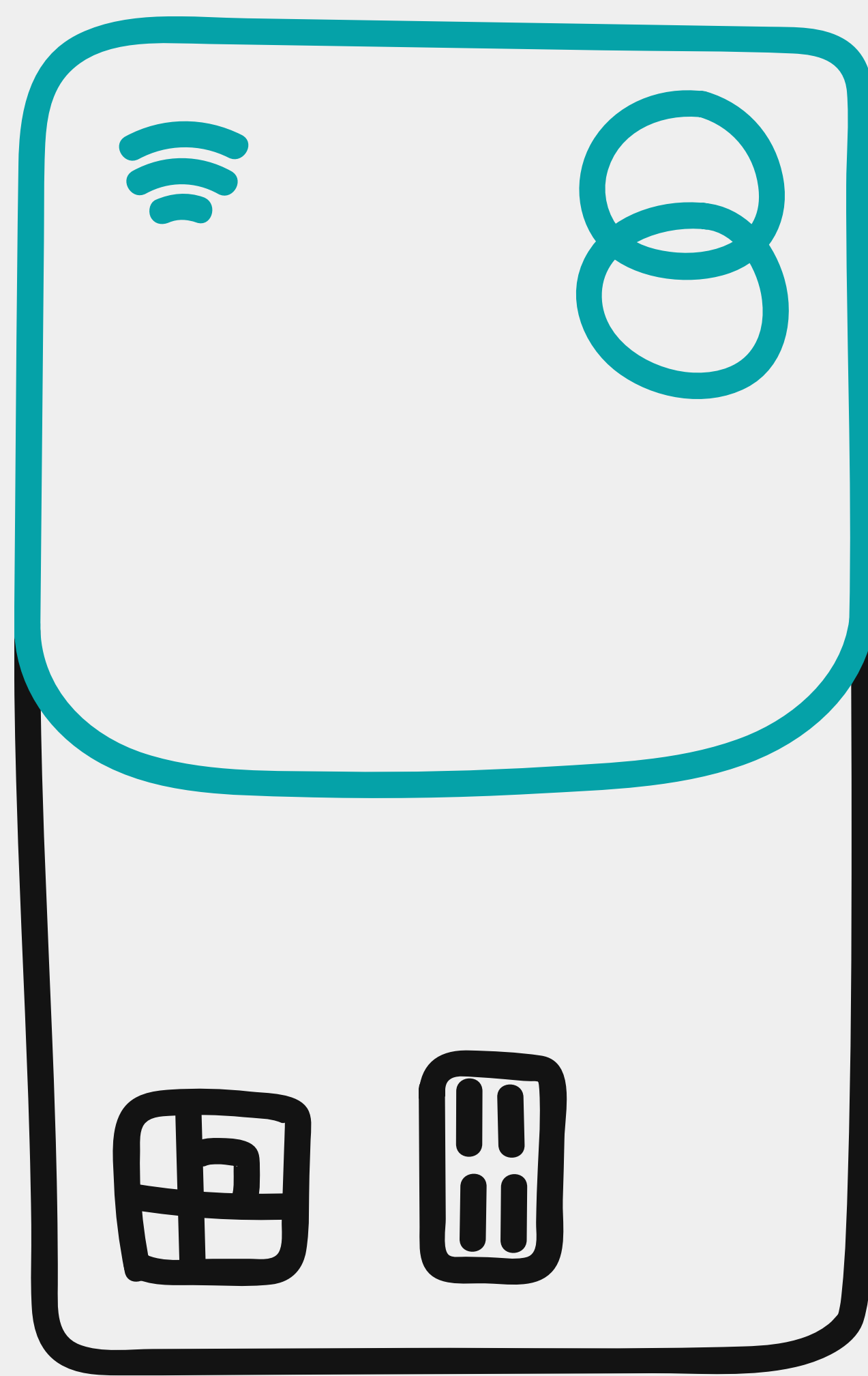


# *Annual Report* 2024



+ índice de contenidos

<i>Carta del CEO</i>	3
<i>Tarjetas Visa</i>	5
<i>FACEBANK Connect</i>	7
<i>Plaid</i>	9
<i>Pipol Pay</i>	11
<i>Cuenta Remit</i>	13
<i>Índices financieros</i>	17
<i>Calificación</i>	19
<i>Estados financieros</i>	25



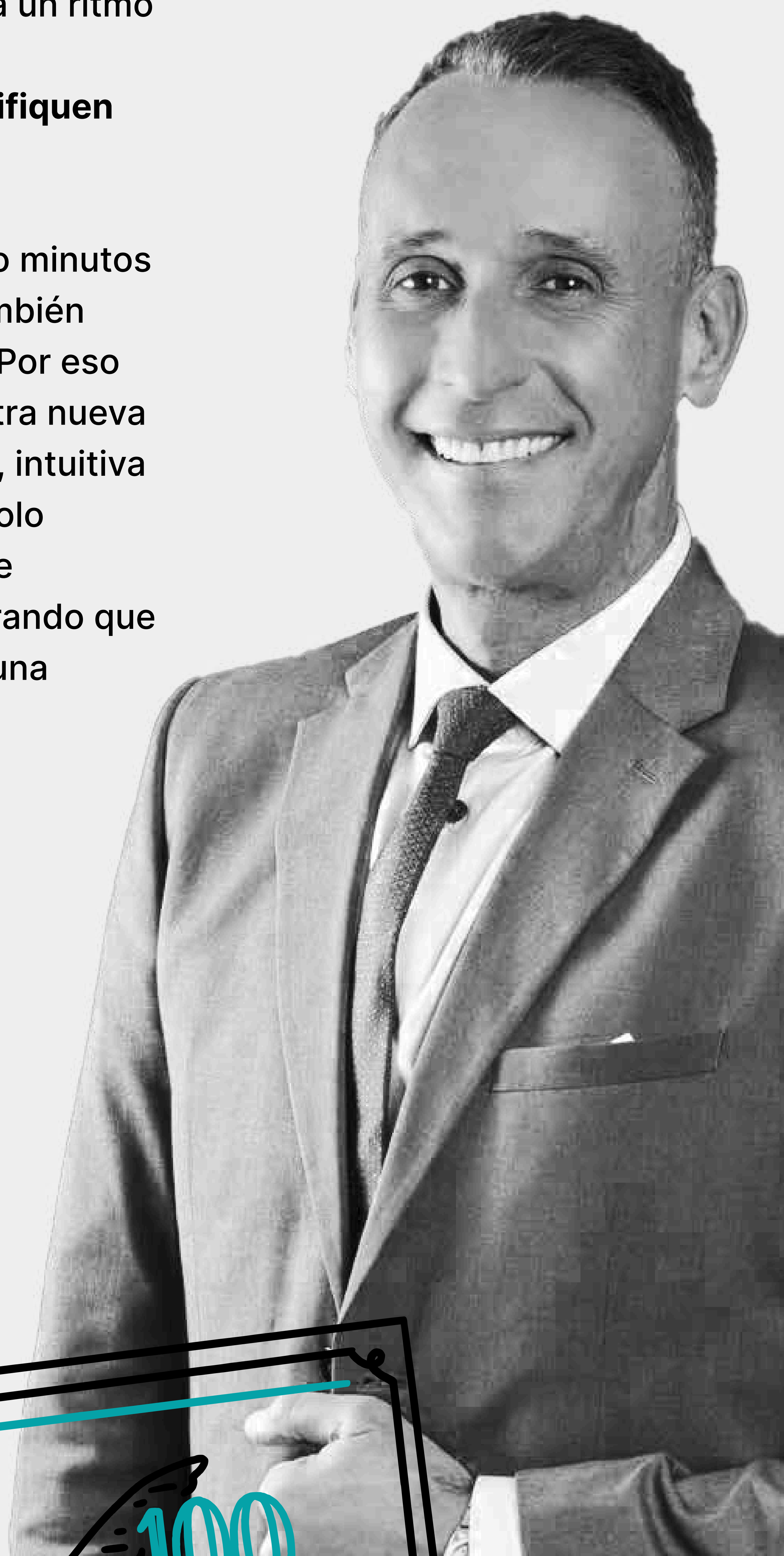
# Julio Carbonell

3

Consolidar a FACEBANK como el banco estadounidense favorito de los latinoamericanos ha sido nuestro enfoque desde hace más de 16 años. En un entorno donde la tecnología avanza a un ritmo acelerado, **nuestra apuesta es innovar en soluciones que acorten distancias y simplifiquen aún más la experiencia bancaria.**

Si abrir una cuenta en FACEBANK toma solo minutos desde nuestra app, el servicio al cliente también debe estar a la altura: ágil, rápido y digital. Por eso implementamos FACEBANK Connect; nuestra nueva herramienta de atención al cliente. Sencilla, intuitiva y sobre todo humana; esta plataforma no solo optimiza los tiempos de respuesta, sino que redefine el servicio personalizado, demostrando que la tecnología puede ser tan cercana como una conversación cara a cara o un chat.

“**Nuestra apuesta es innovar en soluciones que acorten distancias y simplifiquen aún más la experiencia bancaria**”



## + Carta del CEO



4

Annual Report 2024

Continuando con nuestro compromiso de ampliar las opciones para nuestros clientes, sumamos las tarjetas Visa a nuestra oferta de productos. Esta incorporación refuerza nuestra propuesta financiera y trae muchas ventajas para facilitar el día a día de nuestros clientes. A la par, nos integramos con **Plaid**, conectando a FACEBANK con uno de los ecosistemas de aplicaciones financieras más grandes de EE.UU y brindando acceso sin fricción a nuestro cuentahabientes a otras soluciones financieras que nos complementan.

Pipol Pay, nuestra red de pagos, también evolucionó; y se integró con Plaid, lo que permite a los usuarios vincular sus cuentas bancarias externas de forma inmediata, y sin fricción. Sumando así, otra manera más eficiente para agregar cuentas a Pipol Pay.

Por último, lanzamos la **Cuenta Remit**, un producto pensado para acortar distancias entre los venezolanos y sus familiares que están en otros países. Al permitir la apertura de cuentas bancarias con solo presentar la cédula venezolana, estamos derribando barreras y brindando estabilidad financiera a quienes más lo necesitan.

Cada una de estas iniciativas es un reflejo del ADN de FACEBANK: innovación, cercanía y compromiso con nuestros usuarios. Seguimos adelante, impulsando el futuro de la banca digital y reafirmando nuestro propósito de ser el banco de confianza para los latinoamericanos en EE. UU.

**Julio Carbonell**  
CEO



# VISA

*debit, credit*  
& Platinum.



 **FACEBANK**

**VISA**

+ Débito y crédito

# Visa

6

Annual Report 2024

En línea con nuestra estrategia de expansión de servicios y enfoque en la experiencia del cliente, incorporamos tarjetas Visa a nuestra oferta de productos. Con esta alianza, **FACEBANK ahora opera con los dos principales proveedores de tarjetas a nivel mundial, fortaleciendo nuestra propuesta de valor.**

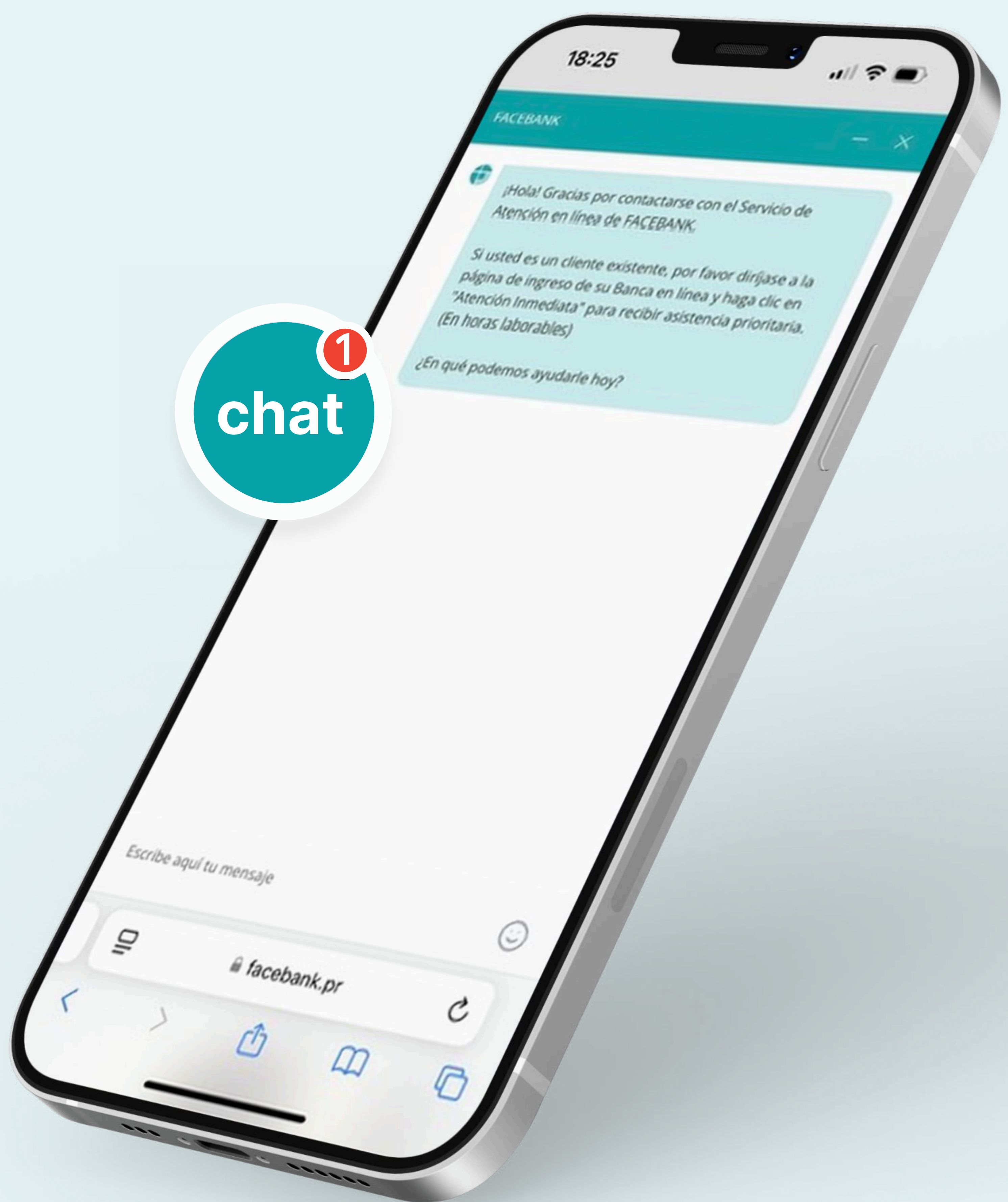
Esta adición permite a nuestros usuarios acceder a tarjetas de débito y crédito aceptadas globalmente, facilitando pagos tanto en comercios físicos como digitales. **Se trata de un producto ideal para un banco digital como FACEBANK, cuyos clientes se encuentran en distintas partes del mundo.**

Uno de los aspectos más atractivos de esta alianza es la posibilidad de emitir tarjetas de débito y crédito virtuales de forma inmediata, lo que permite a nuestros usuarios comenzar a operar desde el primer día mientras reciben su tarjeta física. Las tarjetas virtuales pueden utilizarse para compras en línea, pagos en apps, suscripciones, reservas y otros servicios que acepten el ingreso manual de datos, facilitando el acceso ágil a su cuenta en dólares.

Todo el proceso se gestiona desde la Banca Virtual de FACEBANK, ofreciendo una solución segura, rápida y conveniente para el manejo de sus finanzas. Además, las tarjetas Visa incluyen beneficios adicionales como protección contra fraudes, acceso a promociones exclusivas y aceptación internacional, lo que brinda mayor tranquilidad y flexibilidad a nuestros clientes en su día a día y durante sus viajes.



# FACEBANK Connect



+ FACEBANK Connect

# Asistencia en tiempo REAL

+20K *clientes asistidos*  
al mes.

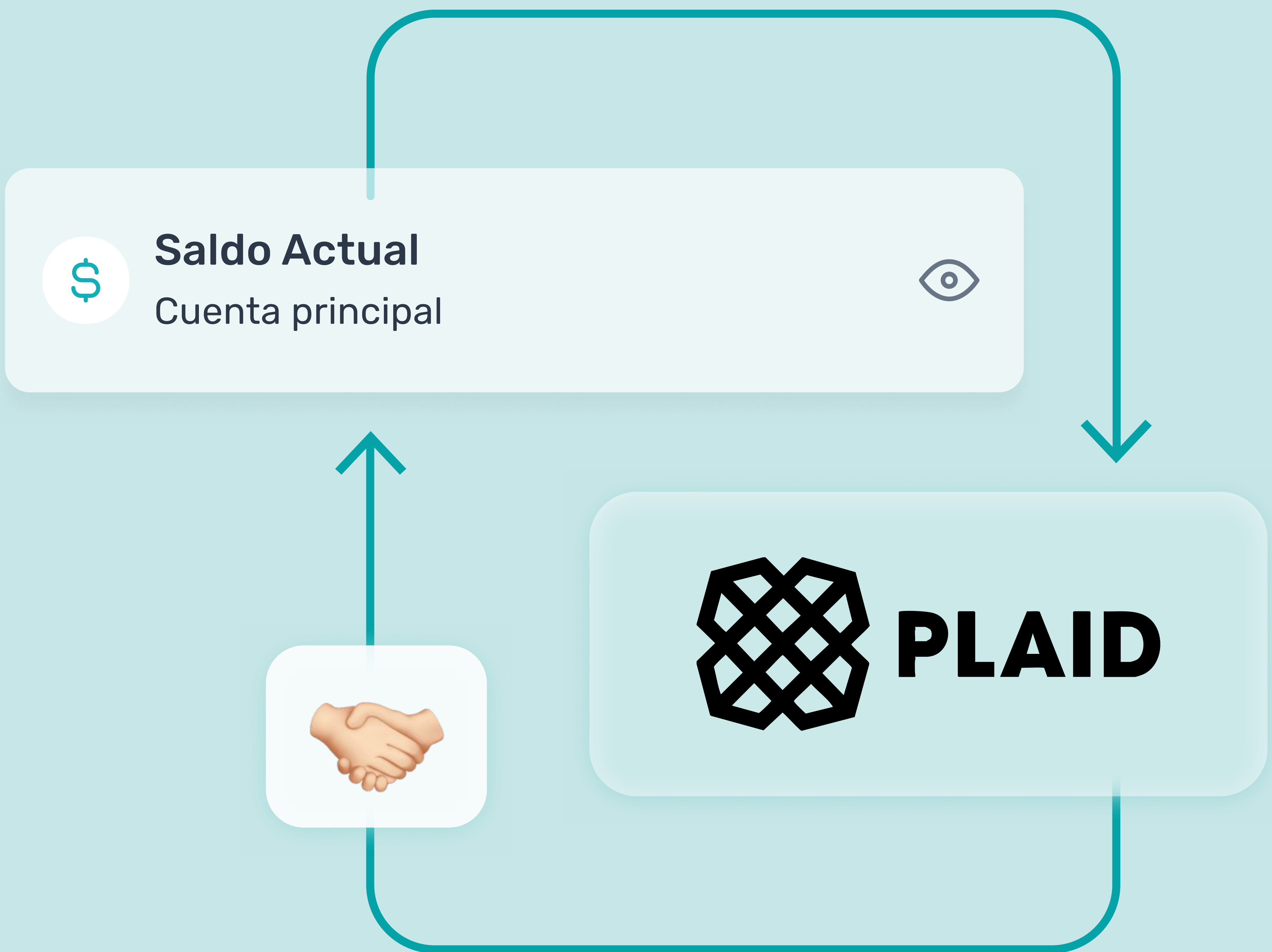
En FACEBANK, escuchamos a nuestros clientes y entendimos que necesitaban algo más que un canal de atención: necesitaban cercanía, inmediatez y flexibilidad, sin importar en qué país se encontraran. Así nació FACEBANK Connect, nuestra nueva plataforma de atención al cliente, diseñada para conectar con nuestros clientes de forma simple y sin fronteras. Ya sea por chat, llamada de voz o videollamada, ahora estamos a un click de distancia —sin números internacionales ni complicaciones— listos para ayudarlos estén donde estén.

Antes, las esperas podían extenderse hasta 10 minutos debido a que la atención estaba restringida al número de llamadas que podían ser gestionadas por el equipo y a la necesidad de enrutar llamadas a través de líneas telefónicas tradicionales. Hoy, cada agente puede gestionar entre 2 y 3 interacciones al mismo tiempo, repartidas entre chats, videollamadas y llamadas, reduciendo significativamente los tiempos de espera y aumentando la cantidad de clientes que pueden ser atendidos. Además, muchos de las dudas de nuestros clientes son simples y pueden resolverse de forma rápida y eficiente a través del chat.

Desde su implementación, las interacciones con nuestros clientes crecieron significativamente, lo que nos ha permitido ampliar nuestra capacidad de atención de 14,000 a más de 20,000 clientes mensuales. Este avance refleja una mejora operativa sustancial y el compromiso de FACEBANK por ofrecer una atención escalable, digital y centrada en el cliente.



# Plaid



+ *Plaid*

# Conectividad financiera

10

Annual Report 2024

Plaid es una plataforma que permite conectar cuentas bancarias con aplicaciones financieras de forma segura y eficiente. A través de esta integración, los usuarios pueden vincular su cuenta FACEBANK —o de otros bancos— con otras plataformas, agilizando procesos como el envío y recepción de dinero, sin necesidad de ingresar manualmente la información bancaria.

Durante el último año, avanzamos significativamente en la modernización de nuestra infraestructura digital al incorporar Plaid. Esta implementación permitió a FACEBANK integrarse de forma directa y segura con un amplio ecosistema de aplicaciones utilizadas por nuestros clientes en su día a día.

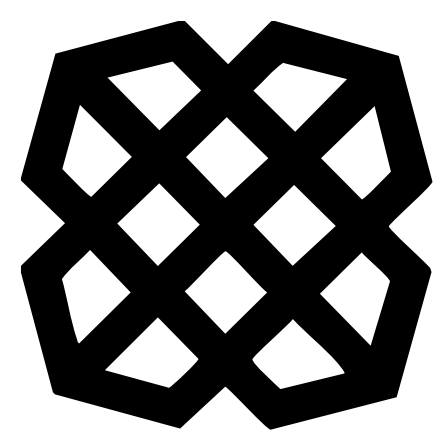
Plaid facilita la vinculación instantánea de cuentas FACEBANK con servicios como Venmo, Robinhood, Cash App, Wise, Acorns, entre otros, eliminando la necesidad de procesos manuales y mejorando significativamente la experiencia de usuario. Esto se traduce en una experiencia más ágil, segura y eficiente para quienes utilizan herramientas externas para enviar dinero, realizar inversiones, hacer pagos o administrar sus finanzas personales.



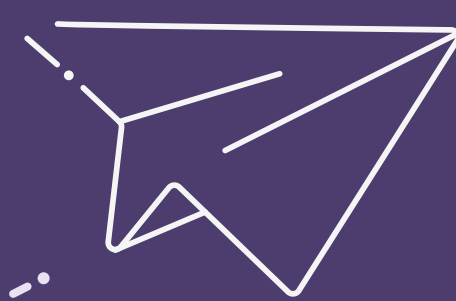
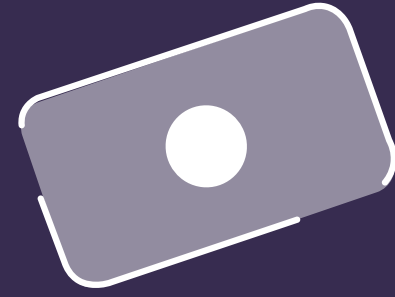




# Pipol Pay



**PLAID**



 **FACEBANK**

+ Pipol Pay

**pipol** PAY

# Más simple, más rápido

## +11k *transacciones* al mes.

Como parte de nuestra evolución tecnológica y nuestro compromiso con una experiencia optimizada, modificamos el proceso de afiliación de cuentas bancarias dentro de Pipol Pay, apalancándonos en nuestra integración de Plaid.

Gracias a esta integración, los usuarios ahora pueden vincular sus cuentas bancarias externas de forma inmediata, reemplazando el anterior sistema de microdepósitos que podía demorar entre 24 y 72 horas y era más alta la posibilidad de errores por parte del usuario. Este cambio ha permitido una experiencia más rápida, segura y sin fricciones; al hacer clic en “Conectar cuenta”, se abre una interfaz intuitiva de Plaid donde el usuario selecciona su banco, ingresa sus credenciales y conecta su cuenta de forma segura a Pipol Pay. Este proceso ágil y seguro también facilita el registro y conexión de cuentas de otros bancos, garantizando una experiencia de usuario consistente, rápida y sin fricciones, independientemente de si el usuario es cliente de FACEBANK o no.

Desde la implementación, observamos un crecimiento del 45% en nuevas vinculaciones exitosas y una mejora del 30% en la conversión de usuarios registrados a usuarios activos. Mensualmente, se transfiere un promedio de \$1.45 millones a través de Pipol Pay, con un valor promedio de transacción de \$131 por transacción. Además, actualmente contamos con más de 652 comercios activos que utilizan la red para recibir pagos, consolidando a Pipol Pay como una solución eficiente tanto para personas como para comercios.



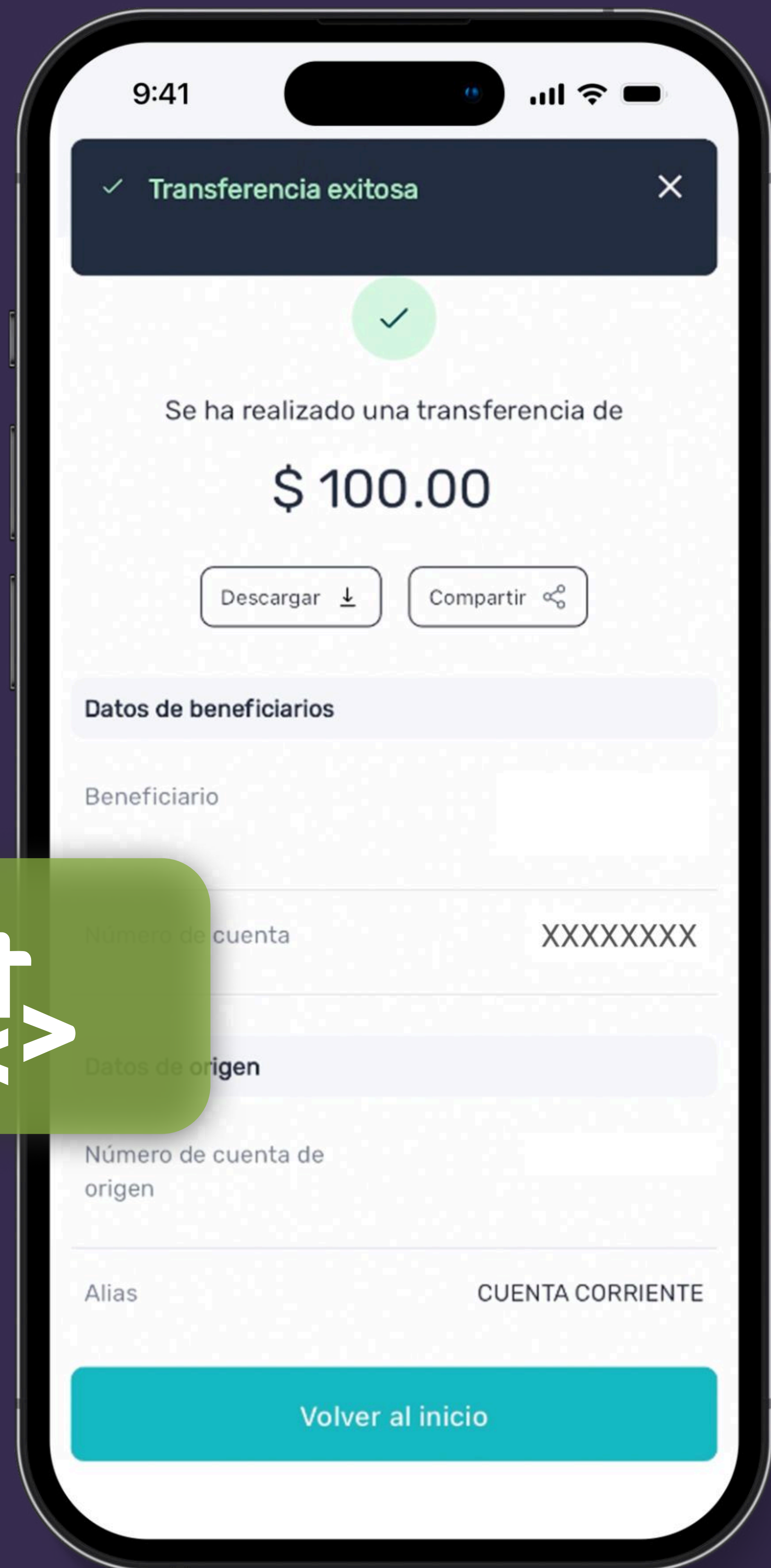


FACEBANK Remit

now

¡Siempre cuentas conmigo!

# Cuenta Remit



remit  
By FACEBANK

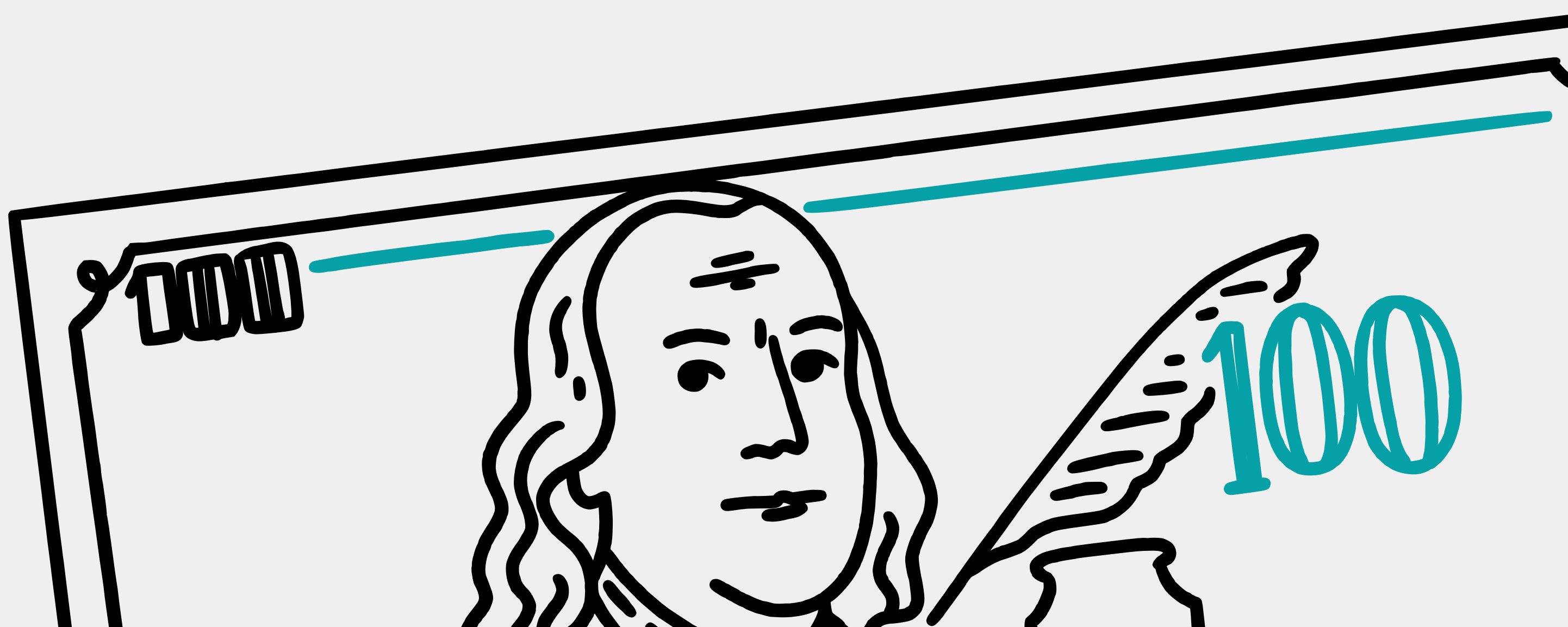
# Acortando distancias

En Venezuela, recibir remesas es parte fundamental del día a día para muchas familias, pero abrir una cuenta bancaria en Estados Unidos suele ser un desafío. Por eso habilitamos la opción de abrir la Cuenta Remit, un nuevo tipo de cuenta limitada, especialmente diseñada para recibir remesas del exterior.

Esta solución fue desarrollada teniendo en cuenta las dificultades que atraviesa el país, con el objetivo de tender puentes entre quienes emigraron y quienes permanecen en casa. Ajustamos nuestra herramienta de onboarding para permitir la apertura de cuentas utilizando únicamente la cédula venezolana, manteniendo nuestro estándar de cumplimiento con los guidelines de BSA/AML y cumpliendo con la totalidad del KYC.

Con esta iniciativa, facilitamos el acceso al sistema bancario estadounidense y reforzamos nuestro compromiso con la inclusión financiera en LATAM. La Cuenta Remit nació para acortar distancias y ayudar a quienes buscan seguir acompañando desde lejos a sus seres queridos.

Manteniendo nuestro estándar de cumplimiento con los lineamientos de BSA/AML y del proceso del KYC de EE.UU.



# Florida *Home Trust*



 FACEBANK

## *Nos mantenemos como una de las principales alternativas para créditos hipotecarios para extranjeros en Florida.*

*En 2024, Florida Home Trust cerró un año marcado por la solidez operativa, la adaptación al entorno macroeconómico y el crecimiento sostenible de su cartera hipotecaria. Pese a los desafíos inflacionarios y las fluctuaciones del mercado inmobiliario en Florida, la entidad logró mantener un ritmo constante de originación de créditos, priorizando perfiles con alto potencial de fidelización.*

*La implementación de una nueva política de análisis de riesgo más ágil y personalizada permitió reducir la morosidad en un 14% respecto al año anterior, fortaleciendo la salud financiera de la unidad. Al mismo tiempo, se amplió la oferta de productos, destacándose las líneas de crédito verdes para viviendas sostenibles, una apuesta alineada con los objetivos ESG de FACEBANK.*



# *Índices* **Financieros**

# Reporte 2024

## Retorno sobre el patrimonio



## Retorno sobre activos



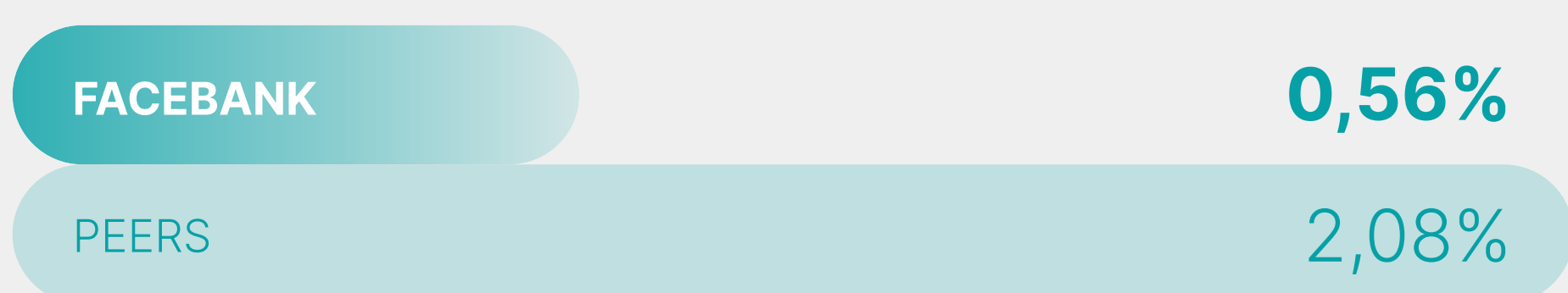
## Depósitos sobre activos totales



## Activos no devengados



## Costo de fondos



## Rendimiento cartera hipotecaria



## Rendimiento sobre activos productivos



## Índice Texas



## Índice de eficiencia



## Capital de nivel 1



## Total Qualifying Capital



## Leverage Ratio



## CET1



MORNINGSTAR

DBRS

*La calificadora de riesgos confirmó la calificación de FACEBANK en BB, destacando el crecimiento sostenido de la institución.*

*Este resultado refleja la solidez de nuestros indicadores financieros y la excelente calidad de la cartera de activos, factores que han permitido mantener un desempeño estable y una posición sólida en el mercado.*

 FACEBANK



PRESS RELEASE

OCTOBER 10, 2024

## Morningstar DBRS Confirms FACEBANK International Corporation at BB; Stable Trend

### BANKING ORGANIZATIONS

DBRS, Inc. (Morningstar DBRS) confirmed the credit ratings of FACEBANK International Corporation (FACEBANK or the Company), including the Company's Long-Term Issuer Rating of BB. The trend for all credit ratings is Stable. The Intrinsic Assessment (IA) for the Company is BB and the Support Assessment is SA3.

### KEY CREDIT RATING CONSIDERATIONS

The credit ratings confirmation and Stable trend reflect FACEBANK's small niche franchise, strong and consistent earnings and solid asset quality. Additionally, the credit ratings are underpinned by FACEBANK's liquid balance sheet and conservative loan underwriting. Constraining the credit ratings are the Company's limited operating history, heightened operational risk surrounding BSA/AML compliance given its customer base, as well as the Company's limited scale and diversity.

### CREDIT RATING DRIVERS

Continued strong execution on strategic initiatives resulting in increased franchise scale, including a more diverse funding mix, would result in a credit ratings upgrade. Conversely, an increased risk appetite, sustained asset quality deterioration or BSA/AML compliance issues would result in a downgrade of the credit ratings.

### CREDIT RATING RATIONALE

Franchise Combined Building Block (BB) Assessment: Weak/Very Weak

Established in 2006, FACEBANK operates as an International Bank Entity (IBE) under the laws of the Commonwealth of Puerto Rico. The IBE charter offers a tax-efficient platform for the bank to provide U.S. dollar deposit and payment services to foreign customers. Through its Florida-based mortgage subsidiary, Florida Home Trust, the Company provides residential mortgage loans to foreign nationals primarily in South Florida. We note that FACEBANK has no lending or securities exposure to Puerto Rico.

A key component of its franchise is an online connection with the Federal Reserve Bank of New York (FRBNY), which allows it to efficiently clear deposits for its customers, saving both time and expense. We view this connectivity as a competitive advantage for FACEBANK, which is contingent on the Company maintaining strong BSA/AML and corporate governance practices and ongoing reviews from the FRBNY.

Over its limited operating history, FACEBANK has built a profitable banking franchise, helping its international customers transact business in the U.S. Instead of branches, the Company facilitates its deposit gathering both digitally and through an arrangement with Customer Service Representatives (CSR). These CSRs, professionals located primarily in South America, partner with the Company by referring customers with a need for a U.S. dollar account to FACEBANK, sharing in the profits from this customer relationship.

Earnings Combined Building Block (BB) Assessment: Good/Moderate

FACEBANK has shown solid profitability metrics driven by an above average net interest margin (NIM), supported by low funding

costs and an above average yield on its residential mortgage loan portfolio, its primary loan category. Additionally, the NIM has been increasing in recent periods, reflecting higher interest rates. Profitability is also aided by wire transfer fees, as well as the IBE charter, which allows the Company to operate essentially tax exempt.

#### Risk Combined Building Block (BB) Assessment: Moderate/Weak

FACEBANK's loan portfolio has performed well during the Company's operating history with low levels of non-accrual loans and no charge-offs over its operating history. However, the mortgage portfolio has grown during a period of strong Florida real estate prices and has not been tested in a downturn. The Company takes on some additional credit risk through its investment portfolio, which includes a portion held in corporate bonds, although this portfolio is predominately investment grade and adequately diversified by issuer and industry. Morningstar DBRS notes that the Company has emphasized reinvesting proceeds in more liquid and higher credit quality investment securities.

FACEBANK's primary loan product is residential mortgages in Florida to foreign nationals. While this poses additional risks, the Company mitigates these risks with full underwriting and conservative loan-to-value (LTV) ratios, including a maximum LTV of 70%, dependent on the type of property and borrower. Over its operating history, the bank has not repossessed a single property or recorded any charge-offs in the mortgage portfolio.

#### Funding and Liquidity Combined Building Block (BB) Assessment: Moderate/Weak

In addition to its core deposit product, the Company also gathers deposits from its lending business, requiring a deposit account for its loan customers, as well as the maintenance of escrow deposits. These sources result in a relatively stable and granular low-cost deposit base. The Company has also established alternative sources of funding, in addition to its on balance sheet liquidity sources. Of note, the Company maintains over one-third of its balance sheet in liquid assets and investment securities, including a large percentage in low credit risk U.S. government securities.

#### Capitalization Combined Building Block (BB) Assessment: Moderate

Morningstar DBRS views FACEBANK's capitalization as solid, given its capital generation, well-secured loan portfolio and risk management practices. In recent periods, capital levels have been increasing reflecting a reduction in risk-weighted assets as well as earnings retention. As of June 30, 2024, the Company-calculated CET1 ratio was a very healthy 20.57%. As a privately-held institution, FACEBANK's sources of additional capital are limited, although management has indicated that the Company's ownership does have the wherewithal to inject additional capital, if needed. Over the last ten years, internal capital generation has been more than sufficient to fund balance sheet growth.

Further details on the Scorecard Indicators and Building Block Assessments can be found at <https://www.dbrsmorningstar.com/research/441062>.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

ESG Considerations had a significant effect on the credit analysis.

### Governance (G) Factors

The following Governance factor(s) had a significant effect on the credit analysis: The Governance factor is viewed as a Significant factor affecting the credit ratings assigned to FACEBANK. The Company's unique franchise exposes it to significant BSA/AML risks. While FACEBANK has managed these risks well to date, any failure may jeopardize its important clearing relationship with the FRBNY, potentially leading to a significant reputational or financial impact. If these risks were absent, the credit ratings would be higher.

There were no Environmental/Social factor(s) that had a significant or relevant effect on the credit analysis.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings (13 August 2024) <https://dbrs.morningstar.com/research/437781>.

Notes:

All figures are in U.S. dollars unless otherwise noted.

The principal methodology is the Global Methodology for Rating Banks and Banking Organisations (04 June 2024) <https://dbrs.morningstar.com/research/433881>. In addition Morningstar DBRS uses the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings (13 August 2024) <https://dbrs.morningstar.com/research/437781> in its consideration of ESG factors.

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

The primary sources of information used for these credit ratings include Morningstar Inc. and company documents. Morningstar DBRS considers the information available to it for the purposes of providing these credit ratings was of satisfactory quality.

The credit rating was initiated at the request of the rated entity.

The rated entity or its related entities did participate in the credit rating process for this credit rating action.

Morningstar DBRS had access to the accounts, management and other relevant internal documents of the rated entity or its related entities in connection with this credit rating action.

This is a solicited credit rating.

The conditions that lead to the assignment of a Negative or Positive trend are generally resolved within a 12-month period. Morningstar DBRS's outlooks and credit ratings are under regular surveillance.

For more information on this credit or on this industry, visit [dbrs.morningstar.com](https://dbrs.morningstar.com).

DBRS, Inc.  
140 Broadway, 43rd Floor  
New York, NY 10005 USA  
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## Ratings

### FACEBANK International Corporation

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
10-Oct-24	Long-Term Issuer Rating	Confirmed	BB	Stb	<b>US</b>
10-Oct-24	Short-Term Issuer Rating	Confirmed	R-4	Stb	<b>US</b>

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
10-Oct-24	Long-Term Deposits	Confirmed	BB	Stb	<b>US</b>
10-Oct-24	Long-Term Senior Debt	Confirmed	BB	Stb	<b>US</b>
10-Oct-24	Short-Term Instruments	Confirmed	R-4	Stb	<b>US</b>

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**FACEBANK INTERNATIONAL CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2024 and 2023

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS .....	5
CONSOLIDATED STATEMENTS OF OPERATIONS .....	6
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....	7
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY .....	8
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	10
SUPPLEMENTARY INFORMATION:	
CONSOLIDATING BALANCE SHEET .....	27
CONSOLIDATING STATEMENT OF OPERATIONS .....	28



## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders of  
FaceBank International Corporation  
Guaynabo, Puerto Rico

### ***Opinion***

We have audited the consolidated financial statements of FaceBank International Corporation, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of FaceBank International Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of FaceBank International Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FaceBank International Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

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(Continued)

### ***Auditor's Responsibilities for the Audit of the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 FaceBank International Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FaceBank International Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial condition and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements.

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The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Crowe LLP*  
Crowe LLP  
License Number LLP-224  
Expires December 1, 2027

Fort Lauderdale, Florida  
March 31, 2025

Stamp No. DLLP224-34 of the  
Puerto Rico Society of Certified  
Public Accountants was affixed to  
the record copy of this report.

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 47,645,863	\$ 47,549,362
Interest-bearing deposits in other financial institutions (restricted - \$3,865,000 and \$2,600,000)	3,865,000	2,600,000
Securities available for sale, at fair value	19,964,736	21,482,543
Securities held to maturity, net of allowance of \$49,720 and \$82,325 (fair value \$132,914,099 and \$102,054,416)	140,249,830	111,849,203
Loans, net of allowance of \$846,046 and \$732,487	267,578,990	305,717,982
Premises and equipment, net	1,639,280	2,366,854
Accrued interest receivable	2,353,657	2,051,806
Other assets	<u>5,897,794</u>	<u>5,069,500</u>
Total assets	<u>\$ 489,195,150</u>	<u>\$ 498,687,250</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits		
Demand deposits	\$ 375,440,049	\$ 373,311,884
Time deposits	61,804,589	69,385,458
Escrow accounts	<u>1,783,482</u>	<u>2,108,794</u>
Total deposits	439,028,120	444,806,136
Accrued interest payable	619,188	844,687
Notes payable	-	8,504,000
Accrued expenses and other liabilities	<u>3,880,610</u>	<u>3,912,883</u>
Total liabilities	443,527,918	458,067,706
Commitments and contingencies (See Note 5 and Note 10)		
Stockholders' equity		
Class A common stock, \$0.40 par value; 20,776,702 shares authorized, 20,287,634 shares issued and outstanding in 2024 and 2023	8,115,054	8,115,054
Class B common stock, \$0.40 par value; 17,700,000 shares authorized, 12,712,809 shares issued and outstanding in 2024 and 2023	5,085,124	5,085,124
Retained earnings	33,683,227	29,176,063
Accumulated other comprehensive (loss) income	<u>(1,216,173)</u>	<u>(1,756,697)</u>
Total stockholders' equity	<u>45,667,232</u>	<u>40,619,544</u>
Total liabilities and stockholders' equity	<u>\$ 489,195,150</u>	<u>\$ 498,687,250</u>

See accompanying notes to consolidated financial statements.

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Interest income		
Loans, including fees	\$ 16,541,410	\$ 17,634,814
Interest-bearing deposits	2,662,050	2,139,977
Securities	<u>3,994,791</u>	<u>2,236,764</u>
	23,198,251	22,011,555
Interest expense		
Deposits	2,589,698	2,763,678
Other	<u>173,768</u>	<u>883,437</u>
	<u>2,763,466</u>	<u>3,647,115</u>
<b>Net interest income</b>	20,434,785	18,364,440
Credit loss expense – loans	222,076	103,073
Credit loss expense (reversal) – debt securities held-to-maturity	<u>(32,605)</u>	<u>(23,638)</u>
Credit loss expense	189,471	79,435
<b>Net interest income after credit loss expense</b>	20,245,314	18,285,005
Non-interest income		
Service charges on deposits	2,179,555	2,215,106
Wire transfer fees	5,535,013	5,265,256
Cross border credit card fees	3,853,085	3,570,226
Other income	<u>806,115</u>	<u>407,265</u>
	12,373,768	11,457,854
Non-interest expenses		
Salaries and employee benefits	7,163,466	6,853,209
Commission expense	3,142,387	3,003,914
Professional services	6,413,726	5,234,825
Occupancy and related expenses	940,733	859,594
Debit and credit card processing fees	4,599,047	4,048,935
Advertising	902,886	995,748
Bank service fees	234,916	193,565
Other expenses	<u>3,244,444</u>	<u>2,591,868</u>
	<u>26,641,605</u>	<u>23,781,658</u>
Income before income taxes	5,977,477	5,961,201
Income tax expense (benefit)	<u>(29,686)</u>	<u>(61,010)</u>
<b>Net income</b>	<u>\$ 6,007,163</u>	<u>\$ 6,022,211</u>

See accompanying notes to consolidated financial statements.

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
Years ended December 31, 2024 and 2023

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	<u>2024</u>	<u>2023</u>
Net income	\$6,007,163	\$ 6,022,211
Other comprehensive income (loss):		
Unrealized gains (losses) on securities:		
Unrealized holding gain (loss) arising during the period	736,207	840,496
Securities transferred to held-to-maturity in prior years	(195,683)	124,052
 Total other comprehensive (loss) income	 <u>540,524</u>	 <u>964,548</u>
Comprehensive income	<u>\$6,547,687</u>	<u>\$ 6,986,759</u>

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See accompanying notes to consolidated financial statements.

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the years ended December 31, 2024 and 2023

	Class A Common <u>Stock</u>	Class B Common <u>Stock</u>	Retained <u>Earnings</u>	Accumulated Other Comprehensive <u>Income (Loss)</u>	<u>Total</u>
<b>Balance at January 1, 2023</b>	\$ 8,115,054	\$ 5,085,124	\$ 23,866,407	\$ (2,721,245)	\$ 34,345,340
Impact from Adoption of ASC 326	<u>-</u>	<u>-</u>	<u>287,445</u>	<u>-</u>	<u>287,445</u>
<b>Beginning Balance after adoption of ASC 326</b>	8,115,054	5,085,124	24,153,852	(2,721,245)	34,632,785
Net income	-	-	6,022,211	-	6,022,211
Dividends paid	-	-	(1,000,000)	-	(1,000,000)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,548</u>	<u>964,548</u>
<b>Balance at December 31, 2023</b>	8,115,054	5,085,124	29,176,063	(1,756,697)	40,619,544
Net income	-	-	6,007,163	-	6,007,163
Dividends paid	-	-	(1,499,999)	-	(1,499,999)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,524</u>	<u>540,524</u>
<b>Balance at December 31, 2024</b>	<u>\$ 8,115,054</u>	<u>\$ 5,085,124</u>	<u>\$ 33,683,227</u>	<u>\$ (1,216,173)</u>	<u>\$ 45,667,232</u>

See accompanying notes to consolidated financial statements.

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net income	\$ 6,007,163	\$ 6,022,211
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	189,471	79,435
Net amortization (accretion) of securities	140,325	974,325
Net amortization of deferred loan costs	617,051	817,719
Depreciation	415,162	349,168
Net change in assets and liabilities:		
Accrued interest receivable	(301,851)	63,551
Other assets	(1,212,254)	(686,641)
Accrued interest payable	(225,499)	303,489
Accrued expenses and other liabilities	<u>351,688</u>	<u>1,557,055</u>
Net cash from operating activities	5,981,255	9,480,312
<b>Cash flows from investing activities</b>		
Net change in interest bearing deposits in other financial institutions	(1,265,000)	(160,000)
Purchase of securities available for sale	(2,600,000)	-
Purchase of securities held to maturity	(97,231,847)	(12,048,573)
Proceeds from securities calls, maturities and pay downs	73,381,831	19,331,041
Net loan repayments (originations)	37,299,865	27,865,769
Proceeds from loan sale	-	5,663,089
Proceeds from sale of premises and equipment	342,986	-
Capital expenditures	<u>(30,574)</u>	<u>(506,989)</u>
Net cash from investing activities	9,897,261	40,144,338
<b>Cash flows from financing activities</b>		
Net (decrease) increase in deposits	(5,778,016)	(22,012,513)
Proceeds from notes payable	-	2,025,000
Repayment of notes payable	(8,504,000)	-
Repayment of other borrowings	-	(15,306,365)
Payment of dividends	<u>(1,499,999)</u>	<u>(1,000,000)</u>
Net cash from financing activities	<u>(15,782,015)</u>	<u>(36,293,878)</u>
Net change in cash and cash equivalents	96,501	13,330,772
Cash and cash equivalents, beginning of year	<u>47,549,362</u>	<u>34,218,590</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 47,645,863</u>	<u>\$ 47,549,362</u>
Supplemental disclosure:		
Interest paid	\$ 2,973,198	\$ 3,343,626

See accompanying notes to consolidated financial statements.

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations and Principles of Consolidation: FaceBank International Corporation (the “Bank”) was incorporated under the laws of the Commonwealth of Puerto Rico in 2006 under the name of Blue Bank International Corporation. During 2008, the Bank changed its name to FaceBank International Corporation. The Bank is a 33% owned subsidiary of Mulligan Investments Corporation (the “Parent Company”).

The consolidated financial statements include the accounts of Florida Home Trust Mortgage, Inc. (“FHT”), a wholly owned subsidiary of the Bank that primarily provides lending operation support in South Florida. All significant intercompany balances and transactions have been eliminated in consolidation.

The Bank was organized as an international banking entity (“IBE”), pursuant to the provisions of the International Banking Law of the Commonwealth of Puerto Rico. As an IBE, the Bank is authorized to provide specialized banking products and services such as loans and deposits and other private banking services to foreign customers. The Bank is subject to supervision by the Office of the Commissioner of Financial Institutions of Puerto Rico (the “OCFI”). The Bank must comply with certain banking regulations, including minimum capital requirements at inception, among others. The Bank is not subject to the regulations of the Federal Deposit Insurance Corporation (“FDIC”) and customer deposits are not insured by the FDIC.

Subsequent Events: In February of 2025, the Bank’s Board of Directors approved a dividend of \$1,000,000 to its shareholders on file as of February 18, 2025. The Bank has evaluated subsequent events for recognition and disclosure through March 31, 2025 which is the date the financial statements were available to be issued.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash Flows: Cash and cash equivalents include cash, restricted cash, deposits with other financial institutions with original maturities fewer than 90 days. Net cash flows are reported for customer loan and deposit transactions, and other borrowings.

Interest-Bearing Deposits in Other Financial Institutions: Interest-bearing deposits in other financial institutions mature within one year and are carried at cost.

Securities: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Allowance for Credit Losses – Held-to-Maturity Securities: Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities was not material at December 31, 2024 and 2023 and is excluded from the estimate of credit losses.

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(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Allowance for Credit Losses – Available-For-Sale Securities: For debt securities in an unrealized loss position, the Bank first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If management intends or is required to sell an available-for-sale security before recovery of its amortized cost basis, the security's amortized cost basis is written down to fair value through income. For debt securities that do not meet the aforementioned criteria, the Bank evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicated that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

A debt security is placed on nonaccrual status at the time any principal or interest payments become greater than 90 days delinquent. Interest accrued but not received for a security placed on non-accrual is reversed against interest income. No accrued interest was reversed against interest income for the years ended December 31, 2024 and 2023.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent for requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities was not material at December 31, 2024 and 2023 and is excluded from the estimate of credit losses.

Equity Securities: Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determined fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments.

Restricted Deposit: The Bank is required by the International Banking Center Act to maintain in Puerto Rico \$500,000 in assets free of any lien. To comply with this requirement, the Bank had a certificate of deposit with a carrying value of \$1,500,000 and \$300,000 as of December 31, 2024 and 2023, respectively.

The Bank is member of Payblr, Inc., an intermediary entity to settle transactions between Credit and Debit Cards providers, processors and the Bank, under membership terms the Bank is required to maintain assets free of any lien. To comply with this requirement, the Bank had a certificate of deposit with carrying value of \$2,350,000 and \$2,300,000 as of December 31, 2024 and 2023, respectively.

These amounts are reported as interest-bearing deposits in other financial institutions and as restricted on the balance sheet. These balances are in trust with financial institutions in the Commonwealth of Puerto Rico.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments. The Bank has identified three main portfolio segments which are residential real estate, consumer and credit cards.

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(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Interest income on mortgage loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Consumer and credit card loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated and individually evaluated loans. A loan is moved to non-accrual status in accordance with the Bank's policy, typically after 90 days of non-payment.

All interest accrued but not received for all loans placed on nonaccrual are reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses: The allowance for credit losses is a valuation allowance that is deducted from the loans amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Management estimates the allowance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecast. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in consumer spending, housing price index, or other factors.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The segmentation of loans the Bank considers having similar credit characteristics are organized by collateral type. The Bank has identified two portfolio segments: consumer and other; and residential real estate. Both portfolios are evaluated using a loss rate model.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Bank, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 10 to 40 years. Furniture, fixtures and equipment are depreciated using the straight-line method with useful lives ranging from 3 to 7 years.

Leases: Leases are classified as operating or finance leases at the lease commencement date. The Bank leases certain locations and equipment. The Bank records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Bank could obtain for similar loans as of the date of commencement or renewal. The Bank does not record leases on the consolidated balance sheets that are classified as short term (less than one year).

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(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

At lease inception, the Bank determines the lease term by considering the minimum lease term and all optional renewal periods that the Bank is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Bank's leases do not contain residual value guarantees or material variable lease payments.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in occupancy and related expense on the Bank's consolidated statement of operations. The Bank's variable lease expense include rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease. The amortization of the right-of-use asset arising from finance leases is expensed through occupancy and related expense and the interest on the related lease liability is expensed through interest expense on borrowings on the Bank's consolidated statements of operations.

The Bank has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

Foreclosed Assets: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed. As of December 31, 2024 and 2023, there were no foreclosed assets.

Income Taxes: Income tax expense is the total of current year income tax due or refundable (if any), and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position (if any) is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. There were no material unrecognized tax positions at December 31, 2024 and 2023.

In the event the Bank incurs any interest and/or penalties related to income tax matters, they would be recognized as income tax expense.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive (loss) income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of stockholders' equity.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 3 – "Fair Value". Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

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(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Concentration of Credit Risk: Most of the Bank’s business activity is with customers who are foreign national individuals acquiring residential properties in South Florida primarily for investment purposes. Approximately half of these customers have a national origin, and/or their primary source of income are derived from Venezuela. The remaining customers are mainly from Latin American and Caribbean countries. Therefore, the Bank’s exposure to any future credit and liquidity risks is affected by the changes in the economy and political stability of Venezuela, Latin American and Caribbean countries and the real estate market of South Florida as the collateral is located in South Florida. As of December 31, 2024 and 2023, the Bank had concentrations of credit risk with depository institutions in the form of bank accounts.

Revenue Recognition: In accordance with ASC Topic 606, revenues are recognized when control of promised goods or services are transferred to customers in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods or services.

The Bank has identified wire transfer fees and other income as its most significant revenue streams within the scope of the standard. For the revenue stream that was found in scope, management reviewed in detail its most significant transactions with corresponding customer accounts.

Additional disclosures related revenue recognition are included in Note 11 – “Revenue from Contracts with Customers”.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

**NOTE 2 – SECURITIES**

Available-for-Sale: The following tables summarize the amortized cost and fair value of securities available-for-sale by security type at December 31, 2024 and 2023, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive (loss) income:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>December 31, 2024</u>				
U.S. Treasury and federal agency	\$ 2,500,068	\$ 90	\$ (398)	\$2,499,760
Corporate bonds	<u>18,117,596</u>	<u>-</u>	<u>(652,620)</u>	<u>17,464,976</u>
Total securities available-for-sale	<u>\$ 20,617,664</u>	<u>\$ 90</u>	<u>\$ (653,018)</u>	<u>\$19,964,736</u>
<u>December 31, 2023</u>				
U.S. Treasury and federal agency	\$ -	\$ -	\$ -	\$ -
Corporate bonds	<u>22,871,678</u>	<u>-</u>	<u>(1,389,135)</u>	<u>21,482,543</u>
Total securities available-for-sale	<u>\$ 22,871,678</u>	<u>\$ -</u>	<u>\$(1,389,135)</u>	<u>21,482,543</u>

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 – SECURITIES** (Continued)

The proceeds from sales of securities and the associated gains and losses are listed below:

	<u>2024</u>	<u>2023</u>
Proceeds	\$ -	\$ -
Gross gains	-	-
Gross losses	-	-

There was no allowance for credit losses on securities available for sale as of December 31, 2024.

Held-to-Maturity: The following tables summarize the amortized cost and fair value of securities held-to-maturity by security type at December 31, 2024 and 2023, and the corresponding amounts of gross unrecognized gains and losses:

<u>December 31, 2024</u>	<u>Amortized Cost</u>	<u>Gross Unrecognized Gains</u>	<u>Gross Unrecognized Losses</u>	<u>Fair Value</u>
U.S. Treasury and federal agency	\$ 51,469,524	\$ 63,062	\$ (5,339,439)	\$ 46,193,147
U.S. Government sponsored entities	59,203,651	839,500	(1,866,091)	58,177,060
State and political subdivision	8,133,470	-	(372,169)	7,761,301
Corporate Bonds	<u>\$21,492,905</u>	<u>\$4,610</u>	<u>\$(714,851)</u>	<u>\$20,782,664</u>
Allowance for credit losses	<u>(49,720)</u>			
Total securities held-to-maturity	<u>\$ 140,249,830</u>	<u>\$ 907,172</u>	<u>\$ (8,292,550)</u>	<u>\$132,914,172</u>
<u>December 31, 2023</u>	<u>Amortized Cost</u>	<u>Gross Unrecognized Gains</u>	<u>Gross Unrecognized Losses</u>	<u>Fair Value</u>
U.S. Treasury and federal agency	\$ 987,937	\$ -	\$ (12,625)	\$ 975,312
U.S. Government sponsored entities	66,516,112	2,242	(7,353,652)	59,164,702
State and political subdivision	8,957,271	-	(604,983)	8,352,288
Corporate Bonds	<u>\$ 35,300,208</u>	<u>\$ -</u>	<u>\$(1,738,364)</u>	<u>\$ 33,561,844</u>
Allowance for credit losses	<u>(82,325)</u>			
Total securities held-to-maturity	<u>\$111,679,203</u>	<u>\$ 2,242</u>	<u>\$ (9,709,624)</u>	<u>\$ 102,054,416</u>

Held to maturity securities with amortized cost of \$ 4,286,000 at December 31, 2024 are pledged to the Federal Reserve Bank as collateral for clearing services provided by the Federal Reserve Bank.

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 – SECURITIES** (Continued)

The amortized cost and fair value of the investment securities portfolio are shown below by expected maturity. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Held-to-Maturity</u>		<u>Available- for-Sale</u>
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Fair Value</u>
<u>December 31, 2024</u>			
Due within one year	\$ 35,757,744	\$ 35,414,583	\$ 7,463,048
Due after one year through five years	71,848,385	70,592,416	10,814,326
Due after five years through ten years	3,956,192	4,234,287	1,687,363
Due over ten years	<u>28,737,230</u>	<u>22,672,886</u>	<u>-</u>
Total	<u>\$ 140,299,551</u>	<u>\$ 132,914,172</u>	<u>\$ 19,964,736</u>
<u>December 31, 2023</u>			
Due within one year	\$ 28,796,235	\$ 28,437,249	\$ 3,952,826
Due after one year through five years	82,965,293	73,617,167	17,529,717
Due after five years through ten years	-	-	-
Due over ten years	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 111,761,528</u>	<u>\$ 102,054,416</u>	<u>21,482,543</u>

As of December 31, 2024 and 2023, there was one U.S. Treasury security held in an amount greater than 10% of stockholders' equity.

The following table summarizes securities with unrealized losses at December 31, 2024 and 2023, aggregated by major security type and length of time in a continuous unrealized loss position:

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<u>December 31, 2024</u>						
<u>Available-for-sale</u>						
Treasury and federal agency	\$ 499,670	\$ (398)	\$ -	\$ -	\$ 499,670	\$ (398)
Corporate bonds	<u>-</u>	<u>-</u>	<u>17,464,976</u>	<u>(652,620)</u>	<u>17,464,976</u>	<u>(652,620)</u>
Total available-for-sale	<u>\$ 499,670</u>	<u>(398)</u>	<u>17,464,976</u>	<u>(652,620)</u>	<u>17,964,646</u>	<u>(653,018)</u>
<u>December 31, 2023</u>						
<u>Held-to-maturity</u>						
Treasury and federal agency	\$ -	\$ -	\$ 27,940,245	\$ (5,339,439)	\$ 27,940,245	\$ (5,339,439)
U.S. Government sponsored entities	-	-	53,753,790	(1,866,091)	53,753,790	(1,866,091)
State and political subdivisions	-	-	7,761,301	(372,169)	7,761,301	(372,169)
Corporate bonds	<u>-</u>	<u>-</u>	<u>20,452,716</u>	<u>(714,851)</u>	<u>20,452,716</u>	<u>(714,851)</u>
Total held-to-maturity	<u>\$ -</u>	<u>\$ -</u>	<u>109,908,052</u>	<u>\$ (8,292,550)</u>	<u>\$ 109,908,052</u>	<u>(8,292,550)</u>

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 – SECURITIES (Continued)**

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<u>December 31, 2023</u>						
Available-for-sale						
U.S. Government sponsored entities and agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	-	21,482,543	(1,389,135)	21,482,543	(1,389,135)
Total available-for-sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,482,543</u>	<u>\$ (1,389,135)</u>	<u>\$21,482,543</u>	<u>\$ (1,389,135)</u>
	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Held-to-maturity						
U.S. Treasury and federal agency	\$ -	\$ -	\$ 975,313	\$ (12,625)	\$ 975,313	\$ (12,625)
U.S. Government sponsored entities	-	-	47,498,834	(7,353,652)	47,498,834	(7,353,652)
State and political subdivisions	-	-	8,352,288	(604,983)	8,352,288	(604,983)
Corporate bonds	-	-	33,561,844	(1,738,364)	33,561,844	(1,738,364)
Total held-to-maturity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,388,278</u>	<u>\$ (9,709,624)</u>	<u>\$90,388,278</u>	<u>\$ (9,709,624)</u>

Unrealized losses have not been recognized into operations because the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers are believed to be of high credit quality and there has been no interest payment default and or deferral and management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery. The fair value is expected to recover as the instruments approach maturity.

**NOTE 3 – FAIR VALUE**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Bank used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values of investment securities outstanding that are determined by obtaining quoted prices on nationally recognized securities exchanges are Level 1 inputs. For securities where quoted prices are not available or they have limited trading, fair values are calculated based on market prices of similar securities or adjusted quoted prices (Level 2).

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 3 – FAIR VALUE** (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

<b>Fair Value Measurements at December 31, 2024 Using:</b>					
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable (Level 2)</u>	<u>Other Inputs (Level 3)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investment Securities					
Available-for-sale:					
U.S. Treasury and federal agency	\$ -	\$ 2,499,760		\$ -	\$ 2,499,760
Corporate bonds	-	<u>17,464,976</u>		-	<u>17,464,976</u>
Total available-for-sale	<u>\$ -</u>	<u>\$ 19,964,736</u>		<u>\$ -</u>	<u>\$ 19,964,736</u>

<b>Fair Value Measurements at December 31, 2023 Using:</b>					
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable (Level 2)</u>	<u>Other Inputs (Level 3)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investment Securities					
Available-for-sale:					
U.S. Treasury and federal agency	\$ -	\$ -		\$ -	\$ -
Corporate bonds	-	<u>21,482,543</u>		-	<u>21,482,543</u>
Total available-for-sale	<u>\$ -</u>	<u>\$ 21,482,543</u>		<u>\$ -</u>	<u>\$ 21,482,543</u>

There were no transfers between Levels 1 and 2 during 2024 or 2023. There were no transfers between Levels 2 and 3 during 2024 and 2023. There were no liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2024 or 2023. There were no assets measured at fair value on a non-recurring basis at December 31, 2024 or at December 31, 2024.

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – LOANS**

Loans at December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Residential real estate	\$ 252,375,509	\$ 278,564,086
Cash collateral and consumer	10,108,062	21,398,996
Credit cards	<u>5,039,621</u>	<u>5,025,188</u>
Total	267,523,192	304,988,270
Net deferred loan costs	901,844	1,462,199
Allowance for credit losses	<u>(846,046)</u>	<u>(732,487)</u>
Loans, net	<u>\$ 267,578,990</u>	<u>\$ 305,717,982</u>

The following tables present the activity in the allowance for credit losses by portfolio segment for the years ending December 31, 2024 and 2023:

	<u>Residential Real Estate</u>	<u>Cash Collateral, Consumer, and Credit Cards</u>	<u>Total</u>
<u>December 31, 2024</u>			
Allowance for credit losses			
Beginning balance	\$ 557,786	\$ 174,701	\$ 732,487
Credit loss expense (reversal)	(56,086)	278,162	222,076
Loans charged-off	-	(131,409)	(131,409)
Recoveries	-	<u>22,892</u>	<u>22,892</u>
Total ending allowance balance	<u>\$ 501,700</u>	<u>\$ 344,346</u>	<u>\$ 846,046</u>
<u>December 31, 2023</u>			
Allowance for credit losses			
Beginning balance, prior to adoption of ASC 326	\$ 995,750	\$ 138,283	\$ 1,134,033
Impact of adopting ASC 326	(355,650)	(39,776)	(395,426)
Credit loss expense (reversal)	(82,314)	185,387	103,073
Loans charged-off	-	(110,193)	(110,193)
Recoveries	-	<u>1,000</u>	<u>1,000</u>
Total ending allowance balance	<u>\$ 557,786</u>	<u>\$ 174,701</u>	<u>\$ 732,487</u>

**Credit Quality Indicators:**

The Bank considers the performance of the loan portfolio and its impact on the allowance for credit losses. The Bank evaluates credit quality based on the aging status of the loan and by payment activity. As of December 31, 2024 and 2023, non-accrual loans and loans past due 90 days still on accrual were as follows:

	<u>2024</u>	<u>2023</u>
Loans past due over 90 days still on accrual	\$ 951,515	\$ 901,531
Nonaccrual loans past due over 90 days	370,957	969,315

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – LOANS** (Continued)

Non accrual loans with an allowance for credit losses were \$154,580 and \$28,239 at December 31, 2024 and December 31, 2023. The allowance for credit losses on non accrual loans was \$154,580 and \$28,239 at December 31, 2024 and December 31, 2023. All non accrual loans with an allowance at December 31, 2024 and December 31, 2023 were credit card loans. Non accrual loans without an allowance for credit losses were \$2,446,733 and \$941,076 at December 31, 2024 and December 31, 2023. Interest income, which would have been recognized at the original rates on non-accrual loans was not material for the years ended December 31, 2024 and 2023, respectively.

There were no collateral dependent loans at December 31, 2024 or 2023.

The following table presents the aging of the amortized cost in past due loans as well as the loans not past due as of December 31, 2024 by class of loans:

	30 - 89 Days <u>Past Due</u>	Greater than 90 Days <u>Past Due</u>	Total <u>Past Due</u>	Loans Not <u>Past Due</u>	<u>Total</u>
Residential					
Real Estate	\$ 10,194,703	\$ 1,167,892	\$ 11,362,595	\$ 241,012,914	\$ 252,375,509
Consumer and Credit Cards	<u>-</u>	<u>154,580</u>	<u>154,580</u>	<u>14,993,103</u>	<u>15,147,683</u>
Total	<u>\$ 10,194,703</u>	<u>\$ 1,322,472</u>	<u>\$ 11,517,174</u>	<u>\$ 256,006,017</u>	<u>\$ 267,523,192</u>

The following table presents the aging of the amortized cost in past due loans as well as the loans not past due as of December 31, 2023 by class of loans:

	30 - 89 Days <u>Past Due</u>	Greater than 90 Days <u>Past Due</u>	Total <u>Past Due</u>	Loans Not <u>Past Due</u>	<u>Total</u>
Residential					
Real Estate	\$ 6,658,824	\$ 1,842,608	\$ 8,501,432	\$270,062,654	\$278,564,086
Consumer and Credit Cards	<u>116,799</u>	<u>28,238</u>	<u>145,037</u>	<u>26,279,147</u>	<u>26,424,184</u>
Total	<u>\$ 6,775,723</u>	<u>\$ 1,870,846</u>	<u>\$ 8,646,468</u>	<u>\$296,283,813</u>	<u>\$304,988,270</u>

The Bank occasionally modifies loans to borrowers in financial distress by changing repayment terms. If principal were to be forgiven it would be charged-off against the allowance for credit losses. Loan modifications to borrowers in financial distress during 2024 and 2023 were not material.

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 5 – PREMISES AND EQUIPMENT**

Premises and equipment as of December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Premises	\$ -	\$ 696,060
Improvements to premises	55,807	55,807
Leasehold improvements	411,927	401,556
Computer equipment	1,200,021	1,185,194
Furniture, fixtures, equipment and vehicles	<u>2,231,207</u>	<u>2,422,514</u>
	3,898,962	4,761,131
Less: Accumulated depreciation	<u>(2,259,681)</u>	<u>(2,394,277)</u>
	<u>\$ 1,639,280</u>	<u>\$ 2,366,854</u>

The Bank sold premises during 2024. The proceeds from sale approximated the net carrying value at the time of sale. Depreciation expense was \$415,162 and \$429,131 for the years ended December 31, 2024 and 2023, respectively.

The Bank leases office under operating leases. The Bank's wholly owned subsidiary leases two offices under operating leases. The Bank's lease has a remaining life of approximately four years, with the option to renew for up to an additional five years. Right of use asset and lease liability as of December 31, 2024 totaled \$757,106 and \$782,430; respectively, and were included with other assets and accrued expenses and other liabilities on the balance sheet. Total lease expense for 2024, consisting primarily of operating lease cost, was \$667,734.

Future undiscounted lease payments for the Bank's operating lease as December 31, 2024 are as follows:

	Operating Leases	
2025	\$	394,111
2026		339,077
2027		<u>54,507</u>
Total undiscounted lease payments		<u>787,695</u>
Less: Imputed Interest		<u>(5,265)</u>
Net lease liabilities	\$	<u>782,430</u>

**NOTE 6 – DEPOSITS**

The Bank is an IBE pursuant to the provisions of the International Banking Law of the Commonwealth of Puerto Rico. Deposits are not insured by the FDIC. Time deposits of \$250,000 or more were \$33,058,547 and \$45,829,155 as of December 31, 2024 and 2023, respectively.

Scheduled maturities of time deposits are as follows:

2025	\$ 59,055,573
2026	2,702,716
2027	<u>46,300</u>
Total	<u>\$ 61,804,589</u>

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 7 – NOTES PAYABLE AND OTHER BORROWINGS**

During the year ended December 31, 2022, the Bank issued a total of \$6,479,000 in notes payable. During the year ended December 31, 2023, the Bank issued a total of \$2,025,000 in notes payable. All notes were secured by the Bank's residential real estate portfolio. All notes were repaid during 2024, and the Bank does not have any notes payable outstanding at December 31, 2024.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

As of December 31, 2024 and 2023, the Bank held outstanding loans to officers, directors and employees amounting to \$1,615,428 and \$1,664,485, respectively.

As of December 31, 2024 and 2023, the Bank held demand and time deposits from officers, directors and other related parties including employees amounting to \$4,364,150 and \$6,571,540, respectively.

**NOTE 9 – INCOME TAXES**

All IBEs in Puerto Rico are 100% exempt from income, property, municipal, and tollgate taxes pursuant to the Puerto Rico International Banking Center Act of 1989, as amended ("Act 52"), provided that the income is derived from international banking activities; as such term is defined in Act 52. For the years ended December 31, 2024 and 2023, the Bank had no Puerto Rico tax liability as its operations were all derived from international banking activities as described in Act 52.

For United States income tax purposes, the Bank is treated as a foreign corporation and, as such, is subject to federal income taxes on income from sources within the United States pursuant to the United States Internal Revenue Code, as amended.

For the period ended December 31, 2024 and 2023, the Bank did not have any U.S. tax liability recorded. There was no income subject to United States federal income tax during 2024 and 2023.

The Bank's subsidiary FHT is subject to U.S. federal income tax as well as income tax of the state of Florida. For the years ended December 31, 2024 and 2023, FHT recorded a book net loss before taxes of \$174,929 and net loss before taxes of \$302,925, respectively. FHT does not have any substantial adjustments from book to tax income. For the year ended December 31, 2024, FHT recorded an income tax benefit of \$29,686. For the year ended December 31, 2023, FHT recorded an income tax benefit of \$61,010.

**NOTE 10 – LOAN COMMITMENTS**

Some financial instruments, such as loan commitments and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

As of December 31, 2024 and 2023, contractual amounts or commitments of financial instruments consisted in unused lines of credits of approximately \$20,595,888 and \$18,293,039, respectively. Unused lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit are usually collateralized and do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

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(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

In accordance with ASC Topic 606, revenues are recognized when control of promised goods or services are transferred to customers in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC Topic 606, the Bank performs the following five steps: (i) identifies the contract(s) with a customer; (ii) identifies the performance obligations in the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when (or as) the Bank satisfies a performance obligation. The Bank only applies the five-step model to contracts when it is probable that the Bank will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC Topic 606, the Bank assesses the goods or services that are promised within each contract and identifies those that contain performance obligations and assesses whether each promised good or services is distinct. The Bank then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The following table summarizes the Bank's revenue, disaggregated by type of services for the years ending December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Wire transfer fees	\$ 5,535,013	\$ 5,265,256
Service charges on deposits	2,179,555	2,215,106
Other income	806,115	407,265
Cross border credit card fees	3,853,085	3,570,226
Not within the scope of ASC Topic 606	<u>23,198,251</u>	<u>22,011,555</u>
	<u>\$35,572,019</u>	<u>\$33,469,408</u>

The following is a description of revenues within the scope of ASC Topic 606:

Wire Transfer Fees: The Bank earns fees from providing wire transfer services to its clients, these are recognized at the time the transaction is executed as that is the point in time the Bank fulfills the customer's request. The fees are paid by the customer in cash when the transaction is executed.

Service Charges on Deposits: Service charges and fees on deposit accounts relate to fees generated from a variety of deposit products. Charges relate to maintenance fees. Such fees are recognized concurrently with the event on a daily basis or on a monthly basis depending upon the customer's cycle date. These depository arrangements are considered day-to-day contracts that do not extend beyond the services performed, as customers have the right to terminate these contracts with no penalty or, if any, no substantive penalties. Fees and charges are earned over the period which the Bank satisfies the performance obligation.

Other Income: The Bank earns fees from its deposit customers for transaction-based and account maintenance services. Transaction-based fees, which include services such as ACH transaction fees, bank checks fees, returned checks fees, commissions on foreign transactions, and debit cards fees, are recognized at the time the transaction is executed as that is the point in time the Bank fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation. Service charges on deposits are withdrawn from the customer's account balance.

(Continued)

FACEBANK INTERNATIONAL CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS** (Continued)

Not in Scope of ASC Topic 606: Most of the Bank's revenue is not within the scope of ASC Topic 606. The guidance explicitly excludes interest income from financial assets, as well as other non-interest income from loans and investment securities.

The Bank did not have any significant performance obligations as of December 31, 2024. The Bank did not have any material contract acquisition costs, nor did it make in estimates when recognizing revenue. The only significant judgements in recognizing revenue for financial reporting purposes was the determination of whether to recognize revenue at a point in time or over time.

**SUPPLEMENTARY INFORMATION**

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATING BALANCE SHEETS  
December 31, 2024

	<u>FaceBank</u>	<u>FHT</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 47,643,537	\$ 42,892	\$ (40,566)	\$ 47,645,863
Interest-bearing deposits (restricted \$3,865,000)	3,865,000	-	-	3,865,000
Securities available for sale	19,964,736	-	-	19,964,736
Securities held to maturity	140,249,830	-	-	140,249,830
Loans, net of allowance	267,476,501	102,489	-	267,578,990
Premises and equipment, net	1,470,032	169,248	-	1,639,280
Accrued interest receivable	2,353,657	-	-	2,353,657
Investment in subsidiary	419,785	-	(419,785)	-
Other assets	<u>5,622,082</u>	<u>275,712</u>	<u>-</u>	<u>5,897,794</u>
Total assets	<u>\$ 489,065,160</u>	<u>\$ 590,341</u>	<u>\$ (460,351)</u>	<u>\$ 489,195,150</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Liabilities				
Deposits				
Demand deposits	\$ 375,480,615	\$ -	\$ (40,566)	\$ 375,440,049
Time deposits	61,804,589	-	-	61,804,589
Escrow accounts	<u>1,783,482</u>	<u>-</u>	<u>-</u>	<u>1,783,482</u>
Total deposits	439,068,686	-	(40,566)	439,028,120
Accrued interest payable	619,188	-	-	619,188
Notes payable	-	-	-	-
Other borrowed funds	-	-	-	-
Accrued expenses and other liabilities	<u>3,710,054</u>	<u>170,556</u>	<u>-</u>	<u>3,880,610</u>
Total liabilities	443,397,929	170,556	(40,566)	443,527,918
<b>STOCKHOLDERS' EQUITY</b>				
Class A common stock	8,115,054	626,530	(626,530)	8,115,054
Class B common stock	5,085,124	-	-	5,085,124
Retained earnings (deficit)	33,683,227	(206,745)	206,745	33,683,227
Accumulated other comprehensive (loss)	<u>(1,216,173)</u>	<u>-</u>	<u>-</u>	<u>(1,216,173)</u>
	<u>45,667,232</u>	<u>419,785</u>	<u>(419,785)</u>	<u>45,667,232</u>
	<u>\$ 489,065,160</u>	<u>\$ 590,341</u>	<u>\$ (460,351)</u>	<u>\$ 489,195,150</u>

(See Independent Auditor's Report)

FACEBANK INTERNATIONAL CORPORATION  
CONSOLIDATING STATEMENT OF OPERATIONS  
Year ended December 31, 2024

	<u>FaceBank</u>	<u>FHT</u>	<u>Eliminations</u>	<u>Consolidated</u>
Interest income				
Loans, including fees	\$ 16,535,894	\$ 5,516	\$ -	\$ 16,541,410
Interest-bearing deposits	2,662,050	-	-	2,662,050
Securities and other	3,994,791	-	-	3,994,791
	<u>23,192,735</u>	<u>5,516</u>	<u>-</u>	<u>23,198,251</u>
Interest expense				
Deposits	2,589,698	-	-	2,589,698
Other	173,768	-	-	173,768
	<u>2,763,466</u>	<u>-</u>	<u>-</u>	<u>2,763,466</u>
<b>Net interest income</b>	20,429,269	5,516	-	20,434,785
Credit loss expense	<u>189,471</u>	<u>-</u>	<u>-</u>	<u>189,471</u>
<b>Net interest income after credit loss expense</b>	20,239,798	5,516	-	20,245,314
Noninterest income				
Service charges on deposits	2,179,555	-	-	2,179,555
Wire transfer fees	5,535,013	-	-	5,535,013
Cross border credit card fees	3,853,085	-	-	3,853,085
Other income	514,578	1,830,153	(1,538,616)	806,115
	<u>12,082,231</u>	<u>1,830,153</u>	<u>(1,538,616)</u>	<u>12,373,768</u>
Noninterest expenses				
Salaries and employee benefits	7,229,792	1,363,537	(1,429,863)	7,163,466
Commission expense	3,142,387	-	-	3,142,387
Professional services	6,313,996	99,730	-	6,413,726
Occupancy and related expenses	675,563	265,170	-	940,733
Debit and credit card process fees	4,599,047	-	-	4,599,047
Advertising	902,886	-	-	902,886
Bank service fees	234,416	500	-	234,916
Other expenses	3,041,850	311,347	(108,753)	3,244,444
	<u>26,139,937</u>	<u>2,040,284</u>	<u>(1,538,616)</u>	<u>26,641,605</u>
Earnings (loss) of subsidiary	<u>(174,929)</u>	<u>-</u>	<u>174,929</u>	<u>-</u>
Income (loss) before income taxes	6,007,163	(204,615)	174,929	5,977,477
Income tax (benefit) expense	<u>-</u>	<u>(29,686)</u>	<u>-</u>	<u>(29,686)</u>
<b>Net income (loss)</b>	<u>\$ 6,007,163</u>	<u>\$ (174,929)</u>	<u>\$ -</u>	<u>\$ 6,007,163</u>

(See Independent Auditor's Report)