Inteligo Bank Ltd.

Audited Financial Statements

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

Inteligo Bank Ltd.

Annual Financial Statements

Year ended December 31, 2024

Contents

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Independent Auditor's Report

The Board of Directors
Inteligo Bank Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Inteligo Bank Ltd. (the "Bank"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, 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.

Shape the future
with confidence

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.

- 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.

March 27, 2025

Inteligo Bank Ltd.
Statement of Financial Position
December 31, 2024

Amounts expressed in thousands of US$ dollars

	Notes	**2024 US$ 000**	2023 US$ 000
ASSETS			
Cash and deposit with banks			
Cash	5	**4**	6
Deposit with banks:			
Demand deposits	5	**111,349**	117,699
Time deposits	5	**23,940**	96,194
		135,293	213,899
Financial assets:			
At fair value through profit or loss (FVPL)	6,19,20	**323,959**	302,332
At fair value through other comprehensive income (FVOCI), including $109,061 pledged as collateral in 2024 (2023: $27,289)	6,19,20	**188,580**	186,979
		512,539	489,311
Loans, net	7	**421,275**	399,893
		421,275	399,893
Accrued interest receivable		**13,051**	13,720
Property, furniture, equipment and improvements, net	8	**8,452**	9,062
Intangible assets	9	**1,828**	1,751
Securities sold pending settlement		**1,835**	304
Other assets	10	**10,982**	8,360
		36,148	33,197
TOTAL ASSETS		**1,105,255**	1,136,300

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

Amounts expressed in thousands of US$ dollars

	Notes	**2024 US$ 000**	2023 US$ 000
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits:			
Demand	19,20	**239,246**	290,223
Time		**539,123**	598,412
		778,369	888,635
Borrowings	12	**70,500**	22,000
Accrued interest payable		**6,793**	7,980
Securities bought pending settlement		**18**	145
Other liabilities	16	**11,501**	5,792
		18,312	13,917
Total liabilities		**867,181**	924,552
Shareholder's Equity			
Share capital	13	**20,000**	20,000
Other accumulated comprehensive loss		**(276)**	(601)
Regulatory reserve	7	**2,242**	2,242
Retained earnings		**216,108**	190,107
Total Shareholder's Equity		**238,074**	211,748
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**1,105,255**	1,136,300

Approved on behalf of the Board of Directors on March 27, 2025, by the following:

Roberto Hoyle
Director

Reynaldo Roisenvit
Director

Inteligo Bank Ltd.
Statement of Income
For the year ended
December 31, 2024

Amounts expressed in thousands of US$ dollars

	Notes	**2024 US$ 000**	2023 US$ 000
Interest and dividend income:			
Interest on loans		**25,199**	25,150
Interest on securities	6	**12,293**	11,027
Interest on deposits with banks		**6,607**	9,879
Dividend income		**2,504**	2,276
Total interest and dividend income		**46,603**	48,332
Interest expense		**(28,266)**	(26,121)
Net interest and dividend income		**18,337**	22,211
Income (expense) from financial services and other items:			
Net unrealized gain/(loss) on financial assets at FVPL	6	**19,083**	(14,818)
Net gain on financial assets at FVPL	6	**4,829**	5,483
Net loss on financial assets at FVOCI		**(3,665)**	(734)
Commision income	17	**28,154**	26,372
Commision and other financial expense, net		**(1,555)**	(4,635)
Other (expense)/income, net		**(551)**	597
Total income from financial services and other items, net		**46,295**	12,265
General and administrative expenses:			
Professional fees	15	**12,140**	11,462
Salaries and employee benefits	15	**10,152**	8,630
Depreciation and amortization	8, 9, 10	**1,781**	1,990
Short-term leases		**121**	201
Other expenses	15	**9,137**	4,603
Total general and administrative expenses		**33,331**	26,886
Net profit		**31,301**	7,590

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

Inteligo Bank Ltd.
Statement of Comprehensive Income
For the year ended
December 31, 2024

Amounts expressed in thousands of US$ dollars

	Notes	2024 US$ 000	2023 US$ 000
Net profit for the year		**31,301**	7,590
Other comprehensive income that will be reclassified to the income statement			
Debt instruments at FVOCI:			
Net change in fair value of debt instrument at FVOCI		**(569)**	3,446
Reclassification adjustments to the statement of income		**3,742**	826
Adjustments to the reserve of debt instruments at FVOCI		**(2,647)**	(165)
Total items that will be reclassified to the income statement		**526**	4,107
Other comprehensive income that will not be reclassified to the income statement			
Net change in fair value of equity instruments at FVOCI		**(201)**	(545)
Net result of sale of equity instruments		**-**	763
Total items that will not be reclassified to the income statement		**(201)**	218
Total comprehensive income for the year		**31,626**	11,915

Inteligo Bank Ltd.
Statement of Changes in Shareholder's Equity
For the year ended
December 31, 2024

Amounts expressed in thousands of US$ dollars

	Share Capital US$ 000	*Other Accumulated Comprehensive Income*	*Regulatory Reserve US$ 000*	*Retained Earnings US$ 000*	*Total Shareholder's Equity US$ 000*
At January 1, 2023	20,000	(4,926)	2,242	183,996	201,312
Net profit for the year	-	-	-	7,590	7,590
Other comprehensive income:					
Debt instruments at FVOCI					
Net change in fair value of debt instruments at FVOCI	-	3,446	-	-	3,446
Reclassification adjustments to the statement of income	-	826	-	-	826
Adjustment to the reserve of expected credit losses on debt instruments at FVOCI	-	(165)	-	-	(165)
Net change in fair value of equity instrument at FVOCI		(545)			(545)
Net result on sale of equity instruments	-	763	-	(1,479)	(716)
At December 31, 2023	**20,000**	**(601)**	**2,242**	**190,107**	**211,748**
Net profit for the year	**-**	**-**	**-**	**31,301**	**31,301**
Other comprehensive income:					
Debt instruments at FVOCI					
Net change in fair value of debt instruments at FVOCI	**-**	**(569)**	**-**	**-**	**(569)**
Reclassification adjustments to the statement of income	**-**	**3,742**	**-**	**-**	**3,742**
Adjustment to the reserve of expected credit losses on debt instruments at FVOCI	**-**	**(2,647)**	**-**	**-**	**(2,647)**
Net change in fair value of equity instrument at FVOCI	**-**	**(201)**	**-**	**-**	**(201)**
Transactions with owner, recorded directly in equity:					
Dividends (Note 13)	**-**	**-**	**-**	**(5,300)**	**(5,300)**
At December 31, 2024	**20,000**	**(276)**	**2,242**	**216,108**	**238,074**

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

Inteligo Bank Ltd.
Statement of Cash Flows
For the year ended
December 31, 2024

Amounts expressed in thousands of US$ dollars

	Notes	**2024** US$ 000	2023 US$ 000
Cash flows from operating activities			
Net profit		**31,301**	7,590
Adjustments to reconcile net profit (loss) to net cash flows:			
Depreciation and amortization	8, 9, 10	**1,781**	1,990
Reversal of reserve of debt instruments at FVOCI	6	**(2,647)**	(165)
Net loss on financial instruments at FVOCI		**3,665**	734
Interest and dividend income		**(46,603)**	(48,332)
Interest expense		**28,266**	26,121
Operating results before working capital changes		**15,763**	(12,062)
Financial assets at FVPL		**(21,627)**	83,061
Loans		**(21,382)**	59,249
Deposits		**(110,266)**	(184,908)
All other assets		**(3,644)**	71
All other liabilities		**5,427**	(643)
Net cash flows generated from operations		**(135,729)**	(55,232)
Interest received		**47,272**	45,129
Interest paid		**(29,453)**	(22,383)
Net cash flows used in operating activities		**(117,910)**	(32,486)
Cash flows from investing activities			
Deposits over 90 days		**50,691**	24,336
Acquisition of financial assets at FVOCI	6	**(132,888)**	(226,994)
Proceeds from sales of financial assets at FVOCI	6	**52,743**	42,770
Redemptions and maturities of financial assets at FVOCI	6	**77,558**	54,783
Purchase of furniture, equipment and improvements	8	**(235)**	(79)
Intangible assets	9	**(656)**	(1,020)
Net cash flows provided by (used in) investing activities		**47,213**	(106,204)
Cash flows from financing activities			
Borrowings proceeds	12	**69,500**	37,000
Repayments of borrowings	12	**(21,000)**	(29,000)
Repayment of lease liabilities	10	**(418)**	(295)
Dividends paid	13	**(5,300)**	-
Net cash flows provided by financing activities		**42,782**	7,705
Net decrease in cash and cash equivalents		**(27,915)**	(130,985)
Cash and cash equivalents at January 1		**149,618**	280,603
Cash and cash equivalents at December 31	5	**121,703**	149,618
Non-cash transactions			
In-kind distribution of stock at FVPL		**5,195**	-

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

1. Corporate Information

Inteligo Bank Ltd. ("the Bank") was incorporated under the laws of The Commonwealth of The Bahamas in 1995 and is licensed by The Central Bank of The Bahamas to conduct various types of banking, financing and investment activities. The Bank is also registered with the Securities Commission of The Bahamas since 2019. The registered office of the Bank is located at Balmoral Corporate Centre, Ground Floor, Unit B, Nassau, The Bahamas. The Bank is a wholly owned subsidiary of Inteligo Group Corp., an entity incorporated under the laws of the Republic of Panama. Inteligo Group Corp. is a wholly owned subsidiary of Intercorp Financial Services Inc., a public company listed in the New York Stock Exchange and in the Lima, Peru Stock Exchange (Bolsa de Valores de Lima, BVL) under the ticker IFS.

The Bank established a branch in Panama ("the Branch"), on January 10th, 1997 under the laws of the Republic of Panama. The Branch operates under an international license issued by the Superintendence of Banks of Panama through resolution No. 26-96 of December 1996. The banking operations in Panama (primarily lending and borrowing activities) are subject to regulatory requirements and the supervision of the Superintendence of Bank of Panama, pursuant to Agreement No. 9 of February 26, 1998; as modified by Law Decree No.2 of February 22, 2008. In 2021, the Superintendence of the Securities Market of the Republic of Panamá issued an Investment Advisor License to the Branch through Resolution No. 317-21 of June 2021.

The financial statements were authorized for issuance according to resolution of the Board of Directors of Inteligo Bank Ltd. on March 27, 2025.

2. Statement of Compliance

The financial statements of Inteligo Bank Ltd. have been prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").

3. Basis of Preparation of Financial Statements

3.1 Basis of presentation

The financial statements have been prepared on an historical cost basis, except for the measurement at fair value of financial assets at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI) under IFRS 9. The financial statements are presented in United States of America dollars (US$) and all values are rounded to the nearest thousand (US$000) except when otherwise indicated. The Bank presents its statements of financial position in order of liquidity.

3. Basis of Preparation of Financial Statements (continued)

3.2 Accounting judgments and estimates

Judgment

The preparation of the financial statements in conformity with International Financial Reporting Standards requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. In the process of applying the Bank's accounting policies, Management has made the following judgements and assumptions.

a. Impairment losses of financial assets. The measurement of impairment losses under IFRS 9 of financial assets requires judgement, in particular, the estimation of amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's expected credit loss policy is detailed in Note 4 of these financial statements.

b. Fair value of financial instruments. The fair value of financial instruments is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction in the principal and most advantageous market under current market conditions. When the fair value of financial assets cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. Further details about determination of fair value are disclosed in Note 4 to these financial statements.

c. Effective interest rates. Interest income is recorded using the effective interest rate (EIR) method for all financial assets measures at amortized cost, interest income on interest bearing assets measured at FVOCI, as well as interest expense of financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability, therefore, the estimation of the expected life of the instrument requires an element of judgment. Refer to Note 4 to these financial statements.

d. Provisions and contingent liabilities. The Bank operates in a regulatory and legal environment that, by nature, has an element of litigation risk to its operations, and the Bank has to consider the probability of outflows due to cases against the Bank. Given the subjectivity and uncertainty of determining the probability, the Bank takes into consideration a number of factors to determine a provision. Refer to Note 16 to these financial statements.

3.3 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, 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.

Amounts expressed in thousands of US$ dollars

4. Summary of Accounting Policies

4.1 Accounting Policies

Fair value of financial instruments

Financial instruments are used by the Bank to manage market risk, facilitate customer transactions, hold proprietary positions and meet financing objectives. Fair value is determined by the Bank based on available listed market prices or broker price quotations. Assumptions regarding the fair value of each class of financial assets and liabilities are fully described in Note 19 to the financial statements.

The Bank recognizes each sale and purchase of financial instruments on trade date.

Financial Assets

The Bank recognizes, in compliance with IFRS 9, three classes of financial assets: Financial assets at fair value through profit or loss (FVPL), at amortized cost and financial assets at fair value through OCI (FVOCI), which includes debt instruments that recycle through profit or loss and equity instruments not recycling through profit or loss. The classification depends on the purpose for which the financial assets were acquired and on their intended use. Management determines the classification of its financial assets at initial recognition or acquisition, whichever comes first.

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.

A financial asset is recorded at amortized cost if it meets the following two conditions and is not designated at fair value through profit or loss:

- The objective of the business model is to hold the financial asset in order to collect the contractual cash flows; and
- The contractual terms of the assets correspond to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal amount.

Amortized cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

A financial asset must be measured at fair value through other comprehensive income (FVOCI) only if it meets the following two conditions and is not designated at fair value through profit or loss:

- The objective of the business model is to both obtain contractual cash flows and sell the financial assets; and
- The contractual terms of the assets give rise to cash flows that are SPPI on the outstanding principal amount.

4. Summary of Material Accounting Policies (continued)

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments that are not held for trading as equity instruments at FVOCI when they meet the definition of equity under IAS 32 “Financial Instruments: Presentation”. Such classification is determined on an instrument-by-instrument basis.

All the financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Impairment – Financial assets, loan commitments and financial guarantee contracts

The Bank´s impairment model requires the estimation of expected credit losses (ECL) be adjusted by the future changes in macroeconomic factors (forward-looking approach), which shall be determined based on probability weighting.

The impairment model is applied to financial instruments that are not measured at fair value through profit or loss, such as financial assets that are debt instruments and financial assets at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Measurement of the expected credit loss

The parameters for measuring the expected credit loss are the following:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

PD estimations are calculated at a determined date and are obtained by applying the Bank’s risk grading models.

The LGD is an estimate of the loss arising in the case where a default occurs at a given time. The Bank calculates the LGD parameters with historical information of the recovery rates for different products. LGD models consider: the guarantee and the recovery costs of the guarantee.

The EAD represents the expected exposure at a future default date. The Bank calculates the EAD of the counterpart and the possible changes in the current amount according to the contract, including amortization and pre-payments. The EAD of a financial asset shall be the book value at the moment of default. In the case of loan commitments and financial guarantees, the EAD shall consider the used amount, as well as the potential future amounts that can be extracted or reimbursed pursuant to the contract, which shall be estimated in function of the historical records and macroeconomic factors. The EAD includes the direct and indirect (contingent) credit risk, which is determined by the credit conversion factor (CCF).

The Bank uses a 12-month PD for financial assets whose credit risk has not increased significantly since their initial recognition. For the rest of financial assets, the Bank shall measure the expected loss considering the default risk for the expected remaining life of the financial instrument.

4. Summary of Material Accounting Policies (continued)

At each reporting date, the Bank measures the expected credit loss by classifying the financial assets as follows:

• "Stage" 1: A 12-month expected credit loss is recognized on financial assets whose credit risk has not increased significantly since their initial recognition. The interest income is measured based on the gross carrying amount of the financial asset.

• "Stage" 2: A lifetime expected credit loss is recognized on financial assets whose credit risk has increased significantly since their initial recognition. The interest income is measured based on the gross carrying amount of the financial asset.

• "Stage" 3: A lifetime expected credit loss is recognized on credit-impaired financial assets. The interest income is measured based on the net carrying amount of the financial asset.

Forward-looking information

According to IFRS 9, the Bank includes prospective information in order to determine its expected credit loss. This process implies the use of economic scenarios and considering the probability of occurrence for each scenario. This information can be external and can use economic data and forecasts published by regulatory entities.

Fair value of financial instruments

The Bank determines the fair values of certain financial instruments by means of valuation techniques that use a significant number of inputs, not necessarily based on observable data, when these unobservable inputs have a significant effect on the instruments' valuation.

Availability of observable market price, and model inputs reduces the need for management judgment and estimation; and therefore, the possible uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the Bank uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all the significant inputs used in these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation technique, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and for the selection of appropriate discount rates.

The Bank has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management. Specific controls include verification of observable pricing inputs and performance of model valuations; a review and approval process for new models and changes to existing models; calibration and back testing of models against observed market transactions; and review of significant unobservable inputs and valuation adjustments.

4. Summary of Material Accounting Policies (continued)

Regardless of the established control framework, the economic environment prevailing during recent years has increased the degree of uncertainty inherent in these estimates and assumptions.

Fair value estimates are made at a specific date based on relevant market estimates and information about the financial instruments. The Bank holds financial instruments for which limited, or no observable market data is available. Fair value measurements for these instruments fall within Level 3 of the fair value hierarchy of IFRS 13 “Fair Value Measurements”. These fair value measurements are based primarily upon managements` own estimates and are often calculated based on the Bank’s current pricing policy, the current economic and competitive environment, the characteristics of the instrument, credit, interest, and currency rate risks and other such factors. Therefore, the results cannot be backed by comparison to prices quoted in active markets and may not be fully realized in a sale or immediate settlement of the asset or liability. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including movements in discount rates, liquidity risks, and estimates of future cash flows that could significantly affect the fair value measurement amounts.

Financial liabilities

The Bank recognizes, in compliance with IFRS 9, its financial liabilities at amortized cost using the effective interest method.

Borrowings

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well through the effective interest rate amortization process.

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For its financial assets, the Bank uses quoted market prices in an active market or dealer prices, which are the best evidence of fair value, where they exist, to measure the financial instrument. For investments where there is no active market, fair value is determined using valuation techniques such as: recent arm’s length market transactions; reference to the current market value of a substantially similar instrument; discounted cash flow analysis or other valuation models. The fair value of investment funds is determined by reference to the net asset values of the funds as provided by the respective administrators of such funds; reviewed in order to determine the appropriateness of the reported balance or whether adjustments are necessary.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership. When securities classified as at FVOCI are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income as gains and losses on financial instruments at FVOCI.

Amounts expressed in thousands of US$ dollars

4. Summary of Material Accounting Policies (continued)

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Interest income and expense

Interest income and expense is recognized in the statement of income for all interest-bearing instruments on an accrual basis applying the effective interest method to the actual purchase price. Interest income includes coupons earned on fixed income investment and accredited discount on debt instruments. When a loan becomes of doubtful collection, it is written down to recoverable amount and interest income is thereafter recognized at the rate of interest which had been used to discount the future cash flows for the purpose of determining the recoverable amount.

Fees and commissions income

Fees and commissions are generally recognized on an accrual basis once service has been rendered and are recognized as part of Commission income in the statement of income. The other commissions are recognized when received or paid.

Foreign currency operations

The Bank's transactions are performed mostly in U.S. dollars. Foreign currency transactions are translated into U.S. dollars at the prevailing exchange rates on the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets, are measured at the date of the statement of financial position and liabilities denominated in foreign currencies are recognized in the statement of income.

Translation differences on debt securities and other financial assets and liabilities measured at fair value are included as foreign exchange income, in the other income line item of the statement of income.

Property, furniture, equipment, and improvements

Property, furniture, equipment, and improvements are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the useful life of the assets as follows:

Property	30 years
Improvements	Shorter of 5 years or lease period
Furniture and office equipment	2 to 3 years
Vehicles	5 years

The carrying values of furniture, equipment and improvements are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4. Summary of Material Accounting Policies (continued)

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.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease. 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 recognized, 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 shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Bank recognizes 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, and amounts expected to be paid under residual value guarantees.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in the rate used to determine such lease payments).

Litigation provisions

Litigation provisions arise out of current or potential claims or pursuits alleging non-compliance with contractual or other legal or regulatory responsibilities, which have resulted or may arise in claims from customers, counterparties or other parties in civil litigations. The Bank is of the opinion that if disclosing these events on a case-by-case basis would prejudice their outcome, then such detailed disclosures have not been included in the Bank financial statements.

4.2 Changes in accounting policies and disclosures

New and amended standards

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on January 1, 2024:

- 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

4. Summary of Material Accounting Policies (continued)

None of these amendments will have an impact on the Bank's financial statements at December 31, 2024.

Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the financial statements.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Bank's financial statements.

Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7

On May 30, 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 financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- 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 January 1, 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 in the process of identifying all the impacts that the amendments will have on the financial statements and the related notes.

4. Summary of Material Accounting Policies (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

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 income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of income into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, 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 (PFS) 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 January 1, 2027, but earlier application is permitted and must be disclosed.

The Bank is in the process of identifying all the impacts that the amendments will have on the financial statements and the related notes.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Bank’s equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amounts expressed in thousands of US$ dollars

5. Cash and Deposits with Banks

	December 31,	
	2024	2023
	US$ 000	US$ 000
Cash	**4**	6
Demand deposits with banks	**111,349**	117,699
Time deposits with banks	**23,940**	96,194
Cash and deposits with banks	**135,293**	213,899
Less: deposits over 90 days	**(13,590)**	(64,281)
Cash and cash equivalents	**121,703**	149,618

On December 31, 2024, the annual interest rates on demand and time deposits in US$ ranged from 0% to 6.39% (2023: 0% to 6.50%) with maturities of less than two years.

The Bank considers as cash and cash equivalents all highly liquid instruments with original maturities of three months or less. All counterparties at least have credit rating of BB and above.

6. Financial Assets

a. Financial assets at fair value through profit or loss:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Corporate bonds	**239**	1,072
Equity shares and mutual funds	**290,123**	266,967
Third party administrated portfolio	**33,597**	34,293
	323,959	302,332

The portfolio of equity shares and mutual funds detailed above is comprised of equity shares US$53,443 (2023: US$52,044) and mutual funds US$236,680 (2023: US$214,923).

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

The third party administrated portfolio is composed of:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Cash	**32,548**	30,590
Equity shares	**923**	3,770
Others, net	**126**	(67)
	33,597	34,293

Following movements of the Bank’s financial assets at FVPL:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Balance at January 1	**302,332**	385,393
Purchases	**23,580**	30,439
Settlements	**(25,838)**	(104,150)
Redemptions	**(27)**	(15)
Net change in fair value during the year	**19,083**	(14,818)
Realized net gain	**4,829**	5,483
	323,959	302,332

b. Financial assets at fair value through other comprehensive income (FVOCI):

	December 31,	
	2024	2023
	US$ 000	US$ 000
Corporate bonds	**178,118**	165,457
Treasury and government bonds	**7,007**	17,851
Equity shares	**3,455**	3,671
	188,580	186,979

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

All corporate, treasury, and government bonds classified at FVOCI are fixed-rate instruments with coupon rates ranging from 0.75% to 12.625% p.a. (2023: 0.45% to 9.875% p.a.).

The Bank's financial assets at FVOCI had the following movements:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Balance at January 1	**186,979**	54,808
Purchases	**132,888**	226,994
Settlements	**(52,743)**	(42,770)
Redemptions / maturities	**(77,558)**	(54,783)
Net change in fair value during the year	**(986)**	2,730
	188,580	186,979

FVOCI corporate, treasury and government bonds are concentrated in the following countries, based on country of incorporation of issuers:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Colombia	**8,461**	15,012
Mexico	**2,596**	2,834
Brazil	**7,130**	3,160
Peru	**8,494**	3,421
Spain	**2,639**	3,525
Luxembourg	**-**	3,682
United States of America	**130,834**	131,636
Chile	**5,247**	-
United Kingdom	**4,406**	3,460
Canada	**3,873**	3,261
Others	**11,445**	13,317
	185,125	183,308

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

Financial assets are concentrated mainly in the financial services industry with 63% of total position (2023: 24%); energy with 7% (2023: 17%); manufacturing 3% (2023: 11%); construction with 0.4% (2023: 2%); and the rest of the portfolio concentrated in other industries.

The maturity analysis of financial assets at FVOCI as of December 31, 2024 and 2023 is shown below:

	December 31, 2024					
	0-1 Year US$000	**1 - 5 Years US$000**	**5 - 10 Years US$000**	**More than 10 years US$000**	**With no Maturity US$000**	**Total US$000**
Corporate bonds	**9,798**	**100,148**	**64,024**	**4,148**	**-**	**178,118**
Treasury and government bonds	**2,349**	**2,697**	**1,961**	**-**	**-**	**7,007**
Equity shares	**-**	**-**	**-**	**-**	**3,455**	**3,455**
	12,147	**102,845**	**65,985**	**4,148**	**3,455**	**188,580**

	December 31, 2023					
	0-1 Year US$000	1 - 5 Years US$000	5 - 10 Years US$000	More than 10 years US$000	With no Maturity US$000	Total US$000
Corporate bonds	3,486	84,402	67,677	9,892	-	165,457
Treasury and government bonds	15,030	2,481	340	-	-	17,851
Equity shares	-	-	-	-	3,671	3,671
	18,516	86,883	68,017	9,892	3,671	186,979

Securities for both the financial assets at FVPL and financial assets at FVOCI, classified by type of interest, are shown below:

	December 31,	
	2024 US$ 000	2023 US$ 000
Fixed rate	**185,364**	184,380
Equity (non-interest bearing)	**56,898**	55,715
Funds (mixed)	**236,680**	214,923
Third party administered funds (mixed)	**33,597**	34,293
	512,539	489,311

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

Transfer of financial assets from level 1 to level 2 occur when they ceased to be actively traded during the year and fair values consequently obtained using valuation techniques using observable market inputs. Transfers from level 2 to level 1 occur when the financial asset is actively traded during the year.

Transfers from level 3 to level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously significant unobservable valuation inputs. Since the transfer, those instruments are valued using valuation models incorporating observable market inputs. Transfers into level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Bank requires significant unobservable inputs to calculate their fair value.

The financial assets at FVPL and FVOCI classified according to hierarchy of fair value measurements are described below:

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$000	**US$000**	**US$000**	**US$000**
Financial assets at FVPL				
Corporate bonds	**239**	**-**	**-**	**239**
Equity shares and mutual funds	**31,937**	**24,140**	**234,046**	**290,123**
Third party administrated portfolio	**-**	**33,597**	**-**	**33,597**
	32,176	**57,737**	**234,046**	**323,959**
Financial assets at FVOCI				
Equity shares	**1,331**	**2,124**	**-**	**3,455**
Treasury bonds and government bonds	**7,007**	**-**	**-**	**7,007**
Corporate bonds	**178,118**	**-**	**-**	**178,118**
	186,456	**2,124**	**-**	**188,580**

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	US$000	US$000	US$000	US$000
Financial assets at FVPL				
Corporate bonds	261	811	-	1,072
Equity shares and mutual funds	31,342	28,527	207,098	266,967
Third party administrated portfolio	-	34,293	-	34,293
	31,603	63,631	207,098	302,332
Financial assets at FVOCI				
Equity shares	3,671	-	-	3,671
Treasury bonds and government bonds	17,851	-	-	17,851
Corporate bonds	165,457	-	-	165,457
	186,979	-	-	186,979

In 2024 the Bank transferred a total of US$2.1 million of traded equity shares in the FVOCI portfolio from Level 1 to Level 2 as they ceased to be actively trading during the year. Fair values were consequently obtained using valuation techniques and using observable markets inputs. Corporate bonds that in 2023 were classified as Level 2, redeemed in 2024. There were no transfers between Level 2 and Level 3 in 2024 and 2023.

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

The fair value of financial assets is calculated as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- Fair value of quoted debt securities and equity instruments is based on quoted market prices in active markets at the reporting date. When not available, fair value is determined by reference to quoted market prices for similar instruments, adjusted as appropriate to the circumstances of the instruments.

- Fair value of private investment funds depends on the underlying assets in their portfolios. If the assets are quoted bonds, shares or derivatives, fair value is based on market prices at the reporting date. If the assets are private debt or equity, fair value is estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted investments.

The table below shows a description of significant unobservable inputs to valuation, as of December 31, 2024:

	Fair Value (US$000)	**Valuation technique**	**Significant unobservable inputs**	**Value**	**Sensitivity of the input to fair value**
Funds					
	212,540	Net Asset Value	NAV	According to each investment	10% increase (decrease) in the NAV would result in increase (decrease) in fair value by US$20,963
Shares	21,506	Recent Round of Financing	Price per share	According to each investment	10% increase (decrease) in the price would result in increase (decrease) in fair value by US$2,151
Total	**234,046**				**23,114**

The table below shows a description of significant unobservable inputs to valuation, as of December 31, 2023:

	Fair Value (US$000)	Valuation technique	Significant unobservable inputs	Value	Sensitivity of the input to fair value
Funds					
	18,639	Net Asset Value	NAV	According to each investment	10% increase (decrease) in the NAV would result in increase (decrease) in fair value by US$17,733
Shares	20,702	Recent Round of Financing	Price per share	According to each investment	10% increase (decrease) in the price would result in increase (decrease) in fair value by US$2,070
Total	39,341				19,803

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

The tables below include a reconciliation of fair value measurement of financial instruments classified by the Bank within level 3 of the fair value hierarchy:

	Year ended December 31,	
	2024	2023
	Financial Assets at FVPL	Financial Assets at FVPL
	US$000	US$000
Balance at January 1	**207,098**	202,437
Purchases	**19,564**	23,127
Settlements	**(15,664)**	(9,605)
Net change in fair value during the year	**23,048**	(8,861)
Balance at December 31	**234,046**	207,098

The distribution by industry for level 3 financial assets at FVPL is as follow:

	Year ended December 31, 2024				
	Pharmaceutical	**Financial Services**	**Real Estate**	**Diversified**	**Total**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Balance at January 1	**17,985**	**95,623**	**30,917**	**62,573**	**207,098**
Purchases	**1,036**	**3,450**	**4,215**	**10,863**	**19,564**
Settlements / distributions	**(28)**	**(7,457)**	**(1,215)**	**(6,964)**	**(15,664)**
Total net gain (loss) recognized in P&L	**(1,368)**	**18,646**	**5,103**	**667**	**23,048**
Balance at December 31	**17,625**	**110,262**	**39,020**	**67,139**	**234,046**

	Year ended December 31, 2023				
	Pharmaceutical	Financial Services	Real Estate	Diversified	Total
	US$000	US$000	US$000	US$000	US$000
Balance at January 1	18,226	103,913	20,313	59,985	202,437
Purchases	-	2,143	10,539	10,445	23,127
Settlements / distributions	(877)	(1,894)	(1,942)	(4,892)	(9,605)
Total net gain (loss) recognized in P&L	636	(8,539)	2,007	(2,965)	(8,861)
Balance at December 31	17,985	95,623	30,917	62,573	207,098

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

The table below represents an analysis of the financial assets at FVPL and FVOCI by rating agency designation based on Bloomberg Composite Credit rating of equivalent funds.

	December 31, 2024					
	Equity Shares US$000	**Mutual Funds US$000**	**Third Party Administered Portfolio US$000**	**Corporate Bonds US$000**	**Treasury Bonds US$000**	**Total US$000**
AAA	**-**	**-**	**-**	**-**	**2,505**	**2,505**
AA+ to AA-	**-**	**-**	**-**	**7,185**	**900**	**8,085**
A+ to BBB-	**-**	**-**	**-**	**125,956**	**3,602**	**129,558**
Lower than BBB-	**-**	**-**	**-**	**45,216**	**-**	**45,216**
Unrated	**56,898**	**236,680**	**33,597**	**-**	**-**	**327,175**
	56,898	**236,680**	**33,597**	**178,357**	**7,007**	**512,539**

	December 31, 2023					
	Equity Shares US$000	Mutual Funds US$000	Third Party Administered Portfolio US$000	Corporate Bonds US$000	Treasury Bonds US$000	Total US$000
AAA	-	-	-	-	2,820	2,820
AA+ to AA-	-	-	-	6,548	15,031	21,579
A+ to BBB-	-	-	-	113,638	-	113,638
Lower than BBB-	-	-	-	45,532	-	45,532
Unrated	55,715	214,923	34,293	811	-	305,742
	55,715	214,923	34,293	166,529	17,851	489,311

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

The tables below represent the debt instruments measured at FVOCI according to the stages indicated by IFRS 9, classified using our internal credit ratings:

		December 31, 2024			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		US$000	US$000	US$000	US$000
Internal Credit Rating	**12 Month Basel III PD**				
AAA to A	0.00%	**58,342**	**-**	**-**	**58,342**
BBB	0.08%	**81,797**	**-**	**-**	**81,797**
BB	0.87%	**35,042**	**4,734**	**-**	**39,776**
Lower than BB	3.03%	**4,940**	**270**	**-**	**5,210**
Total		**180,121**	**5,004**	**-**	**185,125**

		December 31, 2023			
		Stage 1	Stage 2	Stage 3	Total
		US$000	US$000	US$000	US$000
Internal Credit Rating	12 Month Basel III PD				
AAA to A	0.00%	68,351	-	-	68,351
BBB	0.09%	69,656	-	-	69,656
BB	0.70%	36,405	2,349	-	38,754
Lower than BB	2.91%	6,202	-	345	6,547
Total		180,614	2,349	345	183,308

The Bank rates its financial assets into stage 1, stage 2, and stage 3, as describe below:

Stage 1: When the financial assets are first recognized, the Bank recognized an allowance base on 12 months ECLs. Stage 1 also includes financial assets whose credit risk has improved, and the financial assets has been reclassified from Stage 2.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime ECLs. Stage 2 also includes financial assets whose credit risk has improved, and the financial asset has been reclassified from Stage 3.

Stage 3: Financial assets considered credit impaired. The Bank records an allowance for the lifetime ECLs.

The movement of the allowance for ECL on debt financial instruments at FVOCI is as follows:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Balance at beginning of year	**3,081**	3,246
Allowance charged to expense (reversal)	**(2,647)**	(165)
Balance at year end	**434**	3,081

Amounts expressed in thousands of US$ dollars

6. Financial Assets (continued)

Allowance (reversal) during the year is recorded in commissions and other financial expense, net line item in the statement of income.

A summary of the ECL on debt instruments at FVOCI is as follows:

Year ended December 31, 2024

	Stage 1 US$ 000	***Stage 2 US$ 000***	***Stage 3 US$ 000***	***Total US$ 000***
ECL				
Balance at beginning of the year	**311**	**55**	**2,715**	**3,081**
Reclassifications	**(1)**	**1**	**-**	**-**
Remeasurement at year end ECL	**(14)**	**82**	**(2,715)**	**(2,647)**
Balance at end of the year	**296**	**138**	**-**	**434**

Year ended December 31, 2023

	Stage 1 US$ 000	*Stage 2 US$ 000*	*Stage 3 US$ 000*	*Total US$ 000*
ECL				
Balance at beginning of the year	376	155	2,715	3,246
Remeasurement at year end ECL	(65)	(100)	-	(165)
Balance at end of the year	311	55	2,715	3,081

Interest income on financial assets is as follows

	Year ended December 31,	
	2024 US$ 000	2023 US$ 000
Interest income calculated using the effective interest method	**10,348**	8,430
Other financial assets measured at FVPL	**1,945**	2,597
Balance at year end	**12,293**	11,027

Amounts expressed in thousands of US$ dollars

7. Loans, Net

The position of the loan portfolio is summarized below:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Financial	**728**	1,175
Commercial	**22,648**	12,197
Industrial	**19,010**	13,906
Services	**151,104**	120,398
Construction and real estate	**51,065**	53,429
Fishing and agriculture	**25,595**	19,636
Consumer	**151,173**	179,187
	421,323	399,928
Less allowance for loan losses	**48**	35
	421,275	399,893

In addition to the allowance for loan losses, in compliance with the Central Bank of The Bahamas Credit Risk Management, revised in December 2022 and Superintendence of Banks of Panama Rule Nº 004-2013, whereby dispositions are established for managing and administering the credit risk inherent to credit portfolio and off-balance sheet operations, the Bank holds a Regulatory Reserve for the amount of US$2,242 at December 2024 (2023: US$2,242) that is reported in Shareholder's Equity.

At December 31, 2024, the annual interest rates on loans ranged from 1.10% to 11.40% (2023: 1.10% to 11.40%) and the weighted average interest rate was 5.74% (2023: 5.99%).

The classification of the loan portfolio by type of interest rate is summarized below:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Fixed rate	**254,432**	232,418
Variable rate (Prime)	**166,891**	167,510
	421,323	399,928

Amounts expressed in thousands of US$ dollars

7. Loans, Net (continued)

Gross balance of loans is secured as follows:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Cash	**134,696**	132,939
Securities	**266,858**	256,313
Others	**14,472**	5,386
Without collateral	**5,297**	5,290
	421,323	399,928

On December 31, 2024, there was only one past due or impaired loan classified as a high risk level and stage 3 for US$780 (2023:US$0). As of December 31, 2024, 99% of loans were classified in stage one.

The table below represents an analysis of gross balance of loans, by the internal credit rating designation used by the Bank as of December 31, based on the capacity of the obliged to meet its financial commitments:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Internal (equivalent) risk rating:		
Low (AAA to AA)	**19,594**	14,587
Medium Low (A to BBB+)	**299,981**	283,656
Medium (BBB to BBB-)	**99,034**	99,968
Medium High (BB+ to BB)	**147**	207
High (BB- to CCC)	**780**	-
Not rated	**1,787**	1,510
	421,323	399,928

Amounts expressed in thousands of US$ dollars

7. Loans, Net (continued)

The tables below represent the gross balance on loans according to the stages indicated by IFRS 9:

LOANS		**2024**			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal Rating Grade	12 Month Basel III PD	US$000	US$000	US$000	US$000
Performing					
Low	0.00%	**19,594**	**-**	**-**	**19,594**
Medium Low	0.05%	**299,981**	**-**	**-**	**299,981**
Medium	0.09%	**98,626**	**408**	**-**	**99,034**
Medium High	0.65%	**147**	**-**	**-**	**147**
High	1.00%	**-**	**-**	**780**	**780**
Not Rated	1.00%	**1,787**	**-**	**-**	**1,787**
Total		**420,135**	**408**	**780**	**421,323**

LOANS		December 31, 2023			
		Stage 1	Stage 2	Stage 3	Total
Internal Rating Grade	12 Month Basel III PD	US$000	US$000	US$000	US$000
Performing					
Low	0.00%	14,587	-	-	14,587
Medium Low	0.05%	283,656	-	-	283,656
Medium	0.09%	99,968	-	-	99,968
Medium High	0.65%	177	30	-	207
High	1.00%	-	-	-	-
Not Rated	1.00%	1,510	-	-	1,510
Total		399,898	30	-	399,928

The movement of the allowance for loans losses is as follows:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Balance at beginning of year	**35**	80
Addition /Reversal of allowance, net	**13**	(45)
Balance at year end	**48**	35

Amounts expressed in thousands of US$ dollars

7. Loans, Net (continued)

The composition of the ECL for loans has been classified in three phases: Stage 1, Stage 2 and Stage 3. Stage 1 details the ECL on loans with expected credit losses over 12 months. On Stage 2, details the ECL of loans without credit impairment with an expected credit loss recognized during the term of the asset; and Stage 3 details the ECL on loans with credit impairment that an expected credit loss is recognized during the term of the asset. A summary of the ECL on loans is as follows:

Year ended December 31, 2024

	Stage 1 US$ 000	***Stage 2 US$ 000***	***Stage 3 US$ 000***	***Total US$ 000***
ECL				
Balance at beginning of the year	**35**	**-**	**-**	**35**
Remeasurement at year end ECL	**-**	**-**	**1**	**1**
New loans	**31**	**-**	**-**	**31**
Loans paid-off	**(19)**	**-**	**-**	**(19)**
Balance at end of the year	**47**	**-**	**1**	**48**

Year ended December 31, 2023

	Stage 1 US$ 000	*Stage 2 US$ 000*	*Stage 3 US$ 000*	*Total US$ 000*
ECL				
Balance at beginning of the year	47	1	32	80
Remeasurement at year end ECL	5	-	-	5
New loans	-	-	-	-
Loans paid-off	(17)	(1)	(32)	(50)
Balance at end of the year	35	-	-	35

Allowance (reversal) during the year is recorded in commissions and other financial expense, net line in the statement of income.

Amounts expressed in thousands of US$ dollars

8. Property, Furniture, Equipment and Improvements, Net

Property, furniture, equipment, and improvements are shown below:

Year ended December 31, 2024

	Property **US$ 000**	***Furniture and Equipment*** **US$ 000**	***Improvements*** **US$ 000**	***Vehicles*** **US$ 000**	***Total*** **US$ 000**
Cost					
At beginning of year	**9,508**	**2,661**	**2,481**	**176**	**14,826**
Additions	**-**	**165**	**6**	**64**	**235**
Disposal	**-**	**(62)**	**-**	**(60)**	**(122)**
At end of year	**9,508**	**2,764**	**2,487**	**180**	**14,939**
Accumulated depreciation and amortization					
At beginning of year	**1,927**	**2,033**	**1,701**	**103**	**5,764**
Depreciation and amortization for the year	**317**	**298**	**199**	**31**	**845**
Disposal	**-**	**(62)**	**-**	**(60)**	**(122)**
At end of year	**2,244**	**2,269**	**1,900**	**74**	**6,487**
Net balance	**7,264**	**495**	**587**	**106**	**8,452**

Year ended December 31, 2023

	Property US$ 000	*Furniture and Equipment* US$ 000	*Improvements* US$ 000	*Vehicles* US$ 000	*Total* US$ 000
Cost					
At beginning of year	9,508	2,074	2,481	176	14,239
Additions	-	79	-	-	79
Reclassification	-	508	-	-	508
At end of year	9,508	2,661	2,481	176	14,826
Accumulated depreciation and amortization					
At beginning of year	1,610	1,841	1,502	79	5,032
Depreciation and amortization for the year	317	192	199	24	732
At end of year	1,927	2,033	1,701	103	5,764
Net balance	7,581	628	780	73	9,062

Amounts expressed in thousands of US$ dollars

9. Intangible Assets

Intangible assets are shown below:

Year ended December 31, 2024

	Software **US$ 000**	***Work in Progress*** **US$ 000**	***Total*** **US$ 000**
Cost			
At beginning of year	**11,776**	**592**	**12,368**
Additions	**34**	**622**	**656**
Reclassification	**237**	**(237)**	**-**
At end of year	**12,047**	**977**	**13,024**
Accumulated depreciation and amortization			
At beginning of year	**10,617**	**-**	**10,617**
Depreciation and amortization for the year	**579**	**-**	**579**
At end of year	**11,196**	**-**	**11,196**
Net balance	**851**	**977**	**1,828**

Year ended December 31, 2023

	Software US$ 000	*Work in Progress* US$ 000	*Total* US$ 000
Cost			
At beginning of year	11,662	315	11,977
Additions	-	1,020	1,020
Adjustments	-	(121)	(121)
Reclassification	114	(622)	(508)
At end of year	11,776	592	12,368
Accumulated depreciation and amortization			
At beginning of year	9,639	-	9,639
Depreciation and amortization for the year	978	-	978
At end of year	10,617	-	10,617
Net balance	1,159	592	1,751

Amounts expressed in thousands of US$ dollars

10. Other Assets

Other assets are shown below:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Accounts receivable	**4,154**	2,484
Accrued commissions	**6,414**	5,678
Right-of-use assets	**414**	198
	10,982	8,360

The following is the movement by right-of-use asset on the lease agreement for the Bank's offices in the Bahamas. The lease agreement expired in 2024 and was renewed until 2027.

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
At the beginning of the year	**198**	288
Additions	**573**	190
Amortization expense	**(357)**	(280)
At the end of the year	**414**	198

Lease liabilities are reported within the other liabilities in the statement of financial position. The movement of the lease liability is as follows:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
At the beginning of the year	**192**	280
Additions	**573**	190
Accretion of interest	**17**	17
Payments	**(418)**	(295)
At the end of the year	**364**	192

Amounts expressed in thousands of US$ dollars

10. Other Assets (continued)

The amounts recorded in the statement of income related to leases are presented as follows:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Amortization expense	**357**	280
Interest expense	**17**	17
Short-term leases	**121**	201
	495	498

11. Time Deposits with Banks and Due to Depositors

The annual interest rates in time deposits with banks and due to depositors are shown below:

	Year ended December 31,	
	2024	2023
	%	%
Deposits with banks:		
Interest rate range	**4.35% to 6.39%**	3.30% to 6.50%
Weighted average interest rate	**5.90%**	5.84%
Due to depositors:		
Non banks:		
Interest rate range	**0.10% to 8.50%**	0.10% to 7.90%
Weighted average interest rate	**3.40%**	3.89%

12. Borrowings

	December 31,	
	2024	2023
	US$ 000	US$ 000
Outstanding balance borrowings	**70,500**	22,000
	70,500	22,000

Amounts expressed in thousands of US$ dollars

12. Borrowings (continued)

The movement of borrowings is detailed below for the purpose of reconciliation with the statement of cash flows:

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Balance at January 1	**22,000**	14,000
Proceeds	**69,500**	37,000
Repayments	**(21,000)**	(29,000)
Balance at December 31	**70,500**	22,000

In 2015 Bank J. Safra Sarasin granted the Bank a credit facility in the form of a revolving line of credit of US$28,000. As at 31 December 2024, US$20,500 (2023: US$22,000) was drawdown from this facility. It matures on January 26, 2025. Interest expense for the year was US$1,318 (2023: US$1,130).

During 2024 BMO Capital Market granted a margin lending facility up to the 80% of the market value of the investment portfolio under their custody. At December 31, 2024 the 80% of the market value corresponds to US$65,303, the Bank has utilized US$50,000 of this facility as at year end.

Borrowings are collateralized by the Bank's portfolio of investments.

	Year ended December 31,	
	2024	2023
	%	%
Borrowings		
Interest rate range	**5.16% to 6.13%**	5.61% to 6.58%
Weighted average interest rate	**5.85%**	6.30%

13. Share Capital

At December 31, 2024, the Bank's share capital is comprised of 20 million (2023: 20 million), common shares issued and outstanding with a par value of US$1 (2023: US$1) each.

During the year ended December 31, 2024, the Bank declared and paid a dividend of US$5.3 million (2023: US$0) or US$0.265 per share.

Amounts expressed in thousands of US$ dollars

14. Income Taxes

As of December 31, 2024, there was no income tax liability reflected in the financial statements, as there is no income tax imposed by the Government of The Commonwealth of The Bahamas. In accordance with the current tax regulations in Panama, the Branch is exempt from the payment of income taxes on profits derived from foreign operations. In addition, profits derived from interest earned on time deposits and interest earned from Panamanian Government securities is also exempt from the payment of income taxes.

Value Added Tax (VAT) of 10% (2023: 10%) is paid on almost all local purchases; however, all amounts paid can be reclaimed by filing an application with the Inland Revenue Department of the Commonwealth of The Bahamas, due to the classification of the Bank as zero rated for VAT.

In 2024, The Bahamas implemented a Domestic Minimum Top-Up Tax (DMTT) as part of its compliance with the OECD global minimum tax framework. This tax is applicable to multinational enterprises with annual consolidated revenue of at least 750 million Euros, who will be required to pay a minimum effective tax rate of 15%, It was determined that the DMTT will not apply to the Bank for the fiscal year ended 31 December 2024, considering the specific provisions in Section 1(2) of the Domestic Minimum Top-Up Tax Act, 2024. There is no requirement for either the Income Inclusion Rule (IIR) or the Undertaxed Profit Rule (UTPR) to be applicable to Intercorp Group until 2025. Therefore, DMTT will not be applicable to the Bank for the year 2024.

The Bank pays annual business license fees of US$100,000 to The Bahamas Department of Inland Revenue.

Amounts expressed in thousands of US$ dollars

15. General and Administrative Expenses

	Year ended December 31, 2024	2023
	US$ 000	US$ 000
Salaries and employee benefits		
Salaries	**6,725**	5,982
Employee benefits	**2,710**	2,029
Social security	**504**	468
Seniority premium	**140**	63
Training	**73**	88
	10,152	8,630
Professional fees		
Inteligo Sociedad Agentes de Bolsa, S.A. (Inteligo SAB)	**6,205**	5,964
Others	**5,935**	5,498
	12,140	11,462
Other expenses		
Litigation and contigency (note 16)	**4,500**	-
Repairs and maintenance	**2,404**	1,743
Other	**842**	1,646
Insurance	**525**	465
Travel	**390**	295
Taxes and banking license fees	**313**	222
Electricity	**81**	87
Communication and postage	**73**	131
Office supplies	**9**	14
	9,137	4,603

Amounts expressed in thousands of US$ dollars

16. Provisions, Commitments and Contingencies

In the normal course of business, the Bank has commitments and contingencies which are not reflected in the statement of financial position and involve certain levels of credit and liquidity risk.

a) Customer Credit

Stand-by letters of Credit and Credit Facilities
Letters of credit imply certain exposure to credit loss in the event of non-compliance of the customer, net of collateral guarantees securing these transactions. The Bank's credit policies and procedures to approve these commitments are similar to those for extending loan facilities.

These commitments are summarized below:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Stand by letters of credit	**4,123**	1,510
Lines of credit to be disbured	**66,225**	58,245

Consumer Credit – Visa
As of December 31, 2024, the Bank had outstanding revolving lines of credit available to its credit card customers for US$8,373 (2023: US$8,414). The unused portion of the total credit facility available amounted to approximately US$7,444 (2023: US$7,447). While these amounts represent the available lines of credit to customers, the Bank has not experienced and does not anticipate that all of its customers will use their entire available lines at any given point in time. The Bank generally has the right to increase, decrease, cancel, alter or amend the terms of these lines at any time.

b) Litigation Provisions and Contingencies

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Bank is involved in various litigation, arbitration and regulatory proceedings in the ordinary course of its business. The Bank has formal controls and policies for managing legal claims. Based on professional legal advice, the Bank provides and/or discloses amounts in accordance with its accounting policies. At year end, the Bank had two main unresolved lawsuits that the Bank is a party to jointly seek the return of approximately US$8.4 million in redemption payments received by the Bank in connection with certain investments. The Bank's legal counsel's opinion is that it is probable, that the court ruling may be in favor of the claimant. Accordingly, the Bank established a provision for US$5.8 million in these financial statements. (Refer to Note 21). During 2024 the Bank expensed US$4.5 million related to this case.

The provision for lawsuit is included in the other liabilities line in the Statement of Financial Position.

Amounts expressed in thousands of US$ dollars

17. Commission Income

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Product management portfolio	**2,579**	2,445
Commission for purchase and sale of financial instruments	**2,939**	2,333
Operational commissions	**3,038**	3,206
Structure of notes	**15,080**	14,405
Custody fees	**3,694**	3,275
Subscription rates	**824**	708
	28,154	26,372

Administration services of trust assets and third-party securities generate several types of commission income including but not limited to: fees relating to trading of structured notes based on a certain spread over face value for each particular note, fund subscription and redemption fees when applicable, custody fees and portfolio management fees.

Amounts expressed in thousands of US$ dollars

18. Balance and Transactions with Related Parties

The statement of financial position and statement of income include balances and transactions with related parties, which are summarized as follows:

	Directors and Key Management Personnel		*Executives*		*Related Companies*	
	2024	2023	2024	2023	2024	2023
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Assets						
Securities	-	-	-	-	-	47
Loans	1,256	1,180	8,531	12,057	-	-
Interest receivables	39	36	243	516	-	-
Liabilities						
Demand deposits	569	788	2,251	2,015	30,247	27,753
Time deposits	375	717	2,864	4,733	-	-
Interest payable	16	24	32	83	-	-
Interest income						
Loans	58	75	618	910	-	-
Interest expense						
Deposits	27	24	200	208	-	-
Income from financial services and other items						
Commission income	41	30	261	253	174	182
General and administrative expenses						
Key management salaries	1,085	1,025	-	-	-	-
Professional fees	-	-	-	-	10,974	11,385
Commission expense	-	-	-	-	31	32

Transactions with related parties include loans with interest rate range from 3.5% to 8.0% (2023: 2.0% to 9.0%); as well as fixed-income securities with coupon rate of 5.75% (2023: 5.75% to 6.0%). In the case of time deposits, interest rates are in the range of 3.85% to 4.75% p.a. (2023: 3.8% to 5.65% p.a.) and maturities within 2025. Demand deposits do not accrue interest.

Furthermore, key management salaries are also shown in the table above, as well as various receivables from key management personnel.

Amounts expressed in thousands of US$ dollars

19. Fair Value of Financial Instruments

The following assumptions, when practical, have been made by Management to estimate the fair value for each financial instrument's category in the statement of financial position:

a) Cash and deposits with banks/accrued interest receivable/demand deposits due to customers/accrued interest payable/other liabilities.

   For the financial instruments described above, the carrying values approximate their fair value due to their short-term nature.

b) Financial Assets

   For financial assets, the fair value is based on published market price quotations, quotes from electronic pricing systems, net asset value provided by fund administrators, quotations provided by banks and estimates based on internal models of valuation.

c) Loans

   The fair value of the loan portfolio is determined by discounting the future cash flows using interest rates that represent: (i) current market rates, and (ii) future expected interest rates, for a term that takes into account the expected anticipated prepayments in the loan portfolio.

d) Demand and time deposits from customers

   The fair value of these financial instruments was determined by discounting the future cash flows using interest rate that reflect: (i) current market rates, and (ii) future expected interest rates, for a term that represents the remaining life of these instruments.

e) Borrowings

   The fair value of these financial instruments was determined by discounting the future cash flows using interest rate that reflect: (i) current market rates, and (ii) future expected interest rates, for a term that represents the remaining life of these instruments.

Amounts expressed in thousands of US$ dollars

19. Fair Value of Financial Instruments (continued)

The following table summarizes the carrying value and the fair value of the Bank's significant financial assets and liabilities.

	December 31,			
	2024		2023	
	Carrying Value US$ 000	**Fair Value US$ 000**	Carrying Value US$ 000	Fair Value US$ 000
Assets				
Cash and deposits with banks	**135,293**	**135,293**	213,899	213,899
Financial assets	**512,539**	**512,539**	489,311	489,311
Loans	**421,323**	**422,003**	399,928	400,333
	1,069,155	**1,069,835**	1,103,138	1,103,543
Liabilities				
Demand deposits	**239,246**	**239,246**	290,223	290,223
Time deposits	**539,123**	**536,065**	598,412	594,736
Borrowings	**70,500**	**70,462**	22,000	21,991
	848,869	**845,773**	910,635	906,950

The following table analyzes the fair values of financial instruments not measured at fair value in books, by the level of fair value hierarchy in which have been classified:

Fair Value	**2024**	**Level 1**	**Level 2**	**Level 3**
Assets				
Loans	**422,003**	**-**	**422,003**	**-**
	422,003	**-**	**422,003**	**-**
Liabilities				
Demand deposits	**239,246**	**-**	**239,246**	**-**
Time deposits	**536,065**	**-**	**536,065**	**-**
Borrowings	**70,462**	**-**	**70,462**	**-**
	845,773	**-**	**845,773**	**-**

Fair Value	2023	Level 1	Level 2	Level 3
Assets				
Loans	400,333	-	400,333	-
	400,333	-	400,333	-
Liabilities				
Demand deposits	290,223	-	290,223	-
Time deposits	594,736	-	594,736	-
Borrowings	21,991	-	21,991	-
	906,950	-	906,950	-

20. Financial Risk Management

A financial instrument is any contract that originates a financial asset in one entity and a financial liability or equity instrument in another entity. The Bank's statement of financial position is primarily comprised of financial instruments.

The Bank's Board of Directors is responsible for establishing and monitoring the risk of administration policies for financial instruments. In order to manage and monitor the various risks the Bank is exposed to, the Board of Directors has created the Credit Committee, the Investment Committee, the Assets and Liabilities Committee, the Enterprise Risk Management Committee and the Audit Committee. These committees are engaged in managing these risks and in making periodic reviews. In addition, the Bank is subject to the regulations of The Central Bank of The Bahamas concerning the risks of liquidity, credit and levels of capitalization, among others. The significant risks identified by the Bank are credit, counterparty, liquidity, market risk, other market price and capital management which are described as follows:

a) Credit Risk

This is the risk that the debtor or issuer of a financial asset owned by the Bank does not fully and timely comply with any payment, in conformity with the terms and conditions agreed when the respective financial asset was acquired or originated by the Bank.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	December 31,	
	2024	2023
	US$ 000	US$ 000
Deposits with banks	**135,289**	213,893
Financial assets	**512,539**	489,311
Loans	**421,322**	399,928
Securities sold pending settlement	**1,835**	304
Accrued interest receivable	**13,051**	13,720
Other assets	**10,982**	8,360
	1,095,018	1,125,516

To mitigate credit risk, the Bank's policies establish limits by country, industry, and debtor. The Committee appointed by the Board of Directors, periodically oversees the financial condition of debtors and issuers of financial instruments that involve risk for the Bank. To mitigate credit risk, the Bank's risk management policies establish the following:

- Financing granted by the Bank to its clients is within financing limits established by the Board of Directors, as well as within the requirements established by The Central Bank of The Bahamas and the Superintendence of Banks of Panama. Exposure limits are applied to individuals and economic groups.

- The Bank limits exposure by sector and geographic location.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

Credit Policies

The credit policies of the Bank include a series of rules and measures which allow those persons involved in the credit process to have information on the procedures that must be followed to be in compliance with credit related functions. The Bank's view is that having comprehensive information when deciding to approve credit requests, is a key factor in making informed decisions and maintaining a healthy credit portfolio. All direct and indirect credits, as well as credit operations and guarantees classified as contingent assets are considered as part of the Bank's credit policy.

Establishment of authorization limits:

- The Board of Directors establishes credit policies and can delegate its authority to approve loans. The Board of Directors also establishes the authorization limits of officers, establishes procedures to monitor compliance, and can delegate these responsibilities to the Credit Committee and the Parent Company's Audit Committee.

- The Board of Directors establishes the authorization structure for the approval and renewal of credit facilities. The Credit Committee is responsible for implementing of the policies approved by the Board.

- The Enterprise Risk Management Committee is responsible for risk management policies, including the establishment of authorization limits to approve and renew credit facilities, and establishment of limits for counterparty, geographic area and economic risk concentrations.

Concentration and Exposure Limits

The Bank defines limits according to prudential norms and guidelines established by The Central Bank of The Bahamas and the Superintendence of Banks of Panama. The limits considered are primarily individual exposures to related parties as well as economic sector and geographic concentrations.

In accordance with the new rule about capital adequacy calculation, as of December 31, 2024, the Bank was in compliance with all the Prudential Norms established by The Central Bank of The Bahamas. Among others, Prudential Norms require the Bank to maintain its minimum CET1 capital ratio of 8% and a total capital requirement of 12% of its risk-weighted assets, as well as an exposure to related parties and single groups below 15% and 25% of total capital, respectively. The Bank's capital adequacy ratio as of December 31, 2024 was 19.34% (2023: 17.35%)

The Superintendence of Banks of Panama requires banks to establish a Dynamic Reserve of not less than 1.50% of the total loan portfolio of the Panama Branch classified in the standard category. Regulatory reserve by year-end 2024 amounts to US$2,290 (2023: US$2,276), which includes both the allowance for loan losses calculated in accordance with IFRS US$48 (2023: US$35) and the additional regulatory allowance US$2,242 (2023: US$2,242). Compliant with IFRS 9, the Bank reviews its loan portfolio on a quarterly basis and estimates its expected credit loss.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

The Bank monitors the credit risk concentration by sector and geographic location. The analysis of credit risk concentration as of December 31 is shown below:

	Loans		Financial Assets		Deposits with Banks	
	2024	2023	**2024**	2023	**2024**	2023
	US$ 000	US$ 000	**US$ 000**	US$ 000	**US$ 000**	US$ 000
Concentration by sector:						
Corporate	**272,453**	267,520	**182,205**	157,430	**-**	-
Consumer	**148,870**	132,408	**-**	-	**-**	-
Treasuries	**-**	-	**7,007**	17,851	**-**	-
Others sectors	**-**	-	**323,327**	314,030	**135,289**	213,893
	421,323	399,928	**512,539**	489,311	**135,289**	213,893
Geographic concentration:						
Panama - off shore	**68,408**	64,976	**-**	-	**11,811**	23,682
Caribbean	**27,560**	1,540	**41**	2,807	**-**	-
United States of America	**3,099**	12,742	**266,253**	274,542	**66,216**	95,948
Europe	**755**	810	**30,302**	31,230	**138**	171
Peru	**319,028**	317,377	**9,860**	4,449	**-**	-
Others	**2,473**	2,483	**206,083**	176,283	**57,124**	94,092
	421,323	399,928	**512,539**	489,311	**135,289**	213,893

The geographic concentration is based on the debtor's location in the case of loans, and on the issuer's location in the case of securities. When evaluating credit risk, management considers the following:

- *Impairment of loans, financial assets and deposits with banks*

Impairment of loans, financial assets and deposits with banks is determined based on the expected credit losses model as per IFRS 9.

As per IFRS 9, the Bank recorded an allowance for credit losses on deposits with banks for US$56 (2023: US$52), which is deducted from the respective assets.

- *Financial assets past due but not impaired*

Defined as loans and investments where contractual interest or principal payments are past due but are not considered to be impaired because of the level of security / collateral available and the stage of collection of amounts owed to the Bank.

20. Financial Risk Management (continued)

- *Renegotiated loans*

Renegotiated loans are those for which a significant variation in the original credit terms has been formally documented, due to difficulties in the payment capacity of the debtor, and the result of the current assessment does not permit them to be classified as standard performing loans.

- *Impairment allowance*

The Bank has established impairment allowance to cover expected credit losses on the loan and financial assets portfolios.

- *Charge-off policy*

The Bank periodically reviews its financial instruments to identify those loans and securities that need to be written-off due to their non-collectability and does so up to the amount not covered by the collateral, if any. For unsecured consumer loans, write-offs are calculated based on the amount past due. In the case of secured loans, the write-off is calculated after considering the value of collateral held. The Bank writes-off financial assets when there is evidence of impairment and managements concludes to do so.

The Bank periodically analyzes the loan portfolio to identify required impairment provisions calculated as the difference between the carrying value and the realizable value of security or collateral held. Impairment allowances are computed individually for loans with significant risks and collectively for groups of loans with similar credit risk characteristics. The Bank also uses estimates to establish a general impairment allowance based on historical write-off rates. The methodology and assumptions used to make these estimates are reviewed periodically.

The Bank holds guarantees and security for certain loans granted, comprised primarily of customers' deposits and securities.

As at December 31, 2024, the Bank held as collateral on loans to customers primarily dollar deposits, equities, structured notes, debt instruments, among others.

b) Counterparty Risk

This is the risk that a counterparty does not comply with the settlement of a redemption, purchase or sale of securities.

Risk management policies establish counterparty limits that determine the maximum amount of net exposure to transactions not yet liquidated that the Bank is permitted to have with a given counterparty. The Assets and Liabilities Committee is responsible for identifying acceptable counterparties taking into consideration the counterparty's history with respect to the fulfillment of obligations, as well as other indications of it being able to comply with obligations in the future.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

c) Liquidity and Financing Risk

This is the risk that the Bank cannot comply with all of its obligations because of, among other reasons, an unexpected withdrawal of funds by depositors, the deterioration of the quality of the loan portfolio, the devaluation of securities, the excessive concentration of liabilities from one particular source, a gap between assets and liabilities, a shortage of asset liquidity, or the mismatch of long-term asset financing with short-term liabilities. The Bank manages its liquidity resources to honor liabilities at maturity under normal contractual terms.

Liquidity Risk Management

Risk management policies establish a liquidity limit to determine the amount of the Bank's assets that should be maintained in highly liquid instruments; as well as financing limits, leverage limits and duration limits.

The Board of Directors has established liquidity levels as to the minimum amount of available funds required to comply with such requirements and the minimum level of inter-banking facilities and other loan facilities that should exist to cover unexpected withdrawals. The Bank holds a short-term asset portfolio, comprised of loans and liquid investments to ensure sufficient liquidity.

The Bank's financial assets include unlisted equity investments, which generally are illiquid. In addition, the Bank holds investments in unlisted closed and open-ended investments funds, which may be subject to redemption restrictions such as side pockets or redemption gates. As a result, the Bank may not be able to liquidate some of its investments in these instruments in due time in order to meet its liquidity requirements.

Exposure to Liquidity Risk

A primary measure of liquidity is the Bank's net liquidity margin.

The Bank's liquidity index which is calculated by dividing liquid assets by total deposits is shown below:

	December 31,	
	2024	2023
	%	%
At year end	**22%**	28%
Average for the year	**23%**	28%
Maximum during the year	**25%**	34%
Minimum during the year	**22%**	20%

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

The table below shows the undiscounted contractual cash flows of the Bank's significant financial instruments on the basis of the earliest possible contractual maturity at the reporting date. The expected cash flows of these instruments could differ significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

	December 31, 2024						
	Total US$ 000	**Up to 1 Month US$ 000**	**1 to 3 Months US$ 000**	**3 to 12 Months US$ 000**	**1 to 5 Years US$ 000**	**More than 5 Years US$ 000**	**Without Maturity US$ 000**
Assets:							
Cash and deposits with banks	**135,293**	**16,490**	**4,450**	**3,000**	**-**	**-**	**111,353**
Financial assets at FVPL	**323,959**	**-**	**-**	**-**	**70**	**169**	**323,720**
Financial assets at FVOCI	**188,580**	**900**	**1,478**	**6,829**	**100,584**	**75,334**	**3,455**
Loans	**421,323**	**34,122**	**31,061**	**272,651**	**82,646**	**843**	**-**
Total Assets	**1,069,155**	**51,512**	**36,989**	**282,480**	**183,300**	**76,346**	**438,528**
Liabilities:							
Deposits	**778,369**	**57,775**	**114,708**	**335,169**	**31,471**	**-**	**239,246**
Borrowings	**70,500**	**70,500**	**-**	**-**	**-**	**-**	**-**
Total Liabilities	**848,869**	**128,275**	**114,708**	**335,169**	**31,471**	**-**	**239,246**
Net liquidity gap	**220,286**	**(76,763)**	**(77,719)**	**(52,689)**	**151,829**	**76,346**	**199,282**

	December 31, 2023						
	Total US$ 000	Up to 1 Month US$ 000	1 to 3 Months US$ 000	3 to 12 Months US$ 000	1 to 5 Years US$ 000	More than 5 Years US$ 000	Without Maturity US$ 000
Assets:							
Cash and deposits with banks	213,899	12,710	31,161	45,233	7,090	-	117,705
Financial assets at FVPL	302,332	-	-	811	75	186	301,260
Financial assets at FVOCI	186,979	11,068	85	7,364	86,883	77,908	3,671
Loans	399,928	26,170	41,982	260,490	70,599	687	-
Total Assets	1,103,138	49,948	73,228	313,898	164,647	78,781	422,636
Liabilities:							
Deposits	888,635	63,329	89,936	402,291	42,856	-	290,223
Borrowings	22,000	22,000	-	-	-	-	-
Total Liabilities	910,635	85,329	89,936	402,291	42,856	-	290,223
Net liquidity gap	192,503	(35,381)	(16,708)	(88,393)	121,791	78,781	132,413

The results of liquidity gap are presented to the Comprehensive Risk Management Committee and the Asset and Liability Management Committee for monitoring. Additionally, a Key Risk Indicator (KRI) is in place regarding the accumulated long-term liquidity gap. Any deviation from this KRI must be presented to the Comprehensive Risk Management Committee for approval of necessary corrective actions. It is important to highlight that a significant portion of term deposits are used as collateral for client credit operations and, therefore, do not represent freely available obligations.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

d) Market Risk

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates and equity prices, as well as changes in net asset values of unlisted closed and open-ended investment funds, may affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

The market risk for financial assets is managed and monitored using value at risk (Var), that reflects the interdependency between risk variables as market prices, interest rates and foreign exchange rates. Var is used for both, financial assets at fair value through profit or loss and financial assets at fair value through OCI.

Market risk limits are set and continuously monitored by the Bank´s Risk Unit. As part of its established market risk management process, the Risk Unit monitors also early warning on those limits. Market limits are ultimately approved by the Enterprise Risk Management Committee. Despite the market risk management put in place, adverse market conditions can result on losses on the financial results of the Bank.

Risk management policies provide for compliance limits by financial instrument, limits with respect to maximum loss amounts that trigger the settlement of positions that caused such loss; and the requirement that, except with the approval from the Board of Directors, substantially all assets and liabilities are denominated in United States dollars.

Market Risk Administration

The Board of Directors has determined that market risk should be monitored directly by the Enterprise Risk Management Committee which is comprised of members of the Board of Directors and executive personnel. This committee is responsible for developing policies to administer market risk. In addition, this committee is responsible for review and approval of policy implementation.

Cash flows and fair value interest rate risk

Cash flows and fair value interest rate risk are the risks of fluctuation of both the future cash flows and the value of a financial instrument due to changes in market interest rates.

The Bank establishes limits to interest rate risk and periodically, this exposure is monitored by the Risk Department and the Enterprise Risk Management Committee.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

The following table summarizes the Bank's exposure based on the re-pricing terms of interest rates of financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

	December 31, 2024						
	Up to 1 Month US$ 000	**1 to 3 Months US$ 000**	**3 to 12 Months US$ 000**	**1 to 5 Years US$ 000**	**More than 5 Years US$ 000**	**Without Interest Rate US$ 000**	**Total US$ 000**
Assets:							
Cash and deposits with banks	**16,490**	**4,450**	**3,000**	**-**	**-**	**111,353**	**135,293**
Financial assets	**900**	**1,478**	**6,829**	**100,654**	**75,503**	**327,175**	**512,539**
Loans	**34,122**	**31,061**	**272,651**	**82,646**	**843**	**-**	**421,323**
Total Assets	**51,512**	**36,989**	**282,480**	**183,300**	**76,346**	**438,528**	**1,069,155**
Liabilities:							
Deposits	**65,353**	**114,708**	**335,169**	**31,470**	**-**	**231,669**	**778,369**
Borrowings	**70,500**	**-**	**-**	**-**	**-**	**-**	**70,500**
Total Liabilities	**135,853**	**114,708**	**335,169**	**31,470**	**-**	**231,669**	**848,869**
Net interest gap	**(84,341)**	**(77,719)**	**(52,689)**	**151,830**	**76,346**	**206,859**	**220,286**

	December 31, 2023						
	Up to 1 Month US$ 000	1 to 3 Months US$ 000	3 to 12 Months US$ 000	1 to 5 Years US$ 000	More than 5 Years US$ 000	Without Interest Rate US$ 000	Total US$ 000
Assets:							
Cash and deposits with banks	12,710	31,161	45,233	7,090	-	117,705	213,899
Financial assets	11,068	85	8,175	86,958	78,094	304,931	489,311
Loans	26,170	41,982	260,490	70,599	687	-	399,928
Total Assets	49,948	73,228	313,898	164,647	78,781	422,636	1,103,138
Liabilities:							
Deposits	63,329	89,936	402,291	42,856	-	290,223	888,635
Borrowings	22,000	-	-	-	-	-	22,000
Total Liabilities	85,329	89,936	402,291	42,856	-	290,223	910,635
Net interest gap	(35,381)	(16,708)	(88,393)	121,791	78,781	132,413	192,503

The results of interest rate risk are presented to the Comprehensive Risk Management Committee and the Asset and Liability Management Committee for monitoring. Additionally, Key Risk Indicators (KRI) are in place regarding "Value at Risk", "Economic Value at Risk" and "Gain at Risk". Any deviation from these KRIs must be presented to the Comprehensive Risk Management Committee for approval of necessary corrective actions.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

Exposure to Market Risk

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

The net interest margin of the Bank may vary as a result of unexpected movements in interest rates.

As of December 31, 2024, the annual interest rates on deposits due to depositors ranged from 0.5% to 8.5% (2023: 3.3% to 6.5%).

In order to assess interest rate risks and their impact on the fair value of financial assets and liabilities, the Bank's management performs simulations to determine the sensitivity on financial assets and liabilities.

The sensitivity analysis prepared by the Bank at the end of each reporting year measures the impact on the Bank's financial instruments from increases and decreases in market interest rates (assuming asymmetrical movement in yield curves with all other variables, in particular foreign currency rates, remaining constant) using a linear approach as shown below:

	100bp	100bp
	Increase	Decrease
2024	US$ 000	US$ 000
Loans	**(2,861)**	**2,928**
Financial assets	**(7,144)**	**7,144**
Deposits	**2,627**	**(2,333)**
Borrowings	**41**	**(41)**
	(7,337)	**7,698**

	100bp	100bp
	Increase	Decrease
2023	US$ 000	US$ 000
Loans	(2,534)	2,588
Financial assets	(7,310)	7,310
Deposits	2,834	(2,603)
Borrowings	12	(12)
	(6,998)	7,283

The total impact shown above represents an estimate of the net increase / (decrease) in the fair value of the instrument.

Overall non-trading interest rate risk positions are managed by the Central Treasury Department, which uses investment securities, advances to banks, deposits with banks and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

Exchange rate risk

This is the risk that the value of a financial instrument changes as a consequence of fluctuations in foreign currency exchange rates, and other financial variables, as well as the market participants' reactions to political and economic events.

The table below summarizes the Bank's exposures to foreign currency exchange risk at December 31, 2024. Included in the table are the carrying amounts of the Bank's financial instruments, categorized by currency.

	December 31, **2024** **US$ 000**						
	ARS	CHF	GBP	INR	EUR	PEN	CLP
Assets:							
Deposits with banks	**28**	**7**	**16**	**-**	**10,145**	**-**	**-**
Financial assets	**-**	**-**	**-**	**3,685**	**8,415**	**1,331**	**-**
Loans	**-**	**-**	**-**	**-**	**2,072**	**-**	**-**
Total Assets	**28**	**7**	**16**	**3,685**	**20,632**	**1,331**	**-**
Liabilities:							
Demand deposits	**28**	**-**	**20**	**-**	**3,554**	**-**	**-**
Time deposits	**-**	**-**	**-**	**-**	**5,694**	**-**	**-**
Total Liabilities	**28**	**-**	**20**	**-**	**9,248**	**-**	**-**

	December 31, 2023 US$ 000						
	ARS	CHF	GBP	INR	EUR	PEN	CLP
Assets:							
Deposits with banks	14	8	30	-	8,897	-	-
Financial assets	-	-	-	1,567	9,785	972	2,699
Loans	-	-	-	-	-	-	-
Total Assets	14	8	30	1,567	18,682	972	2,699
Liabilities:							
Demand deposits	14	-	21	-	5,007	-	-
Time deposits	-	-	-	-	1,715	-	-
Total Liabilities	14	-	21	-	6,722	-	-

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

e) Other Market Price Risk

Other market price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The following table sets out the concentration of securities as a percentage of total assets at the reporting date:

	December 31,	
	2024	2023
	%	%
Equity investments:		
Exchange traded equity investments	**3.80**	3.83
Unlisted private equity investments	**19.87**	17.39
Total equity investments	**23.67**	21.22
Mutual funds:		
Funds invested with fund managers(1)	**2.18**	2.51
Unlisted closed and open ended investments funds	**1.31**	0.84
Total mutual funds	**3.49**	3.35
Debt securities:		
Exchange traded debt securitites	**19.22**	18.42
Unlisted private debt securities	**-**	0.07
Total debt securities	**19.22**	18.49
Total	**46.38**	43.06

(1) Funds available with fund managers include cash and U.S. Treasury bills, as reported by fund managers at December 31, 2024 and 2023.

Investment assets are placed in various industries. Some investments are placed in mutual funds which invest in particular sectors; other mutual funds, as well as equity investment vehicles, which invest in financial assets within certain risk profiles, regardless of the industry sector where they fall into.

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

Securities are concentrated in the following industries:

	December 31,	
	2024	2023
	%	%
Equity investments:		
Banks / financial services	**3.0**	5.2
Pharmaceutical	**4.0**	3.9
Others (fishing, diversified, energy, basic materials, etc.)	**42.8**	38.2
Funds invested with fund managers	**1.3**	1.7
Mutual funds:		
Others (diversified, technology, etc.)	**7.5**	7.8
Debt securities:		
Banks / financial services	**6.2**	6.3
Others (mining, energy, basic materials, etc.)	**14.0**	15.5
Funds invested with fund managers	**21.2**	21.4
	100.00	100.00

f) Operational Risk

Operational risk is the risk that losses may occur due to failure or weaknesses in the Bank's internal processes, persons or systems; and external events such as those from legal and regulatory requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of the following standards:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development and perform of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where deemed effective.

The policies established by the Bank are supported by a program of periodic reviews undertaken by the Internal Audit Department. The results of the Internal Audit Department's reviews are discussed with

Amounts expressed in thousands of US$ dollars

20. Financial Risk Management (continued)

the management of the business unit to which they relate, and summary reports are submitted to the Audit Committee and senior management of the Bank.

g) Capital Management

The Bank's policies on capital management are to maintain a robust capital base, with the ability to sustain the Bank's future growth. The Bank recognizes the need to maintain a balance between returns to shareholders and the adequacy of capital required by regulatory entities. In July 2022, the Central Bank of Bahamas released the Bahamas Capital Regulations. The Regulations and Capital Guidelines simplify the Bahamian Basel III framework while remaining consistent with the proportionality principles set out by the Basel Committee. According to the new regulation, the Central Bank of The Bahamas requires the Bank to maintain a minimum Common Equity Tier 1 (CET1) capital ratio of 8% and a total capital requirement of 12%. In addition, the new regulation introduced changes to the credit and operational risk equivalent assets and deductions of high-risk assets from the capital base.

From January 2016 onwards, the Central Bank of Bahamas requires licensees to include a capital charge for operational risk. According to the new Bahamas Capital Regulations, licensees must determine Operational Risk-Equivalent Assets using the standardized approach, equal to the three-year average gross income of the Bank multiplied by a factor of 0.12. This charge is multiplied by 12.5 to calculate the Operational Risk-Equivalent-Assets. Operational Risk-Equivalent-Assets at December 31, 2024 were US$109.86 (2023: US$110.24).

The Superintendence of Banks of Panama requires the Bank to comply with the regulatory requirements as set forth by the regulation applicable in the jurisdiction of its Parent Company, which are those detailed in the Bahamas Capital Regulations. The Bank's capital ratio at December 31, 2024 was 19.34% (2023: 17.35%).

	December 31,	
	2024	2023
	US$ 000	US$ 000
Total eligible capital	**157,178**	137,460
Total risk weighted assets	**812,526**	792,352
Capital adequacy ratio - CTE 1 and total	**19.34%**	17.35%

The Bank has complied in full with the regulatory capital requirements over the reported period.

21. Subsequent Event

On February 24, 2025, the Bank signed separate out-of-court settlement agreements with the Trustee and the Liquidators in relation to the two unresolved lawsuits disclosed in Note 16, whereby Inteligo Bank Ltd. and its clients are released from the related claims. On March 13, 2025 the Bank made a payment of US$5.8 million to the claimants as full settlement. On March 20, 2025, we have been notified that the process has been definitively closed.