

**BANCO GENERAL, S. A.
AND SUBSIDIARIES**
(Panama, Republic of Panama)

**Condensed Consolidated Interim
Financial Information**

June 30, 2024

"This document has been prepared with the
knowledge that its contents shall be made
available to the investing and general public"

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Financial Position

June 30, 2024, December 31, 2023 and June 30, 2023

(Expressed in Balboas)

		(Unaudited) June 2024	(Audited) December 2023	(Unaudited) June 2023
<u>Assets</u>	<u>Note</u>			
Cash and cash items	5	176,172,169	195,541,375	171,701,592
Deposits with banks:				
Demand deposits		546,296,691	613,848,309	427,753,761
Time deposits		15,379,494	455,642	447,695
Accrued interest receivable		12,004	8,755	6,677
Total deposits with banks		561,688,189	614,312,706	428,208,133
Total cash, cash items and deposits with banks		737,860,358	809,854,081	599,909,725
Investments and other financial assets at FVTPL		820,167,885	793,016,542	810,468,020
Investments and other financial assets at FVOCI		4,091,591,486	4,326,241,290	4,206,711,001
Investments and other financial at amortized cost, net		17,767,087	5,664,174	74,714,230
Accrued interest receivable		7,647	3,796	13,069
Investments and other financial assets, net		4,929,534,105	5,124,925,802	5,091,906,320
Loans	6	12,417,110,369	11,974,961,025	11,645,305,066
Accrued interest receivable		65,430,538	65,280,181	66,558,451
Less:				
Loan losses allowance		393,110,081	394,787,079	427,211,358
Unearned commissions		39,982,371	38,961,228	39,503,075
Loans, net		12,049,448,455	11,606,492,899	11,245,149,084
Investments in associates		32,645,328	30,112,121	30,960,375
Properties, furniture, equipment and improvements, net of accumulated depreciation and amortization	7	266,044,440	259,973,613	253,885,097
Right-of-Use Assets, net	8	15,733,315	16,462,299	15,908,246
Investments and other financial assets sold pending settlement		229,360,385	302,824,536	249,305,270
Deferred tax assets		95,434,191	95,907,031	103,312,662
Goodwill and other intangible assets, net	9	45,056,162	46,021,015	47,329,711
Other assets		435,409,243	439,033,454	489,218,267
Total assets		18,836,525,982	18,731,606,851	18,126,884,757

The condensed consolidated statement of financial position should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

		(Unaudited) June 2024	(Audited) December 2023	(Unaudited) June 2023
<u>Liabilities and Equity</u>	<u>Note</u>			
Liabilities:				
Deposits:				
Local:				
Demand		2,643,898,381	2,877,226,658	2,771,932,113
Savings		4,738,181,096	4,885,637,714	4,792,919,111
Time:				
Customers		5,805,125,126	5,463,384,023	5,345,676,342
Banks		6,561,913	8,403,549	6,808,140
Accrued interest payable		96,841,046	89,297,527	75,958,156
Total deposits		13,290,607,562	13,323,949,471	12,993,293,862
Financing:				
Borrowings and debt securities issued, net	11	740,287,001	860,648,364	785,657,219
Perpetual bonds		400,000,000	400,000,000	400,000,000
Accrued interest payable		13,213,711	16,209,295	15,174,991
Total financing		1,153,500,712	1,276,857,659	1,200,832,210
Lease Liabilities	12	17,621,921	18,301,593	17,664,948
Investments and other financial assets purchased pending settlement		454,926,436	432,587,385	457,878,945
Reserves of insurance operations	13	25,571,546	23,828,478	25,053,712
Deferred tax liabilities		1,155,980	1,151,606	1,174,287
Other liabilities	10	771,212,637	727,584,041	655,490,102
Total liabilities		15,714,596,794	15,804,260,233	15,351,388,066
Equity:	15			
Common shares		500,000,000	500,000,000	500,000,000
Legal reserves		216,948,392	213,274,003	212,358,413
Capital reserves		(156,379,376)	(162,678,172)	(249,076,701)
Retained earnings		2,561,360,172	2,376,750,787	2,312,214,979
Total equity		3,121,929,188	2,927,346,618	2,775,496,691
Total liabilities and equity		18,836,525,982	18,731,606,851	18,126,884,757

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Income

For the six months ended June 30, 2024 and 2023

(Expressed in Balboas)

		(Unaudited) (2nd Quarter)		(Unaudited) (Accumulated)	
	Note	2024	2023	2024	2023
Interest and commission income:					
Interest:					
Loans		241,026,907	212,316,640	470,427,898	416,056,624
Deposits with banks		3,927,445	2,976,103	7,708,915	5,527,538
Investments and other financial assets		66,805,076	58,800,657	132,658,382	117,574,524
Commissions on loans		10,810,145	10,234,737	21,095,880	20,363,391
Total interest and commission income		322,569,573	284,328,137	631,891,075	559,522,077
Interest expenses:					
Deposits		80,487,967	61,777,542	157,733,590	117,324,864
Financing		13,656,226	14,836,322	28,482,495	30,011,608
Total interest expenses		94,144,193	76,613,864	186,216,085	147,336,472
Net interest and commission income		228,425,380	207,714,273	445,674,990	412,185,605
Provision (reversal) for loan losses, net	6	(850,295)	(12,663,293)	92,575	(13,800,911)
Reversal of provision for impairment of investments, net		(442,911)	(1,902,044)	(1,296,487)	(2,697,826)
Provision (reversal) for foreclosed assets, net		(14,655)	397,030	855,230	142,780
Net interest and commission income, after provisions		229,733,241	221,882,580	446,023,672	428,541,562
Other income (expenses):					
Fees and other commissions		101,993,493	81,205,777	198,333,071	167,566,491
Insurance premiums, net		12,186,947	9,862,742	23,689,879	19,466,035
Loss on financial instruments, net		(7,237,070)	(3,132,143)	(3,892,645)	(23,975,854)
Other income, net		13,641,572	14,988,176	23,761,356	23,335,929
Commission expenses and other expenses	12	(41,395,557)	(37,792,573)	(83,745,891)	(77,940,283)
Total other income, net		79,189,385	65,131,979	158,145,770	108,452,318
General and administrative expenses:					
Salaries and other personnel expenses	16	49,898,915	46,110,166	98,698,892	91,510,922
Depreciation and amortization	7 and 8	8,812,561	8,139,284	17,353,379	16,704,923
Properties, furniture and equipment expenses		9,181,978	8,591,968	18,070,452	16,950,227
Other expenses		19,661,941	19,143,613	38,275,706	36,809,856
Total general and administrative expenses		87,555,395	81,985,031	172,398,429	161,975,928
Net operating income		221,367,231	205,029,528	431,771,013	375,017,952
Equity participation in associates		3,816,339	4,031,518	8,155,426	7,926,166
Net income before tax		225,183,570	209,061,046	439,926,439	382,944,118
Income tax, estimated		29,259,740	26,735,576	54,897,453	49,140,033
Income tax, deferred		711,684	1,859,803	477,238	1,585,169
Income tax, net	17	29,971,424	28,595,379	55,374,691	50,725,202
Net income		195,212,146	180,465,667	384,551,748	332,218,916

The condensed consolidated statement of income should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024 and 2023

(Expressed in Balboas)

	(Unaudited)	
	<u>2024</u>	<u>2023</u>
Net income	<u>384,551,748</u>	<u>332,218,916</u>
Other comprehensive income (expense):		
Items that are or may be reclassified to the condensed consolidated statement of income:		
Valuation of investments and other financial assets:		
Net changes in valuation of investments at FVOCI	16,717,185	74,690,197
Transfer to profit or loss for sales of investments at FVOCI	(9,142,975)	(42,673,772)
Valuation of investment credit risk at FVOCI	<u>(1,275,414)</u>	<u>(2,724,998)</u>
Total other comprehensive income, net	<u>6,298,796</u>	<u>29,291,427</u>
Total comprehensive income	<u><u>390,850,544</u></u>	<u><u>361,510,343</u></u>

The condensed consolidated statement of comprehensive income should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 and 2023

(Expressed in Balboas)

			Capital reserves		Total capital reserves	Retained earnings	Total equity
	Common shares	Legal reserves	Insurance reserve	Valuation of investments and other financial assets			
Balance as of December 31, 2023 (Audited)	500,000,000	213,274,003	1,000,000	(163,678,172)	(162,678,172)	2,376,750,787	2,927,346,618
Net income	0	0	0	0	0	384,551,748	384,551,748
Other comprehensive income (expense):							
Items that are or may be reclassified to the condensed consolidated statement of income							
Valuation of investments and other financial assets:							
Net changes in valuation of investments at FVOCI	0	0	0	16,717,185	16,717,185	0	16,717,185
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(9,142,975)	(9,142,975)	0	(9,142,975)
Valuation of investment credit risk at FVOCI	0	0	0	(1,275,414)	(1,275,414)	0	(1,275,414)
Total other comprehensive income, net	0	0	0	6,298,796	6,298,796	0	6,298,796
Total comprehensive income	0	0	0	6,298,796	6,298,796	384,551,748	390,850,544
Transactions with owner:							
Dividends paid on common shares	0	0	0	0	0	(190,000,000)	(190,000,000)
Dividends tax	0	0	0	0	0	(1,855,466)	(1,855,466)
Complementary tax	0	0	0	0	0	(4,412,508)	(4,412,508)
Transfer of retained earnings	0	3,674,389	0	0	0	(3,674,389)	0
Total transactions attributable to the shareholder	0	3,674,389	0	0	0	(199,942,363)	(196,267,974)
Balance as of June 30, 2024 (Unaudited)	500,000,000	216,948,392	1,000,000	(157,379,376)	(156,379,376)	2,561,360,172	3,121,929,188
Balance as of December 31, 2022 (Audited)	500,000,000	206,514,168	1,000,000	(279,368,128)	(278,368,128)	2,150,470,978	2,578,617,018
Net income	0	0	0	0	0	332,218,916	332,218,916
Other comprehensive income (expense):							
Items that are or may be reclassified to the condensed consolidated statement of income							
Valuation of investments and other financial assets:							
Net changes in valuation of investments at FVOCI	0	0	0	74,690,197	74,690,197	0	74,690,197
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(42,673,772)	(42,673,772)	0	(42,673,772)
Valuation of investment credit risk at FVOCI	0	0	0	(2,724,998)	(2,724,998)	0	(2,724,998)
Total other comprehensive income, net	0	0	0	29,291,427	29,291,427	0	29,291,427
Total comprehensive income	0	0	0	29,291,427	29,291,427	332,218,916	361,510,343
Transactions with owner:							
Dividends paid on common shares	0	0	0	0	0	(160,000,000)	(160,000,000)
Dividends tax	0	0	0	0	0	(1,669,675)	(1,669,675)
Complementary tax	0	0	0	0	0	(2,960,995)	(2,960,995)
Transfer of retained earnings	0	5,844,245	0	0	0	(5,844,245)	0
Total transactions attributable to the shareholder	0	5,844,245	0	0	0	(170,474,915)	(164,630,670)
Balance as of June 30, 2023 (Unaudited)	500,000,000	212,358,413	1,000,000	(250,076,701)	(249,076,701)	2,312,214,979	2,775,496,691

The condensed consolidated statement of changes in equity should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Balboas)

		(Unaudited)	
	Note	2024	2023
Operating activities:			
Net income		384,551,748	332,218,916
Adjustments to reconcile net income and cash from operating activities:			
Provision (reversal) of provision for loan losses, net	6	92,575	(13,800,911)
Reversal of provision for valuation of investments, net		(1,296,487)	(2,697,826)
Provision for foreclosed assets, net		855,230	142,780
Unrealized loss (gain) on investments and other financial assets		7,673,289	(11,519,119)
Unrealized gain on derivative instruments		(9,052,444)	(13,690,488)
(Gain) loss on sale of investments and other financial assets at FVTPL, net		(4,466,142)	1,553,664
Loss on sale of investments and other financial assets at FVOCI, net		11,318,054	32,406,154
Realized (gain) loss on derivative instruments		(1,580,112)	15,225,643
Foreign exchange fluctuations, net		48,781	25,040
Loss (gain) on sale of fixed assets, net		11,250	(68,849)
Depreciation and amortization	7 and 8	17,353,379	16,704,923
Amortization of intangible assets	9	964,853	1,308,696
Equity participation in associates		(8,155,426)	(7,926,166)
Income tax, net		55,374,691	50,725,202
Interest and commission income		(631,891,075)	(559,522,077)
Interest expense		186,216,085	147,336,472
Changes in operating assets and liabilities:			
Time deposits with banks		76,148	38,997,782
Investments and other financial assets at FVTPL		(34,577,780)	(48,102,828)
Loans		(443,918,917)	52,903,625
Unearned commissions		22,117,023	21,370,041
Tax credit from preferential interest		(35,085,595)	(28,797,261)
Other assets		100,941,020	49,673,185
Demand deposits		(233,328,277)	(113,594,361)
Savings deposits		(147,456,618)	(267,350,444)
Time deposits		339,899,467	131,638,667
Reserves of insurance operations		1,743,068	4,531,071
Other liabilities		41,321,126	(64,489,490)
Cash provided by operations:			
Interest received		608,371,619	546,396,810
Interest paid		(181,660,373)	(153,915,717)
Dividends received		935,478	898,796
Total		(337,156,110)	(173,636,986)
Cash flows from operating activities		47,395,638	158,581,930
Investing activities:			
Purchases of investments and other financial assets at FVOCI		(2,139,266,822)	(1,549,064,127)
Sale and redemptions of investments and other financial assets at FVOCI		2,365,564,093	1,832,683,577
Purchases of securities at amortized cost		(62,975,736)	(83,253,542)
Redemptions of securities at amortized cost		50,893,896	13,317,356
Dividends received from associates		5,622,219	6,882,486
Sale of properties, furniture and equipment		42,693	3,479,416
Purchases of properties, furniture and equipment	7	(21,719,747)	(21,257,041)
Cash flows from investing activities		198,160,596	202,788,125
Financing activities:			
Valores vendidos bajo acuerdos de recompra			
Borrowings and debt securities issued		0	1,999,994
Redemption of debt securities issued and cancellation of borrowings		(119,499,994)	(17,755,564)
Securities sold under repurchase agreements		0	(198,242,891)
Payment of lease liabilities		(1,709,090)	(1,650,100)
Dividends paid on common shares		(190,000,000)	(160,000,000)
Complementary and dividends tax		(6,267,974)	(4,630,670)
Cash flows used from financing activities		(317,477,058)	(380,279,231)
Net decreased in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		(71,920,824)	(18,909,176)
Cash and cash equivalents at the end of the period	5	809,389,684	618,364,529
Cash and cash equivalents at the end of the period	5	737,468,860	599,455,353

The condensed consolidated statement of cash flows should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

June 30, 2024

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BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

June 30, 2024

(Expressed in Balboas)

(1) General Information

Banco General, S. A. is incorporated under the laws of the Republic of Panama since 1954 and started operations in 1955. The Bank operates under a general license granted by the Superintendence of Banks of Panama which allows it to engage in the banking business in Panama or abroad. Banco General, S. A. and its subsidiaries will be referred to collectively as “the Bank”.

The Bank provides a wide variety of financial services, mainly corporate, mortgage and consumer banking, investment, insurance, reinsurance, wealth management, pensions, retirement and severance funds.

The Bank has a network of Representation Offices in the following countries: Colombia, El Salvador, Guatemala, Peru.

Grupo Financiero BG, S. A., a 59.86% (December 31, 2023: 59.88%) subsidiary of Empresa General de Inversiones, S. A., owns 100% of the common shares issued and outstanding of Banco General, S. A.

Banco General, S. A. which in turn owns 100% of the following subsidiaries that are presented below and which form part of the consolidation:

- BG Investment Co., Inc.: securities brokerage, assets management and brokerage company in Panama.
- General de Seguros, S. A.: insurance and reinsurance in Panama.
- Overseas Capital Markets, Inc.: holder of shares in the Cayman Islands. It in turn has the following subsidiaries:
 - Banco General (Overseas), Inc.: international banking in the Cayman Islands.
 - Commercial Re. Overseas, Ltd.: international reinsurance in the British Virgin Islands.
- BG Valores, S. A.: securities brokerage, asset management and brokerage company in Panama.
- Banco General (Costa Rica), S. A.: banking business in Costa Rica.
- ProFuturo Administradora de Fondos de Pensiones y Cesantía, S. A.: management of pension and retirement, severance and investment funds in Panama.
- Yappy, S. A.: digital platform for money transfers and payments between people and businesses in Panama.
- BG Trust, Inc.: trust administration in Panama.
- Vale General, S. A.: administration and marketing of food vouchers in Panama.

The Bank's main office is located at Banco General Tower, Marbella Urbanization, Aquilino de la Guardia Avenue, Panama City, Republic of Panama.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(2) Basis of Preparation

(a) Statement of Compliance

The condensed consolidated interim financial information have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards).

These condensed consolidated interim financial information were authorized by management issue on April 25, 2024.

(b) Basis of Measurement

These condensed consolidated interim financial information have been prepared on a historical cost basis or amortized cost, except for financial assets and liabilities at fair value, securities at fair value through other comprehensive income and derivative financial instruments, which are measured at fair value; and foreclosed assets, which are measured at the lower of their carrying value or estimated value of realization.

The Bank initially recognizes loans and receivables and deposits on the date on which they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date initially, which is the date on which the Bank compromises to buy or sell an instrument.

(c) Functional and Presentation Currency

The condensed consolidated interim financial information are expressed in balboas (B/.), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States dollar (US\$). The Republic of Panama does not issue its own paper currency and, in lieu, the dollar (US\$) of the United States of America is used as legal tender and functional currency.

(3) Summary of Materials Accounting Policies

The accounting policies used by the Bank in this condensed consolidated interim financial information are the same as those applied by the Bank in its consolidated financial statements as of December 31, 2023.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(4) Balances and Transactions with Related Parties**

The condensed consolidated statement of financial position and the condensed consolidated statement of income include balances and transactions with related parties, which are summarized as follows:

	June 30, 2024			
	Directors and Management	Related Companies	Affiliated Companies	Total
<u>Assets:</u>				
Investments and other financial assets	<u>0</u>	<u>191,419,877</u>	<u>33,120,322</u>	<u>224,540,199</u>
Loans	<u>16,212,093</u>	<u>193,712,272</u>	<u>321,373</u>	<u>210,245,738</u>
Investments in associates	<u>0</u>	<u>32,645,328</u>	<u>0</u>	<u>32,645,328</u>
<u>Liabilities:</u>				
Deposits:				
Demand	668,636	102,996,822	85,667,628	189,333,086
Savings	6,672,299	35,644,662	48,431	42,365,392
Time	<u>5,540,568</u>	<u>267,132,574</u>	<u>136,000,000</u>	<u>408,673,142</u>
	<u>12,881,503</u>	<u>405,774,058</u>	<u>221,716,059</u>	<u>640,371,620</u>
Perpetual bonds	<u>0</u>	<u>17,000,000</u>	<u>127,984,000</u>	<u>144,984,000</u>
Commitments and contingencies	<u>0</u>	<u>16,299,323</u>	<u>35,886,541</u>	<u>52,185,864</u>
<u>Interest income:</u>				
Loans	<u>435,304</u>	<u>7,236,886</u>	<u>32,629</u>	<u>7,704,819</u>
Investments and other financial assets	<u>0</u>	<u>5,660,706</u>	<u>1,445,794</u>	<u>7,106,500</u>
<u>Interest expenses:</u>				
Deposits	<u>166,174</u>	<u>8,108,412</u>	<u>3,326,738</u>	<u>11,601,324</u>
Financing	<u>0</u>	<u>458,067</u>	<u>3,364,218</u>	<u>3,822,285</u>
<u>Other income:</u>				
Equity participation in associates	<u>0</u>	<u>8,155,426</u>	<u>0</u>	<u>8,155,426</u>
Received dividends	<u>0</u>	<u>398,223</u>	<u>0</u>	<u>398,223</u>
<u>General and administrative expenses:</u>				
Directors' fees	<u>482,715</u>	<u>0</u>	<u>0</u>	<u>482,715</u>
Benefits to key management personnel	<u>1,120,320</u>	<u>0</u>	<u>0</u>	<u>1,120,320</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(4) Balances and Transactions with Related Parties, continued**

	December 31, 2023			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>139,598,650</u>	<u>33,313,138</u>	<u>172,911,788</u>
Loans	<u>16,659,882</u>	<u>187,242,166</u>	<u>351,909</u>	<u>204,253,957</u>
Investments in associates	<u>0</u>	<u>30,112,121</u>	<u>0</u>	<u>30,112,121</u>
Liabilities:				
Deposits:				
Demand	1,133,271	88,720,492	90,589,391	180,443,154
Savings	9,228,185	60,717,726	48,431	69,994,342
Time	<u>5,411,848</u>	<u>239,985,223</u>	<u>130,000,000</u>	<u>375,397,071</u>
	<u>15,773,304</u>	<u>389,423,441</u>	<u>220,637,822</u>	<u>625,834,567</u>
Perpetual bonds	<u>0</u>	<u>17,000,000</u>	<u>127,984,000</u>	<u>144,984,000</u>
Commitments and contingencies	<u>1,349,600</u>	<u>13,144,865</u>	<u>36,128,214</u>	<u>50,622,679</u>
	June 30, 2023			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>133,993,084</u>	<u>37,108,665</u>	<u>171,101,749</u>
Loans	<u>14,200,794</u>	<u>158,132,257</u>	<u>1,901,296</u>	<u>174,234,347</u>
Investments in associates	<u>0</u>	<u>30,960,375</u>	<u>0</u>	<u>30,960,375</u>
Liabilities:				
Deposits:				
Demand	1,734,837	98,308,737	103,315,504	203,359,078
Savings	6,183,167	66,359,382	2,248,431	74,790,980
Time	<u>5,321,899</u>	<u>236,165,994</u>	<u>126,048,203</u>	<u>367,536,096</u>
	<u>13,239,903</u>	<u>400,834,113</u>	<u>231,612,138</u>	<u>645,686,154</u>
Perpetual bonds	<u>0</u>	<u>17,000,000</u>	<u>127,984,000</u>	<u>144,984,000</u>
Commitments and contingencies	<u>148,009</u>	<u>13,791,002</u>	<u>36,128,214</u>	<u>50,067,225</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(4) Balances and Transactions with Related Parties, continued**

		June 30, 2023		
	Directors and Management	Related Companies	Affiliated Companies	Total
<u>Interest income:</u>				
Loans	<u>320,677</u>	<u>5,057,038</u>	<u>233,289</u>	<u>5,611,004</u>
Investments and other financial assets	<u>0</u>	<u>3,634,240</u>	<u>1,573,629</u>	<u>5,207,869</u>
<u>Interest expenses:</u>				
Deposits	<u>97,217</u>	<u>6,838,012</u>	<u>2,263,228</u>	<u>9,198,457</u>
Financing	<u>0</u>	<u>439,227</u>	<u>3,325,466</u>	<u>3,764,693</u>
<u>Other income:</u>				
Equity participation in associates	<u>0</u>	<u>7,926,166</u>	<u>0</u>	<u>7,926,166</u>
Received dividends	<u>0</u>	<u>440,537</u>	<u>0</u>	<u>440,537</u>
<u>General and administrative expenses:</u>				
Directors' fees	<u>357,242</u>	<u>0</u>	<u>0</u>	<u>357,242</u>
Benefits to key management personnel	<u>1,126,773</u>	<u>0</u>	<u>0</u>	<u>1,126,773</u>

The conditions granted in transactions with related parties are substantially similar to those granted to third parties not related to the Bank.

(5) Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows for purposes of reconciliation with the condensed consolidated statement of cash flows:

	June 30	
	<u>2024</u>	<u>2023</u>
Cash and cash items	176,172,169	171,701,592
Demand deposits with banks	546,296,691	427,753,761
Time deposits with banks	<u>15,379,494</u>	<u>447,695</u>
Total deposits with banks	<u>561,676,185</u>	<u>428,201,456</u>
Less: Deposits with banks, with original maturities greater than three months	<u>379,494</u>	<u>447,695</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>737,468,860</u>	<u>599,455,353</u>

Demand deposits with banks include cash collateral accounts for B/.26,077,155 (December 31, 2023: B/.33,792,357) that secure derivative operations and the next payments of principal, interest of certain obligations.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(6) Loans**

The composition of the loan portfolio is summarized as follows:

	June 30 2024	December 31 2023	June 30 2023
Internal sector:			
Residential mortgages	4,640,149,294	4,659,177,582	4,657,897,009
Personal, auto and credit cards	2,066,937,800	1,963,721,467	1,882,000,158
Commercial mortgages	1,813,593,980	1,785,135,972	1,797,431,166
Lines of credit and commercial loans	1,421,550,688	1,347,048,892	1,237,006,664
Interim financing	269,243,894	265,160,413	275,255,733
Finance leases, net	101,940,496	91,931,089	84,979,890
Other secured loans	198,173,783	208,253,162	201,219,053
Overdrafts	<u>152,456,413</u>	<u>121,406,289</u>	<u>124,138,387</u>
Total internal sector	<u>10,664,046,348</u>	<u>10,441,834,866</u>	<u>10,259,928,060</u>
External sector:			
Residential mortgages	141,631,577	148,073,509	153,899,784
Personal, auto and credit cards	10,346,100	8,087,985	7,048,019
Commercial mortgages	132,398,808	139,404,710	143,821,335
Lines of credit and commercial loans	1,422,290,353	1,188,013,843	1,031,555,597
Other secured loans	10,539,793	9,688,042	14,374,773
Overdrafts	<u>35,857,390</u>	<u>39,858,070</u>	<u>34,677,498</u>
Total external sector	<u>1,753,064,021</u>	<u>1,533,126,159</u>	<u>1,385,377,006</u>
Total	<u>12,417,110,369</u>	<u>11,974,961,025</u>	<u>11,645,305,066</u>

The movement of the loan loss allowance is summarized as follows:

	June 30, 2024			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the period	132,011,957	208,039,313	54,735,809	394,787,079
Transferred to 12-month ECL	13,500,901	(10,152,822)	(3,348,079)	0
Transferred to lifetime ECL not credit-impaired	(5,112,872)	12,675,225	(7,562,353)	0
Transferred to lifetime ECL credit-impaired	(5,560,081)	(11,070,223)	16,630,304	0
Net remeasurement of portfolio	(1,592,679)	1,715,310	10,669,559	10,792,190
New loans	11,570,772	14,177,428	2,524,547	28,272,747
Loans that have been derecognized	(7,241,216)	(19,377,207)	(12,353,939)	(38,972,362)
Recovery of loan write-off	0	0	24,653,129	24,653,129
Loans written-off	<u>0</u>	<u>0</u>	<u>(26,422,702)</u>	<u>(26,422,702)</u>
Balance at the end of the period	<u>137,576,782</u>	<u>196,007,024</u>	<u>59,526,275</u>	<u>393,110,081</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(6) Loans, continued**

	December 31, 2023			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the year	136,926,931	234,895,462	61,176,842	432,999,235
Transferred to 12-month ECL	18,996,569	(12,361,212)	(6,635,357)	0
Transferred to lifetime ECL not credit-impaired	(4,188,565)	47,699,030	(43,510,465)	0
Transferred to lifetime ECL credit-impaired	(3,249,716)	(9,911,619)	13,161,335	0
Net remeasurement of portfolio	(25,178,460)	(46,542,739)	56,918,894	(14,802,305)
New loans	21,470,500	6,270,907	3,101,784	30,843,191
Loans that have been derecognized	(12,765,302)	(12,010,516)	(31,402,633)	(56,178,451)
Recovery of loan write-off	0	0	49,565,066	49,565,066
Loans written-off	0	0	(47,639,657)	(47,639,657)
Balance at the end of the year	<u>132,011,957</u>	<u>208,039,313</u>	<u>54,735,809</u>	<u>394,787,079</u>

	June 30, 2023			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the period	136,926,931	234,895,462	61,176,842	432,999,235
Transferred to 12-month ECL	11,959,302	(8,465,812)	(3,493,490)	0
Transferred to lifetime ECL not credit-impaired	(4,280,975)	50,210,645	(45,929,670)	0
Transferred to lifetime ECL credit-impaired	(2,605,372)	(7,919,287)	10,524,659	0
Net remeasurement of portfolio	1,901,456	(50,207,306)	51,180,254	2,874,404
New loans	9,697,329	5,031,958	301,149	15,030,436
Loans that have been derecognized	(6,481,886)	(5,843,265)	(19,380,600)	(31,705,751)
Recovery of loan write-off	0	0	25,661,149	25,661,149
Loans written-off	0	0	(17,648,115)	(17,648,115)
Balance at the end of the period	<u>147,116,785</u>	<u>217,702,395</u>	<u>62,392,178</u>	<u>427,211,358</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(7) Properties, Furniture, Equipment and Improvements**

Properties, furniture, equipment and improvements are summarized as follows:

	June 30, 2024					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the period	34,943,143	138,901,310	203,963,748	127,465,817	48,104,869	553,378,887
Additions	0	0	10,761,557	9,845,140	1,113,050	21,719,747
Sales and disposals	0	170,000	0	3,114,965	0	3,284,965
At the end of the period	<u>34,943,143</u>	<u>138,731,310</u>	<u>214,725,305</u>	<u>134,195,992</u>	<u>49,217,919</u>	<u>571,813,669</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	45,816,994	127,048,289	85,198,524	35,341,467	293,405,274
Expense of the period	0	1,806,681	8,113,233	4,705,066	969,997	15,594,977
Sales and disposal	0	116,061	0	3,114,961	0	3,231,022
At the end of the period	0	<u>47,507,614</u>	<u>135,161,522</u>	<u>86,788,629</u>	<u>36,311,464</u>	<u>305,769,229</u>
Net balance	<u>34,943,143</u>	<u>91,223,696</u>	<u>79,563,783</u>	<u>47,407,363</u>	<u>12,906,455</u>	<u>266,044,440</u>

	December 31, 2023					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the year	31,999,135	135,380,209	183,989,593	123,056,424	49,468,645	523,894,006
Additions	3,208,608	4,308,637	20,370,708	16,532,940	2,216,481	46,637,374
Sales and disposals	264,600	787,536	396,553	12,123,547	3,580,257	17,152,493
At the end of the year	<u>34,943,143</u>	<u>138,901,310</u>	<u>203,963,748</u>	<u>127,465,817</u>	<u>48,104,869</u>	<u>553,378,887</u>
Accumulated depreciation and amortization:						
At the beginning of the year	0	42,731,801	107,729,572	88,874,573	33,527,102	272,863,048
Expense of the year	0	3,569,477	19,715,270	8,447,225	1,984,060	33,716,032
Sales and disposal	0	484,284	396,553	12,123,274	169,695	13,173,806
At the end of the year	0	<u>45,816,994</u>	<u>127,048,289</u>	<u>85,198,524</u>	<u>35,341,467</u>	<u>293,405,274</u>
Net balance	<u>34,943,143</u>	<u>93,084,316</u>	<u>76,915,459</u>	<u>42,267,293</u>	<u>12,763,402</u>	<u>259,973,613</u>

	June 30, 2023					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the period	31,999,135	135,380,209	183,989,593	123,056,424	49,468,645	523,894,006
Additions	0	4,308,637	8,962,684	7,427,293	558,427	21,257,041
Sales and disposals	0	0	337	10,159,365	3,410,560	13,570,262
At the end of the period	<u>31,999,135</u>	<u>139,688,846</u>	<u>192,951,940</u>	<u>120,324,352</u>	<u>46,616,512</u>	<u>531,580,785</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	42,731,801	107,729,572	88,874,573	33,527,102	272,863,048
Expense of the period	0	1,759,686	8,168,407	4,065,647	998,595	14,992,335
Sales and disposal	0	0	337	10,159,358	0	10,159,695
At the end of the period	0	<u>44,491,487</u>	<u>115,897,642</u>	<u>82,780,862</u>	<u>34,525,697</u>	<u>277,695,688</u>
Net balance	<u>31,999,135</u>	<u>95,197,359</u>	<u>77,054,298</u>	<u>37,543,490</u>	<u>12,090,815</u>	<u>253,885,097</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(8) Right-of-Use Assets**

The movement of right of use assets is detailed as follows:

	June 30 2024	December 31 2023	June 30 2023
Cost:			
At the beginning of the period	28,510,025	27,235,400	27,235,400
New contracts	1,193,386	4,293,733	2,002,306
Cancellations	<u>(1,277,590)</u>	<u>(3,019,108)</u>	<u>(1,010,310)</u>
At the end of the period	<u>28,425,821</u>	<u>28,510,025</u>	<u>28,227,396</u>
Accumulated depreciation:			
At the beginning of the period	12,047,726	11,616,872	11,616,872
Expense of the period	1,758,402	3,449,962	1,712,588
Cancellations	<u>(1,113,622)</u>	<u>(3,019,108)</u>	<u>(1,010,310)</u>
At the end of the period	<u>12,692,506</u>	<u>12,047,726</u>	<u>12,319,150</u>
Net balance	<u>15,733,315</u>	<u>16,462,299</u>	<u>15,908,246</u>

The expense depreciation of right-of-use assets is included in the depreciation and amortization expense line in the condensed consolidated statement of income.

(9) Goodwill and Intangible Assets, Net

The following table summarizes the goodwill generated from the acquisition and/or participation acquired of the following entities:

Company	Date of acquisition	Participation acquired	% of Acquired Participation	Balance
Banco General, S. A. (1)	March 2004	ProFuturo-Administradora de Fondos de Pensiones y Cesantía, S. A.	17%	679,018
Banco General, S. A. (1)	March 2005	BankBoston, N.A. – Panama (banking operations)	100%	12,056,144
ProFuturo – Administradora de Fondos de Pensiones y Cesantía, S. A. (2)	March 2005	Purchase of trust fund businesses	100%	861,615
Banco General, S. A. (1)	March 2007	Banco Continental de Panama, S. A. and subsidiaries (banking and fiduciary activities)	100%	<u>27,494,722</u>
Total				<u>41,091,499</u>
(1) Banking CGU				
(2) Pension and Retirement Fund				

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(9) Goodwill and Intangible Assets, Net, continued

The movement of goodwill and intangible assets is summarized as follows:

		<u>June 30, 2024</u>	
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning and end of the period	<u>41,091,499</u>	<u>47,462,084</u>	<u>88,553,583</u>
Accumulated amortization:			
Balance at the beginning of the period	0	42,532,568	42,532,568
Amortization of the period	<u>0</u>	<u>964,853</u>	<u>964,853</u>
Balance at the end of the period	<u>0</u>	<u>43,497,421</u>	<u>43,497,421</u>
Net balance at the end of the period	<u>41,091,499</u>	<u>3,964,663</u>	<u>45,056,162</u>

		<u>December 31, 2023</u>	
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning and end of the year	<u>41,091,499</u>	<u>47,462,084</u>	<u>88,553,583</u>
Accumulated amortization:			
Balance at the beginning of the year	0	39,915,176	39,915,176
Amortization of the year	<u>0</u>	<u>2,617,392</u>	<u>2,617,392</u>
Balance at the end of the year	<u>0</u>	<u>42,532,568</u>	<u>42,532,568</u>
Net balance at the end of the year	<u>41,091,499</u>	<u>4,929,516</u>	<u>46,021,015</u>

		<u>June 30, 2023</u>	
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning and end of the period	<u>41,091,499</u>	<u>47,462,084</u>	<u>88,553,583</u>
Accumulated amortization:			
Balance at the beginning of the period	0	39,915,176	39,915,176
Amortization of the period	<u>0</u>	<u>1,308,696</u>	<u>1,308,696</u>
Balance at the end of the period	<u>0</u>	<u>41,223,872</u>	<u>41,223,872</u>
Net balance at the end of the period	<u>41,091,499</u>	<u>6,238,212</u>	<u>47,329,711</u>

It is the Bank's policy to conduct an impairment test on an annual basis or when there is evidence of impairment. As of June 30, 2024, no evaluation was necessary.

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Notes to the Condensed Consolidated Interim Financial Information**(10) Other Financial Liabilities at Fair Value**

The Bank holds, within other liabilities line, financial liabilities of debt instruments at fair value arising from short sales, which are summarized as follows:

	<u>Level</u>	<u>June 30 2024</u>	<u>December 31 2023</u>	<u>June 30 2023</u>
Bonds of the US Government	1	3,338,794	3,374,894	3,294,866
Mortgage Backed Securities (MBS)	2	<u>179,534,135</u>	<u>192,749,318</u>	<u>152,821,102</u>
Total		<u>182,872,929</u>	<u>196,124,212</u>	<u>156,115,968</u>

See the description of the levels in Note 19.

(11) Borrowings and Debt Securities Issued, Net

The Bank issued bonds and other borrowings, as follows:

	<u>June 30 2024</u>	<u>December 31 2023</u>	<u>June 30 2023</u>
Corporate bonds with maturities in 2026, at an interest rate of 3 month SOFR plus a margin	2,680,000	2,680,000	2,680,000
Corporate bonds with maturities in 2027, at an annual interest rate of 4.125%	537,217,000	537,217,000	537,217,000
Borrowings with maturity in 2023, at interest rates of 6 month SOFR plus a margin	0	0	50,000,000
Borrowings with maturity in 2024, at interest rates of 6 and 12 month Libor/SOFR plus a margin	65,000,000	116,999,994	51,999,994
Borrowings with maturity in 2025, at interest rates of 6 month Libor/SOFR plus a margin	0	50,000,000	50,000,000
Borrowings with maturity in 2026, at interest rates of 6 month SOFR plus a margin	50,000,000	50,000,000	0
Borrowings with maturity in 2025, at interest rates Basic Passive rate of The Central Bank of Costa Rica plus a margin	0	0	1,650,520
Borrowings with maturity in 2030, at a fixed interest rate	30,000,000	30,000,000	0
Notes with maturities in 2024, at a fixed interest rate	5,000,000	15,000,000	25,000,000
Notes with maturities in 2027, at a fixed interest rate	<u>45,000,000</u>	<u>52,500,000</u>	<u>60,000,000</u>
Subtotal of borrowings and debt securities issued	<u>734,897,000</u>	<u>854,396,994</u>	<u>778,547,514</u>
Revaluation coverage	<u>5,390,001</u>	<u>6,251,370</u>	<u>7,109,705</u>
Total borrowings and debt securities issued, net	<u>740,287,001</u>	<u>860,648,364</u>	<u>785,657,219</u>

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Notes to the Condensed Consolidated Interim Financial Information**(11) Borrowings and Debt Securities Issued, Net, continued**

The Bank had no default events as to principal, interest or other contractual clauses relating to its borrowings and debt securities issued.

The movement during the year of borrowings and debt securities issued, net is detailed below for the reconciliation with the condensed consolidated statement of cash flows:

	June 30	
	<u>2024</u>	<u>2023</u>
Balance at the beginning of the period	860,648,364	802,268,103
New borrowings and debt securities	0	1,999,994
Redemption of debt securities issued and cancellation of borrowings	(119,499,994)	(17,755,564)
Revaluation coverage	<u>(861,369)</u>	<u>(855,314)</u>
Balance at the end of the period	<u><u>740,287,001</u></u>	<u><u>785,657,219</u></u>

(12) Lease Liabilities

The movement of lease liabilities is detailed as follows:

	June 30	December 31	June 30
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Balance at the beginning of the period	18,301,593	17,312,742	17,312,742
New contracts	1,193,386	4,293,733	2,002,306
Payments	(1,709,090)	(3,304,882)	(1,650,100)
Cancellations	<u>(163,968)</u>	<u>0</u>	<u>0</u>
Balance at the end of the period	<u><u>17,621,921</u></u>	<u><u>18,301,593</u></u>	<u><u>17,664,948</u></u>

Interest expense on lease liabilities for B/.412,892 (2023: B/.386,148) is included in the line as of commission expenses and other expenses in the condensed consolidated statement of income.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(13) Reserves of Insurance Operations**

Reserves of insurance operations amounted to B/.25,571,546 (December 31, 2023: B/.23,828,478) and (June 30, 2023: B/.25,053,712) and are comprised of unearned premiums and estimated insurance claims incurred.

The movement of the reserves of insurance operations is summarized as follows:

	June 30 2024	December 31 2023	June 30 2023
Unearned Premiums			
Balance at the beginning of the period	23,126,177	21,314,216	21,314,216
Issued premiums	26,766,562	45,379,762	24,428,768
Earned premiums	<u>(24,287,674)</u>	<u>(43,567,801)</u>	<u>(22,165,507)</u>
Balance at the end of the period	25,605,065	23,126,177	23,577,477
Reinsurers participation	<u>(6,023,054)</u>	<u>(4,553,853)</u>	<u>(5,591,339)</u>
Unearned premiums, net	<u>19,582,011</u>	<u>18,572,324</u>	<u>17,986,138</u>
Estimated Insurance Claims Incurred			
Balance at the beginning of the period	6,609,172	5,045,986	5,045,986
Incurred claims	6,402,581	12,454,279	6,544,445
Paid claims	<u>(5,234,113)</u>	<u>(10,891,093)</u>	<u>(1,319,975)</u>
Balance at the end of the period	7,777,640	6,609,172	10,270,456
Reinsurer participation	<u>(1,788,105)</u>	<u>(1,353,018)</u>	<u>(3,202,882)</u>
Estimated insurance claims incurred, net	<u>5,989,535</u>	<u>5,256,154</u>	<u>7,067,574</u>
Total reserves of insurance operations	<u>25,571,546</u>	<u>23,828,478</u>	<u>25,053,712</u>

(14) Segment Information

The Bank maintains three business segments for its financial analysis, which offer different products and services and are managed separately, consistent with the form in which management receives data, budgets and assesses their performance.

Segments**Operations****Banking and Financial Activities**

Various financial services, mainly corporate, mortgage and consumer banking, finance leases, administration of trusts, administration and marketing of food vouchers, asset management and securities brokerage

Insurance and Reinsurance

Insurance and reinsurance of policies of general lines, collective life and various risks

Pension and Retirement Fund

Administration of pension and retirement, severance and investment funds

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information

(14) Segment Information, continued

Management prepared the following segment information based on the bank's businesses for its financial analysis:

			<u>June 30, 2024</u>		
	<u>Banking and Financial Activities</u>	<u>Insurance and Reinsurance</u>	<u>Pension and retirement Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	629,477,118	8,968,644	1,336,501	7,891,188	631,891,075
Interest and provision expenses	193,772,651	(14,060)	0	7,891,188	185,867,403
Other income, net	131,381,459	17,807,438	8,963,737	6,864	158,145,770
General and administrative expenses	150,597,997	1,624,133	2,829,784	6,864	155,045,050
Depreciation and amortization expense	17,213,509	10,293	129,577	0	17,353,379
Equity participation in associates	<u>8,155,426</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,155,426</u>
Net income before income tax	407,429,846	25,155,716	7,340,877	0	439,926,439
Net Income tax, estimated	49,913,318	3,300,331	1,683,804	0	54,897,453
Net Income tax, deferred	<u>477,238</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>477,238</u>
Net Income tax	<u>50,390,556</u>	<u>3,300,331</u>	<u>1,683,804</u>	<u>0</u>	<u>55,374,691</u>
Net income	<u>357,039,290</u>	<u>21,855,385</u>	<u>5,657,073</u>	<u>0</u>	<u>384,551,748</u>
Total assets	<u>18,748,508,923</u>	<u>390,350,595</u>	<u>68,308,901</u>	<u>370,642,437</u>	<u>18,836,525,982</u>
Total liabilities	<u>15,996,101,454</u>	<u>64,689,945</u>	<u>6,341,770</u>	<u>352,536,375</u>	<u>15,714,596,794</u>

			<u>June 30, 2023</u>		
	<u>Banking and Financial Activities</u>	<u>Insurance and Reinsurance</u>	<u>Pension and retirement Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	557,657,643	6,756,333	898,988	5,790,887	559,522,077
Interest and provision expenses	136,704,064	67,338	0	5,790,887	130,980,515
Other income, net	85,568,434	14,834,569	8,055,825	6,510	108,452,318
General and administrative expenses	141,096,748	1,488,830	2,691,937	6,510	145,271,005
Depreciation and amortization expense	16,590,594	7,546	106,783	0	16,704,923
Equity participation in associates	<u>7,926,166</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,926,166</u>
Net income before income tax	356,760,837	20,027,188	6,156,093	0	382,944,118
Net Income tax, estimated	44,714,156	3,014,285	1,411,592	0	49,140,033
Net Income tax, deferred	<u>1,585,169</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,585,169</u>
Net Income tax	<u>46,299,325</u>	<u>3,014,285</u>	<u>1,411,592</u>	<u>0</u>	<u>50,725,202</u>
Net income	<u>310,461,512</u>	<u>17,012,903</u>	<u>4,744,501</u>	<u>0</u>	<u>332,218,916</u>
Total assets	<u>18,044,472,042</u>	<u>353,372,181</u>	<u>60,392,236</u>	<u>331,351,702</u>	<u>18,126,884,757</u>
Total liabilities	<u>15,598,917,379</u>	<u>60,284,641</u>	<u>5,431,686</u>	<u>313,245,640</u>	<u>15,351,388,066</u>

The composition of the secondary segment based on geographical distribution is as follows:

		<u>June 30, 2024</u>		
	<u>Panama</u>	<u>Latin America and the Caribbean</u>	<u>United States of America and Others</u>	<u>Total</u>
Interest and commission income, other income, net and Equity participation in associates	<u>601,230,725</u>	<u>102,008,222</u>	<u>94,953,324</u>	<u>798,192,271</u>
Non-financial	<u>307,929,180</u>	<u>3,171,422</u>	<u>0</u>	<u>311,100,602</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(14) Segment Information, continued**

	<u>June 30, 2023</u>			
	<u>Panama</u>	<u>Latin America and the Caribbean</u>	<u>United States of America and Others</u>	<u>Total</u>
Interest and commission income, other income, net and Equity participation in associates	<u>549,809,566</u>	<u>83,346,065</u>	<u>42,744,930</u>	<u>675,900,561</u>
Non-financial	<u>297,885,473</u>	<u>3,329,335</u>	<u>0</u>	<u>301,214,808</u>

(15) Equity

The authorized share capital of Banco General, S. A. is represented by 10,000,000 common shares with no par value (December 31, 2023: 10,000,000 common shares); of which there are 9,787,108 common shares issued and outstanding (December 31, 2023: 9,787,108 common shares).

The legal reserves are established by the regulations of the Superintendence of Banks of Panama, the Superintendence of Insurance and Reinsurance of Panama and the General Superintendence of Financial Entities of Costa Rica.

The detail of the legal reserves and its transfer from retained earnings is summarized as follows:

	<u>June 30, 2024</u>					
	<u>Reserves</u>					
	<u>Dynamic</u>	<u>Foreclosed Assets</u>	<u>Loans in the process of awarding</u>	<u>Legal</u>	<u>Insurance</u>	<u>Total</u>
Banco General, S. A.	133,877,476	4,915,744	14,717,359	0	0	153,510,579
General de Seguros, S. A.	0	0	0	0	41,960,875	41,960,875
Banco General (Overseas), Inc.	14,018,604	0	0	0	0	14,018,604
Banco General (Costa Rica), S. A.	<u>3,783,023</u>	<u>0</u>	<u>0</u>	<u>3,675,311</u>	<u>0</u>	<u>7,458,334</u>
Total	<u>151,679,103</u>	<u>4,915,744</u>	<u>14,717,359</u>	<u>3,675,311</u>	<u>41,960,875</u>	<u>216,948,392</u>

	<u>December 31, 2023</u>					
	<u>Reserves</u>					
	<u>Dynamic</u>	<u>Foreclosed Assets</u>	<u>Loans in the process of awarding</u>	<u>Legal</u>	<u>Insurance</u>	<u>Total</u>
Banco General, S. A.	133,877,476	4,251,413	16,379,960	0	0	154,508,849
General de Seguros, S. A.	0	0	0	0	40,642,782	40,642,782
Banco General (Overseas), Inc.	11,447,322	0	0	0	0	11,447,322
Banco General (Costa Rica), S. A.	<u>4,142,190</u>	<u>0</u>	<u>0</u>	<u>2,532,860</u>	<u>0</u>	<u>6,675,050</u>
Total	<u>149,466,988</u>	<u>4,251,413</u>	<u>16,379,960</u>	<u>2,532,860</u>	<u>40,642,782</u>	<u>213,274,003</u>

Transfer (reversal) from retained earnings of the period	<u>2,212,115</u>	<u>664,331</u>	<u>(1,662,601)</u>	<u>1,142,451</u>	<u>1,318,093</u>	<u>3,674,389</u>
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BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(15) Equity, continued

The Bank, through its subsidiary General de Seguros, S. A., maintains legal reserves and reserves for statistical deviations and reserves for catastrophic risks as established by the Superintendence of Insurance and Reinsurance of Panama. The use and restitution of these reserves shall be regulated by the Superintendence of Insurance and Reinsurance of the Republic of Panama.

The complementary tax of companies established in the Republic of Panama corresponds to the advance of the dividend tax that is applied to the net income of the year and that the taxpayer must retain and pay to the tax authorities within the stipulated years. The tax is attributable to the shareholder and it is applied as a tax credit at the time of distribution of dividends.

(16) Personnel Benefits

Contributions made by the Bank corresponding to personnel benefits are recognized as expenses in the consolidated statement of income, in the line of salaries and other personnel expenses.

Share-Based Compensation Plan

The total expense relating to options granted to the participants for the purchase of shares of Grupo Financiero BG, S. A, based on their fair value, amounted to B/.697,893 (2023: B/.697,496). These options may be exercised by the executives until the year 2031.

Restricted Share Plan

The Bank did not grant restricted shares in the period ended June 30, 2024 and 2023.

Retirement Plan

The Bank maintains a closed retirement plan, which was amended and approved by the Board of Directors in 1998; this plan is under independent administration by a fiduciary agent.

The contribution to the retirement plan was B/.40,800 (2023: B/.40,800) and the disbursements to former employees who are covered under the retirement plan amount to B/.78,088 (2023: B/.78,088).

(17) Income Tax

Income tax returns of companies incorporated in the Republic of Panama, are subject to examination by local tax authorities for the last three years.

In accordance with current tax regulations, companies incorporated in Panama are exempt from income taxes on the following: profits derived from foreign operations, interest earned on deposits with local banks, on bonds or other securities listed with the Superintendence of the Securities Markets and the Bolsa Latinoamericana de Valores S. A. and, lastly, securities and loans to the Panamanian Government and its autonomous and semi-autonomous institutions.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(17) Income Tax, continued**

Companies incorporated in the following jurisdictions are subject to income tax rates imposed by the local tax authorities of each country:

<u>Country</u>	<u>Tax rate</u>
Panama	25%
Costa Rica	30%

The companies incorporated in Cayman Islands and British Virgin Islands are not subject to the payment of income tax, due to the nature of their foreign operations.

The estimated income tax for the year is calculated based on the effective rate of the previous fiscal year. Based on Management's assessment, historically, this rate has not differed significantly from the current year's effective rate.

Net income tax is detailed as follows:

	<u>2nd Quarter</u> <u>June 30</u>		<u>Accumulated</u> <u>June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Estimated income tax	29,259,740	26,736,136	55,351,595	49,140,593
Prior year income tax adjustments	0	(560)	(454,142)	(560)
Deferred income tax	<u>711,684</u>	<u>1,859,803</u>	<u>477,238</u>	<u>1,585,169</u>
Total income tax, net	<u>29,971,424</u>	<u>28,595,379</u>	<u>55,374,691</u>	<u>50,725,202</u>

(18) Derivative Financial Instruments

The Bank uses interest rate swaps to reduce interest rate risk of both financial assets and financial liabilities. The Bank reduces the credit risk of these contracts by using solid financial institutions as counterparties and liquidating operations with organized markets. These contracts are recorded in the condensed consolidated statement of financial position at fair value using the fair value hedge or cash flows hedge method, in other assets and other liabilities.

For fixed income portfolios under management of third parties, the Bank sometimes makes use of derivatives on fixed income instruments and currencies under defined limits and parameters. These derivatives are recorded at fair value in the condensed consolidated statement of financial position.

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

Below is the summary of derivative contracts is as follow:

	Over the Counter (OTC)							
	Total		Exchange-Traded		Liquidated in a securities exchange		Other bilateral counterparts	
	Notional Value	Book Value	Notional Value	Book Value	Notional Value	Book Value	Notional Value	Book Value
<u>June 30, 2024</u>								
Derivative assets	2,080,857,432	40,286,629	494,917,140	0	851,645,279	38,547,404	734,295,013	1,739,225
Derivative liabilities	704,326,553	5,847,337	215,229,130	0	155,979,120	3,710,589	333,118,303	2,136,748
<u>December 31, 2023</u>								
Derivative assets	1,443,195,226	31,700,222	261,381,130	0	604,884,462	30,009,988	576,929,634	1,690,234
Derivative liabilities	808,222,015	9,819,410	193,850,132	0	315,545,124	7,007,712	298,826,759	2,811,698
<u>June 30, 2023</u>								
Derivative assets	1,287,471,305	37,680,818	304,683,551	0	464,067,707	34,086,731	518,720,047	3,594,087
Derivative liabilities	909,671,610	9,093,717	387,655,173	0	153,212,835	5,254,767	368,803,602	3,838,950

The Bank maintains cash and cash equivalents as collateral in institutions that maintain risk ratings between AA+ and A- (December 31, 2023: AA+ and BBB+) and (June 30, 2023: AA- and A-), which support derivative operations in the amount of B/.16.6MM (December 31, 2023: B/.23.3MM) and (June 30, 2023: B/.23.7MM).

The following table presents assets and liabilities derivatives by type of derivative instrument:

Other Derivatives classified by Risk:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Others derivatives:						
Credit	325,417	220,036	687,374	2,376,571	931,923	1,891,571
Interest	25,479,205	5,372,560	19,492,357	5,111,934	23,295,539	5,771,682
Currency	1,160	118	10,238	8,537	4,169	2,825
Total	25,805,782	5,592,714	20,189,969	7,497,042	24,231,631	7,666,078

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(18) Derivative Financial Instruments, continued**

The following table presents assets and liabilities derivatives hedge for risk management:

Hedge Derivatives for Risk Management:

	<u>June 30, 2024</u>		<u>December 31, 2023</u>		<u>June 30, 2023</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
<u>Exposure to risk:</u>						
<u>Interest rate</u>						
Fair value hedge	12,083,958	0	10,580,535	0	11,496,840	0
Others	<u>1,724,185</u>	<u>0</u>	<u>878,230</u>	<u>0</u>	<u>997,406</u>	<u>0</u>
Total interest rate	<u>13,808,143</u>	<u>0</u>	<u>11,458,765</u>	<u>0</u>	<u>12,494,246</u>	<u>0</u>
<u>Currency</u>						
Others	<u>672,704</u>	<u>254,623</u>	<u>51,488</u>	<u>2,322,368</u>	<u>954,941</u>	<u>1,427,639</u>
Total Currency	<u>672,704</u>	<u>254,623</u>	<u>51,488</u>	<u>2,322,368</u>	<u>954,941</u>	<u>1,427,639</u>
Total derivatives for risk exposure	<u>14,480,847</u>	<u>254,623</u>	<u>11,510,253</u>	<u>2,322,368</u>	<u>13,449,187</u>	<u>1,427,639</u>

The Bank held the following interest rate derivatives as fair value hedges for risk management:

	<u>June 30, 2024</u>				
	<u>Maturity</u>				
<u>Risk Category</u>	<u>Up to 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 months to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>
<u>Interest rate risk</u>					
<u>Hedging of Bonds</u>					
Notional Value	0	0	0	40,000,000	29,900,000
Average interest rate				3.45%	5.13%

	<u>December 31, 2023</u>				
	<u>Maturity</u>				
<u>Risk Category</u>	<u>Up to 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 months to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>
<u>Interest rate risk</u>					
<u>Hedging of Bonds</u>					
Notional Value	0	0	0	40,000,000	29,900,000
Average interest rate				3.45%	5.13%

	<u>June 30, 2023</u>				
	<u>Maturity</u>				
<u>Risk Category</u>	<u>Up to 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 months to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>
<u>Interest rate risk</u>					
<u>Hedging of Bonds</u>					
Notional Value	0	0	0	40,000,000	29,900,000
Average interest rate				3.45%	5.13%

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

The effects of hedge accounting on the financial situation are detailed as follows:

<u>June 30, 2024</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>69,900,000</u>	<u>12,083,958</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>69,900,000</u>	<u>12,083,958</u>	<u>0</u>			
<u>December 31, 2023</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>69,900,000</u>	<u>10,580,535</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>69,900,000</u>	<u>10,580,535</u>	<u>0</u>			
<u>June 30, 2023</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>69,900,000</u>	<u>11,496,840</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>69,900,000</u>	<u>11,496,840</u>	<u>0</u>			

The amounts relating to items designated as hedged items were as follows:

<u>June 30, 2024</u>							
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Change in the value used for calculating hedge ineffectiveness</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>			
Bonds	58,993,352		0	9,277,467	Investment securities FVOCI	0	0

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

<u>December 31, 2023</u>						
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	<u>58,597,250</u>		<u>0</u>	<u>7,514,508</u>	Investment securities FVOCI	0
						0

<u>June 30, 2023</u>						
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	<u>59,463,930</u>		<u>0</u>	<u>8,176,129</u>	Investment securities FVOCI	0
						0

The three levels of fair value that were categorized for derivatives are as follows:

<u>June 30, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Other derivatives:				
Credit	0	325,417	0	325,417
Interest	0	25,479,205	0	25,479,205
Currency	0	1,160	0	1,160
Total	0	25,805,782	0	25,805,782
Hedge derivatives for risk management:				
Interest	0	13,808,143	0	13,808,143
Currency	0	672,704	0	672,704
Total	0	14,480,847	0	14,480,847
Total derivatives assets	0	40,286,629	0	40,286,629
<u>Liabilities</u>				
Other derivatives:				
Credit	0	220,036	0	220,036
Interest	0	5,372,560	0	5,372,560
Currency	0	118	0	118
Total	0	5,592,714	0	5,592,714
Hedge derivatives for risk management:				
Currency	0	254,623	0	254,623
Total	0	254,623	0	254,623
Total derivatives liabilities	0	5,847,337	0	5,847,337

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

		December 31, 2023			Total
		Level 1	Level 2	Level 3	
<u>Assets</u>					
Other derivatives:					
Credit	0	687,374	0		687,374
Interest	0	19,492,357	0		19,492,357
Currency	0	10,238	0		10,238
Total	0	20,189,969	0		20,189,969
Hedge derivatives for risk management:					
Interest	0	11,458,765	0		11,458,765
Currency	0	51,488	0		51,488
Total	0	11,510,253	0		11,510,253
Total derivatives assets	0	31,700,222	0		31,700,222
<u>Liabilities</u>					
Other derivatives:					
Credit	0	2,376,571	0		2,376,571
Interest	0	5,111,934	0		5,111,934
Currency	0	8,537	0		8,537
Total	0	7,497,042	0		7,497,042
Hedge derivatives for risk management:					
Currency	0	2,322,368	0		2,322,368
Total	0	2,322,368	0		2,322,368
Total derivatives liabilities	0	9,819,410	0		9,819,410
		June 30, 2023			Total
		Level 1	Level 2	Level 3	
<u>Assets</u>					
Other derivatives:					
Credit	0	931,923	0		931,923
Interest	0	23,295,539	0		23,295,539
Currency	0	4,169	0		4,169
Total	0	24,231,631	0		24,231,631
Hedge derivatives for risk management:					
Interest	0	12,494,246	0		12,494,246
Currency	0	954,941	0		954,941
Total	0	13,449,187	0		13,449,187
Total derivatives assets	0	37,680,818	0		37,680,818
<u>Liabilities</u>					
Other derivatives:					
Credit	0	1,891,571	0		1,891,571
Interest	623,025	5,148,657	0		5,771,682
Currency	0	2,825	0		2,825
Total	623,025	7,043,053	0		7,666,078
Hedge derivatives for risk management:					
Currency	0	1,427,639	0		1,427,639
Total	0	1,427,639	0		1,427,639
Total derivatives liabilities	623,025	8,470,692	0		9,093,717

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments

The Bank has in place a documented procedure to determine fair value and the responsibilities of the areas involved in this process, which has been approved by the Assets and Liabilities Committee, the Risk Committee of the Board of Directors, and the Bank's Board of Directors.

The Bank uses price vendors for most of the prices of assets and liabilities at fair value which are processed by the operations area and validated by the administrative and treasury control area and the risk department.

The Bank uses internal valuation methodologies for certain assets and liabilities at fair value classified in Level 3 of the fair value hierarchy. The calculation of fair values using internal methodologies is performed by the administration and control of the treasury area and validated by the risk department.

The Bank measures fair value using the fair value hierarchy, which categorizes the variables used in valuation techniques to measure fair value into three levels. The hierarchy is based on the transparency of the inputs used in measuring the fair values of financial assets and liabilities at their valuation date. The three levels are defined as follows:

Level 1: Quoted prices, unadjusted, in active markets for assets or liabilities identical to those that the Bank can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant input are directly or indirectly observable from market data.

Level 3: Unobservable inputs for assets or liabilities. This category includes all instruments for which the valuation technique includes unobservable variables and such have a significant effect on the instrument's fair value measurement. This category also includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the Condensed Consolidated Interim Financial Information**(19) Fair Value of Financial Instruments, continued**

The classification of the valuation of fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The relevance of a variable should be evaluated in relation to the entire fair value measurement.

Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through Profit or Loss

	June 30 2024	Level 1	Level 2	Level 3
Local Corporate Bonds and Fixed Income Funds	53,269,741	0	0	53,269,741
Bonds of the Republic of Panama	1,689,550	0	1,689,550	0
Local Corporate Shares	30,917,712	0	0	30,917,712
Local Financing	6,250,000	0	0	6,250,000
Foreign Treasury Bills	673,499	673,499	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	512,076,917	0	512,076,917	0
Asset Backed Securities (ABS)	70,758,729	0	70,758,729	0
Foreign Corporate Bonds and Fixed Income Funds	144,153,286	0	796,842	143,356,444
Foreign Corporate Shares and Variable Income Mutual Funds	<u>378,451</u>	<u>0</u>	<u>154,055</u>	<u>224,396</u>
Total	<u>820,167,885</u>	<u>673,499</u>	<u>585,476,093</u>	<u>234,018,293</u>

	December 31 2023	Level 1	Level 2	Level 3
Local Corporate Bonds and Fixed Income Funds	54,119,205	0	0	54,119,205
Bonds of the Republic of Panama	1,632,040	0	1,632,040	0
Local Corporate Shares	38,056,132	0	0	38,056,132
Local Financing	2,500,000	0	0	2,500,000
Foreign Treasury Bills	1,489,237	1,489,237	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	462,927,380	0	462,927,380	0
Asset Backed Securities (ABS)	75,767,198	0	75,767,198	0
Foreign Corporate Bonds and Fixed Income Funds	156,234,911	0	783,164	155,451,747
Foreign Corporate Shares and Variable Income Mutual Funds	<u>290,439</u>	<u>0</u>	<u>160,650</u>	<u>129,789</u>
Total	<u>793,016,542</u>	<u>1,489,237</u>	<u>541,270,432</u>	<u>250,256,873</u>

	June 30 2023	Level 1	Level 2	Level 3
Local Corporate Bonds and Fixed Income Funds	53,316,830	0	0	53,316,830
Bonds of the Republic of Panama	1,709,750	0	1,709,750	0
Local Corporate Shares	36,919,568	0	0	36,919,568
Foreign Treasury Bills	251,120	251,120	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	482,836,358	0	482,836,358	0
Asset Backed Securities (ABS)	67,882,607	0	67,882,607	0
Foreign Corporate Bonds and Fixed Income Funds	167,421,998	0	2,058,938	165,363,060
Foreign Corporate Shares	<u>129,789</u>	<u>0</u>	<u>0</u>	<u>129,789</u>
Total	<u>810,468,020</u>	<u>251,120</u>	<u>554,487,653</u>	<u>255,729,247</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(19) Fair Value of Financial Instruments, continued****Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through OCI**

	<u>June 30</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2024</u>			
Local Commercial Paper	5,220,402	0	0	5,220,402
Local Corporate Bonds	1,050,086,174	0	386,460,505	663,625,669
Bonds of the Republic of Panama	95,340,910	0	95,340,910	0
Bonds of the US Government	150,062,933	150,062,933	0	0
Foreign Commercial Paper and Treasury Bills	253,659,442	104,202,553	149,456,889	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,257,158,440	0	1,257,158,440	0
Asset Backed Securities (ABS)	160,880,595	0	160,880,595	0
Foreign Corporate Bonds	1,109,587,634	0	1,109,587,634	0
Other Governments Bonds	9,594,956	0	9,594,956	0
Total	<u>4,091,591,486</u>	<u>254,265,486</u>	<u>3,168,479,929</u>	<u>668,846,071</u>

	<u>December 31</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2023</u>			
Local Commercial Paper	7,292,981	0	0	7,292,981
Local Corporate Bonds	1,089,500,182	0	386,248,749	703,251,433
Bonds of the Republic of Panama	92,522,833	0	92,522,833	0
Bonds of the US Government	136,751,904	136,751,904	0	0
Foreign Commercial Paper and Treasury Bills	287,219,669	168,105,063	119,114,606	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,297,058,939	0	1,297,058,939	0
Asset Backed Securities (ABS)	188,920,050	0	188,920,050	0
Foreign Corporate Bonds	1,213,905,377	0	1,213,905,377	0
Other Governments Bonds	13,069,355	0	13,069,355	0
Total	<u>4,326,241,290</u>	<u>304,856,967</u>	<u>3,310,839,909</u>	<u>710,544,414</u>

	<u>June 30</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>2023</u>			
Local Commercial Paper	11,939,469	0	0	11,939,469
Local Corporate Bonds	1,170,691,239	0	388,021,185	782,670,054
Bonds of the Republic of Panama	21,627,823	0	21,627,823	0
Bonds of the US Government and Agency	162,672,725	159,893,396	2,779,329	0
Foreign Commercial Paper and Treasury Bills	139,982,879	83,544,430	56,438,449	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,267,180,090	0	1,267,180,090	0
Asset Backed Securities (ABS)	196,480,313	0	196,480,313	0
Foreign Corporate Bonds	1,217,859,894	0	1,217,859,894	0
Bonds of Other Governments	18,276,569	0	18,276,569	0
Total	<u>4,206,711,001</u>	<u>243,437,826</u>	<u>3,168,663,652</u>	<u>794,609,523</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES
(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments, continued

	<u>Changes in Fair Value Measurement of Level 3 hierarchy</u>		
	<u>Investments and other financial assets</u>		
	<u>Fair Value through Profit or Loss</u>	<u>Fair Value through OCI</u>	<u>Total</u>
December 31, 2023	250,256,873	710,544,414	960,801,287
Gain recognized in income	467,086	0	467,086
Loss recognized in equity	0	(5,284,198)	(5,284,198)
Purchases	22,180,837	33,032,000	55,212,837
Amortization, sales and redemptions	<u>(38,886,503)</u>	<u>(69,446,145)</u>	<u>(108,332,648)</u>
June 30, 2024	<u>234,018,293</u>	<u>668,846,071</u>	<u>902,864,364</u>
Total loss related to instruments held as of June 30, 2024	<u>(3,673,150)</u>	<u>(3,770,698)</u>	<u>(7,443,848)</u>
December 31, 2022	256,019,343	705,293,940	961,313,283
Gain recognized in income	3,618,508	62,000	3,680,508
Gain recognized in equity	0	12,165,446	12,165,446
Purchases	62,259,695	200,751,855	263,011,550
Amortization, sales and redemptions	<u>(71,640,673)</u>	<u>(207,728,827)</u>	<u>(279,369,500)</u>
December 31, 2023	<u>250,256,873</u>	<u>710,544,414</u>	<u>960,801,287</u>
Total gain related to instruments held as of December 31, 2023	<u>4,496,364</u>	<u>12,295,135</u>	<u>16,791,499</u>
December 31, 2022	256,019,343	705,293,940	961,313,283
Loss recognized in income	(1,834,794)	0	(1,834,794)
Gain recognized in equity	0	1,918,229	1,918,229
Purchases	39,138,199	181,565,500	220,703,699
Amortization, sales and redemptions	<u>(37,593,501)</u>	<u>(94,168,146)</u>	<u>(131,761,647)</u>
June 30, 2023	<u>255,729,247</u>	<u>794,609,523</u>	<u>1,050,338,770</u>
Total (loss) gain related to instruments held as of June 30, 2023	<u>(3,449,655)</u>	<u>1,884,509</u>	<u>(1,565,146)</u>

The Bank recognizes transfers between levels of the fair value hierarchy at the date in which the change occurred.

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Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments, continued

The table below presents information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy:

Instruments	Valuation technique	Unobservable inputs used	Range for unobservable inputs			Fair value sensitivity to unobservable inputs
			June 30 2024	December 31 2023	June 30 2023	
Corporate Shares	Dividend discount model and Discount free cash flow model (DCF)	Equity risk premium	Min 5.90% Max 11.76%	Min 5.90% Max 13.51%	Min 5.90% Max 10.19%	If equity risk premiums increase, the price decreases and vice versa
		Growth rate of assets, liabilities, equity, profits and dividends	Min (35.64%) Max 80.56%	Min (100.00%) Max 80.56%	Min (45.53%) Max 313.83%	If the growth increases the price increases and vice versa
Fixed Income	Discounted cash flow	Credit spreads	Min 1.14% Max 9.16% Ave 2.18%	Min 1.46% Max 7.89% Ave 2.22%	Min 1.42% Max 8.99% Ave 2.68%	If the credit spreads increase, the price decreases and vice versa

The main valuation techniques, assumptions and inputs used to measure the fair value of financial instruments are as follows:

Instrument	Valuation technique	Inputs used	Level
Local Fixed Income	Quoted market prices	Observable quoted prices	2-3
	Discounted cash flows	Benchmark interest rate Liquidity risk premiums Credit spreads	
Local Shares	Quoted market prices	Quoted prices in active markets	3
	Dividend discount model Discount free cash flows model (DCF), which are compared to the stock prices	Benchmark interest rate Equity risk premium Growth rate of assets, liabilities, equity, profits and dividends	
	Carrying amount model	Equity Issued and outstanding shares	
Foreign Fixed Income	Quoted market prices	Quoted prices in active markets	1-2
	Quoted observable market prices for similar instruments	Observable quoted prices	
	Bid and ask prices from market participants	Buying/Selling prices from a broker	
	Discounted cash flows model	Credit spreads Benchmark interest rate Liquidity risk premiums	
Agencies' MBS / CMOs	Discounted cash flows model	Features of collateral TBA's price Treasury yield Yield curves Prepayment speeds Market analysis	2

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(19) Fair Value of Financial Instruments, continued**

<u>Instrument</u>	<u>Valuation technique</u>	<u>Inputs used</u>	<u>Level</u>
Private MBS / CMOs and ABS	Discounted cash flows model	Features of collateral Treasury yield Yield curves Expected cash flow and losses Market assumptions related to discount rates, prepayments, losses and recoveries	2
Foreign Shares	Carrying Amount Model	Carrying amount of the shares of the company	3
Investment Vehicles	Net asset value	Net asset value	2-3

The Bank considers that its methodologies for valuation of investments classified as Level 3 are appropriate; however, the use of different estimates for the unobservable inputs could lead to different measurements of fair value. For investments classified in Level 3, adjustments to the credit spread (in the case of fixed income) and to the equity risk premium (in the case of the corporate shares) of +50bp and -50bp would result in favorable and unfavorable impacts in the Bank's statement of income and equity, as described below:

	<u>June 30, 2024</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	29,396	(51,149)	6,983,360	(9,466,186)
Corporate Shares	<u>1,661,693</u>	<u>(1,534,048)</u>	<u>0</u>	<u>0</u>
Total	<u>1,691,089</u>	<u>(1,585,197)</u>	<u>6,983,360</u>	<u>(9,466,186)</u>

	<u>December 31, 2023</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	29,052	(60,404)	7,156,389	(9,045,952)
Corporate Shares	<u>1,935,343</u>	<u>(1,780,290)</u>	<u>0</u>	<u>0</u>
Total	<u>1,964,395</u>	<u>(1,840,694)</u>	<u>7,156,389</u>	<u>(9,045,952)</u>

	<u>June 30, 2023</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	48,257	(65,870)	11,189,683	(13,172,447)
Corporate Shares	<u>2,459,573</u>	<u>(2,153,650)</u>	<u>0</u>	<u>0</u>
Total	<u>2,507,830</u>	<u>(2,219,520)</u>	<u>11,189,683</u>	<u>(13,172,447)</u>

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Notes to the Condensed Consolidated Interim Financial Information**(19) Fair Value of Financial Instruments, continued**

The following assumptions, where practical, have been made by Management to estimate the fair value of financial assets and liabilities not measured at fair value:

(a) Investments and other financial assets

For investments and others financial assets, the fair value measurement is determined using quoted prices in active markets, prices from a third party pricing vendors, brokers, custodians, investment management companies and banks. In addition, for some cases the Bank uses valuation techniques that are presented in Note 6, to calculate their investments mainly by discounting cash flows at the appropriate discount rate for that instrument.

(b) Loans

The fair value of the loan portfolio was determined by discounting the future cash flows at an interest rate that represents: (i) current market rates, and (ii) the future expected interest rates, for a term that considers the expected anticipated prepayments in the loan portfolio.

(c) Demand deposits from customers/savings deposits from customers

For these financial instruments described above, the carrying value approximates their fair value due to their short-term nature.

(d) Time deposits from banks/time deposits from customers/borrowings and debt securities issued /perpetual bonds

The fair value of these financial instruments was determined by discounting the future cash flows at an interest rate that reflects: (i) current market rates, and (ii) the future expected interest rates, for a term that shows the remaining life of these instruments.

Fair value estimates are made at a specific date based on relevant market estimates and information about the financial instruments. These estimates do not reflect any premium or discount that could result from the offer to sell a specific financial instrument at a given date. These estimates are subjective in nature and involve uncertainties and significant judgment; therefore, these estimates cannot be determined with precision. Changes in the assumptions or criteria could significantly affect the estimates.

The following table summarizes the carrying value and fair value of those significant financial assets and liabilities not measured at fair value in the Bank's condensed consolidated statement of financial position:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
Assets:						
Time deposits with banks	15,391,498	15,385,092	464,397	462,768	454,372	444,085
Investments at amortized cost, net	17,774,734	17,783,383	5,667,970	5,697,692	74,727,299	74,766,611
Loans, net	<u>12,049,448,455</u>	<u>11,938,048,636</u>	<u>11,606,492,899</u>	<u>11,463,280,668</u>	<u>11,245,149,084</u>	<u>11,124,260,280</u>
	<u>12,082,614,687</u>	<u>11,971,217,111</u>	<u>11,612,625,266</u>	<u>11,469,441,128</u>	<u>11,320,330,755</u>	<u>11,199,470,976</u>
Liabilities:						
Deposits	13,290,607,562	13,210,477,100	13,323,949,471	13,243,825,999	12,993,293,862	12,889,090,126
Borrowings, debt securities issued and perpetual bonds	<u>1,153,500,712</u>	<u>998,776,356</u>	<u>1,276,857,659</u>	<u>1,140,800,020</u>	<u>1,200,832,210</u>	<u>1,072,750,155</u>
	<u>14,444,108,274</u>	<u>14,209,253,456</u>	<u>14,600,807,130</u>	<u>14,384,626,019</u>	<u>14,194,126,072</u>	<u>13,961,840,281</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(19) Fair Value of Financial Instruments, continued**

The table below summarizes the fair value hierarchy of financial instruments which are not measured at fair value in the Bank's condensed consolidated statement of financial position:

	June 30 2024	Level 1	Level 2	Level 3
<u>Assets:</u>				
Time deposits with banks	15,385,092	0	0	15,385,092
Investments at amortized cost, net	17,783,383	0	10,804,886	6,978,497
Loans, net	<u>11,938,048,636</u>	<u>0</u>	<u>0</u>	<u>11,938,048,636</u>
	<u>11,971,217,111</u>	<u>0</u>	<u>10,804,886</u>	<u>11,960,412,225</u>
<u>Liabilities:</u>				
Deposits	13,210,477,100	0	0	13,210,477,100
Borrowings, debt securities issued and perpetual bonds	<u>998,776,356</u>	<u>0</u>	<u>0</u>	<u>998,776,356</u>
	<u>14,209,253,456</u>	<u>0</u>	<u>0</u>	<u>14,209,253,456</u>
	December 31 2023	Level 1	Level 2	Level 3
<u>Assets:</u>				
Time deposits with banks	462,768	0	0	462,768
Investments at amortized cost, net	5,697,692	0	0	5,697,692
Loans, net	<u>11,463,280,668</u>	<u>0</u>	<u>0</u>	<u>11,463,280,668</u>
	<u>11,469,441,128</u>	<u>0</u>	<u>0</u>	<u>11,469,441,128</u>
<u>Liabilities:</u>				
Deposits	13,243,825,999	0	0	13,243,825,999
Borrowings, debt securities issued and perpetual bonds	<u>1,140,800,020</u>	<u>0</u>	<u>0</u>	<u>1,140,800,020</u>
	<u>14,384,626,019</u>	<u>0</u>	<u>0</u>	<u>14,384,626,019</u>
	June 30 2023	Level 1	Level 2	Level 3
<u>Assets:</u>				
Time deposits with banks	444,085	0	0	444,085
Investments at amortized cost, net	74,766,611	0	64,209,195	10,557,416
Loans, net	<u>11,124,260,280</u>	<u>0</u>	<u>0</u>	<u>11,124,260,280</u>
	<u>11,199,470,976</u>	<u>0</u>	<u>64,209,195</u>	<u>11,135,261,781</u>
<u>Liabilities:</u>				
Deposits	12,889,090,126	0	0	12,889,090,126
Securities sold under repurchase agreements, borrowings, debt securities issued and perpetual bonds	<u>1,072,750,155</u>	<u>0</u>	<u>0</u>	<u>1,072,750,155</u>
	<u>13,961,840,281</u>	<u>0</u>	<u>0</u>	<u>13,961,840,281</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(20) Financial Instruments Risk Management

A financial instrument is any contract that originates a financial asset in one enterprise and a financial liability or equity instrument in another enterprise. The Bank's condensed consolidated statement of financial position is primarily composed of financial instruments.

Financial instruments expose the Bank to various types of risks. The Bank's Board of Directors has approved a Risk Management Policy to identify each significant risk the Bank is exposed to. In order to manage the several risks faced by the Bank, the Board of Directors has created the Credit Risk Committee of the Board of Directors, to oversee the credit, liquidity, market, interest rate, exchange rate and counterparty risks. Likewise, the Board of Directors has established executive Committees, which are composed of key executives that monitor several risks faced by the Bank. These committees have established policies and limits in order to control and manage these risks. There is also an Audit Committee, composed of members of the Bank's Board of Directors that oversees the establishment of appropriate internal controls for reporting the Bank's financial information.

The main risks identified by the Bank are credit, counter-party, market, liquidity and financing, operational and capital management risks which are described as follows:

(a) *Credit Risk*

Credit Risk is the risk that the debtor or issuer of a financial asset owned by the Bank does not fully and timely comply with any required payment, in conformity with terms and conditions agreed upon when the respective financial asset was acquired or originated by the Bank.

To mitigate credit risk, risk management policies establish limits by country, industry, and debtor. The Credit Committee appointed by the Board of Directors, periodically watches over the financial condition of debtors and issuers of financial instruments in the condensed consolidated statement of financial position of the Bank.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued***Credit Quality Analysis*

The table below sets out information on the credit quality of the loan portfolio including contagion of operations for classification and calculation of the expected credit loss reserve (ECL) maintained by the Bank:

	June 30, 2024 (in thousands)			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Loans at amortized cost</u>				
Grade 1: Standard	10,249,745	475,574	0	10,725,319
Grade 2: Special mention	175,455	594,065	11,790	781,310
Grade 3: Sub-standard	34,744	497,780	56,937	589,461
Grade 4: Doubtful	9,849	7,784	74,380	92,013
Grade 5: Uncollectible	<u>9,392</u>	<u>2,460</u>	<u>115,215</u>	<u>127,067</u>
Gross amount	10,479,185	1,577,663	258,322	12,315,170
Loan losses allowance	<u>(137,231)</u>	<u>(195,913)</u>	<u>(59,357)</u>	<u>(392,501)</u>
Net carrying amount	<u>10,341,954</u>	<u>1,381,750</u>	<u>198,965</u>	<u>11,922,669</u>
<u>Finance leases</u>				
Grade 1: Standard	99,295	63	0	99,358
Grade 2: Special mention	57	1,647	0	1,704
Grade 3: Sub-standard	0	208	618	826
Grade 4: Doubtful	0	24	3	27
Grade 5: Uncollectible	<u>0</u>	<u>0</u>	<u>25</u>	<u>25</u>
Gross amount	99,352	1,942	646	101,940
Loan losses allowance	<u>(346)</u>	<u>(94)</u>	<u>(169)</u>	<u>(609)</u>
Net carrying amount	<u>99,006</u>	<u>1,848</u>	<u>477</u>	<u>101,331</u>
Total loans	<u>10,578,537</u>	<u>1,579,605</u>	<u>258,968</u>	<u>12,417,110</u>
Loan losses allowance	<u>(137,577)</u>	<u>(196,007)</u>	<u>(59,526)</u>	<u>(393,110)</u>
Net carrying amount	<u>10,440,960</u>	<u>1,383,598</u>	<u>199,442</u>	<u>12,024,000</u>
<u>Restructured loans</u>				
Gross amount	58,493	591,480	119,820	769,793
Loan losses allowance	<u>(3,356)</u>	<u>(73,075)</u>	<u>(26,151)</u>	<u>(102,582)</u>
Net carrying amount	<u>55,137</u>	<u>518,405</u>	<u>93,669</u>	<u>667,211</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

	December 31, 2023 (in thousands)			
	12-month <u>ECL</u>	Lifetime ECL <u>Not credit- impaired</u>	Lifetime <u>ECL credit- impaired</u>	<u>Total</u>
<u>Loans at amortized cost</u>				
Grade 1: Standard	9,730,226	337,019	0	10,067,245
Grade 2: Special mention	187,705	765,784	10,445	963,934
Grade 3: Sub-standard	43,040	530,622	59,015	632,677
Grade 4: Doubtful	10,135	6,263	69,276	85,674
Grade 5: Uncollectible	<u>7,356</u>	<u>2,467</u>	<u>123,677</u>	<u>133,500</u>
Gross amount	9,978,462	1,642,155	262,413	11,883,030
Loan losses allowance	<u>(131,699)</u>	<u>(207,950)</u>	<u>(54,700)</u>	<u>(394,349)</u>
Net carrying amount	<u>9,846,763</u>	<u>1,434,205</u>	<u>207,713</u>	<u>11,488,681</u>
<u>Finance leases</u>				
Grade 1: Standard	88,946	3	0	88,949
Grade 2: Special mention	722	713	0	1,435
Grade 3: Sub-standard	586	797	123	1,506
Grade 4: Doubtful	<u>0</u>	<u>30</u>	<u>11</u>	<u>41</u>
Gross amount	90,254	1,543	134	91,931
Loan losses allowance	<u>(313)</u>	<u>(89)</u>	<u>(36)</u>	<u>(438)</u>
Net carrying amount	<u>89,941</u>	<u>1,454</u>	<u>98</u>	<u>91,493</u>
Total loans	<u>10,068,716</u>	<u>1,643,698</u>	<u>262,547</u>	<u>11,974,961</u>
Loan losses allowance	<u>(132,012)</u>	<u>(208,039)</u>	<u>(54,736)</u>	<u>(394,787)</u>
Net carrying amount	<u>9,936,704</u>	<u>1,435,659</u>	<u>207,811</u>	<u>11,580,174</u>
<u>Restructured loans</u>				
Gross amount	55,426	659,633	129,852	844,911
Loan losses allowance	<u>(3,533)</u>	<u>(81,707)</u>	<u>(27,624)</u>	<u>(112,864)</u>
Net carrying amount	<u>51,893</u>	<u>577,926</u>	<u>102,228</u>	<u>732,047</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

	June 30, 2023 (in thousands)			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Loans at amortized cost</u>				
Grade 1: Standard	9,309,153	327,762	0	9,636,915
Grade 2: Special mention	188,930	839,847	10,720	1,039,497
Grade 3: Sub-standard	39,024	554,209	53,533	646,766
Grade 4: Doubtful	7,211	3,498	82,749	93,458
Grade 5: Uncollectible	7,959	2,899	132,831	143,689
Gross amount	9,552,277	1,728,215	279,833	11,560,325
Loan losses allowance	(146,819)	(217,435)	(62,362)	(426,616)
Net carrying amount	<u>9,405,458</u>	<u>1,510,780</u>	<u>217,471</u>	<u>11,133,709</u>
<u>Finance leases</u>				
Grade 1: Standard	80,488	181	0	80,669
Grade 2: Special mention	466	1,925	0	2,391
Grade 3: Sub-standard	527	1,281	62	1,870
Grade 4: Doubtful	0	0	47	47
Grade 5: Uncollectible	0	0	3	3
Gross amount	81,481	3,387	112	84,980
Loan losses allowance	(298)	(267)	(30)	(595)
Net carrying amount	<u>81,183</u>	<u>3,120</u>	<u>82</u>	<u>84,385</u>
Total loans	<u>9,633,758</u>	<u>1,731,602</u>	<u>279,945</u>	<u>11,645,305</u>
Loan losses allowance	(147,117)	(217,702)	(62,392)	(427,211)
Net carrying amount	<u>9,486,641</u>	<u>1,513,900</u>	<u>217,553</u>	<u>11,218,094</u>
<u>Restructured loans</u>				
Gross amount	73,106	844,403	122,020	1,039,529
Loan losses allowance	(3,935)	(100,804)	(26,284)	(131,023)
Net carrying amount	<u>69,171</u>	<u>743,599</u>	<u>95,736</u>	<u>908,506</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

The aging of the loan portfolio delinquency is presented as follows:

	<u>June 30, 2024</u>		
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	<u>Total</u>
Current	10,690,927,882	924,086,635	11,615,014,517
From 31 to 90 days	492,478,451	5,527,234	498,005,685
More than 90 days (capital or interest)	285,443,626	4,093,067	289,536,693
More than 30 days past due (capital at maturity)	<u>14,526,492</u>	<u>26,982</u>	<u>14,553,474</u>
Total	<u>11,483,376,451</u>	<u>933,733,918</u>	<u>12,417,110,369</u>

	<u>December 31, 2023</u>		
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	<u>Total</u>
Current	10,357,475,302	832,345,698	11,189,821,000
From 31 to 90 days	474,926,729	5,929,238	480,855,967
More than 90 days (capital or interest)	285,002,734	4,296,943	289,299,677
More than 30 days past due (capital at maturity)	<u>14,935,826</u>	<u>48,555</u>	<u>14,984,381</u>
Total	<u>11,132,340,591</u>	<u>842,620,434</u>	<u>11,974,961,025</u>

	<u>June 30, 2023</u>		
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	<u>Total</u>
Current	10,092,235,900	753,871,513	10,846,107,413
From 31 to 90 days	478,567,593	6,250,416	484,818,009
More than 90 days (capital or interest)	296,511,889	4,259,783	300,771,672
More than 30 days past due (capital at maturity)	<u>13,568,807</u>	<u>39,165</u>	<u>13,607,972</u>
Total	<u>10,880,884,189</u>	<u>764,420,877</u>	<u>11,645,305,066</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

The following table presents the credit quality of the investments and other financial assets and impairment reserves held by the Bank, excluding share capital and mutual funds amounting to B/.31,296,163 (December 31, 2023: B/.38,346,571) and (June 30, 2023: B/.37,049,357) which are not subject to credit risk:

	<u>12-month ECL</u>	<u>Lifetime ECL Not credit- impaired</u>	<u>June 30, 2024 Lifetime ECL credit- impaired</u>	<u>Purchased credit- impaired</u>	<u>Total</u>
<u>At Amortized Cost</u>					
<i>Foreign:</i>					
AA+ to BBB-	10,800,000	0	0	0	10,800,000
Lower than BBB-	6,975,736	0	0	0	6,975,736
Carrying amount	17,775,736	0	0	0	17,775,736
Loss allowance	(8,649)	0	0	0	(8,649)
Total carrying amount, net	17,767,087	0	0	0	17,767,087
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	345,901,188	0	0	0	345,901,188
Lower than BBB-	789,684,598	15,061,700	0	0	804,746,298
Carrying amount	1,135,585,786	15,061,700	0	0	1,150,647,486
Valuation of credit risk	(2,203,813)	(1,083,253)	0	0	(3,287,066)
<i>Foreign:</i>					
AAA	1,457,492,465	0	0	0	1,457,492,465
AA+ to BBB-	1,277,965,395	0	0	0	1,277,965,395
Lower than BBB-	200,697,057	4,558,452	0	25,189	205,280,698
NR	0	0	0	205,442	205,442
Carrying amount	2,936,154,917	4,558,452	0	230,631	2,940,944,000
Valuation of credit risk	(4,389,718)	(458,935)	0	0	(4,848,653)
Total carrying amount	4,071,740,703	19,620,152	0	230,631	4,091,591,486
Total valuation of credit risk	(6,593,531)	(1,542,188)	0	0	(8,135,719)
<u>At Fair Value TPL</u>					
<i>Local:</i>					
Lower than BBB-	61,209,291				61,209,291
Carrying amount	61,209,291				61,209,291
<i>Foreign:</i>					
AAA	471,454,826				471,454,826
AA+ to BBB-	224,564,541				224,564,541
Lower than BBB-	30,132,845				30,132,845
NR	1,510,219				1,510,219
Carrying amount	727,662,431				727,662,431
Total carrying amount	788,871,722				788,871,722

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

		December 31, 2023			
	<u>12-month ECL</u>	<u>Lifetime ECL Not credit- impaired</u>	<u>Lifetime ECL credit- impaired</u>	<u>Purchased credit- impaired</u>	<u>Total</u>
<u>At Amortized Cost</u>					
<i>Foreign:</i>					
Lower than BBB-	5,693,896	0	0	0	5,693,896
Carrying amount	5,693,896	0	0	0	5,693,896
Loss allowance	(29,722)	0	0	0	(29,722)
Total carrying amount, net	5,664,174	0	0	0	5,664,174
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	438,798,422	0	0	0	438,798,422
Lower than BBB-	733,415,643	17,101,931	0	0	750,517,574
Carrying amount	1,172,214,065	17,101,931	0	0	1,189,315,996
Valuation of credit risk	(2,145,346)	(1,123,709)	0	0	(3,269,055)
<i>Foreign:</i>					
AAA	1,505,892,966	0	0	0	1,505,892,966
AA+ to BBB-	1,418,629,738	0	0	0	1,418,629,738
Lower than BBB-	205,516,892	6,581,178	0	304,520	212,402,590
Carrying amount	3,130,039,596	6,581,178	0	304,520	3,136,925,294
Valuation of credit risk	(5,622,755)	(468,000)	0	(51,323)	(6,142,078)
Total carrying amount	4,302,253,661	23,683,109	0	304,520	4,326,241,290
Total valuation of credit risk	(7,768,101)	(1,591,709)	0	(51,323)	(9,411,133)
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	1,632,040				
Lower than BBB-	56,619,205				
Carrying amount	58,251,245				
<i>Foreign:</i>					
AAA	420,019,868				
AA+ to BBB-	246,754,206				
Lower than BBB-	28,053,867				
NR	1,590,785				
Carrying amount	696,418,726				
Total carrying amount	754,669,971				

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(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

	<u>12-month ECL</u>	<u>Lifetime ECL Not credit- impaired</u>	<u>June 30, 2023 Lifetime ECL credit- impaired</u>	<u>Purchased credit- impaired</u>	<u>Total</u>
<u>At Amortized Cost</u>					
<i>Foreign:</i>					
AAA	64,200,000	0	0	0	64,200,000
Lower than BBB-	<u>10,553,542</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,553,542</u>
Carrying amount	<u>74,753,542</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>74,753,542</u>
Loss allowance	<u>(39,312)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(39,312)</u>
Total carrying amount, net	<u><u>74,714,230</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>74,714,230</u></u>
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	483,663,471	0	0	0	483,663,471
Lower than BBB-	<u>702,389,424</u>	<u>18,205,636</u>	<u>0</u>	<u>0</u>	<u>720,595,060</u>
Carrying amount	<u>1,186,052,895</u>	<u>18,205,636</u>	<u>0</u>	<u>0</u>	<u>1,204,258,531</u>
Valuation of credit risk	<u>(1,971,514)</u>	<u>(1,258,863)</u>	<u>0</u>	<u>0</u>	<u>(3,230,377)</u>
<i>Foreign:</i>					
AAA	1,653,248,600	0	0	0	1,653,248,600
AA+ to BBB-	1,108,826,055	0	0	0	1,108,826,055
Lower than BBB-	<u>225,686,236</u>	<u>13,487,641</u>	<u>594,541</u>	<u>609,397</u>	<u>240,377,815</u>
Carrying amount	<u>2,987,760,891</u>	<u>13,487,641</u>	<u>594,541</u>	<u>609,397</u>	<u>3,002,452,470</u>
Valuation of credit risk	<u>(6,532,438)</u>	<u>(534,401)</u>	<u>(2,023,940)</u>	<u>(102,888)</u>	<u>(9,193,667)</u>
Total carrying amount	<u><u>4,173,813,786</u></u>	<u><u>31,693,277</u></u>	<u><u>594,541</u></u>	<u><u>609,397</u></u>	<u><u>4,206,711,001</u></u>
Total valuation of credit risk	<u><u>(8,503,952)</u></u>	<u><u>(1,793,264)</u></u>	<u><u>(2,023,940)</u></u>	<u><u>(102,888)</u></u>	<u><u>(12,424,044)</u></u>
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	1,709,750				
Lower than BBB-	<u>53,316,830</u>				
Carrying amount	<u>55,026,580</u>				
<i>Foreign:</i>					
AAA	418,449,142				
AA+ to BBB-	259,912,039				
Lower than BBB-	38,227,666				
NR	<u>1,803,236</u>				
Carrying amount	<u>718,392,083</u>				
Total carrying amount	<u><u>773,418,663</u></u>				

Investments were classified based on their highest international risk rating amongst Standard and Poor's, Moody's and Fitch Ratings Inc. In the case of local investments that do not have an international rating, the Bank uses an internal rating, which is consistent with international risk ratings.

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Notes to the Condensed Consolidated Interim Financial Information**(20) Financial Instruments Risk Management, continued**

The reconciliation between the initial balance and closing balance of the expected credit losses (ECL) by the type of allowance model is presented as follows:

	June 30, 2024				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the period	7,768,101	1,591,709	0	51,323	9,411,133
Transferred to 12-month ECL	51,323	0	0	(51,323)	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(799,178)	(49,521)	0	0	(848,699)
New investment securities purchased	941,582	0	0	0	941,582
Investment securities that have been derecognized	<u>(1,368,297)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,368,297)</u>
Balance at the end of the period	<u>6,593,531</u>	<u>1,542,188</u>	<u>0</u>	<u>0</u>	<u>8,135,719</u>

	December 31, 2023				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the year	10,503,856	1,049,035	3,496,490	99,661	15,149,042
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(1,491,302)	619,178	(1,601,663)	18,666	(2,455,121)
New investment securities purchased	2,663,611	0	0	0	2,663,611
Investment securities that have been derecognized	<u>(3,908,064)</u>	<u>(76,504)</u>	<u>(1,894,827)</u>	<u>(67,004)</u>	<u>(5,946,399)</u>
Balance at the end of the year	<u>7,768,101</u>	<u>1,591,709</u>	<u>0</u>	<u>51,323</u>	<u>9,411,133</u>

	June 30, 2023				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the period	10,503,856	1,049,035	3,496,490	99,661	15,149,042
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(1,373,557)	754,099	(1,471,944)	4,102	(2,087,300)
New investment securities purchased	1,764,265	0	0	0	1,764,265
Investment securities that have been derecognized	<u>(2,390,612)</u>	<u>(9,870)</u>	<u>(606)</u>	<u>(875)</u>	<u>(2,401,963)</u>
Balance at the end of the period	<u>8,503,952</u>	<u>1,793,264</u>	<u>2,023,940</u>	<u>102,888</u>	<u>12,424,044</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(21) Main Applicable Laws and Regulations

As of June 31, 2024, there were no significant changes with respect to the applicable regulatory framework disclosed in the audited consolidated financial statements as of December 31, 2023.

Regulatory Reserves

The accounting treatment for the recognition of losses on loans, investment securities and foreclosed assets in conformity with prudential standards enacted by the Superintendence of Banks of Panama, differs in some aspects from the accounting treatment established by International Financial Reporting Standards, specifically IFRS 9 and IFRS 5. The Superintendence of Banks of Panama mandates that general license banks apply these prudential standards.

Dynamic Provision

Agreement No.4-2013 indicates that the dynamic provision is a reserve provided to face possible future needs for specific provisions. They are governed by prudential criteria in the banking regulation. Dynamic reserves are established on a quarterly basis, on loans classified as Standard.

The dynamic reserve is an equity account presented as a legal reserve in the consolidated statement of changes in equity and appropriated from retained earnings. The balance of the dynamic reserve is part of the regulatory capital but cannot be used in satisfying current or future capital adequacy requirements established by this Superintendence.

Through the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, the Superintendence of Banks of Panama established the temporary suspension of the obligation to constitute dynamic provision according to articles 36, 37 and 38 of Agreement No.4-2013 on credit risk, effective provision from the second quarter of 2020 and will remain until it is revoked.

Through the General Resolution of the Board of Directors SBP-GJD-R-2023-01125 of June 6, 2023, the Superintendence of Banks of Panama repealed the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, and established the guidelines and parameters for the reestablishment of the constitution of the dynamic provision provided for in Agreement No.4-2013. This Resolution entered into force from its promulgation.

The Resolution establishes a period of gradual adaptation for the restoration of the dynamic provision as detailed below:

- Banks that maintain dynamic provision percentages of less than 1.25%, may benefit from an adjustment period until March 31, 2024.
- Banking entities whose percentage is greater than 2.50% may carry out the return to undistributed profits of any surplus up to the percentage of 2.50%.

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

The balance of the Bank's dynamic reserve is detailed as follows:

	June 30 <u>2024</u>	December 31 <u>2023</u>	June 30 <u>2023</u>
Banco General, S. A.	133,877,476	133,877,476	133,877,476
Banco General (Overseas), Inc.	14,018,604	11,447,322	10,614,993
Banco General (Costa Rica), S. A.	<u>3,783,023</u>	<u>4,142,190</u>	<u>4,142,190</u>
Total	<u>151,679,103</u>	<u>149,466,988</u>	<u>148,634,659</u>

As of January 30, 2024, based on the General Resolution of the Boards of Directors SBP-GJD-R-2023-01125, the Bank made a return to undistributed profits of the excess of 2.50% of the dynamic provision in a subsidiary to establish the maximum percentage required.