(FREE ENGLISH LANGUAGUE TRANSLATION FROM SPANISH VERSION)

Central Latinoamericana de Valores, S. A.

Report and Financial Statements
December 31, 2016

Central Latinoamericana de Valores, S. A.

General Information
December 31, 2016

Dignitaries

Felipe Chapman	President
Arturo Gerbaud	Secretary
Roberto Jimenez	Treasurer
Rogelio Rengifo	Sub - secretary
Eduardo Dominguez	Sub - treasurer

Place of Business

Federico Boyd Avenue and 49 Street, Panama Stock Exchange Building.

Lawyers

Rosas and Rosas

Banks and Other Financial Institutions

BAC International Bank, Inc.
Banco General, S. A.
Banco Internacional de Costa Rica, S. A.
Banco La Hipotecaria, S. A.
Citibank New York
Citibank, N. A.
Clearstream Banking
Euroclear Bank
Global Bank Corporation

Auditors

PricewaterhouseCoopers Panama

Central Latinoamericana de Valores, S. A.

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December 31, 2016

Free English

Independent Auditor’s Report

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Latinoamericana de Valores, S. A. (the “Company”) as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company’s financial statements comprise:

- the statement of financial position as at December 31, 2016;
- the statement of income for the year then ended:
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Panama.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the 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 International Standards on Auditing 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 the financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 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.

PricewaterhouseCoopers (Signed)

February 24, 2017
Panama, Republic of Panama

Central Latinoamericana de Valores, S. A.

Statement of Financial Position
December 31, 2016
(Stated in balboas)

	2016	2015
Assets		
Cash and deposits in banks (Note 5)	1,536,554	860,451
Time deposits (Note 6)	-	150,000
Investments available-for-sale (Notes 7 and 16)	436,896	441,825
Interests receivable	5,391	5,578
Accounts receivable (Note 8)	116,874	476,449
Prepaid expenses	37,289	26,835
Building, furniture, equipment, and improvements, net (Note 9)	118,833	150,463
Others assets	25,680	25,680
Total assets	2,277,517	2,137,281
Liabilities and Equity		
Liabilities		
Accounts payable	35,588	35,307
Income tax payable	12,594	69,471
Dividends payable (Notes 16 and 17)	800,000	800,000
Accrued expenses and withholdings payable	95,606	112,860
Total liabilities	943,788	1,017,638
Equity		
Common shares without par value; 500 authorized, issued and outstanding shares	639,223	639,223
Revaluation reserve for investments available-for-sale	182,347	187,276
Complementary tax	(41,156)	-
Retained earnings	553,315	293,144
Total equity (Note 18)	1,333,729	1,119,643
Total liabilities and equity	2,277,517	2,137,281

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

Central Latinoamericana de Valores, S. A.

Statement of Income
For the year ended December 31, 2016
(Stated in balboas)

	2016	2015
Revenue		
Commissions for custody	2,616,177	2,376,730
Agency of settlement and international market transactions	379,100	380,905
Maintenance fee from participants	148,600	151,200
Management fee	257,386	252,332
Financial income (Note 10)	32,547	103,948
Others (Note 11)	142,545	113,442
Total revenue	3,576,355	3,378,557
Expenses		
Personnel expenses (Notes 12 and 16)	691,608	615,534
Professional fees	162,180	153,764
Depreciation and amortization (Note 9)	62,488	59,683
Insurance	77,470	57,731
International custody	727,058	657,689
Taxes	59,943	66,286
Supervision and registration fee	100,000	100,000
Others (Note 13)	282,339	269,835
Total expenses	2,163,086	1,980,522
Income before income tax	1,413,269	1,398,035
Income tax (Note 14)	(353,098)	(340,514)
Net income	1,060,171	1,057,521

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

Central Latinoamericana de Valores, S. A.

Statement of Comprehensive Income
For the year ended December 31, 2016
(Stated in balboas)

	2016	2015
Net income	1,060,171	1,057,521
Other Comprehensive Income:		
Items that can be subsequently reclassified to results:		
Gain transferred to income	-	(65,190)
Net change in fair value of investments available-for-sale (Note 6)	(4,929)	(20,558)
Total other comprehensive income	1,055,242	971,773
Total comprehensive income	1,055,242	971,773

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

Central Latinoamericana de Valores, S. A.

Statement of Changes in Equity
For the year ended December 31, 2016
(Stated in balboas)

	Common Shares	Revaluation Reserve for Available-for-Sale	Complementary Tax	Retaining Earnings	Total
Balance at January 1, 2016	639,223	187,276	-	293,144	1,119,643
Comprehensive income:					
Net income	-	-	-	1,060,171	1,060,171
Net change in fair value of investments available-for-sale	-	(4,929)	-	-	(4,929)
Total comprehensive income (loss)	-	(4,929)	-	1,060,171	1,055,242
Complementary tax	-	-	(41,156)	-	(41,156)
Dividends declared (Note 17)	-	-	-	(800,000)	(800,000)
Total transactions with shareholder	-	-	(41,156)	(800,000)	(841,156)
Balance at December 31, 2016	639,223	182,347	(41,156)	553,315	1,333,729
Balance at January 1, 2015	639,223	273,024	-	860,623	1,772,870
Comprehensive income:					
Net income	-	-	-	1,057,521	1,057,521
Net change in fair value of investments available-for-sale	-	(85,748)	-	-	(85,748)
Total comprehensive income	-	(85,748)	-	1,057,521	971,773
Dividends declared (Note 17)	-	-	-	(1,625,000)	(1,625,000)
Total transactions with shareholder	-	-	-	(1,625,000)	(1,625,000)
Balance at December 31, 2015	639,223	187,276	-	293,144	1,119,643

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

Central Latinoamericana de Valores, S. A.

Statement of Cash Flows
For the Year Ended December 31, 2016
(Stated in balboas)

	2016	2015
Cash flows from operating activities		
Net income	1,413,269	1,398,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62,488	59,683
Gain on sale of shares	-	(65,190)
Interest and dividend income	(32,547)	(38,758)
Disposal of fixed assets	-	3
Net changes in operating assets and liabilities:		
Accounts receivable	359,575	(55,918)
Prepaid expenses	(10,454)	(7,600)
Accounts payable	281	(91,212)
Accrued expenses and withholdings payable	(17,254)	4,995
Interest received	32,734	38,571
Income tax paid	(409,975)	(373,488)
Net cash provided by operating activities	1,398,117	869,121
Cash flows from investing activities		
Purchases of investments available-for-sale	-	75,717
Decrease in time deposits	150,000	176,683
Adquisition of furniture and office and computer equipment	(30,858)	(36,264)
Net cash provided by investing activities	119,142	216,136
Cash flows from financing activities		
Complementary tax	(41,156)	-
Dividends paid	(800,000)	(825,000)
Net cash used in financing activities	(841,156)	(825,000)
Net increase in cash	676,103	260,257
Cash at the begining of the year	860,451	600,194
Cash at the end of the year	1,536,554	860,451

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

1. General Information

Central Latinoamericana de Valores, S. A. (the "Company") is incorporated under Panamanian Law in accordance to Public Deed No.1,725 of March 24, 1995 and subsequent to the legal reorganization according to Public Deed No.15,126 of June 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 Operations of the Company and its two amendments were approved by the Superintendency of Securities Market by Resolution No.CNV-021-01 of February 5, 2001, Resolution No.226-2004 of November 25, 2004 and Resolution No.06-06 of January 4, 2006, respectively.

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

Through Resolution No.FID008-2006, the Company has granted a trust license issued by the Superintendency of Banks of Panama, which empowers it to engage in trust business in or from the Republic of Panama. The trust business in Panama is regulated by Law No.1 of January 5, 1984 and Executive Decree No.16 of October 3, 1984.

Corporate Legal Reorganization

As a result of the corporate legal reorganization, the Company changed its capital structure to 500 shares without par value, and in 2012 returned capital to Latinex, Inc., reducing the common shares from B/.1,036,585 to B/.639,223; and establishing a Guarantee Trust whose sole beneficiary is Central Latinoamericana de Valores, S. A. (See Notes 7 and 18).

Corporate Governance

Summary of Policies

The Parent Company voluntarily adopted the Corporate Governance principles. This self-regulatory management was carried out with the purpose of ensuring the best interests of shareholders in particular and its subsidiaries in general.

1. General Information (Continued)

Corporate Governance (continued)

Summary of Policies (continued)
The objectives of Corporate Governance that were adopted from its implementation have the following purposes:

- Support the Board of Directors in the examination, assessment and monitoring of accounting and financial system of the Parent Company and its Subsidiaries.
- Continuous verification of the independence criteria of the external auditor.
- 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.
- Establishment of efficient decision-making processes.
- Establish explicit guidance to the Board of Directors to the Parent Company and its Subsidiaries, Executive Committee and Senior Management on policies for decision-making.

The responsibility for implementing the Corporate Governance principles lies with the Board of Directors and the application of the principles of financial independence control is implemented through the Audit Committee.

Executive Committee
It is composed by the dignitaries of the Board of Directors, and the General Manager of Latin Clear participates without voting rights. The committee is responsible for advising, meeting and deciding on matters that the General Manager should consider. Verifies and submits for consideration to the Board of Directors criteria, standards, administrative and financial policies, required for the proper functioning of the Company, as well as other matters delegated by the Board of Directors.

Audit Committee
It is composed of at least three members of the Board of the Parent Company or its subsidiaries, all independent of the Management. In the Committee participate, without voting rights, the General Manager, Deputy General Manager, and the Compliance Officer of the Company and the Internal Auditor of the Parent Company. The appointments of the Directors are annually reviewed. Its main function is to ensure the integrity of financial information of The Company; and ensure implementation of internal controls.

1. General Information (Continued)

Ethics and Compliance Committee

It is composed of a minimum of three (3) members of the Board of Directors of The Company and two (2) members who belong to the Boards of Directors of any other companies of the economic group, who will have voice and vote at meetings. Similarly, participate with voice, the General Managers, Compliance Officers and the Internal Auditor. Its main function is to plan, coordinate and ensure compliance with current legislation on Prevention of Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction, and to ensure that Members and Issuers comply with all Company's Internal Rules.

i-Link Committee

The i-Link Committee is composed of five members of the Board of Directors of The Company. Similarly, the General Manager of The Company is part of this committee with voice but no voting rights. It is responsible for advising the Board of Directors, in addition to establishing policies, guidelines and recommendations on marketing matters, pricing structure, and other arrangements with global custodians, issuers, Members, international financial institutions, among others. Among its objectives, The Company should maintain custody border links that comply with the standards and follow best international practices, with these global custodians.

Investments Committee

The Investments Committee is composed of at least three members of the Board of Directors of the Parent Company or its subsidiaries; all independent of the Management. In the Committee participate without voting rights, the Executive Vice-President and General Manager, Deputy General Manager of Bolsa de Valores de Panama, S. A., as well as the General Manager of the Company. Nominations are reviewed annually. It is responsible for establishing internal rules and guidelines on fixed and variable income investments, including the maximum limits to invest, financial requirements of companies in which the Company invests.

Independence of Directors and Executives

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

1. General Information (Continued)

Internal Regulations
The Company has internal regulations that govern the operation thereof, based on general Corporate Governance principles.

Code of Conduct
The Company has adopted a Code of Conduct to ensure that all Directors, Dignitaries, Executives, Employees and Representatives of the Company meet the highest standards of conduct. The Code governs relations with principles of honesty, diligence and loyalty, conflicts of interest, insider trading, administrative technical and physical controls; it contains specific rules relating to the protection of confidential information through confidentiality agreements to be signed by Directors, Dignitaries, Executives, Employees and Representatives of the Company.

Through the Compliance Officers of the Subsidiaries, dissemination and implementation of the Code is ensured through training programs and internal communication.

These financial statements were approved for issue by the Board of Directors on February 22, 2017.

2. Summary of Significant Accounting Policies

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

Basis of Preparation
The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) under the historical cost convention, modified by the revaluation of investments available-for-sale.

The preparation of the 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. 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 3.

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)

New Standards and Amendments Adopted by the Company
There are no standards and amendments adopted for the first time for the year beginning on January 1, 2016 that have had a material impact on the financial statements of the Company.

New Standards and Amendments not yet Adopted by the Company
New standards and amendments to accounting standards have been published but are not mandatory for the year ended December 31, 2016, and have not been early adopted by the Company. The assessment of the impact of these new standards is presented as follows:

- IFRS 9 - Financial Instruments. The IFRS 9 refers to the classification, recognition, measurement and discard of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made additional changes in the rules of classification and measurement, and also introduced a new model of impairment. These latest amendments now complete the new standard for financial instruments. Company is in the process of assessing the full impact of IFRS 9. This standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted.

- IFRS 15 - Revenue from Contracts with Customers. The IASB issued a new standard for revenue recognition. This standard will replace IAS 18, which covers contracts for goods and services and covering IAS 11 construction contracts. The new standard is based on the principle that revenue is recognized when control of the good or service is transferred to a customer, so the concept of control replaces the existing concept of risks and benefits. The Standard allows for adopting a modified retrospective approach. Under this approach, entities will recognize transitional adjustments in retained earnings at the date of the initial application without restating the comparative period. The new rules will be needed to apply only to contracts that have not been completed on the date of the initial application. Management is assessing the impact of the new standard now and cannot estimate the impact of adopting the standard on the financial statements. This standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted.

There are no other standards and amendments issued that are not yet effective that could have a material impact on the Company.

2. Summary of Significant Accounting Policies (Continued)

Financial Assets

Financial assets are classified into the following categories: financial assets available-for-sale and accounts receivable. Management determines the classification of assets since initial recognition.

Accounts Receivable

Accounts receivable are initially recognized at fair value and subsequently at amortized cost, less any provision for impairment or bad debt. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all past due balances according to the original terms. The Company considers as indicators of impairment of accounts receivable the following: significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or others financial reorganization, and default or delinquency in payments. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. When a receivable is uncollectible, it is written off against the allowance account. The subsequent recovery of amounts previously written down and credited to the allowance account and then if it is determined that there is an excess, this will be reversed affecting the results.

Investments Available-for-Sale

Investments available-for-sale consist of bonds, equity shares, negotiable commercial securities and mutual funds not classified as financial assets at fair value through profit and loss or as held to maturity.

Financial assets available-for-sale are initially recognized at fair value, which is the cash consideration including transaction costs, and subsequently measured at fair value with gains and losses recognized in the statement of comprehensive income until the asset financial deemed derecognized or impaired, in which case the gains or losses accumulated in equity are recognized in the results of the current year.

Interest is calculated using the effective interest method and is recognized in the income statement. Dividends on equity instruments available-for-sale are recognized in the income statement when the right of the entity is established to receive payment.

2. Summary of Significant Accounting Policies (Continued)

Investments Available-for-Sale (continued)
The Company assesses at the statement of financial position date if there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining the impairment of assets. If such evidence exists for financial assets available-for-sale, the accumulated loss - determined based on the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the statement of income.

Building, Furniture, Equipment and Improvements
Building, furniture, equipment and improvements 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:

		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
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 are 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 book 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 amount 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 of fair value less cost to sell and its value in use.

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 following specific recognition criteria must also be met before revenue is recognized.

Commissions
Commissions on custody, maintenance fee from participants and management services are recognized as revenue when earned.

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

Maintenance fee from Participants
A monthly maintenance fee is collected according to monthly transactions generated.

Management Fees
Management fees are recognized as income when earned.

Dividend Distribution
Dividend distribution to shareholders of the Company is recognized as a liability in the balance sheet in the period in which the dividends are declared by the Board of Directors of the Company.

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

Monetary Unit
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.

3. Financial Risk Management

Financial Risk Factors
The activities of the Company are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate), 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 Company is exposed to various risks (cash flow and fair value) associated with the effect of fluctuations in market interest rates. The Company mitigates this risk by establishing guidelines for investments.

(b) Credit Risk
Credit risk is managed at the level of the Company. Credit risk originates in fixed income instruments included in investments available-for-sale and accounts receivable.

The process of selection, approval and monitoring of investment is limited to criteria and internal processes to diversify the investment portfolio and mitigate market risks and those inherent in the nature of the securities and issuers. The responsibility for this process lies in the Investments Committee, where the Directors of the Company and its subsidiaries and members of the management participate.

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

The first selection criteria considered diversification by economic sectors and economic groups. These criteria limit the positions of certain group to fixed percentages of the total equity and temporary deviations require approval of the Investments Committee.

The second selection criterion considers investment profitability and liquidity of issuers. This approach allows investment in securities listed on the Panama Stock Exchange of at least 75% of investments. It is only allowed to invest up to 25% of the portfolio in foreign investments with investment grade.

3. Financial Risk Management (Continued)

Financial Risk Factors (continued)

(b) Credit Risk (continued)

Investments on fixed income instruments and time deposits by economic sector, are detailed as follows:

	2016		2015	
Banking sector	-	0%	150,000	31%
Goverment sector	325,576	100%	331,805	69%
	325,576	100%	481,805	100%

(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 due date. This analysis is presented according to the contractual maturity date with undiscounted cash flows at present value of the balance sheet.

	Less than 1 year	1 to 5 years	More tha 5 years	No Maturity	Total
Balance at December 31, 2016					
Cash and bank deposits	1,536,554	-	-	-	1,536,554
Investments available-for-sale	-	-	325,576	111,320	436,896
Interests receivable	5,391	-	-	-	5,391
Accounts receivable	116,874	-	-	-	116,874
Prepaid expenses	37,289	-	-	-	37,289
Properties, furniture, equipment and improvements, net	13,221	88,200	17,412	-	-
Other assets	-	-	25,680	-	25,680
	1,709,329	88,200	368,668	111,320	2,277,517

	Less than 1 year	1 to 5 years	More tha 5 years	No Maturity	Total
Balance at December 31, 2015					
Cash and bank deposits	860,451	-	-	-	860,451
Time deposits	150,000	-	-	-	150,000
Investments available-for-sale	-	-	331,805	110,020	441,825
Interests receivable	5,578	-	-	-	5,578
Accounts receivable	476,449	-	-	-	476,449
Prepaid expenses	26,835	-	-	-	26,835
Properties, furniture, equipment and improvements, net	26,371	102,259	21,833	-	-
Other assets	-	-	25,680	-	25,680
	1,545,684	102,259	379,318	110,020	2,137,281

3. Financial Risk Management (Continued)

The following table analyzes the financial liabilities of the Company by due date:

	Less than 1 year	1 to 5 years	More than 5	No Maturity	Total
Decemeber 31, 2016					
Accounts payable	35,588	-	-	-	35,588
Income tax payable	12,594	-	-	-	12,594
Dividends payable	800,000	-	-	-	800,000
Accrued expenses and withholdings payable	93,403	-	2,203	-	95,606
	941,585	-	2,203	-	943,788
Decemeber 31, 2015					
Accounts payable	35,307	-	-	-	35,307
Income tax payable	69,471	-	-	-	69,471
Dividends payable	800,000	-	-	-	800,000
Accrued expenses and withholdings payable	109,904	-	2,956	-	112,860
	1,014,682	-	2,956	-	1,017,638

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.

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

Decree No.1 of July 8, 1999 (Securities Act), reformed by Law No.67 of September 1, 2011, and Article No.4 of Agreement No.7-2003, requires self-regulated entities operating in Panama have a minimum capital of two hundred fifty thousand balboas (B/.250,000). The Company maintains an amount of capital exceeding its required capital and has no significant debt more than those from the normal line of business. However, the Company seeks to maintain a level of capital to cover its costs of expansion and technological innovation.

3. Financial Risk Management (Continued)

Fair Value of Financial Instruments
The Company establishes a hierarchy of valuation techniques based on whether the inputs of the valuation techniques are observable or unobservable. These two types of criteria have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Information or data, different from those that are quoted prices in active markets that are observable for the asset or liability, either directly prices (i.e. prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs of the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Investments available-for-sale	436,986	-	-	436,986
December 31, 2015				
Investments available-for-sale	441,825	-	-	441,825

Level 1 - Unadjusted prices are used of purchases and sales reported in the Bolsa de Valores de Panama, S. A. at the end of December 31, 2016. This level includes equities and funds that scored above 77% of market activity during the year.

Level 2 - The Company values the instrument on a date that has been observed an important transaction (B/.100,000) and calibrates a spread over the discount rate for the observed value on that date. The Company analyzes the prospect of the issue and list the characteristics of the local instrument, such as cash flows and optionality of early redemption.

3. Financial Risk Management (Continued)

Fair Value of Financial Instruments (continued)
The instrument is valued using market levels at the valuation date, and the differential calibrated at the time of observation. The valuation model builds the discount rate as follows:

a. Libor is the base rate
b. Corporate risk is added
c. Country risk is added
d. Calibrated differential is added

Level 3 - Inputs of financial asset or liability that are not based on observable market data (unobservable inputs).

4. Critical Judgments

Critical judgments are continually 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

a. Impairment of Financial Assets Available-for-sale

The Company follows the guidance of IAS 39 to determine when a financial asset available-for-sale is impaired. This determination requires significant judgment by the Management.

In determining this judgment, the Company assess, among other factors, the term and degree to which the fair value of an investment is less than its cost, the financial condition and business perspective short-term invested company, including factors such as the performance of the industry and the industry, changes in technology and operations, and financial cash flow.

4. Critical Judgments (Continued)

b. Fair Value of Financial Instruments

The fair value of financial instruments that are not quoted in active markets are 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.

5. Cash and Deposits in Banks

Cash and deposits in banks are as follows:

	2016	**2015**
Cash on hand	350	350
Current accounts	256,180	267,284
Savings accounts	1,280,024	592,817
	1,536,554	860,451

The fair value of cash and deposits in banks is similar to book value, due to its short- term nature.

6. Time Deposits

The Company has the following time deposits:

Bank	**Interest Rate**	**Maturity**	**2016**	**2015**
Global Bank Corporation	3.50%	May-18-16	-	150,000

7. Investments Available-for-Sale

Investments available-for-sale are summarized as follows:

	2016	2015
Type of investment		
Equity shares	111,320	110,020
Bonds of the Republic of Panama	325,576	331,805
	436,896	441,825

On April 6, 2015, 44,540 shares Type A of Latinex Holdings, Inc. were sold at market value, resulting a gain of B/.65,190, which is recognized as investment income in the statement of income.

The movement of these investments is presented as follows:

	2016	2015
Balance at beginning of year	441,825	538,100
Sales	-	(75,717)
Realized gain on sales (Note 13)	-	65,190
Net change in fair value	(4,929)	(85,748)
Balance at end of the year	436,896	441,825

8. Accounts Receivable

As of December 31, 2016, the Company had B/.54,475 (2015: B/.420,533) in accounts receivable from services provided to the Ministry of Economy and Finance (MEF) as Issue Agent Paying Agent and Agent of Registration and Transfer of the migrated securities registered on the i-Link platform in Euroclear.

9. Building, Furniture, Equipment, and Improvements, Net

The movement of building, furniture, equipment, and improvements is as follows:

	December 31, 2016					
	Building	Improvements	Furniture	Vehicle	Computer Equipment	Total
Balance at beginning of the year	40,395	19,323	2,815	1	87,929	150,463
Additions	-	9,517	4,899	-	16,442	30,858
Depreciation for the year	(13,499)	(3,249)	(1,519)	-	(44,221)	(62,488)
Net balance at December 31, 2016	26,896	25,591	6,195	1	60,150	118,833
At cost	202,374	76,675	48,552	9,995	329,864	667,460
Accumulated depreciation and amortization	(175,478)	(51,084)	(42,357)	(9,994)	(269,714)	(548,628)
Net balance at December 31, 2016	26,896	25,591	6,195	1	60,150	118,833

	December 31, 2015					
	Building	Improvements	Furniture	Vehicle	Computer Equipment	Total
Net balance at beginning of year	53,893	19,296	3,337	1	97,358	173,885
Additions	-	2,806	1,299	-	32,159	36,264
Sales and disposals	-	-	-	-	(3)	(3)
Depreciation for the year	(13,498)	(2,779)	(1,821)	-	(41,585)	(59,683)
Net balances at December 31, 2015	40,395	19,323	2,815	1	87,929	150,463
At cost	202,374	67,158	43,653	9,995	313,423	636,603
Accumulated depreciation and amortization	(161,979)	(47,835)	(40,838)	(9,994)	(225,494)	(486,140)
Net balance at December 31, 2015	40,395	19,323	2,815	1	87,929	150,463

According to the appraisal made on May 3, 2016, the current market value of the property is B/.700,000.

10. Interests and Earned Dividends

	2016	2015
Interests	29,256	34,676
Dividends	3,291	4,082
Realized gain on sale (Note 7)	-	65,190
	32,547	103,948

11. Other Revenues

	2016	2015
Registration of bonuses, fines, compensation and others	142,412	113,242
Trusts and settlement agency	133	200
	142,545	113,442

12. Personnel Expenses

	2016	2015
Salaries	422,374	377,679
Representation expenses	88,601	90,192
Employment benefits	73,755	66,744
Indemnity and seniority premium	62,869	9,638
Profit sharing	44,009	71,281
	691,608	615,534

13. Other Expenses

The detail of other expenses is presented as follows:

	2016	2015
Electricity and telephone	43,831	43,030
Allowance	40,350	48,500
PH maintenance	31,496	14,171
Meetings, speeches an events	21,211	13,472
Maintenance	15,679	12,211
Legal expenses	14,006	9,091
Traveling	13,085	22,686
Advertising	6,754	7,085
Storages	6,045	5,121
Stationery and office supply	5,978	6,354
Photocopies	5,808	5,405
Training, courses and seminars	5,265	8,242
Cleaning	4,252	4,044
Transportation and fuel	3,858	7,364
Banking expenses	2,935	2,154
Severance fund	1,552	1,388
Fees and subcriptions	1,135	4,485
Mail	1,072	589
Others	58,027	54,443
	282,339	269,835

14. Income Tax

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

14. Income Tax (Continued)

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

	2016	2015
Income before income tax	1,413,269	1,398,035
Less: Exempt income and / or nontaxable income	(32,547)	(103,948)
Plus: Non-deductible expenses	31,671	67,970
Net taxable income	1,412,393	1,362,057
Income tax 25%	353,098	340,514

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, 2016.

15. 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 Law Decree No.1 of July 8, 1999. The value of assets held in custody and/or deposits in banks is as fallows:

	2016	2015
Fixed income	7,864,483,890	7,287,756,421
Governments securities	5,129,228,873	4,683,194,843
Variable income	4,479,050,252	4,003,754,060
Funds	2,558,504,854	1,781,248,428
Promissory notes	261,743,484	214,372,593
Cerpanes	57,135,531	67,034,459
Deposists in banks	14,829,328	9,856,994
	20,364,976,212	18,047,217,798

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

15. Assets Under Management and Custody (Continued)

In accordance with current regulations and the provisions of the Internal Rules of the Company, as part of the safeguards of the financial activities of the participants, the central custody maintained, as of December 31, 2016, a total combined of B/.1,770,000 (2015: B/.625,000) as bonds and / or guarantees in support of the obligations of participants. Such bonds and / or guarantees are properly segregated and managed in memorandum accounts of the Company.

Additionally, the Company acts as Trustee of a Custody Trust, which is regulated in accordance with the provisions of the Act No.1 of January 5, 1984 and its regulations. As of December 31, 2016, the Company held in custody negotiable documents (promissory notes) in a Custody Trust of B/.- (2015: B/.9,197). Such assets are not part of the financial statements of the Company. This trust was terminated and canceled, according to agreement between the parties, in August 2016.

16. Balances and Transactions with Related Parties

Balances and transactions with related parties are detailed below:

	2016	**2015**
Balances		
Investments available-for-sale	22,270	22,270
Revaluation reserve for investments available-for-sale	19,638	19,638
Transactions		
Interest and dividends income	891	1,782
Key personnel compensation	386,017	394,642
Gain on sale of investments available-for-sale	-	65,190

17. Dividends Declaration

The Board of Directors approved dividends payments to shareholders. These payments are summarized as follows:

Dividend Type	Dividends Declared	Dividend per Share	Declaration Date	Payment
2016				
Ordinary	800,000	1,600	December 31, 2016	Annual
2015				
Ordinary	825,000	1,650	April 21, 2015	Annual
Ordinary	800,000	1,600	December 31, 2015	Annual

18. Guaranty Trust for the Company

As indicated in Note 1, the Company is controlled by Latinex Holding, Inc. (Parent Company).

On February 9, 2012, Latinex, 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, 2016, the Trust held total assets for the Company in the amount of B/.2,863,687 (2015: B/.2,363,983), included in the total of available-for-sale investments and term deposits for B/.300,000 (2015: B/.-) in order to guarantee the operations of that subsidiary.

The Grantor and the Trustee entered into an Indenture No.119 called "Latin Clear Trust", whose beneficiary is the Company.