VBT Holdings, Ltd.

Consolidated Financial Statements

for the year ended
December 31, 2022
and Independent Auditor’s Report

VBT HOLDINGS, LTD.

Consolidated Financial Statements

for the year ended December 31, 2022

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The Board of Directors (the "Directors") present their report and the consolidated financial statements for the year ended 31 December 2022 for VBT Holdings, Ltd. and its subsidiaries (the "Group").

Incorporation and Principal Activity

VBT Holdings, Ltd. was incorporated as an exempted company under the Companies Act of the Cayman Islands on July 13, 2006 and is listed on the Cayman Islands Stock Exchange under the symbol VBT KY.

VBT Holdings, Ltd. is the sole shareholder of VBT Bank & Trust, Ltd. (the "Bank"), an entity incorporated as an exempted company under the Companies Act of the Cayman Islands with its principal country of operations in the Cayman Islands, and Venecredit Securities, Inc. (the "Broker-Dealer"), an entity registered with the Securities Exchange Commission ("SEC") (together the "Subsidiaries") in the United States of America ("U.S.") with its principal country of operations in the U.S. The Bank holds a category 'B' Banking and Trust licence under the Banks and Trust Companies Act, a Mutual Fund Administrator's licence under the Mutual Funds Act of the Cayman Islands, as well as a Securities Investment Business licence under the Securities Investment Business Act of the Cayman Islands. The Bank is a Broker Member of the Cayman Islands Stock Exchange and a member of VISA International. It is engaged in providing offshore banking and trust services to Venezuelan clients.

Results for the year

The results for the year are set out on pages 7 to 10 of these consolidated financial statements.

Dividends

A dividend in the amount $17.50 per share was declared by the Directors during the year ended December 31, 2022.

Reporting segments

Refer to Note 2 to the consolidated financial statements for an analysis of the material reporting segments applicable to the Group.

Directors' interests in shares of the Group

In adherence with the Model Code of Conduct, Directors must not deal with VBT Holdings, Ltd. shares without first notifying the board and receiving clearance. The interests of each director in the equity securities of the Group are not material to the users of these consolidated financial statements and consequently, no disclosures are made.

Borrowings, loans and overdrafts of the Group

There are no borrowings, loans and overdrafts held by the Group as at December 31, 2022.

Service contracts

None of the Directors to be appointed/re-elected at the forthcoming annual general meeting; subsidiaries and/or shareholders had or has a material service contract with the Group.

(expressed in United States dollars)

Assets, liabilities and results of the Group

The table below shows the total consolidated assets, liabilities and results of the Group for the past five financial years:

Financial Year	2022	2021	2020	2019	2018
Total assets	279,048,183	318,159,848	348,257,198	341,283,304	369,552,699
Total liabilities	139,625,332	154,955,943	191,536,570	196,019,405	238,851,644
Net (loss)/ income after tax	(17,294,766)	12,969,566	17,943,016	19,195,907	7,052,867

Statement of Directors' Responsibilities

The Directors have assumed responsibility for the preparation of the consolidated financial statements. In preparing these consolidated financial statements, the Directors have taken responsibility to:

- Ensure that the consolidated financial statements comply with the Memorandum and Articles of Association and are prepared in accordance with International Financial Reporting Standards ("IFRS") subject to any material departures disclosed and explained in the consolidated financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

The Directors have assumed responsibility for keeping proper accounting records, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors by:

Jorge Nevett

Director

Ricardo Gimon

Director

Date: March 31, 2023

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INDEPENDENT AUDITOR'S REPORT
To the Directors of VBT Holdings, Ltd.

Qualified Opinion
We have audited the consolidated financial statements of VBT Holdings, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive (loss) income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

This report, including the opinion, has been prepared for the Group's directors as a body for regulatory filing purposes only. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Basis for Qualified Opinion
As outlined in Note 7 to the consolidated financial statements, the Group recognized US$2,728,725 as a provision for operational expenses in its consolidated statement of financial position as at December 31, 2022. We were unable to obtain sufficient and appropriate audit evidence due to a limitation of scope in the provision estimation process. Consequently, we were unable to determine whether any adjustments were necessary to the provision for operational expenses in the consolidated statement of financial position at December 31, 2022, and the related expenses recognised in the consolidated statement of comprehensive (loss) income for the year then ended. The provision and related expenses may be materially misstated.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and existence of investments (US$244,193,661)

With reference to Note 2 "Significant Accounting Policies: Financial instruments"; Note 3 "Investments" and Note 15, "Fair value information":

Description of key audit matter

The Group's investment portfolio comprises 88% of the Group's total assets and is considered to be the key driver of the Group's performance. While an insignificant portion of the total investment portfolio is invested in less liquid investments, the portfolio is primarily comprised of liquid investments. We do not consider that these investments present a high risk of material misstatement, or that they are subject to a significant level of judgment. However, due to the materiality of the investment portfolio in the context of the consolidated financial statements as a whole, the valuation and existence of investments are considered to be significant in the audit of the consolidated financial statements.

How the matter was addressed in our audit

Our procedures over the existence and valuation of the Group's investment portfolio included, but were not limited to:

- Assessing the fair value of the investment portfolio of quoted investments by independently obtaining third party price quotes and comparing these to the Group's fair value estimates;
- Assessing the fair value of the less liquid investments by obtaining the net asset value and/or audited financial statements of the underlying investee funds;
- Obtaining external confirmation of the investment portfolio and agreeing it to the schedule of investments held at year end;
- Assessing the adequacy of fair value disclosures based on the nature of the investment portfolio and the valuation techniques applied by the Group.

No material exceptions were noted as part of our testing.

Completeness, existence and accuracy of time and demand deposits (US$123,098,343)

With reference to Note 2 "Significant Accounting Policies: Financial instruments" and Note 8 "Time and demand deposits":

Description of key audit matter

The Group's time and demand deposits comprises 88% of the Group's total liabilities. We do not consider that these deposits present a higher risk of material misstatement, or that they are subject to a significant level of judgment due to their short-term maturity. However, due to the materiality of the time and demand deposits in the context of the consolidated financial statements as a whole, they are considered significant in the audit of the consolidated financial statements.

How the matter was addressed in our audit

Our procedures over the completeness, existence and accuracy of the Group's time and demand deposits included, but were not limited to:

- Requested negative confirmations for all balances directly from the third-party customers in respect to online deposit account holders at year end;
- Obtaining confirmations for a statistical sample of the balances directly from the third-party customers in respect to offline deposit account holders and comparing the responses to the schedule of deposits held at year end;
- Assessing cut-off to ensure that transactions have been accounted for in the correct accounting period;
- Reviewing the controls around deposits, withdrawals, internal transfers, new accounts and revisions to accounts.

No material exceptions were noted as part of our testing.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hayat.

Grant Thornton

George Town
Grand Cayman
March 31, 2023

VBT HOLDINGS, LTD.
Consolidated Statement of Financial Position
December 31, 2022
(expressed in United States dollars)

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 5 and 11)	**$ 6,526,874**	$ 9,386,717
Investments (Notes 3,11 and 16)	**244,193,661**	284,488,264
Derivatives financial instruments (Note 4)	**10,560,876**	6,935,893
Interest receivable (Note 11 and 16)	**1,375,236**	1,447,625
Other receivables (Note 11 and 16)	**1,374,547**	1,561,987
Loans and advances (Notes 6, 11 and 16)	**13,940,913**	12,957,400
Fixed assets	**21,731**	1,837
Other assets (Note 10)	**1,054,345**	1,380,125
TOTAL ASSETS	**$ 279,048,183**	$ 318,159,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Derivatives financial instruments (Note 4)	**$ 10,787,069**	$ 6,978,026
Demand deposits (Notes 8 and 11)	**99,988,546**	114,855,049
Time deposits (Notes 8 and 11)	**23,109,797**	24,350,343
Interest payable	**66,541**	116,681
Accounts payable and accrued expenses (Notes 11 and 14)	**1,378,403**	2,141,465
Provisions for operational expenses (Note 7 and 11)	**2,728,725**	5,024,829
Other liabilities (Note 10)	**1,566,251**	1,489,550
TOTAL LIABILITIES	**139,625,332**	154,955,943
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**8,339,512**	8,339,512
Retained earnings	**131,083,339**	154,864,393
TOTAL SHAREHOLDERS' EQUITY	**139,422,851**	163,203,905
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 279,048,183**	$ 318,159,848

Approved by the Board of Directors on March 31, 2023

Jorge Nevett ______________ Authorized Signatory ______ Ricardo Gimon ________ Authorized Signatory

See notes to consolidated financial statements

VBT HOLDINGS, LTD.
Consolidated Statement of Comprehensive (Loss) Income
for the year ended December 31, 2022
(expressed in United States dollars)

	2022	2021
INTEREST		
Interest income (Note 12)	**$ 6,451,736**	$ 7,463,708
Interest expense (Note 13)	**(296,515)**	(282,779)
NET INTEREST INCOME	**6,155,221**	7,180,929
FEES AND COMMISSIONS		
Commission income	**1,310,548**	1,377,344
Trustee fee income (Notes 11 and 14)	**2,418,745**	2,406,539
Deposit and payment service charge income	**1,161,450**	1,151,146
Management fee income (Note 11)	**1,303,058**	666,808
Management fee expense	**(737,056)**	(634,596)
Commission expense	**(10,750)**	(117,275)
NET FEES AND COMMISSIONS	**5,445,995**	4,849,966
OTHER OPERATING (LOSS) INCOME		
Dividend income	**368,439**	370,020
Net gain on forward foreign currency exchange contracts	**403,177**	729,012
Net foreign exchange (loss)	**(1,423,181)**	(2,030,768)
Net (loss)/ gain on investments (Note 11)	**(24,101,183)**	6,173,312
TOTAL OTHER OPERATING (LOSS) INCOME	**(24,752,748)**	5,241,576
NET OPERATING (LOSS) INCOME	**(13,151,532)**	17,272,471
OPERATING EXPENSES		
Direct operating expenses (Notes 11 and 19)	**(3,361,774)**	(3,709,022)
Bank charges	**(252,963)**	(162,094)
Miscellaneous (Note 11)	**(86,083)**	(37,654)
Government licence fees	**(138,132)**	(170,434)
Professional services (Note 11)	**(119,646)**	(104,900)
Audit and accountancy	**(163,684)**	(143,087)
TOTAL OPERATING EXPENSES	**(4,122,282)**	(4,327,191)
NET (LOSS) INCOME, BEFORE TAX	**(17,273,814)**	12,945,280
INCOME TAX (EXPENSE)/BENEFIT	**(20,952)**	24,286
NET (LOSS) INCOME, AFTER TAX, BEING TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**$ (17,294,766)**	$ 12,969,566

See notes to consolidated financial statements

VBT HOLDINGS, LTD.

Consolidated Statement of Changes in Shareholders' Equity

for the year ended December 31, 2022
(expressed in United States dollars)

	Share capital	Retained earnings	Total
Balance at December 31, 2020	$ 8,339,512	$ 148,381,115	$ 156,720,627
Total comprehensive income for the year	-	12,969,566	12,969,566
Dividends paid (Note 9)	-	(6,486,288)	(6,486,288)
Balance at December 31, 2021	8,339,512	154,864,393	163,203,905
Total comprehensive loss for the year	-	(17,294,766)	(17,294,766)
Dividends paid (Note 9)	-	(6,486,288)	(6,486,288)
Balance at December 31, 2022	**$ 8,339,512**	**$ 131,083,339**	**$ 139,422,851**

See notes to consolidated financial statements

VBT HOLDINGS, LTD.
Consolidated Statement of Cash Flows
for the year ended December 31, 2022
(expressed in United States dollars)

	2022	2021
CASH USED IN:		
OPERATING ACTIVITIES		
Total comprehensive (loss) income for the year	**$ (17,294,766)**	$ 12,969,566
Adjustments for items not affecting cash:		
Net loss (gain) on investments	**24,101,183**	(6,173,312)
Net foreign exchange loss	**1,745,782**	2,286,002
Net (gain) on forward foreign currency exchange contracts	**(403,177)**	(729,012)
Depreciation on fixed assets	**3,293**	1,088
Changes in operating assets and liabilities:		
Interest receivable	**72,389**	590,170
Other receivables	**187,440**	(659,581)
Loans and advances	**(983,513)**	(9,899,400)
Other assets	**325,780**	(46,370)
Demand and time deposits	**(16,107,048)**	(39,977,783)
Interest payable	**(50,140)**	21,799
Accounts payable and accrued expenses	**(763,062)**	310,745
Provisions for operational expenses	**(2,296,104)**	(2,629,622)
Other liabilities	**76,701**	52,942
Net cash flows used in operating activities	**(11,385,242)**	(43,882,768)
INVESTING ACTIVITIES		
Purchase of fixed assets	**(23,187)**	(1,464)
Net receipts on sale/purchases of investments	**9,322,614**	45,648,039
Repayments of investments	**5,125,024**	4,619,128
Net receipt on futures contracts	**13,495**	22,958
Net receipt on forward foreign currency exchange contracts	**573,741**	(587,796)
Net cash flows provided by investing activities	**15,011,687**	49,700,865
FINANCING ACTIVITIES		
Dividends paid	**(6,486,288)**	(6,486,288)
Net cash flows used in financing activities	**(6,486,288)**	(6,486,288)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,859,843)**	(668,191)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**9,386,717**	10,054,908
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 6,526,874**	$ 9,386,717
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest received	**$ 6,524,125**	$ 8,053,878
Interest paid	**(346,655)**	(260,980)
Dividends received	**368,439**	370,020
Taxes paid	**-**	-

See notes to consolidated financial statements

1. INCORPORATION AND BACKGROUND INFORMATION

VBT Holdings, Ltd. and its subsidiaries (the “Group”) was incorporated as an exempted company under the Companies Act of the Cayman Islands on July 13, 2006 and is listed on the Cayman Islands Stock Exchange. The Group is the sole shareholder of VBT Bank & Trust, Ltd. (the “Bank”), an entity incorporated as an exempted company under the Companies Act of the Cayman Islands and Venecredit Securities, Inc. (the “Broker-Dealer”), an entity registered with the Securities Exchange Commission (“SEC”) (together the “Subsidiaries”). The Bank holds a category ‘B’ Banking and Trust licence under the Banks and Trust Companies Act, a Mutual Fund Administrator’s licence under the Mutual Funds Act of the Cayman Islands, as well as a Securities Investment Business licence under the Securities Investment Business Act of the Cayman Islands. The Bank is a Broker Member of the Cayman Islands Stock Exchange and a member of VISA International. It is engaged in providing offshore banking and trust services to Venezuelan clients.

The principal place of business of the Group is 1st Floor, The Harbour Centre, 42 North Church Street, George Town, P.O. Box 454, Grand Cayman KY1-1106, Cayman Islands.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were authorised for issue by the Board of Directors on March 31, 2023.

The consolidated financial statements are prepared on a fair value basis for investments and derivative financial instruments at fair value through profit or loss. Other financial and non-financial assets and liabilities are stated at amortised cost or historical cost. The consolidated financial statements are also prepared on a going concern basis.

Functional and presentation currency

The consolidated financial statements are presented in United States dollars (“US$”) and not the local currency of the Cayman Islands reflecting the fact that the Group’s share capital is issued in US$, and the Group’s operations are conducted primarily in US$. Consequently, the Group’s functional currency is US$. The Cayman Islands dollar (“KYD”) is pegged to the US$ with an official exchange rate of 1.20US$ to each KYD.

Presentation of financial statements

The Group presents its statement of financial position in order of liquidity based on the Group’s intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

Basis of consolidation

The Group’s financial statements consolidate those of the parent company and all of its subsidiaries as of December 31, 2022. All subsidiaries have a reporting date of December 31st.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Use of judgement and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group’s control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the accounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

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

Expected credit losses (“ECLs”)
The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. See Note 2(v) for further details.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of judgement and estimates (continued)

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

Standards issued and effective

A number of new standards, amendments to standards and interpretations are issued and effective from January 1, 2022, but do not have a material effect on the Group's consolidated financial statements are as follows:

- Amendments to IAS 37, Provision, Contingent Assets Onerous Contracts—Cost of Fulfilling a Contract clarifies that when assessing if a contract is onerous, the cost of fulfilling it includes all costs related directly to the contract.

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- Amendments to IFRS 3, Business Combinations – updates reference in IFRS 3 to the revised 2018 Conceptual Framework

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- Amendments to IAS 16, Property, Plant and Equipment (PPE)

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but not yet effective, and have not been applied in preparing these consolidated financial statements are as follows:

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities, deferred until annual periods beginning on or after January 1, 2024
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: On February 12, 2021, the IASB published Definition of Accounting Estimates (Amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates.

The directors do not anticipate that the adoption of the standards that are not yet effective will have a material impact on the consolidated financial statements of the Group in the period of their initial adoption.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

IFRS 9: Financial instruments ("IFRS 9") set out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39: Financial Instruments: Recognition and Measurement.

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not mandatory required to be classified at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets and financial liabilities that are not held for trading and not mandatorily required to be measured at fair value under IFRS 9 can be designated at FVTPL upon initial recognition by management when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Business model assessment:

The Group 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 stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of short-term fixed rate loans for which the Group does not revise the interest rate or payment dates. As such there is not a contractual term which changes the timing or amount of contractual cash flows. Therefore the Group has determined that the contractual cash flows of these loans are SPPI.

The Group has classified its investments in debt and equity instruments, forward foreign currency exchange contracts as held-for-trading financial instruments. All derivative financial instruments in a net receivable position (positive fair value) are reported as financial assets held-for-trading. All derivative financial instruments in a net payable position (negative fair value) are reported as financial liabilities held-for-trading. The Group does not classify any derivatives as hedges.

The Group has classified its investments in mutual fund participation units and private investment funds as fair value through profit or loss at inception.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(i) Classification (continued)

Financial assets classified as loans and receivables include cash and cash equivalents, loans and advances, interest receivable and other receivables.

Financial liabilities not at fair value through profit or loss include demand and time deposits, interest payable, accounts payable and accrued expenses, and other liabilities

(ii) Measurement

Financial assets at FVTPL: these are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI: interest are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gain and losses are recognised in other comprehensive income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iii) Fair Value measurement

Fair value 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

The Group values investments in mutual fund participation units and private investment funds primarily at the net asset values and other information provided by management of each of the underlying investee funds. Investments held by these investee funds are valued at prices which approximate fair value. The fair value of certain of the investments within the underlying investee funds, which include private placements and other securities for which values are not readily available, are determined in good faith by the respective underlying investee funds. The estimated fair values may differ from the values that would have been used had a readily available market existed for these investments. Net asset valuations are generally provided monthly, quarterly, or annually by these funds.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(iv) Amortised Cost

The amortised 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 principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and FVOCI.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

The Group measures loss allowances at an amount equal to lifetime ECLs (i.e. Stage 2), except for the following, which are measured at 12-month ECLs (i.e. Stage 1):

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per S&P or BBB- or higher per Moody's and Fitch.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(v) Impairment (continued)

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is "impaired" if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrower.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the consolidated statement of financial position:

Loss allowances for financial assets measured at amortised cost and FVOCI are deducted from the gross carrying amount of the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(v) Impairment (continued)

Write-offs:

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Credit enhancements: collateral valuation and financial guarantees:

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash and/or investments on bonds, stocks and mutual funds units. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 6.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices. There were no such items entered into for the year ended December 31, 2022 and 2021.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended.

Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL. Credit default swaps are not considered to be integral to the loan's contractual terms and are accounted as derivative financial instruments. There were none entered into for the year ended December 31, 2022 and 2021.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(vi) Derecognition (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of comprehensive income. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises financial liabilities when its contractual obligations are discharged or cancelled, or expire.

(vii) Offsetting

The Group only offsets financial assets and financial liabilities if the Group has a legally enforceable right to offset the recognised amounts and either intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(viii) Specific instruments

Cash and cash equivalents:

Cash and cash equivalents are comprised of cash at banks and with brokers, call deposits, money market funds and repurchase agreements with original maturity dates of three months or less when purchased.

Forward contracts:

The Group may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risk on its non-US$ denominated investments. When entering into a forward foreign currency exchange contract, the Group agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date.

These contracts are valued daily, and the Group’s net equity therein, representing unrealised gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, as included in the statement of financial position. Realised and unrealised gains and losses are included in the statement of comprehensive income. These instruments involve market and credit risks in excess of the amounts recognised in the statement of financial position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in foreign currency exchange rates.

Foreign currencies

Transactions in foreign currencies are translated at rates of exchange ruling on the date of the transaction. Assets and liabilities are translated at the rate of exchange prevailing at the year end date. Income and expenses are translated at the rate of exchange prevailing on the date the income or expense is recognised. Exchange gains and losses are included in the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans receivable

Loans and advances are reported net of allowances to reflect the estimated recoverable amounts.

Loans are initially recognised at cost. Subsequent to initial recognition, loans are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the loan using the effective interest rate method.

Interest income and expense

Net interest income comprises interest income and interest expense calculated using the contractual interest rate and are recognised in the consolidated statement of comprehensive income as it accrues.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Fees and commissions

Fees and commissions arise on financial services provided by the Group and are recognised when the corresponding service is provided.

Revenue from contracts with customers

The accounts for contracts with customers that fall within the scope of IFRS 15: Revenue from Contracts with Customers only when all of the following criteria are met:

– The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
– The Group can identify each party's rights regarding the goods or services to be transferred;
– The Group can identify the payment terms for the goods or services to be transferred;
– The contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
– It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Group will be entitled may be less than the price stated in the contract if the consideration is variable because the Group may offer the customer a price concession.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

Type of Service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The Group provides banking services to retail and corporate customers, including account management, foreign currency transactions, loan facilities, credit card and servicing fees. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account w hen the transaction takes place. Interest income is calculated on a monthly basis and are based on rates review ed an ongoing basis by the Group.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time w hen the transaction takes place.
Asset management service	The Group provides asset management services. Fees for asset management services are calculated monthly based on a fixed percentage of the net asset value and are paid a quartely basis.	Revenue from asset management services is recognised over time as the services are provided.

Reporting segments

The Group's income and assets are attributed to its lending and investing activities provided from Cayman Islands to customers and counterparts in Venezuela.

Taxation

There are no taxes on income or gains in the Cayman Islands and the Group has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from local taxes on all income, profits, gains and appreciations until March 2028. In addition, management believes that the Group is not subject to taxation by any other jurisdiction, except for the Broker-Dealer. The Broker-Dealer is subject to taxation in the United States of America and accordingly a provision for income taxes expense of $20,952 (2021: refund of $24,286) has been included in the consolidated statement of comprehensive income.

(expressed in United States dollars)

3. INVESTMENTS

Investments are considered held for trading and measured at FVTPL consisting of:

	2022	2021
Corporate bonds	$ 83,731,126	$ 135,875,758
Mortgage and asset-backed obligations	59,376,817	38,475,045
Private investment funds	32,863,600	39,441,427
Private equity funds	32,283,871	27,356,257
Mutual fund participation units	16,733,477	20,289,737
Soverign	8,920,713	9,703,233
Equity securities	7,063,125	11,128,527
Multilateral Development Bank	2,660,754	1,667,172
Municipal bonds	560,178	551,108
	$ 244,193,661	$ 284,488,264

The private investment funds are funds for which the Bank acts as trustee or investment manager (see Note 14).

At December 31, 2022, the total outstanding commitments by the Group to the private equity funds amounts to $10,304,900 (2021: $16,772,867).

Interests in unconsolidated structured entities

The Group considers its investments in the private investment funds and the private equity funds to be unconsolidated structured entities, as defined in IFRS 12, *Disclosure of Interests in Other Entities*. The Group holds units or partnership capital in each of the private investment funds and the private equity funds. The private investment funds and the private equity funds finance their operations through issuance of redeemable units/partnership capital that entitle the unitholder/partner to a proportional stake in the private investment funds' and the private equity funds' net assets/partnership capital. The Group's investments in the private investment funds and the private equity funds are included within investments on the consolidated statement of financial position.

(expressed in United States dollars)

3. INVESTMENTS (continued)

As of December 31, 2022, the exposure to investments in the private investment funds and the private equity funds are disclosed in the following table:

Type of structured entity	Number of structured entities	Total net assets/ partners capital of the structured entities	Carrying value of the Group's holdings in the structured entities
Private investment funds	4	$ 217,314,144	$ 32,863,600
Private equity funds	12	$ 295,889,825	$ 32,283,871

As of December 31, 2021, the exposure to investments in the private investment funds and the private equity funds are disclosed in the following table:

Type of structured entity	Number of structured entities	Total net assets/ partners capital of the structured entities	Carrying value of the Group's holdings in the structured entities
Private investment funds	4	$ 263,326,080	$ 39,441,427
Private equity funds	11	$ 238,101,888	$ 27,356,257

The maximum exposure to loss is equal to the fair value of the of Group’s investments in the private investment funds and the private equity funds.

During the year, the Group did not provide financial support to either the private investment funds or the private equity funds, nor does it have the intention of providing financial or other support.

The Group is permitted to redeem out of the private investment funds weekly and the private equity funds are locked up.

4. DERIVATIVES

A forward contract is an over-the-counter contractual commitment to purchase or sell a specified amount of a financial instrument or foreign currency at a future date at a pre-determined price. These financial instruments involve, to varying degrees, elements of market risk in excess of amounts recognised in the consolidated statement of financial position. Whilst the contract or notional amounts reflect the involvement of the Group in these financial instruments, risks arise from the possible adverse movements in foreign currency exchange rates. Forward contracts are not guaranteed by any regulated exchange. Accordingly, an element of credit risk exists due to the possible non-performance of counterparties to forward contracts.

4. DERIVATIVES (continued)

At December 31, 2022 and 2021 the unrealised gain/(loss) on the Group's holdings in open forward foreign currency exchange contracts translated in United States dollars are as follows:

2022

Type of contract		Notional amount of underlying currency		Notional amount of measurement currency	Expiry		Unrealised* loss
Euro hedge	EUR	(8,140,000)	$	(8,713,870)	May 26, 2023	$	(189,704)
British Pound hedge	GBP	(120,000)	$	(308,117)	May 26, 2023	$	(786)
						$	**(190,490)**

Type of contract		Notional amount of measurement currency		Notional amount of measurement currency	Expiry		Unrealised* loss
Futures contract	USD	(1,600,000)	$	(1,600,000)	March 22, 2023	$	(35,703)
						$	**(35,703)**
						$	**(226,193)**

2021

Type of contract		Notional amount of underlying currency		Notional amount of measurement currency	Expiry		Unrealised* loss
Euro hedge	EUR	(4,290,000)	$	(4,877,730)	May 25, 2022	$	(14,745)
British Pound hedge	GBP	(255,000)	$	(345,066)	May 25, 2022	$	(5,180)
						$	**(19,925)**

Type of contract		Notional amount of measurement currency		Notional amount of measurement currency	Expiry		Unrealised* loss
Futures contract	EUR	(400,000)	$	(454,800)	March 08, 2022	$	(21,551)
Futures contract	USD	(700,000)	$	(700,000)	March 08, 2022	$	(657)
						$	**(22,208)**
						$	**(42,132)**

*These amounts are presented by netting the gross assets and liabilities for each derivative instrument as presented on the statement of financial position.

5. CASH AND CASH EQUIVALENTS

	2022	2021
Cash at bank and with brokers	$ 4,823,240	$ 5,952,623
Money market funds	339,580	337,129
Call deposit	1,300,000	3,000,000
Margin call	64,054	96,965
	$ 6,526,874	$ 9,386,717

Included in cash and cash equivalents is a balance of $Nil (2021: $72,199) which is restricted from use as it represents redemptions paid/subscriptions received in advanced for mutual funds for which the Bank acts as trustee (see Note 14), $214,149 (2021: $211,442) which is pledge as collateral required by VISA and $100,000 (2021: $100,000) as deposit with clearing organization.

6. LOANS AND ADVANCES

Loans and advances are made on a fully secured basis and denominated in United States dollars. At December 31, 2022, interest rates on loans outstanding range from 3.50% to 12.75% (2021: 1.10% to 4.55%). The composition of the loan portfolio by type of borrower is as follows:

The composition of the loan portfolio by type of debtor is as follows:

	Maturity Range	2022		
		Fully Collateralized	Partially Collateralized	Total
Individuals	February 15, 2023 - December 12, 2023	$ 9,890,650	$ 747,500	
Corporations	February 28, 2023 - November 16, 2023	3,166,400	136,363	
		$ 13,057,050	$ 883,863	$ 13,940,913

	Maturity Range	2021		
		Fully Collateralized	Partially Collateralized	Total
Individuals	March 07, 2022 - December 12, 2023	$ 10,697,400	$ -	
Corporations	February 17, 2022 - December 26, 2022	2,260,000	-	
		$ 12,957,400	$ -	$ 12,957,400

At December 31, 2022 and 2021, all loans are to borrowers in Venezuela and 94% (2021: 100%) of the total loan balance is fully collateralized by cash and investments held by the Company on behalf of the borrower. Management has reviewed each loan and advance balance and in the absence of any default or missed contractual obligations, have determined that they are all held at ‘Stage 1’ under IFRS 9. Management has also reviewed the collateral pledged for each loan and advance balance has determined that all loans are collectible. Accordingly, no ELCs provision has been included as at December 31, 2022 and 2021.

Management has also reviewed the credit risk associated with each loan and advance balance and has concluded that the credit risk has not changed since initial recognition of the loan and advance balance.

(expressed in United States dollars)

7. PROVISIONS FOR OPERATIONAL EXPENSES

As at December 31, 2022 and 2021, provisions for operational expenses include:

	2022	2021
Commission-based provisions	$ 2,039,875	$ 4,335,979
Other provisions	688,850	688,850
	$ 2,728,725	$ 5,024,829

Commission-based and other provisions are accounted for at the discretion of directors with no formal methodology or estimation process in place. During the year ended December 31, 2022, payments made in relation to the provisions amounted to $2,240,560 (2021: $2,123,551) with a net decrease in provisions amounting to $55,544 (2021: $506,071 increase) at the year end. The ultimate settlement of the commission-based and other provisions may be materially different than that provided for.

8. TIME AND DEMAND DEPOSITS

The time deposits pay interest at rates ranging from 0.20% to 1.00% (2021: 0.01% to 1.50%). Demand deposits pay interest at a rate of 0% to 0.10% (2021: -0.7 to 0.01%). Included in demand deposits is a balance of $602,500 (2021: $390,000) held as collateral to secure the loans and advances (Note 6).

9. SHARE CAPITAL

	2022	2021
Authorised:		
388,800 (2021: 388,800) ordinary shares of $22.50 (2021: $22.50) each	$ 8,748,000	$ 8,748,000
Issued and fully paid:		
Balance at beginning of year		
370,645 (2021: 370,645) ordinary shares of $22.50 (2021: $22.50) each	8,339,512	8,339,512
Balance at end of year		
370,645 (2021: 370,645) ordinary shares of $22.50 (2021: $22.50) each	$ 8,339,512	$ 8,339,512

The Directors may declare dividends and distributions on shares in issue and authorise payment of the dividends or distributions out of the funds of the Group. No dividend or distribution shall be paid except out of the realised or unrealised profits of the Group, or out of the additional paid in capital account or as otherwise permitted.

(expressed in United States dollars)

9. SHARE CAPITAL (continued)

The Directors resolved to approve a cash dividend consisting of $17.50 (2021: $17.50) per share to the shareholders registered as at March 31, 2022 (2021: March 31, 2021) in the amount of $6,486,288 (2021: $6,486,288).

On May 30, 2012, the directors resolved to repurchase up to $7,500,000 ordinary shares at their nominal value of $22.50 each. An extraordinary general meeting was held on June 18, 2012, whereby shareholders approved the offer by passing an ordinary resolution.

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has entered into a commercial lease on its premises. Management has considered IFRS 16 – Leases ("IFRS 16") effective for annual reporting periods beginning on or after January 1, 2019 and concludes that the implementation of IFRS 16 for the Bank is not material to the users of the financial statements and consequently have continued to account for its commercial lease as an operating lease.

However, IFRS 16 is material for the Broker-Dealer and its right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows:

	2022	2021
Right-of-use assets	$ 1,045,075	$ 1,174,202
Total right-of-use assets	$ 1,045,075	$ 1,174,202
Lease liabilities	$ 1,184,557	$ 1,313,987
Total lease liabilities	$ 1,184,557	$ 1,313,987

Future minimum lease payments under a non-cancellable operating lease for both, the Bank and the Broker-Dealer, as at December 31, 2022 and 2021 are as follows:

	2022	2021
Within one year	$ 237,209	$ 234,601
After one year but not more than five years	1,317,525	1,541,315
Total	$ 1,554,734	$ 1,775,916

With the exception of the commitments disclosed above, the Group does not have any other contingent liabilities or commitments. The Group, in its fiduciary capacity, may be a party to litigation and claims in the normal course of business. In the opinion of the Directors, which is based on the advice of the Group's lawyers, no provisions are required at December 31, 202 and 2021.

(expressed in United States dollars)

11. RELATED PARTY TRANSACTIONS

Related parties encompass structured entities that are managed by the Company, under the management of the Company as well as the directors, officers, and their respective families.

The following balances and transactions with related parties are included in the financial statements other than those disclosed elsewhere:

	2022	2021
Consolidated statements of financial position:		
Investments	$ 32,863,600	$ 39,441,427
Cash and cash equivalents	891,282	200,047
Other receivables	539,367	655,192
Loans and advances	236,000	395,000
Interest receivable	2,038	1,485
Demand deposits	(20,867,000)	(23,465,800)
Time deposits	(10,886,955)	(10,983,331)
Accounts payable and accrued expenses	(1,684,359)	(1,709,489)
Provisions for operational expenses	(2,039,875)	(4,335,979)
Consolidated statements of comprehensive income:		
Trustee fee income	2,418,745	2,406,539
Management fee income	-	-
Loans and advances interest income	14,189	4,086
Net gain/(loss) on investments	(9,460,666)	129,280
Direct operating expenses	-	(548,904)
Operating/commissions expenses	(114,000)	(120,000)
Miscellaneous	(83,653)	(35,972)
Professional services	(33,000)	(33,000)

Included in the consolidated financial statements are demand deposits of $281,904 (2021: $517,138) and time deposits of $295,907 (2021: $295,714) relating to customers for which the Bank acts as trustee.

Management have considered the disclosure requirements under IAS 24 – Related Party Disclosures ("IAS 24"), regarding key management personnel services and have elected not to disclose on the basis that they are not material to the users of the consolidated financial statements.

The Broker-Dealer acts as an introducing broker for the Group and is regulated by the U.S. Financial Industry Regulatory Authority ("FINRA"). The Broker-Dealer clears and carries its securities on a fully-disclosed basis with Pershing LLC, a subsidiary of the Bank of New York Mellon. Included in the consolidated financial statements are the following balances held by Pershing LLC on the Group's behalf:

(expressed in United States dollars)

11. RELATED PARTY TRANSACTIONS (continued)

	2022	2021
Consolidated statements of financial position:		
Investments	$ 54,894,621	$ 82,054,700
Cash and cash equivalents	(680,004)	226,085
Due to broker		
Interest receivable	540,052	726,058

The above transactions with related parties are at normal commercial terms.

12. INTEREST INCOME

	2022	2021
Interest earned on investments at FVTPL	$ 5,765,462	$ 7,188,812
Interest calculated using the effective interest method:		
Loans and advances	686,274	274,896
	$ 6,451,736	$ 7,463,708

13. INTEREST EXPENSE

	2022	2021
Deposits:		
Demand	$ (45,918)	$ 16,216
Time	(250,597)	(298,990)
Others	-	(5)
	$ (296,515)	$ (282,779)

14. TRUST ACTIVITIES AND MANAGED COMPANIES

The Group provides trust services to individuals, trusts and other institutions whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Group receives fee income for providing these services. Trust assets are not assets of the Group and are not recognized in the consolidated statement of financial position, except for customer deposits placed with the Group. The Group is not exposed to any credit risk relating to such placements, as it does not guarantee these investments. At December 31, 2022 the total trust assets was $10,009,764 (2021: $11,152,678).

At December 31, 2022, net subscriptions received in advance of $(47,069) (2021: $72,199) for mutual funds for which the Bank acts as trustee has been recorded in accounts payable and accrued expenses on the consolidated statement of financial position.

15. FAIR VALUE INFORMATION

A portion of the Group's financial assets and liabilities are short-term, with maturities within one year. The carrying amounts of these financial assets and liabilities approximate fair value because of the short maturity of these instruments.

Unless otherwise disclosed in these consolidated financial statements, the following assumptions are used by management to estimate the fair value of each class of financial instruments:

The Group's accounting policy on fair value measurements is discussed in Note 2 (iii).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted price (unadjusted) in an active market for an identical instrument.

Level 2 Valuation techniques based on observable inputs, 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 considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. The Group's investments in private investment funds and private equity funds not otherwise traded on a securities exchange are classified within level 2 or level 3 of the fair value hierarchy as the value of these interests are primarily based on the respective net asset value reported by management of each private investment fund and private equity fund rather than actual market transactions and other observable market data. The determination of whether such investment will be classified in level 2 or level 3 is assessed at the trust or class level and based upon the ability to redeem such investment within a reasonable period of time (within 90 days of the period end). If an investment in a private investment fund or private equity fund may be redeemed within 90 days of the year end and any other month-end and the fair value of the investment is based on information provided by management of the underlying fund, it is classified as level 2; in all other cases it will be classified as level 3. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

(expressed in United States dollars)

15. FAIR VALUE INFORMATION (continued)

The Group uses widely recognised valuation models for determining the fair value of common financial instruments such as forward foreign currency exchange contracts that use only observable market data and require little management judgement and estimation.

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

The tables below provide an analysis of the basis of measurement used by the Group to fair value its financial instruments carried at fair value, categorised by the fair value hierarchy at December 31, 2022 and 2021:

2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities				
Financial	$ 7,063,125	$ -	$ -	$ 7,063,125
Debt securities				
Corporate bonds	-	83,731,126	-	83,731,126
Mortgage and asset-backed obligations	-	59,376,817	-	59,376,817
Municipal bonds	-	560,178	-	560,178
Soverign	-	8,920,713	-	8,920,713
Multilateral Development Bank	-	2,660,754	-	2,660,754
Private investments funds				
Long equity	-	26,523,252	-	26,523,252
European markets	-	6,340,348	-	6,340,348
Mutual funds participation units				
Multi-strategy	-	16,733,477	-	16,733,477
Private equity funds	-	-	32,283,871	32,283,871
Derivative financial instruments				
Foreign currency forward contracts	-	8,668,376	-	8,668,376
Foreign currency future contracts	1,892,500	-	-	1,892,500
	$ 8,955,625	$ 213,515,041	$ 32,283,871	$ 254,754,537

(expressed in United States dollars)

15. FAIR VALUE INFORMATION (continued)

2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities				
Financial	$ 11,128,527	$ -	$ -	$ 11,128,527
Debt securities				
Corporate bonds	-	135,875,758	-	135,875,758
Mortgage and asset-backed obligations	-	38,475,045	-	38,475,045
Municipal bonds	-	551,108	-	551,108
Soverign	-	9,703,233	-	9,703,233
Multilateral Development Bank	-	1,667,172	-	1,667,172
Private investments funds				
Liquidity	-	19,846		19,846
Long equity	-	32,164,127	-	32,164,127
European markets	-	7,257,454	-	7,257,454
Mutual funds participation units				
Multi-strategy	-	20,289,737	-	20,289,737
Private equity funds	-	-	27,356,257	27,356,257
Derivative financial instruments				
Foreign currency forward contracts	-	5,202,870	-	5,202,870
Foreign currency future contracts	1,733,023	-	-	1,733,023
	$ 12,861,550	$ 251,206,350	$ 27,356,257	$ 291,424,157

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Group recognises transfers in and out of levels at January 1, 2022 and 2021, if any. There were no transfers between Level 1, 2 or 3 during the year or the prior year.

(expressed in United States dollars)

15. FAIR VALUE INFORMATION (continued)

The following table shows reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the years ended December 31, 2022 and 2021:

2022

	Private Equity
Balance beginning of year	$ 27,356,257
Total gains recognised in the consolidated statements of comprehensive income	1,422,344
Purchases	6,842,895
Sales	(3,337,625)
Balance end of year	$ 32,283,871
Total gains recognised in the consolidated statements of comprehensive income for assets and liabilities held at the end of the year, as presented in the consolidated statements of comprehensive income	$ 1,422,344

2021

	Private Equity
Balance beginning of year	$ 13,881,000
Total gains recognised in the consolidated statements of comprehensive income	1,712,918
Purchases	13,085,172
Sales	(1,322,833)
Balance end of year	$ 27,356,257
Total gains recognised in the consolidated statements of comprehensive income for assets and liabilities held at the end of the year, as presented in the consolidated statements of comprehensive income	$ 1,712,918

Level 3 valuation techniques

Private equity funds – The fair value of the Level 3 closed ended investment is determined by the most recent investor statement as provided by the investment entity.

Cash and cash equivalents

The carrying value approximates fair value due to their short-term nature.

15. FAIR VALUE INFORMATION (continued)

Financial assets and liabilities at fair value through profit or loss

Investments and derivative financial instruments such as forward contracts are considered trading instruments and are carried at market foreign exchange rate and contractual foreign exchange rate, which approximate fair value.

Time and demand deposits

The carrying value of time and demand deposits approximate their fair value due to the short-term nature of the deposits and due to the fact that they bear rates of interest which fluctuate with market rates.

Loans and advances, accounts payable and accrued expenses, interest payable and other liabilities

Loans and advances and other liabilities are measured at amortised cost.

The Group's investment objective is capital preservation with moderate growth, by maximizing risk-adjusted returns through top credit quality investments in international markets, mainly in the United States of America, while maintaining sufficient diversification and liquidity.

The most important types of risks to which the Group is exposed are market risk, credit risk, liquidity risk, and concentration risk.

16. RISK MANAGEMENT DISCLOSURES

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency risk, interest rate risk and other price risks, such as equity price risk.

Management constantly monitors its portfolio market risk exposure to determine the potential loss in value from unexpected changes in interest rates, which can significantly alter the Group's profitability and market value of equity. Every week, the Asset and Liability Management and Investment Committee ("Investment Committee") reviews and monitors the Group's strategies to achieve the optimal risk/reward scenario. The committee's primary responsibility is interest rate risk management.

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In order to improve its returned yield, the Group invests a portion of the portfolio in currencies different to the United States dollar. The Board manages currency risk by entering into forward foreign currency exchange contracts (see Note 4).

16. RISK MANAGEMENT DISCLOSURES (continued)

Market risk *(continued)*

(i) Foreign currency risk

The currency exposure stated in United States dollars at December 31, 2022 and 2021 is as follows:

	2022		
	Notional on derivatives	Net assets (liabilities) on non-derivatives	Net exposure
Euro	$ (8,713,870)	$ 26,451,764	$ 17,737,894
British pound	(144,996)	178,851	33,855
Swiss franc	-	2,899	2,899
Other	-	-	-
	$ (8,858,866)	$ 26,633,514	$ 17,774,648

	2021		
	Notional on derivatives	Net assets (liabilities) on non-derivatives	Net exposure
Euro	$ (5,332,530)	$ 29,347,244	$ 24,014,714
British pound	(345,066)	358,448	13,382
Swiss franc	-	3,100	3,100
Other	-	14,731	14,731
	$ (5,677,596)	$ 29,723,523	$ 24,045,927

A 10% strengthening of the US dollar against foreign currencies at December 31, 2022 would have decreased shareholder's equity by $1,777,465 (2021: $2,404,593). For a 10% weakening of the US dollar against foreign currencies there would have been an equal and opposite impact on shareholder's equity.

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Board monitors interest rate risk by seeking to match specific liability obligations due at specific times to a portfolio of bonds in a way that minimises the portfolio's exposure to the uncertainty of returns due to possible changes in interest rates over time. However, as interest rates can be volatile, the Group uses duration as a measure of the portfolio sensitivity. The portfolio is divided by maturity tranches and compared to its corresponding liability term tranche. Modified duration is also used to approximate the measurable change in value of the securities held in response to a change in interest rates. Positive or negative duration gap strategies are decided by the Investment Committee according to their interest rate movement estimations.

The following tables detail the interest rate profile of the Group's financial assets and liabilities as at December 31, 2022 and 2021.

2022

	Range of interest rates	Less than three months	Between three months and one year	More than one year	Non-interest bearing	Total
Financial assets						
Investments	0 - 8.45 %	$ 1,764,003	$ 11,659,402	$ 141,826,183	$ 88,944,073	$ 244,193,661
Cash and cash equivalents	0 - 1.00 %	6,526,874	-	-	-	6,526,874
Derivatives financial instruments	N/A	-	-	-	10,560,876	10,560,876
Loans and advances	3.50 - 12.75 %	1,941,363	11,999,550	-	-	13,940,913
Interest receivable	N/A	-	-	-	1,375,236	1,375,236
Other receivables	N/A	-	-	-	1,374,547	1,374,547
Fixed assets	N/A	-	-	-	21,731	21,731
Other assets	N/A	-	-	-	1,054,345	1,054,345
		$ 10,232,240	$ 23,658,952	$ 141,826,183	$103,330,808	$ 279,048,183
Financial liabilities						
Derivatives financial instruments	N/A	$ -	$ -	$ -	$ (10,787,069)	$ (10,787,069)
Demand deposits	0-0.10 %	(99,988,546)	-	-	-	(99,988,546)
Time deposits	0.20-1.00 %	(16,512,527)	(6,092,270)	(505,000)	-	(23,109,797)
Interest payable	0.20-1.00 %	(66,541)	-	-	-	(66,541)
Accounts payable and accrued expenses and other liabilities	N/A	-	-	-	(5,673,379)	(5,673,379)
		$ (116,567,614)	$ (6,092,270)	$ (505,000)	$ (16,460,448)	$ (139,625,332)
Total interest sensitivity gap		$ (106,335,374)	$ 17,566,682	$ 141,321,183	$ 86,870,359	$ 139,422,851

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

2021

	Range of interest rates		Less than three months	Between three months and one year	More than one year	Non-interest bearing	Total
Financial assets							
Investments	0-8.375	%	$ 2,597,009	$ 11,740,095	$172,182,775	$ 97,968,385	$ 284,488,264
Cash and cash equivalents	0-1.00	%	9,386,717	-	-	-	9,386,717
Derivatives financial instruments	N/A		-	-	-	6,935,893	6,935,893
Loans and advances	1.1-4.55	%	350,000	12,537,400	70,000	-	12,957,400
Interest receivable	N/A		-	-	-	1,447,625	1,447,625
Other receivables	N/A		-	-	-	1,561,987	1,561,987
Fixed assets	N/A		-	-	-	1,837	1,837
Other assets	N/A		-	-	-	1,380,125	1,380,125
			$ 12,333,726	$ 24,277,495	$172,252,775	$109,295,852	$ 318,159,848
Financial liabilities							
Derivatives financial instruments	N/A		$ -	$ -	$ -	$ (6,978,026)	$ (6,978,026)
Demand deposits	-0.7-0.01	%	(114,855,049)	-	-	-	(114,855,049)
Time deposits	0.01-1.5	%	(23,575,370)	(774,973)	-	-	(24,350,343)
Interest payable	0.01-1.5	%	(11,133)	(105,548)	-	-	(116,681)
Accounts payable and accrued expenses and other liabilities	N/A		-	-	-	(8,655,844)	(8,655,844)
			$(138,441,552)	$ (880,521)	$ -	$ (15,633,870)	$(154,955,943)
Total interest sensitivity gap			$(126,107,826)	$ 23,396,974	$172,252,775	$ 93,661,982	$ 163,203,905

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The Group holds cash balances, corporate obligations, and structured products that bear interest at floating or fixed rates. As such, the Group is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

At December 31, 2022 and 2021, the fair value of the Group's interest bearing debt instruments grouped by fixed or floating rates are as follows:

	2022	2021
Floating interest rate financial assets	$ 12,179,322	$ 17,920,098
Fixed interest rate financial assets	$ 143,070,265	$ 168,599,781

With respect to the Group's fixed-rate debt instruments, if interest rates had been 1% higher, and all other variables held constant, the Group's consolidated comprehensive income for the year ended December 31, 2022 would have decreased by $3,174,275 (2021: $4,028,246), resulting from a change in fair value of such instruments. If interest rates had been 1% lower, and all other variables were held constant, the Group's comprehensive income for the year ended December 31, 2021 would have increased by $3,174,275 (2021: $4,028,246).

16. RISK MANAGEMENT DISCLOSURES (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

With respect to income on floating-rate debt instruments, if interest rates had been 1% higher or lower, and all other variables were held constant, the Group's consolidated comprehensive income for the year ended December 31, 2022 would have increased or decreased by $17,664 (2021: $21,966). This analysis is based on floating-rate instruments held at period end, and assumes the change in interest rates took place at the beginning of the year, and held constant throughout the year.

The Group is also subject to interest rate risk on its cash and cash equivalents and deposits balances. Deposits generally attract fixed deposit interest rates, while cash and cash equivalents are invested at short-term market rates. The Group's exposure to interest rate risk on these balances is considered to be insignificant.

(iii) Other price risk

Other price risks relate to the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. These risks include equity price risk.

Equity price risk:

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in equity prices, whether caused by factors specific to an individual investment, or factors affecting all instruments traded in the market.

The Group manages its equity price risk in accordance with the Group's investment objective and policies. The Group's overall market positions are monitored on a monthly basis by the Directors.

At December 31, 2022, the Group was exposed to equity price risk on exchange traded equities with a fair value of $7,063,125 (2021: $11,128,527). If equity prices had been 10% higher or lower, and all other variables were held constant, the Group´s comprehensive income for the year ended December 31, 2022 would have increased or decreased by $706,313 (2021: $1,112,853) resulting from a change in fair value of such investments.

The Group's investment assets also include a portfolio of underlying funds that may expose the Group to varying market risks, including risks relating to changes in interest and currency rates and risks associated with investing in various equity, fixed income and derivative markets. The underlying funds may have varying degrees of long and/or short exposure to these market risks. There are many risk measures used by management to report to the Directors and shareholders; however, one generally understood measure is annualised volatility, which is calculated as the standard deviation of the last 12 monthly returns of the funds. This figure is based upon historical data of the funds but provides useful

16. RISK MANAGEMENT DISCLOSURES (continued)

Market risk (continued)

information as to the likely variability in the net asset value per share of an investment in such funds. Historical data is not necessarily indicative of future performance.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal circumstances. The Group seeks to minimise risk and expect low volatility by investing mainly in fixed income and money market securities. The intention is to look for bonds with maturities or durations that match the Group's liabilities.

In general, the liabilities are matched in term and amount by the assets as investments may generally be readily sold to meet short-term obligations.

The maturities of financial assets and liabilities based on remaining contractual periods to repayment stated in United States dollars at December 31, 2022 and 2021 are as follows:

2022

	Less than three months	Between three months and one year	More than one year	No stated maturity	Total
Financial assets					
Investments	$ 1,764,003	$ 11,659,402	$ 141,826,183	$ 88,944,073	$ 244,193,661
Cash and cash equivalents	6,526,874	-	-	-	6,526,874
Derivatives financial instruments	1,892,500	8,668,376	-	-	10,560,876
Loans and advances	1,941,363	11,999,550	-	-	13,940,913
Interest receivable	1,375,236	-	-	-	1,375,236
Other receivables	1,374,547	-	-	-	1,374,547
Fixed assets	-	-	-	21,731	21,731
Other assets	-	-	-	1,054,345	1,054,345
	$ 14,874,523	$ 32,327,328	$ 141,826,183	$ 90,020,149	$ 279,048,183
Financial liabilities					
Derivatives financial instruments	$ (1,928,203)	$ (8,858,866)	$ -	$ -	$ (10,787,069)
Demand deposits	(99,988,546)	-	-	-	(99,988,546)
Time deposits	(16,512,527)	(6,092,270)	(505,000)	-	(23,109,797)
Interest payable	(66,541)	-	-	-	(66,541)
Accounts payable and accrued expenses and other liabilities	-	-	-	(5,673,379)	(5,673,379)
	$ (118,495,817)	$ (14,951,136)	$ (505,000)	$ (5,673,379)	$ (139,625,332)
Liquidity gap	$ (103,621,294)	$ 17,376,192	$ 141,321,183	$ 84,346,770	$ 139,422,851
Cumulative gap	$ (103,621,294)	$ (86,245,102)	$ 55,076,081	$ 139,422,851	

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Liquidity risk (continued)

2021

	Less than three months	Between three months and one year	More than one year	No stated maturity	Total
Financial assets					
Investments	$ 2,597,009	$ 11,740,095	$ 172,182,775	$ 97,968,385	$ 284,488,264
Cash and cash equivalents	9,386,717	-	-	-	9,386,717
Derivatives financial instruments	1,733,023	5,202,870	-	-	6,935,893
Loans and advances	350,000	12,537,400	70,000	-	12,957,400
Interest receivable	1,447,625	-	-	-	1,447,625
Other receivables	1,561,987	-	-	-	1,561,987
Fixed assets	-	-	-	1,837	1,837
Other assets	-	-	-	1,380,125	1,380,125
	$ 17,076,361	$ 29,480,365	$ 172,252,775	$ 99,350,347	$ 318,159,848
Financial liabilities					
Derivatives financial instruments	$ (1,755,230)	$ (5,222,796)	$ -	$ -	$ (6,978,026)
Demand deposits	(114,855,049)	-	-	-	(114,855,049)
Time deposits	(23,575,370)	(774,973)	-	-	(24,350,343)
Interest payable	(11,133)	(105,548)	-	-	(116,681)
Accounts payable and accrued expenses and other liabilities	-	-	-	(8,655,844)	(8,655,844)
	$ (140,196,782)	$ (6,103,317)	$ -	$ (8,655,844)	$ (154,955,943)
Liquidity gap	$ (123,120,421)	$ 23,377,048	$ 172,252,775	$ 90,694,503	$ 163,203,905
Cumulative gap	$ (123,120,421)	$ (99,743,373)	$ 72,509,402	$ 163,203,905	

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Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations.

The expected credit loss for the Group is measured on a collective basis. When the expected credit loss is measured collectively, the financial instruments are grouped together based on common risk characteristics, such as type of instrument, type of customer, collateral type and date of initial recognition. As at December 31, 2022 and 2021, the Group had no ECLs.

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, excluding derivatives:

	Gross maximum exposure 2022	Gross maximum exposure 2021
Financial assets at fair value through profit or loss:		
Investments	$ 244,193,661	$ 284,488,264
Amortised cost:		
Cash and cash equivalents	6,526,874	9,386,717
Loans and advances	13,940,913	12,957,400
Interest receivable	1,375,236	1,447,625
Other receivables	1,374,547	1,561,987
Total	$ 267,411,231	$ 309,841,993

The maximum credit risk exposure on derivatives is included in Note 4 as notional amounts of the forward foreign currency exchange contracts.

Credit quality of financial assets

The credit quality of investments at fair value through profit or loss is managed by primarily investing in listed stocks and listed instruments of fixed income. All trades are executed through an exchange, or in the case of an investment in the primary market, directly with the issuer.

The securities must be rated investment grade by either S&P or Moody's, and should be fully marketable and able to meet modest capital demands with minimal effect on market valuation. Up to 75% of money market investments shall be rated A1 or P1 (or equivalent) by either S&P or Moody's, and the rest may not be less than A3 or P3.

The table below shows the credit quality of all financial assets at fair value through profit or loss, based on S&P or Moody's equivalent rating:

	2022	2021
High Grade (AAA/Aaa to A-/A3 Rating)	$ 70,644,870	$ 70,457,934
Standard Grade (BBB+/Baa1 to B+/B1 Rating)	83,590,958	116,218,818
Non-Rated	89,957,833	97,811,512
Total	$ 244,193,661	$ 284,488,264

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Credit quality of financial assets (continued)

The loans and advances are not rated. At December 31, 2022 and 2021, all loans are to borrowers in Venezuela and are fully collateralised. Management has determined that there is no credit risk on these loans as all loans are collectible (see Note 6).

The Group seeks to mitigate its exposure to credit and counterparty risk by transacting its securities, derivatives activity, and holding its cash and cash equivalents with high credit quality counterparties and custodians ranging from A to AAA on the Fitch credit rating scale. The Group has two (2021: two) counterparties that are unrated.

Concentration risk

The Group is exposed to concentration risk from financial instruments that have similar characteristics and are affected similarly by changes in economics or other conditions. At December 31, 2022 and 2021, the Group's investments, loans and advances, and depositors are in the following geographical regions:

2022

	Investments	Loans and advances	Deposits
USA	$ 157,220,983	$ -	$ -
Europe	40,056,772	-	-
Cayman Islands	37,048,540	-	-
Other	5,514,708		
Asia	3,142,275	-	-
Canada	1,210,383	-	-
Venezuela	-	13,940,913	(123,098,344)
	$ 244,193,661	$ 13,940,913	$ (123,098,344)

2021

	Investments	Loans and advances	Deposits
USA	$ 176,114,820	$ -	$ -
Europe	54,996,524	-	-
Cayman Islands	43,755,464	-	-
Asia	4,997,756	-	-
Other	3,324,756		
Canada	1,298,944	-	-
Venezuela	-	12,957,400	(139,205,392)
	$ 284,488,264	$ 12,957,400	$ (139,205,392)

(expressed in United States dollars)

16. RISK MANAGEMENT DISCLOSURES (continued)

Concentration risk (continued)

Most of the Group's business activity is with customers located within Venezuela. Therefore, the Group's exposure to any future credit or liquidity risks is significantly affected by changes in the economy and political stability of Venezuela.

The industry sector analysis of the Group's investment securities is as follows:

	2022	2021
Financial services	$ 129,468,739	$ 147,702,149
Other	47,572,095	52,143,856
Consumer	30,735,664	43,404,569
Industrial	26,334,476	29,480,705
Government	10,083,687	11,756,985
	$ 244,194,661	$ 284,488,264

17. CAPITAL ADEQUACY AND MINIMUM NET WORTH REQUIREMENTS

The Bank is subject to regulatory capital requirements established by the Cayman Islands Monetary Authority ("CIMA"). Failure to meet minimum capital requirements can initiate certain actions by the regulators that, if undertaken, could have a direct material effect on the Group's consolidated financial statements. Under capital adequacy guidelines used by CIMA and prescribed under the Bank and Trust Companies Act of the Cayman Islands, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgements by CIMA about components and risk weightings.

The Bank is required at all times to maintain a capital adequacy ratio of at least 15% according to current regulations by CIMA and the provisions of its license. Under the terms of its license, the Bank is also required to maintain a minimum net worth of KYD400,000 (US$480,000) and adequate liquidity to meet the business needs and objectives of the Bank. The Bank was in compliance with these requirements for the years ended December 31, 2022 and 2021.

The Broker-Dealer is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Broker-Dealer's net capital requirement is the greater of $100,000 or 6 2/3% of aggregate indebtedness. At December 31, 2022, the Broker-Dealer had net capital of $1,379,034 (2021: $1,293,375), which was $1,279,034 (2021: $1,193,375) in excess of its required net capital. The Broker-Dealer's aggregate indebtedness to net capital ratio was 0.4926 to 1 at December 31, 2022 (2021: 0.5755 to 1).

18. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of share capital and retained earnings.

19. PENSION SCHEME

As required by the Pensions Act of the Cayman Islands, the Group has established for its employees a defined contribution pension scheme with a third party pension provider based in the Cayman Islands. The mandatory contribution rate under the law is 10% of the employee's salary, borne equally by the employee and employer up to a maximum of KYD87,000 (US$104,400). Payments are made to an independent administered pension fund. The total pension cost recorded during the year ended December 31, 2022 was $33,310 (2021: $31,195). This represents the employer's portion and is included in direct operating expenses in the consolidated statement of comprehensive income.

20. COMPARATIVE BALANCES

Certain comparative balances have been reclassified in order to conform with the consolidated financial statement presentation adopted in the current year with no impact on the net income and comprehensive income for the year.

21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2023 the date that the consolidated financial statements were approved and available to be issued, and it has determined that no other subsequent events have occurred that would require recognition or additional disclosures in these consolidated financial statements, except for the following matter: