337,908 and 42,056,562, respectively. The securities lent amounted to a fair value of 358,200 and 94,808,370, respectively.

(Stated in United States Dollars)

6. Financial assets:

a) Financial assets designated at fair value through profit or loss

Determination of fair value of financial instruments and fair value hierarchy:

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The valuation techniques for Level 2 and 3 are described in the paragraphs below:

Mutual funds

The Bank's investments in mutual funds are valued using Net Asset Value (NAV) equivalent to the Bank's ownership interest in the mutual funds as of the valuation date.

As of December 31, 2024 and 2023, the Bank has used the following valuation technique levels:

	2024		
	Level 1	**Level 2**	**Level 3**
Corporate Bonds	19,791,273	-	-
Shares	358,200	-	-
Government Debt Securities	32,781,922	-	-
Mutual Funds	-	3,310,350	1,899,009
Total	**52,931,395**	**3,310,350**	**1,899,009**

	2023		
	Level 1	**Level 2**	**Level 3**
Corporate Bonds	94,938,653	-	-
Government Debt Securities	7,034,264	-	-
Mutual Funds	1,175,306	3,038,286	-
Total	**103,148,223**	**3,038,286**	**-**

The following table shows a reconciliation between the opening balances and the closing balances of Level 3 fair values:

	2024	**2023**
Balance at the beginning of the fiscal year	-	-
Mutual funds (acquisition value)	1,839,401	-
Mutual funds gain accrued during the year	59,608	-
Balance at year-end	**1,899,009**	**-**

(Stated in United States Dollars)

During the year ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

	2024	2023
Government Debt Securities		
Fair Value		
Argentine Republic Bonds Maturity 07/09/2035 - Law NY	12,281,618	-
Argentine Central Bank Bonds (BOPREAL) 1A 5% 10/31/2027	5,721,976	-
Argentine Republic Bonds Maturity 07/09/2030	3,834,029	28,455
Brazil Federal Republic 4.75% 01/14/2050	3,538,208	3,961,293
Argentine Central Bank Bonds (BOPREAL) 1C 5% 10/31/2027	2,898,659	-
Argentine Central Bank Bonds (BOPREAL) 1D 5% 10/31/2027	1,919,459	-
Argentine Central Bank Bonds (BOPREAL) 1B 5% 10/31/2027	1,279,880	-
Argentine Central Bank Bonds (BOPREAL) 3% 05/31/2026	1,097,137	-
City of Buenos Aires 7.50% Maturity 06/01/2027	110,010	107,458
Argentine Republic Bonds Maturity 07/09/2030 - Law NY	96,012	63,452
Argentine Republic Bonds Maturity 07/09/2029	4,394	-
Argentine Central Bank Bonds (BOPREAL) 06/30/2025	540	-
United States Treasury Note 4.50% 11/30/2024	-	2,778,884
Buenos Aires Province Maturity 01/09/2037	-	71,833
Argentine Republic Bonds Maturity 07/09/2041 - Law NY	-	22,889
Sub-total of Government Debt Securities	**32,781,922**	**7,034,264**
Shares		
Fair Value		
Loma Negra ADR	358,200	-
Sub-total of Shares	**358,200**	**-**
Corporate Bonds		
Fair Value		
Promissory Notes Vista Oil & Gas Argentina 7.625% 12/10/2035	6,249,620	-
Promissory Notes Pampa Energía S.A. 7.875% 12/16/2034	3,348,398	-
Promissory Notes Cía. Latino Americana 07/25/2027	1,867,611	-
Promissory Notes MSU Energy S.A. 9.75% 12/05/2030	1,708,807	-
Promissory Notes Telecom Argentina S.A. 8% 07/18/2026	921,488	-
Promissory Notes YPF S.A. 8.75% 09/11/2031	906,598	-
Promissory Notes AES GENER 9.50% USD 2027	779,920	1,883,839
Promissory Notes EDESA 5% 05/11/2025	475,200	-
Promissory Notes Petróleos Mexicanos 10.00% 02/07/2033	465,250	-
Promissory Notes YPF Luz 7.875% 10/16/2032	432,129	-
Promissory Notes Capex S.A. 9.25% 2028	419,766	47,273,590
Promissory Notes Transportadora Gas Sur 8.50% 07/24/2031	392,405	-
Promissory Notes Boldt 10% 03/07/2026	311,415	272,577
Promissory Notes YPF SA 8.50% 2029	288,214	4,671,333
Promissory Notes Aeropuertos Argentina 2000 6.875% 2027	279,338	386,815
Promissory Notes Banco Macro SA 6.75% 2026	229,435	5,919,506
Promissory Notes Pelayo Agronomía S3 C2 Dolar Linked 1% 03/30/2026	228,000	245,080
Promissory Notes Cía. General de Combustibles 9.50% 03/08/2025	139,249	252,189
Promissory Notes Banco Galicia y Bs. As. 7.75% 10/10/2028	138,583	-
Promissory Notes Pampa Energía S.A. 7.95% 09/10/2031	85,712	-
Promissory Notes YPF S.A. 9.50% 01/17/2031	55,651	-

(Stated in United States Dollars)

	2024	2023
Promissory Notes PYME Hidrotec S1 C1 Dolar Linked 02/14/2025	32,146	-
Promissory Notes YPF S.A. 7% 09/30/2033	24,977	-
Promissory Notes Agro Alliance S1 C2 Dolar Linked 02/14/2025	8,824	-
Promissory Notes YPF S.A. 4.00% 02/12/2026	1,967	-
Promissory Notes Aeropuertos Argentina 2000 8.50% 2031	570	581,939
Promissory Notes SCC POWER PLC 8% 2028	-	23,892,845
Promissory Notes JP Morgan 5.717% USD 09/14/2033	-	7,856,448
Promissory Notes GENNEIA SA 8.75% USD 09/02/2027	-	777,406
Promissory Notes YPF Energía Eléctrica SA 10% 2026	-	506,322
Promissory Notes YPF SA 4.00% 2026	-	356,273
Promissory Notes YPF SA 2.50% 2029	-	62,491
Sub-total of Corporate Bonds	**19,791,273**	**94,938,653**
Mutual Funds		
Market Value		
Madero Docks Investments Ltd.	3,043,381	3,038,286
Patria Latin America Private Credit Fund LP	1,899,009	-
Madero Docks Balanced Fund	259,599	-
Madero Docks Fixed Income Fund	7,370	-
Franklin US Dollar Short-Term Money Market AX Accumulation	-	300,858
PIMCO GIS Income Fund E Class USD Accumulation	-	223,454
Schroder International Selection Sustainable Growth A Accumulation USD	-	189,588
Schroder International Selection Global Credit Income	-	159,559
MFS Meridian Prudent Wealth Fund Class A1	-	132,553
PIMCO Dynamic Multi-Asset Fund E USD Hedged Acc	-	87,675
StocksPLUS Fund E USD Accumulation	-	81,619
Sub-total of Mutual Funds	**5,209,359**	**4,213,592**
Total	**58,140,754**	**106,186,509**

b) Financial assets designated at amortized cost (*)

	2024	2023
Government Debt Securities		
Amortized cost		
United States Treasury Bill 05/15/2025	207,783	-
United States Treasury Bill 01/23/2025	154,615	-
United States Treasury Bill 10/02/2025	152,212	-
United States Treasury Bill 01/16/2025	151,749	-
United States Treasury Bill 01/30/2025	151,501	-
United States Treasury Bill 05/01/2025	101,591	-
United States Treasury Bill 02/13/2025	79,606	-
United States Treasury Bill 07/10/2025	78,281	-
United States Treasury Bill 01/02/2025	59,988	-
United States Treasury Bill 03/13/2025	49,594	-
United States Treasury Bill 02/06/2025	48,799	-
United States Treasury Bill 03/06/2025	40,700	-
United States Treasury Bill 04/17/2025	30,625	-

	2024	2023
United States Treasury Bill 04/03/2025	6,925	-
United States Treasury Bill 03/27/2025	4,951	-
United States Treasury Bill 04/24/2025	296	-
United States Treasury Bill 02/20/2024	-	12,709,461
United States Treasury Bill 01/04/2024	-	10,018,115
United States Treasury Bill 01/23/2024	-	9,389,034
United States Treasury Bill 01/25/2024	-	5,586,137
United States Treasury Bill 01/30/2024	-	3,784,358
United States Treasury Bill 01/16/2024	-	3,538,781
United States Treasury Bill 02/29/2024	-	1,474,885
United States Treasury Bill 02/15/2024	-	1,444,688
United States Treasury Bill 01/18/2024	-	1,416,675
United States Treasury Bill 06/13/2024	-	1,351,535
United States Treasury Bill 05/02/2024	-	913,890
United States Treasury Bill 03/21/2024	-	503,702
United States Treasury Bill 04/25/2024	-	196,723
United States Treasury Bill 02/22/2024	-	141,938
United States Treasury Bill 03/28/2024	-	126,709
United States Treasury Bill 01/11/2024	-	59,445
United States Treasury Bill 03/14/2024	-	59,378
United States Treasury Bill 02/01/2024	-	50,777
United States Treasury Bill 02/08/2024	-	49,335
United States Treasury Bill 05/09/2024	-	49,088
Total of Government Debt Securities at amortized cost	**1,319,216**	**52,864,654**

(*) The Bank considers that the ECL allowance should not be recorded since the issuer is the United States Treasury whose default risk is very low.

7. Loans and advances

7.1. The classifications are as follows:

	2024	2023
Loans in U.S. dollars	51,817,591	39,030,907
Loans in Government Debt Securities	3,614,979	12,400,603
Allowance for ECL	(179,939)	(365,724)
	55,252,631	**51,065,786**

93% of these loans as of December 31, 2024 (2023: 100%) were to clients located in Latin America, maturing in three years or less, no history of default and classified using internal credit rating as “Situation 1” (performing or stage 1). As at December 31, 2024, there were Nil past due or impaired loans (2023: Nil).

(Stated in United States Dollars)

7.2. Credit loss release / (expense)

The table below shows the ECL release / (expense) on Loans and advances for the year recorded in the income statement.

	2024	2023
Stage 1	185,785	(12,975)
	185,785	**(12,975)**

7.3. The classifications of the credit assistance to the non – financial private sector are as follows:

	2024	2023
- Commercial portfolio financing	54,788,298	50,902,920
- Consumer portfolio financing	644,272	528,590
	55,432,570	**51,431,510**

The classification of such gross loans by their collateral as of December 31, 2024 and 2023 are as follows:

	2024	2023
- Unsecured loans	22,120,460	12,561,118
- Preferred guarantees	23,493,467	22,014,122
- Other secured	9,818,643	16,856,270
	55,432,570	**51,431,510**

8. Other financial assets

The account includes:

	2024	2023
Receivables from spot transactions pending settlement	8,173,420	-
	8,173,420	**-**

(Stated in United States Dollars)

9. Equipment, net

	Furniture and Installations	Machines and Equipment	Vehicles	Rights of Use Land and buildings	Total
Cost					
As of January 1, 2023	63,892	471,378	27,995	137,410	700,675
Additions	-	-	-	187,615	187,615
Disposal	-	-	-	(137,410)	(137,410)
As of December 31, 2023	63,892	471,378	27,995	187,615	750,880
As of December 31, 2024	63,892	471,378	27,995	187,615	750,880
Depreciation					
As of January 1, 2023	63,892	471,378	22,396	91,913	649,579
Depreciation charge for the year	-	-	5,599	90,670	96,269
Disposals	-	-	-	(137,410)	(137,410)
As of December 31, 2023	63,892	471,378	27,995	45,173	608,438
Depreciation charge for the year	-	-	-	94,404	94,404
As of December 31, 2024	63,892	471,378	27,995	139,577	702,842
Net book value					
As of December 31, 2023	-	-	-	142,442	142,442
As of December 31, 2024	-	-	-	48,038	48,038

10. Other assets

The account includes:

	2024	2023
Equity interest in Lemitel S.A.	182,517	187,623
Other debtors	481,816	915,819
	664,333	**1,103,442**

11. Due to customers

The classifications are as follows:

	2024	2023
Current accounts	130,096,647	83,644,524
Time deposits (1)	7,872,295	87,577,249
	137,968,942	**171,221,773**

(1) Approximately, 99% and 97% matures in one year or less as of December 31, 2024 and 2023, respectively.

Approximately 75% and 89% of these deposits are from clients located in Latin America, for the years 2024 and 2023, respectively. The average deposit interest rate for the years 2024 and 2023 is 2.36% and 1.90%, respectively.

(Stated in United States Dollars)

12. Other financial liabilities

	2024	2023
Payables from spot transactions pending settlement	18,183,356	-
Obligations from third-party securities transactions (*)	3,987,794	-
Other	-	733,918
	22,171,150	**733,918**

(*) It includes the obligation to return securities to a third-party under a repurchase and reverse repurchase agreements, when the securities purchased under agreement to resell were subsequently sold to third parties.

13. Other liabilities

The account includes:

	2024	2023
Directors' fees	4,600,000	500,000
Provision for IT expenses	132,000	132,000
Professional fees	57,046	29,708
Other (*)	495,620	599,109
	5,284,666	**1,260,817**

(*) Other liabilities as of 31 December 2024 includes lease liabilities of 49,669 (2023: 143,999). The lease payments amounted to 94,330 (2023: 93,149) and interest accretion of 5,606 (2023: 5,018). The maturity analysis of lease liabilities is disclosed in Note 19.

14. Fair value change and trading on securities, net premiums on forward sales and repurchases

	2024	2023
Net realized and unrealized loss on securities	(417,373)	(340,317)
Net premiums on forward sales and repurchases	4,667,973	2,716,526
	4,250,600	**2,376,209**

15. Off-balance sheet accounts

The Bank carries the following off-balance sheet balances for the items described below as of December 31, 2024 and 2023:

	2024	2023
Custody accounts	965,460,854	680,561,282
Fiduciary agreements (Note 16)	6,957,319	175,749,563
Guarantees received	80,944,798	134,868,293

(Stated in United States Dollars)

16. Related party balances and transactions

The balances and transactions performed with related parties as of December 31, 2024 and 2023 are as follows. There were no transactions and balances with its Parent.

Statement of Financial Position	**2024**	**2023**
Cash and due from banks	41,025	11,244
Loans and advances (principal and accrued interest receivable)	7,844,897	7,761,241
Deposits – Current account	12,735,301	8,741,404
Financial assets designated at fair value through profit or loss	7,126,105	1,984,331
Other financial liabilities	(7,178,000)	(1,998,958)
Statement of Comprehensive Income		
Management and other fees	1,098,280	899,318
Interest income loans	557,412	236,947
Interest expense deposits	(168,188)	(80,052)

The assets and liabilities maintained with related parties are interest free, apart from loans and advances (principal and accrued interest receivable) balances included in the table above. As of 31 December 2024, and 2023, accrued interest receivable in relation to these balances amounted to 258,203 and 154,137, respectively. Out of 7,844,897 and 7,761,241 loans and advances balances as of 31 December 2024 and 2023, 2,769,310 and 2,633,711, respectively are secured or collateralized.

17. Share capital

The Bank's authorized, issue and fully paid capital is 3,000,000 divided into three million shares at a face value of USD 1 per share.

Capital

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of The Bahamas (Central Bank). The Bank had complied in full with all its externally imposed capital requirements.

Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder's value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain the capital structure, the Bank during the past years did not distribute dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objective, policies and processes from the previous years.

The Bank maintains a very strong level of shareholder's equity over liabilities. The Bank has very conservative policies, in terms of risk. As of December 31, 2024, the Bank maintained capital equal to 17% (2023: 13%) of the total assets.

(Stated in United States Dollars)

The Central Bank requires the Bank to maintain a minimum ratio of total capital to risk weighted assets of 8% and additional capital buffer of 2.5%. The capital to risk-weighted assets ratio at December 31, 2024 was 19.08% (2023: 18.80%).

Additionally, the Central Bank requires the Bank to maintain the minimum leverage ratio of 4%. The Bank remains compliant with a leverage ratio of 17.1% as at December 31, 2024 (2023: 13%).

The table below summarizes the composition of regulatory capital and shows the capital adequacy ratio of the Bank as of the reporting date. During the year ended December 31, 2024 and 2023, the Bank has complied with all of the externally imposed capital requirements to which it was subjected.

Regulatory capital

	2024	**2023**
Tier 1	34,036,585	32,154,370
Eligible capital	34,036,585	32,154,370
Capital required	(18,394,530)	(13,669,760)
Capital surplus	15,642,055	18,484,610
Risk weighted assets	178,433,000	171,049,000
Tier 1 Capital ratio	19.08%	18.80%
Total Capital ratio	19.08%	18.80%

18. Fiduciary agent for the placement of funds received from third parties and other operations of financial intermediation

The Bank acts as fiduciary agent by placing funds received from third parties. In accordance with the trust agreement, these third parties appoint the Bank as their fiduciary agent and instruct it to deliver and pay over the monies comprising the Deposit to the Borrower and acknowledge and require that such delivery and payments over to or placement with the Borrower shall be undertaken by the Bank in the name of the Bank but for the exclusive account and at the sole risk of the Depositors.

Additionally, since 2014 the Bank acts as intermediation agent in loan agreements (“Participation agreements”) settled between third parties (international banks and clients of the Bank). In accordance with the agreements of such operations, the Bank collects the amounts of the respective loans and delivers the payments to the beneficiaries, considering the conditions of the agreements. All risks of loss related to the outstanding principal and interest amounts of these operations are assumed by the beneficiaries of the operations.

The Bank acts as fiduciary agent in transactions of the Bank but for the exclusive account and at the sole risk of customers.

(Stated in United States Dollars)

19. Risk management

The Board of Directors is in charge of identifying and monitoring the risks that affect the business, as well as the effects of these risks on the Bank's financial statements. The Risk & Credit Committee is in charge of defining and supervising the implementation of policies to monitor the most significant risks. The main risks that could affect the Bank's operations are:

Interest rate risk

It reflects the potential losses due to the different sensitivity of assets and liabilities upon the volatility of interest rates.

The Bank monitors this risk through the analysis of current and future changes in the rates of different financial assets and liabilities performed by the Risk & Credit and Assets & Liabilities Committees.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulties in realizing assets or otherwise raising funds to meet commitments. The Bank monitors expected cash outflow on a daily basis. Its policy throughout the year has been to ensure liquidity by maintaining at all times sufficient high-quality liquid assets to cover expected net cash outflow. The Bank's liquidity policy is very conservative, keeping a very high correlation of cash and short-term investments with its deposits and permanently monitoring changes therein. This risk results from the maturity gap, where assets are less liquid than liabilities.

The maturity analysis of the assets and liabilities are disclosed below:

Analysis of financial assets and liabilities by remaining contractual maturities:

	On demand	Less than 3 months	3 – 12 Months	1 – 5 years	Over 5 years	Total
As at December 31, 2024						
Financial Assets						
Cash and due from bank	3,406,287	-	-	-	-	3,406,287
Placements with other banks	28,921,752	-	-	-	-	28,921,752
Cash collateral pledged on securities borrowed and reverse repurchase agreements	-	43,872,820	-	-	-	43,872,820
Financial assets designated at fair value through profit or loss	358,200	3,978,647	2,022,662	21,666,939	30,114,306	58,140,754
Financial assets designated at amortized cost	-	741,503	577,713	-	-	1,319,216
Loans and advances	-	34,121,271	17,961,635	3,169,725	-	55,252,631
Other financial assets	-	8,173,420	-	-	-	8,173,420
Other assets	-	121,151	263,233	29,663	-	414,047
Total financial assets	**32,686,239**	**91,008,812**	**20,825,243**	**24,866,327**	**30,114,306**	**199,500,927**

(Stated in United States Dollars)

	On demand	Less than 3 months	3 – 12 Months	1 – 5 years	Over 5 years	Total
Financial Liabilities						
Cash collateral received on securities lending and reverse repurchase agreements	-	337,908	-	-	-	337,908
Due to customers	112,292,030	22,104,053	3,059,488	513,371		137,968,942
Other financial liabilities	-	22,171,150	-	-	-	22,171,150
Other liabilities	-	4,579,810	639,879	64,977	-	5,284,666
Total financial liabilities	**112,292,030**	**49,192,921**	**3,699,367**	**578,348**	**-**	**165,762,666**
Total net financial assets / (liabilities)	**(79,605,791)**	**41,815,891**	**17,125,876**	**24,287,979**	**30,114,306**	**33,738,261**
Guarantees	-	18,207,782	12,104,328	3,000,000	-	33,312,110

	On demand	Less than 3 months	3 – 12 Months	1 – 5 years	Over 5 years	Total
As at December 31, 2023						
Financial Assets						
Cash and due from bank	2,262,854	-	-	-	-	2,262,854
Placements with other banks	33,801,753	-	-	-	-	33,801,753
Financial assets designated at fair value through profit or loss	-	4,437,233	3,296,479	57,570,344	40,882,453	106,186,509
Financial assets designated at amortized cost		50,353,418	2,511,236	-	-	52,864,654
Loans and advances	-	24,808,976	22,089,836	4,166,974	-	51,065,786
Other assets	-	552,679	309,541	53,599	187,623	1,103,442
Total financial assets	**36,064,607**	**80,152,306**	**28,207,092**	**61,790,917**	**41,070,076**	**247,284,998**
Financial Liabilities						
Cash collateral on securities borrowing and reverse repurchase agreements	-	42,056,562	-	-	-	42,056,562
Due to customers	83,644,524	75,129,744	10,124,216	2,323,289	-	171,221,773
Other financial liabilities	-	733,918	-	-	-	733,918
Other liabilities	-	855,872	404,945	-	-	1,260,817
Total financial liabilities	**83,644,524**	**118,776,096**	**10,529,161**	**2,323,289**	**-**	**215,273,070**
Total net financial assets / (liabilities)	**(47,579,917)**	**(38,623,790)**	**17,677,931**	**59,467,628**	**41,070,076**	**32,011,928**
Guarantees	-	19,088,136	16,925,496	2,856,760	-	38,870,392

Foreign exchange risk
Foreign exchange risk is related to the risk of a material loss as a result of adverse fluctuations in exchange rates. The Bank’s functional currency is the US dollar.

The Board of Directors set very conservative foreign currency position limits, which are monitored daily to assess compliance.

The Bank has a minimal exposure to the abovementioned risk since assets and liabilities are predominantly in United States dollars.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Bank classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. The market risk for the trading portfolio is managed and monitored based on a Value–at–Risk (VaR) methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

The Board of Directors' policy is that market volatility cannot materially affect the valuation of the Bank's investments by quantitatively limiting the share of listed fixed-interest securities in total assets, and selecting investments based on their credit quality and maturity.

Credit risk

Credit risk arises from the possibility that debtors cannot bear the repayment of financing facilities granted on a timely basis (See Note 2 for the Bank's impairment assessment and measurement approach).

The Bank monitors the credit risk by establishing the credit limits to be granted to individual customers, customers by group and by industry through the "Large Exposures Policy". It also periodically assesses the portfolio of credits and related guarantees to record the loan loss reserves. Historically, the Bank has not had any material credit problems.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Bank's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations as at December 31, 2024 in relation to each class of recognized financial assets other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

The table below shows the maximum exposure to credit risk for the main components of the statement of financial position as of December 31, 2024 and 2023 including derivatives.

The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements, and net of such collaterals.

(Stated in United States Dollars)

	2024		2023	
	Gross maximum exposure	**Net maximum exposure**	**Gross maximum exposure**	**Net maximum exposure**
Cash and due from bank	3,406,287	3,406,287	2,262,854	2,262,854
Placements with other banks	28,921,752	28,921,752	33,801,753	33,801,753
Cash collateral pledged on securities borrowed and reverse repurchase agreements	43,872,820	43,872,820	-	-
Financial assets designated at fair value through profit or loss	58,140,754	58,140,754	106,186,509	106,186,509
Financial assets designated at amortized cost	1,319,216	1,319,216	52,864,654	52,864,654
Loans and advances	55,252,631	21,940,521	51,065,786	12,195,394
Other financial assets	8,173,420	8,173,420	-	-
Other assets	664,333	664,333	1,103,442	1,103,442
Total	**199,751,213**	**166,439,103**	**247,284,998**	**208,414,606**

Concentration of risk is managed by client/counterparty, and also by geographical region and by industry sector.

An industry sector analysis is shown below, for main components of the statement of financial position.

December 31, 2024	**Financial Institutions**	**Governments**	**Other**	**Total**
Cash and due from bank	3,406,287	-	-	3,406,287
Placements with other banks	28,921,752	-	-	28,921,752
Cash collateral pledged on securities borrowed and reverse repurchase agreements	-	-	43,872,820	43,872,820
Financial assets designated at fair value through profit or loss	368,018	32,781,921	24,990,815	58,140,754
Financial assets designated at amortized cost	-	1,319,216	-	1,319,216
Loans and advances	-	-	55,252,631	55,252,631
Other financial assets			8,173,420	8,173,420
Other assets	-	-	664,333	664,333
Total Financial Assets	**32,696,057**	**34,101,137**	**132,954,019**	**199,751,213**

(Stated in United States Dollars)

December 31, 2023	**Financial Institutions**	**Governments**	**Other**	**Total**
Cash and due from bank	2,262,854	-	-	2,262,854
Placements with other banks	33,801,753	-	-	33,801,753
Financial assets designated at fair value through profit or loss	13,775,954	7,034,264	85,376,291	106,186,509
Financial assets designated at amortized cost	-	52,864,654	-	52,864,654
Loans and advances	-	-	51,065,786	51,065,786
Other assets	-	-	1,103,442	1,103,442
Total Financial Assets	**49,840,561**	**59,898,918**	**137,545,519**	**247,284,998**

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. The identification and control of these risks is managed by the Audit & Compliance Committee. Controls over these risks include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. The Bank's Audit & Compliance Committee carry out regular reviews of all operational areas to ensure operational risks are being properly controlled and reported to the Executive Committee. Contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

20. Events After the Reporting Period

The directors have evaluated the possibility of subsequent events through April 24, 2025, the date the financial statements were available to be issued. The directors have determined that there are no material events that would require adjustment or disclosure in the Bank's financial statements.