



Annual Report

2022



Latinex

Dear Shareholders

It gives me great pleasure to address you, on behalf of the Board of Directors of Latinex Holdings, Inc., to comment on the performance of the Company and its main subsidiaries.

2022 was a challenging year, not only for Latinex, but for the capital markets in general. Inflationary pressures arose, especially in the developed countries, which led central banks to raise interest rates. This, in turn, produced uncertainty and instability in the markets, a reality Panama did not escape, especially in the case of important issuers who were very cautious about possible market incursions. This is the case of issuers that have the capacity to place issues aimed largely at international institutional investors, where the amounts are of a different scale. In the past these issues accounted for a relevant percentage of our activities, but in 2022 they practically did not occur, which impacted our figures as well as, in general, the market's overall numbers. However, issuers' needs undoubtedly remain present and will increase over time, so we are very optimistic about this segment's recovery.

The primary market registered a volume of USD 4,289,005,849 and in the secondary market USD 1,307,875,774 were traded. Repurchases, on the other hand, totaled USD 534,801,566. Consequently, from an operational perspective, the total volume traded (primary market and secondary market, plus repurchases) totaled USD 6,131,683,189, which represented 35.2% less than in the prior year.

The securities custody activity, however, performed well. Latinclear closed the year with a volume in custody of USD 27,512,926,486, a record for Latinex.

Despite the negative environment, I am pleased to inform you that, thanks to the appropriate and sound management of the business, the Group's financial results have been satisfactory, and the main balance sheet accounts remain robust.

For 2022 the Group posted total revenues of USD 8,658,128, which generated an after-tax, net income figure for the period of USD 2,071,748. At the end of 2022, this is equivalent to a basic earnings per share of USD 0.1404 and represents a return on average equity of 14.8%.

At yearend 2022, the Company had total assets of USD 14,842,688, with a high level of liquidity and a low leverage level, and its total equity registered USD 14,031,037.

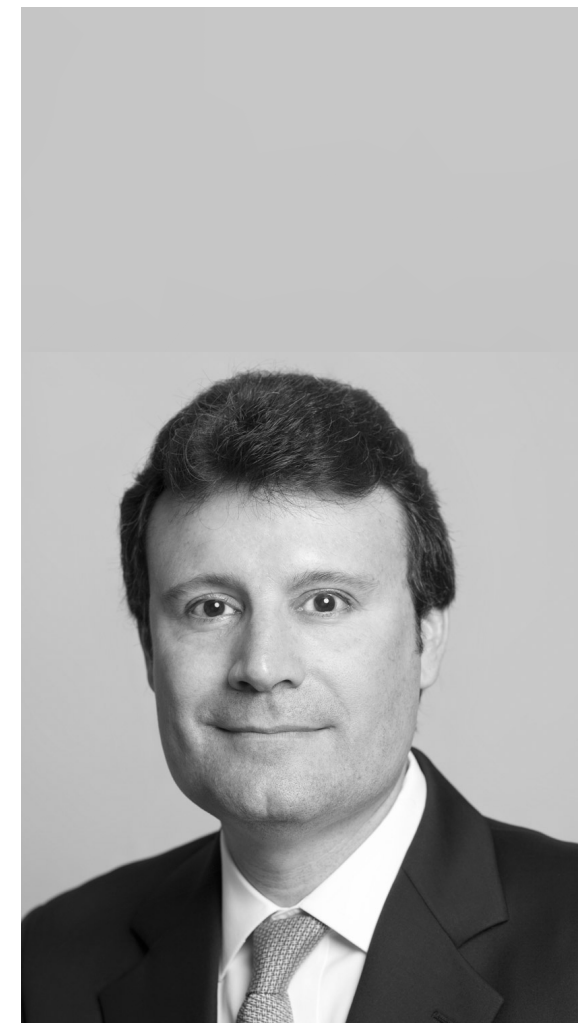
From a corporate perspective, we continue implementing our updated strategic plan, whose goal is to promote the development of the local market but, above all, to turn Panama into an international hub for the capital markets. And in line with this, we continue with the complex task of modernizing Latinclear's systems, with the market integration project via remote operators and correspondent agreements, as well as with the different aspects in respect of the iLink link with Euroclear Bank, which is key to what we are aiming to accomplish.

In terms of sustainability, in 2022 we launched our first sustainability report and strategy, which applies the standards of the Global Reporting Initiative and the Sustainability Accounting Standards Board. The report contains information on the Group's Environmental, Social and Corporate Governance (ESG) management and performance during 2021 and is an integral part of our efforts to address sustainability from the perspective of the business, such that the ESG factors are considered in our decision-making and in terms of the accountability owed our external stakeholders. In addition, in the process of shaping our sustainability strategy for the period 2022-2024, we established our strategic priorities and their respective objectives.

On the other hand, after a couple of years in which our Investors Forum had to adopt a completely virtual format due to the Covid-19 pandemic, in 2022 it returned to a face-to-face format, but with the option of participating through virtual means, which gave it great visibility and success, with an attendance of more than 1,000 individuals. We also hosted the IV International Forum of Issuers of the Stock Markets of the Americas (FIMVA), which is an annual event of the Stock Markets Association of the Americas (AMERCA), which was attended by more than 400 people, coming from more than 22 countries. These activities and other initiatives have provided Latinex and Panama with enhanced visibility and are transforming us into a regional benchmark entity.

Latinex's Board of Directors is very satisfied with Company's performance and looks forward to its future, mainly in terms of its ability to fulfill and comply with its institutional commitment to develop and promote the Panamanian securities market, to make it more transparent, reliable, efficient, deep, and liquid such that, ultimately, it becomes the region's main securities trading center.

Sincerely,



Arturo Gerbaud
Chairman of the Board of Directors

Dignitaries

Arturo Gerbaud
Chairman

Roberto Brenes
Vice Presidente

Carlos Mendoza
Treasurer

Mónica García De Paredes de Chapman
Secretary

Executives of the Subsidiaries

Olga Cantillo
Executive President

Lerzy Batista
Senior Vice President - Commercial

Anyelis Marrero
Vice President - Compliance

Ernesto Rivera
Vice President - Technology

Manuel Batista
Vice President - Finance and Strategic Innovation

María Guadalupe Caballero
Vice President - Operations

Karla Vidal
Assistant Vice President - Human Capital and Administrative Services

Lydia Caballero
Assistant Vice President - Sustainable Development and CSR

Rosario Fernández
Assistant Vice President - Members' Compliance

Diana García
Manager - Corporate Communications

Nayarith Oliva
Internal Auditor

Julio Hernández
Risk Officer



Board of Directors

Arturo Gerbaud Independent Director and Chairman

Mr. Gerbaud is a graduate in law and political science from the Universidad Santa María la Antigua and holds a Master of Law Degree (LL.M.) from the Duke University School of Law, Durham, North Carolina, United States. He has more than 30 years of legal practice experience, mainly in the areas of banking and finance, capital markets and mergers and acquisitions. Since 1990 he has worked at law firm Alemán, Cordero, Galindo & Lee in Panama, of which he has been a partner since 1992. He is a member of the Panamanian Bar Association and was a member, from 2003 to 2019, of the Board of Directors of the Superintendency of Banks of Panama.

Roberto Brenes Director and Vice President

Mr. Brenes holds a Master's Degree in Business Administration from Columbia University with an emphasis in finance and operations research, and a Bachelor's Degree in Business Administration and Economics from the Instituto Tecnológico de Monterrey. He has more than 45 years of professional experience, mainly in the banking and securities field. He is currently a director of Canal Bank and Chairman of the Board of Canal Securities. From 2003 to October 2015, he served as Executive Vice President and General Manager of the Bolsa de Valores de Panamá, S.A. (today Bolsa Latinoamericana de Valores, S.A.) and was, from 1999 to 2003, a commissioner of the National Securities Commission of Panama (today Superintendencia del Mercado de Valores de Panamá). He was the General Manager of Canal Bank from 2016 to 2019.

Mónica García De Paredes de Chapman Director and Secretary

Ms. de Chapman graduated in 1989 with a degree in business administration from The George Washington University School of Business. In March 1985 she obtained a Master's Degree in Business Administration from INCAE. She began her career in banking in 1990 as a marketing executive at Banco General. In 1991 she was recruited by Banco Continental de Panama as a private banking officer, becoming a private banking manager and later Vice President of the Private Banking and Investment Division. Ms. de Chapman joined Global Bank in November 2005 as Vice President of Private Banking and Investments, a position she held until June 30, 2019. She is a founder and President of the Psoriasis Foundation of Panama. She currently serves on the boards of directors of G. B. Group, Global Bank Corp, Progreso, S. A., Aseguradora Global, Global Valores, S.A., SUR Fund, Fondo Global de Inversiones, Latinex Holdings, Inc., Central Latinoamericana de Valores, and Bolsa Latinoamericana de Valores. She is a member and President of the Board of Directors of the Asociación Directoras de Panamá.

From 2008 through 2010 she was President of the Panama Chamber of Issuers.

Carlos Mendoza Director and Treasurer

Mr. Mendoza received his undergraduate education at Harvard University, where he earned a Master of Public Policy Degree from the John F. Kennedy School of Government and a Bachelor of Arts Degree in Economics from Harvard College. He has more than 30 years of experience in the financial sector and the securities market. He is currently Director for Corporate Finance of ASSA Insurance Company for new business development, including mergers and acquisitions. For 16 years, as part of the Inversiones Bahía team, he actively participated as an investment banker in private equity investments and mergers and acquisitions in the banking, insurance, telecommunications, media, air transportation, retail, distribution, and energy sectors. Previously, he worked at Banco Continental de Panama and Wall Street Securities. In the latter, he led the development, registration and listing of the first mutual fund that invested in Panamanian company shares, as well as that of two other funds. He began his professional career at Chase Manhattan Bank.

Christine Müller Director

Ms. Müller holds a double Bachelor's Degree in Economics and Psychology from the University of Pennsylvania, and an MBA from the IESE Business School. She has more than 15 years of experience in the areas of estate planning, finance, risk management and corporate governance. She is the founder and CEO of Atlas Solutions, a provider of corporate, legal, and financial services for individuals and institutions. Previously, Ms. Müller worked in the areas of wealth management at Merrill Lynch, UBS, and in the treasury of Banco General, S.A. She is a Director of Banco Delta, S.A., where she participates in several committees and chairs the Human Resources Committee. She is an active member of the Asociación Directoras de Panamá and provides advisory services to family businesses.

Fátima Asvat Director

Ms. Asvat holds a B.A. Degree in International Relations and International Business from Georgetown University, Washington, DC. She subsequently obtained a Master's Degree in International Business with a focus on international finance and economic development from the Fletcher School of Law and Diplomacy at Tufts University in Medford, Massachusetts. She has more than 10 years of experience in the banking and securities areas at Prival Bank, S.A., where she holds the position of Assistant Vice President of Investments. She is currently the manager of investment companies Prival Bond Fund, S.A. and Prival Multistrategy Income & Growth Fund, S.A. She holds licenses as a Securities Broker and Principal Investments Administration Executive issued by the Superintendency of the Securities Market of Panama and is a CFA Level III candidate.

Gary Chong-Hon Director

Mr. Chong-Hon holds a Master's Degree in Business Administration (corporate finance and strategy) from Georgetown University (The Robert Emmett McDonough School of Business), and a Bachelor of Science Degree in Business Administration (finance and international business) from Villanova University. He has more than 20 years of experience working in the areas of investment banking, consulting, financial markets and securities. He currently holds the position of Vice President of Investment Banking at Banco General, S.A. Previously, Mr. Chong-Hon worked at KPMG Consulting, Inc. (Miami, FL) as a financial services consultant for the real estate and hospitality sector. Currently, he is the Treasurer of Fundación Pro-Enfermos Contra el Cáncer (Fundacáncer) and Fundación Doña Vida.

Mitzi Alfaro Director

Ms. Alfaro obtained her Bachelor's Degree in Finance and International Business, Magna Cum Laude, from Georgetown University, Washington DC. She later obtained an Executive Master's Degree in Banking and Finance from INCAE (Central American Institute of Business Administration). She has over 20 years of experience in the banking and financial sector in various positions in corporate finance, business, and treasury and investments. She currently serves as Senior Vice President of Portfolio and Risk Management for the N&N Family Office and is an independent director of Banco La Hipotecaria. She held management positions in credit and corporate finance at Banco Continental and was an Assistant Vice President in the areas of correspondent banking, treasury, and investments at Banco General. She is an active member of several charitable entities, of the Asociación Directoras de Panamá, and is a member of Class XIV of the Aspen Institute's Central American Leadership Initiative (CALI).

José Montero Independent Director

Mr. Montero holds a Master's Degree in Business Administration from Cornell University and a Bachelor's Degree in Aeronautical Studies from Embry-Riddle Aeronautical University. He has more than 27 years of experience working in the financial area of the aviation industry. Mr. Montero has since March 2013 been the Senior Vice President of Finance and CFO of Copa Holdings, S.A. He began his career with Copa Airlines in 1993 and has held various technical, supervisory, and administrative positions within the company, such as Flight Operations Manager, Director of the System Operations Control Center (SOCC) and, from 2004 to 2013, Director of Strategic Planning.

Jorge Vallarino Director

Mr. Vallarino holds a Bachelor's Degree in Finance from Florida International University in Florida. He has been a partner with law firm Morgan & Morgan since 2015 and has over 26 years of experience in different segments of the securities and banking markets. He started his career with MMG Bank, focused on balance sheet and trading desk operations. He currently serves as VP of Treasury & Finance at MMG Bank, where he additionally supervises the management of MMG's family of funds and the group's operational infrastructure. He holds a Securities Broker and Principal Executive license issued by the Superintendency of the Securities Market of Panama.

Rolando Arias Director

Mr. Arias holds a Bachelor's Degree in Finance from Florida State University and an MBA from Notre Dame University. He has more than 25 years of experience in banking, financial markets and securities. Since 2007 and through 2022 he held the position of General Manager and Chief Executive Officer of BG Valores, S.A., a wholly owned subsidiary of Banco General. Previously, Mr. Arias worked for more than seven years at ABN AMRO Bank N.V. in the treasury and financial institutions departments in Panama City and London. He also held various positions at Banco Continental de Panamá, S.A., including Vice President of Corporate Finance and Treasury. Currently, he is the CEO of the G4 Capital family office.

Olga Cantillo Executive President

Ms. Cantillo has over 32 years of professional experience in the financial industry, specializing in the banking and securities markets, and has been responsible for investment and banking operations in several local and regional financial institutions. She holds Securities Broker and Principal Executive licenses. Further, her résumé includes studies in banking and finance from ULACIT University.

She is President of the Ibero-American Federation of Exchanges (FIAB), Secretary of the Capital Markets Association of the Americas (AMERCA), member of the Executive Committee of the Association of Central Securities Depositories of the Americas (ACSDA), member of the Independent Advisory Committee of the Board of Directors of the Sustainable Securities Exchanges of the United Nations (SSE), Founding Associate of the Asociación Directoras de Panamá, Director of the Calicanto Foundation and member of Renaissance Executive Forums Panama. Ms. Cantillo has been a member of several board of directors such as Chairman of the Board of Directors of the Central Latinoamericana de Valores (Latinclear), Vice President of the Board of Directors of Latinex Holdings, Director of the Bolsa de Valores de Panamá, and Independent Director of BI Bank Panama.

Standing Committees

The Board of Directors' standing committees are part of the Company's self-regulatory management architecture. The committees are entrusted with the objective of looking after the shareholders' best interests as well as, in general, that of the Company and its Subsidiaries.

Audit Committee

The Audit Committee's primary function is to ensure the appropriate operation of the internal control system and the integrity of the Company's and its Subsidiaries' financial information. It is comprised of four (4) directors and one (1) member external to the Board of Directors who has the necessary experience and knowledge to fulfill the role's functions and responsibilities. All members have the right of voice and vote. With the right of voice, the general managers, and the Company's Internal Auditor, as well as advisors or any other guest determined by the committee, may be invited to participate.

Members:

- Roberto Brenes (President)
- José Montero
- Gary Chong-Hon
- Fátima Asvat
- Jorge Cano (External Member)

Risk Committee

Based on best practices and international standards, the Risk Committee's principal function is to identify, establish and implement criteria to minimize the risks inherent to the operation of the Company and its Subsidiaries. It is comprised of four directors and one member external to the Board of Directors with the necessary experience and knowledge to fulfill the role's functions and responsibilities. All members have the right of voice and vote. With a right of voice, the general managers, the Risk Officer, and the compliance officers of the Company, as well as advisors or any other guest determined by the committee, may be invited to participate.

Members:

- Rolando Arias (President)
- Roberto Brenes
- José Montero
- Gary Chong-Hon
- Bismark Rodríguez (External Member)

Investments and Finance Committee

The Investments and Finance Committee's main functions are: i) to establish the internal rules and guidelines for the investment in fixed- and variable-income securities, including maximum investment limits; to determine the financial requirements of the companies in which the Company and its Subsidiaries invest in; and ii) to ensure the effective and efficient management of investment funds, the strategic and financial plans, and the capital structure of the Company and its Subsidiaries; and, as deemed necessary, to make recommendations to the Board of Directors. It is comprised of five (5) directors and one (1) member external to the Board of Directors with the necessary experience and knowledge to fulfill the role's functions and responsibilities. All members have the right of voice and vote. With the right of voice, the General Managers and other Officers and Managers of the Subsidiary companies, as well as advisors and any guest determined by the Committee, may be invited to participate.

Members:

- Carlos Mendoza (President)
- Mitzi Alfaro
- Mónica García De Paredes de Chapman
- Fátima Asvat
- Jorge Vallarino
- Ricardo Zarak (External Member)

Corporate Governance Committee

The Corporate Governance Committee oversees the operation of the corporate governance structure and compliance with best practices in order to improve the overall management and performance of the Company and its Subsidiaries. It is comprised of four (4) directors, of which one (1) meets the independence criterion, and one (1) member, external to the Board of Directors, which meets the necessary experience and knowledge criteria to fulfill the role's functions and responsibilities. All members have the right of voice and vote. With the right of voice, the General Managers and other Officers and Managers of the Subsidiary companies, as well as advisors and any guest determined by the Committee, may be invited to participate.

Members:

- Christine Müller (President)
- Arturo Gerbaud
- Carlos Mendoza
- Mónica García De Paredes de Chapman
- Marielena García-Maritano (External Members)

Human Capital Committee

The Human Capital Committee oversees the analysis of all matters related to the selection, remuneration, termination, succession plans for, and evaluation of key executives of the Company and its Subsidiaries. It is comprised by the Chairman of the Board of Directors and two (2) directors, of which one (1) meets the independence criterion. By decision of the Board of Directors, the committee may include one (1) member, external to the Board of Directors, with the necessary experience and knowledge to fulfill the role's functions and responsibilities, as well as meeting the required independence criteria. All members have the right of voice and vote. With the right of voice, the Executive Vice President of the Company, the officer responsible for managing the human capital of the Company and its Subsidiaries, as well as advisors and any other guest determined by the committee, may be invited to participate.

Members:

- Arturo Gerbaud (President)
- Rolando Arias
- Carlos Mendoza

Sustainability and Corporate Social Responsibility (CSR) Committee

The purpose of the Sustainability and CSR Committee is to establish and promote the corporate sustainability strategy and policies of the Company and its Subsidiaries, ensure the proper management of the Environmental, Social and Corporate Governance (ESG) factors and, in turn, promote these factors throughout the securities market. This committee is comprised of (5) directors. By decision of the Board of Directors, this committee may also include a member external to the Board of Directors with the necessary experience and knowledge to fulfill the role's functions and responsibilities. All members have the right of voice and vote. With the right of voice, the general managers and other officers or managers of the subsidiary companies, as well as advisors and any other guest determined by the committee, may be invited to participate.

Members:

- Mónica García De Paredes de Chapman (President)
- Carlos Mendoza
- Christine Müller
- Gary Chong-Hon
- Jorge Vallarino

Committees of the Subsidiaries

In addition, each of the subsidiaries (Bolsa Latinoamericana de Valores, S.A. and Central Latinoamericana de Valores, S.A.) have the following standing committees:

Audit Committee

Ethics and Compliance Committee

Risk Committee

Technology Committee

Corporate Governance

Pursuant to the provisions contained in the Articles of Incorporation and the Bylaws, the Company and its Subsidiaries have been developing and adopting, on a continuous and voluntary basis, a corporate governance structure with the purpose of defining the best practices to be followed by Latinex Holdings, Inc. and its Subsidiaries with all of its stakeholders (shareholders, members of the Board of Directors and committees, suppliers and creditors, strategic allies, the State, regulatory entities, communications media entities, the public in general, among others).



Code of Ethics and Conduct

The Company and its Subsidiaries have adopted a Code of Ethics and Conduct to ensure that all directors, officers, members, or guests of the committees of the Board of Directors and the company's associates adhere to the highest standards of conduct. The code governs relations in respect of principles of honesty and integrity, diligence, and loyalty, includes specific rules for dealing with conflicts of interest, and regulates prohibited conducts such as the use of confidential and privileged information, dishonest or unfair behavior, bribery, corruption, among others.

The code contemplates policies against bribery and corruption with the purpose of to prevent, detect and punish any act of bribery and corruption in the companies of the Grupo Latinex.

Committees' Activity and Performance Reports

Corporate Governance

During 2022, the Company and its Subsidiaries carried out a comprehensive update of the Corporate Governance Code with the main purpose of continuing to adopt the best local and international standards, which addressed the incorporation of a new procedure to deal and manage infraction reports, complaints and/or or claims that different stakeholders may from time to time present.

In the same manner, based on the sustainability strategy of the Company and its Subsidiaries, a list of the main communication channels and engagement scenarios the Company maintains with its stakeholders was included, in so doing embracing the best practices established by international organizations.

In matters related to the corporate governance structure, the following changes were adopted:

- The Technology Committee of the Company's subsidiaries has the new function of evaluating and incorporating, at the group level, the comprehensive management of the digital innovation process.
- The Human Capital Committee strengthened its functions and responsibilities.
- Any committee will have, within its composition, a substitute member, to decide on those matters for which the committee may not have the required quorum due to any possible conflicts of interest pertaining to its main members.

Ethics and Compliance

In 2022, the Compliance area successfully executed the planned activity plan, which mainly encompasses the administration of the Money Laundering Prevention Program of the company's subsidiaries and the review, analysis, and monitoring of local and/or international standards and laws with a view to assessing the extent to which they apply to the Company and its Subsidiaries.

In addition, for the continuous improvement of the services offered by the company's subsidiaries and based on the strategic pillar of operational efficiency and digital transformation, the compliance area actively participated in the development of new products and the review of processes and internal rules. Likewise, in 2022, the Company and its Subsidiaries updated the Code of Ethics and Conduct to continue adapting it to best practices and local and international standards, highlighting the inclusion of new ethical principles and duties, and linking the commitment of the Company and its Subsidiaries with projects that promote the Environmental, Social and Corporate Governance (ASG) aspects of the business.

Within the international-hub pillar, we participated in the First Regulatory and Operational Convergence Dialogue for the integration of the markets with the assistance of regulators, stock exchanges, and the depositories of Central America and the Caribbean, to promote links between the region's markets and to leverage the success of the effort to implement remote operators between the stock exchanges of El Salvador and Panama.

Additionally, the Agreement for the Provision of International Mutual Services for the Deposit, Custody and Transfer of Securities was signed between Latinclear and deceval (Colombia), which ratifies the commitment of the Company and its Subsidiaries with the stock market to expand the channels which will allow for the provision of enhanced business opportunities for both issuers and investors.

Risk

In 2022, important achievements were made in respect of the organization's risk management, the main one being the approval and establishment of risk appetite parameters, which implies the level or quantity and types of risk that the Group is willing to assume; it also involves the tolerance levels established by the Board of Directors as being the reasonable limits felt needed to minimize or avoid events that may negatively impact the organization's capital.

Monitoring strategies were defined that include quantitative elements such as indicators or qualitative elements such as management policies. It was possible to establish a risk-prioritization methodology (risk map) in respect of its administration and execution by senior management, the Risk Committee, and the Board of Directors. These measures led to notable improvements in the organization's approach to risk analysis and its management.

The objectives achieved reinforced the management of risk-related events and circumstances by improving the parameters and values employed for the categorization, treatment, and communication of events with an economic, reputational, or legal impact on the Group.

In this manner, it was possible to align the Group with international standards and best practices in terms of the administration of risk.

Committees' Activity and Performance Reports

Internal Audit

In 2022, the audit plan was complied with, managing to carry out various reviews for which positive results were obtained, as well as the identification of new opportunities for improvement, measures which will in turn be designed and implemented with the goal of maintaining the effectiveness and efficiency of the audited areas. Likewise, recommendations were presented based on continuous improvements that allows for the strengthening and maintenance of high standards in the Company and its Subsidiaries. An important component was the analysis for the implementation of an audit tool that will enhance the capability to streamline processes and optimize the use of resources within the audit unit. Adhering to best international practices, evaluations were carried out that made possible the identification of key factors which are then made to work on an aligned basis to obtain the quality certification of the Internal Audit department, by means of the implementation of a quality assurance and improvement program.

Sustainability and CSR

The year 2022 was one of important actions regarding the management of the Company's Environmental, Social, and Corporate Governance (ASG) factors. Based on the results of the materiality analysis carried out in 2021, the Sustainability and CSR Committee worked on the definition and approval of the strategic priorities and their respective objectives, shaping the sustainability strategy of Latinex Holdings, Inc. and Subsidiaries for the period 2022-2024, which will in turn be instrumental in guiding the Group's sustainability actions in the coming years.

Additionally, the Corporate Sustainability Policy was approved, thus establishing the general principles and guidelines that the company will adhere to in the process of developing a sustainable capital market. The Corporate Volunteering Policy was also approved, reinforcing the commitment to promote the participation of our associates in actions to support communities, which contributes to strengthening and accelerating the social and economic development of the country, encompassed within the framework, and aligned with the purpose and objectives of the Company's Sustainability Strategy.

Human Capital

Training and Education

Committed to the development of our human capital, a virtual training platform was acquired, which contributes to strengthening the development of soft and technical skills, such as: among others, leadership with strategic vision and customer service principles. Similarly, regulatory training was carried out on the prevention of money laundering, the financing of terrorism and the proliferation of weapons of mass destruction, the protection of personal data, and risk and reinforcement in respect of operational issues.

By 2022 there were a total of six (6) interns and two (2) professional trainees, who provided support in the areas of strategic innovation, sustainable development and CSR, technology, administrative services, and corporate communications.

The effort of our associates' children with outstanding school grades, for both primary level as well as high-school students, was also recognized.

Well-being and Security

Aware of the importance of physical and mental health, as well as that of the appropriate equilibrium between the professional and personal spheres of life, the option of remote work was offered, of which 92% of associates took advantage. Likewise, a new flexible-hours work schedule initiative was established for our associates who live in the areas of north, east and west Panama, who have been affected by the adaptations and improvements of the road networks surrounding their respective communities, contributing thereby to superior performance, productivity, and quality-of-life by saving them time in their daily displacement to and from work.

Organizational Climate Survey

An organizational climate survey resulting in the following noteworthy percentages was carried out:

97%
Commitment

97%
Client Service

89%
Communications



Latinex Holdings, Inc.

The Company is a publicly held company whose common stock is traded on the Bolsa Latinoamericana de Valores, S.A. (Latinex). To date, there are no controlling shareholders, and the Directors are not, directly or indirectly, individually or jointly, beneficial owners of a controlling number of the Company's shares. No director, directly or indirectly, is a major supplier of goods or services to the Company; however, certain directors are officers of companies that maintain relationships with the Company and its Subsidiaries. The officers of the subsidiaries are independent of the directors and shareholders.

Bolsa Latinoamericana de Valores, S.A. (Latinex)

The Bolsa Latinoamericana de Valores, S.A. (Latinex) is, within the organized market in Panama in which securities are traded, the entity which intermediates between buyers and sellers. It is self-regulated, has been operating since June 1990, and its regulator is the Superintendencia del Mercado de Valores de Panamá. Its official name, through June 2021, was Bolsa de Valores de Panamá, S.A., at which time the name change and a new corporate image were introduced.

Central Latinoamericana de Valores, S.A. (Latinclear)

A self-regulated company specialized in the custody and administration of securities, it also provides electronic securities clearing and settlement services. Latinclear also maintains custody and operating agreements with several regional central custodians, which in turn facilitates the purchase/sale of securities registered in these markets. It also maintains international custody relationships with global market infrastructures. It began operations in 1997.



Annual Summary

In 2022 the Latin American Stock Exchange (Latinex) and the Latin American Central Securities Clearing House (Latinclear) continued to roll out their strategic plan, which had been updated at the end of 2020 and which aims to turn Panama into an international capital-markets hub.

In terms of opportunities, the market has continued to be reinforced in terms of compliance, transparency, and international best practices, further strengthening the market, and fortifying the foundations for the development it has been exhibiting.

The positioning of Latinex during 2022 was noteworthy, and the promotion of the securities market was one of the keys, by means of multiple initiatives which will be highlighted throughout this annual report.

2022 was a year of great challenges, not only for Latinex as a local stock exchange but also for the global stock markets, due to the high volatility of the capital markets, the high worldwide levels of inflation, the increase in interest rates by the central banks of the developed countries, which clearly also impact our country, in tandem with the effect of domestic events and circumstances that also influenced the performance of the local economy.

One of the main factors that accounts for the drop in the traded volume is that in 2022 there were no security issuances destined for the international market, but which are also listed in the Panamanian stock exchange and thereby contribute to the local-trading volume register.

In recent years these operations had been effected continuously, but in 2022, in a global environment of rising interest rates and greater market volatility, they did not materialize.

For example, in 2021 the Tocumen International Airport placed an issue for USD1,855 million utilizing this format. The same type of issue had been used by the National Highways Company to refinance its debt in 2020 with an issue of USD400 million.

This type of operations did not take place in 2022, contributing to the year closing with a lower trading volume than in the years after 2018, a year which exhibited a similar performance.

The increasing trend in the traded volume of corporate issues, not intended for international markets and excluding Republic of Panama issues, continued apace, rising by 4% in comparison with 2021.

Latinex in Numbers

Revenues

8.7
USD million

↓9.0% vs. 2021
↓1.1% vs. 2020

Net Incomes

2.1
USD million

↓26.9% vs. 2021
↓18.5% vs. 2021

EBITDA (adjusted)

3.4
USD million

↓21.1% vs. 2021
↓12.9% vs. 2020

ROE

14.8%

↓4.6% vs. 2021
↓3.8% vs. 2020

ROA

14.0%

↓3.6% vs. 2021
↓2.7% vs. 2021

EBITDA Margin

40.0%

↓6.1% vs. 2021
↓5.1% vs. 2020

Latinex in Numbers

Issuers

250

↑13 vs. 2021
18 New
8% International

Market Valuation

40,000
USD million

55% Fixed Income
45% Variable Income
1,700+ Issues

Assets under Custody

27,513
USD million

↑5% vs. 2021
22% en iLink
3% International

CSG Issues

550
USD million
Listed value

12 New classifications
17+ USD million
Primary Market

Daily Average Trading Volume

24
USD million

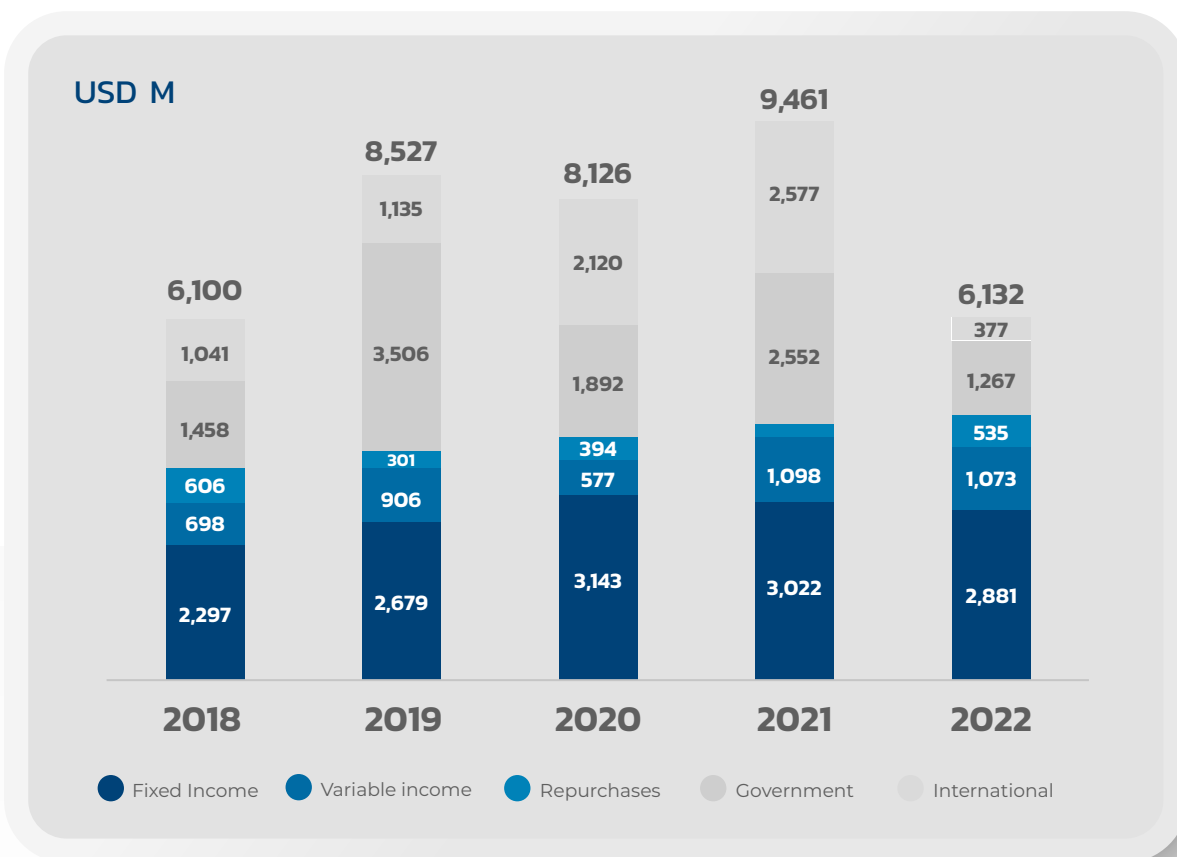
79% Corporate
10,000+ transactions

Funds

57

↑8 vs. 2021
AuM: 3,100+ USD million

Transacted Volumes



Compared to the prior year, **2022** closed with a 35.2% decrease in total volume traded. In this regard, it is important to highlight that in 2021 Tocumen International Airport and the Republic of Panama (RPMA) placed issues, respectively, of **USD 1,855** and **USD 1,250 million**, placements that jointly accounted for **USD 3,105 million**, or 32.8% of the total volume traded in 2021.

In contrast, 2022 had a **lower share of RPMA emissions**. However, if the exercise is carried out excluding, for the years 2018 through 2021, the issues registered in Panama slated for international settlement as well as the Republic of Panama issues, the **total volume** of corporate issues then reflects, as previously noted, an **increase in comparison to the year 2021**.

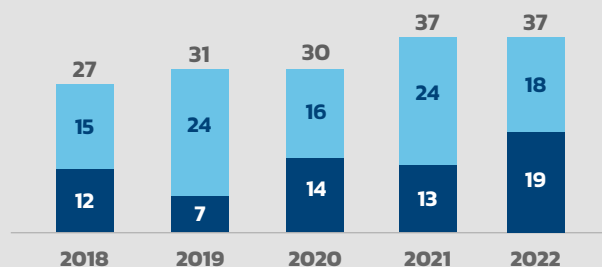
List of Corporate Issues

In 2022 thirty-seven corporate programs totaling USD1,911 million were listed, of which thirty-four, for an amount of USD 813 million or 42.6% of the total, were placed in the primary market. Of the thirty-seven issuances, three were placed by foreign issuers: two from Guatemala and one from Honduras. In addition, two issues are related to the Colombian market.

Breakdown of Issues

(By type of issuer)

- Existing issuers
- New issuers

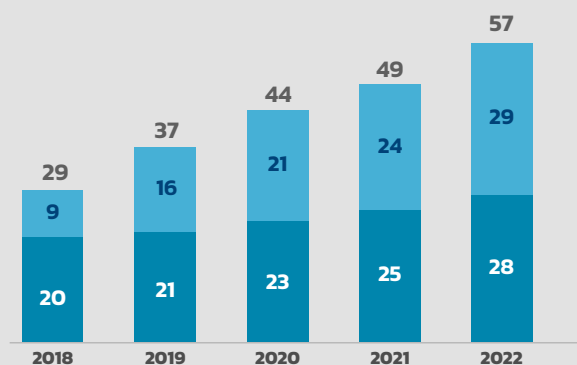


Among the listings, the increase in the fund segment stands out, closing out 2022 with 57 listed funds with a market capitalization of USD 2,936 million; that is, reflecting a compound annual growth rate (CAGR) in the last five years of 5.2%.

Listed Funds

(By type of fund)

- Investment funds
- Real estate funds



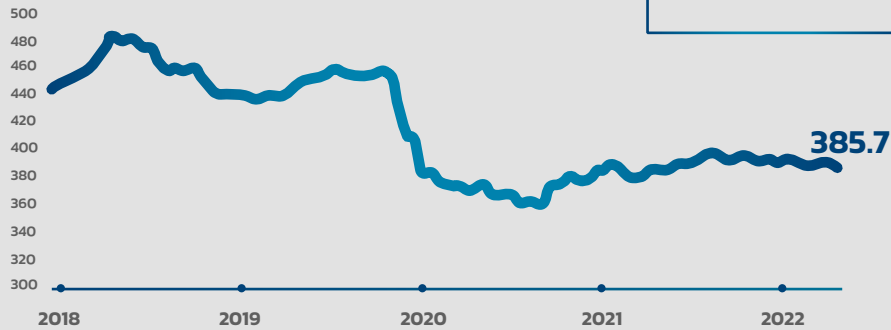
N°	Issuer	Market	Instrument	Market Value (USD MM)
1	Bac International Bank, Inc.	P	Negotiable Commercial Securities	100.0
2	AV Fund, Inc.	P	Funds	50.3
3	Encina Fund, Inc.	P	Funds	10.0
4	Panacredit, S.A.	P	Preferred shares	10.0
5	Bac Holding International Corp.	S	Common shares	-
6	Banesco, S.A.	P	Perpetual bonds	100.0
7	Metrofactoring, S.A.	P	Negotiable Commercial Securities	100.0
8	Fountain Hydro Power Corp.	P	Bonds	110.0
9	Inmobiliaria MMD Panamá, S.A.	P	Bonds	10.0
10	Grupo Aliado, S.A.	P	Preferred shares	75.0
11	Bac International Bank, Inc.	P	Bonds	100.0
12	Fondo Renta Sostenible Global	P	Funds	3.9
13	BICSA Factoring, S.A.	P	Bonds	50.0
14	BICSA Factoring, S.A.	P	Negotiable Commercial Securities	100.0
15	Compañía Insular Americana, S.A.	P	Bonds	85.0
16	Semah Real Estate Investment Fund, S.A.	P	Funds	0.1
17	Panacredit, S.A.	P	Bonds	150.0
18	Fideicomiso de Fomento Turístico	P	Funds	1.0
19	Ideal Living, Corp.	P	Bonds	145.0
20	Fideicomiso Inmobiliario Casas Grandes	P	Funds	10.0
21	Playa Escondida Beach Front	P	Bonds	31.7
22	Supermercados Xtra, S.A.	S	Common shares	12.5
23	Emerald Cay Bocas, S.A.	P	Common shares	88.5
24	Inmobiliaria Jerd, S.A.	P	Bonds	12.0
25	Habitats REIT Corp.	P	Funds	1.0
26	Hotel Saxony Bocas, S.A.	P	Common shares	12.5
27	Mercantil Holding Financiero Internacional, S.A.	P	Bonds	100.0
28	Penonomé Lands, S.A.	P	Bonds	8.1
29	Cochez y Compañía, S.A.	P	Negotiable Commercial Securities	10.0
30	Cochez y Compañía, S.A.	P	Bonds	90.0
31	Alutech, S.A. de C.V.*	S	Investment certificates	5.0
32	Metrobank, S.A.	P	Preferred shares	50.0
33	Multibank, INC.	P	Bonds	100.0
34	Latin American Kraft Investment, Inc.*	P	Negotiable Commercial Securities	40.0
35	Latin American Kraft Investment, Inc.*	P	Bonds	60.0
36	NF Real Estate Fund, S.A.	P	Funds	0.0
37	Lion Hill Capital 2, S.A.	P	Bonds	80.0
Total				1,911.6

Note:

P = Primary market | S = Secondary market | Market Value = nominal value x market price | * Foreign issuer

LTXSI Index

(2018 - 2021)



The LTXSI index, a total-return index, tracks the performance of the market's principal shares.

At yearend 2022, the index was comprised of 18 of the 31 common shares listed on the exchange.

In respect of its 52-week return, the index reached, respectively, maximum and minimum values of 396.85 and 382.66.

Composition of the index

Ticker	Issuer	Last Price*	52 Weeks		Capitalization
			Min.	Máx.	
ASSA	Grupo Assa, S.A.	94.00	94.00	100.75	995,829,402
CANAL	Canal Bank, S.A.	2.50	2.50	2.50	98,048,220
EGIN	Empresa General de Inversiones, S.A.	91.45	88.00	93.25	3,942,683,820
GBGR	GB Group Corporation	31.99	31.00	33.26	586,008,943
GMUN	Grupo Mundial Tenedora, S.A.	1.74	1.74	1.89	33,603,174
GPRI	Grupo Prival S.A.	43.00	37.00	43.00	132,211,756
LTXH	Latinex Holdings, Inc.	2.39	2.05	2.40	28,214,189
LTXHB	Latinex Holdings, Inc. (B)	1.90	1.89	1.90	5,607,423
MELO	Grupo Melo, S.A.	57.50	56.49	61.00	133,652,445
MSFIA	Mercantil Servicios Financieros Internacional ,S.A. (A)	115.00	112.50	115.00	283,884,630
MSFIB	Mercantil Servicios Financieros Internacional ,S.A. (B)	107.50	104.50	107.50	31,246,380
METH	Metro Holding Enterprises, Inc.	26.00	26.00	26.90	189,264,270
MHCH	MHC Holding Ltd	43.70	40.50	44.00	642,397,938
PPHO	Panama Power Holdings, Inc.	5.95	5.60	6.01	98,621,315
PERUTIL	Perutil, S.A.	350.32	350.32	413.76	700,640,000
REYH	Rey Holdings Corp.	7.50	7.50	8.58	318,611,903
UNEM	Union Nacional de Empresas, S.A.	35.99	34.49	37.40	182,693,122
UNEMB	Union Nacional de Empresas, S.A. (B)	33.00	32.00	33.00	15,840,000

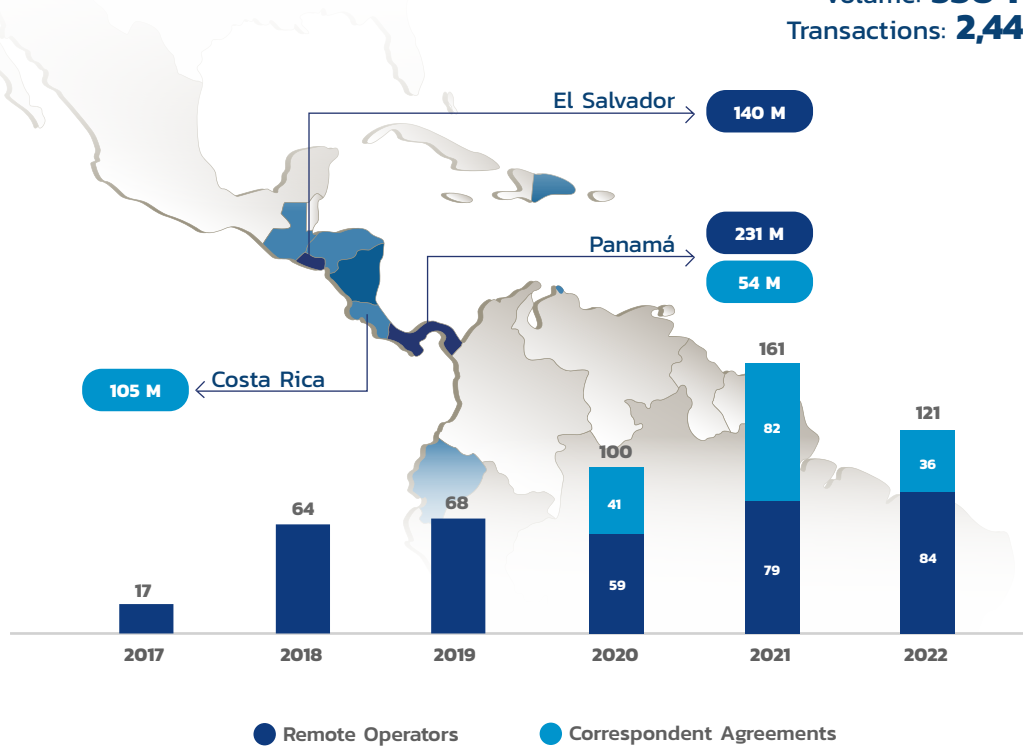
* Refers to the date on which the most-recent price of the share was set

Market Integration

The **2,400+ transactions** carried out in respect of a volume of **USD 530 million** serve as encouragement for Latinex to continue pursuing the integration of the region's markets. In this regard, it is worth noting that in 2022 a link with Colombia's decesval was formalized by means of a free-of-payment delivery mechanism.

Trade Volume USD M

Cumulative:
Volume: **530 M**
Transactions: **2,441**



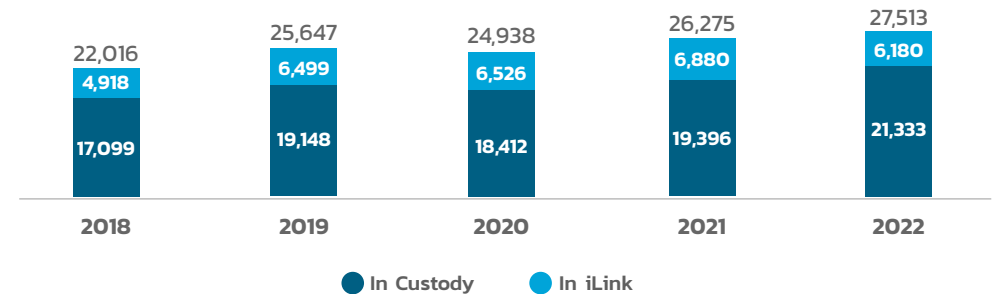
Note: Indicated amounts for each country reflect where the securities trade. Operations executed between Panamá, El Salvador, Costa Rica, and Guatemala.

Assets under Custody

In 2022 the volume of assets under custody registered a 4.7% increase in comparison with 2021, driven by the recovery in the prices of variable-income securities and the placement throughout the year of new issues.

In contrast, the increased volume of international trades and local services led to the successful processing of more than **75,000+ transactions**, a number which translates into an 10.7% increase over the average of the last five years.

Total Custody Volumes (USD M)

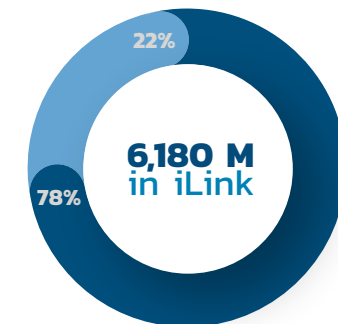


iLink

Thanks to Phase I with Euroclear Bank, 22.4% or **USD 6,180 million** of the total custody volume has now been migrated to iLink. This phase allows the internationalization of Panamanian government and quasi-government instruments, where, yearend 2021, **USD 1,342 million** or 21.7% of the migrated balance was held by international investors.

Euroclear Bank - iLink By type of investor:

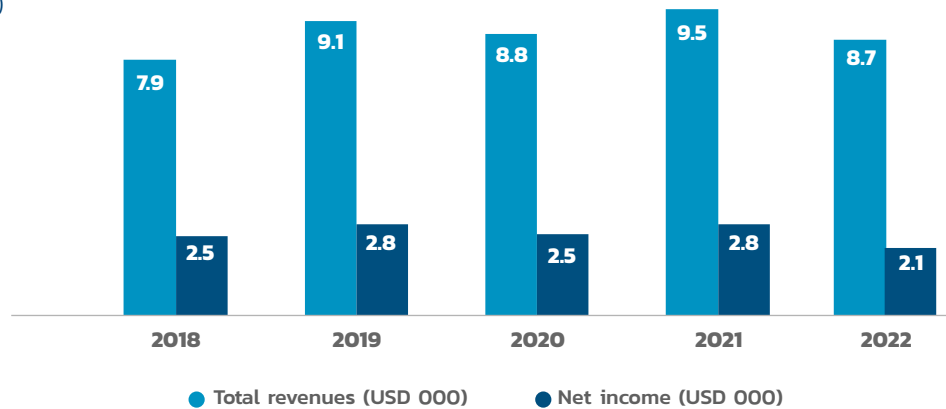
- Local
- International



In 2022 Latinex Holdings generated total revenues of **USD 8.7 million**, a decrease of 9.0% in comparison with 2021, which is attributable to the drop in the placement and negotiation of RPMA securities and the absence of new issues targeting, to a large extent, international institutional investors. This in turn led to a net profit for the year of **USD 2.1 million**, resulting in an EPS of **USD 0.1404** as compared to **USD 0.1922** in 2021.

The Company closed out 2022 with total assets of **USD 14.8 million** and shareholders' equity of **USD 14.0 million**, delivering thereby a return on assets (ROA) of 14.0% and a return on equity (ROE) of 14.8%.

Results (USD M)



Profitability Indicators

2018	2019	2020	2021	2022	
19.7%	21.1%	18.6%	19.4%	14.8%	ROE
17.8%	19.1%	16.7%	17.6%	14.0%	ROA
47.0%	46.8%	44.9%	45.9%	39.8%	EBITDA Margin

December 2022

Price per share

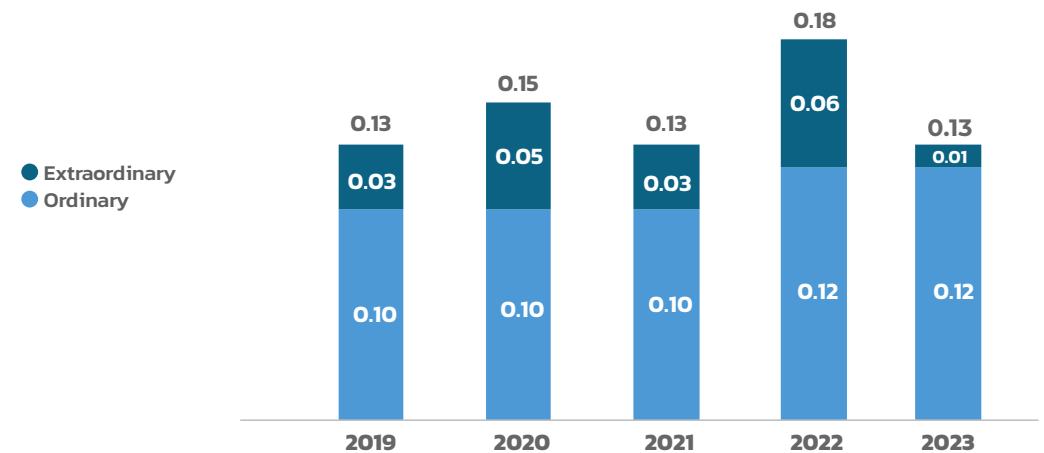
LTXH	LTXHB:
2.39	1.90
+6.2%	0.0%

Dividend Yield

LTXH	LTXHB:
7.5%	9.5%

Dividends Distribution

At the Company's Board of Directors meeting held on February 27, 2023, an ordinary cash dividend of **USD 0.12** per share was declared, to be distributed in four equal payments of **USD 0.03** each, in March, June, September and December 2023. An extraordinary cash dividend of **USD 0.01** per share was also declared, to be distributed in a single payment in August 2023.



Activity and Performance Report 2022

Operational Efficiency

 Replacement of the SICUS custody system

 Completed: First phase of the integral analysis study with NASDAQ

 Digital transformation of diverse processes

 Attainment of the ISO 27001 precertification



In 2022 we worked on the first two phases of the selection process for the **system that will replace Latinclear's SICUS custody system**, concluding the design study and moving on to the next phase of the project. In 2023, the selection analysis will continue to kick off the project with the selected supplier. The change of the custody system will provide central custody participants with significant improvements in their daily processes, as well as new services, resulting in greater efficiency in their operations and in line with current international standards.

The first phase of the integral analysis study with **Nasdaq for the upgrade and move to the cloud** of the Latinex trading system was concluded, with work on its ongoing development slated to take place during the remainder of 2023 and moving on to the production stage of the project at the beginning of 2024. This upgrade will incorporate the implementation of better market practices and superior user functionalities.

Along the same lines, in 2022 we worked on the digital transformation of several processes, the main ones among them the launch of a new platform for the automation and management of the Group's services called "**Latinex Virtual**", the inspection of members, the transmission of member reports and public data of issuers from the Superintendencia del Mercado de Valores to Latinex and Latinclear, eliminating the duplication of processes and documents by the members.

During the year we worked on different initiatives that reinforce the security of our information systems, thereby **obtaining the ISO 27001 pre-certification**.

Activity and Performance Report 2022

Market Development



In the central securities depository, **the historical record was exceeded by surpassing USD 27 billion** in assets under custody, comprised of the local market mostly as well as the international market.

The attraction of new issuers to the market was promoted, and personalized visits were made to stakeholders to strengthen the relationship and to explore business opportunities.

During 2022, **a new tariff for Latinex and Latinclear was implemented**, which allows market participants to benefit when they are part of the same economic group. On the other hand, a differentiated tariff was incorporated for issuances that comply with ESG aspects, thereby encouraging this type of issues.

Publicly available information is essential for the development of capital markets. This makes it easier for market players to achieve greater work efficiency and to be better informed when making investment decisions. With this objective in mind, **Latinex became the seventh market in Latin America to have short-term instruments in the Bloomberg terminal**, thus aiming to become the first market in Central America to in 2023 achieve automatic loading of all its fixed-income instruments. Improvements were also made to the web page, better displaying on its diverse screens the depth and breadth of the market.

To develop market liquidity, **the Corporate Market Makers Program was relaunched**. This was based on a study of more than 19 programs, taking the best practices of the main international markets, all this to encourage the securitization of corporate instruments in the secondary market and, as part of the relaunch, webinars and meetings were in this held with exchange seat-holders and issuers.

Activity and Performance Report 2022

Sustainable Finance



In 2022, **Latinex's sustainability strategy for the period 2022 - 2024 was formalized** and sustainability was incorporated into the Group's purpose, thus reaffirming its commitment to the development of sustainable finance. In turn, the first **Sustainability Report was launched based on international GRI and SASB standards** and as part of the accountability strategy towards external stakeholders.



As part of the implementation of actions to internally continue promoting gender equality, in the second quarter of 2022 the Board of Directors of Latinex Holdings, Inc. **approved the extension of paid paternity leave for Latinex Group collaborators** to 10 days (Law No. 27 of May 23, 2017, establishes the mandatory granting of 3 days).



With the homologation and updating of our Internal Labor Regulations of the **Latinex Group's subsidiary companies, measures for the prevention of gender violence against women and non-discrimination** have been incorporated, as well as the promotion of **diversity**, in line with local and international legislation on this matter.



On the other hand, Latinex was **recognized by MiAmbiente** for being one of the **50 Carbon Neutral Organizations** to comply with the calculation and delivery of its greenhouse gas (GHG) emissions inventory. **Two awards were received:** the **"Top 50"** Seal for the Latinex Group's commitment to achieve carbon neutrality by 2050 and **the Carbon Footprint Inventory 2021 recognition** for the management of its organizational carbon footprint.



Additionally, as part of its initiative to encourage the listing of social, green, and sustainable emissions, **Latinex implemented a differentiated fee schedule for programs** under this category, granting a 20% discount for the placement commission and an exemption from registration and maintenance fees.



These initiatives have to date allowed for the **listing of more than USD 550 MM** listed in social, green, and sustainable issues.





International Hub of the Capital Markets

iLink

The iLink, our link with **Euroclear Bank**, is a boon to the Panamanian securities market and a fundamental relationship for Latinex. Through Phase I **more than USD 6 billion of securities** have already been migrated to Euroclear Bank, aimed at Panamanian government and quasi-government securities.

In addition, we continue to monitor the progress of Phase II, which will allow us to also internationalize corporate debt instruments.

In 2022, progress continued integrating the region's capital markets, allowing access from Panama to **El Salvador, Costa Rica, Nicaragua, Guatemala, and Colombia**. There are two integration models: **i) remote operators**: a figure through which authorized brokerage firms in each country directly enter into their counterpart's transaction, thus facilitating the purchase and sale of securities registered in both the Panamanian and Salvadoran markets, which also benefits investors by providing them with greater investment alternatives, and issuers by diversifying their sources of capitalization and financing; and **ii) correspondent agreements**: a figure through which bilateral relationships are established between the central depositories of each market, so that investors can negotiate instruments issued in Costa Rica, Guatemala, Nicaragua, El Salvador, Colombia and Panama.

In this regard, in 2022, **a link was established between Panama and Colombia** through their respective central securities depositories, **Latinclear and deceval**, under which securities transfers and custody are allowed, for the time being, using a free-of-payment mechanism.

During the year, webinars were held for the market to reinforce the opportunities offered by regional integration.

At the close of 2022, taking advantage of the degree of market integration achieved to date under the **Remote Operators and Correspondent Agreements models, more than USD 530 MM** have been traded through **more than 2,200 transactions**, all transactions have been successfully negotiated and settled, reaffirming the robustness of the models, and generating the necessary confidence for the continued development and promotion of integrated capital markets.

All this has been possible thanks to the work and positive performance of the different working committees formed by all **AMERCA** member exchanges. It is still important to point out that other regional stock exchanges have shown interest in joining this integrated market and continue to work on the regulatory and operational aspects in their respective countries required to make this happen.

Promotion and Strategic Alliances

In terms of **promotion and integration**, trips were made to Costa Rica, Guatemala, Ecuador (Quito and Guayaquil), and, for the year, **three issuances from foreign issuers were registered.**

1

The Latinex Podcast was launched by the **Spotify** platform in the third quarter of 2022 to promote topics of interest as well as stock market and financial education. **The videos of Ringing the Bell** by new issuers and special issues were also fundamental in providing these issuers with a promotional space.

4



In conjunction with ProPanamá and the Chamber of Commerce, Industries and Agriculture of Panama, we participated in the **Trade Missions to Colombia and Peru** to present Panama as a capital-markets alternative to diversify financing and investment options.

2



To comply with disclosure principles, keeping different market players informed with truthful, concise, and timely information, periodic publications were maintained. These reports and publications include **Monthly Figures, Quarterly Bulletin, Quarterly Focus AMERCA Bulletin, Quarterly Newsletter, Cost Calculator for the estimation of an issue, Brochure, and Sustainability Report and Strategy.**

5



The first Panama Day in New York for the financial sector and the capital market was also organized with ProPanamá, ABP, CAPAMEC and APADEA, an event in conjunction with important representatives of the banking and financial sectors, both Panamanian and international, which included presentations and informative workshops on the strength of Panama's financial position and its growing relevance in the international arena.

3



Work continued hand in hand with market allies, such as ProPanamá, IDB/IDB Invest and CAF. With the IDB, the **First Workshop on Thematic Issuances** for the government and quasi-government sector was held, and, with **CAF, its return as a market issuer after ten years was achieved.**

6

Securities Market Education Program (Programa de Educación Bursátil or P.E.B.)

The Latinex Stock Market Education Program is a fundamental market ally. This program aims to contribute to the professionalization of the market, establish a financial culture through easy access to knowledge and the ongoing development of the securities market, resulting in its democratization and the increase of the country's competitiveness.

P.E.B



24
trainings



693
registered
participants



458
attendees

Educational Talk

**Talking about
the Stock Market**



6
trainings



205
persons trained

2022

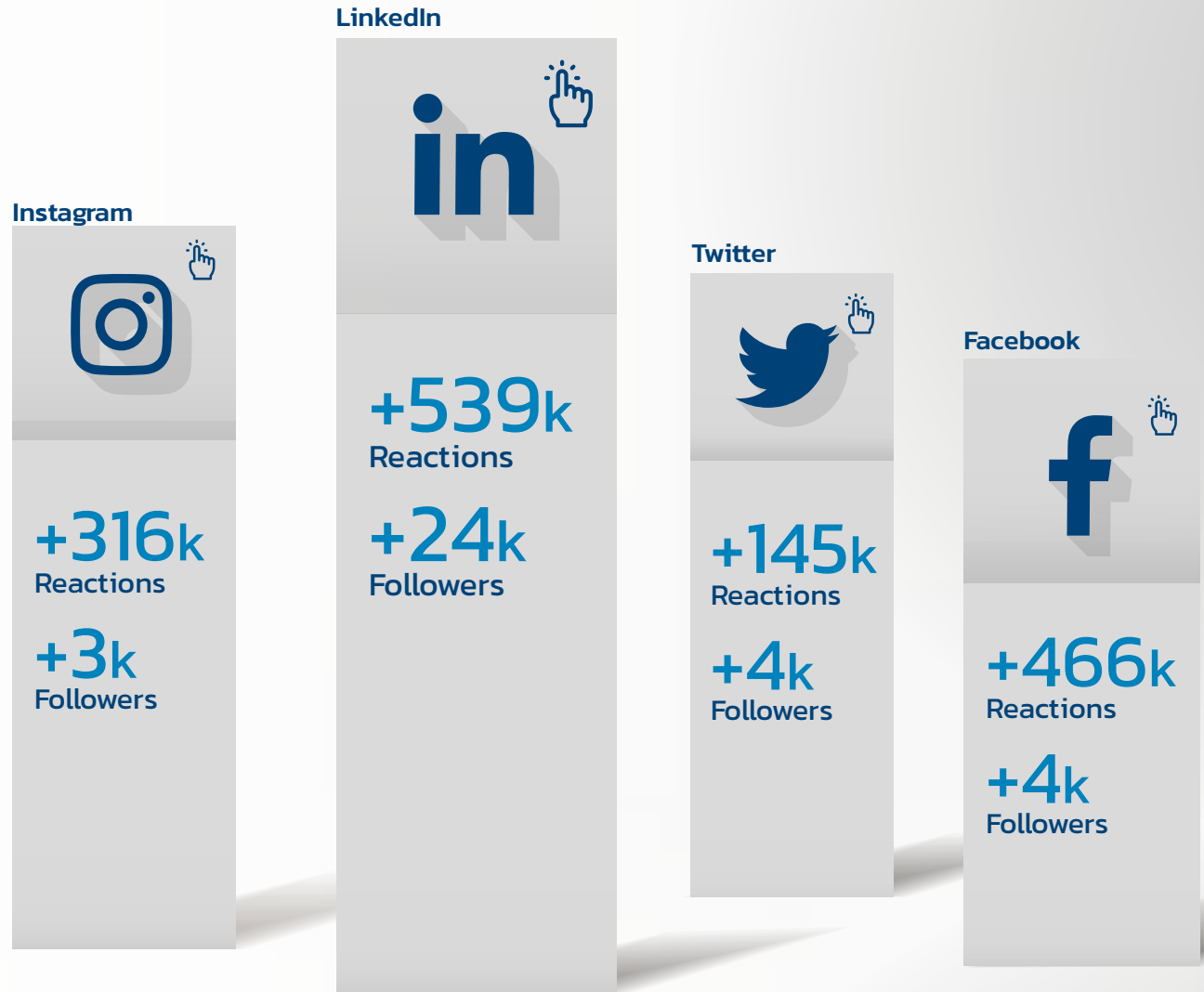


Social Media

Because they are considered reliable sources of market information, all of Latinex's networks experienced significant growth in **2022**.

As the year's initiative, a series of videos called "**El Toque de la Campana**" was implemented. It is intended to serve as a showcase for new issuers and issuers with special issues, to introduce themselves to the market, or to present the highlights and benefits of the transactions they bring to the market. In 2023, Latinex is planning to start ringing the bell in person.

To maintain close communications with the market, Latinex launched "**El Podcast de Latinex**" through the Spotify platform. A space where the latest trends in innovation, sustainability, personal finance, entrepreneurship, and other topics of general interest are shared.





Events

The **Investors' Forum**, Latinex's flagship event, returned as a physical-presence event after two years of being carried out by virtual means. The event registered more than **1,000 attendees** between virtual and face-to-face participants. Attendees from more than 22 countries worldwide participated in the forum.



Leveraging the Investors' Forum event, Latinex hosted the **IV International Forum of Issuers of the Stock Markets of the Americas (FIMVA)**, an annual event of the Association of Securities Markets of the Americas (AMERCA), an association of which Latinex It forms part together with nine other regional securities exchanges. This event, between virtual and physically-present participants, registered more than **400 attendees** from more than 20 countries.



In the same line of market support and promotion that characterizes **AMERCA, the "Wednesday Stock Markets of the Americas"** initiative was continued, a series of joint webinars of interest and relevance in all 10 markets.



Other key events of the year were also held, such as the presentation Latinex's results and strategy as well as the **Ring the Bell for Gender Equality**.

We continue to consolidate our global presence

Members



Presidency



Secretary



Executive Committee



Secretary



Advisor Committee



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office





Operational Efficiency

Technological investments and digital transformation are part of the **operational efficiency** pillar of the Group's strategy, which aims to enhance the service offered its customers by incorporating technological tools that allow for incremental market efficiencies. Proof of this include:

- the **upgrade and transfer to the cloud of the NASDAQ ME trading system**

- the continuation of the analysis and selection process for the **replacement of the Latinclear custody system**

- the launching of a **new platform for the automation and management of the Group's services called "Latinex Virtual"**, which will, in phase 1, carry out the inspections of the exchange seat holders and other market participants, and, in phase 2, will incorporate operational processes with the SMV.

In addition, the Group has been working on various other digital transformation projects, among which the following stand out, namely, by 2023, the automatic transmission of reports from exchange seat holders houses and other market participants, and public data from issuers, among other services.



Local Market Development

For its part, concerning the **development of products and services for the local market**, work has been carried out together with the SMV on a proposal to incorporate early termination -- close out netting in repurchases contracts, the incorporation of new products such as corporate negotiable invoices, securities lending, and short sales. Similarly, for **access to the market**, the Group has been working on **initiatives to reduce the registration time for issues and promoting others, such as simplified securities accounts for broker-dealers**.

Similarly, the development and usage tests for new group web pages would begin, to facilitate information searches and the user experience, with personalized analysis, multilanguage content and real-time data, all programmed to be launched in 2023.

Regarding the **Stock Market Education Program**, as part of its strategy and to continue contributing to a quality education regarding market and exchange subjects, new courses and training will be launched, thus creating a market-focused educational ecosystem accessible to the public in general.

We continued leveraging the Securities Market Education Program, whose objectives are to contribute to the market's professionalization, to establish a financial culture by means of easy access to relevant knowledge, and the development of the securities market, in the process contributing to enhance the country's competitiveness.



Sustainable Finance

In respect of the strategy that informs and governs the **sustainable finance** pillar, we can highlight that during a meeting of the Board of Directors of the Panamanian Carbon Exchange (BCP), **Latinex was chosen as the organization that will manage the BCP, a component of the National Carbon Market of Panama**. We are working on this project in coordination with Panama's Ministry of the Environment, with the aim of launching it in 2023.

We will continue working on actions that allow the Group to advance in our purpose of developing and promoting a transparent, efficient Panamanian securities market, one subject to the highest standards of Corporate Governance, which will allow for the **construction of a sustainable capital market** that will contribute to the social and economic development of the country.

Likewise, we will continue working with local, regional, and international strategic allies for the education and promotion of **thematic issues, preparation of Environmental, Social and Corporate Governance (ESG) reports, information on ESG trends, and the updating of standards** aimed at all the players active in the Panamanian capital markets.



International Hub

The Group continues to focus on being the **international hub** for the securities market, which is why it is working on different initiatives, among them:

- the **project called "Listing"** which aims to explore opportunities for Panama to be a jurisdiction where international issuers consider listing their issues in Latinex for secondary-market trading purposes;

- the **follow-up to have phase II of iLink**, the Euroclear Bank link that will allow us to internationalize corporate fixed income securities;

- the **integration of the markets** through the Remote Operators model, where in the first quarter of 2023 the Nicaraguan Securities Exchange and its central depository entity will be incorporated into the existing model between Panama and El Salvador; in addition, opportunities with other jurisdictions and through the integration models will continue to be explored during the current year.

Further, as part of the continuous promotion of the Panamanian securities market, roadshows will be held in other markets, such as the **Roadshow in El Salvador** during the first quarter of the current year, participation in trade missions to countries aligned with the Group's strategy, and the ongoing collaboration with our strategic allies will continue, such as, among others, ProPanamá, the IDB/IDB-Invest and CAF.

ABSA FINANCIAL CORP.	COLFINANZAS, S.A.
AEROPUERTO INTERNACIONAL DE TOCUMEN, S.A.	COMPAÑÍA AZUCARERA LA ESTRELLA, S.A.
AES CHANGUINOLA, S.R.L.	COMPAÑÍA INSULAR AMERICANA, S.A.
AES PANAMA GENERATION HOLDINGS S. DE R.L.	CONDADO PROPERTIES, INC.
ALBROOK LEASING COMPANY, INC.	CORPORACIÓN ANDINA DE FOMENTO
ALIADO FACTORING, S.A.	CORPORACIÓN BELLAVISTA DE FINANZAS, S.A.
ALIADO LEASING, S.A.	CORPORACIÓN DE CRÉDITO, S.A.
ALTERNEGY, S.A.	CORPORACIÓN DE FINANZAS DEL PAÍS, S.A.
ALUTECH, S.A. DE C.V.	CORPORACIÓN INTERAMERICANA PARA EL FINANCIAMIENTO DE INFRAESTRUCTURA, S.A. (CIFI)
ARROW CAPITAL CORP.	CORREAGUA INTERNACIONAL, S.A.
AV FUNDS, INC.	CREDICORP BANK, S.A.
AVNER PERRY INVESTMENTS, S.A.	DÉCIMO FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BAC HOLDING INTERNATIONAL, CORP.	DÉCIMO PRIMER FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BAC INTERNATIONAL BANK, INC.	DÉCIMO SEGUNDO FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BANCO ALIADO, S.A.	DÉCIMO TERCER FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BANCO BAC SAN JOSÉ, S.A.	DÉCIMO CUARTO FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BANCO CENTROAMERICANO DE INTEGRACIÓN ECONÓMICA	DÉCIMO QUINTO FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BANCO DELTA, S.A.	DÉCIMO SEXTO FIDEICOMISO DE BONOS DE PRÉSTAMOS HIPOTECARIOS
BANCO FICOHSA (PANAMÁ), S.A.	DESARROLLO INMOBILIARIO DEL ESTE, S.A.
BANCO GENERAL, S.A.	DESARROLLOS COMERCIALES, S.A.
BANCO INTERAMERICANO DE DESARROLLO	D-FOUR, S.A.
BANCO INTERNACIONAL DE COSTA RICA, S.A.	DOLPHY PLAZA COMERCIAL, S.A.
BANCO LA HIPOTECARIA, S.A.	ELECTRON INVESTMENT, S.A.
BANCO NACIONAL DE PANAMÁ	ELEKTRA NORESTE, S.A.
BANCO PICHINCHA PANAMÁ, S.A.	EMERALD CAY BOCAS, S.A.
BANCO POPULAR Y DE DESARROLLO COMUNAL DE COSTA RICA	EMPRESA DE TRANSMISIÓN ELÉCTRICA, S.A.
BANCO PROMERICA DE COSTA RICA, S.A.	EMPRESA GENERAL DE INVERSIONES, S.A.
BANESCO, S.A.	EMPRESAS MELO, S.A.
BANISI, S.A.	ENA MASTER TRUST
BANISTMO, S.A.	ENCINA FUND, INC.
BAVARIAN REAL ESTATE, INC.	F.C. INMOBILIARIA, S.A.
BAYPORT ENTERPRISES, S.A.	FIDEICOMISO DE FOMENTO TURISTICO
BCR FONDO DE INVERSIÓN INMOBILIARIO DEL COMERCIO Y LA INDUSTRIA (FCI) NO DIVERSIFICADO	FIDEICOMISO ENA NORTE
BCR FONDO DE INVERSIÓN INMOBILIARIO NO DIVERSIFICADO	FIDEICOMISO INMOBILIARIO CASAS GRANDES
BCT BANK INTERNATIONAL, S.A.	FIDEICOMISO ITHACA INVESTMENT TRUST
BERBEL INVESTMENTS, CORP.	FINANCIA CREDIT, S.A.
BICSA FACTORING, S.A.	FINANCIERA EL SOL, S.A.
CABEI CENTRAL AMERICAN FUND PLC.	FINANCIERA FAMILIAR, S.A.
CABLE ONDA, S.A.	FINANCIERA FINACREDIT, S.A.
CAJA DE AHORROS	FINANCIERA PACÍFICO INTERNACIONAL, S.A.
CALDERA ENERGY CORP.	FINANZAS Y CRÉDITOS DEL HOGAR, S.A. (FINANCIERA LA GENEROSA) (1)
CANAL BANK, S.A.	FONDO DE INVERSIÓN INMOBILIARIA GIBRALTAR
CANAL FONDO DE LIQUIDEZ MEJORADA, S.A.	FONDO DE INVERSION INMOBILIARIO LOS CRESTONES
CANAL MULTISTRATEGY FAMILY OF FUNDS, INC.	FONDO DE INVERSIÓN INMOBILIARIO VISTA
CAPITAL BANK, INC.	FONDO DE INVERSIÓN POPULAR INMOBILIARIO ZETA NO DIVERSIFICADO
CENTRO COMERCIAL BALBOA BOUTIQUES, S.A.	FONDO GENERAL DE INVERSIONES, S.A.
CHEQUEEFFECTIVO, S. A. (1)	FONDO GENERAL DE RETORNO TOTAL, S.A.
CM REALTY, S.A.	FONDO GLOBAL DE INVERSIONES, S.A.
COCHEZ Y COMPAÑÍA, S.A.	FONDO RENTA FIJA VALOR, S.A.
CODERE TRUST	FONDO RENTA SOSTENIBLE GLOBAL, S.A.

FOUNTAIN HYDRO POWER CORP.	LEASING BANISTMO, S.A.	PRIVAL MULTI-STRATEGY INCOME & GROWTH FUND, S.A.
FRANQUICIAS PANAMEÑAS, S.A.	LION HILL CAPITAL, S.A.	PRIVAL REAL ESTATE FUND, S.A.
G.B. GROUP CORPORATION	LION HILL CAPITAL 2, S.A.	PROCOSTA, S.A.
GASES DE PETRÓLEO, S.A.	LOS ANDES FUND, S.A.	PRODUCTOS ALIMENTICIOS PASCUAL, S.A.
GLOBAL BANK CORPORATION	LOS CASTILLOS REAL ESTATE, INC.	PROMOCIÓN MÉDICA, S.A.
GOLDEN FOREST, S.A.	MAREVALLEY CORPORATION	PROMOTORA SANTA CECILIA, S.A.
GREEN TOWER PROPERTIES, INC.	MERCANTIL BANCO, S.A.	PS MULTI-ASSET CLASS FUND, INC.
GRUPO ALIADO, S.A.	MERCANTIL HOLDING FINANCIERO INTERNACIONAL, S.A.	R.G. HOTELS, INC. (1)
GRUPO APC, S.A.	MERCANTIL SERVICIOS FINANCIEROS INTERNACIONAL, S.A.	R.G. INMOBILIARIA, S.A. (1)
GRUPO ASSA, S.A. Y SUBSIDIARIAS	METRO HOLDING ENTERPRISES, INC.	REAL ESTATE INVESTMENT THRUST INC.
GRUPO BANDELTA HOLDING CORP.	METRO LEASING, S.A.	REAL ESTATE PARTNERS TRUST
GRUPO FINANCIERO BG, S.A.	METRO STRATEGIC INCOME FUND, INC.	REGULUS INMOBILIARIA, S.A.
GRUPO INMOBILIARIO DE CAPITAL PRIVADO I	METROBANK, S.A.	REPÚBLICA DE PANAMÁ
GRUPO MELO, S.A.	METROFACTURING, S.A.	RETAIL CENTENARIO, S.A.
GRUPO MUNDIAL TENEDORA, S.A.	MHC HOLDINGS LTD.	RETAIL SPACE HOLDINGS, CORP.
GRUPO PRIVAL, S.A.	MIFINANCIERA, S.A.	REY HOLDINGS CORPORATION
HABITATS REIT CORP.	MMG BANK CORPORATION	RITOL INVESTMENTS, INC.
HIDRO BOQUERON, S.A.	MMG FIXED INCOME FUND, S.A.	SEEWAY REAL ESTATE TRUST
HIDROELÉCTRICA BAJOS DEL TOTUMA, S.A.	MMG GLOBAL ALLOCATION FUND, INC.	SEMAH REAL ESTATE INVESTMENT FUND, S.A.
HIDROELECTRICA SAN LORENZO, S.A.	MMG PANAMA ALLOCATION FUND, INC.	SOCIEDAD URBANIZADORA DEL CARIBE, S.A.
HIPOTECARIA METROCREDIT, S.A.	MULTI FINANCIAMIENTOS, S.A.	ST. GEORGES BANK & COMPANY INC.
HORMIGOTI, S.A.	MULTI PROSPERITY FIXED INCOME FUND	STAR GROUP INVESTMENTS, S.A.
HOTEL SAXONY BOCAS, S.A.	MULTIBANK, INC.	STRATEGIC INVESTORS GROUP, INC. (1)
HYDRO CAISÁN, S.A.	NF REAL ESTATE FUND, S.A.	SUPERMERCADOS XTRA, S.A.
I HOLDING, S.A.	NORTH AMERICAN INCOME FUND P.L.C.	SUSTAINABLE URBAN REVITALIZATION FUND, INC.
IDEAL LIVING, CORP	OFERTAS E INVERSIONES, S.A.	TAGUA FUND, INC.
INDUSTRIA ECUATORIANA PRODUCTORA DE ALIMENTOS C.A.	OSTRICA INVESTMENT CORP.	TAMIR INTERINVEST, S.A.
INMOBILIARIA CERVELLÓ, S.A.	PACIFIC EAST COAST, S.A.	TCG MERCHANT GROUP, INC. (1)
INMOBILIARIA DON ANTONIO, S.A.	PANAMA GROWTH PROPERTIES TRUST	TOP & SELECTED PROPERTIES, S.A.
INMOBILIARIA JERD, S.A.	PANAMA LATAM FIXED INCOME FUND INC.	TOWER CORPORATION
INMOBILIARIA MMD PANAMÁ, S.A.	PANAMA NORTE SCHOOL, S.A.	TOWERBANK INTERNATIONAL INC.
INMOBILIARIA NIDACO, S.A.	PANAMA POWER HOLDINGS, INC.	TROPICAL RESORTS INTERNATIONAL INC.
INMOBILIARIA PALMA BONITA, S.A.	PANAMA REAL ESTATE DEVELOPMENT FUND, INC.	UEP PENONOME II, S.A.
INMOBILIARIA PANAMA CAR RENTAL, S.A.	PANASOLAR GENERATION, S.A.	UHR DEVELOPMENT, INC. (1)
INSIGNEO PRIVATE VENTURES FUND, S.A.	PARQUE INDUSTRIAL Y CORPORATIVO SUR, S.A.	ULTRA STAR, INC.
INTERNATIONAL WEALTH PROTECTION FUND LIMITED, INC.	PENONOME LANDS, S.A.	UNI LEASING, INC.
INVERSIONES CHIRICANAS DE HOTELERÍA, S.A.	PERUTIL, S.A.	UNIBANK, S.A.
INVERSIONES INMOBILIARIAS ARROCHA, S.A.	PETRÓLEOS DELTA, S.A.	UNICORP TOWER PLAZA, S.A.
INVERSIONES LEINA, S.A.	PF STRUCTURED NOTES, INC.	UNIÓN NACIONAL DE EMPRESAS, S.A.
INVERSIONES TERRALUNA, S.A.	PHOENIX REAL ESTATE FUND, INC.	URBAN DEVELOPMENT GROUP, S.A.
INVERSIONES TERRALUZ, S.A.	PLAYA ESCONDIDA BEACH FRONT, S.A.	VANTAGE PROPERTIES TRUST
INVERTIS GLOBAL INCOME FUND, S.A.	POWER GEN, S.A.	VERDEMAR INVESTMENT CORPORATION, S.A.
ISTMO COMPAÑÍA DE REASEGUROS, INC. (1)	PREMIER INDEX FUND, S.A.	VILGOLY CAPITAL, INC
KADIMA HOLDINGS, S.A.	PREMIER LATIN AMERICAN BOND FUND, S.A.	WORLDLAND INVESTMENT, S.A.
LA CORUÑA INVESTMENTS, S.A.	PREMIER MEDIUM TERM BOND FUND, S.A.	YMMA, CORP.
LA HIPOTECARIA (HOLDING), INC.	PREMIUM PROPERTIES INTERNATIONAL, S.A.	
LATAM REAL ESTATE GROWTH FUND, INC.	PRIMA SOCIEDAD DE INVERSION INMOBILIARIA, S.A.	
LATIN AMERICAN KRAFT INVESTMENTS, INC. Y SUBSIDIARIAS	PRIMER FIDEICOMISO DE BONOS DE PRÉSTAMOS PERSONALES CCB	
LATINEX HOLDINGS, INC.	PRIVAL BANK, S.A.	
LATSONS REALTY INVESTMENT COMPANY, S.A.	PRIVAL BOND FUND	

Stock Exchange Seats and Participants

	Web Page	Stock Exchange Seats	Latinclear Participants
Arca Capital, S.A.	www.arcavalores.com		●
Atlántida Securities, S.A. de C.V.*	www.atlantidasecurities.com.sv	●	
AV Securities, Inc.	www.avsecurities.com	●	●
BAC Valores (Panamá), Inc.	www.baccredomatic.com/es-pa/corporaciones-e-instituciones/cuentas/inversion	●	●
BCT Securities, S.A.	www.bctsecurities.com.pa	●	●
Banco General, S.A.	www.bgeneral.com		●
Banco Nacional de Panamá	www.banconal.com.pa	●	●
Banesco (Panamá), S.A.	www.banesco.com.pa		●
BG Investment CO., Inc.	www.bgeneral.com	●	●
BG Valores, S.A.	www.bgeneral.com/personas/bg-valores/	●	●
BICSA Capital, S.A.	www.bicsa.com	●	●
Caja de Ahorros (Panamá)	www.cajadeahorros.com.pa		●
Caja de Seguro Social, Administradora de Inversiones	www.css.gob.pa		●
Canal Securities Corp.	www.canalsecurities.com	●	●
Capital Assets Consulting, Inc.	www.capitalbank.com.pa	●	●
Citibank, N.A., Sucursal Panamá	www.citibank.com/icg/sa/latam/panama/citiserie/		●
Citivalores, S.A.	www.citibank.com.pa	●	●
Credicorp Securities Inc.	www.credisec.com	●	●
Metro Asset Management, S.A.	https://www.metrobanksa.com/metro-asset-management/	●	●
Geneva Asset Management, S.A.	www.genasset.com	●	●
Global Valores, S.A.	www.globalbank.com.pa	●	●
Hencorp, S.A. de C.V.*	www.hencorpvalores.com.sv/site	●	
Invertis Securities, S.A.	www.invertissecurities.com	●	●
Lafise Valores de Panamá, S.A.	www.lafise.com	●	●
Perth Prime Capital, S.A.	-		●
Mercantil Servicios de Inversión, S.A.	www.mercantils.com.pa	●	●
MIURA Capital Panama, Inc.	www.miuracapital.com.pa	●	●
MMG Bank Corporation	www.mmgbank.com	●	●
Multi Securities, Inc.	www.multibank.com.pa	●	●
Panacorp Casa de Valores, S.A.	www.panacorp.com	●	●
Paullier & Cia. INTL., CORP	www.paullier.com.pa	●	●
Prival Securities, Inc.	www.prival.com	●	●
Servicios Generales Bursátiles, S.A. de C.V.*	www.sgbsal.com	●	
Sweetwater Securities, Inc.	www.sweetwatersecurities.com	●	●
Tower Securities Inc.	www.towerbank.com	●	●
Valores Banagrícola, S.A. de C.V.*	www.bancoagricola.com	●	
Valores Banistmo, S.A.	www.banistmo.com.pa	●	●
Valores Cuscatlán El Salvador, S.A. de C.V.*	www.bancocuscatlan.com	●	

Latinex Holdings, Inc. and Subsidiaries

Consolidated Financial Statements | December 31, 2022
General Information | December 31, 2022

Dignataries

Arturo Gerbaud
President

Roberto Brenes
Vice President

Carlos Mendoza
Treasurer

Mónica García De Paredes de Chapman
Secretary

Social Domicile

Ave. Federico Boyd and 49th Street, P.H. Bolsa de Valores Building.

Banks and Other Financial Institutions

BAC Internacional Bank, Inc.
Banco Aliado, S.A.
Banco Davivienda (Panamá), S.A.
Banco General, S.A.
Banco Internacional de Costa Rica, S.A.
Banco La Hipotecaria, S.A.
Banco Nacional de Panamá
Banistmo, S.A.
Citibank, N. A.
Citibank, New York
Clearstream Banking, S.A.
Euroclear Bank
Global Bank Corporation

Auditors

Ernst & Young



Ernst & Young Limited Corp.
Costa del Este, Avenida Centenario,
PH Dream Plaza, Piso 9
Panamá, República de Panamá

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Translation of report originally issued in Spanish
(See explanation in the notes to the consolidated financial statements)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Latinex Holdings Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Latinex Holdings Inc. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of income, of comprehensive income, of changes in equity and 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Professional Code of Ethics for Authorized Public Accountants in Panama (Decree No. 26 of May 17, 1984) and with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) 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 the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the key matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to the key audit matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Valuation of investments in securities

The securities investment portfolio represents 62% of the Group's total assets as of December 31, 2022, consisting of investments classified in Levels 1 and 2 of the fair value hierarchy and measured at fair value with changes in income and other comprehensive income.

The determination of the fair value of these instruments requires Management to consider as the main and orderly market the Latin American Stock Exchange in Panama, the market through which the purchases and sales of financial instruments in Panama are negotiated. Management applies its judgment to determine whether the trading volume of its investments is sufficient to consider quotes as evidence of fair value and to classify investments at Level 1 of the fair value hierarchy. Where there is insufficient transaction volume, Management uses valuation models based on observable market data to determine the fair value of investments and classify them in Level 2 of the fair value hierarchy.

We carry out, among others, the following audit procedures:

- We obtained an understanding of the valuation process used by the Group to classify and measure the fair value of its investment portfolio.
- We obtained the volumes and prices of the transactions negotiated through the Latin American Stock Exchange to analyze the reasonableness of the classification of these investments in Level 1 of the fair value hierarchy.
- We conducted independent valuation testing of financial instruments classified in Level 1 of the fair value hierarchy through the comparison of fair values applied by the Group with public and observable market data.
- For those investments classified in Level 2 of the fair value hierarchy, we analyze the inputs used by Management and compare them with evidence available in the market.

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 IFRSs, 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 of the Group 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.

We also provide those charged with governance of the Group 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance of the Group, 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.

Other legal and statutory requirements


In compliance with Law 280 of December 30, 2021, which regulates the authorized public accountant profession in the Republic of Panama, we state the following:

- That the direction and supervision, as well as the execution of the audit of the activities that the Group maintains in Panama, have been physically performed in Panamanian territory.
- The work team which participated in the audit that this report refers to is comprised by Aurora Díaz G., partner, Eduardo Sánchez, partner and Hellen Gallardo, senior manager.

The partner in charge of the audit resulting in this independent auditor's report is Aurora Díaz G.

Ernst & Young

Panama, Republic of Panama
March 30, 2023


Aurora Díaz G.
C.P.A. No. 2205

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2022

(Amounts expressed in balboas B/.)

Notes	2022	2021	
Assets			
5	Cash and deposits in banks	1,942,286	2,900,090
5	Time deposits	1,207,035	1,257,550
6	Investments in securities	9,149,315	9,639,257
	Financial assets at amortized cost	472,151	500,044
	Prepaid expenses	209,513	107,978
	Income tax paid in advance	80,241	22,952
7	Property, furniture and equipment, net	1,691,441	1,539,630
	Guarantee deposits and other assets	90,706	154,318
	TOTAL ASSETS	14,842,688	16,121,819
Liabilities and Equity			
Liabilities			
	Accrued expenses and withholdings payable	406,767	493,423
	Income tax payable	-	155,237
14, 16	Dividends payable	284,592	284,451
	Commissions collected in advance	120,292	539,904
	Total liabilities	811,651	1,473,015
Equity			
15	Common shares	5,716,529	5,716,529
15	Treasury shares	(118,459)	(118,459)
	Other comprehensive income	181,614	214,982
	Complementary tax	(32,296)	(32,296)
	Retained earnings	8,283,649	8,868,048
	Total equity	14,031,037	14,648,804
	TOTAL LIABILITIES AND EQUITY	14,842,688	16,121,819

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

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Consolidated Statement of Income
For the year ended December 31, 2022

(Amounts expressed in balboas B/.)

Notes	2022	2021	
Revenue from contracts			
	Commissions	5,430,612	5,988,825
	Agency of settlement and international market transactions	1,619,878	1,669,925
	Maintenance fees	574,194	483,330
	Companies' registration and issues	206,600	134,676
	Management fee	528,362	696,941
	Total revenue from contracts	8,359,646	8,973,697
8	Financial income	386,144	376,983
	Unrealized loss on investments at fair value through income	(363,705)	(16,780)
9	Others	276,043	184,914
	Total revenue	8,658,128	9,518,814
General and Administrative Expenses			
10, 14	Personnel expenses	2,127,229	2,214,235
7	Depreciation and amortization	382,632	332,222
	Insurance	263,263	251,530
	Supervision fee	207,025	206,451
	Custody and settlement, registration and transfer expenses	930,570	919,929
11	Other administrative expenses	1,683,873	1,553,262
	Total general and administrative expenses	5,594,592	5,477,629
	Income before income tax	3,063,536	4,041,185
13	Income tax	(991,788)	(1,205,552)
	Net income	2,071,748	2,835,633
12	Basic income per share	0.1404	0.1922

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

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2022
(Amounts expressed in Balboas B/.)

<i>Note</i>	2022	2021
Net income	2,071,748	2,835,633
Other comprehensive income items:		
Items that can be subsequently reclassified to the statement of income:		
Changes in fair value of debt instruments at other		
6 comprehensive income	<u>(38,241)</u>	<u>21,674</u>
Items that cannot be subsequently reclassified to the statement of income:		
Changes in fair value of equity instruments at other comprehensive income	<u>4,873</u>	<u>32,736</u>
Total other comprehensive income items	<u>(33,368)</u>	<u>54,410</u>
Total comprehensive income	<u>2,038,380</u>	<u>2,890,043</u>

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

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended December 31, 2022
(Amounts expressed in balboas B/.)

<i>Notes</i>	Common Shares	Treasury Shares	Valuation of Investments in Securities	Complementary Tax	Retained Earnings	Total
Balance at December 31, 2020	5,716,529	(118,459)	160,572	(32,296)	7,950,743	13,677,089
Comprehensive Income						
Net income	-	-	-	-	2,835,633	2,835,633
Other comprehensive						
6 income	-	-	54,410	-	-	54,410
Total comprehensive income	-	-	54,410	-	2,835,633	2,890,043
Transactions with shareholders						
Complementary tax	-	-	-	-	-	-
16 Dividends declared	-	-	-	-	(1,918,328)	(1,918,328)
Total transactions with shareholders	-	-	-	-	(1,918,328)	(1,918,328)
Balance at December 31, 2021	<u>5,716,529</u>	<u>(118,459)</u>	<u>214,982</u>	<u>(32,296)</u>	<u>8,868,048</u>	<u>14,648,804</u>
Comprehensive Income						
Net income	-	-	-	-	2,071,748	2,071,748
Other comprehensive						
6 income	-	-	(33,368)	-	-	(33,368)
Total comprehensive income	-	-	(33,368)	-	2,071,748	2,038,380
Transactions with shareholders						
Complementary tax	-	-	-	-	-	-
16 Dividends declared	-	-	-	-	(2,656,147)	(2,656,147)
Total transactions with shareholders	-	-	-	-	(2,656,147)	(2,656,147)
Balance at December 31, 2022	<u>5,716,529</u>	<u>(118,459)</u>	<u>181,614</u>	<u>(32,296)</u>	<u>8,283,649</u>	<u>14,031,037</u>

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

(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

(Amounts expressed in balboas B/.)

	2022	2021
Cash flows from operating activities		
Income before income tax	3,063,536	4,041,185
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation and amortization	382,632	332,222
Financial income	(386,144)	(376,983)
Unrealized gain on investments at fair value with changes in statement of income	363,705	16,780
Net changes in operating assets and liabilities:		
Financial assets at amortized cost	27,893	89,799
Prepaid expense	(101,535)	(13,139)
Accumulated expenses and withholdings payable	(86,656)	108,662
Commissions charged in advance	(419,612)	43,645
Security deposits and other assets	67,649	(13)
Interest and dividends received	374,618	383,396
Income tax paid	(1,204,314)	(1,249,890)
Net cash provided by operating activities	<u>2,081,772</u>	<u>3,375,664</u>
Cash flows from investing activities		
Time deposits	57,550	(30,086)
Purchase of investment at fair value through other comprehensive income	(1,900,000)	(3,427,827)
Purchase of investment at fair value through income	-	(2,479,646)
Sales and redemptions of fair value through comprehensive income	1,993,324	3,878,459
Purchase of furniture, equipment and improvements, net	(534,444)	(339,144)
Net cash used in investing activities	<u>(383,570)</u>	<u>(2,398,244)</u>
Cash flows from financing activities		
Dividends paid and cash used in financing activities	(2,656,006)	(2,168,528)
Net cash used in financing activities	<u>(2,656,006)</u>	<u>(2,168,528)</u>
Net decrease in cash	(957,804)	(1,191,108)
Cash at the beginning of the year	2,900,090	4,091,198
Cash at the end of the year	<u>1,942,286</u>	<u>2,900,090</u>

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

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(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022

(Amounts expressed in balboas B/.)

Explanation Added for Translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for international use. These consolidated financial statements are presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Latinex Holding Inc. and subsidiaries which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the financial statements may be used.

1. General Information

Latinex Holdings, Inc. (the "Company") is a company incorporated in accordance with the laws of the Republic of Panama according to Public Deed No.15,135 of June 28, 2010. The Company owns 100% of the shares of Latinex Capital, Inc. which in turn owns 100% of the shares of Bolsa Latinoamericana de Valores, S.A. and Central Latinoamericana de Valores, S.A.

The Company together with its subsidiaries conform the Latinex Group.

Latinex Holdings, Inc. is a public company listed on the Bolsa Latinoamericana de Valores, S.A.

Bolsa Latinoamericana de Valores de Panama, S. A. is a company incorporated in accordance with the laws of the Republic of Panama. By Resolution No.CNV-349 of March 30, 1990 of the Superintendency of Securities Market, the Company was authorized to operate a stock exchange in the Republic of Panama.

The Internal Regulations of the Panama Stock Exchange, S. A. and its amendments were approved by the Superintendence of the Stock Market (SMV). The last modification was approved by the SMV through Resolution No.SMV-227-18 of May 18, 2018.

On March 23, 2021, Bolsa de Valores de Panamá, S.A. registered the change of its corporate name to Bolsa Latinoamericana de Valores, S.A.

On March 23, 2021, Latinex, Inc. registered the change of its corporate name to Latinex Capital, Inc. Latinex Capital, Inc. is a company incorporated in accordance with the laws of the Republic of Panama.

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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(Amounts expressed in balboas B/.)

1. General Information (Continued)

Central Latinoamericana de Valores, S.A. is a company incorporated in accordance with the laws of the Republic of Panama. By Resolution No. CNV-68-97 of July 23, 1997 of the Superintendency of the Securities Market, the Company was authorized to operate the business of administration, custody, clearing and settlement of securities in the Republic of Panama.

In addition, the Internal Rules of Operations of Central Latinoamericana de Valores, S. A. and its amendments were approved by the Superintendency of Securities Market (SMV, in Spanish). The last amendment was approved by the SMV by Resolution No. SMV 213-21 of May 6, 2021.

Corporate Governance

Summary of Policies

In accordance with the provisions contained in the Articles of Incorporation, the Company has been developing and adopting, continuously and voluntarily, a Corporate Governance structure in order to:

- Define the best practices that Latinex Holdings, Inc. and subsidiaries will follow with all its stakeholders (shareholders, members of the Board of Directors and Committees, customers, suppliers and creditors, strategic allies, the State, regulatory entities, media, general public, among others).
- Support the Board of Directors in the review, evaluation and permanent monitoring of the Accounting, Financial and Risk Control System of the Company.
- Follow-up to the procedures of the internal management control systems.
- Establish a clear framework for risk identification, verification and control.
- Clear provisions for the delegation of authority and responsibility.
- Establish efficient processes for decision making.
- Establish explicit guidelines for the functioning of the Board of Directors, in terms of policies for decision-making.

The Company has the following working Committees appointed by the Board of Directors:

Committees of Latinex Holdings, Inc.

Audit Committee: Its main function is to ensure the proper functioning of the internal control system and the integrity of the Company's financial information. Currently composed by at least three (3) directors of Latinex Holdings, Inc. and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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(Amounts expressed in balboas B/.)

1. General Information (Continued)

The Executive President, the VP Senior of Commercial and the Internal Auditor of the Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right to voice.

Risk Committee: Its main function is to identify, establish and implement criteria to minimize the inherent risks of the operations carried out by the Company and its subsidiaries, based on best practices and international standards. Currently composed by at least three (3) directors of Latinex Holdings, Inc. and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President, the VP Senior of Commercial, the Risk Officer and the Compliance Managers of Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right to voice.

Investments and Finance Committee: Its main function is: i) to establish the internal rules and guidelines for investment of fixed and variable income, including the maximum limits to invest, financial requirements of the companies in which Latinex Holdings, Inc. and its Subsidiaries invests; ii) ensure the effective and efficient management of funds, strategic plans and capital structure of the companies of the Latinex Group, and to carry out recommendations to its Board of Directors and deemed necessary. Currently composed by at least three (3) directors of Latinex Holdings, Inc. and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President, the VP Senior of Commercial, other Officers or Managers of Latinex Group, as well as advisers or any other guest determined by the Committee, shall be invited to participate, with the right to voice.

Corporate Governance Committee: This Committee is responsible for reviewing the operation of the structure and the compliance with good practices in order to improve the corporate governance. Currently composed by at least three (3) directors of Latinex Holdings, Inc., of which at least one (1) must meet the criterion of independence, and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

(Amounts expressed in balboas B/.)

1. General Information (Continued)

The Executive President, the VP Senior of Commercial, and other Officers or Managers of Latinex Group, as well as advisers or any other guest determined by the Committee, shall be invited to participate, with the right to voice.

Human Capital Committee: This Committee is responsible for analyzing matters related to the selection, compensation, termination, succession plan and evaluation of key executives of the Company and its subsidiaries. It is currently integrated by the President of the Board of Directors and at least two (2) directors, of which at least one (1) must meet the criterion of independence. By decision of the Board of Directors, the Committee may also be conformed by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities, as well as the necessary criterion of independence.

The person in charge of the Presidency of Latinex Holdings, Inc., the Assistant Vice President of Human Resources and Administrative Services of Latinex Group, as well as the advisors or specialists that the members of the Committee consider necessary to contract and / or invite, will all be invited to participate in this Committee. to voice, but without vote.

Sustainability and Corporate Social Responsibility (CSR) Committee: This Committee is responsible for establishing and promoting the Latinex Group's corporate sustainability strategy and policies, ensuring the proper management of environmental, social and Corporate Governance (ESG) factors, and in turn, promoting these factors for the stock market. Currently composed of at least three (3) directors. By decision of the Board of Directors, this Committee may also be made up of people who are not part of the Board of Directors but who have the experience and / or knowledge necessary to fulfill the functions and responsibilities.

The Executive Vice President, the VP Senior of Commercial, the VPA of Sustainable Development and CSR and the VPA of Human Capital and Administrative Services of Latinex Group, and the advisors or specialists that the members of the Committee consider necessary to hire and /or invite, will be invited to participate in this Committee, all with the right to speak, but without vote.

(Amounts expressed in balboas B/.)

1. General Information (Continued)

Other Committees

The Company's subsidiaries have permanent committees appointed by the Board of Directors acting on specific areas of operation. These committees are:

a) *Permanent Committees of Bolsa Latinoamericana de Valores, S. A.*

Audit Committee: Its main function is to ensure the proper functioning of the internal control system and the integrity of the financial information of Bolsa Latinoamericana de Valores, S.A. It is currently integrated by at least three (3) directors of Bolsa Latinoamericana de Valores, S.A. and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President and the Internal Auditor of Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right to voice.

Risk Committee: Its main function is to identify, establish and implement criteria to minimize the risks inherent to the operations carried out by Bolsa Latinoamericana de Valores, S.A., based on the best practices and international standards. It is currently integrated by at least three (3) directors of Bolsa Latinoamericana de Valores, S.A. and by individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President, the Risk Officer of Latinex Group and the Compliance Manager, as well as advisors or any other guest determined by the Committee, will be invited to participate with the right of voice.

Ethics and Compliance Committee: Its main function is to plan, coordinate and ensure compliance with current legislation on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as ensure that Members and Issuers of Securities comply with all Internal Rules of Bolsa Latinoamericana de Valores, S.A. It is currently integrated by at least three (3) directors of Bolsa Latinoamericana de Valores, S.A. and by individuals who are not part of the Board of Directors but have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
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(Amounts expressed in balboas B/.)

1. General Information (Continued)

The Executive President, the Compliance Manager and Internal Auditor of Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate with the right of voice.

Technology Committee: Its main function is to promote the technological development necessary for the management of the business of Central Latinoamericana de Valores, S.A., and evaluate and incorporate innovation management and digital transformation in Central Latin America de Valores, S.A. It is currently composed of at least two (2) directors of the Central Latinoamericana de Valores, S.A., who occupies the Executive Presidency of Latinex Holdings, Inc., the Technology Vice President and Computer Security Officer of the subsidiaries and specialist advisors in the field.

Other managers of the subsidiaries and other advisors or specialists that the members of the Committee consider necessary to hire and/or invite may be invited to participate in this Committee, all with the right to speak, but without vote.

b) Permanent Committees of Central Latinoamericana de Valores, S. A. - Latin Clear

Audit Committee: The main function is to ensure the proper functioning of the internal control system and the integrity of the financial information of Central Latinoamericana de Valores, S. A. It is currently integrated by at least three (3) directors of Central Latinoamericana de Valores, S. A. and by individuals who are not part of the Board of Directors but have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President and the Internal Auditor of Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right to speak.

Risk Committee: Its main function is to identify, establish and implement criteria to minimize the risks inherent to the operations carried out by Central Latinoamericana de Valores, S. A., based on best practices and international standards. It is currently integrated by at least three (3) directors of Central Latinoamericana de Valores, S. A. and by individuals who are not part of the Board of Directors but have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

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Latinex Holdings, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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(Amounts expressed in balboas B/.)

1. General Information (Continued)

The Executive President, the Risk Officer of Latinex Group and Compliance Manager, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right of voice.

Ethics and Compliance Committee: Its main function is to plan, coordinate and ensure compliance with current legislation on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as ensuring that Participants comply with all the Internal Rules of Central Latinoamericana de Valores, S. A. It is currently integrated by at least three (3) directors of Central Latinoamericana de Valores, S. A. and by individuals who are not part of the Board of Directors but have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to voice and vote.

The Executive President, the Compliance Manager and Internal Auditor of Latinex Group, as well as advisors or any other guest determined by the Committee, will be invited to participate, with the right to voice.

Technology Committee: Its main function is to promote the technological development necessary for the management of the business of Central Latinoamericana de Valores, S.A., and evaluate and incorporate innovation management and digital transformation in Central Latinoamericana de Valores, S.A. It is currently composed of at least two (2) directors of Central Latinoamericana de Valores, S.A., who occupies the Executive Presidency of Latinex Holdings, Inc., the Technology Vice President and the Computer Security Officer of the subsidiaries of Latinex Group and specialist advisors in the field.

Other managers of the subsidiaries and other advisors or specialists that the members of the Committee consider necessary to contract and / or invite, all with the right to voice, but without vote, may be invited to participate in this Committee.

Directors, Independent Directors and Executives

The Company is a partnership of public ownership, whose common shares are traded on the Bolsa Latinoamericana de Valores, S. A. To date, there are no controlling shareholders, and Directors are not directly or indirectly, either individually or jointly beneficial owners of a controlling number of shares of the Company. No director directly or indirectly is a leading provider of goods or services for the Company; however, some Directors are executives of companies with substantial relationship with the Parent Company and its subsidiaries. The executives of the subsidiaries are independent of the Directors and shareholders.

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022

(Amounts expressed in balboas B/.)

1. General Information (Continued)

At the meeting held on April 26, 2017, the Shareholders' Assembly approved the amendment to the articles of incorporation, in order to integrate, at least, two (2) Independent Directors to the Board of Directors of the Company.

In addition, the Board of Directors will be integrated by the percentage of women's participation established in the Law No.56 of July 11, 2017, who can occupy both the position of Director or Independent Director, in accordance with the bylaws of the Company.

Statutes

The Company has Statutes which regulate the operation of the different Committees, based on Corporate Governance general principles.

Code of Ethics and Conduct

The Company has adopted a Code of Ethics and Conduct to ensure that all Directors, Dignitaries, Members or guests of the Board Committees, Legal Representatives, Managers and Collaborators of the Company meet the highest standards of conduct. The Code of Ethics and Conduct governs relationships with principles of honesty, diligence and loyalty, contains specific rules for the treatment of conflict of interest and regulates prohibited behaviors, such as the use of confidential and privileged information, dishonest or unfair behaviors, bribery, corruption, among others.

Code of Corporate Governance

The Company adopted a Code of Corporate Governance that aims to define the best practices that Latinex Group will follow for all its stakeholders, in addition to what are established by the Law, the Articles of Incorporation, the Statutes of each company and any another policy that has been duly approved by the Board of Directors and that, in turn, devote rights for these. Therefore, the application, compliance and interpretation of said Code must be done in accordance with the Law, the Articles of Incorporation and the Statutes. The Code of Corporate Governance is applicable to Shareholders, Directors, Dignitaries, members of the Board Committees, Managers, Collaborators and other groups of interest of Latinex Group.

(Translation of consolidated financial statements originally issued in Spanish)
Latinex Holdings, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies

These consolidated financial statements were authorized for issuance by the Board of Directors on March 30, 2023.

Following are the most important accounting policies used by the Company in the preparation of these consolidated financial statements, which were consistently applied in the previous year.

Basis of Preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), on a historical cost basis, except for the fair value measurement of investments at fair value through other comprehensive income and investments at fair value with changes to income statement according to IFRS 9 Financial Instruments.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Also, it requires Management to exercise its judgment in the process of applying the accounting policies of the Company and its Subsidiaries. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The consolidated financial statements as of December 31, 2022 include all accounts in the consolidated financial statements of the Company and subsidiaries after the elimination of all significant transactions and balances between companies. The financial statements of the subsidiaries are prepared for the same period as the Company, using consistent accounting policies.

All balances, transactions, income and expenses, dividends and gains or losses resulting from transactions between Latinex Group companies that have been recognized as assets or liabilities, have been fully eliminated in the consolidation process. The financial statements of the subsidiaries are included in the consolidation from the date of acquisition, the date on which Latinex Group obtains control and Latinex Group will continue to include such statements until the date on which control ceases. A change in the shareholding in a subsidiary that does not result in a loss of control is recorded as an equity transaction.

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

Latinex Group consolidates a subsidiary when it has control over it. Control is achieved when Latinex Group is exposed to or has the rights to variable returns since its participation in the subsidiary and has the ability to affect those returns through its power over the subsidiary. Generally, it is presumed that there is control when you have a majority of the voting rights.

Changes in accounting policies and disclosures, new standards, amendments to standards and interpretations

The Company presents its statement of financial position in order of liquidity based on the intention and perception to recover the majority of its assets and liabilities in the corresponding lines of said financial statement.

The accounting policies adopted by the Company for the preparation of its consolidated financial statements as of December 31, 2022 are consistent with those that were used for the preparation of its consolidated financial statements as of December 31, 2021.

Some modifications and interpretations that were applied for the first time in 2022 did not have a material impact on the Company's consolidated financial statements. These modifications and new interpretations have required certain additional disclosures and, in some cases, the revision of certain accounting policies. The Company has not early adopted in any standard, interpretation or amendment that has been issued but is not yet effective.

The Company has not adopted in advance any other standard, interpretation or amendment that has been issued and has not entered into force.

The following rules, amendments and interpretations were adopted by the Company during the year 2022 and did not have a significant impact on the consolidated financial statements:

- Amendments to IFRS3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Revenue Before Intended Use
- Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 9 Financial Instruments: Fees in the "10 percent" test for derecognition of financial liabilities.

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

Future changes to accounting policies

The standards or interpretations and modifications described are only those that, in the opinion of management, may have a significant effect on the Company's disclosures, position or financial performance when applied at a future date. The Company intends to adopt these new and modified standards and interpretations, if any, when they become effective.

a) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

b) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement No.2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the International Accounting Standards Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12. So that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

Financial Assets

a) Recording

Purchases or sales of financial assets that require delivery of assets within a time frame established by a regulation or convention in the marketplace (regular-way trades) are recognized on the settlement date; that is, the date on which the transaction becomes effective.

(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

b) Classification

Financial assets are classified into the following categories: financial assets at amortized cost, investments at fair value with changes in results and investments at fair value through other comprehensive income. Management determines the classification of the assets since their initial recognition.

c) Measurement

Financial assets are subsequently measured at amortized cost and, fair value with changes in results and fair value through other comprehensive income based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if they meet the following two conditions:

- The asset is maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for the cash flows derived from solely payments of principal and interest on outstanding balance.

Investments at Fair Value Through Other Comprehensive Income

Investments are measured at fair value through other comprehensive income only if they meet the following conditions:

- The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset set specific dates for cash flows derived from solely payments of principal and interest on the outstanding balance.

Interest income on these financial assets is included in "financial income" using the effective interest method.

(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (continued)

Investments in Securities at Fair Value Through Income (FVPL)

All financial assets not classified as measured at amortized cost or at fair value with changes in other comprehensive income as described above, are measured at fair value with changes in income.

A gain or loss on an investment that is subsequently measured at fair value through income is recognized in the consolidated statement of income.

Equity Instruments at Fair Value through Other Comprehensive Income

The Company subsequently measures all equity investments at fair value. Management has chosen to present the gains or losses of fair value in equity instruments at fair value through other comprehensive income, there is no subsequent reclassification of gains or losses of fair value to results after the derecognition of the investment. Dividends received from these investments are recognized in the consolidated statement of income.

Evaluation of The Business Model

The Company realized an assessment of the objectives of the business models in which the different financial assets are maintained at the portfolio level to reflect, in the best way, the way in which the business is managed and how the information is provided to Management (strategy to collect solely payments of principal and interest or realize cash flows through the sale of assets, or considering whether the include frequency, value of sales in previous period or the expectation of future sales).

Business model whose objective is to maintain the assets to obtain the contractual cash flows

A portfolio of financial assets is managed in order to obtain cash flows through payments of principal and interest throughout the life of the instrument, even when sales of the financial assets take place or are expected to occur in the future.

Business model whose objective is to obtain contractual cash flows and the sale of financial assets

In this type of business model, there are different objectives that can be seen framed, for example, an objective to manage liquidity needs.

In comparison with the business model in which the objective is to maintain financial assets to collect cash flows through the payment of principal and interest, this business model involves more frequency and value of sales, without the need to have a frequency threshold or defined value, since the sales and collection of contractual flows are combined in a way that allows achieving the objective of the business model.

(Translation of consolidated financial statements originally issued in Spanish)

Latinex Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

Change of the Business Model

When the business model for the management of financial assets is changed, all the affected assets must be reclassified prospectively from the date of the reclassification and the previously recognized gains, losses or interests, including impairment gains or losses, will not be restated.

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

The Company considers whether the cash flows are consistent with the consideration of money over time, credit risk and other basic risks associated with the financial assets. When evaluating whether the contractual cash flows are solely payments of principal and interest, the Company considered the terms of the contracts. This included the evaluation to determine whether the financial asset contains a contractual term that could change the period or amount of the contractual cash flows in such way that it does not comply with this condition.

a) Impairment

The Company has defined that the measurement of impairment of financial assets can be done through a collective or individual evaluation according to the amount and characteristics of the portfolio.

Individual Methodology

Accounts receivable and investments from a government or quasi-government entity will be considered individually.

Collective Methodology

For instruments that are not considered individually significant, an evaluation is performed collectively, grouping portfolios of financial assets with similar characteristics and including parameters of probability of default at 12 months, probability of default throughout the life of the obligation, loss given default, and exposure to non-compliance with the inclusion of the prospective criterion.

Measurement of Expected Credit Losses

The quantification of the collectively expected credit losses is done according to the classification of the stages, the homogeneous groups defined in each type of portfolio and the level of risk of the client.

2. Summary of Significant Accounting Policies (Continued)

The segmentation of homogeneous groups is done by type of client and is presented as follows:

- Accounts receivable - issuers
- Accounts receivable - participant and stock exchange seats
- Accounts receivable - others

In order to estimate the provisions under the collective methodology, the following formula is used:

$$\text{Impairment: } \text{EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD.}$$

Where:

Exposure at Default (EAD): is the exposed value of the asset valued at amortized cost (includes the principal balance, interest and accounts receivable). In the case of products whose nature is of a rotating type and have an available quota that is capable of being used in its entirety, the estimation of the (EAD) considers the use of the risk conversion factor (RCF), in order to find a relationship regarding the use and the unused component of the instrument.

Probability of Default (PD): estimated probability of occurrence of default of the instrument.

PF (Prospective Factor): the country's most relevant economic and financial variables (CPI, GDP growth), compiled from official sources.

- **Stage 1:** it is the estimated probability of occurrence of a default in the next 12 months of the instrument's life as of the date of analysis. The Company defines its use for the healthy portfolio that does not present a significant increase in risk or any evidence of impairment. To estimate the probability of default for 12 months, the Company uses traditional techniques, modeling the behavior of the portfolio.
- **Stage 2:** is the estimated probability of occurrence of a default throughout the remaining life of an instrument, being dependent on the conditions of the specific product to be analyzed. The Company according to the standard defines its use for the portfolio with a significant increase in credit risk.
- **Stage 3:** instruments assessed by the collective and individual methodologies have an associated probability of default of 100%.

2. Summary of Significant Accounting Policies (Continued)

Loss Given Default (LGD): it is the percentage of exposure that the Company expects to lose in the event of a default in a financial instrument.

The general formulation for the calculation of the LGD is:

$$\text{LGD} = 1 - \% \text{RR}$$

Where % RR is understood as the recovery percentage and refers to the sum of the flows received from the operation discounted at the rate of the obligation at the date of analysis on the total exposure at the time of default.

After being calculated, the LGD is adjusted for a historical factor in the behavior of the Company's portfolio.

Significant Increase in Credit Risk

The Company determines whether the credit risk of a financial asset has significantly increased since its initial recognition, considering reasonable and sustainable information that is relevant and available without cost or disproportionate effort, including information and analysis of quantitative and qualitative nature based on historical experience and expert credit assessment including future information.

To establish whether an asset presents a significant increase in risk since the initial recognition, an evaluation of quantitative and qualitative factors is carried out, these factors are:

- Assets with arrears of more than 30 days.
- Assets where the client is experiencing financial difficulties.
- The Company reviews whether there are collective criteria for the migration of a group of customers to Stage 2.

Stage 2

It will include those instruments that meet the corporate definition of a significant increase in risk.

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2. Summary of Significant Accounting Policies (Continued)

Definition of Default

An asset is considered to be in default when it has any of the following characteristics:

- Arrears of more than 90 days, except for the Republic of Panama and quasi-government.
- Customer in special status of restructuring or business reorganization and insolvency law agreements.
- Customers on watch list or classified as doubtful or delayed.

Prospective Information

The Company incorporates macroeconomic scenarios in the calculation of the expected loss in order to reflect the prospective effect. The inclusion of macroeconomic conditions in the models of expected loss is made from methodologies that correlate the historical behavior of the portfolio with certain economic variables.

To make the projections, the historical information is considered for the most relevant economic and financial variables of the country (CPI, GDP growth). The information bases are compiled from official sources.

Impairment of Investments at Fair Value through Comprehensive Income

Investments are classified in stages according to the rating as follows:

- Stage 1: investments that are in compliance with their obligation of interest and principal; The Company uses the probabilities of default according to its risk rating adjusted to country risk compared to international risk ratings.
- Stage 2: investments that are at the level of speculation compliance with their interest or principal obligations; and
- Stage 3: investments that are in default on their interest or principal obligations

To estimate the impairment of the instruments, the risk rating of the issue, and the probability of default (PD) according to the external rating adjusted to the highest international risk rating registered at the local level are considered. If they do not have a risk rating, it is provisioned with the internal rating model and the probability of default developed by the Company.

$$\text{Impairment: } \text{EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD}$$

- All instruments classified in Stage 1 will be assigned a 12-month probability of default.
- All instruments classified in Stage 2 will be assigned a probability of default for the life of the instrument.
- All instruments classified in Stage 3 will be assigned a default probability of 100%.

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2. Summary of Significant Accounting Policies (Continued)

In all cases, the loss given default (LGD) is the parameter calculated in the process of impairment of the debt instruments portfolio.

Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

Property, Furniture and Equipment

Property, furniture and equipment are presented at cost less accumulated depreciation and amortization. The Nasdaq Software electronic trading system and configurations are classified as a computer equipment item. Depreciation and amortization are calculated based on a straight line over the estimated life of the asset at 10 years.

Depreciation and amortization are calculated based on a straight-line method over the estimated life of the asset as follows:

	Percentage	Useful Life
Building	6.67%	15 years
Improvements	20%	5 years
Furniture	10% to 33.33%	3 to 10 years
Equipment	10% to 33.33%	3 to 10 years
Computer equipment	10% to 33.33%	3 to 10 years

The useful life of assets is reviewed and adjusted, if appropriate, at each consolidated statement of financial position date.

Costs of non-capitalizable items are recognized as expenses and costs as they are incurred. The cost of major repairs is capitalized when it is probable that, in addition to the originally assessed, future economic benefits arising following the standard of performance for existing asset.

Gains or losses on disposals of assets are determined by comparing the net proceeds from the sale against the carrying value of the assets. Gains or losses on disposal of fixed assets are included in the results for the period.

Building, furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of an asset is written down immediately to its recoverable amount if the carrying amount of an asset is greater than the estimated recoverable value. The recoverable amount is the higher between the fair value of asset less cost to sell and its value in use.

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2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue is recognized based on the economic benefits that flow to the Company and the revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognized.

Revenues from Contracts

The Company classifies recognized revenue from contracts with customers in categories that show how the nature, the amount, the income and the cash flows are affected by economic factors. The Company also discloses information on the relationship between the disclosure of detailed income and income information disclosed for each segment.

Income is classified in the following categories:

Commissions

Commissions are recognized when the daily transactions carried out by the brokerage firm for purchase and sale of securities are executed. Custody fees and participant management services are recognized as income when accrued.

Payment Agency and International Market Transactions

Services provided by the agent of payment issuing, registration and transfer of the securities migrated in the I-link platform and the custody services are registered based on the terms and conditions of the contract.

Maintenance Fees

A monthly maintenance fee for each stock exchange is charged according to the monthly transactions they have generated. The monthly maintenance fee for each participant corresponds to their activity and the services offered for settlement and clearing.

Financial Income

Interest income is recognized over time on a proportional basis, using the effective interest method.

Management Fees

Management fees are recognized as income when earned.

Sale of Seats

The sale of seats is recognized as income at the close of the transaction.

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2. Summary of Significant Accounting Policies (Continued)

The following table breaks down the ordinary income from daily transactions and payment issuance services provided by participants and stock seats:

2022 (Amounts in Balboas)			
Commissions		All other segments	
Panama	El Salvador		Total
<u>5,418,844</u>	<u>11,768</u>	<u>2,929,034</u>	<u>8,359,646</u>
2021 (Amounts in Balboas)			
Commissions		All other segments	
Panama	El Salvador		Total
<u>5,973,772</u>	<u>15,053</u>	<u>2,984,872</u>	<u>8,973,697</u>

Dividend Distribution

Dividend distribution to shareholders of the Company is recognized as a liability in the consolidated statement of financial position in the period in which the dividends are declared by the Board of Directors of the Company.

Income Tax

Income tax is recognized in the current results of operations. Current tax refers to tax on net taxable income of the period, using the income tax rate in effect on the date of the consolidated statement of financial position.

Segment Information

A business segment is an identifiable component of the Company, responsible for providing a unique product or service, or a set of them are related and characterized by being subject to risks and returns that are different to those corresponding to other business segments within the same company. A geographical segment is an identifiable component of the Company responsible for providing products or services within a particular economic environment, which is characterized by being subject to risks and returns that are different to those corresponding to other operating components that are active in different environments. The Company through its Subsidiaries operates three business segments, operate a stock exchange; operate a business management, custody, clearing and settlement of securities; and manage the investments of the Company, which are developed in and front the Republic of Panama.

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2. Summary of Significant Accounting Policies (Continued)

Monetary Unit and Functional Currency

The consolidated financial statements are expressed in balboas (B/.), the monetary unit of the Republic of Panama, which is at par with the dollar (US\$), monetary unit of the United States of America. The dollar (US\$) circulates and is freely exchangeable in the Republic of Panama.

3. Financial Risk Management

Financial Risk Factors

The activities of the Company are exposed to a variety of financial risks: market risk (including interest rate fair value risk and interest rate cash flow risk), credit risk, liquidity risk, and capital risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(a) Interest Rate Risk

The risk of the interest rate of cash flow is the risk that future cash flows and fair value of a financial instrument will fluctuate due to changes in prevailing interest rates in the market. The Company mitigates this risk by establishing guidelines for investments made and establishing interest rate risk limits, and its exposure is periodically reviewed by the Company.

(b) Credit Risk

Credit risk is the risk that the Company will incur a loss due to its clients or counterparties failing to meet their contractual obligations. Credit risk is managed at the Company level. Credit risk originates from fixed income instruments included in fair value with changes in other comprehensive results and assets at amortized cost.

The process of selection, approval and monitoring of investments is limited to criteria and internal processes to diversify the investment portfolio and mitigate market risks and those inherent to the nature of the securities and issuers.

The responsibility for this process lies with the Investments and Finance Committee of Latinex Holdings, Inc.

The continuous monitoring of performance and market movement is done by Management reporting to the Investments and Finance Committee. The Investments and Finance Committee reports to the Board of Directors of Latinex Holdings, Inc. when changes are needed in policies and investment criteria.

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3. Financial Risk Management (Continued)

The selection criteria consider diversification by asset class, type of instrument, duration, country or region, industry, issuer and economic group. These criteria limit the positions of a given group to fixed percentages of total equity and their temporary deviations require the approval of the Investment and Finance Committee.

Likewise, the profitability and credit quality of the issuers are considered, establishing a maximum exposure per country or region of 100% for investments in the Republic of Panama, 100% for the US, 20% per country with investment grade and 10% per member country of the Association of Capital Markets of the Americas (AMERCA).

Investments as of December 31, 2022 and 2021, including time deposits by economic sector, are detailed as follows:

	2022		2021	
Financial sector	2,456,848	24%	3,467,550	32%
Non – financial sector	2,532,700	25%	1,701,876	16%
Mutual funds sector	5,204,319	50%	5,567,629	51%
Government sector	115,849	1%	120,606	1%
	<u>10,309,716</u>	<u>100%</u>	<u>10,857,661</u>	<u>100%</u>

Credit Quality Analysis

The following table presents the financial assets as of December 31, 2022 and 2021:

	Stage 1	Stage 2	Stage 3	2022	2021
Maximum exposure					
Net book value	9,399,379	231,331	-	9,630,710	10,138,358
Financial assets at amortized cost					
Group 1: Stock seats and participants	8,843	-	-	8,843	5,503
Group 2: Issuers	11,737	-	-	11,737	19,084
Group 3: Others	26,188	-	-	26,188	4,184
Government and quasi-government	434,627	-	-	434,627	470,330
Net book value	<u>481,395</u>	-	-	<u>481,395</u>	499,101

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3. Financial Risk Management (Continued)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>2022</u>	<u>2021</u>
Investments at fair value through other comprehensive income					
External International rating	1,623,662	-	-	1,623,662	407,978
External local rating	1,366,744	231,331	-	1,598,075	2,939,469
Internal rating	420,659	-	-	420,659	421,640
Interest receivable	39,600	-	-	39,600	39,146
Net book value	3,450,665	231,331	-	3,681,996	3,808,233
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>2022</u>	<u>2021</u>
Investments at fair value through income					
Internal rating	1,054,051	-	-	1,054,051	1,161,958
Local	1,652,518	-	-	1,652,518	1,782,516
International	2,760,750	-	-	2,760,750	2,886,550
Net book value	5,467,319	-	-	5,467,319	5,831,024
Total investments in securities	8,917,984	231,331	-	9,149,315	9,639,257

The following table presents the reserve for expected credit losses:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for expected credit losses				
As of December 31, 2021	4,851	812	-	5,663
Net effect of changed in the reserve for expected credit losses	(2,249)	(607)	-	(2,856)
Purchased financial instruments	588	-	-	588
Provision for expected credit losses				
As of December 31, 2022	3,190	205	-	3,395

c) *Liquidity Risk*

Liquidity risk is the risk that the Company is unable to meet all its obligations. The Company mitigates this risk by maintaining sufficient cash and highly liquid instruments.

The following table analyzes the financial assets and liabilities of the Company by maturity date. Such analysis is presented according to the contractual maturity date and are undiscounted cash flows at current value of the balance:

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3. Financial Risk Management (Continued)

	<u>Less than one year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Without Maturity</u>	<u>Total</u>
December 31, 2022					
Assets					
Cash and deposits in banks	1,942,286	-	-	-	1,942,286
Time deposits	1,200,000	-	-	-	1,200,000
Investments in securities	2,300,419	666,675	199,491	5,943,131	9,109,716
Interest receivable	46,634	-	-	-	46,634
Financial assets at amortized cost	472,151	-	-	-	472,151
Prepaid expenses	209,513	-	-	-	209,513
Prepaid income tax	80,241	-	-	-	80,241
Properties, furniture and equipment, net	76,571	442,686	1,172,184	-	1,691,441
Guarantee deposits and other assets	-	-	-	90,706	90,706
	<u>6,327,815</u>	<u>1,109,361</u>	<u>1,371,675</u>	<u>6,033,837</u>	<u>14,842,688</u>
	<u>Less than one year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Without Maturity</u>	<u>Total</u>
December 31, 2021					
Assets					
Cash and deposits in banks	2,900,090	-	-	-	2,900,090
Time deposits	1,257,550	-	-	-	1,257,550
Investments in securities	1,939,668	1,155,984	202,497	6,301,962	9,600,111
Interest receivable	39,146	-	-	-	39,146
Financial assets at amortized cost	500,044	-	-	-	500,044
Prepaid expenses	107,978	-	-	-	107,978
Prepaid income tax	22,952	-	-	-	22,952
Properties, furniture and equipment, net	21,403	435,395	1,082,832	-	1,539,630
Guarantee deposits and other assets	-	-	-	154,318	154,318
	<u>6,788,831</u>	<u>1,591,379</u>	<u>1,285,329</u>	<u>6,456,280</u>	<u>16,121,819</u>

When the Company acquires a business, it evaluates the financial assets and liabilities assumed for proper classification and designation based on the contractual agreements, economic conditions and other relevant conditions that exist at the date of acquisition as of the date of this report the Company maintains no financial liabilities.

(Amounts expressed in balboas B/.)

3. Financial Risk Management (Continued)

d) Price Risk

It is the risk that the financial instrument value fluctuates as a result of changes in market prices, regardless of whether they are caused by specific factors related to the particular instrument or its issuer, or by factors that affect all securities traded in the market. The Company is exposed to price risk derived from investments in securities measured at fair value with changes in results and with changes in other comprehensive income. The Company mitigates this risk through its Investment Policy.

Sensitivity Analysis

The Company uses forward-looking information that is available without undue cost or effort in its assessment of the significant increase in credit risk, as well as in its measurement of provisions for expected credit losses. The Company uses external and internal information to generate a base scenario for the future forecast of relevant economic variables. The external information includes economic data published by governmental entities and monetary agents.

The following table lists the macroeconomic assumptions used, under the base, optimistic and pessimistic scenarios, considering a forecast period of one year. Likewise, a sensitivity of the differential between the provision for expected losses is included based on the weighting of the different scenarios.

Scenarios	GDP Var%	Sensitivity about provision
Optimistic	-2.5%	162.36
Base	-5.0%	324.68
Pessimistic	-7.5%	487.02

(e) Capital Risk Management

The Company's objective when managing its capital is to ensure the Company's ability to continue as an ongoing business, and to maintain an optimal capital structure to reduce the capital cost. The total capital is calculated as the total equity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

(Amounts expressed in balboas B/.)

3. Financial Risk Management (Continued)

Decree Law No.1 of July 8, 1999 (Securities Law), its reforms and Article No.4 of Agreement No.7-2003 require that self-regulated entities operating in Panama have a minimum capital of two hundred and fifty thousand balboas (B/.250,000). The Company maintains a principal amount greater than its requirement and does not have a significant indebtedness other than those derived from the normal commercial line. Notwithstanding the foregoing, efforts are made to maintain a level of capital in order to defray its expenses for technological expansion and innovation.

Fair Value of Financial Instruments

The methodology of fair value of financial instruments held by the Company classified by level of fair value hierarchy is described below:

Level 1 - Quoted prices (unadjusted) on identical active markets to which the Company can access on the measurement date.

Level 2 - Prices obtained from the electronic stock market information system are used for investments that show buying and selling transactions during the period. For investments with a low level of transaction movement, the Company values the instrument on a date that has been observed a major transaction (B/.100,000) and calibrates a spread over the discount rate to obtain the value observed on that date. The Company analyzes the prospectus of the issue and lists the characteristics of the local instrument, such as cash flows and optional early redemption. The instrument is valued, using the market levels on the valuation date, and the calibrated spread on the observation date. The valuation model constructs the discount rate as follows:

- a. LIBOR is the reference rate
- b. Corporate risk is added
- c. Country risk is added
- d. Calibrated differential is added

Level 3 - This category covers all assets or liabilities for which valuation techniques include unobservable input data.

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3. Financial Risk Management (continued)

The following table presents the fair values of financial instruments held by the Company classified by level of fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Investments in securities	<u>6,055,776</u>	<u>3,050,733</u>	<u>3,207</u>	<u>9,109,716</u>
December 31, 2021				
Investments in securities	<u>6,419,360</u>	<u>3,177,544</u>	<u>3,207</u>	<u>9,600,111</u>

There were no transfers from levels 1 and 2 and no transfers in and from level 3 during 2022 and 2021.

4. Critical Judgments

Critical Judgments in Applying Accounting Policies

Critical judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of Financial Assets through Other Comprehensive Income

The Company follows the guidance of IFRS 9 to determine when a financial asset through other comprehensive is impaired. This determination requires significant judgment by the Management. In determining this judgment, the Company assesses, among other factors, the term and degree to which the fair value of an investment is less than its cost, the financial condition and short-term of the business perspective of the invested company, including factors such as the performance of the industry and sector, changes in technology and operations, and financial cash flow.

Fair Value of Financial Instruments

The fair value of investments at fair value through other comprehensive income that are not quoted in active markets is determined using valuation techniques. When valuation techniques (i.e., models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel. When possible, the models use only observable data; however, areas such as credit risk (self and counterparty), volatilities and correlations require judgment to make estimates.

Changes in assumptions on these factors could affect the reported fair value of financial instruments.

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5. Cash and Deposits in Banks

Cash and deposits in banks as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Cash on hand	1,000	1,000
Checking accounts	1,161,764	2,097,778
Saving accounts	779,522	801,312
	<u>1,942,286</u>	<u>2,900,090</u>

The fair value of cash and deposits in banks as of December 31, 2022 is similar to the carrying value, due to their short-term nature.

The Company maintains fixed term deposits for B/.1,207,035 (2021: B/.1,227,550), with interest rates between 2.75% to 3.15% (2021: 2.6% and 4.25%) and maturities until June 2023 (2021: December 2022).

6. Investments in Securities

Following is a detail of investments:

	2022	2021
Investments at fair value with changes in other comprehensive income		
<u>Debt instruments</u>		
Negotiable commercial Securities (VCN's in Spanish), with annual interest rate of 2.875% and 3.50% and various maturities until February 2023	349,424	1,232,557
Commercial paper, with interest rate of 3.54%, matures on January 24, 2023	249,977	-
U.S. Treasury Notes, with various maturities up to June 22, 2023	985,871	-
Corporate bonds issued by local companies, with annual interest between 3.85% and 7.00% and various maturities until July 2, 2029	1,465,462	1,944,986
Notes from the Republic of Panama with annual interest rates of 3.85% and 7.00% and maturities up to September 29, 2023	115,848	120,605
Interest receivable	39,599	39,146
Total investments in securities through other comprehensive income	<u>3,206,181</u>	<u>3,337,294</u>
<u>Equity instruments</u>		
Capital shares	475,812	470,938
Total investments at fair value with changes in other comprehensive income	<u>3,681,993</u>	<u>3,808,232</u>
Investments at fair value with changes in income		
Mutual investment funds	5,204,322	5,567,608
Non-cumulative preferred shares with annual dividends of 6.75% and 8.00%	263,000	263,417
Total investments at fair value with changes in income	<u>5,467,322</u>	<u>5,831,025</u>

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6. Investments in Securities (continued)

Movement of the investments at fair value through other comprehensive income is presented as follows:

	2022	2021
Balance at the beginning of the year	3,769,086	4,165,311
Purchases	1,900,000	3,427,827
Sales and redemptions	(1,993,324)	(3,878,459)
Valuation of financial assets	(33,368)	54,407
Subtotal	3,642,394	3,769,086
Interest receivable	39,599	39,146
Balance at the end of the year	3,681,993	3,808,232

As of December 31, 2022, the subsidiary Latinex, Inc. maintains a total of investments in trust in favor of its subsidiary Central Latinoamericana de Valores, S.A. for B/.3,907,775 (2021: B/.3,921,630), included in the total investments at fair value through other comprehensive income to guarantee the operations of that subsidiary.

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7. Properties, Furniture and Equipment, Net

Movement of properties, furniture and equipment is presented as follows:

2022	Building	Improvements	Furniture	Computer Equipment	Vehicle	Total
At Cost						
Balance at beginning of year	1,445,278	385,682	490,144	2,759,139	67,650	5,147,893
Additions	-	127,851	82,026	271,697	53,498	535,072
Sales and disposals	-	-	-	(629)	-	(629)
Balance at end of year	1,445,278	513,533	572,170	3,030,207	121,148	5,682,336
Accumulated depreciation and amortization						
Balance at beginning of year	1,286,633	207,118	391,272	1,657,592	65,648	3,608,263
Expense of the year	61,410	27,951	27,170	255,695	10,406	382,632
Balance at end of year	1,348,043	235,069	418,442	1,913,287	76,054	3,990,895
Net Balance	97,235	278,464	153,728	1,116,920	45,094	1,691,441

2021	Building	Improvements	Furniture	Computer Equipment	Vehicle	Total
At Cost						
Balance at beginning of year	1,445,278	322,078	475,541	2,500,202	65,650	4,808,749
Additions	-	63,604	14,611	258,949	2,000	339,164
Sales and disposals	-	-	(8)	(12)	-	(20)
Balance at end of year	1,445,278	385,682	490,144	2,759,139	67,650	5,147,893
Accumulated depreciation and amortization						
Balance at beginning of year	1,225,223	181,345	366,551	1,438,293	64,629	3,276,041
Expense of the year	61,410	25,773	24,721	219,299	1,019	332,222
Balance at end of year	1,286,633	207,118	391,272	1,657,592	65,648	3,608,263
Net Balance	158,645	178,564	98,872	1,101,547	2,002	1,539,630

8. Financial Income

Following is the detail of financial income recorded:

	2022	2021
Interests	189,363	223,397
Dividends	196,781	153,586
	386,144	376,983

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Latinex Holdings, Inc. and Subsidiaries
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(Amounts expressed in balboas B/.)

9. Other Income

Other income is detailed as follows:

	2022	2021
Sanctions	-	2,804
Compensation system	54,000	54,000
Forums	146,375	40,667
Financial information reporting	56,159	51,844
Others	19,509	35,599
	<u>276,043</u>	<u>184,914</u>

10. Personnel Expenses

Personnel expenses are detailed as follows:

	2022	2021
Salaries	1,117,988	1,094,650
Representation expenses	440,731	465,991
Profit sharing	235,500	275,500
Labor benefits	216,287	212,846
Severance and seniority premium	116,723	165,248
	<u>2,127,229</u>	<u>2,214,235</u>

As of December 31, 2022, the total number of collaborators was 50 (2020: 47).

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11. Other Administrative Expenses

Other administrative expenses are detailed as follows:

	2022	2021
Maintenance	642,957	609,108
Promotions, events and associations	120,160	92,553
Taxes and licenses	116,150	103,651
Directors' allowance	131,000	133,250
Travel and customer service	54,872	13,093
Banking services	26,352	74,353
Legal expenses	25,443	47,969
Electricity and cleaning	24,912	25,007
Donations and ESR	20,925	18,155
Others	521,102	436,123
	<u>1,683,873</u>	<u>1,553,262</u>

12. Basic Income per Share

Basic income per share measures the performance of an entity over the reporting period and is computed by dividing the net income attributable to the shareholders by the weighted average number of shares outstanding during the period.

The calculation of basic income per share is presented as follows:

	2022	2021
Net income	<u>2,071,748</u>	<u>2,835,633</u>
Weighted average number of shares	<u>14,756,375</u>	<u>14,756,375</u>
Net income per share	<u>0.1404</u>	<u>0.1922</u>

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13. Income Tax

According to the current Panamanian legislation, the Company is exempt of income tax payment derived from profits from foreign sources. Also are exempt from income tax, interest earned on time deposits in local banks, interest earned on securities of the Panamanian State and investments in securities issued through Bolsa Latinoamericana de Valores, S.A.

Income tax is as follows:

	2022	2021
Current income tax	848,574	929,226
Dividends tax	230,223	279,182
Deferred tax	<u>(87,009)</u>	<u>(2,856)</u>
	<u>991,788</u>	<u>1,205,552</u>

Income tax is calculated based on net taxable income. The reconciliation of net taxable income with income before income tax according to the consolidated financial statements is presented below:

	2022	2021
Income before income tax	3,063,536	4,041,185
Less: Exempt and/or nontaxable income	<u>(23,639)</u>	<u>(361,596)</u>
Plus: Non-deductible expenses	<u>354,400</u>	<u>37,314</u>
Net taxable income	<u>3,394,297</u>	<u>3,716,903</u>
Current income tax expense 25%	<u>848,574</u>	<u>929,226</u>

Legal entities whose taxable income exceeds one million five hundred thousand balboas per year (B /1,500,000) will pay income tax on the calculation that is greater between:

- The rate of 25% on the tax profit (traditional method).
- The net taxable income resulting from applying 4.67% to the total taxable income at the rate of 25% (Alternative Income Tax Calculation).

For the year ended December 31, 2022, the Company performed both calculations and determined income tax based on the traditional method.

According to current regulations, the income tax returns of the companies are subject to review by the tax authorities of the Republic of Panama for the last three years, including the year ended December 31, 2022.

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14. Balances and Transactions with Related Parties

Balances as of December 31, 2022 and 2021 and transactions during 2022 and 2021 with related parties are detailed as follows:

	2022	2021
Balances with related companies		
Dividends payable	<u>284,592</u>	<u>284,451</u>
	2022	2021
Key personnel transactions		
Key personnel compensation	<u>1,701,783</u>	<u>1,771,388</u>
Directors' allowance	<u>131,000</u>	<u>133,250</u>

15. Common Shares

The number of common shares issued and in treasury is summarized as follows:

	2022	2021
Outstanding Common Shares		
Type "A"	11,805,100	11,805,100
Type "B"	<u>2,951,275</u>	<u>2,951,275</u>
	<u>14,756,375</u>	<u>14,756,375</u>
Type "A"	<u>(640,820)</u>	<u>(640,820)</u>
Type "B"	<u>(160,205)</u>	<u>(160,205)</u>
	<u>(801,025)</u>	<u>(801,025)</u>

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15. Common Shares (Continued)

Following is the movement for the period:

	2022		2021	
	Number of Shares	Amount	Number of Shares	Amount
Outstanding Common Shares				
Balance at the beginning and ending of year	<u>14,756,375</u>	<u>5,716,529</u>	<u>14,756,375</u>	<u>5,716,529</u>
Treasury Shares				
Balance at the beginning and ending of year	<u>(801,025)</u>	<u>(118,459)</u>	<u>(801,025)</u>	<u>(118,459)</u>

On August 29, 2013 the Company did a 5 to 1 split and swap, giving its shareholders 4 non-voting Type "A" shares and 1 voting Type "B" share.

16. Dividends Declared

The Board of Directors at a meeting on February 23, 2022 (2021: February 25, 2021) approved a dividend payment to the shareholders, as described below:

Type of Dividend	Dividend Declared	Dividend per share	Declared Date	Payment Date
2022				
Ordinary	<u>1,770,765</u>	0.12	February 23, 2022	Quarterly
Extraordinary	<u>885,382</u>	0.06	February 23, 2022	Payable in two parts On May 30 and August 30
	<u>2,656,147</u>			
2021				
Ordinary	<u>1,475,637</u>	0.10	February 25, 2021	Quarterly
Extraordinary	<u>442,691</u>	0.03	February 25, 2021	Payable in two parts On May 28 and August 27
	<u>1,918,328</u>			

Total dividends payable as of December 31, 2022 amount to B/.284,592 (2021: B/. 284,451).

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17. Segment Information of the Subsidiaries

Following is the detailed segment information of subsidiaries:

2022	Exchange Services	Custody	Investment Holding	Eliminations	Total
Revenue from contracts					
Commissions	3,372,349	2,058,263	-	-	5,430,612
Agency of settlement and international market transactions	-	1,619,878	-	-	1,619,878
Maintenance fees	412,194	162,000	-	-	574,194
Financial income	33,532	27,974	324,638	-	386,144
Dividends received from subsidiaries	19,513	2,004	2,379,240	(2,400,757)	-
Companies registrations and issuances	206,600	-	-	-	206,600
Management fee	-	528,362	-	-	528,362
Unrealized loss on investments at fair value through income	(24,839)	-	(338,866)	-	(363,705)
Others	217,744	57,099	1,200	-	276,043
Total revenue	<u>4,237,093</u>	<u>4,455,580</u>	<u>2,366,212</u>	<u>(2,400,757)</u>	<u>8,658,128</u>
General and administrative expenses					
Personnel expenses	1,019,499	1,107,730	-	-	2,127,229
Depreciation and amortization	298,256	84,376	-	-	382,632
Insurance	116,234	147,029	-	-	263,263
Supervision fee	101,200	101,000	4,825	-	207,025
Custody and settlement, registration and transfer agency expenses	-	930,570	-	-	930,570
Other administrative expenses	1,058,519	624,053	1,301	-	1,683,873
Total general and administrative expenses	<u>2,593,708</u>	<u>2,994,758</u>	<u>6,126</u>	<u>-</u>	<u>5,594,592</u>
Income before income tax	<u>1,643,385</u>	<u>1,460,822</u>	<u>2,360,086</u>	<u>(2,400,757)</u>	<u>3,063,536</u>
Total assets	<u>2,524,785</u>	<u>2,800,304</u>	<u>19,495,889</u>	<u>(9,978,290)</u>	<u>14,842,688</u>
Total liabilities	<u>1,723,857</u>	<u>1,548,639</u>	<u>2,825</u>	<u>(2,463,670)</u>	<u>811,651</u>

Commissions are recognized for the daily transactions carried out by the stock seats, of purchasing and selling of securities. 62% (2021: 63%) of revenue corresponds to fees, and financial income represents 4% (2021: 4%).

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17. Segment Information of the Subsidiaries (Continued)

2021	Exchange Services	Custody	Investment Holding	Eliminations	Total
Revenue from contracts					
Commissions	4,059,187	1,929,638	-	-	5,988,825
Agency of settlement and international market transactions	-	1,669,925	-	-	1,669,925
Maintenance fees	321,330	162,000	-	-	483,330
Financial income	36,760	28,585	311,638	-	376,983
Dividends received from subsidiaries	14,093	1,448	2,868,904	(2,884,445)	-
Companies registrations and issuances	134,676	-	-	-	134,676
Management fee	-	696,941	-	-	696,941
Unrealized loss on investments at fair value through income	(9,482)	-	(7,298)	-	(16,780)
Others	122,080	61,441	1,393	-	184,914
Total revenue	4,678,644	4,549,978	3,174,637	(2,884,445)	9,518,814
General and administrative expenses					
Personnel expenses	1,167,498	1,046,737	-	-	2,214,235
Depreciation and amortization	257,537	74,685	-	-	332,222
Insurance	110,715	140,815	-	-	251,530
Supervision fee	101,200	101,200	4,051	-	206,451
Custody and settlement, registration and transfer agency expenses	-	919,929	-	-	919,929
Other administrative expenses	901,217	638,247	13,798	-	1,553,262
Total general and administrative expenses	2,538,167	-	17,849	-	5,477,629
Income before income tax	2,140,477	4,549,978	3,156,788	(2,884,445)	4,041,185
Total assets	3,379,382	2,744,707	20,113,488	(10,115,758)	16,121,819
Total liabilities	2,547,176	1,490,423	5,093	(2,569,677)	1,473,015

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Latinex Holdings, Inc. and Subsidiaries
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18. Assets under Management and Custody

In the normal course of its activities, Central Latinoamericana de Valores, S. A. keeps in custody financial assets of third parties on a fiduciary basis, as established in Decree Law No.1 of July 8, 1999 (Securities Law) and its reforms. As of December 31, 2022, the value of the assets held in custody amounted to:

	2022	2021
Fixed income	8,789,484,701	8,267,867,007
Government securities	6,844,145,940	7,715,296,446
Variable income	6,484,716,297	5,824,669,756
Investment funds	4,870,002,230	3,965,257,517
Promissory notes	508,863,935	481,584,309
CERPANES	15,713,383	20,526,071
Deposits in banks	9,934,835	8,482,511
	27,522,861,321	26,283,683,617

For purposes of mitigating the risks inherent to the business, the Company maintains a fidelity policy with a local insurance company.

In accordance with the provisions of the Internal Rules of Central Latinoamericana de Valores, S.A. and as part of the safeguards of the financial activities of the participants, the custody center maintains as of December 31, 2022, a combined total of cash of B/.1,194,349 (2021: B/.1,300,000) as guarantees in support of the obligations of the participants. These guarantees are duly segregated, and are handled in suspense accounts of Central Latinoamericana de Valores, S.A.

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Latinex Holdings, Inc. and Subsidiaries

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19. Contingency

With respect to the lawsuit filed by the subsidiary Bolsa Latinoamericana de Valores, S. A. to the stock seat AGB Cambios, S. A., the diligence was ruled in favor of the subsidiary Bolsa Latinoamericana de Valores, S.A. and a recovery is expected to receive eventually through the auction of the seat, ordered by the Fourteenth Circuit Judge of the Civil First Judicial Circuit of Panama. Due to the nature of the collection amount, it has not been reflected in the consolidated statement of income. The first auction was ordered by the Judge to the stock seat for August 18, 2020, which was held but no bids were received, therefore the position has not been assigned and it should be expected that the Judge will establish the next date for the second auction.

There are lawsuits filed against the Company, which the Company's Management and its legal advisors estimate that the outcome of these processes is not expected to generate an adverse effect on the Company's financial position.

20. Subsequent Events

At the Company's Board of Directors meeting held on February 27, 2023, an ordinary cash dividend was declared at the rate of B/.0.12 per share, to be distributed in four equal payments of B/.0.03 each, in March, June, September and December 2023. Likewise, an extraordinary cash dividend of B/.0.01 per share was declared, to be distributed in one payment of B/.0.01 in August 2023.

Bolsa Latinoamericana de Valores, S.A.

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Dignataries

Arturo Gerbaud
President

Roberto Brenes
Vice President

Carlos Mendoza
Treasurer

Mónica García De Paredes de Chapman
Secretary

Social Domicile

Ave. Federico Boyd and 49th Street, P.H. Bolsa de Valores Building.

Banks and Other Financial Institutions

Banco Aliado, S.A.
Banco General, S.A.
Banistmo, S.A.
Citibank, N. A.
Global Bank Corporation

Auditors

Ernst & Young



Ernst & Young Limited Corp.
Costa del Este, Avenida Centenario,
PH Dream Plaza, Piso 9
Panamá, República de Panamá

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Translation of report originally issued in Spanish
(See explanation in the notes to the financial statements)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of
Bolsa Latinoamericana de Valores, S.A.

Opinion

We have audited the financial statements of Bolsa Latinoamericana de Valores, S.A. (the Company), which comprise the statement of financial position as of December 31, 2022, and the statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Professional Code of Ethics for Authorized Public Accountants in Panama (Decree No. 26 of May 17, 1984) and with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) 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.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company 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.

(Translation of financial statements originally issued in Spanish)
 Bolsa Latinoamericana de Valores, S. A.
 Statement of Financial Position
 December 31, 2022

(Amounts expressed in Balboas)

Notes	2022	2021	
Assets			
5	Cash and deposits in banks	442,575	1,321,012
6, 14	Investments in securities	557,268	616,167
3	Financial assets at amortized cost	17,876	17,122
	Prepaid expense	138,700	43,046
13	Income tax paid in advance	38,409	-
7	Property, furniture and equipment, net	1,257,978	1,242,089
	Severance fund, net	71,899	139,866
	Guarantee deposits and other assets	80	80
	TOTAL ASSETS	2,524,785	3,379,382
Liabilities and Equity			
Liabilities			
	Accrued expenses and withholdings payable	199,269	231,411
13	Income tax payable	-	155,237
14, 15	Dividends payable	1,404,296	1,620,624
	Commissions charged in advance	120,292	539,904
	Total liabilities	1,723,857	2,547,176
16	Contingency		
Equity			
	Common shares without par value: 500 authorized issued and outstanding shares	500,000	500,000
	Valuation of investments in securities	300,928	332,206
	Undistributed earnings	-	-
	Total equity	800,928	832,206
	TOTAL LIABILITIES AND EQUITY	2,524,785	3,379,382

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

(Translation of financial statements originally issued in Spanish)
 Bolsa Latinoamericana de Valores, S. A.
 Statement of Income
 For the year ended December 31, 2022

(Amounts expressed in Balboas)

Notes	2022	2021	
Revenue from Contracts			
8	Commissions	3,372,349	4,059,187
	Maintenance fees	412,194	321,330
	Company registrations and issues	206,600	134,676
	Total revenue from contracts	3,991,143	4,515,193
9, 14	Financial income	53,045	50,853
	Unrealized (loss) gain on investments at fair value through income	(24,839)	(9,482)
10	Others	217,744	122,080
	Total revenue	4,237,093	4,678,644
General and Administrative Expenses			
11, 14	Personnel expenses	1,019,499	1,167,498
7	Depreciation and amortization	298,256	257,537
	Insurance	116,234	110,715
	Supervision fee	101,200	101,200
12	Other and administrative expenses	1,058,519	901,217
	Total general and administrative expenses	2,593,708	2,538,167
	Income before tax	1,643,385	2,140,477
13	Income tax	(400,618)	(525,123)
	Net income	1,242,767	1,615,354

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

(Translation of financial statements originally issued in Spanish)
 Bolsa Latinoamericana de Valores, S. A.
 Statement of Comprehensive Income
 December 31, 2022

(Amounts expressed in Balboas)

Note	2022	2021
Net income	1,242,767	1,615,354
Other Comprehensive Income Items:		
Items that can be subsequently reclassified to results:		
6 Net change in equity investment at fair value through other comprehensive income	(31,278)	28,172
Total other comprehensive income	1,211,489	1,643,526

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

(Translation of financial statements originally issued in Spanish)
 Bolsa Latinoamericana de Valores, S. A.
 Statement of Changes in Equity
 For the year ended December 31, 2022

(Amounts expressed in Balboas)

Notes	Common Shares	Valuation of investments in Securities	Retained Earnings	Total
Balance as of december 31, 2020	500,000	304,034	-	804,034
Comprehensive Income:				
Net income	-	-	1,615,354	1,615,354
Other comprehensive income	-	28,172	-	28,172
6 Total comprehensive income	-	28,172	1,615,354	1,643,526
Transactions with Shareholders				
15 Dividends declared	-	-	(1,615,354)	(1,615,354)
Balance as of December 31, 2021	500,000	332,206	-	832,206
Comprehensive Income:				
Net income	-	-	1,242,767	1,242,767
Other comprehensive income	-	(31,278)	-	(31,278)
6 Total comprehensive income	-	(31,278)	1,242,767	1,211,489
Transactions with Shareholders				
15 Dividends declared	-	-	(1,242,767)	(1,242,767)
Balance as of December 31, 2022	500,000	300,928	-	800,928

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

(Translation of financial statements originally issued in Spanish)
Bolsa Latinoamericana de Valores, S. A.
Statement of Cash Flows
For the year ended December 31, 2022
(Amounts expressed in Balboas)

	2022	2021
Cash flows from operating activities		
Income before income tax	1,643,385	2,140,477
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation and amortization	298,256	257,537
Financial income	(53,045)	(50,853)
Unrealized (loss) gain on investments at fair value through income	24,839	9,482
Net changes in operating assets and liabilities:		
Financial assets at amortized cost	(754)	5,551
Prepaid expenses	(95,654)	(5,277)
Accrued expenses and withholdings payable	(32,142)	29,494
Commissions charged in advance	(419,612)	43,645
Contribution to severance fund, net	69,817	(612)
Interest and dividends received	53,978	52,055
Income tax paid	(594,264)	(395,913)
Net cash provided by operating activities	894,804	2,085,586
Cash flows from investment activities		
Purchase of furniture and equipment used in investment activities, net	(314,146)	(203,324)
Cash flows from financing activities		
Dividends paid	(1,459,095)	(1,447,133)
Net cash used in financing activities	(1,459,095)	(1,447,133)
Net (decrease) increase in cash	(878,437)	435,129
Cash at the beginning of year	1,321,012	885,883
Cash at the end of year	442,575	1,321,012

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

(Translation of financial statements originally issued in Spanish)
Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
December 31, 2022
(Amounts expressed in Balboas)

Explanation Added for Translation into English

The accompanying financial statements have been translated from Spanish into English for international use. These financial statements are presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Bolsa Latinoamericana de Valores, S.A. which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the financial statements may be used.

1. General Information

Bolsa Latinoamericana de Valores de Panama, S. A. (the "Company") is a corporation incorporated in accordance with Panamanian laws according to Public Deed No.954 of March 8, 1989 and subsequent to the corporate reorganization according to Public Deed No.15125 of 28 June 2010. By Resolution CNV-349 of March 30, 1990 of the Superintendency of Stock Market, the Company was authorized to operate a stock exchange in the Republic of Panama.

The Company is 100% subsidiary of Latinex Capital, Inc., which in turn is 100% subsidiary of Latinex Holdings, Inc. (the ultimate Parent Company).

On March 23, 2021, the change of corporate name of the entity Bolsa de Valores de Panamá, S.A. to Bolsa Latinoamericana de Valores, S.A. was registered in the Public Registry of Panama.

The Internal Rules of Operations of Bolsa Latinoamericana de Valores, S.A. and its amendments were approved by the Superintendency of Securities Market (SMV, in Spanish). The last amendment was approved by the SMV by Resolution No. SMV 211-21 of May 2021.

Corporate Governance

Summary of Policies

In accordance with the provisions contained in the Articles of Incorporation, the Company has been developing and adopting, continuously and voluntary, a Corporate Governance scheme in order to:

- Define the best practices that the Company will follow for all their stakeholders (shareholders, members of the Board of Directors and Committees, customers, suppliers and creditors, strategic allies, the State, regulatory bodies, media, public in general, among others.)
- Support the Board of Directors in the examination, assessment and permanent monitoring of the accounting, financial and risk management systems of the Company.
- Follow up of the procedures of internal control management system.

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1. General Information (Continued)

- Establish a clear framework for risk identification, verification and control.
- Clear arrangements for delegating authority and responsibility.
- Establish efficient decision-making processes.
- Establish explicit guidance for the Board of Directors relating to policies for decision-making.

The Company has various working Committees appointed by the Board of Directors:

Audit Committee: Its main function is to ensure the proper functioning of the internal control system and the integrity of the financial information of the Company. It is composed by at least three (3) Directors of the Company and individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities will integrate it. All members have the right to voice and vote.

The General Manager and the Internal Auditor of the Company, as well as advisors or any other guest determined by the Committee, will be invited to participate.

Risk Committee: Its main function is to identify, establish and implement criteria to minimize the risks inherent to the operations carried out by the Company based on best practices and international standards. It is composed by at least three (3) Directors of the Company and individuals who are not part of the Board of Directors but have the experience and/or necessary knowledge to fulfill the functions and responsibilities will integrate it. All members have the right to voice and vote.

The General Manager, the Risk Officer of the Company and the Compliance Officer, as well as advisors or any other guest determined by the Committee, will be invited to participate.

Ethics and Compliance Committee: Its main function is to plan, coordinate and ensure compliance with current legislation on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as to ensure that members and securities issuers comply with all Internal Rules of the Company. It is composed of at least three (3) directors of the Company and persons who are not part of the Board of Directors, but who have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to speak and vote.

The General Manager, the Compliance Officer and the Internal Auditor of the Company, as well as advisors or any other guest determined by the Committee, will be invited to participate.

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1. General Information (Continued)

Technology Committee: Its main function is to promote the necessary technological development for the management of the Company's businesses. It is integrated by at least two (2) directors of the Company, who holds the Executive Vice Presidency of Latinex Holdings, Inc., the Technology Manager of the Latinex Group and Systems Security Officer and an advisor or specialist in the field.

Other managers of the operating companies and other advisors or specialists that the members of the Committee consider necessary to hire and/or invite, all with the right to voice, but without vote, will be invited to participate in this Committee.

Directors, Independent Directors and Executives

The Directors and Independent Directors of the Company are not directly or indirectly, individually or jointly, effective owners of a controlling number of common shares of the Parent Company. Neither a Director nor an Independent Director, directly or indirectly, is an important supplier of goods or services for the Company; however, some Directors are executives of companies with substantial relationships with the Parent Company and its Subsidiaries. The executives of the Subsidiaries are independent of the Directors and the shareholders.

At the meeting held on May 4, 2017, the Shareholders' Assembly approved the amendment to the Articles of Incorporation, in order to integrate, at least, two (2) Independent Directors to the Board of Directors of the Company.

In addition, the Board of Directors will be integrated by the percentage of women's participation established in the Law 56 of July 11, 2017, who can occupy both the position of Director or Independent Director, in accordance with the bylaws of the Company.

Statutes

The Company has Statutes, which regulate the operation of the different Committees, based on general principles of Corporate Governance.

Code of Ethics and Conduct

The Company has adopted a Code of Ethics and Conduct to ensure that all Directors, Dignitaries, Members or guests of the Board Committees, Legal Representatives, Managers and Collaborators of the Company meet the highest standards of conduct. The Code of Ethics and Conduct governs relations with principles of honesty, diligence and loyalty, contains specific rules for the treatment of conflict of interest and regulates prohibited behaviors, such as the use of confidential and privileged information, dishonest or unfair behaviors, bribery, corruption, among others.

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1. General Information (Continued)

Code of Corporate Governance

The Company adopted a Code of Corporate Governance that aims to define the best practices that Latinex Group will follow for all its stakeholders, in addition to what are established by the Law, the Articles of Incorporation, the Statutes of each company and any another policy that has been duly approved by the Board of Directors and that, in turn, devote rights for these. Therefore, the application, compliance and interpretation of said Code must be done in accordance with the Law, the Articles of Incorporation and the Statutes. The Corporate Governance Code is applicable to Shareholders, Directors, Dignitaries, members of the Board Committees, Managers, Collaborators and other groups of interest of Latinex Group.

These financial statements were approved for issue by the Board of Directors on March 30, 2023.

2. Summary of Significant Accounting Policies

Following are the most significant accounting policies used by the Company in the preparation of these financial statements, which were consistently applied in the previous year.

Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), on a historical cost basis, except for the fair value measurement of investments at fair value through other comprehensive income and investments are fair value through income, according to IFRS 9 Financial Instruments.

The preparation of the financial statements in accordance with the IFRS requires the use of certain critical accounting estimates. Also, it requires Management to use its judgment in the process of applying the Company's accounting policies. The areas that involve a high degree of judgment or complexity, or areas where the assumptions and estimates are significant for the financial statements, are disclosed in Note 4.

The Company presents its statement of financial position in order of liquidity based on the intention and perception to recover the majority of its assets and liabilities in the corresponding lines of said financial statement.

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(Amounts expressed in Balboas)

2. Summary of Significant Accounting Policies (Continued)

Changes in accounting policies and disclosures, new standards, amendments to standards and interpretations

The accounting policies adopted by the Company for the preparation of its financial statements as of December 31, 2022 are consistent with those that were used for the preparation of its financial statements as of December 31, 2021.

Some modifications and interpretations that were applied for the first time in 2022 did not have a material impact on the Company's financial statements. These modifications and new interpretations have required certain additional disclosures and, in some cases, the revision of certain accounting policies. The Company has not early adopted in any standard, interpretation or amendment that has been issued but is not yet effective.

The Company has not adopted in advance any other standard, interpretation or amendment that has been issued and has not entered into force.

The following rules, amendments and interpretations were adopted by the Company during the year 2022 and did not have a significant impact on the financial statements:

- Amendments to IFRS3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Income before Intended Use
- Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 9 Financial Instruments: Commissions in the “10 percent” test for derecognition of financial liabilities.

Future changes to accounting policies

The International Financial Reporting Standards or their interpretations and modifications issued, but not yet effective up to the date of issuance of the Company's financial statements, are described below. The standards or interpretations and modifications described are only those that, in the opinion of management, may have a significant effect on the Company's disclosures, position or financial performance when applied at a future date. The Company intends to adopt these new and modified standards and interpretations, if any, when they become effective.

a) Classification of Liabilities as Current or Non-Current - Amendments to IAS 1

In January 2020, the IASB made amendments to paragraphs 69–76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

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2. Summary of Significant Accounting Policies (Continued)

The amendments clarify:

- What is understood by the right to defer settlement.
- That there should be a right of deferral at the end of the reporting period.
- That the classification is not affected by the probability that an entity will exercise its right of deferral.
- That only if a derivative embedded in a convertible liability is itself an equity instrument, the terms of a liability would not affect its classification.

The amendments are effective for the annual reporting period beginning on or after January 1, 2023 and must be applied retrospectively.

b) Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB made amendments to IAS 8 introducing a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is permitted as long as this fact is disclosed.

c) Disclosure of Accounting Policies - Amendments to IAS 1 and Practice Paper No. 2

In February 2021, the IASB issued amendments to IAS 1 as well as Practice Statement No. 2 Making Judgments about Materiality or Materiality, in which it provides guidance and examples to help entities apply materiality judgments about accounting policy disclosures. The amendments are intended to help entities provide accounting policy disclosures that are more useful by replacing the requirement that entities disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how Entities apply the concept of materiality in making decisions about disclosures of accounting policies.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 and early application is permitted. Because the amendments to Practice Statement No. 2 provide non-mandatory guidance on applying the definition of materiality to accounting policy reporting, no effective date is required for these amendments.

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2. Summary of Significant Accounting Policies (Continued)

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

In May 2021, the International Accounting Standards Board issued amendments to IAS 12 which reduce the scope of the exception to initial recognition under IAS 12. This implies that such exception is not applicable to transactions that give rise to taxable and deductible temporary differences for equal amounts.

The amendments should apply to transactions that occur on or after the beginning of the first comparative period presented. Additionally, at the beginning of the first comparative period presented, a deferred tax asset (provided sufficient taxable profit is available) and a deferred tax liability should be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are applicable for annual periods beginning on or after January 1, 2023.

Financial Assets

a) Recording

Purchases or sales of financial assets that require delivery of assets within a time frame established by a regulation or convention in the marketplace (regular-way trades) are recognized on the settlement date; that is, the date on which the transaction becomes effective.

b) Classification

Financial assets are classified into the following categories: financial assets at amortized cost, investments at fair value through other comprehensive income. Management determines the classification of the assets since their initial recognition.

c) Measurement

Financial assets are subsequently measured at amortized cost and, fair value through other comprehensive income based on the entity’s business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if they meet the following two conditions:

- The asset is maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for the cash flows derived from solely payments of principal and interest on the outstanding balance.

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2. Summary of Significant Accounting Policies (Continued)

Investments at Fair Value through Other Comprehensive Income

Investments are measured at fair value through other comprehensive income only if they meet the following conditions:

- The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset establish specific dates for the cash flows derived from solely payments of principal and interest on outstanding balance.

Interest income on these financial assets is included in "financial income" using the effective interest method.

Financial Assets at Fair Value through Income (FVPL)

All financial assets not classified as measured at amortized cost or at fair value with changes in other comprehensive income as described above, are measured at fair value with changes in income.

A gain or loss on an investment that is subsequently measured at fair value through income is recognized in the statement of income.

Equity Instruments at Fair Value through Other Comprehensive Income

The Company subsequently measures all equity investments at fair value. Management has chosen to present the gains or losses of fair value in equity instruments at fair value through other comprehensive income, there is no subsequent reclassification of gains or losses of fair value to results after the derecognition of the investment. Dividends received from equity instruments are recognized in the statement of income.

Evaluation of The Business Model

The Company realized an assessment of the objectives of the business models in which the different financial assets are maintained at the portfolio level to reflect, in the best way, the way in which the business is managed and how the information is provided to Management (strategy to collect solely payments of principal and interest or realize cash flows through the sale of assets, or considering whether the include frequency, value of sales in previous period or the expectation of future sales).

Business model whose objective is to maintain the assets to obtain the contractual cash flows

A portfolio of financial assets is managed in order to obtain cash flows through payments of principal and interest throughout the life of the instrument, even when sales of the financial assets take place or are expected to occur in the future.

Business Model whose Objective is to obtain Contractual Cash Flows and the Sale of Financial Assets

In this type of business model there are different objectives that can be seen framed, for example, an objective to manage liquidity needs.

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2. Summary of Significant Accounting Policies (Continued)

In comparison with the business model in which the objective is to maintain financial assets to collect cash flows through the payment of principal and interest, this business model involves more frequency and value of sales, without the need to have a frequency threshold or defined value, since the sales and collection of contractual flows are combined in a way that allows achieving the objective of the business model.

Change of the Business Model

When the business model for the management of financial assets is changed, all the affected assets must be reclassified prospectively from the date of the reclassification and the previously recognized gains, losses or interests, including impairment gains or losses, will not be restated.

Assessment of whether contractual cash flows are solely payments of principal and interest – SPPI

The Company considers whether the cash flows are consistent with the consideration of money over time, credit risk and other basic risks associated with the financial assets. When evaluating whether the contractual cash flows are solely payments of principal and interest, the Company considered the terms of the contracts. This included the evaluation to determine whether the financial asset contains a contractual term that could change the period or amount of the contractual cash flows in such way that it does not comply with this condition.

a) Impairment

The Company has defined that the measurement of impairment of financial assets can be done through a collective or individual evaluation according to the amount and characteristics of the portfolio.

Individual Methodology

Those accounts receivable and investments that are from a government or quasi-government entity will be considered individually.

Collective Methodology

For instruments that are not considered individually significant, an evaluation is performed collectively, grouping portfolios of financial assets with similar characteristics and including parameters of probability of default at 12 months, probability of default throughout the life of the obligation, loss given default, and exposure to non-compliance with the inclusion of the prospective criterion.

Measurement of Expected Credit Losses

The quantification of the collectively expected credit losses is done according to: the classification of the stages, the homogeneous groups defined in each type of portfolio and the level of risk of the client.

The segmentation of homogeneous groups is done by type of client and is presented as follows:

- Accounts receivable - issuers
- Accounts receivable - participant/stock exchange seats
- Accounts receivable - others

2. Summary of Significant Accounting Policies (Continued)

In order to estimate the provisions under the collective methodology, the following formula is used:

$$\text{Impairment: EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD}$$

Where:

Exposure at Default (EAD): is the exposed value of the asset valued at amortized cost (includes the principal balance, interest and accounts receivable). In the case of products whose nature is of a rotating type and have an available quota that is capable of being used in its entirety, the estimation of the (EAD) considers the use of the risk conversion factor (RCF), in order to find a relationship regarding the use and the unused component of the instrument.

Probability of Default (PD): estimated probability of occurrence of default of the instrument.

PF (Prospective factor): the country's most relevant economic and financial variables (CPI, GDP growth), compiled from official sources.

- **Stage 1:** it is the estimated probability of occurrence of a default in the next 12 months of the instrument's life as of the date of analysis. The Company defines its use for the healthy portfolio that does not present a significant increase in risk or any evidence of impairment. To estimate the probability of default for 12 months, the Company uses traditional techniques, modeling the behavior of the portfolio.
- **Stage 2:** is the estimated probability of occurrence of a default throughout the remaining life of an instrument, being dependent on the conditions of the specific product to be analyzed. The Company according to the standard defines its use for the portfolio with a significant increase in credit risk.
- **Stage 3:** instruments assessed by the collective and individual methodologies have an associated probability of default of 100%.

Loss Given Default (LGD): it is the percentage of exposure that the Company finally expects to lose in the event of a default in a financial instrument.

The general formulation for the calculation of the LGD is:

$$\text{LGD} = 1 - \% \text{RR}$$

Where % RR is understood as the recovery percentage and refers to the sum of the flows received from the operation discounted at the rate of the obligation at the date of analysis on the total exposure at the time of default.

After being calculated, the LGD is adjusted for a historical factor in the behavior of the Company's portfolio.

2. Summary of Significant Accounting Policies (Continued)

Significant Increase in Credit Risk

The Company determines whether the credit risk of a financial asset has significantly increased since its initial recognition, considering reasonable and sustainable information that is relevant and available without cost or disproportionate effort, including information and analysis of quantitative and qualitative nature based on historical experience and expert credit assessment including future information.

To establish whether an asset presents a significant increase in risk since the initial recognition, an evaluation of quantitative and qualitative factors is carried out, these factors are:

- Assets with areas of more than 30 days
- Assets where the client is experiencing financial difficulties.
- The Company reviews whether there are collective criteria for the migration of a group of customers to Stage 2.

Stage 2

It will include those instruments that meet the corporate definition of a significant increase in risk.

Definition of Default

An asset is considered to be in default when it has any of the following characteristics:

- Arrears of more than 90 days, except for the Republic of Panama and quasi-government.
- Customer in special status of restructuring or business reorganization and insolvency law agreements.
- Customers on watch list or classified as doubtful or delayed.

Prospective Information

The Company incorporates macroeconomic scenarios in the calculation of the expected loss in order to reflect the prospective effect. The inclusion of macroeconomic conditions in the models of expected loss is made from methodologies that correlate the historical behavior of the portfolio with certain economic variables.

To make the projections, the historical information is considered for the most relevant economic and financial variables of the country (inflation, GDP growth). The information bases are compiled from official sources.

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2. Summary of Significant Accounting Policies (Continued)

Impairment of Investments at Fair Value Through Other Comprehensive Income

Investments are classified into stages according to the following classification:

- Stage 1: investments that are in default on their interest and principal obligations. The Company uses the default probabilities according to its country risk adjusted risk rating compared to international risk ratings;
- Stage 2: investments that are in speculation grade in the fulfillment of their interest or capital obligations; and
- Stage 3: investments that are in default on their interest or principal obligations.

To estimate the impairment of the instruments, the risk rating of the issue, and the probability of default (PD) according to the external rating adjusted to the highest international risk rating registered at the local level are considered. If they do not have a risk rating, it is provisioned with the internal rating model and the probability of default developed by the Company.

$$\text{Impairment: } \text{EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD}$$

- All instruments classified in Stage 1 will be assigned a 12-month probability of default.
- All instruments classified in Stage 2 will be assigned a probability of default for the life of the instrument.
- All instruments classified in Stage 3 will be assigned a default probability of 100%.

In all cases, the loss given default (LGD) is the parameter calculated in the process of impairment of the debt instruments portfolio.

Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

Property, Furniture and Equipment

Property, furniture and equipment are presented at cost less accumulated depreciation and amortization. The Nasdaq Software electronic trading system and its configurations are classified as a computer equipment item. Depreciation and amortization are calculated based on a straight line over the estimated life of the asset for 10 years.

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2. Summary of Significant Accounting Policies (Continued)

Depreciation and amortization are calculated based on a straight line over the estimated life of the asset as follows:

	Percentage	Useful life
Building	6.67%	15 years
Improvements	20%	10 years
Furniture	10% to 33.33%	3 to 10 years
Equipment	10% to 33.33%	3 to 10 years
Computer		
Equipment	10% to 33.33%	3 to 10 years

The useful life of assets is reviewed and adjusted, if appropriate, to the date of each statement of financial position.

Costs of non-capitalizable items are recognized as expenses and costs as incurred. The cost of major repairs is capitalized when it is probable that it, in addition to the originally assessed future economic benefits arising following the standard of performance for existing asset.

Gains or losses on disposal of fixed assets are determined by comparing the net proceeds from the sale against the carrying value of the assets. Gains or losses on disposal of fixed assets are included in the results for the period.

Property, furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of an asset is written-off immediately to its recoverable amount if the carrying amount of an asset is greater than the estimated recoverable value. The recoverable amount is the higher between the fair value of asset less cost to sell and its value in use.

Revenue Recognition

Revenue is recognized based on the economic benefits that flow to the Company and the revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognized.

Revenues from contracts

The Company classifies recognized revenue from contracts with customers in categories that show how the nature, the amount, the income and the cash flows are affected by economic factors. The Company also discloses information on the relationship between the disclosure of detailed income and income information disclosed for each segment.

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2. Summary of Significant Accounting Policies (Continued)

Income is classified in the following categories:

Commissions

Commissions are recognized when executing the daily transactions made by exchanges seats for the purchase and sale of securities.

Maintenance Fees

A monthly maintenance fee for each exchange seat is charged according to the monthly transactions they have generated.

Financial Income

Interest income is recognized on a time proportional basis, using the effective interest method.

Sales of Seats

The sale of seats is recognized as income when earned.

Dividend Distribution

Dividend distribution to shareholder of the Company is recognized as a liability in the financial statements in the period in which the Board of Directors of the Company approves the dividends.

Income Tax

The income tax is recognized in the current results of operations. Current tax refers to tax on the net taxable income of the period, using the income tax rate in effect at the date of the statement of financial position.

Monetary Unit and Functional Currency

The financial statements are expressed in balboas (B/.), the monetary unit of the Republic of Panama, which is at par and is freely exchangeable with the dollar (US\$) of the United States of America and it considered as the functional currency.

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3. Financial Risk Management

Financial Risk Factors

The activities of the Company are exposed to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate), credit risk, liquidity and capital risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(a) Interest Rate Risk

The risk of the interest rate of cash flow is the risk that future cash flows and fair value of a financial instrument will fluctuate due to changes in prevailing interest rates in the market. The Company mitigates this risk by establishing guidelines for investments made and establishing interest rate risk limits, and its exposure is periodically reviewed by the Market Development Department.

(b) Credit Risk

Credit risk is the risk that the Company will incur a loss due to its clients or counterparties failing to meet their contractual obligations. Credit risk is managed at the Company level. Credit risk originates from fixed income instruments included in fair value with changes in other comprehensive results and assets at amortized cost.

The process of selection, approval and monitoring of investments is limited to criteria and internal processes to diversify the investment portfolio and mitigate market risks and those inherent to the nature of the securities and issuers.

The responsibility for this process lies in the Investments and Finance Committee of Latinex Holdings, Inc.

The continuous monitoring of performance and market movement is done by Management reporting to the Investments and Finance Committee. The Investments and Finance Committee reports to the Board of Directors of Latinex Holdings Inc. when changes are needed in policies and investment criteria.

The selection criteria consider diversification by asset class, type of instrument, duration, country or region, industry, issuer and economic group. These criteria limit the positions of a certain group to fixed percentages of the total equity and their temporary deviations require the approval of the Investment and Finance Committee.

Likewise, the profitability and credit quality of the issuers are considered, allowing 100% of the portfolio to be invested in the Republic of Panama, a maximum of 20% for countries with a BBB or higher risk rating and 10% for member countries of the Association of Capital Markets of the Americas (AMERCA).

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3. Financial Risk Management (Continued)

The investments as of December 31, 2022 and 2021 by economic sector are detailed below:

	2022		2021	
Non-financial sector	379,719	68%	413,779	67%
Funds sector - private	177,549	32%	202,388	33%
	<u>557,268</u>	<u>100%</u>	<u>616,167</u>	<u>100%</u>

Credit Quality Analysis

The following table presents the financial assets and reserves for expected credit losses at December 31:

	Level 1	Level 2	Level 3	2022	2021
Investments at fair value through other comprehensive income					
Internal classification	173,750	-	-	173,750	168,330
Unrated	205,969	-	-	205,969	242,666
Interest receivable	-	-	-	-	2,783
Net book value	<u>379,719</u>	<u>-</u>	<u>-</u>	<u>379,719</u>	<u>413,779</u>
Investments at fair value through income					
External Rating					
Local	177,549	-	-	177,549	202,388
Total Investments in securities	<u>557,268</u>	<u>-</u>	<u>-</u>	<u>557,268</u>	<u>616,167</u>
Financial assets at amortized cost					
Group 1: Posts	-	-	-	-	1,000
Group 2: Issuers	2,832	-	-	2,832	6,538
Group 3: Others	14,405	-	-	14,405	3,348
Government and quasi-governement	650	-	-	650	-
Net book value	<u>17,887</u>	<u>-</u>	<u>-</u>	<u>17,887</u>	<u>10,886</u>

(Translation of financial statements originally issued in Spanish)
Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
December 31, 2022

(Amounts expressed in Balboas)

3. Financial Risk Management (Continued)

The following table presents the investments in securities and financial assets at amortized cost as of December 31, 2022 and 2021 as follows:

	Stage 1	Stage 2	Stage 3	2022	2021
Maximum exposure					
Net book value	<u>577,005</u>	<u>-</u>	<u>-</u>	<u>577,005</u>	<u>627,054</u>

The following table presents the provision for credit losses as follows:

	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as of December 31, 2021	61	-	-	61
Net effect of changes in the reserve for expected credit losses	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>
Provision for credit losses expected as of December 31, 2022	<u>94</u>	<u>-</u>	<u>-</u>	<u>94</u>
	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses as of December 31, 2020	78	-	-	78
Net effect of changes in the reserve for expected credit losses	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>
Provision for credit losses expected as of December 31, 2021	<u>61</u>	<u>-</u>	<u>-</u>	<u>61</u>

(c) **Liquidity Risk**

Liquidity risk is the risk in which the Company is unable to meet all its obligations. The Company mitigates this risk by maintaining sufficient cash and highly liquid instruments.

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Bolsa Latinoamericana de Valores, S. A.

Notes to the Financial Statements

December 31, 2022

(Amounts expressed in Balboas)

3. Financial Risk Management (Continued)

The following table analyzes the financial assets of the Company by maturity date. Such analysis is presented according to the contractual maturity date and are undiscounted cash flows at current value of the balance:

	Less than <u>1 year</u>	<u>1 to 5 years</u>	More than <u>5 years</u>	No <u>Maturity</u>	<u>Total</u>
December 31, 2022					
Assets					
Cash and deposits in banks	442,575	-	-	-	442,575
Investments in securities	-	-	-	557,268	557,268
Interest receivable	1,850	-	-	-	1,850
Financial assets at amortized cost	<u>17,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,876</u>
	<u>462,301</u>	<u>-</u>	<u>-</u>	<u>557,268</u>	<u>1,019,569</u>

	Less than <u>1 year</u>	<u>1 to 5 years</u>	More than <u>5 years</u>	No <u>Maturity</u>	<u>Total</u>
December 31, 2021					
Assets					
Cash and deposits in banks	1,321,012	-	-	-	1,321,012
Investments in securities	-	-	-	613,384	613,384
Interest receivable	<u>2,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783</u>
	<u>1,323,795</u>	<u>-</u>	<u>-</u>	<u>613,384</u>	<u>1,937,179</u>

When the Company acquires a business, it evaluates the financial assets and liabilities assumed for their proper classification and designation based on the contractual agreements, economic conditions and other pertinent conditions that exist on the acquisition date, as of the date of this report the Company does not have financial liabilities.

(d) Price Risk

It is the risk that the value of a financial instrument fluctuates as a result of changes in market prices, regardless of whether they are caused by specific factors related to the particular instrument or its issuer, or by factors that affect all securities traded in the market. The Company is exposed to price risk derived from investments in securities measured at fair value with changes in income and with changes in other comprehensive income. The Company mitigates this risk through its Investment Policy.

(Translation of financial statements originally issued in Spanish)

Bolsa Latinoamericana de Valores, S. A.

Notes to the Financial Statements

December 31, 2022

(Amounts expressed in Balboas)

3. Financial Risk Management (Continued)

(e) Capital Risk Management

Decree Law No.1 of July 8, 1999 (Securities Law), its reforms and Article No.4 of Agreement No.7-2003 require that self-regulated entities operating in Panama have a minimum capital of two hundred and fifty thousand balboas (B/.250,000). The Company maintains a principal amount greater than its requirement and does not have a significant indebtedness other than those derived from the normal commercial line.

Notwithstanding the foregoing, efforts are made to maintain a level of capital in order to defray its expenses for technological expansion and innovation.

Fair Value of Financial Instruments

The methodology of fair value of financial instruments held by the Company classified by level of fair value hierarchy is described below:

Level 1 – Quoted prices (unadjusted) on identical active markets to which the Company can access on the measurement date.

Level 2 – Prices obtained from the electronic stock market information system are used for investments that show buying and selling transactions during the period. For investments with a low level of transaction movement, the Company values the instrument on a date that has been observed a major transaction (B/.100,000) and calibrates a spread over the discount rate to obtain the value observed on that date. The Company analyzes the prospectus of the issue and lists the characteristics of the local instrument, such as cash flows and optional early redemption. The instrument is valued, using the market levels on the valuation date, and the calibrated spread on the observation date. The valuation model constructs the discount rate as follows:

- LIBOR is the reference rate
- Corporate risk is added
- Country risk is added
- Calibrated differential is added

Level 3 This category covers all assets or liabilities for which valuation techniques include unobservable input data.

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Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
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(Amounts expressed in Balboas)

3. Financial Risk Management (Continued)

The following table presents the fair values of financial instruments held by the Company classified by level fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Investments in securities	<u>554,061</u>	<u>-</u>	<u>3,207</u>	<u>557,268</u>
December 31, 2021				
Investments in securities	<u>610,177</u>	<u>-</u>	<u>3,207</u>	<u>613,384</u>

There were no transfers from levels 1 and 2 and no transfers in and from level 3 during 2022 and 2021.

4. Critical Judgments

Critical judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments in Applying Accounting Policies

Impairment of Financial Assets through Other Comprehensive Income

The Company follows the guidance of IFRS 9 to determine when a financial asset at fair value through other comprehensive is impaired. This determination requires significant judgment by the Management. In determining this judgment, the Company assesses, among other factors, the term and degree to which the fair value of an investment is less than its cost, the financial condition and short-term business perspective of the invested company, including factors such as the performance of the industry and the sector, changes in technology and operations, and financial cash flows.

Fair Value of Financial Instruments

The fair value of investments at fair value through other comprehensive income that are not quoted in active markets, is determined using valuation techniques. When valuation techniques (i.e., models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel. When possible, the models use only observable data; however, areas such as credit risk (self and counterparty), volatilities and correlations require judgment to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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December 31, 2022

(Amounts expressed in Balboas)

5. Cash and Deposits in Banks

Cash and deposits in banks are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand	500	500
Current accounts	121,874	851,568
Saving accounts	<u>320,201</u>	<u>468,944</u>
	<u>442,575</u>	<u>1,321,012</u>

The fair value of cash and demand deposits as of December 31, 2022 is similar to book value, due to its short-term nature.

6. Investments in Securities

As of December 31, 2022 and 2021, the investments in securities with changes in other comprehensive income are detailed below:

	<u>2022</u>	<u>2021</u>
Equity shares	379,719	410,997
Mutual investment funds	177,549	202,387
Interest receivable	-	2,783
Total investments in securities	<u>557,268</u>	<u>616,167</u>

The movement of investments at fair value through other comprehensive income is presented below:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	410,997	382,825
Valuation of investments in securities	(31,278)	28,172
Interest receivable	-	2,783
	<u>379,719</u>	<u>413,780</u>

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Notes to the Financial Statements
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7. Property, Furniture and Equipment, Net

Movement of property, furniture and equipment is presented as follows:

2022	Building	Improvements	Furniture	Computer Equipment	Vehicle	Total
At Cost						
Balance at beginning of year	1,242,904	152,169	300,664	2,268,015	67,650	4,031,402
Additions	-	66,613	52,028	142,635	53,498	314,774
Additions	-	-	-	(629)	-	(629)
Balance at end of year	<u>1,242,904</u>	<u>218,782</u>	<u>352,692</u>	<u>2,410,021</u>	<u>121,148</u>	<u>4,345,547</u>
Accumulated depreciation and amortization						
Balance at beginning of year	1,084,260	91,885	251,216	1,296,304	65,648	2,789,313
Expense of the year	61,410	9,264	16,704	200,472	10,406	298,256
Balance at year end	<u>1,145,670</u>	<u>101,149</u>	<u>267,920</u>	<u>1,496,776</u>	<u>76,054</u>	<u>3,087,569</u>
Net Balance	<u>97,234</u>	<u>117,633</u>	<u>84,772</u>	<u>913,245</u>	<u>45,094</u>	<u>1,257,978</u>
2021	Building	Improvements	Furniture	Computer Equipment	Vehicle	Total
At Cost						
Balance at beginning of year	1,242,904	121,348	292,729	2,105,447	65,650	3,828,078
Additions	-	30,821	7,935	162,568	2,000	203,324
Balance at end of year	<u>1,242,904</u>	<u>152,169</u>	<u>300,664</u>	<u>2,268,015</u>	<u>67,650</u>	<u>4,031,402</u>
Accumulated depreciation and amortization						
Balance at beginning of year	1,022,850	83,903	235,628	1,124,766	64,629	2,531,776
Expense of the year	61,410	7,982	15,588	171,538	1,019	257,537
Balance at year end	<u>1,084,260</u>	<u>91,885</u>	<u>251,216</u>	<u>1,296,304</u>	<u>65,648</u>	<u>2,789,313</u>
Net Balance	<u>158,644</u>	<u>60,284</u>	<u>49,448</u>	<u>971,711</u>	<u>2,002</u>	<u>1,242,089</u>

8. Information by Activity

Commissions are recognized for the daily transactions carried out by the exchange seats, purchase and sale of securities. 80% (2021:87%) of income corresponds to commissions, and financial income represents 1% ((2021: 1%))

(Translation of financial statements originally issued in Spanish)
Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
December 31, 2022
(Amounts expressed in Balboas)

9. Financial Income

Below is the detail of financial income:

	2022	2021
Interests	10,871	15,926
Dividends	<u>42,174</u>	<u>34,927</u>
	<u>53,045</u>	<u>50,853</u>

10. Other Income

Other income is detailed as follows:

	2022	2021
Forums	146,375	40,667
Financial information reports	56,159	51,844
Others	<u>15,210</u>	<u>29,569</u>
	<u>217,744</u>	<u>122,080</u>

11. Personnel Expenses

Personnel expenses are detailed as follows:

	2022	2021
Salaries	438,280	462,273
Representation expenses	234,014	260,877
Profit sharing	152,500	194,500
Labor benefits	95,586	100,960
Indemnity and seniority premium	<u>99,119</u>	<u>148,888</u>
	<u>1,019,499</u>	<u>1,167,498</u>

As of December 31, 2022, the total number of collaborators was 21 (2021: 21).

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Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
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(Amounts expressed in Balboas)

12. Other Expenses

Below is the detail of other administrative expenses:

	2022	2021
Repair and maintenance	501,610	467,362
Promotions, events and associations	83,186	60,467
Directors' allowance and professional fees	69,250	68,500
Taxes and licenses	57,249	47,650
Travel and customer service	30,351	7,179
Water, electricity and cleaning	12,089	12,154
Donations and ESR	14,700	11,750
Legal expenses	11,639	18,549
Banking services	4,072	5,079
Others	<u>274,373</u>	<u>202,527</u>
	<u>1,058,519</u>	<u>901,217</u>

13. Income Tax

The income tax is calculated based on the net taxable income. The reconciliation of income before income tax according to financial statements with the net taxable income is presented as follows:

	2022	2021
Income before income tax	1,643,385	2,140,477
Less: Exempt and/or nontaxable income	(28,206)	(41,371)
Plus: Non-deductible expenses	<u>331,846</u>	<u>3,196</u>
Net Taxable Income	<u>1,947,025</u>	<u>2,102,302</u>
Current income tax 25%	<u>486,756</u>	<u>525,576</u>
Deferred income tax	<u>(86,138)</u>	<u>(453)</u>
Income tax 25%	<u>400,618</u>	<u>525,123</u>

(Translation of financial statements originally issued in Spanish)
Bolsa Latinoamericana de Valores, S. A.
Notes to the Financial Statements
December 31, 2022
(Amounts expressed in Balboas)

13. Income Tax (Continued)

Legal entities whose taxable income exceeds one million five hundred thousand balboas per year (B/.1,500,000) will pay income tax on the calculation that is higher between:

- The 25% rate on tax profit (traditional method).
- Net taxable income resulting from applying 4.67% to total taxable income at the 25% rate (Alternative calculation of Income Tax).

For the years ended December 31, 2022, and 2021, the Company performed both calculations and determined the income tax based on the traditional method.

According to current regulations, the income tax returns of the Company are subject to review by the tax authorities for the last three (3) years, including the year ended December 31, 2022.

14. Balances and Transactions with Related Parties

Balances as of December 31, 2022 and 2021 and transactions during 2022 and 2021 with related parties are detailed as follows:

	2022	2021
Balances with Related Parties		
Investments at fair value through other comprehensive income	<u>205,969</u>	<u>242,667</u>
Dividends payable	<u>1,404,296</u>	<u>1,620,624</u>
Transactions		
Income on investments	<u>19,513</u>	<u>14,093</u>
Key personnel compensation		
Key personnel compensation	<u>815,599</u>	<u>933,999</u>
Directors' allowance	<u>69,250</u>	<u>68,500</u>

(Translation of financial statements originally issued in Spanish)

Bolsa Latinoamericana de Valores, S. A.

Notes to the Financial Statements

December 31, 2022

(Amounts expressed in Balboas)

15. Declared Dividends

The Board of Directors approved dividends payments to shareholder, as follows:

<u>Type of Dividend</u>	<u>Dividend Declared</u>	<u>Dividend Per share</u>	<u>Declaration date</u>	<u>Payment Date</u>
2022				
Ordinary	B/. 1,242,767	B/. 2,486	December 31, 2022	Biannual
2021				
Ordinary	B/. 1,615,354	B/. 3,231	December 31, 2021	Biannual

As of December 31, 2022, B/.1,404,0296 (2021: B/.1,620,624) of dividends remained payable.

16. Contingency

With respect to the lawsuit filed by the Company to AGB Cambios, S. A., and the following legal proceedings, the diligence was ruled in favor of the Company and a recovery is expected to receive eventually through the auction of the seat, ordered by the Fourteenth Circuit Judge of the Civil First Judicial Circuit of Panama. Due to the nature of the collection amount, it has not been reflected in the consolidated statement of income. The first auction was ordered by the Judge for August 18, 2020, which was held but no bids were received, therefore the position has not been assigned and it should be expected that the Judge will establish the next date for the second auction.

Central Latinoamericana de Valores, S.A.

Consolidated Financial Statements | December 31, 2022
General Information | December 31, 2022

Dignataries

Arturo Gerbaud
President

Roberto Brenes
Vice President

Carlos Mendoza
Treasurer

Mónica García De Paredes de Chapman
Secretary

Social Domicile

Ave. Federico Boyd and 49th Street, P.H. Bolsa de Valores Building.

Banks and Other Financial Institutions

BAC Internacional Bank, Inc.
Banco Davivienda (Panamá), S.A.
Banco General, S.A.
Banco Internacional de Costa Rica, S.A.
Banco La Hipotecaria, S.A.
Banco Nacional de Panamá
Citibank, N. A.
Citibank New York
Clearstream Banking, S.A.
Euroclear Bank

Auditors

Ernst & Young



Ernst & Young Limited Corp.
Costa del Este, Avenida Centenario,
PH Dream Plaza, Piso 9
Panamá, República de Panamá

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Translation of report originally issued in Spanish
(See explanation in the notes to the financial statements)

INDEPENDENT AUDITOR'S REPORT

**To the Shareholder and Board of Directors of
Central Latinoamericana de Valores, S.A.**

Opinion

We have audited the financial statements of Central Latinoamericana de Valores, S.A. (the Company), which comprise the statement of financial position as of December 31, 2022, and the statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Professional Code of Ethics for Authorized Public Accountants in Panama (Decree No. 26 of May 17, 1984) and with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) 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.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company 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.



Other legal and statutory requirements

In compliance with Law 280 of December 30, 2021, which regulates the authorized public accountant profession in the Republic of Panama, we state the following:

- That the direction and supervision, as well as the execution of the audit of the activities that the Company maintains in Panama, have been physically performed in Panamanian territory.
- The work team which participated in the audit that this report refers to is comprised by Aurora Díaz G., partner, Eduardo Sánchez, partner and Hellen Gallardo, senior manager.

Ernst & Young

Panama, Republic of Panama
March 30, 2023

Aurora Díaz G.
C.P.A. No. 2205



**(Translation of financial statements originally issued in Spanish)
Central Latinoamericana de Valores, S. A.
Statement of Financial Position
December 31, 2022**

(Amounts expressed in Balboas)

Notes	2022	2021	
Assets			
5	Cash and deposits in banks	1,153,874	1,331,913
5	Time deposits	500,302	400,000
6, 15	Investment in securities	119,057	123,689
7	Financial assets at amortized cost	462,236	489,308
	Prepaid expense	70,813	64,932
	Income tax paid in advance	41,832	22,952
8	Property, furniture and equipment, net	433,463	297,541
	Unemployment fund, net	18,047	13,692
	Guarantee deposits and other assets	680	680
	TOTAL ASSETS	2,800,304	2,744,707
Liabilities and Equity			
Liabilities			
	Accumulated expenses and withholdings payable	212,634	263,305
14	Dividends payable	1,336,005	1,227,118
	Total liabilities	1,548,639	1,490,423
18	Contingencies		
17	Equity		
	Common shares without par value: 500 shares authorized, issued and outstanding	639,223	639,223
	Valuation of investments in securities	91,423	94,042
	Complementary tax	(32,296)	(32,296)
	Retained earnings	553,315	553,315
	Total equity	1,251,665	1,254,284
	TOTAL LIABILITIES AND EQUITY	2,800,304	2,744,707

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

(Translation of financial statements originally issued in Spanish)

Central Latinoamericana de Valores, S. A.

Statement of Income

For the year ended December 31, 2022

(Amounts expressed in balboas B/.)

Notes	2022	2021
Revenue from contracts		
Commissions	2,058,263	1,929,638
Payment agency and international market transactions	1,619,878	1,669,925
Maintenance fees	162,000	162,000
Management services	528,362	696,941
Total revenue from contracts	4,368,503	4,458,504
9 Financial income	29,978	30,033
10 Others	57,099	61,441
Total revenue	4,455,580	4,549,978
General and Administrative Expenses		
11, 14 Personnel expenses	1,107,730	1,046,737
8 Depreciation and amortization	84,376	74,685
Insurance	147,029	140,815
Custody and payment, registration and transfer, agency expenses	930,570	919,929
Supervision fee	101,000	101,200
12 Other administrative expenses	624,053	638,247
Total general and administrative expenses	2,994,758	2,921,613
Income before income tax	1,460,822	1,628,365
13 Income tax	(360,947)	(401,247)
Net income	1,099,875	1,227,118

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

(Translation of financial statements originally issued in Spanish)

Central Latinoamericana de Valores, S. A.

Statement of Comprehensive Income

For the year ended December 31, 2022

(Amounts expressed in balboas B/.)

Note	2022	2021
Net income	1,099,875	1,227,118
Other Comprehensive Income Items:		
Items that cannot be subsequently reclassified to income:		
6 Net change in equity instruments at fair value through other comprehensive income	(2,619)	14,342
Total other comprehensive income	(2,619)	14,342
Total comprehensive income	1,097,256	1,241,460

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

(Translation of financial statements originally issued in Spanish)
Central Latinoamericana de Valores, S. A.
Statement of Changes in Equity
For the year ended December 31, 2022

(Amounts expressed in balboas (B/.)

Notes	Common Shares	Other comprehensive income	Complementary Tax	Retained earnings	Total
Balance as of December 31, 2020	639,223	79,700	(32,296)	553,315	1,239,942
Comprehensive Income:					
Net income	-	-	-	1,227,118	1,227,118
6 Total comprehensive income	-	14,342	-	-	14,342
Total comprehensive income	-	14,342	-	1,227,118	1,241,460
Transactions with Shareholders					
16 Dividends declared	-	-	-	(1,227,118)	(1,227,118)
Balance as of December 31, 2021	639,223	94,042	(32,296)	553,315	1,254,284
Comprehensive Income:					
Net income	-	-	-	1,099,875	1,099,875
6 Total comprehensive income	-	(2,619)	-	-	(2,619)
Total comprehensive income	-	(2,619)	-	1,099,875	1,097,256
Transactions with Shareholders					
16 Dividends declared	-	-	-	(1,099,875)	(1,099,875)
Balance as of December 31, 2022	639,223	91,423	(32,296)	553,315	1,251,665

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

(Translation financial statements originally issued in Spanish)
Central Latinoamericana de Valores, S. A.
Statement of Cash Flows
For the year ended December 31, 2022

(Amounts expressed in balboas B/.)

	2022	2021
Cash flows from operating activities		
Income before income tax	1,460,822	1,628,365
Adjustments to reconcile profit before income tax with net cash provided by operating activities:		
Depreciation and amortization	84,376	74,685
Financial income	(29,978)	(30,033)
Net changes in operating assets and liabilities:		
Financial assets at amortized cost	27,072	77,862
Prepaid expenses	(5,881)	(7,862)
Accrued expenses and withholdings payable	(50,671)	85,835
Reimbursements of severance fund, net	(2,168)	599
Interest and dividends received	29,502	30,894
Income tax paid	(379,827)	(574,795)
Net cash provided by operating activities	1,133,247	1,285,550
Cash flows from investing activities		
Time deposit	(100,000)	(12,664)
Acquisition of furniture and equipment, net	(220,298)	(135,820)
Net cash used in investing activities	(320,298)	(148,484)
Cash flows from financing activities		
Dividends paid	(990,988)	(1,297,588)
Net cash used in financing activities	(990,988)	(1,297,588)
Net decrease in cash	(178,039)	(160,522)
Cash at the beginning of the year	1,331,913	1,492,435
Cash at the end of the year	1,153,874	1,331,913

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

Explanation Added for Translation into English

The accompanying financial statements have been translated from Spanish into English for international use. These financial statements are presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Central Latinoamericana de Valores, S.A. which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the financial statements may be used.

1. General Information

Central Latinoamericana de Valores, S. A. (the "Company") is incorporated under the Laws of the Republic of Panama in accordance with the Public Deed No.1,725 of March 24, 1995 and subsequent to the legal corporate reorganization according with the Public Deed No.15,126 of September 28, 2010. By Resolution No.CNV-68-97 of July 23, 1997 of the Superintendency of Securities Market, the Company was authorized to operate a business for the administration, custody, clearing, and settlement of investments.

In addition, the Internal Rules of the Company and its amendments were approved by the Superintendency of Securities Market (SMV, in Spanish). The last amendment was approved by the SMV by Resolution No. SMV 213-21 of May 6, 2021.

The Company is 100% subsidiary of Latinex Capital, Inc., which in turn is 100% subsidiary of Latinex Holdings, Inc. (the Parent Company).

Corporate Governance

Summary of Policies

In accordance with the provisions contained in the Articles of Incorporation, the Company has been developing and adopting, continuously and voluntary, a Corporate Governance scheme in order to:

- Define the best practices that the Company will follow for all their stakeholders (shareholders, members of the Board of Directors and Committees, customers, suppliers and creditors, strategic allies, the State, regulatory bodies, media, public in general, among others.)
- Support the Board of Directors in the examination, assessment and permanent monitoring of the accounting, financial and risk management systems of the Company.
- Follow up of the procedures of internal control management system.
- Establish a clear framework for risk identification, verification and control.
- Clear arrangements for delegating authority and responsibility.
- Establish efficient decision-making processes.
- Establish explicit guidance for the Board of Directors relating to policies for decision-making.

The Company has various permanent Committees appointed by the Board of Directors:

1. General Information (Continued)

Audit Committee: Its main function is to ensure the proper functioning of the internal control system and the integrity of the financial information of the Company. It is currently composed by at least three (3) Directors of the Company and individuals who are not part of the Board of Directors but have the experience and/or knowledge necessary to fulfill the functions and responsibilities will integrate it. All members have the right to voice and vote.

The Executive President and the Internal Auditor of the Company, as well as advisors or any other guest determined by the Committee, will be invited to participate.

Risk Committee: Its main function is to identify, establish and implement criteria to minimize the risks inherent to the operations carried out by Central Latinoamericana de Valores, S. A., based on best practices and international standards. It is currently composed by at least three (3) Directors of the Company and individuals who are not part of the Board of Directors but have the experience and/or necessary knowledge to fulfill the functions and responsibilities will integrate it. All members have the right to voice and vote.

The Executive President, the Risk Officer and the Compliance Manager, as well as advisors or any other guest determined by the Committee, will be invited to participate.

Ethics and Compliance Committee: Its main function is to plan, coordinate and ensure compliance with current legislation on the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, as well as to ensure that Participants comply with all Internal Rules of the Company. It is composed of at least three (3) directors of the Company and persons who are not part of the Board of Directors, but who have the experience and / or knowledge necessary to fulfill the functions and responsibilities. All members have the right to speak and vote.

The Executive Presidente, the Compliance Manager and the Internal Auditor of the Company, as well as advisors or any other guest determined by the Committee, will be invited to participate.

Technology Committee: Its main function is to promote the necessary technological development for the management of the businesses of the Company evaluate and incorporate innovation management and digital transformation in the Company. It is currently integrated by at least two (2) directors of the Company, who holds the Executive Presidency of Latinex Holdings, Inc., the Technology Vice President and the Systems Security Officer and specialist advisors in the field.

Other managers of the subsidiaries of the Company and other advisors or specialists that the members of the Committee consider necessary to hire and/or invite, all with the right to voice, but without vote, could be invited to participate in this Committee.

1. General Information (Continued)

Directors, Independent Directors and Executives

The Company is a partnership of public ownership, whose common shares are traded on the Bolsa Latinoamericana de Valores, S. A. To date, there are no controlling shareholders, and Directors are not directly or indirectly, either individually or jointly beneficial owners of a controlling number of shares of the Company. No director directly or indirectly is a leading provider of goods or services for the Company; however, some Directors are executives of companies with substantial relationship with the Parent Company and its subsidiaries. The executives of the subsidiaries are independent of the Directors and shareholders.

At the meeting held on May 4, 2017, the Shareholders' Assembly approved the amendment to the Articles of Incorporation, in order to integrate, at least, two (2) Independent Directors to the Board of Directors of the Company.

In addition, the Board of Directors will be integrated by the percentage of women's participation established in the Law 56 of July 11, 2017, who can occupy both the position of Director or Independent Director, in accordance with the bylaws of the Company.

Statutes

The Company has statutes, which regulate the operation of the different Committees, based on general principles of Corporate Governance.

Code of Ethics and Conduct

The Company has adopted a Code of Ethics and Conduct to ensure that all Directors, Dignitaries, Members or guests of the Board Committees, Legal Representatives, Managers and Collaborators meet the highest standards of conduct. The Code of Ethics and Conduct governs relations with principles of honesty, diligence and loyalty, contains specific rules for the treatment of conflict of interests and regulates prohibited behaviors, such as the use of confidential and privileged information, dishonest or unfair behaviors, bribery, corruption, among others.

Code of Corporate Governance

The Company adopted a Code of Corporate Governance that aims to define the best practices that Latinex Group will follow for all its stakeholders, in addition to what are established by the Law, the Articles of Incorporation, the Statutes of each company and any another policy that has been duly approved by the Board of Directors and that, in turn, devote rights for these. Therefore, the application, compliance and interpretation of said Code must be done in accordance with the Law, the Articles of Incorporation and the Statutes. The Corporate Governance Code is applicable to Shareholders, Directors, Dignitaries, members of the Board Committees, Managers, Collaborators and other groups of interest of Latinex Group.

These financial statements were approved for issue by the Board of Directors on March 30, 2023.

2. Summary of Significant Accounting Policies

Following are the most significant accounting policies used by the Company in the preparation of these financial statements, which were consistently applied in the previous year.

Basis of Preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), on a historical cost basis, except for the fair value measurement of investments at fair value through other comprehensive income according to IFRS 9 Financial Instruments.

The preparation of the financial statements in accordance with the IFRS requires the use of certain critical accounting estimates. Also, it requires Management to use its judgment in the process of applying the Company's accounting policies. The areas that involve a high degree of judgment or complexity, or areas where the assumptions and estimates are significant for the financial statements, are disclosed in Note 4.

The Company presents its statement of financial position in order of liquidity based on the intention and perception to recover the majority of its assets and liabilities in the corresponding lines of said financial statement.

Changes in accounting policies and disclosures, new standards, amendments to standards and interpretations

The accounting policies adopted by the Company for the preparation of its financial statements as of December 31, 2022 are consistent with those that were used for the preparation of its financial statements as of December 31, 2021.

Some modifications and interpretations that were applied for the first time in 2022 did not have a material impact on the Company's financial statements. These modifications and new interpretations have required certain additional disclosures and, in some cases, the revision of certain accounting policies. The Company has not early adopted in any standard, interpretation or amendment that has been issued but is not yet effective.

The following rules, amendments and interpretations were adopted by the Company during the year 2022 and did not have a significant impact on the consolidated financial statements:

- Amendments to IFRS3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Revenue Before Intended Use
- Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 9 Financial Instruments: Fees in the "10 percent" test for derecognition of financial liabilities.

Future changes to accounting policies

The standards or interpretations and modifications described are only those that, in the opinion of management, may have a significant effect on the Company's disclosures, position or financial performance when applied at a future date. The Company intends to adopt these new and modified standards and interpretations, if any, when they become effective.

(Translation of financial statements originally issued in Spanish)

Central Latinoamericana de Valores, S.A.

Notes to the Financial Statements

31 de diciembre de 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

a) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

b) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement No.2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the International Accounting Standards Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12. So that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

Financial Assets

a) Recording

Purchases or sales of financial assets that require delivery of assets within a time frame established by a regulation or convention in the marketplace (regular-way trades) are recognized on the settlement date; that is, the date on which the transaction becomes effective.

b) Classification

Financial assets are classified into the following categories: financial assets at amortized cost, investments at fair value through income and investments at fair value through other comprehensive income. Management determines the classification of the assets since their initial recognition.

c) Measurement

Financial assets are subsequently measured at amortized cost and, fair value through income and fair value through other comprehensive income based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet the following two conditions:

- The asset is maintained within a business model whose objective is to maintain assets to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for the cash flows derived from solely payments of principal and interest on outstanding balance.

2. Summary of Significant Accounting Policies (Continued)

Investments at Fair Value Through Comprehensive Income

Investments are measured at fair value through other comprehensive income only if they meet the following conditions:

- The asset is maintained within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset establish specific dates for the cash flows derived from solely payments of principal and interest on the outstanding balance.

Interest income on these financial assets is included in "financial income" using the effective interest method.

Equity Instruments at Fair Value through Other Comprehensive Income

The Company subsequently measures all equity investments at fair value. Management has chosen to present the gains or losses of fair value in equity instruments at fair value through other comprehensive income, there is no subsequent reclassification of gains or losses of fair value to results after the derecognition of the investment. Dividends received from equity instruments are recognized in the statement of income.

Evaluation of The Business Model

The Company realized an assessment of the objectives of the business models in which the different financial assets are maintained at the portfolio level to reflect, in the best way, the way in which the business is managed and how the information is provided to Management (strategy to collect solely payments of principal and interest or realize cash flows through the sale of assets, or considering whether the include frequency, value of sales in previous period or the expectation of future sales).

Business model whose objective is to maintain the assets to obtain the contractual cash flows

A portfolio of financial assets is managed in order to obtain cash flows through payments of principal and interest throughout the life of the instrument, even when sales of the financial assets take place or are expected to occur in the future.

Business model whose objective is to obtain contractual cash flows and the sale of financial assets

In this type of business model, there are different objectives that can be seen framed, for example, an objective to manage liquidity needs.

In comparison with the business model in which the objective is to maintain financial assets to collect cash flows through the payment of principal and interest, this business model involves more frequency and value of sales, without the need to have a frequency threshold or defined value, since the sales and collection of contractual flows are combined in a way that allows achieving the objective of the business model.

2. Summary of Significant Accounting Policies (Continued)

Change of the Business Model

When the business model for the management of financial assets is changed, all the affected assets must be reclassified prospectively from the date of the reclassification and the previously recognized gains, losses or interests, including impairment gains or losses, will not be restated.

Assessment of whether contractual cash flows are solely payments of principal and interest – SPPI

The Company considers whether the cash flows are consistent with the consideration of money over time, credit risk and other basic risks associated with the financial assets. When evaluating whether the contractual cash flows are solely payments of principal and interest, the Company considered the terms of the contracts. This included the evaluation to determine whether the financial asset contains a contractual term that could change the period or amount of the contractual cash flows in such way that it does not comply with this condition.

a) Impairment

The Company has defined that the measurement of impairment of financial assets can be done through a collective or individual evaluation according to the amount and characteristics of the portfolio.

Individual Methodology

Accounts receivable and investments from a government or quasi-government entity will be considered individually.

Collective Methodology

For instruments that are not considered individually significant, an evaluation is performed collectively, grouping portfolios of financial assets with similar characteristics and including parameters of probability of default at 12 months, probability of default throughout the life of the obligation, loss given default, and exposure to non-compliance with the inclusion of the prospective criterion.

Measurement of Expected Credit Losses

The quantification of the collectively expected credit losses is done according to the classification of the stages, the homogeneous groups defined in each type of portfolio and the level of risk of the client.

The segmentation of homogeneous groups is done by type of client and is presented as follows:

- Accounts receivable - issuers
- Accounts receivable - participant/stock exchange seats
- Accounts receivable - others

2. Summary of Significant Accounting Policies (Continued)

In order to estimate the provisions under the collective methodology, the following formula is used:

$$\text{Impairment: EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD}$$

Where:

Exposure at Default (EAD): is the exposed value of the asset valued at amortized cost (includes the principal balance, interest and accounts receivable). In the case of products whose nature is of a rotating type and have an available quota that is capable of being used in its entirety, the estimation of the (EAD) considers the use of the risk conversion factor (RCF), in order to find a relationship regarding the use and the unused component of the instrument.

Probability of Default (PD): estimated probability of occurrence of default of the instrument.

PF (Prospective Factor): the country's most relevant economic and financial variables (CPI, GDP growth), compiled from official sources.

- **Stage 1:** it is the estimated probability of occurrence of a default in the next 12 months of the instrument's life as of the date of analysis. The Company defines its use for the healthy portfolio that does not present a significant increase in risk or any evidence of impairment. To estimate the probability of default for 12 months, the Company uses traditional techniques, modeling the behavior of the portfolio.
- **Stage 2:** is the estimated probability of occurrence of a default throughout the remaining life of an instrument, being dependent on the conditions of the specific product to be analyzed. The Company according to the standard defines its use for the portfolio with a significant increase in credit risk.
- **Stage 3:** instruments assessed by the collective and individual methodologies have an associated probability of default of 100%.

Loss Given Default (LGD): it is the percentage of exposure that the Company finally expects to lose in the event of a default in a financial instrument.

The general formulation for the calculation of the LGD is:

$$\text{LGD} = 1 - \% \text{RR}$$

Where % RR is understood as the recovery percentage and refers to the sum of the flows received from the operation discounted at the rate of the obligation at the date of analysis on the total exposure at the time of default.

After being calculated, the LGD is adjusted for a historical factor in the behavior of the Company's portfolio.

2. Summary of Significant Accounting Policies (Continued)

Significant Increase in Credit Risk

The Company determines whether the credit risk of a financial asset has significantly increased since its initial recognition, considering reasonable and sustainable information that is relevant and available without cost or disproportionate effort, including information and analysis of quantitative and qualitative nature based on historical experience and expert credit assessment including future information.

To establish whether an asset presents a significant increase in risk since the initial recognition, an evaluation of quantitative and qualitative factors is carried out, these factors are:

- Assets with arrears of more than 30 days
- Assets where the client is experiencing financial difficulties.
- The Company reviews whether there are collective criteria for the migration of a group of customers to Stage 2.

Stage 2

It will include those instruments that meet the corporate definition of a significant increase in risk.

Definition of Default

An asset is considered to be in default when it has any of the following characteristics:

- Arrears of more than 90 days, except for the Republic of Panama and quasi-government.
- Customer in special status of restructuring or business reorganization and insolvency law agreements.
- Customers on watch list or classified as doubtful or delayed.

Prospective Information

The Company incorporates macroeconomic scenarios in the calculation of the expected loss in order to reflect the prospective effect. The inclusion of macroeconomic conditions in the models of expected loss is made from methodologies that correlate the historical behavior of the portfolio with certain economic variables.

To make the projections, the historical information is considered for the most relevant economic and financial variables of the country (inflation, GDP growth). The information bases are compiled from official sources.

Impairment of Investments at Fair Value through other Comprehensive Income

Investments are classified into stages according to the classification as follows:

- Stage 1: investments that are in default on their interest and principal obligations. The Company uses the default probabilities according to its country risk adjusted risk rating compared to international risk ratings.
- Stage 2: investments that are in speculation grade in the fulfillment of their interest or capital obligations; and
- Stage 3: investments that are in default on their interest or principal obligations.

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Notes to the Financial Statements

31 de diciembre de 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

To estimate the impairment of the instruments, the risk rating of the issue, and the probability of default (PD) according to the external rating adjusted to the highest international risk rating registered at the local level are considered. If they do not have a risk rating, it is provisioned with the internal rating model and the probability of default developed by the Company.

$$\text{Impairment: EAD} \times (1 - \text{PF}) \times \text{PD} \times \text{LGD}$$

- All instruments classified in Stage 1 will be assigned a 12-month probability of default.
- All instruments classified in Stage 2 will be assigned a probability of default for the life of the instrument.
- All instruments classified in Stage 3 will be assigned a default probability of 100%.

In all cases, the loss given default (LGD) is the parameter calculated in the process of impairment of the debt instruments portfolio.

Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

Property, Furniture and Equipment

Building, furniture and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated based on a straight-line method over the estimated life of the asset as follows:

	Percentage	Estimated Useful Life
Building	6.67%	15 years
Improvements	20% to 33.33%	3 to 10 years
Furniture	10% to 33.33%	3 to 10 years
Computer equipment	10% to 33.33%	3 to 10 years

The useful life of assets is reviewed and adjusted, if appropriate, to the date of each statement of financial position.

Costs of non-capitalizable items are recognized as expenses and costs as incurred. The cost of major repairs is capitalized when it is probable that it, in addition to the originally assessed future economic benefits arising following the standard of performance for existing asset.

Gains or losses on disposal of fixed assets are determined by comparing the net proceeds from the sale against the carrying value of the assets. Gains or losses on disposal of fixed assets are included in the results for the period.

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Central Latinoamericana de Valores, S.A.

Notes to the Financial Statements

31 de diciembre de 2022

(Amounts expressed in balboas B/.)

2. Summary of Significant Accounting Policies (Continued)

Property, furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of an asset is written-off immediately to its recoverable amount if the carrying amount of an asset is greater than the estimated recoverable value. The recoverable amount is the higher between the fair value of asset less cost to sell and its value in use.

Revenue Recognition

Revenue is recognized based on the economic benefits that flow to the Company and the revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognized.

Revenues from contracts

The Company classifies recognized revenue from contracts with customers in categories that show how the nature, the amount, the income and the cash flows are affected by economic factors. The Company also discloses information on the relationship between the disclosure of detailed income and income information disclosed for each segment.

Income is classified in the following categories:

Commissions

Commissions on custody and management services to participants are recognized as revenue when earned.

Agency of settlement and international market transaction

The services provided related to the agent of settlement payment, register and transfer of the securities migrated in the I-link platform and the custody services are registered based on the terms and conditions of the contracts.

Financial income

Interest income is recognized over time on a proportional basis, using the effective interest method.

Maintenance Fees

The monthly maintenance fee to each participant corresponds to their activity and for the services rendered by the central to liquidate and compensate.

Management Fees

Management fees are recognized as income when earned.

The commitment is fulfilled throughout the term of the contract.

Dividend Distribution

Dividend distribution to shareholder of the Company is recognized as a liability in the financial statements in the period in which the Board of Directors of the Company declares the dividends.

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Central Latinoamericana de Valores, S.A.

Notes to the Financial Statements

31 de diciembre de 2022

(Amounts expressed in balboas B/.)

2. Summary of significant Accounting Policies (Continued)

Income Tax

The income tax is recognized in the current results of operations. Current tax refers to tax on the net taxable income of the period, using the income tax rate in effect at the date of the statement of financial position.

Monetary Unit and Functional Currency

The financial statements are expressed in balboas (B/.), the monetary unit of the Republic of Panama, which is at par and is freely exchangeable with the dollar (US\$) of the United States of America and it considered as the functional currency.

3. Financial Risk Management

Financial Risk Factors

The activities of the Company are exposed to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate), credit risk, liquidity and capital risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

a) Interest Rate Risk

The risk of the interest rate of cash flow is the risk that future cash flows and fair value of a financial instrument will fluctuate due to changes in prevailing interest rates in the market. The Company mitigates this risk by establishing guidelines for investments made and establishing interest rate risk limits, and its exposure is periodically reviewed by the Company.

b) Credit Risk

Credit risk is the risk that the Company will incur a loss due to its clients or counterparties failing to meet their contractual obligations. Credit risk is managed at the Company level. Credit risk originates from fixed income instruments included in fair value with changes in other comprehensive results and assets at amortized cost.

The process of selection, approval and monitoring of investments is limited to criteria and internal processes to diversify the investment portfolio and mitigate market risks and those inherent to the nature of the securities and issuers.

The responsibility for this process lies in the Investments and Finance Committee of Latinex Holdings, Inc.

The continuous monitoring of performance and market movement is done by Management reporting to the Investments and Finance Committee. The Investments and Finance Committee reports to the Board of Directors of Latinex Holdings Inc. when changes are needed in policies and investment criteria.

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Notes to the Financial Statements

31 de diciembre de 2022

(Amounts expressed in balboas B/.)

3. Financial Risk Management (Continued)

The selection criteria consider diversification by asset class, type of instrument, duration, country or region, industry, issuer and economic group. These criteria limit the positions of a certain group to fixed percentages of the total equity and their temporary deviations require the approval of the Investment and Finance Committee.

Likewise, the profitability and credit quality of the issuers are considered, establishing a maximum exposure per country or region of 100% for investments in the Republic of Panama, 100% for the US, 20% per country with investment grade and 10% per member country of the Association of Capital Markets of the Americas (AMERCA).

Investments as of December 31, 2022 and 2021, including time deposits by economic sector, are detailed as follows:

	2022	2021
Financial sector	500,000	400,000
Non financial sector	119,057	121,676
	<u>619,057</u>	<u>521,676</u>

Credit quality analysis

The following table presents the financial assets at December 31, 2022 and 2021:

	Stage 1	Stage 2	Stage 3	2022	2021
Maximum exposure					
Net book value	582,565	-	-	582,565	611,904
Financial assets at amortized cost					
Group 1: Participants	8,843	-	-	8,843	4,503
Group 2: Issuers	8,905	-	-	8,905	12,546
Grupo 3: Others	11,783	-	-	11,783	836
Government and quasi-government	433,977	-	-	433,977	470,330
Net book value	<u>463,508</u>	<u>-</u>	<u>-</u>	<u>463,508</u>	<u>488,215</u>
Investments at fair value through other comprehensive income					
Local rating	-	-	-	-	-
Internal rating	97,900	-	-	97,900	96,750
No rating	21,157	-	-	21,157	24,926
Interest receivable	-	-	-	-	2,013
Net book value	<u>119,057</u>	<u>-</u>	<u>-</u>	<u>119,057</u>	<u>123,689</u>

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31 de diciembre de 2022

(Amounts expressed in balboas B/.)

3. Financial Risk Management (Continued)

The following table presents the reserve for expected credit losses as follows:

	Stage 1	Stage 2	Stage 3	Total
Reserve for expected credit losses as of December 31, 2021	593	-	-	593
Net effect of changes in the reserve for expected credit losses	(306)	-	-	(306)
Reserve for expected credit losses as of December 31, 2022	287	-	-	287

c) Liquidity Risk

Liquidity risk is the risk in which the Company is unable to meet all its obligations. The Company mitigates this risk by maintaining sufficient cash and highly liquid instruments.

The following table analyzes the financial assets of the Company by maturity date. Such analysis is presented according to the contractual maturity date and are undiscounted cash flows at current value of the balance:

	Less than 1	More		Total
	year	1 to 5 years	than 5 years	
December 31, 2022				
Assets				
Cash and deposits in banks	1,153,874	-	-	1,153,874
Time deposit	500,000	-	-	500,000
Investments at fair value	-	-	119,057	119,057
Interest receivable	2,489	-	-	2,489
Financial assets at amortized cost	462,236	-	-	462,236
	<u>2,118,599</u>	<u>-</u>	<u>-</u>	<u>2,237,656</u>
December 31, 2021				
Assets				
Cash and deposits in banks	1,331,913	-	-	1,331,913
Time deposit	400,000	-	-	400,000
Investments at fair value	-	-	121,676	121,676
Interest receivable	2,013	-	-	2,013
Financial assets at amortized cost	489,308	-	-	489,308
	<u>2,223,234</u>	<u>-</u>	<u>121,676</u>	<u>2,344,910</u>

When the Company acquires a business, it evaluates the financial assets and liabilities assumed for proper classification and designation based on the contractual agreements, economic conditions and other relevant conditions that exist at the date of acquisition as of the date of this report the Company maintains no financial liabilities.

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3. Financial Risk Management (Continued)

d) Price risk

It is the risk that the value of a financial instrument fluctuates as a result of changes in market prices, regardless of whether they are caused by specific factors related to the particular instrument or its issuer, or by factors that affect all securities traded in the market. The Company is exposed to price risk derived from investments in securities measured at fair value with changes in income and with changes in other comprehensive income. The Company mitigates this risk through its Investment Policy.

e) Capital Risk Management

Decree Law No.1 of July 8, 1999 (Securities Law), its reforms and Article No.4 of Agreement No.7-2003 require that self-regulated entities operating in Panama have a minimum capital of two hundred and fifty thousand balboas (B/.250,000). The Company maintains a principal amount greater than its requirement and does not have a significant indebtedness other than those derived from the normal commercial line. Notwithstanding the foregoing, efforts are made to maintain a level of capital in order to defray its expenses for technological expansion and innovation.

Fair Value of Financial Instruments

The methodology of fair value of financial instruments held by the Company classified by level of fair value hierarchy is described below:

Level 1 – Quoted prices (unadjusted) on identical active markets to which the Company can access on the measurement date.

Level 2 - Prices obtained from the electronic stock market information system are used for investments that show buying and selling transactions during the period. For investments with a low level of transaction movement, the Company values the instrument on a date that has been observed a major transaction (B/.100,000) and calibrates a spread over the discount rate to obtain the value observed on that date. The Company analyzes the prospectus of the issue and lists the characteristics of the local instrument, such as cash flows and optional early redemption. The instrument is valued, using the market levels on the valuation date, and the calibrated spread on the observation date. The valuation model constructs the discount rate as follows:

- LIBOR is the reference rate
- Corporate risk is added
- Country risk is added
- Calibrated differential is added

Level 3 - This category covers all assets or liabilities for which valuation techniques include unobservable input data.

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3. Financial Risk Management (Continued)

The following table presents the fair values of financial instruments held by the Company classified by level of the fair value hierarchy:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
December 31, 2022				
Investments in securities	<u>119,057</u>	-	-	<u>119,057</u>
December 31, 2021				
Investments in securities	<u>121,676</u>	-	-	<u>121,676</u>

There were no transfers from levels 1 and 2 and no transfers in and from level 3 during 2022 and 2021.

4. Critical Judgments

Critical judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments in Applying Accounting Policies

Impairment of financial assets through other comprehensive income

The Company follows the guidance of IFRS 9 to determine when a financial asset at fair value through other comprehensive is impaired. This determination requires significant judgment by the Management. In determining this judgment, the Company assesses, among other factors, the term and degree to which the fair value of an investment is less than its cost, the financial condition and short-term business perspective of the invested company, including factors such as the performance of the industry and the sector, changes in technology and operations, and financial cash flows.

Fair value of financial instruments

The fair value of investments at fair value through other comprehensive income that are not quoted in active markets is determined using valuation techniques. When valuation techniques (i.e., models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel. When possible, the models use only observable data; however, areas such as credit risk (self and counterparty), volatilities and correlations require judgment to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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5. Cash and Deposits in Banks

Cash and deposits in banks as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Cash on hand	500	500
Current accounts	725,768	1,169,117
Saving accounts	<u>427,606</u>	<u>162,296</u>
	<u>1,153,874</u>	<u>1,331,913</u>

The fair value of cash and demand deposits is similar to the book value, due to its short-term nature.

The Company maintains time deposits for B/.500,302 (2021: B/.400,000), with an interest rate of 3.15% and maturity on March 27, 2023.

6. Investments in Securities

Following is a detail of investments at fair value through other comprehensive income:

	2022	2021
Type of Investment		
Capital shares	119,057	121,676
Interest receivable	-	2,013
	<u>119,057</u>	<u>123,689</u>

Movement of the investments at fair value through other comprehensive income is presented as follows:

	2022	2021
Balance at the beginning of year	121,676	107,334
Valuation of financial assets	<u>(2,619)</u>	<u>14,342</u>
Sub-total	119,057	121,676
Interest receivable	-	2,013
Balance at the end of the year	<u>119,057</u>	<u>123,689</u>

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7. Financial Assets at Amortized Cost

As of December 31, 2022, the Company held B/.462,236 (2021: B/.489,308) of which B/.427,687 (2021: B/.468,324) that correspond to financial assets at amortized cost, as a result of services provided to the Ministry of Economy and Finance (MEF) as Issue Agent, Agent of Payment and Registration and Transfer Agent of the migrated and registered securities on the iLink platform at Euroclear.

8. Property, Furniture and Equipment, Net

Movement of property, furniture and equipment is presented as follows:

	Building	Improvements	Furniture	Office Equipment	Total
2022					
At cost					
Balance at the beginning of year	202,374	233,513	189,480	491,124	1,116,491
Additions	-	61,238	29,998	129,062	220,298
Balance at the end of year	202,374	294,751	219,478	620,186	1,336,789
Accumulated depreciation and amortization					
Balance at the beginning of year	202,373	115,233	140,056	361,288	818,950
Depreciation for year	-	18,687	10,466	55,223	84,376
Net balance at the end of year	202,373	133,920	150,522	416,511	903,326
Net book value	1	160,831	68,956	203,675	433,463
2021					
At cost					
Balance at the beginning of year	202,374	200,730	182,812	394,755	980,671
Additions	-	32,783	6,676	96,381	135,840
Sales and write-offs	-	-	8	12	20
Balance at the end of year	202,374	233,513	189,480	491,124	1,116,491
Accumulated depreciation and amortization					
Balance at the beginning of year	202,373	97,442	130,923	313,527	744,265
Depreciation for year	-	17,791	9,133	47,761	74,685
Net balance at the end of year	202,373	115,233	140,056	361,288	818,950
Net book value	1	118,280	49,424	129,836	297,541

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9. Financial Income

Below is the detail of financial income:

	2022	2021
Interests	24,674	25,585
Dividends	5,304	4,448
	<u>29,978</u>	<u>30,033</u>

10. Other Income

Other income is detailed as follows:

	2022	2021
Sanctions	-	2,804
Compensation system	54,000	54,000
Others	3,099	4,637
	<u>57,099</u>	<u>61,441</u>

11. Personnel Expenses

Personnel expenses are detailed as follows:

	2022	2021
Salaries	679,708	632,377
Representation expenses	206,717	205,114
Profit sharing	83,000	81,000
Labor benefits	120,701	111,886
Indemnity and seniority premium	17,604	16,360
	<u>1,107,730</u>	<u>1,046,737</u>

As of December 31, 2022, the total number of collaborators was 29 (2021: 26).

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12. Other Administrative Expenses

Below is the detail of other administrative expenses:

	2022	2021
Maintenance and repairs	141,347	141,746
Directors' allowance and professional fees	61,750	64,750
Taxes and licenses	58,301	55,401
Promotions, events and associations	36,974	32,086
Travel and customer service	24,521	5,914
Banking services	21,398	20,610
Water, electricity and cleaning	12,823	12,853
Legal expenses	12,734	24,561
Donations and ESR	6,225	6,405
Others	247,980	273,921
	<u>624,053</u>	<u>638,247</u>

13. Income Tax

The income tax is calculated based on the net taxable income. The reconciliation of income before income tax according to financial statements with the net taxable income is presented as follows:

	2022	2021
Income before income tax	1,460,822	1,628,365
Less: Exempt and/or nontaxable income	(29,978)	(30,033)
Plus: Non-deductible expenses	16,429	16,269
Net Taxable Income	<u>1,447,273</u>	<u>1,614,601</u>
Current income tax 25%	361,818	403,650
Deferred income tax	(871)	(2,403)
Income tax expense 25%	<u>360,947</u>	<u>401,247</u>

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13. Income Tax (Continued)

Legal entities whose taxable income exceeds one million five hundred thousand balboas per year (B/.1,500,000) will pay income tax on the calculation that is higher between:

- The 25% rate on tax profit (Traditional Method)
- The net taxable income resulting from applying 4.67% to total taxable income at the 25% rate (Alternative Calculation of Income Tax).

According to current regulations, the income tax returns of the Company are subject to review by the tax authorities for the last three (3) years, including the year ended December 31, 2022.

14. Balances and Transactions with Related Parties

Balances as of December 31, 2022 and 2021 and transactions during 2022 and 2021 with related parties are detailed as follows:

	2022	2021
Balances with Related Companies		
Investments at fair value through other comprehensive income	<u>21,156</u>	<u>24,926</u>
Dividends payable	<u>1,336,005</u>	<u>1,227,118</u>
Transactions with related companies		
Income on investments	<u>2,004</u>	<u>1,448</u>
Key personnel compensation transactions		
Key personnel compensation	<u>886,184</u>	<u>837,390</u>
Directors' allowance	<u>61,750</u>	<u>64,750</u>

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15. Declaration of Dividends

The Board of Directors at a meeting on December 14, 2022 (2021: December 15, 2021) approved a dividend payment to the shareholders, as described below:

Type of Dividend	Dividend Declared	Dividend Per share	Declaration date	Payment Date
2022				
Ordinary	<u>1,099,875</u>	<u>2,200</u>	December 31, 2022	Annual
2021				
Ordinary	<u>1,227,118</u>	<u>2,454</u>	December 31, 2021	Annual

16. Guaranty Trust for the Company

As indicated in Note 1, the Company is controlled by Latinex Holdings, Inc. (the Parent Company).

On February 9, 2012, Latinex Capital, Inc. approved by its Board of Directors the establishment of an independent trust assets for security purposes, exclusively to support operations of Central Latinoamericana de Valores, S. A. (the "Beneficiary").

Latinex, Inc. (the "Settlor") and part the Group, is holder of financial assets and shares in companies, which are free of encumbrances and restrictions, operating professionally in the organized market of the Republic of Panama.

One of the powers of the Company as beneficiary and which translates as an obligation of the Trust is to execute the transfer of assets from the equity of the Trust to the accounts of the Beneficiary, under a simple request of the Beneficiary, to meet capital requirements or meet business needs or when they are appropriate in the ordinary course of business of the Beneficiary.

As of December 31, 2022, the Trustee held a total of trust assets in favor of the Company for B/.3,907,775 (2021: B/.3,921,630), included in the total investments at fair value through comprehensive income.

The Grantor and the Trustee entered into a Trust Agreement No.119 called "Latin Clear Trust", whose beneficiary is the Company.

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17. Assets under Management and Custody

In the normal course of business, the Company maintains under custody financial assets of third parties as fiduciary, according to Decree Law No.1 of July 8, 1999 and its amendments.

The assets held under custody and deposits in banks as of December 31, 2022 and 2021 are presented as follows:

	2022	2021
Fixed income	8,789,484,701	8,267,867,007
Government securities	6,844,145,940	7,715,296,446
Variable income	6,484,716,297	5,824,669,756
Funds	4,870,002,230	3,965,257,517
Promissory notes	508,963,935	481,584,309
CERPANES	15,713,383	20,526,071
Deposits in banks	<u>9,934,835</u>	<u>8,482,511</u>
	<u>27,522,961,321</u>	<u>26,283,683,617</u>

For purposes of mitigating the risks inherent to the business, the Company maintains a fidelity policy with a local insurance company.

In accordance with the provisions of the Internal Rules of the Company and as part of the safeguards of the financial activities of the participants, the custody center maintains as of December 31, 2022, a combined total cash of B/.1,194,349 (2021: B/.1,300,000) as guarantees in support of the obligations of the participants. Said guarantees are duly segregated and are managed in the Company's memorandum accounts.

18. Contingencies

There are lawsuits filed against the Company, on which the Administration of the Company and its legal advisors consider that the results of these processes are not expected to generate an adverse effect on the Company's financial position.

Annual Report

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