EUROBANCO BANK LIMITED

Audited Financial Statements
Year ended December 31, 2023
with Independent Auditor's Report

Eurobanco Bank Limited

Audited Financial Statements

Year ended December 31, 2023

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, 2023, 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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 IFRSs, 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

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.

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

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- 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 26, 2024

Eurobanco Bank Limited

Statement of Financial Position

Year ended December 31, 2023

(Stated in United States Dollars)

	Note	December 31 2023	2022
Assets			
Cash and due from banks	3	2,262,854	6,669,198
Placements with other banks	4	33,801,753	61,565,302
Cash and cash equivalents		36,064,607	68,234,500
Financial assets designated at fair value through profit or loss	6	106,186,509	38,298,533
Financial assets designated at amortized cost	6	52,864,654	90,083,865
Loans and advances	7	50,443,129	55,622,076
Accrued interest receivable		622,657	524,200
Equipment, net	8	142,442	51,096
Other assets	9	1,103,442	726,378
Total assets		**247,427,440**	**253,540,648**
Liabilities			
Cash collateral on securities lending and reverse repurchase agreements	5	42,056,562	13,554,372
Due to customers	10	171,005,757	205,680,086
Accrued interest payable		216,016	321,269
Other liabilities	11	1,994,735	2,975,598
Total liabilities		215,273,070	222,531,325
Shareholder's equity			
Share capital	15	3,000,000	3,000,000
Contributed surplus		10,000,000	10,000,000
Retained earnings		19,154,370	18,009,323
Total shareholder's equity		32,154,370	31,009,323
Total liabilities and shareholder's equity		**247,427,440**	**253,540,648**

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, 2023

(Stated in United States Dollars)

		Year ended December 31	
	Note	**2023**	**2022**
Interest Income			
Savings accounts and loans		6,227,514	3,609,771
Interest Expense			
Time deposits and current accounts		(3,575,539)	(1,487,466)
Net interest income		2,651,975	2,122,305
Other Income – Net			
Fair value change and trading on securities, and net premiums on forward sales, repurchases and options	12	2,376,209	329,115
Commissions		1,424,557	1,399,105
Other operating income		2,888	(1,755)
Net interest and other income		6,455,629	3,848,770
Other expenses			
Management and other fees		(4,050,772)	(1,768,661)
Personnel expenses		(277,701)	(272,900)
Depreciation	8	(96,269)	(97,512)
License		(79,000)	(79,000)
Loan loss allowance		(12,975)	-
Other operating expenses		(793,865)	(942,461)
Total other expense		(5,310,582)	(3,160,534)
Net profit, being total comprehensive income for the year		**1,145,047**	**688,236**

See accompanying notes.

Eurobanco Bank Limited

Statement of Changes in Shareholder's Equity

Year ended December 31, 2023

(Stated in United States Dollars)

	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total
Balance, December 31, 2021	3,000,000	10,000,000	397,906	17,275,930	30,673,836
Reversal of general loan loss reserves to ECL allowance (1)	–	–	(352,749)	–	(352,749)
Excess of general loan loss reserves (1)	–	–	(45,157)	45,157	–
Total comprehensive income for the year	–	–	–	688,236	688,236
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

(1) See note 7.

See accompanying notes.

Eurobanco Bank Limited

Statement of Cash Flows

Year ended December 31, 2023

(Stated in United States Dollars)

	Year ended December 31	
	2023	**2022**
Operating activities		
Net profit	1,145,047	688,236
Adjustments to reconcile net profit to:		
Depreciation (Note 8)	96,269	97,512
Interest expense incurred on lease liabilities (Note 11)	5,018	4,873
Loan loss allowance	12,975	-
Changes in operating assets and liabilities:		
Increase in financial assets designated at fair value through profit or loss	(67,887,976)	(2,418,985)
Decrease / (Increase) in financial assets designated at amortized cost	37,219,211	(65,639,682)
Decrease / (Increase) in loans and advances	5,165,972	(16,479,598)
Increase in accrued interest receivable	(98,457)	(228,840)
Increase in other assets	(377,064)	(485,659)
(Decrease) / Increase in due to customers	(34,674,329)	13,919,969
(Decrease) / Increase in accrued interest payable	(105,253)	172,341
(Decrease) / Increase in other liabilities	(892,732)	2,752,454
Net cash flows used in operating activities	(60,391,319)	(67,617,379)
Investing activities		
Increase in equipment net	(187,615)	-
Increase in cash collateral on securities borrowings/ lending and reverse repurchase agreements	28,502,190	14,674,591
Net cash flows generated from investing activities	28,314,575	14,674,591
Financing activities		
Repayment of principal portion of lease liabilities (Note 11)	(93,149)	(88,315)
Net cash flows used in financing activities	(93,149)	(88,315)
Net (decrease) / increase in cash and cash equivalents	(32,169,893)	(53,031,103)
Cash and cash equivalents at beginning of year	68,234,500	121,265,603
Cash and cash equivalent at end of year	36,064,607	68,234,500
Operational cash flows from interest		
Interest received	6,129,057	3,380,931
Interest paid	3,680,792	1,315,125

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 12, Office 5, West Bay St. & Blake Rd., Nassau - Bahamas. The license to carry on a banking and trust business 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 14).

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, 2023, Eurobanco Bank Ltd. does not maintain deposits in Banco CMF S.A.

The financial statements of the Bank for the year ended December 31, 2023 were authorized for issue by the Directors on April 26, 2024.

2. Summary of significant 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) 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 17.

Significant 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.

2. Summary of significant accounting and reporting policies (continued)

Significant accounting judgements, estimates and assumptions (continued)

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 most significant 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 17.

2. Summary of significant accounting and reporting policies (continued)

Impairment of financial assets (continued)

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 2023. Although these new standards and amendments applied for the first time in 2023, 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.

- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

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.

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

*Effective for annual periods beginning on or after January 1, 2024

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, 2023, and 2022, 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:

2. Summary of significant accounting and reporting policies (continued)

Financial assets and Financial Liabilities (continued)

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)

2. Summary of significant accounting and reporting policies (continued)

Financial assets designated at fair value through profit or loss (continued)

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 and due from banks and other financial assets

The Bank only measures Due from banks, Loans and advances to customers, other financial investments 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.

2. Summary of significant accounting and reporting policies (continued)

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).

<u>Overview of the ECL principles</u>

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, 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.

2. Summary of significant accounting and reporting policies (continued)

Impairment of financial assets and financial guarantee contracts (continued)

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 four 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.

2. Summary of significant accounting and reporting policies (continued)

Impairment of financial assets and financial guarantee contracts (continued)

Forward-looking information

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.

Significant increase in credit risk

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.

2. Summary of significant accounting and reporting policies (continued)

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 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 Financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

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.

2. Summary of significant accounting and reporting policies (continued)

Leases (continued)

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 “Other Income – Net”.

Taxation
No income tax is levied on corporations in the Commonwealth of The Bahamas, and, accordingly, no provision for income tax is reflected in the accompanying financial statements.

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%.

(Stated in United States Dollars)

2. Summary of significant accounting and reporting policies (continued)

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.

3. Cash and due from banks

Cash and due from banks are summarized as follows:

	2023	**2022**
Interactive Brokers (United States)	1,291,962	1,348
Standard Chartered Bank (Frankfurt)	816,952	1,096,855
Bulltick LLC (United States)	64,361	40,611
Jefferies (United States)	40,656	3,503
Raymond James Financial (United States)	30,106	10,091
Metrocorp Valores S.A. (Argentina)	11,244	-
Standard Chartered (Honk Kong)	4,483	-
The Winterbotham Merchant Bank (Bahamas)	3,090	6,096
Euroclear (Belgium)	-	5,510,694
	2,262,854	**6,669,198**

(Stated in United States Dollars)

4. Placements with other banks

The account includes:	2023	2022
Overnight	33,801,753	61,565,302
	33,801,753 (1)	61,565,302 (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 4.1% (2022: 3.55%), Standard Chartered Bank 4.3% (2022: 3.5%), and Citibank 2.5% (2022: 2.79%).

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 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. Consequently, the securities are not recognized by the Bank, which instead records a separate asset for any possible cash collateral provided.

As of December 31, 2023 and 2022, the Bank received and pledged securities as collateral in reverse repurchase agreements with a fair value of 42,056,562 and 13,554,372, respectively. All these securities have been pledged or otherwise transferred to satisfy commitments under short sale transactions.

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.

As of December 31, 2023 and 2022, the Bank has used the following valuation technique levels:

	2023	2022
	Level 1	**Level 1**
Corporate Bonds	94,938,653	33,198,203
Mutual Funds	4,213,592	3,193,937
Government Debt Securities	7,034,264	1,906,393
Total	**106,186,509**	**38,298,533**

(Stated in United States Dollars)

6. Financial assets (continued)

During the year ended December 31, 2023 and 2022, 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.

	2023	2022
Government Debt Securities		
Fair Value		
Brazil Federal Republic 4.75% 01/14/2050 – USD	3,961,293	-
United States Treasury Note 4.50% 11/30/2024	2,778,884	-
City of Buenos Aires 7.50% Maturity 06/01/2027 – USD	107,458	100,321
Buenos Aires Province Maturity 01/09/2037 - USD	71,833	131,896
Argentina Republic Bonds Maturity 07/09/2030 Law NY – USD	63,452	4,748
Argentina Republic Bonds Maturity 07/09/2030 – USD	28,455	654,076
Argentina Republic Bonds Maturity 07/09/2041 Law NY – USD	22,889	125,112
Argentina Republic Bonds 01/09/2038 Law NY - USD	-	736,280
United States Treasury Tips 04/15/2025	-	153,960
Sub-total of Government Debt Securities	**7,034,264**	**1,906,393**
Corporate Bonds		
Fair Value		
Promissory Notes Capex SA 9.25% 2028	47,273,590	-
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 Banco Macro SA 6.75% 2026	5,919,506	-
Promissory Notes YPF SA 8.50% 2029	4,671,333	52,142
Promissory Notes AES GENER 9.50% USD 2027	1,883,839	-
Promissory Notes GENNEIA SA 8.75% USD 09/02/2027	777,406	-
Promissory Notes Aeropuertos Argentina 2000 8.50% 2031	581,939	-
Promissory Notes YPF Energía Electrica SA 10% 2026	506,322	-
Promissory Notes Aeropuertos Argentina 2000 6.875% 2027	386,815	-
Promissory Notes YPF SA 4.00% 2026	356,273	-
Promissory Notes Boldt 03/07/2026	272,577	-
Promissory Notes Cia General de Combustibles 9.50% 2025	252,189	-
Promissory Notes PELAYO AGRONOMIA S3 C2 03/30/2026	245,080	-
Promissory Notes YPF SA 2.50% 2029	62,491	-
Promissory Notes Mastellone Hnos. 10.95% 06/30/2026	-	994,140
Promissory Notes Capex SA 6.875% 2024	-	32,151,921
Sub-total of Corporate Bonds	**94,938,653**	**33,198,203**
Mutual Funds		
Market Value		
Madero Fund	3,038,286	3,091,433
Franklin US Dollar Short-Term Money Market AX	300,858	-
PIMCO GIS Income Fund E Class USD Accumulation	223,454	-

(Stated in United States Dollars)

6. Financial assets (continued)

	2023	2022
Schroder Intl. Selec. Sustainable Growth A Acc USD (*)	189,588	-
Schroder Intl. Selec. 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	-
Ninety One GSF Global Multi Asset Income A Acc	-	102,504
Sub-total of Mutual Funds	**4,213,592**	**3,193,937**
Total	**106,186,509**	**38,298,533**

(*) 50,000 USD correspond to a subscription pending settlement as of December 31, 2023. It was made effective on January 2, 2024.

b) Financial assets designated at amortized cost (*)

	2023	2022
Government Debt Securities		
Amortized cost		
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	-
United States Treasury Bill 03/02/2023	-	29,794,644
United States Treasury Bill 02/23/2023	-	21,868,321
United States Treasury Bill 04/06/2023	-	19,781,902
United States Treasury Bill 02/16/2023	-	13,529,625
United States Treasury Bill 01/05/2023	-	2,578,544
United States Treasury Bill 01/12/2023	-	1,832,432
United States Treasury Bill 03/23/2023	-	648,961
United States Treasury Bill 04/13/2023	-	49,436
Sub-total of Government Debt Securities	**52,864,654**	**90,083,865**

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

7. Loans and advances

7.1. The classifications are as follows:

	2023	**2022**
Industrial and commercial in U.S. dollars	38,496,835	47,121,227
Industrial and commercial in Government Debt Securities	12,312,018	8,853,598
Allowance for ECL	(365,724)	(352,749)
	50,443,129	55,622,076

100% of these loans as of December 31, 2023 and 2022 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, 2023, there were Nil past due or impaired loans (2022: Nil).

7.2. The classifications of the credit assistance to the non – financial private sector (principal) are as follows:

	2023	**2022**
- Commercial portfolio financing	50,281,613	55,078,693
- Consumer portfolio financing	527,240	896,132
	50,808,853	55,974,825

The classification of such gross loans by their collateral as of December 31, 2023 and 2022 are as follows:

	2023	**2022**
- Unsecured loans	11,938,461	26,028,038
- Preferred guarantees	22,014,122	11,244,041
- Other secured	16,856,270	18,702,746
	50,808,853	**55,974,825**

8. Equipment, net

	Furniture and Installations	**Machines and Equipment**	**Vehicles**	**Rights of Use** **Land and buildings**	**Total**
Cost					
As of January 1, 2022	63,892	471,378	27,995	-	563,265
Additions	-	-	-	137,410	137,410
As of December 31, 2022	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

(Stated in United States Dollars)

Depreciation					
As of January 1, 2022	63,892	471,378	16,797	-	552,067
Depreciation charge for the year	-	-	5,599	91,913	97,512
As of December 31, 2022	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
Net book value					
As of December 31, 2022	-	-	5,599	45,497	51,096
As of December 31, 2023	-	-	-	142,442	142,442

9. Other assets

The account includes:

	2023	**2022**
Equity interest in Lemitel S.A.	187,623	184,735
Other debtors	915,819	541,643
	1,103,442	**726,378**

10. Due to customers

The classifications are as follows:

	2023	**2022**
Current accounts	83,570,140	177,192,046
Time deposits (1)	87,435,617	28,488,040
	171,005,757	**205,680,086**

(1) Approximately, 97% and 99% matures in one year or less as of December 31, 2023 and 2022, respectively.

Approximately 89% and 88% of these deposits are from clients located in Latin America, for the years 2023 and 2022, respectively. The average deposit interest rate for the years 2023 and 2022 is 1.90% and 0.61%, respectively.

11. Other liabilities

The account includes:

	2023	**2022**
Financial instruments, net (Note 13)	733,918	1,588,640
Other liabilities (*)	1,260,817	1,386,958
	1,994,735	**2,975,598**

(*) Other liabilities as of 31 December 2023 includes lease liabilities of 143,999 (2022: 46,886). The lease payments amounted to 93,149 (2022: 88,315) and interest accretion of 5,018 (2022: 4,873). The maturity analysis of lease liabilities is disclosed in Note 17.

(Stated in United States Dollars)

12. Accrual and trading on securities, and net premiums on forward sales, repurchases and options

	2023	2022
Accrual and trading on securities	(340,317)	(540,391)
Net premiums on forward sales and repurchases	2,716,526	869,506
	2,376,209	**329,115**

13. Off-balance sheet accounts

In the normal course of business, the Bank is party to financial instruments with off-balance-sheet risk such as sales and repurchase agreements and other guarantees given.

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 liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

The Bank had the following financial instruments, the outstanding balances of which as of December 31, 2023, and 2022, are included in “Other Liabilities” and are as follows:

	2023	2022
Future sales		
-Buenos Aires Province 7.875% Maturity 09/01/2037 - USD	(6,857,468)	(2,999,688)
-Promissory Notes CAPEX S.A. 9.25% 2028	(4,592,262)	-
-Argentina Republic Bonds Maturity 07/09/2041 Law NY – USD	(2,675,829)	(2,245,459)
-United States Treasury Note 4.50% 11/30/2024	(2,778,884)	-
-Argentina Republic Bonds Maturity 07/09/2030 – USD	(1,984,331)	(1,002,394)
-Argentina Republic Bonds Maturity 07/09/2030 Law NY – USD	(1,716,690)	-
-United States Treasury Bill 06/13/2024	(1,351,535)	-
-Argentina Republic Bonds Maturity 07/09/2035 Law NY – USD	(1,078,038)	(2,641,617)
-United States Treasury Bill 05/02/2024	(913,890)	-
-Promissory Notes Banco Macro S.A. 6.75% 2026	(870,532)	-
-Promissory Notes GENNEIA S.A. 8.75% 2027	(777,406)	-
-Promissory Notes JP Morgan 5.717% 2033	(709,445)	-

(Stated in United States Dollars)

13. Off-balance sheet accounts (continued)

	2023	**2022**
-Promissory Notes Aeropuertos Argentina 2000 8.50% 2031	(581,939)	-
-Buenos Aires Province Badlar + 3.75% Maturity 04/12/2025 – ARS	(553,461)	-
-Promissory Notes YPF Energia Electrica S.A. 10% 2026 USD	(506,322)	-
-Promissory Notes YPF S.A. 4.00% 2026 USD	(356,273)	-
-Franklin US Dollar Short-Term Money Market Fund	(300,858)	-
-Buenos Aires Province BADLAR + 6.50% 05/16/2024 – ARS	(242,800)	(569,600)
-Argentina - Values Linked to GDP – USD Law New York	(233,689)	-
-PIMCO GIS Income Fund Class E USD Accummulation	(223,454)	-
-Grupo Financiero Galicia S.A ADR	(207,180)	-
-SCHRODER Intl.Selec. Sustainable Growth A USD	(189,687)	-
-SCHRODER Intl.Selec. Global Credit Income Fund	(159,559)	-
-MFS Meridian Prudent Wealth Fund Class A1	(132,553)	-
-United States Treasury Bill 02/22/2024	(131,020)	-
-Argentina Republic Bonds Maturity 01/09/2038 Law NY – USD	(125,222)	-
-Banco Macro S.A. ADR	(107,625)	-
-Pampa Holding S.A. ADR	(99,040)	-
-PIMCO Dinamic Multi-Asset Fund E USD	(87,675)	-
-Stockplus Fund E USD Accumulation	(81,619)	-
-Argentina - Values Linked to GDP – USD Law Argentina	(79,613)	-
-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)	-
-The Coca-Cola Company Stock	(20,036)	-
-To Be Settled in Euros	(11,753)	(212,902)
-To Be Settled in Yuanes	(5,065)	-
-United States Treasury Bill 01/05/2023	-	(2,570,745)
-City of Buenos Aires 02/22/2028	-	(292,800)
-United States Treasury Tips 04/15/2025	-	(153,960)
-Ninety One GSF - Global Multi-Asset Income Fund A Acc USD	-	(102,504)
-Mercadolibre Inc.	-	(84,247)
-United States Treasury Bill 04/13/2023	-	(49,436)
-United States Treasury Bill 06/29/2023	-	(48,872)
-Barings Global Senior Secured Bond Fund A1 USD Acc. Shares	-	(10,000)
-Argentina - Values Linked to GDP in 12/15/2035 - ARS	-	(6,672)
-Promissory Notes Alibaba Group Holding LTD	-	(2,637)
Sub-total	(30,891,953)	(12,993,533)
U.S. Dollars receivable for future sales	31,028,921	13,496,058
U.S. Dollars receivable for future sales, net	**136,968**	**502,525**

(Stated in United States Dollars)

13. Off-balance sheet accounts (continued)

	2023	**2022**
Future purchases		
-Argentina Republic Bonds Maturity 07/09/2041 Law NY – USD	27,435,785	2,120,347
-Argentina Republic Bonds Maturity 07/09/2030 – USD	24,634,196	24,066,818
-Buenos Aires Province 7.875% Maturity 09/01/2037 - USD	6,785,635	2,867,792
-Argentina Republic Bonds Maturity 07/09/2030 Law NY – USD	4,495,728	-
-Argentina Republic Bonds Maturity 07/09/2035 Law NY – USD	1,078,038	-
-Promissory Notes Banco Macro S.A. 6.75% 2026	631,136	-
-Buenos Aires Province BADLAR+3.75% 04/12/2025 – ARS	553,461	-
-Buenos Aires Province BADLAR+6.50% 05/16/2024 – ARS	242,800	569,600
-Argentina - Values Linked to GDP – USD Law New York	233,689	-
-Grupo Financiero Galicia S.A ADR	207,180	-
-Argentina Republic Bonds Maturity 01/09/2038 Law NY – USD	125,222	16,145,061
-Banco Macro S.A. ADR	107,625	-
-Pampa Holding S.A. ADR	99,040	-
-Argentina - Values Linked to GDP – USD Law Argentina	79,613	-
-SCHRODER Intl.Selec. Sustainable Growth A USD	50,099	-
-The Coca-Cola Company Stock	20,036	-
-To Be Settled in Euros	10,681	28,914
-To Be Settled in Yuanes	5,065	-
-Argentina Republic Bonds Maturity 07/09/2035 Law NY – USD	-	720,844
-City of Buenos Aires 02/22/2028	-	292,800
-Mercadolibre Inc.	-	84,247
-United States Treasury Bill 06/29/2023	-	48,872
-Barings Global Senior Secured Bond Fund A1 USD Acc. Shares	-	10,000
-Argentina - Values Linked to GDP in 12/15/2035 - ARS	-	6,672
-Promissory Notes Alibaba Group Holding LTD	-	2,637
Sub-total	66,795,029	46,964,604
U.S. Dollars payable for future purchases	(67,665,915)	(49,055,769)
U.S. Dollars payable for future purchases, net	**(870,886)**	**(2,091,165)**
Financial instruments, net	**(733,918)**	**(1,588,640)**

Additionally, the Bank carries the following off-balance sheet balances for the items described below as of December 31, 2023 and 2022:

	2023	**2022**
Custody accounts	680,561,282	518,762,989
Fiduciary Agreements (Note 16)	175,749,563	399,457
Guarantees received	38,870,392	30,117,732

(Stated in United States Dollars)

13. Off-balance sheet accounts (continued)

As of December 31, 2023 and 2022, the Bank has used Level 1 valuation techniques for all financial instruments in off-balance sheets accounts.

14. Related party balances and transactions

The balances and transactions performed with related parties as of December 31, 2023 and 2022 are as follows. There were no transactions and balances with its Parent.

Statement of Financial Position	**2023**	**2022**
Cash and due from banks	11,244	-
Loans and advances (principal and accrued interest receivable)	7,761,241	5,257,123
Deposits – Current account	8,741,404	33,978,726
Future sales	-	(1,849,134)
U.S. Dollars receivable for futures sales	-	1,869,000
Future purchases	1,984,331	-
U.S. Dollars payable for futures purchases	(1,998,958)	-
Statement of Comprehensive Income		
Management and other fees	899,318	710,431
Interest income loans	236,947	230,442
Interest expense deposits	(80,052)	(219)

The assets and liabilities maintained with related parties are interest free, with the exception of loans and advances (principal and accrued interest receivable) balances included in the table above. As of 31 December 2023, and 2022, accrued interest receivable in relation to these balances amounted to 154,137 and 265,109 respectively. Out of 7,761,241 and 5,257,123 loans and advances balances as of 31 December 2023 and 2022, 7,607,104 and 4,992,014, respectively are secured or collateralized.

15. 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. 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.

(Stated in United States Dollars)

15. Share capital (continued)

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, 2023, the Bank maintained capital equal to 13% (2022: 12%) of the total assets.

The Central Bank requires the Bank to maintain a minimum ratio of total capital to riskweighted assets of 8%. The capital to risk-weighted assets ratio at December 31, 2023 was 18.80% (2022: 28.80%).

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, 2023 and 2022, the Bank has complied with all of the externally imposed capital requirements to which it was subjected.

Regulatory capital

	2023	**2022**
Tier 1	32,154,370	31,009,323
Elegible capital	32,154,370	31,009,323
Capital required	(13,669,760)	(8,618,160)
Capital surplus	18,484,610	22,391,163
Risk weighted assets	171,049,000	107,729,000
Tier 1 Capital ratio	18.80%	28.80%
Total Capital ratio	18.80%	28.78%

16. 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.

(Stated in United States Dollars)

16. Fiduciary agent for the placement of funds received from third parties and other operations of financial intermediation (continued)

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

17. 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, 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	-	24,482,633	21,833,380	4,127,116	-	50,443,129
Accrued interest receivable	-	326,343	256,456	39,858	-	622,657
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**

(Stated in United States Dollars)

17. Risk management (continued)

	On demand	Less than 3 months	3 – 12 Months	1 – 5 years	Over 5 years	Total
Financial Liabilities						
Cash collateral on securities lending and reverse repurchase agreements	-	42,056,562	-	-	-	42,056,562
Due to customers	83,570,140	75,073,818	10,060,799	2,301,000	-	171,005,757
Accrued interest payable	74,384	55,926	63,417	22,289	-	216,016
Other liabilities	-	1,589,790	404,945	-	-	1,994,735
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

	On demand	Less than 3 months	3 – 12 Months	1 – 5 years	Over 5 years	Total
As at December 31, 2022						
Financial Assets						
Cash and due from bank	6,669,198	-	-	-	-	6,669,198
Placements with other banks	61,565,302	-	-	-	-	61,565,302
Financial assets designated at fair value through profit or loss	-	3,193,937	-	33,833,255	1,271,341	38,298,533
Financial assets designated at amortized cost	-	70,252,527	19,831,338	-	-	90,083,865
Loans and advances	-	37,424,497	17,145,329	1,052,250	-	55,622,076
Accrued interest receivable	-	269,228	254,972	-	-	524,200
Other assets	-	370,473	138,742	32,428	184,735	726,378
Total Financial Assets	**68,234,500**	**111,510,662**	**37,370,381**	**34,917,933**	**1,456,076**	**253,489,552**
Financial Liabilities						
Cash collateral on securities borrowing and reverse repurchase agreements	-	13,204,357	350,015	-	-	13,554,372
Due to customers	177,192,046	14,055,025	11,728,803	2,704,212	-	205,680,086
Accrued interest payable	226,684	22,189	66,684	5,712	-	321,269
Other liabilities	-	2,942,801	32,797	-	-	2,975,598
Total Financial Liabilities	**177,418,730**	**30,224,372**	**12,178,299**	**2,709,924**	**-**	**222,531,325**
Total net financial assets / (liabilities)	**(109,184,230)**	**81,286,290**	**25,192,082**	**32,208,009**	**1,456,076**	**30,958,227**
Guarantees	-	14,726,457	12,975,675	2,415,600	-	30,117,732

17. Risk management (continued)

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, 2022 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, 2023 and 2022 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)

17. Risk management (continued)

	2023		2022	
	Gross maximum exposure	**Net maximum exposure**	**Gross maximum exposure**	**Net maximum exposure**
Cash and due from bank	2,262,854	2,262,854	6,669,198	6,669,198
Placements with other banks	33,801,753	33,801,753	61,565,302	61,565,302
Financial assets designated at fair value through profit or loss	106,186,509	106,186,509	38,298,533	38,298,533
Financial assets designated at amortized cost	52,864,654	52,864,654	90,083,865	90,083,865
Loans and advances	50,443,129	11,572,737	55,974,825	26,027,972
Other assets	1,103,442	1,103,442	726,378	726,378
Total	**246,662,341**	**207,791,949**	**253,318,101**	**223,371,248**

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, 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	-	7,034,264	99,152,245	106,186,509
Financial assets designated at amortized cost	-	52,864,654	-	52,864,654
Loans and advances	-	-	50,443,129	50,443,129
Other assets	-	-	1,103,442	1,103,442
Total Financial Assets	**36,064,607**	**59,898,918**	**150,698,816**	**246,662,341**

(Stated in United States Dollars)

17. Risk management (continued)

December 31, 2022	Financial Institutions	Governments	Other	Total
Cash and due from bank	6,669,198	-	-	6,669,198
Placements with other banks	61,565,302	-	-	61,565,302
Financial assets designated at fair value through profit or loss	-	1,906,393	36,392,140	38,298,533
Financial assets designated at amortized cost	-	90,083,865	-	90,083,865
Loans and advances	-	-	55,622,076	55,622,076
Other assets	-	-	726,378	726,378
Total Financial Assets	**68,234,500**	**91,990,258**	**92,740,594**	**252,965,352**

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.

18. Events After the Reporting Period

The directors have evaluated the possibility of subsequent events through April 26, 2024, 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.