

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

**Condensed Consolidated Interim
Financial Information**

September 30, 2022

"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

September 30, 2022, December 31, 2021 and September 30, 2021

(Expressed in Balboas)

		(Unaudited) September 2022	(Audited) December 2021	(Unaudited) September 2021
Assets	Note			
Cash and cash items	5	242,860,386	167,237,035	213,224,085
Deposits with banks:				
Demand deposits		334,672,808	283,964,475	423,802,002
Time deposits		92,904,781	194,252,658	176,214,178
Accrued interest receivable		1,565,776	1,817,299	1,965,231
Total deposits with banks		429,143,365	480,034,432	601,981,411
Total cash, cash items and deposits with banks		672,003,751	647,271,467	815,205,496
Investments and other financial assets at FVTPL		735,899,184	1,022,366,494	996,697,792
Investments and other financial assets at FVOCI		4,611,196,231	5,030,577,545	4,817,110,366
Investments and other financial at amortized cost, net		132,851,636	122,185,542	82,011,000
Accrued interest receivable		11,242	280	172
Investments and other financial assets, net		5,479,958,293	6,175,129,861	5,895,819,330
Loans	6	11,401,520,554	11,297,778,963	11,357,158,120
Accrued interest receivable		76,498,704	96,487,962	119,277,159
Less:				
Loan losses allowance		471,028,026	467,706,062	476,650,663
Unearned commissions		38,051,165	36,092,068	36,683,452
Loans, net		10,968,940,067	10,890,468,795	10,963,101,164
Investments in associates		34,376,709	25,020,643	27,770,293
Properties, furniture, equipment and improvements, net of accumulated depreciation and amortization	7	249,602,485	239,125,837	237,631,136
Right-of-Use Assets, net	8	16,503,891	16,997,658	17,653,216
Investments and other financial assets sold pending settlement		335,011,764	222,866,524	270,442,698
Deferred tax assets		113,604,555	112,034,447	114,026,710
Goodwill and other intangible assets, net	9	49,292,755	51,546,799	52,308,385
Other assets		487,842,934	401,535,573	407,738,480
Total assets		18,407,137,204	18,781,997,604	18,801,696,908

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) September 2022	(Audited) December 2021	(Unaudited) September 2021
<u>Liabilities and Equity</u>	<u>Note</u>			
Liabilities:				
Deposits:				
Local:				
Demand		2,776,900,576	3,162,996,218	3,077,976,153
Savings		5,097,579,414	4,965,395,062	4,778,888,660
Time:				
Customers		5,337,463,577	5,670,125,254	5,683,965,381
Banks		21,970,946	2,095,137	5,613,935
Accrued interest payable		81,499,974	93,520,570	92,509,708
Total deposits		13,315,414,487	13,894,132,241	13,638,953,837
Financing:				
Securities sold under repurchase agreements		244,771,738	0	0
Borrowings and debt securities issued, net	11	766,535,511	893,646,075	917,407,816
Perpetual bonds		400,000,000	400,000,000	400,000,000
Accrued interest payable		12,997,747	14,084,902	13,050,219
Total financing		1,424,304,996	1,307,730,977	1,330,458,035
Lease Liabilities	12	18,147,924	18,545,622	19,127,637
Investments and other financial assets purchased pending settlement		493,078,938	422,824,601	555,600,567
Reserves of insurance operations	13	20,450,905	19,702,364	19,402,613
Deferred tax liabilities		2,783,127	2,471,413	2,565,754
Other liabilities	10	735,412,319	425,542,100	528,372,188
Total liabilities		16,009,592,696	16,090,949,318	16,094,480,631
Equity:	15			
Common shares		500,000,000	500,000,000	500,000,000
Legal reserves		207,969,016	199,882,419	200,049,460
Capital reserves		(365,073,483)	75,007,984	110,066,576
Retained earnings		2,054,648,975	1,916,157,883	1,897,100,241
Total equity		2,397,544,508	2,691,048,286	2,707,216,277
Total liabilities and equity		18,407,137,204	18,781,997,604	18,801,696,908

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

Condensed Consolidated Statement of Income

For the nine months ended September 30, 2022 and 2021

(Expressed in Balboas)

		(Unaudited) (3rd Quarter)		(Unaudited) (Accumulated)	
	Note	2022	2021	2022	2021
Interest and commission income:					
Interest:					
Loans		186,824,401	189,368,324	551,971,237	549,300,306
Deposits with banks		1,551,117	1,292,754	4,122,928	4,243,317
Investments and other financial assets		47,331,292	35,691,102	127,307,571	107,408,977
Commissions on loans		10,334,820	8,899,357	28,958,555	24,659,799
Total interest and commission income		246,041,630	235,251,537	712,360,291	685,612,399
Interest expenses:					
Deposits		50,825,526	57,143,703	155,263,352	175,570,223
Financing		13,873,274	12,855,080	39,814,121	36,012,832
Total interest expenses		64,698,800	69,998,783	195,077,473	211,583,055
Net interest and commission income		181,342,830	165,252,754	517,282,818	474,029,344
(Reversal) provision for loan losses, net	6	(15,390,926)	41,031,003	(3,657,590)	117,949,978
Provision (reversal) for impairment of investments, net		(2,850,251)	57,757	11,866,331	296,747
Provision (reversal) for foreclosed assets, net		(359,136)	141,991	892,590	(15,024)
Net interest and commission income, after provisions		199,943,143	124,022,003	508,181,487	355,797,643
Other income (expenses):					
Fees and other commissions		80,331,416	68,787,921	226,313,953	183,262,703
Insurance premiums, net		9,745,212	8,938,674	28,609,463	24,222,537
(Loss) gain on financial instruments, net		(10,871,260)	6,239,238	(77,001,940)	16,962,891
Other income, net		7,493,631	6,954,563	17,610,533	21,454,184
Commission expenses and other expenses	12	(29,496,027)	(25,154,828)	(80,675,840)	(70,941,757)
Total other income, net		57,202,972	65,765,568	114,856,169	174,960,558
General and administrative expenses:					
Salaries and other personnel expenses	16	43,394,613	40,122,259	127,306,210	120,834,740
Depreciation and amortization	7 and 8	7,554,366	7,038,503	22,674,406	21,162,425
Properties, furniture and equipment expenses		7,334,363	6,492,121	21,905,217	18,875,890
Other expenses		23,264,827	20,645,849	67,003,465	59,821,519
Total general and administrative expenses		81,548,169	74,298,732	238,889,298	220,694,574
Net operating income		175,597,946	115,488,839	384,148,358	310,063,627
Equity participation in associates		3,366,543	2,634,775	12,049,897	7,346,843
Net income before tax		178,964,489	118,123,614	396,198,255	317,410,470
Income tax, estimated		20,408,546	14,071,240	51,205,557	37,575,780
Income tax, deferred		3,347,300	(9,270,279)	(1,257,845)	(20,712,199)
Income tax, net	17	23,755,846	4,800,961	49,947,712	16,863,581
Net income		155,208,643	113,322,653	346,250,543	300,546,889

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 nine months ended September 30, 2022 and 2021

(Expressed in Balboas)

	(Unaudited)	
	<u>2022</u>	<u>2021</u>
Net income	<u>346,250,543</u>	<u>300,546,889</u>
Other comprehensive (expense) income:		
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	(419,871,170)	(75,948,352)
Transfer to profit or loss for sales of investments at FVOCI	(32,069,605)	24,134,992
Valuation of investment credit risk at FVOCI	11,859,308	295,249
Valuation of hedging instruments	<u>0</u>	<u>597,286</u>
Total other comprehensive expense, net	<u>(440,081,467)</u>	<u>(50,920,825)</u>
Total comprehensive (expense) income	<u><u>(93,830,924)</u></u>	<u><u>249,626,064</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 nine months ended September 30, 2022 and 2021

(Expressed in Balboas)

	Capital reserves							
	Common shares	Legal reserves	Insurance reserve	Valuation of investments and other financial assets	Valuation of hedging instruments	Total capital reserves	Retained earnings	Total equity
Balance as of December 31, 2021 (Audited)	500,000,000	199,882,419	1,000,000	74,007,984	0	75,007,984	1,916,157,883	2,691,048,286
Net income	0	0	0	0	0	0	346,250,543	346,250,543
Other comprehensive (expense) income:								
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	(419,871,170)	0	(419,871,170)	0	(419,871,170)
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(32,069,605)	0	(32,069,605)	0	(32,069,605)
Valuation of investment credit risk at FVOCI	0	0	0	11,859,308	0	11,859,308	0	11,859,308
Total other comprehensive expense, net	0	0	0	(440,081,467)	0	(440,081,467)	0	(440,081,467)
Total comprehensive (expense) income	0	0	0	(440,081,467)	0	(440,081,467)	346,250,543	(93,830,924)
Transactions with owner:								
Dividends paid on common shares	0	0	0	0	0	0	(197,400,000)	(197,400,000)
Dividends tax	0	0	0	0	0	0	(1,713,675)	(1,713,675)
Complementary tax	0	0	0	0	0	0	(559,179)	(559,179)
Transfer of retained earnings	0	8,086,597	0	0	0	0	(8,086,597)	0
Total transactions attributable to the shareholder	0	8,086,597	0	0	0	0	(207,759,451)	(199,672,854)
Balance as of September 30, 2022 (Unaudited)	500,000,000	207,969,016	1,000,000	(366,073,483)	0	(365,073,483)	2,054,648,975	2,397,544,508
Balance as of December 31, 2020 (Audited)	500,000,000	199,242,854	1,000,000	160,584,687	(597,286)	160,987,401	1,772,980,479	2,633,210,734
Net income	0	0	0	0	0	0	300,546,889	300,546,889
Other comprehensive (expense) income:								
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	(75,948,352)	0	(75,948,352)	0	(75,948,352)
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	24,134,992	0	24,134,992	0	24,134,992
Valuation of investment credit risk at FVOCI	0	0	0	295,249	0	295,249	0	295,249
Valuation of hedging instruments	0	0	0	0	597,286	597,286	0	597,286
Total other comprehensive (expense) income, net	0	0	0	(51,518,111)	597,286	(50,920,825)	0	(50,920,825)
Total comprehensive income (expense)	0	0	0	(51,518,111)	597,286	(50,920,825)	300,546,889	249,626,064
Transactions with owner:								
Dividends paid on common shares	0	0	0	0	0	0	(176,250,000)	(176,250,000)
Dividends tax	0	0	0	0	0	0	(1,757,928)	(1,757,928)
Complementary tax	0	0	0	0	0	0	2,387,407	2,387,407
Transfer of retained earnings	0	806,606	0	0	0	0	(806,606)	0
Total transactions attributable to the shareholder	0	806,606	0	0	0	0	(176,427,127)	(175,620,521)
Balance as of September 30, 2021 (Unaudited)	500,000,000	200,049,460	1,000,000	109,066,576	0	110,066,576	1,897,100,241	2,707,216,277

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 nine months ended September 30, 2022 and 2021

(Expressed in Balboas)

		(Unaudited)	
	Note	2022	2021
Operating activities:			
Net income		346,250,543	300,546,889
Adjustments to reconcile net income and cash from operating activities:			
(Reversal) provision for loan losses, net	6	(3,657,590)	117,949,978
Provision for valuation of investments, net		11,866,331	296,747
Provision (reversal) of provision for foreclosed assets, net		892,590	(15,024)
Unrealized loss on investments and other financial assets		68,299,476	17,338,998
Unrealized gain on derivative instruments		(16,554,630)	(484,614)
Loss (gain) on sale of investments and other financial assets at FVTPL, net		36,967,372	(1,046,670)
Loss (gain) on sale of investments and other financial assets at FVOCI, net		34,004,780	(21,601,430)
Realized gain on derivative instruments		(45,715,058)	(11,169,175)
Foreign exchange fluctuations, net		95,235	14,275
Gain on sale of fixed assets, net		(1,668,957)	(789,326)
Other net income from cancellations of right-of-use assets		(28,193)	(17,548)
Depreciation and amortization	7 and 8	22,674,406	21,162,425
Impairment loss and amortization of intangible assets	9	2,254,044	1,963,044
Equity participation in associates		(12,049,897)	(7,346,843)
Income tax, net		49,947,712	16,863,581
Interest and commission income		(712,360,291)	(685,612,399)
Interest expense		195,077,473	211,583,055
Changes in operating assets and liabilities:			
Time deposits with banks		101,347,877	23,157,379
Investments and other financial assets at FVTPL		189,967,496	148,943,037
Loans		(96,762,037)	62,170,494
Unearned commissions		30,917,652	24,297,880
Tax credit from preferential interest		(40,918,378)	(38,645,640)
Other assets		(170,382,289)	(47,006,647)
Demand deposits		(386,095,642)	99,134,480
Savings deposits		132,184,352	308,844,143
Time deposits		(312,785,868)	(311,070,959)
Reserves of insurance operations		748,541	821,662
Other liabilities		429,401,165	(30,222,865)
Cash provided by operations:			
Interest received		697,812,453	689,199,253
Interest paid		(208,135,582)	(220,712,262)
Dividends received		2,235,811	1,018,471
Total		(419,646)	369,017,500
Cash flows from operating activities		345,830,897	669,564,389
Investing activities:			
Purchases of investments and other financial assets at FVOCI		(3,589,862,824)	(5,077,010,875)
Sale and redemptions of investments and other financial assets at FVOCI		3,486,095,791	4,628,667,033
Purchases of securities at amortized cost		(308,880,478)	(138,828,885)
Redemptions of securities at amortized cost		298,207,361	110,231,848
Dividends received from associates		2,693,831	1,262,500
Sale of properties, furniture and equipment		2,597,605	918,660
Purchases of properties, furniture and equipment	7	(31,524,855)	(19,410,846)
Cash flows from investing activities		(140,673,569)	(494,170,565)
Financing activities:			
Redemption of debt securities issued and cancellation of borrowings		(121,494,943)	(143,862,838)
Perpetual bonds issuance		0	400,000,000
Perpetual bonds redemption		0	(217,680,000)
Securities sold under repurchase agreements		244,771,738	0
Payment of lease liabilities		(2,430,585)	(2,417,746)
Dividends paid on common shares		(197,400,000)	(176,250,000)
Complementary and dividends tax		(2,272,854)	629,479
Cash flows used from financing activities		(78,826,644)	(139,581,105)
Net increase in cash and cash equivalents		126,331,684	35,812,719
Cash and cash equivalents at the beginning of the period		451,201,510	601,213,368
Cash and cash equivalents at the end of the period	5	577,533,194	637,026,087

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

September 30, 2022

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BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

September 30, 2022

(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 and Mexico which closed operations during the month of March 2022.

Grupo Financiero BG, S. A., a 59.86% (December 31, 2021: 59.78%) 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. owns 100% of the following subsidiaries that are presented below and which form part of the consolidation:

- Finanzas Generales, S. A.: financial lease and loans in Panama. It in turn has the following subsidiaries:
 - BG Trust, Inc.: trust administration in Panama.
 - Vale General, S. A.: administration and marketing of food vouchers in Panama.
- 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, which began operations in September 2021.

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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

These condensed consolidated interim financial information were authorized by management issue on October 27, 2022.

(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 Significant 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, 2021.

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:

	September 30, 2022			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>156,875,593</u>	<u>37,603,403</u>	<u>194,478,996</u>
Loans	<u>14,136,958</u>	<u>145,650,344</u>	<u>7,190,877</u>	<u>166,978,179</u>
Investments in associates	<u>0</u>	<u>34,376,709</u>	<u>0</u>	<u>34,376,709</u>
Liabilities:				
Deposits:				
Demand	1,029,365	106,081,801	84,245,279	191,356,445
Savings	7,430,033	84,019,670	17,370,931	108,820,634
Time	<u>3,443,944</u>	<u>239,157,208</u>	<u>132,615,385</u>	<u>375,216,537</u>
	<u>11,903,342</u>	<u>429,258,679</u>	<u>234,231,595</u>	<u>675,393,616</u>
Perpetual bonds	<u>0</u>	<u>15,000,000</u>	<u>126,754,000</u>	<u>141,754,000</u>
Commitments and contingencies	<u>0</u>	<u>8,857,021</u>	<u>35,955,000</u>	<u>44,812,021</u>
Interest income:				
Loans	<u>463,399</u>	<u>5,599,260</u>	<u>342,311</u>	<u>6,404,970</u>
Investments and other financial assets	<u>0</u>	<u>4,559,824</u>	<u>1,324,023</u>	<u>5,883,847</u>
Interest expenses:				
Deposits	<u>93,714</u>	<u>7,837,710</u>	<u>1,106,640</u>	<u>9,038,064</u>
Financing	<u>0</u>	<u>590,625</u>	<u>4,780,129</u>	<u>5,370,754</u>
Other income:				
Equity participation in associates	<u>0</u>	<u>12,049,897</u>	<u>0</u>	<u>12,049,897</u>
Received dividends	<u>0</u>	<u>557,727</u>	<u>0</u>	<u>557,727</u>
General and administrative expenses:				
Directors' fees	<u>422,431</u>	<u>0</u>	<u>0</u>	<u>422,431</u>
Benefits to key management personnel	<u>1,814,626</u>	<u>0</u>	<u>0</u>	<u>1,814,626</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, 2021			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>129,358,138</u>	<u>39,864,967</u>	<u>169,223,105</u>
Loans	<u>11,075,005</u>	<u>141,476,316</u>	<u>9,771,613</u>	<u>162,322,934</u>
Investments in associates	<u>0</u>	<u>25,020,643</u>	<u>0</u>	<u>25,020,643</u>
Liabilities:				
Deposits:				
Demand	1,667,080	129,028,616	100,272,250	230,967,946
Savings	10,757,893	158,521,073	28,655,931	197,934,897
Time	<u>2,836,197</u>	<u>277,502,878</u>	<u>132,621,047</u>	<u>412,960,122</u>
	<u>15,261,170</u>	<u>565,052,567</u>	<u>261,549,228</u>	<u>841,862,965</u>
Perpetual bonds	<u>0</u>	<u>15,000,000</u>	<u>103,770,000</u>	<u>118,770,000</u>
Commitments and contingencies	<u>1,648,670</u>	<u>5,118,798</u>	<u>35,955,000</u>	<u>42,722,468</u>

	September 30, 2021			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>133,294,338</u>	<u>36,396,069</u>	<u>169,690,407</u>
Loans	<u>10,844,103</u>	<u>142,552,010</u>	<u>10,631,537</u>	<u>164,027,650</u>
Investments in associates	<u>0</u>	<u>27,770,293</u>	<u>0</u>	<u>27,770,293</u>
Liabilities:				
Deposits:				
Demand	944,763	136,625,773	87,285,587	224,856,123
Savings	9,126,765	108,315,969	29,431,186	146,873,920
Time	<u>2,800,560</u>	<u>259,612,926</u>	<u>135,399,487</u>	<u>397,812,973</u>
	<u>12,872,088</u>	<u>504,554,668</u>	<u>252,116,260</u>	<u>769,543,016</u>
Perpetual bonds	<u>0</u>	<u>0</u>	<u>103,770,000</u>	<u>103,770,000</u>
Commitments and contingencies	<u>1,648,670</u>	<u>3,804,114</u>	<u>35,955,000</u>	<u>41,407,784</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**

	September 30, 2021			
	Directors and Management	Related Companies	Affiliated Companies	Total
Interest income:				
Loans	<u>370,347</u>	<u>6,503,758</u>	<u>560,764</u>	<u>7,434,869</u>
Investments and other financial assets	<u>0</u>	<u>4,670,122</u>	<u>1,368,853</u>	<u>6,038,975</u>
Interest expenses:				
Deposits	<u>104,263</u>	<u>9,005,005</u>	<u>1,087,358</u>	<u>10,196,626</u>
Financing	<u>0</u>	<u>0</u>	<u>4,873,014</u>	<u>4,873,014</u>
Other income:				
Equity participation in associates	<u>0</u>	<u>7,346,843</u>	<u>0</u>	<u>7,346,843</u>
Received dividends	<u>0</u>	<u>512,900</u>	<u>0</u>	<u>512,900</u>
General and administrative expenses:				
Directors' fees	<u>404,484</u>	<u>0</u>	<u>0</u>	<u>404,484</u>
Benefits to key management personnel	<u>1,910,644</u>	<u>0</u>	<u>0</u>	<u>1,910,644</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:

	September 30	
	<u>2022</u>	<u>2021</u>
Cash and cash items	242,860,386	213,224,085
Demand deposits with banks	334,672,808	423,802,002
Time deposits with banks	<u>92,904,781</u>	<u>176,214,178</u>
Total deposits with banks	<u>427,577,589</u>	<u>600,016,180</u>
Less: Deposits with banks, with original maturities greater than three months	<u>92,904,781</u>	<u>176,214,178</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>577,533,194</u>	<u>637,026,087</u>

Demand deposits with banks include cash collateral accounts for B/.58,007,772 (December 31, 2021: B/.25,765,294) that secure derivative operations and the next payments of principal, interest of certain obligations.

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

The composition of the loan portfolio is summarized as follows:

	September 30 2022	December 31 2021	September 30 2021
Internal sector:			
Residential mortgages	4,598,181,083	4,527,930,938	4,489,134,668
Personal, auto and credit cards	1,753,740,240	1,707,750,625	1,731,829,840
Commercial mortgages	1,847,505,019	1,919,260,832	1,950,317,375
Lines of credit and commercial loans	1,282,245,159	1,131,776,747	1,136,457,146
Interim financing	280,310,261	378,674,071	414,521,023
Finance leases, net	72,368,287	65,341,390	67,423,099
Other secured loans	200,484,529	202,229,996	198,624,979
Overdrafts	125,666,430	101,481,801	116,906,379
Total internal sector	<u>10,160,501,008</u>	<u>10,034,446,400</u>	<u>10,105,214,509</u>
External sector:			
Residential mortgages	170,133,871	185,841,411	192,313,511
Personal, auto and credit cards	8,233,185	9,253,456	9,812,503
Commercial mortgages	119,694,641	161,100,420	173,026,669
Lines of credit and commercial loans	898,453,565	863,454,316	822,217,970
Other secured loans	12,352,654	10,084,442	10,035,203
Overdrafts	32,151,630	33,598,518	44,537,755
Total external sector	<u>1,241,019,546</u>	<u>1,263,332,563</u>	<u>1,251,943,611</u>
Total	<u>11,401,520,554</u>	<u>11,297,778,963</u>	<u>11,357,158,120</u>

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

	September 30, 2022			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the period	197,388,884	129,812,916	140,504,262	467,706,062
Transferred to 12-month ECL	20,085,605	(10,989,140)	(9,096,465)	0
Transferred to lifetime ECL not credit-impaired	(23,712,176)	67,260,436	(43,548,260)	0
Transferred to lifetime ECL credit-impaired	(3,866,359)	(5,855,591)	9,721,950	0
Net remeasurement of portfolio	(14,818,700)	57,221,628	(20,575,607)	21,827,321
New loans	11,160,975	5,716,740	1,016,735	17,894,450
Loans that have been derecognized	(13,542,563)	(9,470,825)	(20,365,973)	(43,379,361)
Recovery of loan write-off	0	0	29,721,015	29,721,015
Loans written-off	0	0	(22,741,461)	(22,741,461)
Balance at the end of the period	<u>172,695,666</u>	<u>233,696,164</u>	<u>64,636,196</u>	<u>471,028,026</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

	December 31, 2021			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the year	225,723,115	71,959,280	86,113,012	383,795,407
Transferred to 12-month ECL	9,522,524	(7,962,443)	(1,560,081)	0
Transferred to lifetime ECL not credit-impaired	(3,280,154)	7,221,285	(3,941,131)	0
Transferred to lifetime ECL credit-impaired	(3,726,247)	(5,099,589)	8,825,836	0
Net remeasurement of portfolio	(32,103,894)	69,747,097	123,484,328	161,127,531
New loans	9,846,913	4,705,781	15,124,479	29,677,173
Loans that have been derecognized	(8,593,373)	(10,758,495)	(15,810,825)	(35,162,693)
Recovery of loan write-off	0	0	25,312,873	25,312,873
Loans written-off	0	0	(97,044,229)	(97,044,229)
Balance at the end of the year	<u>197,388,884</u>	<u>129,812,916</u>	<u>140,504,262</u>	<u>467,706,062</u>

	September 30, 2021			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at the beginning of the period	225,723,115	71,959,280	86,113,012	383,795,407
Transferred to 12-month ECL	8,355,496	(7,290,121)	(1,065,375)	0
Transferred to lifetime ECL not credit-impaired	(4,450,385)	10,458,739	(6,008,354)	0
Transferred to lifetime ECL credit-impaired	(4,579,727)	(8,411,757)	12,991,484	0
Net remeasurement of portfolio	(52,802,198)	81,079,892	93,273,532	121,551,226
New loans	7,916,564	4,328,191	11,492,373	23,737,128
Loans that have been derecognized	(5,982,641)	(7,632,194)	(13,723,541)	(27,338,376)
Recovery of loan write-off	0	0	17,749,098	17,749,098
Loans written-off	0	0	(42,843,820)	(42,843,820)
Balance at the end of the period	<u>174,180,224</u>	<u>144,492,030</u>	<u>157,978,409</u>	<u>476,650,663</u>

The balance of accrued interest receivable from loans to which the Bank applied a postponement of installments between March 2020 and June 2021 as a financial relief measure due to COVID-19 amounts to B/.35,229,990 (December 31, 2021 B/.57,831,652) and (September 30, 2021 B/.78,157,951).

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

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

	September 30, 2022					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the period	32,524,625	136,859,639	163,354,333	113,337,721	44,925,422	491,001,740
Additions	0	0	14,210,060	11,856,527	5,458,268	31,524,855
Sales and disposals	525,490	1,192,087	84,940	2,453,402	421,657	4,677,576
At the end of the period	<u>31,999,135</u>	<u>135,667,552</u>	<u>177,479,453</u>	<u>122,740,846</u>	<u>49,962,033</u>	<u>517,849,019</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	40,160,798	94,662,985	84,555,316	32,496,804	251,875,903
Expense of the period	0	2,658,133	9,735,137	6,144,980	1,581,309	20,119,559
Sales and disposal	0	803,837	84,939	2,453,249	406,903	3,748,928
At the end of the period	<u>0</u>	<u>42,015,094</u>	<u>104,313,183</u>	<u>88,247,047</u>	<u>33,671,210</u>	<u>268,246,534</u>
Net balance	<u>31,999,135</u>	<u>93,652,458</u>	<u>73,166,270</u>	<u>34,493,799</u>	<u>16,290,823</u>	<u>249,602,485</u>

	December 31, 2021					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the year	32,566,104	137,110,977	142,884,048	113,470,270	41,944,606	467,976,005
Additions	0	243,602	20,896,561	2,390,321	3,710,897	27,241,381
Sales and disposals	41,479	494,940	426,276	2,522,870	730,081	4,215,646
At the end of the year	<u>32,524,625</u>	<u>136,859,639</u>	<u>163,354,333</u>	<u>113,337,721</u>	<u>44,925,422</u>	<u>491,001,740</u>
Accumulated depreciation and amortization:						
At the beginning of the year	0	37,058,835	84,121,051	78,790,441	31,171,643	231,141,970
Expense of the year	0	3,512,402	10,967,719	8,282,965	2,055,242	24,818,328
Sales and disposal	0	410,439	425,785	2,518,090	730,081	4,084,395
At the end of the year	<u>0</u>	<u>40,160,798</u>	<u>94,662,985</u>	<u>84,555,316</u>	<u>32,496,804</u>	<u>251,875,903</u>
Net balance	<u>32,524,625</u>	<u>96,698,841</u>	<u>68,691,348</u>	<u>28,782,405</u>	<u>12,428,618</u>	<u>239,125,837</u>

	September 30, 2021					
	Land	Buildings	Licenses and internally developed projects	Furniture and Equipment	Improvements	Total
Cost:						
At the beginning of the period	32,566,104	137,110,977	142,884,048	113,470,270	41,944,606	467,976,005
Additions	0	243,602	14,655,974	1,927,142	2,584,128	19,410,846
Sales and disposals	41,479	494,940	104,018	1,821,952	730,081	3,192,470
At the end of the period	<u>32,524,625</u>	<u>136,859,639</u>	<u>157,436,004</u>	<u>113,575,460</u>	<u>43,798,653</u>	<u>484,194,381</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	37,058,835	84,121,051	78,790,441	31,171,643	231,141,970
Expense of the period	0	2,630,590	8,139,503	6,173,026	1,541,292	18,484,411
Sales and disposal	0	410,439	104,018	1,818,598	730,081	3,063,136
At the end of the period	<u>0</u>	<u>39,278,986</u>	<u>92,156,536</u>	<u>83,144,869</u>	<u>31,982,854</u>	<u>246,563,245</u>
Net balance	<u>32,524,625</u>	<u>97,580,653</u>	<u>65,279,468</u>	<u>30,430,591</u>	<u>11,815,799</u>	<u>237,631,136</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

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

	September 30 <u>2022</u>	December 31 <u>2021</u>	September 30 <u>2021</u>
Cost:			
At the beginning of the period	26,704,514	25,538,433	25,538,433
New contracts	2,745,313	2,379,616	2,100,975
Cancellations	<u>(2,196,145)</u>	<u>(1,213,535)</u>	<u>(366,188)</u>
At the end of the period	<u>27,253,682</u>	<u>26,704,514</u>	<u>27,273,220</u>
Accumulated depreciation:			
At the beginning of the period	9,706,856	7,073,818	7,073,818
Expense of the period	2,554,847	3,566,896	2,678,014
Cancellations	<u>(1,511,912)</u>	<u>(933,858)</u>	<u>(131,828)</u>
At the end of the period	<u>10,749,791</u>	<u>9,706,856</u>	<u>9,620,004</u>
Net balance	<u>16,503,891</u>	<u>16,997,658</u>	<u>17,653,216</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:

<u>Company</u>	<u>Date of acquisition</u>	<u>Participation acquired</u>	<u>% of Acquired Participation</u>	<u>Balance</u>
Banco General, S. A. (1)	March 2004	ProFuturo-Administradora de Fondos de Pensiones y Cesantías, 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 Cesantías, 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				

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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>September 30, 2022</u>		
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning of the period	41,382,499	47,462,084	88,844,583
Impairment loss	<u>(291,000)</u>	<u>0</u>	<u>(291,000)</u>
Net balance at the 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	37,297,784	37,297,784
Amortization of the period	<u>0</u>	<u>1,963,044</u>	<u>1,963,044</u>
Balance at the end of the period	<u>0</u>	<u>39,260,828</u>	<u>39,260,828</u>
Net balance at the end of the period	<u>41,091,499</u>	<u>8,201,256</u>	<u>49,292,755</u>
	<u>December 31, 2021</u>		
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning of the year	41,489,737	47,462,084	88,951,821
Impairment loss	<u>(107,238)</u>	<u>0</u>	<u>(107,238)</u>
Net balance at the end of the year	<u>41,382,499</u>	<u>47,462,084</u>	<u>88,844,583</u>
Accumulated amortization:			
Balance at the beginning of the year	0	34,680,392	34,680,392
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>37,297,784</u>	<u>37,297,784</u>
Net balance at the end of the year	<u>41,382,499</u>	<u>10,164,300</u>	<u>51,546,799</u>
	<u>September 30, 2021</u>		
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning and end of the period	<u>41,489,737</u>	<u>47,462,084</u>	<u>88,951,821</u>
Accumulated amortization:			
Balance at the beginning of the period	0	34,680,392	34,680,392
Amortization of the period	<u>0</u>	<u>1,963,044</u>	<u>1,963,044</u>
Balance at the end of the period	<u>0</u>	<u>36,643,436</u>	<u>36,643,436</u>
Net balance at the end of the period	<u>41,489,737</u>	<u>10,818,648</u>	<u>52,308,385</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 September 30, 2022, 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>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Bonds of the US Government	1	3,253,902	0	0
Mortgage Backed Securities (MBS)	2	<u>139,362,847</u>	<u>83,296,219</u>	<u>88,141,023</u>
Total		<u>142,616,749</u>	<u>83,296,219</u>	<u>88,141,023</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>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>
Corporate bonds with maturities in 2021, at an interest rate of 3 month Libor plus a margin	0	0	75,000
Corporate bonds with maturities in 2026, at an interest rate of 3 month Libor 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 2021, at interest rates of 6 and 12 month Libor plus a margin	0	0	20,000,000
Borrowings with maturity in 2022, at interest rates of 12 month Libor plus a margin	5,000,000	5,000,000	0
Borrowings with maturity in 2024, at interest rates of 6 month Libor plus a margin	50,000,000	150,000,000	150,000,000
Borrowings with maturity in 2025, at interest rates of 6 month Libor plus a margin	50,000,000	50,000,000	50,000,000
Borrowings with maturity in 2025, at interest rates Basic Passive rate of The Central Bank of Costa Rica plus a margin	1,996,966	2,469,522	2,696,685
Borrowing under USAID (guarantor) program with maturity in 2025, at a fixed annual interest rate of 7.65%	0	2,272,387	2,272,387
Notes with maturities in 2024, at a fixed interest rate	40,000,000	55,000,000	60,000,000
Notes with maturities in 2027, at a fixed interest rate	<u>71,250,000</u>	<u>75,000,000</u>	<u>75,000,000</u>
Subtotal of borrowings and debt securities issued	758,143,966	879,638,909	899,941,072
Revaluation coverage	<u>8,391,545</u>	<u>14,007,166</u>	<u>17,466,744</u>
Total borrowings and debt securities issued, net	<u>766,535,511</u>	<u>893,646,075</u>	<u>917,407,816</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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:

	September 30	
	<u>2022</u>	<u>2021</u>
Balance at the beginning of the period	893,646,075	1,076,468,583
Redemption of debt securities issued and cancellation of borrowings	(121,494,943)	(143,862,838)
Revaluation coverage	<u>(5,615,621)</u>	<u>(15,197,929)</u>
Balance at the end of the period	<u>766,535,511</u>	<u>917,407,816</u>

(12) Lease Liabilities

The movement of lease liabilities is detailed as follows:

	September 30	December 31	September 30
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Balance at the beginning of the period	18,545,622	19,696,316	19,696,316
New contracts	2,745,313	2,379,616	2,100,975
Payments	(2,430,585)	(3,233,085)	(2,417,746)
Cancellations	<u>(712,426)</u>	<u>(297,225)</u>	<u>(251,908)</u>
Balance at the end of the period	<u>18,147,924</u>	<u>18,545,622</u>	<u>19,127,637</u>

Interest expense on lease liabilities for B/.591,262 (2021: B/.648,443) 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/.20,450,905 (December 31, 2021: B/.19,702,364) and (September 30, 2021: B/.19,402,613) and are comprised of unearned premiums and estimated insurance claims incurred.

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

	September 30 2022	December 31 2021	September 30 2021
Unearned Premiums			
Balance at the beginning of the period	20,473,022	21,103,378	21,103,378
Issued premiums	33,883,866	40,003,701	30,672,065
Earned premiums	<u>(32,139,794)</u>	<u>(40,634,057)</u>	<u>(30,834,775)</u>
Balance at the end of the period	22,217,094	20,473,022	20,940,668
Reinsurers participation	<u>(4,767,754)</u>	<u>(3,990,237)</u>	<u>(4,312,357)</u>
Unearned premiums, net	<u>17,449,340</u>	<u>16,482,785</u>	<u>16,628,311</u>
Estimated Insurance Claims Incurred			
Balance at the beginning of the period	4,574,850	3,413,785	3,413,785
Incurred claims	7,244,442	13,093,422	9,884,115
Paid claims	<u>(7,593,556)</u>	<u>(11,932,357)</u>	<u>(8,014,017)</u>
Balance at the end of the period	4,225,736	4,574,850	5,283,883
Reinsurer participation	<u>(1,224,171)</u>	<u>(1,355,271)</u>	<u>(2,509,581)</u>
Estimated insurance claims incurred, net	<u>3,001,565</u>	<u>3,219,579</u>	<u>2,774,302</u>
Total reserves of insurance operations	<u>20,450,905</u>	<u>19,702,364</u>	<u>19,402,613</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.

<u>Segments</u>	<u>Operations</u>
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>September 30, 2022</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	710,057,749	5,267,893	1,169,912	4,135,263	712,360,291
Interest and provision expenses	208,271,879	42,188	0	4,135,263	204,178,804
Other income, net	80,698,248	22,574,168	11,592,357	8,604	114,856,169
General and administrative expenses	210,234,192	2,076,769	3,912,535	8,604	216,214,892
Depreciation and amortization expense	22,461,688	10,213	202,505	0	22,674,406
Equity participation in associates	12,049,897	0	0	0	12,049,897
Net income before income tax	361,838,135	25,712,891	8,647,229	0	396,198,255
Net Income tax, estimated	45,183,392	4,065,874	1,956,291	0	51,205,557
Net Income tax, deferred	(1,257,845)	0	0	0	(1,257,845)
Net Income tax	43,925,547	4,065,874	1,956,291	0	49,947,712
Net income	317,912,588	21,647,017	6,690,938	0	346,250,543
Total assets	18,315,353,692	335,060,996	57,633,715	300,911,199	18,407,137,204
Total liabilities	16,226,337,523	58,707,230	6,053,080	281,505,137	16,009,592,696

	<u>September 30, 2021</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	683,053,877	5,181,612	1,156,827	3,779,917	685,612,399
Interest and provision expenses	333,631,633	(36,960)	0	3,779,917	329,814,756
Other income, net	144,398,489	19,465,095	11,104,649	7,675	174,960,558
General and administrative expenses	193,652,167	2,176,779	3,710,878	7,675	199,532,149
Depreciation and amortization expense	20,788,302	167,063	207,060	0	21,162,425
Equity participation in associates	7,346,843	0	0	0	7,346,843
Net income before income tax	286,727,107	22,339,825	8,343,538	0	317,410,470
Net Income tax, estimated	32,772,295	2,947,345	1,856,140	0	37,575,780
Net Income tax, deferred	(20,712,199)	0	0	0	(20,712,199)
Net Income tax	12,060,096	2,947,345	1,856,140	0	16,863,581
Net income	274,667,011	19,392,480	6,487,398	0	300,546,889
Total assets	18,660,982,003	309,100,953	51,765,474	220,151,522	18,801,696,908
Total liabilities	16,235,811,552	53,724,332	5,690,207	200,745,460	16,094,480,631

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

	<u>September 30, 2022</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	719,369,360	78,077,292	41,819,705	839,266,357
Non-financial	295,432,153	3,463,088	0	298,895,241

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

	September 30, 2021			
	Panama	Latin America and the Caribbean	United States of America and Others	Total
Interest and commission income, other income, net and Equity participation in associates	<u>720,210,507</u>	<u>72,608,120</u>	<u>75,101,173</u>	<u>867,919,800</u>
Non-financial	<u>286,266,503</u>	<u>3,673,018</u>	<u>0</u>	<u>289,939,521</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, 2021: 10,000,000 common shares); of which there are 9,787,108 common shares issued and outstanding (December 31, 2021: 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:

	September 30, 2022					
	Reserves					
	Dynamic	Foreclosed Assets	Loans in the process of awarding	Legal	Insurance	Total
Banco General, S. A.	133,877,476	3,717,072	12,870,653	0	0	150,465,201
Finanzas Generales, S. A.	2,810,061	0	0	0	0	2,810,061
General de Seguros, S. A.	0	0	0	0	37,332,436	37,332,436
Banco General (Overseas), Inc.	10,614,993	0	0	0	0	10,614,993
Banco General (Costa Rica), S. A.	<u>4,951,850</u>	<u>0</u>	<u>0</u>	<u>1,794,475</u>	<u>0</u>	<u>6,746,325</u>
Total	<u>152,254,380</u>	<u>3,717,072</u>	<u>12,870,653</u>	<u>1,794,475</u>	<u>37,332,436</u>	<u>207,969,016</u>

	December 31, 2021					
	Reserves					
	Dynamic	Foreclosed Assets	Loans in the process of awarding	Legal	Insurance	Total
Banco General, S. A.	133,877,476	2,665,161	7,610,900	0	0	144,153,537
Finanzas Generales, S. A.	2,810,061	0	0	0	0	2,810,061
General de Seguros, S. A.	0	0	0	0	35,557,503	35,557,503
Banco General (Overseas), Inc.	10,614,993	0	0	0	0	10,614,993
Banco General (Costa Rica), S. A.	<u>4,951,850</u>	<u>0</u>	<u>0</u>	<u>1,794,475</u>	<u>0</u>	<u>6,746,325</u>
Total	<u>152,254,380</u>	<u>2,665,161</u>	<u>7,610,900</u>	<u>1,794,475</u>	<u>35,557,503</u>	<u>199,882,419</u>

Transfer from retained earnings of the period	<u>0</u>	<u>1,051,911</u>	<u>5,259,753</u>	<u>0</u>	<u>1,774,933</u>	<u>8,086,597</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/.907,949 (2021: B/. B/.923,048). These options may be exercised by the executives until the year 2029.

Restricted Share Plan

The Bank did not grant restricted shares in the period ended September 30, 2022 and 2021.

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/.64,935 (2021: B/.61,200) and the disbursements to former employees who are covered under the retirement plan amount to B/.117,131 (2021: B/.119,282).

(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

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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>3rd Quarter</u> <u>September 30</u>		<u>Accumulated</u> <u>September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Estimated income tax	20,664,518	14,071,240	51,703,402	38,118,371
Prior year income tax adjustments	(255,972)	0	(497,845)	(542,591)
Deferred income tax	<u>3,347,300</u>	<u>(9,270,279)</u>	<u>(1,257,845)</u>	<u>(20,712,199)</u>
Total income tax, net	<u>23,755,846</u>	<u>4,800,961</u>	<u>49,947,712</u>	<u>16,863,581</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
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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

Below is the summary of derivative contracts is as follow:

	<u>Over the Counter (OTC)</u>							
	<u>Total</u>		<u>Exchange-Traded</u>		<u>Liquidated in a securities exchange</u>		<u>Other bilateral counterparts</u>	
	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>
<u>September 30, 2022</u>								
Derivative assets	1,337,397,276	66,733,727	133,194,410	0	683,644,124	54,645,482	520,558,742	12,088,245
Derivative liabilities	1,243,860,173	48,812,686	416,077,346	0	385,580,570	41,591,052	442,202,257	7,221,634
<u>December 31, 2021</u>								
Derivative assets	1,263,735,354	22,934,447	201,388,390	0	684,608,574	21,273,884	377,738,390	1,660,563
Derivative liabilities	1,207,734,348	15,017,331	325,280,070	0	214,815,903	10,686,601	667,638,375	4,330,730
<u>September 30, 2021</u>								
Derivative assets	1,651,356,976	31,466,748	227,981,250	0	377,274,534	5,482,435	1,046,101,192	25,984,313
Derivative liabilities	1,045,441,011	13,271,489	355,683,740	0	99,391,874	4,889,095	590,365,397	8,382,394

The Bank maintains cash and cash equivalents as collateral in institutions that maintain risk ratings between AA and A- (December 31, 2021: AAA a AA-) and (September 30, 2021: AA a BBB+), which support derivative operations in the amount of B/.43.2MM (December 31, 2021: B/.19.4MM) and (September 30, 2021: B/.17.5MM).

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

Other Derivatives classified by Risk:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Others derivatives:						
Credit	561,461	4,331,951	1,942,548	1,719,786	1,472,389	1,242,115
Interest	47,233,485	42,401,058	6,654,943	5,025,807	6,242,344	6,023,195
Currency	19,126	14,785	5,782	3,803	13,113	9,331
Total	47,814,072	46,747,794	8,603,273	6,749,396	7,727,846	7,274,641

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</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	9,106,628	0	14,024,134	0	18,056,846	0
Others	<u>699,811</u>	<u>0</u>	<u>0</u>	<u>5,252,274</u>	<u>0</u>	<u>5,174,985</u>
Total interest rate	<u>9,806,439</u>	<u>0</u>	<u>14,024,134</u>	<u>5,252,274</u>	<u>18,056,846</u>	<u>5,174,985</u>
<u>Currency</u>						
Others	<u>8,976,425</u>	<u>2,064,892</u>	<u>307,040</u>	<u>2,512,351</u>	<u>5,682,056</u>	<u>276,383</u>
Total Currency	<u>8,976,425</u>	<u>2,064,892</u>	<u>307,040</u>	<u>2,512,351</u>	<u>5,682,056</u>	<u>276,383</u>
<u>Credit</u>						
Others	<u>136,791</u>	<u>0</u>	<u>0</u>	<u>503,310</u>	<u>0</u>	<u>545,480</u>
Total Credit	<u>136,791</u>	<u>0</u>	<u>0</u>	<u>503,310</u>	<u>0</u>	<u>545,480</u>
Total derivatives for risk exposure	<u>18,919,655</u>	<u>2,064,892</u>	<u>14,331,174</u>	<u>8,267,935</u>	<u>23,738,902</u>	<u>5,996,848</u>

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

	<u>September 30, 2022</u>				
<u>Risk Category</u>	<u>Maturity</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	20,000,000	40,000,000
Average interest rate				1.66%	5.19%

	<u>December 31, 2021</u>				
<u>Risk Category</u>	<u>Maturity</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	0	20,000,000
Average interest rate					5.13%
<u>Hedging of Bonds and Notes</u>					
Notional Value	0	0	0	0	250,000,000
Average interest rate					1.80%

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

<u>Risk Category</u>	<u>September 30, 2021</u>				
	<u>Maturity</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>
Interest rate risk					
Hedging of Bonds					
Notional Value	0	0	0	0	20,000,000
Average interest rate					5.13%
Hedging of Bonds and Notes					
Notional Value	0	0	0	0	250,000,000
Average interest rate					1.79%

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

	<u>September 30, 2022</u>				
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>		
Interest rate risk:					
Interest rate derivatives – Bonds Hedge	60,000,000	9,106,628	0	Other assets (liabilities)	0
Total interest rate risk	60,000,000	9,106,628	0		
	<u>December 31, 2021</u>				
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>		
Interest rate risk:					
Interest rate derivatives – Bonds Hedge	20,000,000	16,968	0	Other assets (liabilities)	0
Interest rate derivatives – Bonds and notes Hedge	250,000,000	14,007,166	0	Other assets (liabilities)	0
Total interest rate risk	270,000,000	14,024,134	0		
	<u>September 30, 2021</u>				
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>		
Interest rate risk:					
Interest rate derivatives – Bonds Hedge	20,000,000	590,102	0	Other assets (liabilities)	0
Interest rate derivatives – Bonds and notes Hedge	250,000,000	17,466,744	0	Other assets (liabilities)	0
Total interest rate risk	270,000,000	18,056,846	0		

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

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

<u>September 30, 2022</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>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	<u>49,841,862</u>		<u>0</u>	<u>7,255,756</u>	Investment securities FVOCI	<u>0</u>
						<u>0</u>
<u>December 31, 2021</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>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	20,925,000		0	16,968	Investment securities FVOCI	0
Bonds and notes		<u>250,000,000</u>	<u>0</u>	<u>14,007,166</u>	Borrowing and debt securities issued	<u>0</u>
<u>September 30, 2021</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>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	20,940,000		0	590,102	Investment securities FVOCI	0
Bonds and notes		<u>250,000,000</u>	<u>0</u>	<u>17,466,744</u>	Borrowing and debt securities issued	<u>0</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

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

		September 30, 2022			
	Level 1	Level 2	Level 3	Total	
<u>Assets</u>					
Other derivatives:					
Credit	0	561,461	0	561,461	
Interest	0	47,233,485	0	47,233,485	
Currency	0	19,126	0	19,126	
Total	0	47,814,072	0	47,814,072	
Hedge derivatives for risk management:					
Credit	0	136,791	0	136,791	
Interest	0	9,806,439	0	9,806,439	
Currency	0	8,976,425	0	8,976,425	
Total	0	18,919,655	0	18,919,655	
Total derivatives assets	0	66,733,727	0	66,733,727	
<u>Liabilities</u>					
Other derivatives:					
Credit	0	4,331,951	0	4,331,951	
Interest	507,654	41,893,404	0	42,401,058	
Currency	0	14,785	0	14,785	
Total	507,654	46,240,140	0	46,747,794	
Hedge derivatives for risk management:					
Credit	0	0	0	0	
Interest	0	0	0	0	
Currency	0	2,064,892	0	2,064,892	
Total	0	2,064,892	0	2,064,892	
Total derivatives liabilities	507,654	48,305,032	0	48,812,686	
		December 31, 2021			
	Level 1	Level 2	Level 3	Total	
<u>Assets</u>					
Other derivatives:					
Credit	0	1,942,548	0	1,942,548	
Interest	0	6,654,943	0	6,654,943	
Currency	0	5,782	0	5,782	
Total	0	8,603,273	0	8,603,273	
Hedge derivatives for risk management:					
Interest	0	14,024,134	0	14,024,134	
Currency	0	307,040	0	307,040	
Total	0	14,331,174	0	14,331,174	
Total derivatives assets	0	22,934,447	0	22,934,447	
<u>Liabilities</u>					
Other derivatives:					
Credit	0	1,719,786	0	1,719,786	
Interest	6,875	5,018,932	0	5,025,807	
Currency	0	3,803	0	3,803	
Total	6,875	6,742,521	0	6,749,396	
Hedge derivatives for risk management:					
Credit	0	503,310	0	503,310	
Interest	0	5,252,274	0	5,252,274	
Currency	0	2,512,351	0	2,512,351	
Total	0	8,267,935	0	8,267,935	
Total derivatives liabilities	6,875	15,010,456	0	15,017,331	

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

		<u>September 30, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Other derivatives:				
Credit	0	1,472,389	0	1,472,389
Interest	0	6,242,344	0	6,242,344
Currency	0	13,113	0	13,113
Total	0	7,727,846	0	7,727,846
Hedge derivatives for risk management:				
Interest	0	18,056,846	0	18,056,846
Currency	0	5,682,056	0	5,682,056
Total	0	23,738,902	0	23,738,902
Total derivatives assets	0	31,466,748	0	31,466,748
<u>Liabilities</u>				
Other derivatives:				
Credit	0	1,242,115	0	1,242,115
Interest	0	6,023,195	0	6,023,195
Currency	0	9,331	0	9,331
Total	0	7,274,641	0	7,274,641
Hedge derivatives for risk management:				
Credit	0	545,480	0	545,480
Interest	0	5,174,985	0	5,174,985
Currency	0	276,383	0	276,383
Total	0	5,996,848	0	5,996,848
Total derivatives liabilities	0	13,271,489	0	13,271,489

(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.

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**

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.

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

	September 30			
	<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Corporate Bonds and Fixed Income Funds	53,657,671	0	0	53,657,671
Bonds of the Republic of Panama	2,258,900	0	2,258,900	0
Local Corporate Shares	41,066,239	0	0	41,066,239
Foreign Treasury Bills	245,625	245,625	0	0
Mortgage Backed Securities (MBS) and Collateralized				
Mortgage Obligations (CMOs)	399,635,211	0	399,635,211	0
Asset Backed Securities (ABS)	72,911,547	0	72,911,547	0
Foreign Corporate Bonds and Fixed Income Funds	165,994,202	0	2,777,930	163,216,272
Foreign Share capital	129,789	0	0	129,789
Total	<u>735,899,184</u>	<u>245,625</u>	<u>477,583,588</u>	<u>258,069,971</u>
	December 31			
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Corporate Bonds and Fixed Income Funds	58,912,965	0	0	58,912,965
Bonds of the Republic of Panama	2,078,478	0	2,078,478	0
Local Corporate Shares	39,088,966	3,337	0	39,085,629
Foreign Treasury Bills	250,705	250,705	0	0
Mortgage Backed Securities (MBS) and Collateralized				
Mortgage Obligations (CMOs)	446,305,888	0	446,305,888	0
Asset Backed Securities (ABS)	94,190,941	0	94,190,941	0
Foreign Corporate Bonds and Fixed Income Funds	377,608,762	0	211,675,895	165,932,867
Foreign Share capital and Variable Income Mutual Funds	3,929,789	0	0	3,929,789
Total	<u>1,022,366,494</u>	<u>254,042</u>	<u>754,251,202</u>	<u>267,861,250</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****Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through Profit or Loss**

	September 30			
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Corporate Bonds and Fixed Income Funds	60,338,871	0	0	60,338,871
Bonds of the Republic of Panama	2,102,680	0	2,102,680	0
Local Corporate Shares	38,912,087	3,526	0	38,908,561
Foreign Treasury Bills	250,862	250,862	0	0
Mortgage Backed Securities (MBS) and Collateralized				
Mortgage Obligations (CMOs)	470,815,757	0	470,815,757	0
Asset Backed Securities (ABS)	92,280,366	0	92,280,366	0
Foreign Corporate Bonds and Fixed Income Funds	331,923,055	0	218,722,260	113,200,795
Foreign Share capital	74,114	0	0	74,114
Total	<u>996,697,792</u>	<u>254,388</u>	<u>783,921,063</u>	<u>212,522,341</u>

Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through OCI

	September 30			
	<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Commercial Paper and Treasury Bills	26,610,042	0	19,331,810	7,278,232
Local Corporate Bonds	1,076,714,768	0	375,977,428	700,737,340
Bonds of the Republic of Panama	85,941,532	0	85,941,532	0
Bonds of the US Government	190,542,620	190,542,620	0	0
Foreign Commercial Paper and Treasury Bills	462,316,346	302,417,310	159,899,036	0
Mortgage Backed Securities (MBS) and Collateralized				
Mortgage Obligations (CMOs)	1,211,440,543	0	1,211,440,543	0
Asset Backed Securities (ABS)	191,520,255	0	191,520,255	0
Foreign Corporate Bonds	1,332,544,598	0	1,332,544,598	0
Bonds of Other Governments	33,565,527	0	33,565,527	0
Total	<u>4,611,196,231</u>	<u>492,959,930</u>	<u>3,410,220,729</u>	<u>708,015,572</u>

	December 31			
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Commercial Paper	2,448,350	0	0	2,448,350
Local Corporate Bonds	1,069,499,505	0	406,999,672	662,499,833
Bonds of the Republic of Panama	111,494,153	0	111,494,153	0
Bonds of the US Government and Agency	222,843,072	221,864,782	978,290	0
Foreign Commercial Paper and Treasury Bills	793,881,401	614,903,330	178,978,071	0
Mortgage Backed Securities (MBS) and Collateralized				
Mortgage Obligations (CMOs)	1,198,867,495	0	1,198,867,495	0
Asset Backed Securities (ABS)	213,641,045	0	213,641,045	0
Foreign Corporate Bonds	1,362,888,491	0	1,362,888,491	0
Bonds of Other Governments	55,014,033	0	55,014,033	0
Total	<u>5,030,577,545</u>	<u>836,768,112</u>	<u>3,528,861,250</u>	<u>664,948,183</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****Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through OCI**

	September 30			
	2021	Level 1	Level 2	Level 3
Local Commercial Paper	2,460,654	0	0	2,460,654
Local Corporate Bonds	1,079,513,560	0	388,760,717	690,752,843
Bonds of the Republic of Panama	113,270,611	0	113,270,611	0
Bonds of the US Government and Agency	186,139,566	185,147,686	991,880	0
Foreign Commercial Paper and Treasury Bills	617,233,811	548,470,068	68,763,743	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,249,613,867	0	1,249,613,867	0
Asset Backed Securities (ABS)	221,122,658	0	221,122,658	0
Foreign Corporate Bonds	1,289,610,879	0	1,289,610,879	0
Bonds of Other Governments	58,144,760	0	58,144,760	0
Total	4,817,110,366	733,617,754	3,390,279,115	693,213,497

Changes in Fair Value Measurement of Level 3 hierarchy
Investments and other
financial assets

	Fair Value through Profit or Loss	Fair Value through OCI	Total
December 31, 2021	267,861,250	664,948,183	932,809,433
Loss recognized in income	(16,185,206)	0	(16,185,206)
Loss recognized in equity	0	(39,035,481)	(39,035,481)
Purchases	29,291,326	154,027,016	183,318,342
Amortization, sales and redemptions	(22,897,399)	(71,924,146)	(94,821,545)
September 30, 2022	258,069,971	708,015,572	966,085,543
Total loss related to instruments held as of September 30, 2022	(16,216,995)	(38,826,052)	(55,043,047)
December 31, 2020	212,951,434	771,860,567	984,812,001
(Loss) gain recognized in income	3,747,026	(5,589,586)	(1,842,560)
Gain recognized in equity	0	157,132	157,132
Purchases	71,209,313	83,759,880	154,969,193
Amortization, sales and redemptions	(20,046,523)	(182,639,810)	(202,686,333)
Transfers from level 3	0	(2,600,000)	(2,600,000)
December 31, 2021	267,861,250	664,948,183	932,809,433
Total gain related to instruments held as of December 31, 2021	4,645,900	1,553,645	6,199,545
December 31, 2020	212,951,434	771,860,567	984,812,001
Gain recognized in income	3,692,470	0	3,692,470
Gain recognized in equity	0	1,356,154	1,356,154
Purchases	12,756,158	66,259,880	79,016,038
Amortization, sales and redemptions	(16,877,721)	(143,663,104)	(160,540,825)
Transfers from level 3	0	(2,600,000)	(2,600,000)
September 30, 2021	212,522,341	693,213,497	905,735,838
Total gain related to instruments held as of September 30, 2021	4,582,220	2,756,689	7,338,909

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

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

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

<u>Instruments</u>	<u>Valuation technique</u>	<u>Unobservable inputs used</u>	<u>Range for unobservable inputs</u>			<u>Fair value sensitivity to unobservable inputs</u>
			<u>September 30 2022</u>	<u>December 31 2021</u>	<u>September 30 2021</u>	
Corporate Shares	Dividend discount model and Discount free cash flow model (DCF)	Equity risk premium	Min 5.77% Max 8.18%	Min 5.77% Max 8.18%	Min 4.75% Max 11.11%	If equity risk premiums increase, the price decreases and vice versa
		Growth rate of assets, liabilities, equity, profits and dividends	Min (54.09%) Max 239.91%	Min (54.09%) Max 239.91%	Min (120.34%) Max 3714.09%	If the growth increases the price increases and vice versa
Fixed Income	Discounted cash flow	Credit spreads	Min 1.07% Max 22.00% Ave 3.22%	Min 1.09% Max 17.12% Ave 2.61%	Min 1.09% Max 16.39% Ave 2.63%	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:

<u>Instrument</u>	<u>Valuation technique</u>	<u>Inputs used</u>	<u>Level</u>
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	1-3
	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

(Panama, Republic of Panama)

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>September 30, 2022</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	73,784	(72,162)	10,271,809	(11,607,311)
Corporate Shares	<u>3,526,595</u>	<u>(2,918,934)</u>	<u>0</u>	<u>0</u>
Total	<u>3,600,379</u>	<u>(2,991,096)</u>	<u>10,271,809</u>	<u>(11,607,311)</u>

	<u>December 31, 2021</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	3,972	(15,039)	6,505,473	(7,223,338)
Corporate Shares	<u>3,457,321</u>	<u>(2,891,752)</u>	<u>0</u>	<u>0</u>
Total	<u>3,461,293</u>	<u>(2,906,791)</u>	<u>6,505,473</u>	<u>(7,223,338)</u>

	<u>September 30, 2021</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	6,536	(23,051)	5,687,604	(5,889,350)
Corporate Shares	<u>2,216,080</u>	<u>(1,867,174)</u>	<u>0</u>	<u>0</u>
Total	<u>2,222,616</u>	<u>(1,890,225)</u>	<u>5,687,604</u>	<u>(5,889,350)</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**

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/securities sold under agreements to repurchase

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:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Assets:						
Time deposits with banks	92,904,781	92,510,139	194,252,658	195,440,521	176,214,178	177,642,170
Investments at amortized cost, net	132,851,636	132,880,478	122,185,542	122,207,361	82,011,000	82,028,885
Loans, net	<u>10,892,441,363</u>	<u>10,876,045,682</u>	<u>10,793,980,833</u>	<u>10,723,349,532</u>	<u>10,843,824,005</u>	<u>10,809,957,470</u>
	<u>11,118,197,780</u>	<u>11,101,436,299</u>	<u>11,110,419,033</u>	<u>11,040,997,414</u>	<u>11,102,049,183</u>	<u>11,069,628,525</u>
Liabilities:						
Deposits	13,233,914,513	13,229,887,521	13,800,611,671	13,848,788,141	13,546,444,129	13,602,071,878
Securities sold under repurchase agreements, borrowings, debt securities issued and perpetual bonds	<u>1,411,307,249</u>	<u>1,314,393,004</u>	<u>1,293,646,075</u>	<u>1,307,365,910</u>	<u>1,317,407,816</u>	<u>1,330,819,738</u>
	<u>14,645,221,762</u>	<u>14,544,280,525</u>	<u>15,094,257,746</u>	<u>15,156,154,051</u>	<u>14,863,851,945</u>	<u>14,932,891,616</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:

	September 30 2022	Level 1	Level 2	Level 3
Assets:				
Time deposits with banks	92,510,139	0	0	92,510,139
Investments at amortized cost, net	132,880,478	0	131,300,000	1,580,478
Loans, net	<u>10,876,045,682</u>	<u>0</u>	<u>0</u>	<u>10,876,045,682</u>
	<u>11,101,436,299</u>	<u>0</u>	<u>131,300,000</u>	<u>10,970,136,299</u>
Liabilities:				
Deposits	13,229,887,521	0	0	13,229,887,521
Securities sold under repurchase agreements, borrowings, debt securities issued and perpetual bonds	<u>1,314,393,004</u>	<u>0</u>	<u>0</u>	<u>1,314,393,004</u>
	<u>14,544,280,525</u>	<u>0</u>	<u>0</u>	<u>14,544,280,525</u>
	December 31 2021	Level 1	Level 2	Level 3
Assets:				
Time deposits with banks	195,440,521	0	0	195,440,521
Investments at amortized cost, net	122,207,361	0	119,200,000	3,007,361
Loans, net	<u>10,723,349,532</u>	<u>0</u>	<u>0</u>	<u>10,723,349,532</u>
	<u>11,040,997,414</u>	<u>0</u>	<u>119,200,000</u>	<u>10,921,797,414</u>
Liabilities:				
Deposits	13,848,788,141	0	0	13,848,788,141
Borrowings, debt securities issued and perpetual bonds	<u>1,307,365,910</u>	<u>0</u>	<u>0</u>	<u>1,307,365,910</u>
	<u>15,156,154,051</u>	<u>0</u>	<u>0</u>	<u>15,156,154,051</u>
	September 30 2021	Level 1	Level 2	Level 3
Assets:				
Time deposits with banks	177,642,170	0	0	177,642,170
Investments at amortized cost, net	82,028,885	0	77,900,000	4,128,885
Loans, net	<u>10,809,957,470</u>	<u>0</u>	<u>0</u>	<u>10,809,957,470</u>
	<u>11,069,628,525</u>	<u>0</u>	<u>77,900,000</u>	<u>10,991,728,525</u>
Liabilities:				
Deposits	13,602,071,878	0	0	13,602,071,878
Borrowings, debt securities issued and perpetual bonds	<u>1,330,819,738</u>	<u>0</u>	<u>0</u>	<u>1,330,819,738</u>
	<u>14,932,891,616</u>	<u>0</u>	<u>0</u>	<u>14,932,891,616</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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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:

	September 30, 2022 (in Thousands)			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Loans at amortized cost</u>				
Grade 1: Standard	9,075,230	242,768	0	9,317,998
Grade 2: Special mention	34,761	1,061,844	12,448	1,109,053
Grade 3: Sub-standard	47,401	547,370	64,829	659,600
Grade 4: Doubtful	4,442	3,501	91,529	99,472
Grade 5: Uncollectible	<u>9,137</u>	<u>2,432</u>	<u>131,461</u>	<u>143,030</u>
Gross amount	9,170,971	1,857,915	300,267	11,329,153
Loan losses allowance	<u>(171,525)</u>	<u>(233,262)</u>	<u>(64,241)</u>	<u>(469,028)</u>
Net carrying amount	<u>8,999,446</u>	<u>1,624,653</u>	<u>236,026</u>	<u>10,860,125</u>
<u>Finance leases</u>				
Grade 1: Standard	65,890	299	0	66,189
Grade 2: Special mention	156	2,989	0	3,145
Grade 3: Sub-standard	206	1,680	746	2,632
Grade 4: Doubtful	14	0	272	286
Grade 5: Uncollectible	<u>0</u>	<u>0</u>	<u>116</u>	<u>116</u>
Gross amount	66,266	4,968	1,134	72,368
Loan losses allowance	<u>(1,171)</u>	<u>(434)</u>	<u>(395)</u>	<u>(2,000)</u>
Net carrying amount	<u>65,095</u>	<u>4,534</u>	<u>739</u>	<u>70,368</u>
Total loans	<u>9,237,237</u>	<u>1,862,883</u>	<u>301,401</u>	<u>11,401,521</u>
Loan losses allowance	<u>(172,696)</u>	<u>(233,696)</u>	<u>(64,636)</u>	<u>(471,028)</u>
Net carrying amount	<u>9,064,541</u>	<u>1,629,187</u>	<u>236,765</u>	<u>10,930,493</u>
<u>Restructured loans</u>				
Gross amount	79,008	1,072,483	107,791	1,259,282
Loan losses allowance	<u>(4,555)</u>	<u>(114,384)</u>	<u>(23,435)</u>	<u>(142,374)</u>
Net carrying amount	<u>74,453</u>	<u>958,099</u>	<u>84,356</u>	<u>1,116,908</u>

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

	December 31, 2021 (in Thousands)			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Loans at amortized cost</u>				
Grade 1: Standard	8,986,171	71,574	0	9,057,745
Grade 2: Special mention	60,602	1,276,221	32,214	1,369,037
Grade 3: Sub-standard	26,892	115,980	442,253	585,125
Grade 4: Doubtful	2,334	5,228	97,843	105,405
Grade 5: Uncollectible	<u>7,977</u>	<u>1,183</u>	<u>105,966</u>	<u>115,126</u>
Gross amount	9,083,976	1,470,186	678,276	11,232,438
Loan losses allowance	<u>(196,386)</u>	<u>(129,687)</u>	<u>(139,618)</u>	<u>(465,691)</u>
Net carrying amount	<u>8,887,590</u>	<u>1,340,499</u>	<u>538,658</u>	<u>10,766,747</u>
<u>Finance leases</u>				
Grade 1: Standard	58,587	447	0	59,034
Grade 2: Special mention	70	2,493	12	2,575
Grade 3: Sub-standard	8	917	1,367	2,292
Grade 4: Doubtful	19	0	710	729
Grade 5: Uncollectible	<u>0</u>	<u>0</u>	<u>711</u>	<u>711</u>
Gross amount	58,684	3,857	2,800	65,341
Loan losses allowance	<u>(1,003)</u>	<u>(126)</u>	<u>(886)</u>	<u>(2,015)</u>
Net carrying amount	<u>57,681</u>	<u>3,731</u>	<u>1,914</u>	<u>63,326</u>
Total loans	<u>9,142,660</u>	<u>1,474,043</u>	<u>681,076</u>	<u>11,297,779</u>
Loan losses allowance	<u>(197,389)</u>	<u>(129,813)</u>	<u>(140,504)</u>	<u>(467,706)</u>
Net carrying amount	<u>8,945,271</u>	<u>1,344,230</u>	<u>540,572</u>	<u>10,830,073</u>
<u>Restructured loans</u>				
Gross amount	87,824	723,633	297,113	1,108,570
Loan losses allowance	<u>(6,841)</u>	<u>(57,663)</u>	<u>(67,869)</u>	<u>(132,373)</u>
Net carrying amount	<u>80,983</u>	<u>665,970</u>	<u>229,244</u>	<u>976,197</u>

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

	September 30, 2021 (in Thousands)			
	12-month ECL	Lifetime ECL Not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Loans at amortized cost</u>				
Grade 1: Standard	9,082,903	289,899	13,386	9,386,188
Grade 2: Special mention	41,237	1,113,101	46,364	1,200,702
Grade 3: Sub-standard	2,310	116,860	394,571	513,741
Grade 4: Doubtful	644	970	78,857	80,471
Grade 5: Uncollectible	<u>7,288</u>	<u>175</u>	<u>101,170</u>	<u>108,633</u>
Gross amount	9,134,382	1,521,005	634,348	11,289,735
Loan losses allowance	<u>(173,259)</u>	<u>(144,314)</u>	<u>(157,062)</u>	<u>(474,635)</u>
Net carrying amount	<u>8,961,123</u>	<u>1,376,691</u>	<u>477,286</u>	<u>10,815,100</u>
<u>Finance leases</u>				
Grade 1: Standard	58,064	2,231	0	60,295
Grade 2: Special mention	0	3,185	1	3,186
Grade 3: Sub-standard	0	422	2,386	2,808
Grade 4: Doubtful	20	0	571	591
Grade 5: Uncollectible	<u>0</u>	<u>0</u>	<u>543</u>	<u>543</u>
Gross amount	58,084	5,838	3,501	67,423
Loan losses allowance	<u>(921)</u>	<u>(178)</u>	<u>(917)</u>	<u>(2,016)</u>
Net carrying amount	<u>57,163</u>	<u>5,660</u>	<u>2,584</u>	<u>65,407</u>
Total loans	<u>9,192,466</u>	<u>1,526,843</u>	<u>637,849</u>	<u>11,357,158</u>
Loan losses allowance	<u>(174,180)</u>	<u>(144,492)</u>	<u>(157,979)</u>	<u>(476,651)</u>
Net carrying amount	<u>9,018,286</u>	<u>1,382,351</u>	<u>479,870</u>	<u>10,880,507</u>
<u>Restructured loans</u>				
Gross amount	144,175	493,879	253,405	891,459
Loan losses allowance	<u>(899)</u>	<u>(32,107)</u>	<u>(64,825)</u>	<u>(97,831)</u>
Net carrying amount	<u>143,276</u>	<u>461,772</u>	<u>188,580</u>	<u>793,628</u>

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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>September 30, 2022</u>		<u>Total</u>
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	
Current	9,907,567,387	776,226,730	10,683,794,117
From 31 to 90 days	380,815,516	8,453,231	389,268,747
More than 90 days (capital or interest)	309,569,998	5,078,841	314,648,839
More than 30 days past due (capital at maturity)	<u>13,778,262</u>	<u>30,589</u>	<u>13,808,851</u>
Total	<u>10,611,731,163</u>	<u>789,789,391</u>	<u>11,401,520,554</u>

	<u>December 31, 2021</u>		<u>Total</u>
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	
Current	9,738,448,309	840,770,267	10,579,218,576
From 31 to 90 days	329,934,555	7,505,767	337,440,322
More than 90 days (capital or interest)	361,985,782	7,112,831	369,098,613
More than 30 days past due (capital at maturity)	<u>11,824,552</u>	<u>196,900</u>	<u>12,021,452</u>
Total	<u>10,442,193,198</u>	<u>855,585,765</u>	<u>11,297,778,963</u>

	<u>September 30, 2021</u>		<u>Total</u>
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	
Current	9,573,770,190	844,068,092	10,417,838,282
From 31 to 90 days	620,099,877	8,185,566	628,285,443
More than 90 days (capital or interest)	291,975,547	7,187,118	299,162,665
More than 30 days past due (capital at maturity)	<u>11,838,855</u>	<u>32,875</u>	<u>11,871,730</u>
Total	<u>10,497,684,469</u>	<u>859,473,651</u>	<u>11,357,158,120</u>

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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/.41,196,028 (December 31, 2021: B/.43,018,755) and (September 30, 2021: B/.38,986,201) which are not subject to credit risk:

		September 30, 2022			
	<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>					
AAA	131,300,000	0	0	0	131,300,000
Lower than BBB-	<u>1,580,478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,580,478</u>
Carrying amount	<u>132,880,478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,880,478</u>
Loss allowance	<u>(28,842)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,842)</u>
Total carrying amount, net	<u>132,851,636</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,851,636</u>
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	523,999,612	0	0	0	523,999,612
Lower than BBB-	<u>644,793,088</u>	<u>8,570,114</u>	<u>11,903,528</u>	<u>0</u>	<u>665,266,730</u>
Carrying amount	<u>1,168,792,700</u>	<u>8,570,114</u>	<u>11,903,528</u>	<u>0</u>	<u>1,189,266,342</u>
Valuation of credit risk	<u>(2,802,659)</u>	<u>(553,758)</u>	<u>(1,601,663)</u>	<u>0</u>	<u>(4,958,080)</u>
<i>Foreign:</i>					
AAA	1,883,331,925	0	0	0	1,883,331,925
AA+ to BBB-	1,264,436,474	0	0	0	1,264,436,474
Lower than BBB-	256,773,222	15,948,947	277,274	838,299	273,837,742
NR	<u>0</u>	<u>323,748</u>	<u>0</u>	<u>0</u>	<u>323,748</u>
Carrying amount	<u>3,404,541,621</u>	<u>16,272,695</u>	<u>277,274</u>	<u>838,299</u>	<u>3,421,929,889</u>
Valuation of credit risk	<u>(12,951,911)</u>	<u>(3,389,143)</u>	<u>(22,151)</u>	<u>(60,328)</u>	<u>(16,423,533)</u>
Total carrying amount	<u>4,573,334,321</u>	<u>24,842,809</u>	<u>12,180,802</u>	<u>838,299</u>	<u>4,611,196,231</u>
Total valuation of credit risk	<u>(15,754,570)</u>	<u>(3,942,901)</u>	<u>(1,623,814)</u>	<u>(60,328)</u>	<u>(21,381,613)</u>
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	2,258,900				
Lower than BBB-	<u>53,657,671</u>				
Carrying amount	<u>55,916,571</u>				
<i>Foreign:</i>					
AAA	332,606,133				
AA+ to BBB-	259,038,791				
Lower than BBB-	44,580,678				
NR	<u>2,560,983</u>				
Carrying amount	<u>638,786,585</u>				
Total carrying amount	<u>694,703,156</u>				

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

		December 31, 2021			
	<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>					
AAA	119,200,000	0	0	0	119,200,000
Lower than BBB-	<u>3,007,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,007,361</u>
Carrying amount	<u>122,207,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,207,361</u>
Loss allowance	<u>(21,819)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,819)</u>
Total carrying amount, net	<u>122,185,542</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,185,542</u>
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	602,798,599	0	0	0	602,798,599
Lower than BBB-	<u>558,917,490</u>	<u>8,984,289</u>	<u>12,741,630</u>	<u>0</u>	<u>580,643,409</u>
Carrying amount	<u>1,161,716,089</u>	<u>8,984,289</u>	<u>12,741,630</u>	<u>0</u>	<u>1,183,442,008</u>
Valuation of credit risk	<u>(1,923,040)</u>	<u>(563,828)</u>	<u>(1,779,625)</u>	<u>0</u>	<u>(4,266,493)</u>
<i>Foreign:</i>					
AAA	2,163,215,904	0	0	0	2,163,215,904
AA+ to BBB-	1,428,546,405	0	0	0	1,428,546,405
Lower than BBB-	<u>243,881,367</u>	<u>10,952,982</u>	<u>105,894</u>	<u>432,985</u>	<u>255,373,228</u>
Carrying amount	<u>3,835,643,676</u>	<u>10,952,982</u>	<u>105,894</u>	<u>432,985</u>	<u>3,847,135,537</u>
Valuation of credit risk	<u>(5,243,542)</u>	<u>(11,313)</u>	<u>(957)</u>	<u>0</u>	<u>(5,255,812)</u>
Total carrying amount	<u>4,997,359,765</u>	<u>19,937,271</u>	<u>12,847,524</u>	<u>432,985</u>	<u>5,030,577,545</u>
Total valuation of credit risk	<u>(7,166,582)</u>	<u>(575,141)</u>	<u>(1,780,582)</u>	<u>0</u>	<u>(9,522,305)</u>
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	2,078,478				
Lower than BBB-	<u>58,912,965</u>				
Carrying amount	<u>60,991,443</u>				
<i>Foreign:</i>					
AAA	365,481,523				
AA+ to BBB-	435,106,393				
Lower than BBB-	114,329,948				
NR	<u>3,438,432</u>				
Carrying amount	<u>918,356,296</u>				
Total carrying amount	<u>979,347,739</u>				

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

		September 30, 2021			
	<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>					
AAA	77,900,000	0	0	0	77,900,000
Lower than BBB-	4,128,885	0	0	0	4,128,885
Carrying amount	82,028,885	0	0	0	82,028,885
Loss allowance	(17,885)	0	0	0	(17,885)
Total carrying amount, net	82,011,000	0	0	0	82,011,000
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	603,377,054	0	0	0	603,377,054
Lower than BBB-	553,539,444	9,033,740	29,294,587	0	591,867,771
Carrying amount	1,156,916,498	9,033,740	29,294,587	0	1,195,244,825
Valuation of credit risk	(1,829,160)	(600,547)	(7,379,625)	0	(9,809,332)
<i>Foreign:</i>					
AAA	2,126,225,064	0	0	0	2,126,225,064
AA+ to BBB-	1,224,002,382	0	0	0	1,224,002,382
Lower than BBB-	259,535,282	11,601,201	113,075	388,537	271,638,095
Carrying amount	3,609,762,728	11,601,201	113,075	388,537	3,621,865,541
Valuation of credit risk	(5,095,986)	(15,533)	0	0	(5,111,519)
Total carrying amount	4,766,679,226	20,634,941	29,407,662	388,537	4,817,110,366
Total valuation of credit risk	(6,925,146)	(616,080)	(7,379,625)	0	(14,920,851)
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	2,102,680				
Lower than BBB-	60,338,871				
Carrying amount	62,441,551				
<i>Foreign:</i>					
AAA	403,617,375				
AA+ to BBB-	371,785,981				
Lower than BBB-	116,347,813				
NR	3,518,871				
Carrying amount	895,270,040				
Total carrying amount	957,711,591				

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.

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

	September 30, 2022				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the period	7,166,582	575,141	1,780,582	0	9,522,305
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	(56,275)	56,275	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	6,138,017	3,329,723	(156,705)	60,328	9,371,363
New investment securities purchased	3,825,359	0	0	0	3,825,359
Investment securities that have been derecognized	<u>(1,319,113)</u>	<u>(18,238)</u>	<u>(63)</u>	<u>0</u>	<u>(1,337,414)</u>
Balance at the end of the period	<u>15,754,570</u>	<u>3,942,901</u>	<u>1,623,814</u>	<u>60,328</u>	<u>21,381,613</u>

	December 31, 2021				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the year	6,527,145	535,652	7,562,805	0	14,625,602
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	(1,821)	1,821	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(79,156)	61,808	(3,881,353)	0	(3,898,701)
New investment securities purchased	2,816,804	0	0	0	2,816,804
Investment securities that have been derecognized	<u>(2,096,390)</u>	<u>(24,140)</u>	<u>(1,900,870)</u>	<u>0</u>	<u>(4,021,400)</u>
Balance at the end of the year	<u>7,166,582</u>	<u>575,141</u>	<u>1,780,582</u>	<u>0</u>	<u>9,522,305</u>

	September 30, 2021				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
Balance at the beginning of the period	6,527,145	535,652	7,562,805	0	14,625,602
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	(1,821)	1,821	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(339,701)	79,835	(183,180)	0	(443,046)
New investment securities purchased	2,380,525	0	0	0	2,380,525
Investment securities that have been derecognized	<u>(1,641,002)</u>	<u>(1,228)</u>	<u>0</u>	<u>0</u>	<u>(1,642,230)</u>
Balance at the end of the period	<u>6,925,146</u>	<u>616,080</u>	<u>7,379,625</u>	<u>0</u>	<u>14,920,851</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 September 30, 2022, there were no significant changes with respect to the applicable regulatory framework disclosed in the audited consolidated financial statements as of December 31, 2021.

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

	September 30 <u>2022</u>	December 31 <u>2021</u>	September 30 <u>2021</u>
Banco General, S. A.	133,877,476	133,877,476	133,877,476
Finanzas Generales, S. A.	2,810,061	2,810,061	2,810,061
Banco General (Overseas), Inc.	10,614,993	10,614,993	10,614,993
Banco General (Costa Rica), S. A.	<u>4,951,850</u>	<u>4,951,850</u>	<u>4,951,850</u>
Total	<u>152,254,380</u>	<u>152,254,380</u>	<u>152,254,380</u>

The current Agreement establishes that the dynamic reserve will not be lower than 1.25%, nor greater than 2.50% of risk-weighted assets applied to the loan facilities classified as standard.

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.