Financial Statements of

BAC BAHAMAS BANK LIMITED

Year ended December 31, 2025

(With Independent Auditors' Report there on)

BAC BAHAMAS BANK LIMITED

Financial Statements

Year ended December 31, 2025

KPMG (Bahamas) Ltd.
P.O. Box N-123
Marina Hall
Sandyport Olde Towne
Seasky Lane
Nassau, Bahamas.

Independent Auditors' Report

To the Shareholder of BAC Bahamas Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BAC Bahamas Bank Limited ("the Bank"), which comprise the statement of financial position as at December 31, 2025, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Board for Accountants International Code of Ethics for Professional Accountants (including the International Independence Standards) (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG (Bahamas) Ltd.

Nassau, Bahamas
March 23, 2026

BAC BAHAMAS BANK LIMITED

Statement of Financial Position

December 31, 2025, with corresponding figures for 2024
(Expressed in United States dollars)

		2025	2024
ASSETS			
Cash and cash equivalents (notes 6 and 7)	$	10,034,103	8,570,693
Deposits with banks- time deposits (notes 6 and 8)		180,854,861	205,701,639
Investment securities (note 9)		56,336,611	64,382,459
Loans to customers, net (notes 6 and 10)		28,025,384	25,986,945
Property and equipment (note 11)		49,890	98,214
Other receivables and assets		121,356	94,962
Total assets	$	275,422,205	304,834,912
LIABILITIES AND EQUITY			
Liabilities:			
Customer deposits - demand (notes 6 and 12)	$	34,183,070	27,305,652
Customer deposits - savings (note 13)		4,501,425	2,328,309
Customer deposits - time deposits (notes 6 and 14)		186,686,007	226,924,703
Lease liabilities (note 15)		53,614	107,165
Other liabilities (note 6)		122,025	118,322
		225,546,141	256,784,151
Equity:			
Share capital (note 16)		18,000,000	18,000,000
Additional paid in capital		10,000,000	10,000,000
Other reserves (note 20)		736,212	644,018
Retained earnings		21,137,408	19,402,436
Fair value reserve		2,444	4,307
		49,876,064	48,050,761
Total liabilities and equity	$	275,422,205	304,834,912

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

The financial statements were approved by the Board of the Directors on February 24, 2026 and signed on their behalf by.

Director

Director

BAC BAHAMAS BANK LIMITED

Statement of Comprehensive Income

Year ended December 31, 2025, with corresponding figures for 2024
(Expressed in United States dollars)

		2025	2024
Net interest income:			
Interest income calculated using the effective interest method on deposits with banks (note 6)	$	10,657,282	11,835,673
Interest income calculated using the effective interest method on loans to customers		1,779,333	1,288,433
Interest income calculated using the effective interest method on investments at FVOCI		2,844,960	3,715,539
Interest expense (note 6)		(11,808,453)	(12,496,017)
Net interest income		3,473,122	4,343,628
Net commission income:			
Commission income		103,254	113,311
Commission expense		(44,640)	(47,855)
Net commission income		58,614	65,456
Other operating (expense) income:			
Other income		300	0
General and administrative (note 6 and 17)		(1,432,411)	(1,529,797)
Release of allowance for accounts receivable credit loss		2	2
(Impairment) release for expected credit loss (note 4)		(272,613)	58,957
Release of (impairment) of investment securities		152	(304)
		(1,704,570)	(1,471,142)
Net income		**1,827,166**	**2,937,942**
Other comprehensive income (loss):			
Items that are or can be reclassified to the income statement			
Movement in fair value reserve of investment at FVOCI:			
Valuation of investments at FVOCI:			
Net change in fair value (note 9)		(1,863)	(9,834)
Total comprehensive income for the year	**$**	**1,825,303**	**2,928,108**

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

BAC BAHAMAS BANK LIMITED

Statement of Changes in Equity

Year ended December 31, 2025, with corresponding figures for 2024
(Expressed in United States dollars)

	Number of shares		Share capital	Additional paid in capital	Other reserves	Retained earnings	Fair value reserve	Total
Balance at December 31, 2023	18,000,000	$	18,000,000	10,000,000	582,078	16,526,434	14,141	45,122,653
Comprehensive income:								
Net income	0		0	0	0	2,937,942	0	2,937,942
Other comprehensive income:								
Investment at FVOCI - net change in fair value	0		0	0	0	0	(9,834)	(9,834)
Total comprehensive income	0		0	0	0	2,937,942	(9,834)	2,928,108
Transfer from retained earings to regulatory reserve (note 20)	0		0	0	61,940	(61,940)	0	0
Balance at December 31, 2024	18,000,000	$	18,000,000	10,000,000	644,018	19,402,436	4,307	48,050,761
Comprehensive income:								
Net income	0		0	0	0	1,827,166	0	1,827,166
Other comprehensive loss:								
Investment at FVOCI - net change in fair value	0		0	0	0	0	(1,863)	(1,863)
Total comprehensive income	0		0	0	0	1,827,166	(1,863)	1,825,303
Transfer from retained earings to regulatory reserve (note 20)	0		0	0	92,194	(92,194)	0	0
Balance at December 31, 2025	18,000,000	$	18,000,000	10,000,000	736,212	21,137,408	2,444	49,876,064

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

BAC BAHAMAS BANK LIMITED

Statement of Cash Flows

Year ended December 31, 2025 with corresponding figures for 2024
(Expressed in United States dollars)

		2025	2024
Cash flows from operating activities:			
Net income	$	1,827,166	2,937,942
Adjustments for:			
(Release of) impairment on expected credit loss		272,613	(58,957)
(Release of) provision for impairment on investment securities		(152)	304
Release of impairment on account receivable		(2)	(2)
Depreciation		52,393	49,722
Net interest income		(3,477,109)	(4,350,079)
		(1,325,091)	(1,421,070)
Changes in operating assets and liabilities:			
Deposits with original maturities of 90 days or more		25,000,000	0
Loans to customers		(2,290,551)	(8,469,462)
Other receivables and assets		(30,512)	20,115
Demand deposits		9,050,534	(20,568,479)
Time deposits		(40,176,394)	13,122,680
Other liabilities		3,704	17,177
		(9,768,310)	(17,299,039)
Interest received		12,262,943	10,973,700
Interest paid		(11,870,755)	(11,778,659)
Net cash used in operating activities		(9,376,122)	(18,103,998)
Cash flows from investing activities			
Purchase of property and equipment		0	(946)
Purchase of investments		(247,236,904)	(494,262,341)
Maturities of investments		258,126,000	501,336,000
Net cash provided by investing activities		10,889,096	7,072,713
Cash flows from financing activities			
Payment of lease liabilities		(49,564)	(37,710)
Net cash used in financing activities		(49,564)	(37,710)
Increase (decrease) in cash and cash equivalents during the year		1,463,410	(11,068,995)
Cash and cash equivalents at beginning of year		8,570,693	19,639,688
Cash and cash equivalents at end of year	$	10,034,103	8,570,693

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

1. Reporting entity

BAC Bahamas Bank Limited ("the Bank") was incorporated under the laws of The Commonwealth of The Bahamas on August 13, 1992 and was granted a banking license on March 16, 1992 by The Central Bank of The Bahamas. The Bank's registered office is located at Caves Village, West Bay Street, Nassau, Bahamas.

The Bank is a wholly owned subsidiary of BAC International Bank, Inc. (the Parent Company), a bank incorporated in the Republic of Panama. The Bank is primarily involved in corporate, consumer and investment banking.

A substantial portion of the Bank´s business is with related parties. A significant amount of the Bank´s cash and cash equivalents and deposits with banks – time deposits are held with related parties and the Bank´s revenue is primarily from the interest income on such cash and cash equivalents and deposits with banks – time deposits (see notes 7 and 8). Accordingly, the Bank is economically dependent on these related parties and is exposed to significant credit risk in respect of the related parties' balances at the reporting date.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, Accounting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB). The financial statements were authorized by the Bank's Board of Directors for issuance on February 24, 2026.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investments that are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in United States dollars ($), which is also the Bank's functional currency.

(d) Use of estimates and judgments

Preparation of financial statements requires the Bank's management to make judgments, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Final results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are disclosed in the following notes:

- Fair value measurement (note 19)
- Allowance for loan losses (notes 3(b) and 4)

3. Summary of Material Accounting Policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency

Assets and liabilities monetary maintained in foreign currency are translated into the functional currency at the exchange rate in effect on the reporting date. Gains or losses resulting from the conversion of foreign currency are reflected in other income or other expense accounts in profit or loss. All non-monetary items of the Bank are recorded in the functional currency at the time of the transaction.

The financial position and profit or loss of the Bank that have a functional currency other than the Bank's functional currency are translated into the reporting currency as follows:

- Assets and liabilities: at the exchange rate at the period closing date.
- Revenues and expenses: at the average exchange rate of the period.
- Equity accounts: at the historical exchange rate.

(b) Financial assets and liabilities

Financial assets are classified at the date on initial recognition, based on the nature and purpose of the acquisition of the financial asset.

The Bank initially recognizes loans, accounts receivable and deposits on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

At initial recognition, financial assets are classified as measured at: AC, FVOCI or FVPL.

A financial asset is measured at amortized cost and not at FVPL, if it meets both of the following conditions:

- The asset is held within a business model to collect contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for cash flows that represent solely payments of principal and interest on the outstanding balance.

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

1. The asset is kept within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

2. The contractual terms of the financial asset establish specific dates for cash flows that represent solely payments of principal and interest on the current outstanding balance.

All financial assets not classified as measured at AC or at FVOCI as described above, are measured at FVPL.

In addition, at initial recognition, the Bank may irrevocably designate a financial asset that meets the measurement requirements for at AC or FVOCI to be measured at FVPL, if doing so eliminates or significantly reduces an accounting mismatch that may occur if not done. For the years ended December 31, 2025 and 2024, the Bank did not use this option.

A financial asset is classified in one of the referenced categories at the time of its initial recognition.

Business Model Assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The policies and objectives stated for each portfolio of financial assets and the operation of these policies in practice. These include, whether management's strategy is to collect income from contractual interest; hold a profile of specific interest performance or coordinate the duration of the financial assets with the liabilities being financed or the expected outgoing cash or through cash flows from the sale of assets;
- How the performance of the portfolio is evaluated and reported to key management personnel;
- The risks that affect the performance of the portfolios (and the financial assets held within) and the way those risks are managed;
- How managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);
- The frequency, value and timing of sales in prior fiscal periods, the reasons for those sales and expectations about future sales activity. However, the information on sales activity cannot be considered in isolation, but rather as part of an assessment of how the Bank's objectives established for managing financial assets is achieved and how cash flows are realized; and
- Financial assets held or managed for trading and where their performance is evaluated on a fair value basis, are measured at FVPL because these are not held to recover contractual cash flows or to obtain contractual cash flows and to sell these financial assets.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

Assessment if contractual cash flows are solely payments of principal and interest

For purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as compensation for the time value of money and credit risk associated with holding the current principal for a period of time and for other basic risk from loan agreements and other associated costs (e.g. liquidity risk and administrative costs), as well as the profit margin.

When evaluating whether contractual cash flows are solely payment of principal and interest, the Bank considers the contractual terms of the instrument. This includes an assessment to determine whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows in such a way that it does not meet this condition. In making this assessment the Bank considers:

- Contingent events that will change the amount and timing of cash flows;
- Hedging conditions;
- Prepayment and extension terms;
- Terms that limit the Bank in achieving cash flows for specific assets (e.g. unfunded asset agreements); and
- Terms that change the considerations of the value of money over time (e.g. periodic revision of interest rates).

Interest rates on certain consumer and business loans are based on variable interest rates established at the discretion of the Bank. Variable interest rates are generally established in accordance with the practices of where the Bank operates, plus certain additional discretionary points. In these cases, the Bank assesses whether the discretionary feature is consistent with the solely principal and interest criteria considering a number of factors that include:

- Whether debtors can prepay the loans without significant penalties;

- Competitive market factors ensure that interest rates are consistent between banks; and,

- Any regulatory protection standard in favor of customers requiring banks to treat customers reasonably (e.g. regulated rates).

A prepayment feature is consistent with these criteria, if a financial asset is acquired or originates from a premium or discount to the contractual par amount and the prepayment amount substantially represents the contractual par amount, plus accrued, but unpaid, contractual interest (which may include fair compensation for early termination) and the fair value of the prepayment feature is insignificant at initial recognition.

Impairment of Financial Assets

The Bank assesses the impairment of financial assets with an expected credit loss (ECL) model. This model requires the application of considerable judgment regarding how changes in economic factors impact on ECL, which is determined on a weighted average basis.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

The impairment model applies to the following financial assets that are not measured at FVPL.

- Cash and cash equivalents;
- Debt instruments measured at FVOCI;
- Loans to customers.

The Bank recognizes a provision for impairment of financial assets at AC and FVOCI at an amount equal to the expected impairment losses in a period of twelve months after the date of the financial statements or during the remaining life of the instrument. Expected losses during the remaining life of the loan are the losses expected from all possible impairment events during the expected life of the financial instrument, while expected losses in a twelve-month period are the portion of expected losses arising from impairment events that are possible during the twelve months following the date of the financial statements.

Allowances for losses are recognized at an amount equal to the ECL during the life of the asset, except in the following cases, in which the amount recognized is equal to ECL for the 12 months following the measurement date:

- Investment in debt instruments determined to represent low credit risk at the reporting date; and

- Other financial assets (other than short term accounts receivable) on which the credit risk has not increased significantly since initial recognition.

Impairment requirements are complex and require judgments and significant assumptions by management, particularly in the following areas:

- Assess whether the credit risk has increased significantly from initial recognition; and,

- Incorporate prospective information in the measurement of ECLs.

Measuring ECL

ECL is the estimated weighted probability of credit losses measured as follows:

- Financial assets with no credit impairment to the reporting date: the present value of all cash insufficiency (for example: the difference between the cash flow debt to the Bank in accordance with the contract terms and cash flows that the Bank expects to receive);

- Financial assets that are credit impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows; and

- Outstanding loan commitments: the present value of the difference between contractual cash flows owed to the Bank in the event it enforces the commitment and cash flows that the Bank expects to receive.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

Definition of impairment

The Bank considers a financial asset to be impaired when:

- It is highly unlikely that the debtor will fully pay its credit obligations to the Bank, without recourse for the Bank to take such actions as enforcing the guarantees (if any); or
- The debtor is more than 90-days past-due on any material credit obligation. Overdrafts are considered in arrears once the client has exceeded the established limit, or the established limit is less than the outstanding balance.
- For fixed income financial instruments, the following concepts, among others, are included:
  - Downgrade on the issuer's credit risk rating;
  - Contractual payments are not made on the due date or in the term period stipulated;
  - There is a virtual certainty of default;
  - Issuer is likely to go bankrupt or a bankruptcy petition is filed or similar action;
  - The financial asset stops trading in an active market given its financial difficulties.

To assess whether a debtor is impaired, the Bank considers indicators such as:

- Qualitative, e.g. noncompliance with contractual clauses;
- Quantitative, e.g. arrears or non-payment of another obligation from the same issuer to the Bank; and,
- Data developed internally and obtained from external sources.

Significant increase in credit risk

When determining whether the credit risk of financial asset has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without disproportionate cost or effort, including quantitative and qualitative information and analysis, based on historical experience, assessment of Bank's credit risk experts, and prospective information.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

The Bank identifies if a significant increase in the credit risk has occurred for each exposure by comparing:

- The probability of default (PD) during the remaining life of a financial instrument at the reporting date, with

- The PD during the remaining life at a point in time, which was estimated at initial recognition of the exposure.

The assessment of whether the credit risk has increased significantly from initial recognition of a financial asset requires identification of the initial recognition date of the instrument. Changes in the contractual terms of a financial asset may also impact this assessment, as discussed below.

Grading by credit risk categories

The Bank assigns a credit risk grade to each exposure based on a variety of data that is determined to predict the PD and applying the judgment of a credit expert. The Bank uses these grades to identify significant increases in credit risk. Credit risk grading is defined using qualitative and quantitative factors indicative of the risk of losses. These factors vary depending on the type of exposure and the type of borrower.

Credit risk grading is defined and calibrated so that the risk of losses increases exponentially as the credit risk is impaired and so that, for example, the difference in the risk of losses between grade 1 and 2 is less than the difference between the credit risk between grades 2 and 3.

Each exposure is given a credit risk grade upon initial recognition based on information available on the debtor. Exposures are subject to continuous monitoring, that may result in displacement of an exposure to a different credit risk grade.

Determine if the credit risk has increased significantly

The Bank has established a general framework that incorporates quantitative and qualitative information to determine if the credit risk of a financial asset has significantly increased since its initial recognition.

The initial framework is aligned with the internal process of the Bank for credit risk management.

The criteria to determine whether the credit risk has increased significantly varies by portfolio and includes limits based on noncompliance.

The Bank evaluates whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on the Bank's qualitative modeling, the expected probability of default during the remaining life will increase significantly from initial recognition. In determining the credit risk increase, the expected impairment losses over the remaining life is adjusted for any changes in maturity.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

Under certain circumstances, using the judgment of credit experts, and based on relevant historical information, the Bank determines that an exposure has had a significant increase in credit risk, if particular qualitative factors indicate this and those factors may not be completely identified by periodic quantitative analyses. As a limit, the Bank assumes that a significant credit risk occurs no later than when the asset is in arrears for more than 30 days.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria can identify significant increases in credit risk before an exposure becomes impaired;

- Inconsistency in the criteria indicators, when the asset is more than 30 days past due;

- The average time to identify a significant increase in credit risk and noncompliance appear to be reasonable;

- Exposures are not generally transferred directly to the Bank on the probability of expected impairment in the twelve months following the impairment of the group of loans; and,

- There is no unjustified volatility in the provision for impairment of transfers between groups when comparing the probability of expected losses in the following twelve months with the probability of expected losses in the remaining life of the loans.

Modified financial assets

If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is written off and a new financial asset is recognized at its fair value plus any eligible transaction costs. Commissions received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent the reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other commissions are included in profit or loss for the year as part of the gain or loss on account derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximize collection opportunities and minimize default risk. Under the Bank's renegotiation policies, customers in financial difficulties are granted concessions that generally correspond to reductions in interest rates, an extension of payment terms, reductions in balances owed, or a combination of the above.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

If the Bank plans to modify a financial asset in a way that would result in the condonation of cash flows, then it first considers whether a portion of the asset should be derecognized before the modification takes place. This approach impacts the outcome of the quantitative assessment and means that the derecognition criteria are often not met in such cases.

If the modification of a financial asset measured at AC or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the asset's original effective interest rate and recognizes the resulting adjustment as a gain or loss in profit or loss. For variable interest rate financial assets, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out due to financial difficulties of the debtor, then the gain or loss is presented along with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

The contractual terms of the loans may be modified for several reasons, including changes in market conditions, client retention and other factors unrelated to the actual or potential impairment of the client’s loan.

When the terms of a financial asset are modified and the modification does not result in the removal of the asset from the consolidated statement of financial position, the determination of whether the credit risk has significantly increased reflects comparisons of:

- The PD during the remaining life on the date of the reporting balance sheet based on the terms modified with;

- The PD on the estimated remaining life based on the date of initial recognition and the original contractual terms.

For modified financial assets, as part of the Bank’s renegotiation policies, the PD estimate will reflect whether the modifications have improved or restored the Bank’s ability to collect interest and principal, as well as the Bank’s prior experience with similar actions. As part of this process, the Bank assesses the debtor’s payment compliance against the modified debt terms and considers various performance indicators of the debtor or group of modified debtors.

Generally, restructuring indicators are a relevant factor in increased credit risk. Therefore, a restructured debtor must demonstrate consistent payment behavior over a period of time before no longer being considered as an impaired loan or that the PD has decreased in such a way that the provision may be reversed, and the loan may be measured for impairment over a term of twelve months after the reporting date.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

Financial liabilities

The Bank derecognizes a financial liability when its conditions are modified, and the cash flows of the modified obligation are substantially different. In this case, a new financial liability based on the modified terms is recognized at its fair value. The difference between the carrying amount of the derecognized financial liability and the consideration paid is recognized in profit or loss. The consideration paid includes the transfer of non-financial assets, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not recorded as derecognition, then the amortized value of the liability is recalculated by discounting the modified cash flows at the original effective interest rate, and the resulting gain or loss is recognized in profit or loss. For variable interest rate financial liabilities, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the book value of the liability and are amortized over the remaining term of the modified financial liability by recalculating the effective interest rate on the instrument.

Inputs in Measuring ECL

Key inputs in measuring ECL are usually the structure of terms of the following variables:

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

The foregoing parameters are derived from internal statistical models and other historical information. These models are adjusted to reflect prospective information as described below.

Credit risk ratings are a grouping criterion to determine the PD term structure for the different exposures. The Bank obtains information on the number of defaults on credit risk exposures analyzed by jurisdiction or region, type of product, and the credit risk rating assigned to calculate the PD.

The Bank uses statistical models to analyze the data collected and generates estimates of the probability of impairment for the remaining life of the exposures and how those probabilities of impairment will change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors as well as an in-depth analysis of certain credit risk factors (e.g. loan write-offs). For most loans, key economic factors usually include gross domestic product growth, changes in market interest rates, and unemployment.

PDs are estimated on certain cut-off dates. They are calculated using survival models, based on historical default vectors. If a counterparty or exposure migrates between the different ratings, then this will cause a change in the estimated PD for that group. The PDs are estimated considering the contractual maturity terms of the exposures and the estimated prepayment rates.

3. Summary of Material Accounting Policies, continued

(b) Financial assets and liabilities, continued

The historical PD is then transformed into a prospective PD, using macroeconomic sensitivity models.

LGD is the magnitude of probable losses in the event of default. The Bank estimates the parameters of the LGD based on historical loss recovery rates against the defaulted parties. LGD models consider the structure, collateral, and the recovery costs of any collateral where there are mortgage guarantees.

For unsecured loans, a present-value cash recovery model is used, taking into account recoveries prior to write-off, as well as recoveries of losses. For loans secured with mortgages and/or pledges, recoveries prior to write-off are taken into consideration, as well as recovery from the sale of foreclosed assets. The calculation is made on a net cost recovery basis, discounted using the effective interest rate of the loan.

EAD represents expected exposure in the event of default. The Bank derives the EAD from the current exposure of the counterparts and potential changes in the current amount permitted under the terms of the contract, including amortization and prepayments for decreasing and revolving exposures with no commitment to disburse. For loan commitments and financial guarantees, the EAD considers the amount disbursed, as well as potential future amounts that may be disbursed or collected under the contract, which are estimated based on historical observations. Finally, for credit cards, due to their relative nature, the Bank determines the EAD by modeling a percentage of historical utilization over the approved credit limit.

The Bank measures the EAD considering the risk of default during the maximum contractual period (including options to extend the customer's debt) on which there is an exposure to credit risk, even if, for purposes of risk management, the Bank considers a longer period. The maximum contractual period is extended to the date on which the Bank has the right to require repayment of a loan or terminate a loan commitment or security guarantee granted.

For credit card balances the Bank measures EADs over a longer period than the maximum contractual period if the contractual ability of the Bank to demand payments does not limit the Bank's exposure to credit losses for the contractual period. These facilities do not have a fixed term or a collection structure and are managed on a collective basis. The Bank may cancel them immediately, but this contractual right is forced into normal day-to-day management, rather than only when the Bank finds that there has been an increase in credit risk for each loan. This longer period will be estimated considering the actions for credit risk management that the Bank expects to take and that mitigate the EAD. These measures include a reduction in limits and cancellation of loan contracts.

Where parameter modeling is performed on a collective basis, the financial instruments are pooled on the basis of shared risk characteristics that include:

- Type of instrument
- Credit risk rating
- Guarantees
- Date of initial recognition
- Remaining expiration term
- Industry
- Geographical location of the debtor

3. Summary of Material Accounting Policies, continued

The above pooling is subject to regular review to ensure that the exposure of a particular group remains uniform.

Offsetting

Financial assets and liabilities are set off and the net amount is presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by IFRS or for gains and losses arising from similar transactions.

(c) Interest

Effective interest rate

Interest income and expense are recognized in profit or loss 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 gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expenses

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortization of the hedge adjustment begins.

3. Summary of Material Accounting Policies, continued

(c) Interest, continued

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 3 (b).

Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:

– interest income on financial assets measured at amortized cost and FVOCI.

Interest expense presented in the statement of comprehensive income includes:

– interest expense on financial liabilities measured at amortized cost.

(d) Fees and commission

Fees and commission income that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including service commissions are recognized when the corresponding services are provided.

Deferred loan fees, if any, are amortized over the period of the loan using the effective interest rate method.

(e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances with banks and highly liquid financial assets, which are subject to insignificant risk of changes in their fair value, and used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(f) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments thar are not quoted in active market and are originated when funds are provided to a debtor in the form of a loan. Loans are presented at their outstanding principal value, less unearned interest and commissions (when applicable) and the allowance for loan losses, except for those loans for which the fair value option was chosen. Unearned interest and commissions are recognized as income during the life of the loan using the effective interest method.

3. Summary of Material Accounting Policies, continued

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment.

The estimated useful lives for the current and corresponding periods are as follows:

- Equipment 3 - 5 years
- Fixtures and fittings 5 - 10 years
- Right of use assets Term of the lease

Depreciation methods and useful lives are reassessed at the reporting date.
Expenditure for maintenance and repairs are expensed. At the time of disposal or retirement of assets, the cost and related accumulated depreciation are eliminated, and any resulting profit or loss is reflected in the statement of comprehensive income.

(h) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
  - the Bank has the right to operate the asset; or
  - the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. Summary of Material Accounting Policies, continued

(h) Leases, continued

As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank’s incremental borrowing rate. The Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. A remeasurement is made when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be paid under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or it is recorded in profit or loss if the book value of the right-of-use asset has been reduced by zero.

The Bank presents right-of-use assets that do not meet the definition of investment properties in “property and equipment" in the statement of financial position.

3. Summary of Material Accounting Policies, continued

(h) Leases, continued

Short-term leases and leases of low-value assets

The Bank has chosen not to recognize right-of-use assets and lease liabilities for leases that have a lease term of twelve months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as a straight-line expense over the term of the lease.

(i) Related parties

(a) A person or a close member of that person´s family is related to the Bank if that person:

(i) has control or joint control over the Bank;

(ii) has significant influence over the Bank; or

(iii) is a member of the key management personal of the Bank or of a parent of the Bank.

(b) An entity is related to the Bank if any of the following conditions applies:

(i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.

(vi) The entity is controlled or jointly controlled by a person identified in (i)(a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(c) A related party transaction is a transfer of resources, services or obligations between the Bank and related party, regardless of whether a price is charged.

(j) Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards became effective for annual periods beginning after 1 January 2026 and early application was permitted. However, the Bank has not early adopted the new and amended accounting standards in preparing these financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and

3. Summary of Material Accounting Policies, continued

(j) Accounting standards issued but not yet effective

- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income taxes categories. Entities are also required to present a newly defined operating profit subtotal. Entities' profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Other accounting standards

The following amendments to accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7); and
- Annual *Improvements to IFRS Accounting Standards – Volume 11.*

4. Financial risk management

(a) Introduction and overview

Risk management is a fundamental part of the Bank. It comprises an infrastructure to comprehensively manage risks, in order to ensure a responsible and sustainable growth in time, to maintain the confidence of its stakeholders, and to assure with reasonable certainty the fulfillment of its short, medium and long-term goals, through a balance between meeting objectives and taking risks, in line with the corporate strategy.

(Expressed in United States dollars)

4. Financial risk management, continued

Classification of financial assets

See the classification under IFRS 9 in accounting policies in Note 3(b).

The following table provides the financial assets line items in the statement of financial position and categories of financial instruments.

2025	FVOCI – debt instruments	AC	Total
Cash and cash equivalents	0	10,034,103	10,034,103
Deposits with banks – time deposit	0	180,854,861	180,854,861
Investments in securities	56,336,611	0	56,336,611
Loans to customers	0	28,025,384	28,025,384
Other assets	0	121,356	121,356
Total financial assets	56,336,611	219,035,704	275,372,315

2024	FVOCI – debt instruments	AC	Total
Cash and cash equivalents	0	8,570,693	8,570,693
Deposits with banks – time deposit	0	205,701,639	205,701,639
Investment in securities	64,382,459	0	64,382,459
Loans to customers	0	25,986,945	25,986,945
Other assets	0	94,962	94,962
Total financial assets	64,382,459	240,354,239	304,736,698

As of December 31, 2025 and 2024, all of the financial liabilities held by the Bank are classified at amortized cost.

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

(Expressed in United States dollars)

4. Financial risk management, continued

(a) Introduction and overview, continued

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability Committee ("ALCO"), and Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas. All committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to regulatory and internal limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank aims to develop a disciplined and constructive control environment through trainings, established procedures, and manuals, in which all employees understand their roles and responsibilities.

The Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by the Internal Audit department, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

This following section provides information of the Bank's exposure to risk and describes the methods used by management to control risks. The most significant types of financial risks to which the Bank is exposed are credit, liquidity, and market risk. Market risk includes currency risk, interest rate risk and price risk.

(b) Credit risk

Management of credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Bank's maximum credit risk exposure is shown below:

		2025	2024
Cash and cash equivalents	$	10,034,103	8,570,693
Deposits with banks – time deposit		180,854,861	205,701,639
Investments securities		56,336,611	64,382,459
Loans to customers at amortized cost		28,025,384	25,986,945
Other receivables and assets		121,356	94,962
	$	275,372,315	304,736,698

4. Financial risk management, continued

(b) Credit risk, continued

The Board of Directors has delegated responsibility for the management of credit risk to the Parent Company's Credit Committee. A separate credit department, reporting to the Credit Committee, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and monitoring compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers.
- Larger facilities require approval by the Head of the Credit Committee or the Board of Directors, as appropriate.
- Reviewing and assessing credit risk. The Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographic areas and industries (for loans to customers).
- Developing and maintaining the Bank's risk grading system in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of nine grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive/committee as appropriate. Risk grades are subject to regular reviews.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank's management of credit risk.
- Each business unit is required to implement credit policies and procedures, with approval from the Credit Committee. Each business unit has a Chief Credit Risk officer who reports on all credit related matters to local management and the Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risk in its portfolios, including those subjects to central approval. Regular audits of business units and credit processes are undertaken by the Parent Company´s Internal Audit department.

(Expressed in United States dollars)

4. Financial risk management, continued

(b) Credit risk, continued

Quality of the portfolio of bank deposits

As of December 31, 2025, the Bank maintains cash, cash equivalents and deposits with banks that totalize $190,888,964 (2024: $214,272,332). Deposits are maintained at financial institutions, most of which have A+ to BBB+ risk ratings, based on Standard & Poor's. Of the total deposits as of December 31, 2025, approximately $26,016 (2024: $14,298), did not have a risk rating.

Exposure to credit risk of loans to customers is shown below.

2025	12 months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Corporative				
Grade 1 low risk	10,058,771	0	0	10,058,771
Gross amount	10,058,771	0	0	10,058,771
Allowance for ECL	24,141	0	0	24,141
Net amount	10,034,630	0	0	10,034,630
Mortgage				
Grade 1 low risk	1,018,326	0	0	1,018,326
Gross amount	1,018,326	0	0	1,018,326
Allowance for ECL	227	0	0	227
Net amount	1,018,099	0	0	1,018,099
Consumer				
Grade 1 low risk	17,474,242	28,322	0	17,502,564
Grade 6 Marginal	0	124,005	0	124,005
Grade 7 Substandard	0	0	0	0
Grade 8 Doubtful	0	0	839	839
Gross amount	17,474,242	152,327	839	17,627,408
Allownce for ECL	608,641	45,397	715	654,753
Net amount	16,865,601	106,930	124	16,972,655
Net carrying amount, net of reserve	27,918,330	106,930	124	28,025,384

(Expressed in United States dollars)

4. Financial risk management, continued

(b) Credit risk, continued

2024	12 months ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Corporative				
Grade 1 low risk	10,035,757	0	0	10,035,757
Gross amount	10,035,757	0	0	10,035,757
Allowance for ECL	1,004	0	0	1,004
Net amount	10,034,753	0	0	10,034,753
Mortgage				
Grade 1 low risk	1,187,395	0	0	1,187,395
Gross amount	1,187,395	0	0	1,187,395
Allowance for ECL	807	0	0	807
Net amount	1,186,588	0	0	1,186,588
Consumer				
Grade 1 low risk	15,090,205	50,259	0	15,140,464
Grade 6 Marginal	0	30,766	0	30,766
Grade 7 Substandard	0	0	9,807	9,807
Grade 8 Doubtful	0	0	410	410
Gross amount	15,090,205	81,025	10,217	15,181,447
Allownce for ECL	388,467	20,342	7,034	415,843
Net amount	14,701,738	60,683	3,183	14,765,604
Net carrying amount, net of reserve	25,923,079	60,683	3,183	25,986,945

Write-off policy

The Bank writes off a loan (and any related allowances for impairment losses) when the Credit Committee determines that the carrying value of the loan is not recoverable. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer meet the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

Collateral

The Bank holds collateral in respect of loans and advances in the form of chatel mortgages. Estimates of collateral fair value are initially based on the appraised value at the time of loan origination. For the purposes of measuring expected credit losses (ECL), the Bank updates the estimated recoverable value of collateral using available market data, internal valuation models or price indices, even when a loan is not individually assessed as impaired. Formal revaluations or appraisals are generally obtained only when a loan becomes individually assessed as impaired. At December 31, 2025, an estimate of the fair value of collateral held for mortgages and chattel mortgage in respect of financial assets was $1,018,326 (2024: $1,187,395).

(Expressed in United States dollars)

4. Financial risk management, continued

(b) Credit risk, continued

Residential mortgage loans

The following table shows the index of loans from the mortgage portfolio to the value of collateral. LTV is calculated as a percentage of the gross amount of the loan in relation to the value of collaterals. The gross amount of the loan excludes any loss impairment. The value of collateral for mortgages is based on the original value of the guarantee as of the date of disbursement. The corresponding values are updated based on requirements of regulators, new disbursements with the same guarantee, credit restructuring or judicial processes that involve execution.

LTV Ratio	**2025**	**2024**
Less than 51%	816,590	437,791
51-70%	201,736	535,671
71-80%	0	213,933
Total	1,018,326	1,187,395

ECL allowance

For a further description of the ECL calculation model, see Note 3 (b).
The following table shows a reconciliation of the opening and closing balances the ECL allowance as of December 31, 2025 and 2024:

	2025				**2024**			
Loans at AC	**12 months ECL**	**Lifetime ECL – unimpaired**	**Lifetime ECL – impaired**	**Total**	**12 months ECL**	**Lifetime ECL – unimpaired**	**Lifetime ECL – impaired**	**Total**
Balance at beginning of year	390,279	20,340	7,035	417,654	331,628	15,073	18,559	365,260
Transfer from stage 1 to 2	(12,380)	12,380	0	0	(18,702)	18,702	0	0
Transfer from stage 2 to 3	0	(4,318)	4,318	0	0	(6,603)	6,603	0
Transfer from stage 3 to 2	0	0	0	0	0	20,401	(20,401)	0
Transfer from stage 2 to 1	69,681	(69,681)	0	0	40,556	(40,556)	0	0
Transfer from stage 3 to 1	6,771	0	(6,771)	0	6,623	0	(6,623)	0
Net remeasurement of loss allowance	91,364	105,353	8,599	205,316	(12,029)	26,564	(101,070)	(86,535)
New financial assets originated	267,207	38	452	267,697	158,838	114	130	159,082
Net derecognition of financial assets	(179,912)	(18,716)	(1,771)	(200,399)	(116,635)	(13,355)	(1,514)	(131,504)
Write-offs	0	0	(13,260)	(13,260)	0	0	0	0
Recoveries	0	0	2,113	2,113	0	0	111,351	111,351
Balance at end of year	633,010	45,396	715	679,121	390,279	20,340	7,035	417,654

The Bank has determined that ECL in respect of cash and cash equivalents is minimal due to their short-term nature and high credit quality and has determined that ECL in respect of investments as of December 31, 2025 amounted to $296 (2024: $448).

During the 2025 year, changes in the gross carrying amount of loans portfolio were originated mainly from increases in consumer loan portfolio. The increase net of $2.4 million in consumer loan portfolio and the parameter updates for credit risk assessment carried out during 2025 on this portfolio contributed to the increase in loss allowance.

(Expressed in United States dollars)

4. Financial risk management, continued

(b) Credit risk, continued

Concentration of credit risk

The Bank follows the concentration of credit risk by sector and geographic location. The geographic location of loans and deposits in banks is based on the location of the debtor. In regards to investments, they are based on the location of the issuer. The analysis of the concentration of credit risks as of the date of the financial statements is as follows:

	2025		
	Loans	**Deposits in bank**	**Investment at FVOCI**
Concentration by economic sector:			
Governments	0	0	56,336,611
Corporate			
Real estate	10,058,771	0	0
Financial	0	190,888,964	0
Consumer	18,645,735	0	0
Allowance for ECL – principal and interest	(679,121)	0	0
Net carrying amount	28,025,384	190,888,964	56,336,611,
Geographic concentration:			
Costa Rica	446,086	0	0
Panama	17,143,126	190,379,003	0
Honduras	0	0	0
Nicaragua	1,115,296	0	0
United States of America	0	483,945	56,336,611
British Island	10,000,000	0	0
Bahamas	0	26,016	0
Allowance for ECL – principal plus interest	(679,121)	0	0
Net carrying amount	28,025,384	190,888,964	56,336,611

	2024		
	Loans	**Deposits in bank**	**Investment at FVOCI**
Concentration by economic sector:			
Governments	0	0	64,382,459
Corporate			
Trade	10,035,757	0	0
Real estate	0	214,272,332	0
Financial	16,368,842	0	0
Consumer	(417,654)	0	0
Allowance for ECL – principal plus interest	25,986,945	214,272,332	64,382,459
Net carrying amount			
Geographic concentration:	391,166	0	0
Costa Rica	14,830,274	212,240,285	0
Panama	58,969	0	0
Honduras	1,124,190	0	0
Nicaragua	0	2,017,749	64,382,459
United States of America	10,000,000	0	0
Bahamas	0	14,298	0
Allowance for ECL – principal plus interest	(417,654)	0	0
Net carrying amount	25,986,945	214,272,332	64,382,459

4. Financial risk management, continued

(b) Credit risk, continued

As of December 31, 2025, there was a concentration of credit risk in respect of cash and cash equivalents and deposits with banks – time deposit with related parties amounting to $190,377,703 (2024: $212,238,984). The credit risk exposure arising from these balances held with related parties is managed at the Parent Company´s level.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a borrower to honor its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from risk committees.

(c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. Liquidity risk exposures are measured by liquidity ratio limits established by the ALCO.

The Parent Company's Treasury Department receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The liquidity position is monitored on a daily basis and regular liquidity stress testing is conducted under scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the ALCO. Weekly reports cover the liquidity position of local and foreign currency. A summary report, including any exceptions and remedial actions taken, is submitted regularly to the ALCO.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the maturity-wise analysis, volatility measurements and stress testing. For this purpose, net liquid assets are considered to include cash and cash equivalents for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month, including any statistical analysis of assets and liabilities that may not have a defined maturity.

(Expressed in United States dollars)

4. Financial risk management, continued

(c) Liquidity risk, continued

The following table shows the undiscounted cash flows on the Bank's financial liabilities and assets on the basis of their earliest possible contractual maturity.

		Carrying Amount	Gross Nominal (outflow) - inflow	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
December 31, 2025								
Liabilities								
Demand and savings deposits from customers	$	38,684,495	(38,684,495)	(38,684,495)	0	0	0	0
Time deposits from customers	$	186,686,007	(191,359,511)	(28,037,467)	(55,535,580)	(77,012,745)	(30,773,719)	0
Lease liabilities	$	53,614	(54,175)	(4,925)	(24,625)	(24,625)	0	0
Total liabilities	$	225,424,116	(230,098,181)	(66,726,887)	(55,560,205)	(77,037,370)	(30,773,719)	0
Assets								
Cash and cash equivalents	$	10,034,103	10,034,103	10,034,103	0	0	0	0
Deposits with banks	$	180,854,861	180,976,302	0	50,443,576	104,251,476	26,281,250	0
Investments at FVOCI	$	56,336,611	56,667,000	15,512,000	35,765,000	5,390,000	0	0
Loans to customers	$	28,025,384	34,526,475	68,705	555,933	13,208,239	9,534,884	11,158,714
Total assets	$	275,250,959	282,203,880	25,614,808	86,764,509	122,849,715	35,816,134	11,158,714

		Carrying Amount	Gross Nominal (outflow) - inflow	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
December 31, 2024								
Liabilities								
Demand and savings deposits from customers	$	29,633,961	(29,633,961)	(29,633,961)	0	0	0	0
Time deposits from customers	$	226,924,703	(235,600,417)	(32,891,912)	(42,764,471)	(115,924,373)	(44,019,661)	0
Lease liabilities	$	107,165	(109,969)	(4,781)	(23,906)	(28,688)	(52,594)	0
Total liabilities	$	256,665,829	(265,344,347)	(62,530,654)	(42,788,377)	(115,953,061)	(44,072,255)	0
Assets								
Cash and cash equivalents	$	8,570,693	8,570,693	8,570,693	0	0	0	0
Deposits with banks	$	205,701,639	205,314,626	0	50,727,577	128,274,549	26,312,500	0
Investments at FVOCI	$	64,382,459	64,940,000	30,640,000	11,435,000	22,865,000	0	0
Loans to customers	$	25,986,945	31,651,028	359,180	359,131	11,663,639	9,176,010	10,093,068
Total assets	$	304,641,736	310,476,347	39,569,873	62,521,708	162,803,188	35,488,510	10,093,068

(d) Market risk

Market risks are those that may result in losses as a result of adverse price movements in the financial markets where positions are maintained. It comprises the following risks:

- Interest rate risk: there is the possibility of an economic loss due to adverse variations in interest rates.

- Exchange rate risk: there is the possibility of an economic loss due to adverse variations in the exchange rates of currencies other than the US dollar.

4. Financial risk management, continued

(d) Market risk, continued

The main objectives of the Bank's corporate governance structure include supervising the performance of the management team, ensuring the proper functioning of the internal control system, monitoring the exposure to risks and managing them effectively. For such purposes, management engages actively in market risk management through the regional and local Assets and Liabilities Committees (ALICO) and the Comprehensive Risk Management Committee; thus, giving greater support to the strategic decision-making process.

Market risks assumed by the Bank are in line with the structure, complexity, size and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by management and/or regional and local boards of directors.

The Bank establishes the requirement of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations, as well as ensuring that reports related to market risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of the content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

For the measurement, control and management of market risk, the Bank uses the indicators required by the regulator, as well as another set of indicators established in the internal regional guideline, which are calculated based on internal sources of information.

Management of market risks

Exposure to currency risk:

The Bank conducts all of its transactions denominated in United States dollars and therefore, is not exposed to any currency risk.

Exposure to interest rate risk – non-trading portfolios:

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest - earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. The interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands, economic value of equity exposure, including positions on and off the statement of financial position. The ALCO is the monitoring body for compliance with these limits and is assisted by the Parent Company's Risk Management in its day-to-day monitoring activities.

4. Financial risk management, continued

(d) Market risk, continued

A summary of the interest rate gap position of the Bank´s financial instruments is shown below:

		Days					
(Expressed in $000's)	Total	0-30	31-90	91-180	181-360	361-720	More than 720
December 31, 2025							
Assets							
Cash and cash equivalents	10,032	10,032	0	0	0	0	0
Deposits in bank	186,867	0	53,363	26,402	52,535	54,567	0
Investments at FVOCI	56,667	15,512	35,765	5,390	0	0	0
Loans (Gross)	32,591	70	574	3,003	18,850	1,230	8,864
Total	286,157	25,614	89,702	34,795	71,385	55,797	8,864
Liabilities							
Demand deposits	38,684	19,076	645	967	1,934	3,868	12,194
Time deposits	191,232	28,036	55,492	44,881	32,672	26,063	4,088
Total	229,916	47,112	56,137	45,848	34,606	29,931	16,282

		Days					
(Expressed in $000's)	Total	0-30	31-90	91-180	181-360	361-720	More than 720
December 31, 2024							
Assets							
Cash and cash equivalents	8,569	8,569	0	0	0	0	0
Deposits in bank	211,024	0	52,377	78,985	52,693	26,969	0
Investments at FVOCI	64,940	30,640	11,435	17,665	5,200	0	0
Loans (Gross)	29,883	71	515	5,790	14,280	1,102	8,125
Total	314,416	39,280	64,327	102,440	72,173	28,071	8,125
Liabilities							
Demand deposits	29,634	14,125	494	740	1,482	1,482	11,311
Time deposits	235,563	32,920	42,730	30,387	85,524	26,986	17,016
Total	265,197	47,045	43,224	31,127	87,006	28,468	28,327

(Expressed in United States dollars)

4. Financial risk management, continued

(d) Market risk, continued

Cash flow sensitivity analysis for variable rate instruments:

The estimate of the impact of variations in interest rates is conducted under a scenario of increase or decrease of 100 basis points on assets and liabilities. The following table presents a summary of the impact on the Bank's equity and net income:

	Increase of 100 bps [(1)]	Decrease of 100 bps [(1)]
Impact on equity from		
2025		
As of December 31, 2025	(499,490)	516,728
Average for the year	(460,024)	491,607
Maximum for the year	330,881	(324,523)
Minimum for the year	(1,135,167)	1,196,522
2024		
As of December 31, 2024	108,956	(100,189)
Average for the year	621,657	(630,687)
Maximum for the year	1,146,477	(1,174,624)
Minimum for the year	108,956	(100,189)
Impact on net income		
2025		
Year ended December 31, 2025	9,307	(9,307)
Average for the year	308,686	(308,686)
Maximum for the year	708,442	(708,442)
Minimum for the year	9,307	(9,307)
2024		
Year ended December 31, 2024	514,094	(514,094)
Average for the year	665,128	(665,128)
Maximum for the year	928,407	(928,407)
Minimum for the year	465,166	(465,166)

(1) According to the nature of the instruments on demand, the sensitivity of annual income and expenses to a decrease or increase in rates for currencies with rates below 1% is measured using a variation of 25 basis points.

Fair value sensitivity analysis for fixed rate instruments:

The Bank does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not impact profit or loss.

(e) Operational risk

Operational risk is the risk of direct or indirect loss or damage in any form arising from a wide variety of causes associated with the Parent Company and Bank’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Bank’s operations and are faced by all business entities.

4. Financial risk management, continued

(e) Operational risk, continued

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

As per Basel II, operational risk management is performed as a continuous process, with several distinct components:

- risk identification & assessment,
- risk mitigation (control development & implementation),
- control self-assessment (control testing),
- risk monitoring (key risk indicators follow up),
- risk measurement (incident collection & capital calculation), and
- control environment assessment & management (control culture measurement & corrective action implementation).

The primary responsibility for operational risk management is assigned to senior management within each business unit. This responsibility is supported by the development of overall policies and a central unit (Parent Company's Operational Risk Management Department) that coordinates and follows up on the business unit's performance. Status and developments are reported bi-monthly to the Operational Risk Committee, which oversees the risk management cycle. Additionally, compliance with the Bank's policies is supported by periodic reviews undertaken by the Parent Company's Internal Audit department. The results of internal audit reviews are discussed with the business unit's management and then summaries are submitted to the Audit Committee and senior management of the Bank.

(f) Capital management

The Central Bank of The Bahamas requires the Bank to maintain a minimum ratio of total capital to risk-weighted assets of 8%. The capital to risk-weighted assets ratio at December 31, 2025 was 45.3% (2024: 40.1%).

The Bank's policy is to maintain a strong capital base to maintain the confidence of stakeholders and to sustain future development of the business. The Bank has complied with all externally imposed capital requirements throughout the year. There were no changes in Bank's approach to capital management during the year.

5. Critical accounting estimates and judgments in applying accounting policies

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Bank's management is responsible for the development, selection, disclosure of critical accounting policies and estimates and their application in a manner consistent with the selected assumptions and related to significant estimation uncertainties.

(Expressed in United States dollars)

5. Critical accounting estimates and judgments in applying accounting policies, continued

Loan impairment losses

The Bank reviews its loan portfolio to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank makes decisions as to whether there is observable information indicating that there is a measurable reduction in estimated future cash flows from a portfolio of loans before the reduction can be identified with an individual loan in that portfolio. This evidence includes observable information indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on Bank assets.

Fair value of financial instruments

The fair value of financial instruments that are not quoted in active markets is determined using valuation techniques. All models are tested and adjusted before use and are calibrated to ensure that the results reflect current information and comparative market prices.

To the extent possible, the models use only observable information; however, inputs such as credit risk (own and counterparty), volatilities and correlations require management estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

6. Related party balances and transactions

Balances and transactions with related parties are shown below:

		2025		2024	
		Key personnel	Related parties	Key personnel	Related parties
Assets					
Cash and cash equivalents	$	0	9,522,842	0	6,537,345
Deposits with banks – time deposits		0	180,854,861	0	205,701,639
Loans to customers		528,674	715	506,725	263
Allowance for ECL		(6,511)	(715)	(1,686)	(264)
Accrued interest receivable and other assets		2,074	0	1,536	0
Liabilities					
Demand deposits from customers	$	1,643	16,956,539	1,738	9,602,675
Time deposits from customers		175,860	11,795,411	170,577	13,297,160
Accrued interest payable and other liabilities		0	334	0	230
Income					
Interest income	$	29,819	10,615,794	32,191	11,781,437
Expenses					
Interest expenses	$	8,583	733,369	7,747	1,007,103
General and administrative		0	285,525	0	325,889
Short term benefits		265,415	0	221,762	0

During the current year, related parties charged the Bank $60,000 (2024: $60,000) for administrative services. General and administrative expenses include paid to Key Management Personnel of $265,415 (2024: $221,762).

(Expressed in United States dollars)

6. Related party balances and transactions, continued

The Bank has the following transactions with the parent bank as of year-end 2024:

	2025				
	Amount	**Rates**	**Origination date**	**Maturity date**	**Income**
Deposits with banks	$9,522,842	4.00%	11/21/2008	nil	699,71
Time deposits	$175,000,000	5.00% to 5.50%	10/01/2024	06/03/2027	9,915,776

	2024				
	Amount	**Rates**	**Origination date**	**Maturity date**	**Income**
Deposits with banks	$6,537,345	4.00%	11/21/2008	nil	674,329
Time deposits	$200,000,000	4.98% to 5.50%	02/05/2024	03/25/2026	11,107,107

7. Cash and cash equivalents

The geographical distribution of cash and cash equivalents by country is as follows:

		2025	2024
Panama	$	9,524,142	6,538,645
United States of America		483,945	2,017,750
The Bahamas		26,016	14,298
	$	10,034,103	8,570,693

At December 31, 2025, cash and cash equivalents earned interest at rates ranging between 2.05% to 2.50% (2024: 3.05% to 4.00%) per annum.

8. Deposits with banks – time deposits

At December 31, 2025, the Bank placed time deposits with related parties for the amount of $180,854,861 (2024: $205,701,639), which include accrued interest of $5,854,861 (2024: $5,701,639) with interest rates ranging between 5.00% to 5.50% (2024: 4.98% to 5.50%).

9. Investments at fair value

The portfolio of investments at FVOCI is detailed as follows:

	2025	2024
Governments of the United States – Treasury bills	56,336,611	64,382,459

(Expressed in United States dollars)

9. Investments at fair value, continued

During the year 2025, the Bank had the following movement on investments at FVOCI:

Balance at January 1, 2024	64,382,458
Purchased	247,236,904
Maturities	(258,126,000)
Interest income	2,844,960
Valuation	(1,711)
Balance at December 31, 2025	56,336,611

Balance at January 1, 2023	67,750,717
Purchased	494,262,341
Maturities	(501,336,000)
Interest income	3,715,539
Valuation	(10,138)
Balance at December 31, 2024	64,382,459

10. Loans to customers, net

At December 31, 2025 and 2024, the loan portfolio was segmented by industry as follows:

	2025			2024		
	Gross amount	Allowance for ECL	Net carrying amount	Gross amount	Allowance for ECL	Net carrying amount
Loans						
Corporate						
Corporate	10,058,771	24,141	10,034,630	10,035,757	1,004	10,034,753
Consumer loans						
Personal	17,627,408	654,753	16,972,655	15,181,446	415,842	14,765,604
Mortgage	1,018,326	227	1,018,099	1,187,395	807	1,186,588
Total loans at amortized cost	28,704,505	679,121	28,025,384	26,404,598	417,653	25,986,945

11. Property and equipment

Property and equipment as of December 31, 2025, and 2024 are detailed as follows:

	Right-of-use assets	Furniture and equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2025	372,966	78,380	6,873	458,219
Purchases	555	0	0	555
Transfers	0	4,441	0	4,441
Balance at December 31, 2025	373,521	82,821	6,873	463,215
Accumulated depreciation:				
Balance at January 1, 2025	(276,428)	(76,704)	(6,873)	(360,005)
Depreciation	(50,541)	(1,852)	0	(52,393)
Transfers	0	(927)	0	(927)
Balance at December 31, 2025	(326,969)	(79,483)	(6,873)	(413,325)
Net balance	46,552	3,338	0	49,890

(Expressed in United States dollars)

11. Property and equipment, continued

	Right-of-use assets	Furniture and equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2024	367,173	77,434	6,873	451,480
Purchases	5,793	946	0	6,739
Balance at December 31, 2024	372,966	78,380	6,873	458,219
Accumulated depreciation:				
Balance at January 1, 2024	(227,508)	(75,902)	(6,873)	(310,283)
Depreciation	(48,920)	(802)	(0)	(49,722)
Balance at December 31, 2024	(276,428)	(76,704)	(6,873)	(360,005)
Net balance	96,538	1,676	0	98,214

Right-of-use assets are maintained for the rental of the Bank's offices in The Bahamas.

12. Customer deposits - demand

At December 31, 2025 and 2024, demand deposits are from customers primarily domiciled in Central America. Demand deposits bear interest at various rates up to 3.20% (2024: 3.95%) per annum.

		2025	2024
Retail customers	$	2,345,194	4,226,544
Corporate customers		31,837,876	23,079,108
	$	34,183,070	27,305,652

13. Customer deposits - savings

At December 31, 2025 and 2024, savings deposits are from customers primarily domiciled in Central America. Savings deposits bear interest at various rates up to 3.50% (2024: 3.50%) per annum.

		2025	2024
Retail customers	$	595,861	467,770
Corporate customers		3,905,564	1,860,539
	$	4,501,425	2,328,309

14. Customer deposits - time deposits

At December 31, 2025 and 2024, the time deposits were due within one year with annual interest rates per annum ranging between 3.70% to 5.85% (2024: 3.70% to 6.25%) and are from customers primarily domiciled in Central America.

		2025	2024
Retail customers	$	24,702,522	18,791,441
Corporate customers		159,194,614	205,282,090
Interest		2,788,871	2,851,172
	$	186,686,007	226,924,703

15. Lease liabilities

Lease liabilities are mainly related to the rental of the Bank's offices in the Bahamas Islands, detailed below:

	Interest rate	Maturities up to	2025 Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2026	53,614	54,175
Total lease liabilities			53,614	54,175

	Interest rate	Maturities up to	2024 Carrying amount	Undiscounted cash flows
Payable in US dollars	5.10%	2026	107,165	109,969
Total lease liabilities			107,165	109,969

The following is the detail of the maturity of the undiscounted contractual cash flows, related to lease liabilities under IFRS 16:

	2025	2024
Less than a year	54,175	57,375
One to five years	0	52,594
	54,175	109,969

The following are the items recognized in the statement of comprehensive income, related to lease liabilities:

	2025	2024
Interest on leases	3,987	6,451

Amounts recognized in statements of cash flows:

	2025	2024
Total cash outflows for leases	58,094	56,404

16. Share capital

The authorized capital of the Bank is comprised of 18,000,000 shares. At December 31, 2025 and 2024, the issued share capital is represented by 18,000,000 issued ordinary registered shares of $1.00 par value each, for a total of $18,000,000.

(Expressed in United States dollars)

17. General and administrative expenses

General and administrative expenses are shown below:

		2025	2024
Personnel	$	462,474	485,259
Corporate services		60,000	60,000
Outside services		318,936	353,670
Depreciation - other		1,852	802
Depreciation related to right- of- use assets		50,542	48,920
Other		538,607	581,146
	$	1,432,411	1,529,797

18. Taxes

As of December 31, 2025, the Bank continues to be exempt from income tax under the laws of the Commonwealth of The Bahamas.

In December 2021, the Organization for Economic Co-operation and Development (OECD) released the Pillar Two GloBE Model Rules as part of the Inclusive Framework's initiative to ensure that large multinational enterprise (MNE) groups are subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate. These rules apply to MNE Groups with consolidated revenues of EUR 750 million (approximately USD 818 million) or more in at least two of the four preceding fiscal years.

Under the GloBE framework, jurisdictions may adopt a Qualified Domestic Minimum Top-Up Tax (QDMTT) to impose domestic top-up tax on low-taxed or zero taxed income, before other jurisdictions can apply the Income Inclusion Rule (IIR) or the Undertaxed Profits Rule (UTPR).

The Bahamas enacted the Domestic Minimum Top-Up Tax Act, 2024 ("the Act") on November 28, 2024, introducing a 15% domestic minimum top-up tax aligned with Pillar Two. The Act is retroactively effective as of January 1, 2024, applying conditionally during the transitional year and fully for fiscal years beginning on or after January 1, 2025. To avoid double taxation, the Act also amended the Business Licence Act to allow Business Licence Fees paid during the year to be credited against the QDMTT liability, subject to applicable limitations.

Additionally, in May 2025, the government launched the Business Development Incentives Programme, providing qualified refundable tax credits designed to comply with OECD Pillar Two guidance, ensuring that such incentives do not reduce the GloBE effective tax rate below 15%.

As of December 1, 2025, The Bahamas has been included in the OECD's central registry of recognized QDMTT regimes, confirming that the jurisdiction meets the technical requirements to be treated as a QDMTT for Pillar Two purposes and providing enhanced certainty for in-scope MNE groups.

On May 23, 2023, the IASB issued narrow-scope amendments to IAS 12 providing a temporary exception from recognizing and disclosing deferred taxes arising from enacted Pillar Two legislation. The Bank has applied this exception in preparing these financial statements.

18. Taxes, continued

The Bank has performed a detailed assessment of the impact of the QDMTT and continues to monitor legislative developments, OECD guidance and administrative practice as they evolve. Based on currently available interpretation of the Act and local net income FY 2025, management has estimated the following:

The QDMTT liability for the year ended December 31, 2025 amounts to approximately USD 267 K. After applying the tax credit for Business Licence Fees paid during the year (approximately USD 187 K), the net incremental top-up tax payable is approximately USD 80 K.

The Bank remains exempt from traditional income taxation under Bahamian law. The impact described above relates exclusively to the global minimum tax requirements under the Pillar Two framework. The Bank will also assess the potential recognition of deferred taxes once the IAS 12 temporary exception is lifted or if timing differences arise in future periods.

19. Measurement of fair values

The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The Bank conducts a fair value estimate in accordance to IFRS 13. The different hierarchy levels have been defined as follows:

- Level 1 - Quoted prices in active markets without adjustments for identical assets or liabilities that the Bank can access at the measurement date.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are not active and other valuation techniques where significant data inputs are directly or indirectly observable in the market.
- Level 3 - unobservable inputs for the asset or liability. This category includes all instruments where the valuation technique includes unobservable inputs and these have a significant effect on the fair value measurement. This category also includes instruments that are valued based on quoted prices for similar instruments for which we must make significant adjustments using unobservable inputs, assumptions or adjustments in which no observable or subjective data are used when there are differences between the instruments.

A market is considered active if quoted prices are readily and regularly available from an exchange, financial intermediaries, a sector institution, pricing service or regulatory agency, and those prices reflect actual market transactions with sufficient frequency and volume to provide pricing information market.

Financial instruments at fair value

Recurring Fair Value Measurement

The following is a description of the valuation methodologies used to value instruments carried at fair value, including a general classification of such instruments according to the fair value hierarchy.

19. Measurement of fair values, continued

Securities

When there are market prices in an active market, securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid bonds from governments and agencies and investments in highly traded shares. If market prices are not available for a specific security, the fair value is determined using market prices of securities with similar characteristics or discounted cash flows and are classified in Level 2. In certain cases where there is limited activity or less transparency in determining the assumptions used in the valuation, securities are classified in Level 3 of the fair value hierarchy. Therefore, when valuing certain debt obligations, determining fair value may require comparisons with similar instruments or default and collection rate analysis.

Assets recorded at fair value on a recurring basis, are summarized below:

	Other significant observable assumptions (Level 1) 2025	2024
Assets		
Investment securities		
Bonds from Government of the United States – Treasury bills	56,336,611	64,382,459

The Bank's accounting policies include the recognition of transfers between the levels of the fair value hierarchy on the date of the event or change in the circumstances that caused the transfer. No financial instrument was transferred between levels of the fair value hierarchy as of reporting dates.

The table below describes the valuation techniques and input data used in the financial instruments' recurring fair value measurements:

Financial instrument	Valuation technique and entry data used	Level
Bonds from Governments and Agencies: United States of America	Consensus prices obtained through Bloomberg.	(1)

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) *Cash and cash equivalents*

The carrying amounts approximate fair value because of the short-term maturities of these instruments.

(b) *Loans to customers*

The fair value of loans to customers is estimated by discounting future cash flows using the interest rates offered for loans with similar characteristics.

(c) *Demand, savings and time deposits*

The fair value of demand deposits and savings is the amount payable on demand at the reporting date. The fair value of time deposits is estimated by discounting future cash flows using the rates offered for deposits with similar remaining maturities.

(Expressed in United States dollars)

19. Measurement of fair values, continued

As of December 31, 2025, the following table sets out the fair values of the Bank´s significant financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized. The fair value information for the financial assets and financial liabilities whose carrying amounts approximate their fair values (such as cash and cash equivalents and demand deposit) are not included in this table.

		Level 1	Level 2	Level 3	Total fair value	Total carrying Amount
December 31, 2025						
Assets:	$					
Loans to customers		0	0	26,088,018	26,088,018	28,025,384
Total assets		0	0	26,088,018	26,088,018	28,025,384
Liabilities:						
Deposits from customers		0	38,684,495	187,067,639	225,752,134	225,370,502
Total liabilities		0	38,684,495	187,067,639	225,752,134	225,370,502

		Level 1	Level 2	Level 3	Total fair value	Total carrying Amount
December 31, 2024						
Assets:	$					
Loans to customers		0	0	24,948,859	24,948,859	25,986,945
Total assets		0	0	24,948,859	24,948,859	25,986,945
Liabilities:						
Deposits from customers		0	29,633,961	229,023,754	258,657,715	256,558,664
Total liabilities		0	29,633,961	229,023,754	258,657,715	256,558,664

20. Other reserves (regulatory requirements)

The Parent Company is regulated by the Superintendency of Banks of Panama (“Superintendency”). In 2013, the Superintendency issued the Agreement No. 004-2013 (“the Agreement”) setting out certain requirements for the management and administration of the inherent credit risk pertaining to on and off balance sheet operations of banks in Panama.

The Agreement is applicable to the Bank as certain regulations applicable to the Parent Company are also applicable to its subsidiaries.

Among other matters, this Agreement defines the classification categories of credit facilities for the specific and dynamic reserves as well as the criteria that the policies for restructured loans, financial guarantees, and charge off operations should contain. The dynamic reserves were established by the Superintendency, as prudential regulation, in order to meet future needs of specific provisions.

20. Other reserves (regulatory requirements), continued

The specific provision for impairment of the loan portfolio should be determined and recognized in the financial statements in accordance with the credit facilities´ classification within the risk categories currently in use and calculated based on minimum percentages weighted by each category specified in the Agreement. Accordingly, at December 31, 2025 and 2024, the Bank is not required to established the specific provision based on this Agreement.

The Agreement also requires establishing the dynamic reserves, to be determined and recognized quarterly as reserves in equity following certain calculation criteria and restrictions that will be implemented gradually.

The Agreement establishes that the dynamic reserve cannot be less than 1.25% or greater than 2.50% of risk-weighted assets related to credit facilities classified as normal. The reserve of $736,212 (2024: $644,018), is accounted for as part of equity through the appropriation of retained earnings. A decrease in the dynamic reserve requires the approval of the Superintendency.

21. Contingencies and commitments

The Bank holds financial instruments with off-balance sheet risks in the normal course of business to meet the financing needs of its customers. These financial instruments include, principally, commitments to extend credit, the balances of which are not reflected in the accompanying statement of financial position. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management’s credit assessment of the customer. As of December 31, 2025, and 2024, the Bank had not entered into non-cancelable commitments to extend credit.

22. Subsequent event

The Bank has assessed the subsequent events through March 23, 2026 to assess the need for their recognition or disclosure in the accompanying financial statements. Based on this evaluation, we determined that there were no subsequent events which require recognition or disclosure in these financial statements.