Banco General, S.A.
Management Discussion
Third Quarter - 2021

General Information

Banco General, S.A., is a corporation organized and existing under the laws of Panama. The Bank operates in Panama under a General License issued by the Superintendence of Banks of Panama ("SBP"), which entitles us to carry out banking business with local and foreign clients. The Bank also conducts banking business in Costa Rica, through its Subsidiary, Banco General (Costa Rica), S.A., and in Mexico, Colombia, Guatemala, El Salvador, and Peru through Representative Offices. All references to "we," "us," "our," "the Bank" and "Banco General" are to Banco General, S.A. and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires.

The following discussion is based on the information contained in the condensed consolidated interim financial statements, as of September 30, 2021. Some figures (including percentages) in this document have been rounded.

The Bank prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Panamanian Government and the Superintendence of Banks Response to COVID-19

In response to the economic and social impact of the COVID-19 pandemic, in an effort to safeguard the public health and preserve the stability and soundness of the financial system, the Government of Panama, from March 2020 to September 2021, adopted a series of protective measures and actions, including temporary closure of certain businesses and industries and mandatory confinement of the population during different extended periods. Similar actions have been adopted by governments in the other countries where the Bank operates.

To preserve the health and stability of the financial system, the Superintendence of Banks of Panama issued Agreement No. 02-2020 (March 16, 2020) as subsequently amended to date, to create a temporary regulation for loans classified as "Modified Loans". The new regulations also allowed banks to evaluate and consider possible financial relief for loans granted to individual and business clients whose payment capacity has been affected by the measures of confinement and temporary closures of companies due to measures adopted by the Government of Panama. To provide temporary financial relief banks deferred contractual interest and/or principal payments, and amended terms and conditions of loans, at the request of the borrower or at the Bank's initiative, without being considered a restructured loan up to June 30, 2021. The new terms and conditions of Modified Loans must consider financial feasibility criteria based on the borrower's capacity to pay and the bank's credit policies. Loans that are modified through contractual payment deferrals or other modifications are subject to special monitoring by the Bank and if the borrower does not comply with the new terms and conditions enacted will be classified as "Restructured Loans".

On June 11, 2021, the Superintendency of Banks of Panama issued Agreement No. 02-2021, through which the parameters and guidelines that will be applicable to modified loans, as of June 30, 2021, are established. The dispositions of this agreement are intended to establish guidelines and parameters for managing the credit and counterparty risk of modified loans in accordance with Agreement No. 02-2020. Also, under this new agreement debtors impacted by the pandemic are responsible of contacting their bank to reach an agreement no later than September 30, 2021. Agreement No. 02-2021 was amended by Agreement No. 03-2021, where guidelines for restructured modified loans are established.

Banking flexibility measures were lifted or narrowed on June 30, 2021. Starting July 1, 2021, all loans that are not paid in accordance with their terms, will advance in delinquency. Nevertheless, clients had until September 30, 2021 to negotiate new terms for their modified loans, and on September 29, 2021 the SBP issued a note indicating that banks could continue amending loans past the September 30, 2021 date. Modified loans that were amended starting July 1, 2021 will continue to be classified as modified loans in accordance with the guidelines provided in Agreement No. 02-2021, as amended.

I. ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total Assets

As of September 30, 2021, the Bank's gross loan portfolio decreased 2.8% from US$11,680.1 million in September 2020 to US$11,357.2 million in September 2021. During this period, the Bank's residential mortgage portfolio grew 2.3%, from US$4,577.5 million to US$4,681.4 million; the consumer loan portfolio decreased 4.2%, from US$1,817.9 million to US$1,741.6 million; the corporate loan portfolio, comprised of both local and regional corporate clients, decreased 6.6% from US$4,816.8 million to US$4,496.5 million, and other loans (comprised of pledge loans, overdrafts and financial leases) decreased 6.5% from US$467.9 million to US$437.5 million. The Bank's local corporate loan portfolio decreased 12.4%, from US$3,867.5 million to US$3,386.4 million, while the Bank's regional corporate loan portfolio increased 2.8%, from US$949.4 million to US976.0 million. As of September 30, 2021, the Bank's total investment portfolio, primarily made up of investment-grade liquid fixed-income investments and its local and regional corporate fixed-income portfolio, increased 6.8%, from US$5,546.8 million in September 2020 to US$5,923.6 million in September 2021.

Total Liabilities

As of September 30, 2021, the Bank's total client deposits grew by US$500.9 million or 3.8%, from US$13,040.0 million in September 2020 to US$13,540.8 million in September 2021. Client time deposits, the Bank's main source of funding, decreased by US$328.6 million, from US$6,012.5 million to US$5,684.0 million, representing 42.0% of total client deposits as of September 30, 2021, with an average remaining life of 16 months and 74% having original maturities of more than one year. Savings accounts grew by US$563.8 million or 13.4%, from US$4,215.1 million to US$4,778.9 million, representing 35.3% of total client deposits. This increase was primarily driven by a 15.5% customer base growth and its elevated digital presence in the Bank's digital platforms. Demand deposits increased 9.4%, or US$265.6 million from US$2,812.4 million to US$3,078.0 million as of September 30, 2021, representing 22.7% of client deposits.

As of September 30, 2021, the Bank's total medium and long-term borrowings and placements decreased by US$440.6 million, or 25.1%, from US$1,758.0 million in September 2020 to US$1,317.4 million in September 2021. As of September 30, 2021, 30% or US$400.0 million of the Bank's financial debt are subordinated perpetual AT1 bond.

Equity

As of September 30, 2021, the Bank's equity grew 1.8% or US$46.6 million, from US$2,660.6 million as of September 30, 2020 to US$2,707.2 million as of September 30, 2021, driven by an increase in retained earnings of US$29.3 million, with the Bank retaining 46.71% of net income during this period. The Bank's equity to total assets ratio increased from 14.17% in September 2020 to 14.41% in September 2021.

A. Liquidity and Funding Sources

The Bank's Assets and Liabilities Committee ("ALCO") is responsible for developing and proposing policies relating to the management of the Bank's assets and liabilities, to enable us to maintain interest rate, market, maturity and liquidity, and foreign exchange exposures, within the Bank's approved limits while maximizing the return on shareholders' equity.

The Bank's asset and liability management policy seeks to ensure sufficient liquidity is available to honor withdrawals of deposits, to make payments upon maturity of other liabilities, to extend loans or other forms of credit, and to meet the working capital needs.

Our Treasury Department is responsible for managing the Bank's liquidity and funding positions, as well as executing the Bank's investment strategy. The Bank's current policies require high absolute levels of liquidity composed of high-quality liquid assets, a key pillar of the Bank's financial strategy.

Consistent with the Bank's conservative financial policies, we have historically maintained high levels of liquidity in investment-grade liquid investments, which are complemented by: (i) an adequate asset and liability maturity structure, (ii) a diversified and stable deposit base, (iii) access to medium and long-term financing (representing 8.19% of total liabilities); and (iv) low levels of short-term institutional liabilities, all of which gives us a stable asset and liability structure in the Bank's balance sheet.

The Bank's primary liquidity ratio, measured in terms of liquid assets (comprised of cash, bank deposits and investment-grade, liquid, fixed-income investments) to total deposits and borrowings, was 34.65% as of September 30, 2021, equivalent to US$5,012.1 million in primary liquidity. Primary liquidity increased 18.3%, as compared to US$4,235.1 million as of September 30, 2020, resulting in a liquidity ratio of 29.01% as of such date. The Bank's total primary liquidity has an average credit rating of AA- of which 50.0% are AAA. As of September 30, 2021, these liquid assets represented 37.0% of total deposits, and 26.7% of total assets.

In addition to our internal liquidity requirements, the Bank must comply with liquidity rules established by the SBP, which require banks to have liquid assets of no less than 30% of deposits, with maturities of less than 186 days, excluding subsidiaries and pledge deposits. For the calculation of this indicator, the SBP allows considering as liquid assets, in addition to those used for calculating internal liquidity, all loan installments and maturities to be classified as standard with a term of less than 186 days. Loan payments and maturities can only represent for up to 30% of the total liquid assets used in this calculation. As of September 30, 2021, the Bank maintained a regulatory liquidity of 45.42% as compared to 42.26% in September 2020, complying with the requirements established by law.

Loan Portfolio

The Bank's loan portfolio is well diversified across clients, and products segments. As of September 30, 2021, total gross loans amounted to US$11,357.2 million comprised of: (i) 56.6% of retail loans (41.2% of residential mortgages and 15.4% of consumer loans), (ii) 38.4% of corporate loans (29.8% of local corporate loans and 8.6% of foreign corporate loans) and (iii) 5.0% in other loans (including of pledged loans, overdrafts, and financial leases).

To minimize the risk of credit losses, we give priority to the granting of loans secured by collateral, particularly single-family residences, other real estate properties and deposits, in addition to applying strict underwriting guidelines and "know your customer" policies. As of September 30, 2021, 77.5% of all loans were secured by residential or business properties, deposits or other financial assets; 73.0% of all loans were secured by first lien mortgages on land and improvements (residential mortgages loans, commercial mortgages loans and interim construction loans), and 4.5% of all loans were backed by pledge of deposits and other financial assets. The combination of sound underwriting policies and security interests held on collateral resulted in average gross write-offs of 0.62% of total loans for the last two years ended September 30, 2020.

As of September 30, 2021, 89.0% of the Bank's loan portfolio was comprised of local borrowers (individuals and corporations) based in Panama, and 11.0% was comprised of regional clients based mainly in Costa Rica, Mexico, Colombia, Guatemala, El Salvador and Peru, including clients of our universal banking subsidiary in Costa Rica, Banco General (Costa Rica), S.A., which has 8 branches. As of September 30, 2021, 99.9% of the Bank's loans were denominated in US dollars, which is legal tender in Panama. In addition, the Bank's credit policies provide for managing concentration within economic sectors, in the case of corporate loans, and provide various underwriting criteria, depending on the level of income, in the case of retail lending.

The following table summarizes the composition of the loan portfolio by type of loan as of September 30, 2021, and 2020, and as of December 31, 2020, 2019 and 2018:

	As of September 30			As of December 31		
	2021	2020	(%) Change	2020	2019	2018
	(in thousands of U.S. dollars, except for percentages)					
Local Loans						
Commercial	357,186	277,388	28.8%	323,258	397,805	355,306
Interim construction loans	414,521	516,762	-19.8%	482,879	565,399	700,899
Lines of credit	779,271	1,024,017	-23.9%	924,713	1,050,023	1,235,506
Residential mortgage loans	4,489,135	4,369,769	2.7%	4,390,972	4,321,904	4,091,043
Commercial mortgage loans	1,950,317	2,049,307	-4.8%	1,952,981	2,020,115	1,920,858
Personal loans, auto loans and credit cards	1,731,830	1,805,315	-4.1%	1,759,520	1,894,882	1,776,981
Pledge loans and overdrafts	315,531	315,691	-0.1%	299,947	358,283	356,635
Leasing	67,423	84,594	-20.3%	79,984	100,191	108,302
Total Local Loans	**10,105,215**	**10,442,845**	**-3.2%**	**10,214,254**	**10,708,602**	**10,545,529**
Foreign Loans						
Commercial	545,488	541,253	0.8%	551,106	600,867	447,699
Interim construction loans	-	-	0.0%	-	-	3,100
Lines of credit	276,730	210,972	31.2%	208,211	257,641	351,265
Residential mortgage loans	192,314	207,721	-7.4%	204,561	223,143	249,376
Commercial mortgage loans	173,027	197,148	-12.2%	188,603	208,335	259,581
Personal loans, auto loans and credit cards	9,813	12,601	-22.1%	11,966	15,323	16,779
Pledge loans and overdrafts	54,573	67,595	-19.3%	65,722	69,778	79,055
Total Foreign Loans	**1,251,944**	**1,237,291**	**1.2%**	**1,230,170**	**1,375,087**	**1,406,855**
Total Loans	**11,357,158**	**11,680,136**	**-2.8%**	**11,444,423**	**12,083,689**	**11,952,385**
Allowance for loan losses	476,651	308,317	54.6%	383,795	165,159	158,531
Unearned commissions	36,683	38,692	-5.2%	37,045	43,302	41,104
Total loans, net	**10,843,824**	**11,333,127**	**-4.3%**	**11,023,583**	**11,875,228**	**11,752,749**

Non-accrual Loans

SBP regulations require the classification of loans in non-accrual status if any of the following conditions exist: (i) principal and interest payments exceed past due limits established by the SBP (91 days or more of principal and/or interest payments past due for all types of loans, except for mortgage loans and overdrafts which have a limit of 121 and 30 days, respectively); or (ii) the debtor's financial condition has been adversely affected (including by deterioration of the payment capacity, collateral weakness, and other factors known to us, such as fraud, death of the debtor, insolvency or bankruptcy) in a manner that places the collection of the loan at risk.

The following table presents non-accrual loans, according to loan type, as of September 30, 2021, and 2020, and as of December 31, 2020, 2019 and 2018:

	As of September 30			As of December 31		
	2021	2020	(%) Change	2020	2019	2018
	(in thousands of U.S. dollars, except for percentages)					
Non accrual loans						
Commercial	5,816	6,055	-3.9%	8,959	6,805	8,931
Interim construction loans	1,918	1,956	-1.9%	1,918	1,956	2,424
Lines of credit	6,427	6,053	6.2%	5,800	6,538	15,157
Residential mortgage loans	120,655	84,175	43.3%	84,801	52,977	41,370
Preferential mortgage loans	47,549	25,769	84.5%	25,791	16,923	15,335
Commercial mortgage loans	27,367	27,199	0.6%	24,238	20,425	8,580
Personal loans, auto loans and credit cards	43,795	5,875	645.4%	12,659	23,385	22,499
Pledge loans and overdrafts	647	320	102.3%	183	234	399
Leasing	1,830	412	344.2%	2,276	124	906
Total non accrual loans	**256,004**	**157,813**	**62.2%**	**166,625**	**129,365**	**115,601**
Total Loans	11,357,158	11,680,136		11,444,423	12,083,689	11,952,385
Allowance for loan losses	476,651	308,317		383,795	165,159	158,531
Non accrual loans / total loans	2.25%	1.35%		1.46%	1.07%	0.97%
Allowance for loans losses / non accrual loans	186.19%	195.37%		230.33%	127.67%	137.14%
Allowance for loan losses + Dynamic Reserve / non accrual loans	245.66%	291.85%		321.71%	245.36%	267.86%

Non-accrual loans reported to SBP were US$256.0 million as of September 30, 2021, compared to US$157.8 million as of September 30, 2020. The increase of US$98.2 million, or 62.2%, is primarily attributed to the end of the banking flexibility regulation as stated above. Starting on July 1, 2021, loans that are not paid in accordance with their applicable terms will advance in delinquency. The Bank experienced: (i) a US$58.3 million increase in the residential and preferential mortgage non-accrual balance from US$109.9 million, or 0.94% of the total loan portfolio to US$168.2 million, or 1.48% of the total loan portfolio, (ii) a US$37.9 million increase in the consumer loans non-accrual balance from US$5.9 million, or 0.05% of the total loan portfolio, to US$43.8 million, or 0.39% the total loan portfolio, and (iii) an increase of US$2.0 million in the corporate loans non-accrual balance from US$42.0 million, or 0.36% of the total loan portfolio, to US$44.0 million, or 0.38% the total loan portfolio.

Non-accrual loans, in accordance with SBP regulations, represented 2.25% of total loans as of September 30, 2021, compared to 1.35% as of September 30, 2020. The Bank´s allowance coverage for loan losses was 186.19% of non-accrual loans, as compared to 195.37% in September 2020.

As a result of the situation caused by COVID-19, the Bank approved and applied a complementary exceptional and voluntary policy of non-accrual of interest for its consumer and corporate loans that have been modified based on accord No. 04-2013, as subsequently amended to date. This policy is based on analyzing a combination of factors other than delinquency, such as the debtor's employment status and household environment, the economic activity of his employer, the situation of deferral of his credit obligations, the loans collateral, the customer's internal risk category, and the number of deferred payments granted. This exceptional policy may be suspended by the Bank's management at any time. Non-accrual loans in accordance with the provisions of the complementary policy applied by the Bank amount to US$247.6 million as of September 30, 2021 (US$279.6 million as of December 31, 2020).

Past Due Loans

The Bank classifies the loans in its portfolio, as past due: (i) during the life of the loan, if schedule interest and/or principal payments are more than 90 days past due; and (ii) at the final maturity of the loan, if all amounts due are not paid after 30 days of the final maturity date.

The following table presents past due loans, according to loan type, as of September 30, 2021, and 2020, and as of December 31, 2020, 2019 and 2018:

	As of September 30			As of December 31		
	2021	2020	(%) Change	2020	2019	2018
	(in thousands of U.S. dollars, except for percentages)					
Past due loans						
Commercial	6,082	6,055	0.5%	8,959	6,805	8,931
Interim construction loans	1,918	1,956	-1.9%	1,918	1,956	2,424
Lines of credit	6,749	6,241	8.1%	5,766	6,538	14,426
Residential mortgage loans	148,284	88,368	67.8%	93,567	68,947	54,594
Preferential mortgage loans	75,136	26,411	184.5%	29,317	25,391	24,373
Commercial mortgage loans	26,653	27,297	-2.4%	24,336	20,164	8,618
Personal loans, auto loans and credit cards	42,719	5,055	745.1%	9,464	23,042	22,413
Pledge loans and overdrafts	1,342	415	223.7%	438	460	1,131
Leasing	2,151	412	422.1%	2,276	124	906
Total past due loans	**311,034**	**162,210**	**91.7%**	**176,041**	**153,426**	**137,815**
Total Loans	11,357,158	11,680,136		11,444,423	12,083,689	11,952,385
Allowance for loan losses	476,651	308,317		383,795	165,159	158,531
Past due loans / total loans	2.74%	1.39%		1.54%	1.27%	1.15%
Allowance for loan losses / past due loans	153.25%	190.07%		218.01%	107.65%	115.03%
Allowance for loan losses + Dynamic Reserve / past due loans	202.20%	283.94%		304.50%	206.88%	224.69%

Past due loans were US$311.0 million as of September 30, 2021, compared to US$162.2 million as of September 30, 2020. The Bank presented an increase in the past due balance as a result of the culmination of the forbearance period. Starting on July 1, 2021, loans that are not paid in accordance with their applicable terms will advance in delinquency. The bank experienced: (i) a US$108.6 million increase in the residential and preferential mortgage past due balance from US$114.8 million, or 0.98% of the total loan portfolio to US$223.4 million, or 1.97% of the total loan portfolio, (ii) a US$37.7 million increase in the consumer loans past due balance from US$5.1 million or 0.04% of the total loan portfolio to US$42.7 million or 0.37%, and (iii) an increase of US$2.5 million in the corporate past due balance from US$42.4 million, or 0.36% of the total loan portfolio, to US$44.9 million, or 0.38% of the total loan portfolio.

Past due loans represented 2.74% of total loans outstanding as of September 30, 2021, compared to 1.39% as of September 30, 2020. As of September 30, 2021, the Bank´s allowance coverage for loan losses was 153.25% of past due loans, as compared to 190.07% in September 2020.

Allowance for Loan Losses

Provisions for loan losses are accounted for as charges on income and added to the allowance for loan losses to maintain reserves at the required level. Any subsequent write-offs are applied against this allowance.

The allowance for loan losses at amortized cost consists of expected credit losses (ECL) based on loans’ credit risk rating and the mechanisms used to determine the loans probability of default depending on the impairment stage into which each loan is assigned to. The ECL model is determined by grouping loans with similar credit risk characteristics, and segmented methodologies for “Consumer Banking” and “Corporate Banking”. Both methodologies consist of probability of default, loss given default, and exposure at default estimates.

The expected credit loss (ECL) model presents three stages of impairment for financial assets that are applied from the date of origin or acquisition. These stages are summarized below:

Stage 1: The Bank recognizes a credit loss allowance at an amount equivalent to 12-month expected credit losses. This represents the portion of lifetime expected credit losses resulting from default events that are possible within a 12-months period from the reporting date if credit risk has not increased significantly since initial recognition.

Stage 2: The Bank recognizes a credit loss allowance at an amount equal to the total lifetime expected credit losses (LTECL) for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the calculation of ECL based on the asset's remaining lifetime probability of default (LTPD). The allowance for credit losses are higher in his stage because of an increase in credit risk and the impact of a longer time horizon in comparison with 12 months in stage 1.

Stage 3: The Bank recognizes a loss allowance at an amount equal to the expected credit loss during the total lifetime of the asset, based on a probability of default (PD) of 100% over the asset's recoverable cash flows.

Our IFRS 9 models and the data used to estimate expected credit losses in the consumer, mortgage and corporate portfolio, and thus set adequate levels of loan loss reserves may not be able to fully capture all the potential additional levels of risk resulting from the effects of the COVID-19 pandemic, which has resulted in a reduction of economic activity, and higher levels of unemployment. Therefore, the Bank has developed overlaying models and estimates to incorporate the potential increased levels of risk and the corresponding levels of additional loan loss reserves required.

The following table presents the breakdown of the allowance for loan losses under IFRS 9 parameters as of September 30, 2021, and December 31, 2020:

	September 30, 2021			December 31, 2020			(%) Change	
	Loans	Allowances	%	Loans	Allowances	%	Loans	Allowances
	(in thousands of U.S. dollars,except percentages)							
Stage 1	9,192,466	174,180	1.9%	10,133,492	225,723	2.2%	-9.3%	-22.8%
Stage 2	1,526,843	144,492	9.5%	846,056	71,959	8.5%	80.5%	100.8%
Stage 3	637,849	157,978	24.8%	464,875	86,113	18.5%	37.2%	83.5%
Total	**11,357,158**	**476,651**	**4.2%**	**11,444,423**	**383,795**	**3.4%**	**-0.8%**	**24.2%**

The allowance for loan losses was increased to US$476.7 million in September 2021, or 4.2% of the total loan portfolio, from US$383.8 million, or 3.4% of the total loan portfolio, as of December 31, 2020.

The allowance for Stage 1 loans decreased from US$225.7 million (2.2% of loans) in December 2020 to US$174.2 million (1.9% of loans) in September 2021. The amount of loans in Stage 2 increased from US$846.1 million in December 2020 to US$1,526.8 million in September 2021, and the level of allowance increased from US$72.0 million (8.5% of loans) in December 2020 to US$144.5 million (9.5% of loans) in 2021. The amount of Stage 3 loans increased from US$464.9 million in December 2020 to US$637.8 million in September 2021, and the level of allowance increased from US$86.1 million (18.5% of loans) in December 2020 to US$158.0 million (24.8% of loans) in September 2021.

The increments described above for Stages 2 and 3 are mainly attributable to the migration from Stage 1, of residential loans (that were previously deferred as per Agreement No. 02-2020, as amended), which were identified with a higher level of credit risk and classified as restructured due to their amended terms.

As of September 2021, the Bank's total restructured loans amounted to US$891.5 million (US$218.8 million in 2020) of which US$779.7 million (US$108.5 million in 2020) were backed by mortgage collateral. This increase was mainly due to reclassified residential loans that were previously deferred in accordance with Agreement No. 02-2020, as amended.

The following table presents the breakdown of the allowance for loans losses as of September 30, 2021, and 2020, and as of December 31, 2020, 2019 and 2018:

	As of September 30			As of December 31		
	2021	2020	(%) Change	2020	2019	2018
	(in thousands of U.S. dollars, except for percentages)					
Allowance at the beginning of period	383,795	165,159	132.4%	165,159	158,531	144,832
Provision charged to expenses, net of recoveries	117,950	164,133	-28.1%	280,947	41,954	41,983
Write-offs:						
Commercial	212	8	2607.2%	521	6,236	249
Interim construction loans	-	-	0.0%	-	415	207
Lines of credit	181	1,514	-88.0%	1,819	6,774	607
Residential mortgage loans	1,009	532	89.7%	977	1,862	885
Commercial mortgage loans	138	16	761.6%	1,267	434	397
Personal and auto loans and credit cards	41,184	34,495	19.4%	78,192	46,057	48,787
Auto	*1,800*	*2,025*	*-11.1%*	*2,279*	*2,331*	*1,869*
Personal	*25,779*	*19,466*	*32.4%*	*48,178*	*28,509*	*31,147*
Credit cards	*13,606*	*13,004*	*4.6%*	*27,735*	*15,217*	*15,771*
Pledge loans and overdrafts	120	293	-59.2%	394	864	484
Leasing	-	12	-100.0%	48	337	133
Total write-offs	**42,844**	**36,871**	**16.2%**	**83,218**	**62,981**	**51,750**
Recoveries	17,749	15,896	11.7%	20,907	27,654	23,053
Allowance at the end of period	**476,651**	**308,317**	**54.6%**	**383,795**	**165,159**	**158,531**
Total Loans	11,357,158	11,680,136		11,444,423	12,083,689	11,952,385
Allowance for loan losses / total loans	4.20%	2.64%		3.35%	1.37%	1.33%
(Allowance for loan losses + Dynamic Reserve) / total loans	5.54%	3.94%		4.68%	2.63%	2.59%
Write-off / total loans [(1)]	0.50%	0.42%		0.73%	0.52%	0.43%
Net write-off / total loans [(1)]	0.29%	0.24%		0.54%	0.29%	0.24%

[(1)] Percentages are annualized.

As a complement to our regular write-off policies, which are based primarily on the number of days of delinquency, and, as a result of the situation caused by COVID-19, the Bank approved and applied a complementary, exceptional, and voluntary write-off policy for consumer loans that were deferred repeatedly and demonstrated a weakened financial position and inability to pay. This policy is based on analyzing a combination of factors other than delinquency, such as the debtor's employment status and household environment, the economic activity of his employer, the situation of deferral of his credit obligations, the loans collateral, the customer's internal risk category, and the number of deferred payments granted. This exceptional policy may be suspended by the Bank's management at any time.

As of September 30, 2021, total write-offs amounted to US$42.8 million (0.50% of total loans, annualized), as compared to US$36.9 million (0.42% of total loans, annualized), during the same period in 2020.

B. Capital Resources

The cornerstone of our overall financial strategy is our strong capital position, which exceeds local and international regulatory requirements contained in the Basel Accords, that has supported our investment grade ratings since 1997, currently holding the following ratings BBB by Standard & Poor's, Baa2 by Moody's, and BBB- by Fitch Ratings.

As of September 30, 2021, the Bank´s total regulatory capital amounted to US$3,043.9 million, or 2.83 times the total regulatory capital required by the SBP of 8.0%. The ratio of total capital to risk-weighted assets was 22.68%, calculated on a Tier I capital of US$3,043.9 million over total risk weighted assets of US$13,422.4 million. Total risk-weighted assets include US$11,491.4 million of risk-weighted assets in our loan portfolio and investments, US$1,300.1 million of risk-weighted assets due to market risk requirements, and US$630.9 million of risk-weighted assets from operational risk. Market risk-weighted assets and operational risk-weighted assets are included in accordance with regulatory requirement set forth in Accords No. 11-2018 and No 6-2019 issued by the SBP. Our shareholder's equity to total assets ratio was 14.41% as of September 2021.

In addition to the above-mentioned regulatory capital adequacy requirements, accord 4-2013 issued by the SBP requires all banks to maintain a countercyclical dynamic reserve of not less than 1.25% and no more than 2.50% of the risk-weighted loans classified as standard loans. The dynamic reserve is presented as part of the legal reserves in the equity section of the Bank's financial statements. The dynamic reserve balance is considered part of the regulatory capital if a bank's regulatory capital exceeds the minimum capital adequacy ratio of 8%. As of September 30, 2021, the Bank´s dynamic reserve balance was US$152.3 million. On July 21, 2020, the SBP communicated the temporary suspension of the constitution of the dynamic reserve to provide financial relief to banking entities. This suspension applies as of the second quarter of 2020 and will be maintained until the SBP revokes the corresponding resolution (SBP-GJD-0007-2020). As of September 30, 2021, the Bank has not made use of the dynamic reserve, which remains at the same level as of December 31, 2019.

The Bank's securities brokerage, insurance and pension fund management subsidiaries are also subject to minimum capital requirements stipulated under Panamanian law. In addition, our subsidiary in Costa Rica is also subject to minimum capital requirements stipulated by the General Superintendency of Financial Entities (SUGEF). As of September 30, 2021, all subsidiaries complied with all the minimum capital requirements applicable according to regulations.

The following table presents information regarding the Bank's capital levels as of September 30, 2021, and 2020, and as of December 31, 2020, 2019 and 2018:

	As of September 30		As of December 31		
	2021	2020	2020	2019	2018
	(in thousands of U.S. dollars, except for percentages)				
Regulatory primary capital (Tier 1)					
Common shares	500,000	500,000	500,000	500,000	500,000
Legal reserve	190,049	187,863	188,396	186,240	182,341
Other items comprehensive income	109,067	113,504	159,987	89,125	3,642
Retained earnings	1,897,100	1,851,762	1,772,980	1,703,100	1,498,282
Less: Regulatory adjustments	52,308	43,713	53,674	50,074	57,802
Total regulatory primary capital - CET 1	**2,643,908**	**2,609,416**	**2,567,690**	**2,428,391**	**2,126,463**
Minimum regulatory primary capital - CET 1 (4.5%)	**604,007**	**605,803**	**604,434**	**584,249**	**542,406**
Additional primary capital (Tier 1)					
Subordinated debt - perpetual bonds	400,000	217,680	217,680	217,680	217,680
Total additional primary capital	**400,000**	**217,680**	**217,680**	**217,680**	**217,680**
Total primary capital	**3,043,908**	**2,827,096**	**2,785,370**	**2,646,071**	**2,344,143**
Minimum regulatory total primary capital (6.0%)	**805,343**	**807,738**	**805,912**	**778,999**	**723,208**
Total capital	**3,043,908**	**2,827,096**	**2,785,370**	**2,646,071**	**2,344,143**
Minimum regulatory total capital (8.0%)	**1,073,791**	**1,076,984**	**1,074,549**	**1,038,665**	**964,277**
Credit risk-weighted assets	11,491,398	11,447,276	11,273,084	11,931,120	12,053,460
Market risk-weighted assets [1]	1,300,125	1,427,442	1,551,596	422,023	-
Operational risk-weighted assets [1]	630,865	587,580	607,186	630,172	-
Risk-weighted assets	**13,422,388**	**13,462,299**	**13,431,866**	**12,983,315**	**12,053,460**
Capital ratios					
Total regulatory primary capital ratio	**19.70%**	**19.38%**	**19.12%**	**18.70%**	**17.64%**
Total primary capital ratio	**22.68%**	**21.00%**	**20.74%**	**20.38%**	**19.45%**
Total capital ratio	**22.68%**	**21.00%**	**20.74%**	**20.38%**	**19.45%**

[1] Included under the parameters of Accords No.11-2018 and No. 6-2019 of the Superintendence of Banks of Panama (SBP).

Our levels of capitalization reflect the Board of Director's commitment to maintaining a strong capital base to support depositors and enable us to support growth opportunities and weather unexpected adverse events that may affect our operations.

C. Results of Operations for the three months ended September 30, 2021 and 2020.

The following table presents the Bank´s principal consolidated results of operations for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Net interest and comission income	**165,253**	**168,691**	**-2.0%**	**474,029**	**510,974**	**-7.2%**
Total Provisions, net	**(41,231)**	**(93,042)**	**-55.7%**	**(118,232)**	**(169,331)**	**-30.2%**
Other Income (expenses):						
Fees and other comissions	68,788	50,393	36.5%	183,263	145,015	26.4%
Insurances premiums, net	8,939	8,116	10.1%	24,223	27,240	-11.1%
Gain (loss) on financial instruments, net	6,239	13,702	-54.5%	16,963	8,727	94.4%
Other Income, net	6,955	7,744	-10.2%	21,454	20,189	6.3%
Comissions expenses and other expenses	(25,155)	(18,070)	39.2%	(70,942)	(58,078)	22.1%
Total other income, net	**65,766**	**61,886**	**6.3%**	**174,961**	**143,093**	**22.3%**
General and administrative expenses	74,299	69,557	6.8%	220,695	217,930	1.3%
Equity participation in associates	2,635	1,767	49.1%	7,347	5,706	28.8%
Net income before income tax	**118,124**	**69,744**	**69.4%**	**317,410**	**272,513**	**16.5%**
Income tax net	(4,801)	15,208	n/a	(16,864)	3,112	n/a
Net Income	**113,323**	**84,952**	**33.4%**	**300,547**	**275,625**	**9.0%**

For the three months ended September 30, 2021, the Bank's net income was US$113.3 million, which represents an increase of US$28.4 million, or 33.4%, compared to US$85.0 million for the same period in 2020. For the three months ended September 30, 2021. ROAE and ROAA were 16.79% and 2.40% respectively, as compared to 12.77% and 1.78% for the same period 2020. These results in net income, ROAE and ROAA were mainly product of the following factors:

Net Interest and Commission Income

The following table presents the Bank's net interest and commission income and related average rate and margin information for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Total interest and commission income	235,252	249,354	-5.7%	685,612	766,529	-10.6%
Total interest expenses	69,999	80,664	-13.2%	211,583	255,555	-17.2%
Net interest and commission income	**165,253**	**168,691**	**-2.0%**	**474,029**	**510,974**	**-7.2%**
Average interest - earning assets	17,263,629	17,654,311	-2.2%	17,188,077	17,569,491	-2.2%
Average interest - bearing liabilities	11,835,224	12,284,724	-3.7%	11,806,777	12,349,877	-4.4%
Net interest margin (1)(4)	3.83%	3.82%		3.68%	3.88%	
Average interest rate earned (2)(4)	5.45%	5.65%		5.32%	5.82%	
Average interest rate paid (3)(4)	2.37%	2.63%		2.39%	2.76%	

(1) Net interest and commission income (before provisions for possible loan losses) as a percentage of average total interest assets for the indicated period.

(2) Total interest and commission income divided by average interest earning assets.

(3) Total interest expenses divided by average interest bearing liabilities.

(4) Percentages are annualized.

The 2.0% decrease in net interest and commission income for the three months ended September 30, 2021, as compared to the same period in 2020, was primarily a result of: (i) a 2.2% decrease in interest earning-assets, and (ii) a 20 basis points, decrease in average interest rate earned.

Total Interest and Commission Income

The following table presents information as to the Bank's total interest and commission income for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Total interest and commission income	**235,252**	**249,354**	**-5.7%**	**685,612**	**766,529**	**-10.6%**
Average interest - earning assets:						
Deposits with banks	548,096	525,960	4.2%	563,507	527,673	6.8%
Loans, net	10,836,026	11,543,009	-6.1%	10,879,930	11,755,336	-7.4%
Securities and other financial assets	5,879,507	5,585,342	5.3%	5,744,641	5,286,482	8.7%
Total	**17,263,629**	**17,654,311**	**-2.2%**	**17,188,077**	**17,569,491**	**-2.2%**
Average nominal rates earned:						
Deposits with banks (1)	0.94%	1.21%		1.00%	1.37%	
Loans, net (1)	7.32%	7.25%		7.03%	7.26%	
Securities and other financial assets (1)	2.43%	2.77%		2.49%	3.04%	
Total (1)	**5.45%**	**5.65%**		**5.32%**	**5.82%**	

(1) Percentages are annualized.

For the three months ended September 20, 2021, the Bank's total interest and commission income decreased US$14.1 million, or 5.7%, and is derived principally from a diversified loan portfolio, which represented 62.8% of the Bank's total average interest earning assets, generating 84.3% of the total interest and commissions income for the period.

The 5.7% decrease in the total interest and commission income for the three months ended September 30, 2021, as compared to the same period in 2020, resulted from: (i) a 2.2% decrease in average interest-earning assets, and (ii) a 20 basis points decrease in the average rate earned on interest-earning assets.

The 20 basis point decrease in the average rated earned on interest-earning assets was primarily due to: (i) a 34 basis point decreased in the interest rate earned on securities and other financial assets, and (ii) a 27 basis point decrease in the interest rated earned on bank deposits.

The following table presents the effect of changes in the Bank's interest and commission income as a result of changes in: (i) the average volume of interest earning assets, and (ii) the average nominal interest rate earned during the three months ended September 30, 2021, and 2020:

	Decrease/Increase Third - Quarter 2020/2021
	(in thousands of U.S. dollars)
Due to changes in average volume of interest - earning assets	(10,709)
Due to changes in average nominal interest rates earned	(3,394)
Net Change	**(14,103)**

The decrease in average interest earning assets for the three months ended September 30, 2021, resulted in an decrease of US$10.7 million in interest and commission income for the period, while the decrease in the average rate earned on interest-earning assets resulted in a decrease of US$3.4 million in interest and commission income as compared to the same period in 2020.

Total Interest Expenses

The following table presents information as to the Bank's total interest expenses for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	**2020**	**(%) Change**	**2021**	**2020**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)					
Total interest expenses	**69,999**	**80,664**	**-13.2%**	**211,583**	**255,555**	**-17.2%**
Average interest - bearing liabilties:						
Savings deposits	4,721,241	4,134,762	14.2%	4,623,990	3,899,232	18.6%
Time deposits - clients	5,733,604	6,013,616	-4.7%	5,841,147	6,076,617	-3.9%
Time deposits - interbank	5,655	37,928	-85.1%	5,908	61,424	-90.4%
Borrowings and placements	1,374,724	2,098,419	-34.5%	1,335,732	2,312,604	-42.2%
Total	**11,835,224**	**12,284,724**	**-3.7%**	**11,806,777**	**12,349,877**	**-4.4%**
Average nominal rates paid:						
Savings deposits [1]	0.66%	0.68%		0.66%	0.70%	
Time deposits - clients [1]	3.44%	3.77%		3.49%	3.83%	
Time deposits - interbank [1]	1.66%	0.35%		1.70%	0.98%	
Borrowings and placements [1]	3.74%	3.22%		3.59%	3.45%	
Total [1]	**2.37%**	**2.63%**		**2.39%**	**2.76%**	

[1] Percentages are annualized.

The Bank's total interest expenses is mainly attributable to interest paid on customer deposits, which represented 81.6% of the total interest expense for the three months ended September 30, 2021, as compared to 79.0% for the same period in 2020.

The 13.2% decrease in total interest expenses for the three months ended September 30, 2021, as compared to the same period in 2020, was mainly a result of: (i) a 3.7% decrease in average interest-bearing liabilities, and (ii) a 26 basis points decrease in average rate paid on interest bearing liabilities.

The decrease in average interest-bearing liabilities was mainly due to: (i) a 4.7% decrease in average balance of client time deposits, and (ii) a 34.5% decrease in average balance of borrowings and placements.

The 26 basis points decrease in the average rate of interest paid on interest-bearing liabilities was mainly attributable to: (i) a 33 basis point decrease on the average cost of client time deposits, and (ii) a 52 basis point increase on the average cost of borrowings and placements.

The following table sets forth the effect of changes in the Bank's total interest expense as a result of changes in: (i) the average volume of interest-bearing liabilities, and (ii) the average nominal interest rates paid during the three months ended September 30, 2021, and 2020:

	Decrease/Increase Third - Quarter 2020/2021
	(in thousands of U.S. dollars)
Due to changes in average volume of interest - bearing liabilities	(7,501)
Due to changes in average nominal interest rates paid	(3,164)
Net change	**(10,665)**

The decrease on the average interest-bearing liabilities for the three months ended September 30, 2021, resulted in a decrease of US$7.5 million in interest expense for the period, while the decrease in the average rate paid on interest-bearing liabilities resulted in a decrease of US$3.2 million in interest expense as compared to the same period in 2020.

Provision for Loan Losses

The following table presents the Bank's allowance for loan losses, net of write-offs and recoveries included in the Bank's results of operations for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Allowance for loan losses at the beginning of period	439,147	212,900	106.3%	383,795	165,159	132.4%
Provisions charged to expenses, net of recoveries	41,031	94,314	-56.5%	117,950	164,133	-28.1%
Recovery of Write-offs	7,133	5,988	19.1%	17,749	15,896	11.7%
Write-offs	(10,661)	(4,885)	118.2%	(42,844)	(36,871)	16.2%
Balance at the end of period	**476,651**	**308,317**	**54.6%**	**476,651**	**308,317**	**54.6%**
Total Loans	11,357,158	11,680,136		11,357,158	11,680,136	
Net loan loss provisions to total loans	1.45%	3.23%		1.38%	1.87%	
Write-off to total loans (1)	0.38%	0.17%		0.50%	0.42%	
Net write-off to total loans (1)	0.12%	-0.04%		0.29%	0.24%	
Allowance to total loans	4.20%	2.64%		4.20%	2.64%	

(1) Percentages are annualized.

For the three months ended September 30, 2021, the provision charged to expenses, net of recoveries amounted to US$41.0 million, which is a decrease of US$53.3 million, or 56.5% less than during the same period of 2020. This provision expense adequately covers the reserve requirements of our loan portfolio.

For the three months ended September 30, 2021, net write-offs increased US$4.6 million, representing 0.12% of total loans as compared to -0.04% of total loans during the same period of 2020.

As a result, the allowance for loan losses increased US$168.3 million, from US$308.3 million in September 2020 to US$476.7 million in September 2021. Consequently, our allowance to total loans ratio increased from 2.64% at the end of September 2020 to 4.20% in September 2021, an increase of 156 basis points. Based on our IFRS 9 and our complementary overlay model, we believe that our current allowance for loan losses balance adequately covers credit risk on the Bank's loan portfolio.

Other Income, Net

The following table presents the information as to the Bank's fees, commission and other income, net for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Fees and comission income, net	43,633	32,323	35.0%	112,321	86,937	29.2%
Insurance premiums, net	8,939	8,116	10.1%	24,223	27,240	-11.1%
Gain (loss) on financial instruments, net	6,239	13,702	-54.5%	16,963	8,727	94.4%
Other income, net	6,955	7,744	-10.2%	21,454	20,189	6.3%
Total of other income, net	**65,766**	**61,886**	**6.3%**	**174,961**	**143,093**	**22.3%**

The 6.3% increase in total other income, net for the three months ended September 30, 2021, primarily reflects the following factors:

Fees and Commission Income, net

The 35.0% increase in fees and commission income, net of commission expenses for the three months ended September 30, 2021, was mainly due to: (i) a 50.4% increase in commissions and fees for debit and credit cards, as a result of a higher volume of transactions, (ii) a 39.1% increase in banking services , and (iii) a 51.8% increase in wealth management revenue.

Insurance Premiums, net

Net insurance premiums, increased by 10.1% for the three months ended September 30, 2021, mainly due to lower claims in the life insurance segment and an increase in premiums.

Gain (loss) on Financial Instruments, net

The gain on financial instruments, net of US$6.2 million for the three months ended September 30, 2021, as compared to a gain of US$13.7 million in the same period of 2020, was principally due to realized gains from the sale of fixed income securities.

Other income, net

Other income, net, decreased by US$0.8 million or 10.2%, for the three months ended September 30, 2021, compared to the same period in 2020 mainly from a nonrecurring gain from our credit card business in 2020.

General and Administrative Expenses

The following table presents the Bank's principal general and administrative expenses for the three and nine months ended September 30, 2021, and 2020, respectively:

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2021	2020	(%) Change	2021	2020	(%) Change
	(in thousands of U.S. dollars, except for percentages)					
Salaries and other employee expenses	40,122	39,845	0.7%	120,835	127,169	-5.0%
Depreciation and Amortization expenses	7,039	7,057	-0.3%	21,162	21,565	-1.9%
Premises and Equipment expenses	6,492	5,381	20.6%	18,876	16,583	13.8%
Other expenses	20,646	17,274	19.5%	59,822	52,613	13.7%
Total	**74,299**	**69,557**	**6.8%**	**220,695**	**217,930**	**1.3%**

The 6.8% increase in general and administrative expenses for the three months ended September 30, 2021 primarily reflects the following factors:

Salaries and other employee expenses

For the three months ended September 30, 2021, salaries and other employee expenses increased 0.7% and represented 54.0% of total general and administrative expenses, as compared to 57.3% for the same period in 2020.

Depreciation and Amortization expenses

Total depreciation and amortization expense for the three months ended September 30, 2021 decreased 0.3% as compared to the same period in 2020.

Premises and Equipment expenses

Premises and equipment expenses increased by US$1.1 million or 20.6% for the three months ended September 30, 2021, as compared to the same period in 2020, mainly due to a US$0.8 million expense in technological maintenance for improvements in platforms and hardware.

Other expenses

Other expenses increased US$3.4 million, or 19.5%, for the three months ended September 30, 2021, as compared to the same period in 2020, as a result of: (i) an increase of 42.9%, or US$2.7 million in professional services mainly due to transaction volumes of credit cards, and (ii) an increase of 16.3% or US$0.3 million in public service expenses due to the reopening of branches and offices that were temporarily closed in 2020 due to the pandemic.

Taxes

Income tax, net amounted to US$4.8 million for the three months ended September 30, 2021, as compared to a tax credit of US$15.2 million in 2020; the US$20.0 million increase in income taxes was primarily due to: (i) higher taxable income as compared to the same period of 2020 and (ii) a decrease of US$14.6 million, or 61.2%, in deferred tax.

Operational Efficiency

The Bank's operational efficiency was 31.80% for the three months ended September 30, 2021, as compared to 29.94% for the same period in 2020, mainly as a result of an increase of US$4.7 million, or 6.8%, in the Bank’s general and administrative expenses.

BANCO GENERAL, S.A. Y SUBSIDIARIAS
Consolidated Income Statement
For the three months ended September 30

	30-sep-21	30-jun-21	31-mar-21	31-dec-20	30-sep-20
	(in thousands of U.S. dollars)				
Total interest and commission income	235,252	229,192	221,169	227,942	249,354
Total interest expenses	(69,999)	(70,872)	(70,712)	(76,178)	(80,664)
Net interest and commission income	**165,253**	**158,319**	**150,458**	**151,765**	**168,691**
Total Provisions, net	(41,231)	(36,580)	(40,421)	(114,662)	(93,042)
Net interest and commission income after provisions	**124,022**	**121,739**	**110,037**	**37,103**	**75,649**
Other Income (expenses):					
Fees and other commissions	68,788	59,998	54,477	59,451	50,393
Insurance premiums, net	8,939	8,558	6,725	8,353	8,116
Gain (loss) on financial instruments, net	6,239	10,004	720	10,525	13,702
Other income, net	6,955	8,278	6,221	10,250	7,744
Commissions expenses and other expenses	(25,155)	(23,668)	(22,119)	(20,608)	(18,070)
Total other income, net	**65,766**	**63,170**	**46,025**	**67,970**	**61,886**
General and administrative expenses	(74,299)	(74,002)	(72,393)	(72,309)	(69,557)
Equity participation in associates	2,635	2,480	2,233	1,623	1,767
Net income before income tax	**118,124**	**113,386**	**85,901**	**34,387**	**69,744**
Income tax net	(4,801)	(6,221)	(5,841)	11,148	15,208
Net income	**113,323**	**107,165**	**80,059**	**45,535**	**84,952**

BANCO GENERAL, S.A. Y SUBSIDIARIAS
Consolidated Balance Sheet
For the period ended September 30

	30-sep-21	30-jun-21	31-mar-21	31-dec-20	30-sep-20
	(in thousands of U.S. dollars)				
Assets					
Cash and deposits with banks	813,241	848,962	949,614	800,585	733,400
Securities and other financial assets	5,895,819	5,858,972	5,615,525	5,624,784	5,517,251
Loans	11,357,158	11,302,423	11,263,752	11,444,423	11,680,136
Allowance for possible loans losses	(476,651)	(439,147)	(409,774)	(383,795)	(308,317)
Unearned comissions	(36,683)	(36,290)	(35,984)	(37,045)	(38,692)
Investments in associates	27,770	26,230	23,847	21,686	29,573
Other assets	1,221,044	1,249,989	1,306,571	1,146,145	1,157,838
Total assets	**18,801,699**	**18,811,139**	**18,713,551**	**18,616,783**	**18,771,189**
Liabilities and shareholder's equity					
Total Deposits	13,546,445	13,594,370	13,596,782	13,449,536	13,057,379
Securities sold under repurchase agreements	-	-	-	-	149,480
Medium and long term borrowings and placements	917,408	997,989	1,007,953	1,076,469	1,390,870
Perpetual bonds	400,000	400,000	217,680	217,680	217,680
Other liabilities	1,229,130	1,167,850	1,297,092	1,239,887	1,295,157
Shareholder's equity	2,708,716	2,650,932	2,594,044	2,633,211	2,660,623
Total liabilities and shareholder's equity	**18,801,699**	**18,811,139**	**18,713,551**	**18,616,783**	**18,771,189**
Operational data (in units)					
Number of customers [1]	1,347,731	1,288,496	1,241,279	1,200,346	1,167,034
% active customers in digital channels [2]	71.8%	69.4%	66.9%	63.9%	61.0%
Number of employees [3]	4,498	4,501	4,510	4,554	4,560
Number of branches [4]	82	84	83	83	83
Number of ATMs [4]	615	630	635	638	636
Assets under management [5]	11,786,585	11,860,140	11,393,900	11,300,281	11,157,144

[1] Total number of clients at the end of the period includes BG, BGO, BGCR and Profuturo clients.

[2] Active customer represents clients that actively use online banking or our mobile application in the last 30 days.

[3] Total number of permanent full-time employees at the end of the period of BG & Subsidiaries.

[4] Total number of branches and ATMs of BG and BGCR.

[5] Assets under management exclude bank deposits. See note 27 of the interim Financial Statements.

BANCO GENERAL, S.A. Y SUBSIDIARIAS
Financial Ratios
For the three months ended September 30

	30-sep-21	30-jun-21	31-mar-21	31-dec-20	30-sep-20
Profitability and efficiency:					
Net Interest Margin [1][2]	3.83%	3.69%	3.52%	3.52%	3.82%
Return on average assets [1] [3]	2.40%	2.28%	1.71%	0.97%	1.78%
Return on average equity [1] [3]	16.79%	16.26%	12.15%	6.80%	12.77%
Efficiency [4]	31.80%	33.04%	36.43%	32.67%	29.94%
Operating expenses / average total assets [1] [3]	1.58%	1.58%	1.55%	1.55%	1.46%
Other income/ operating income [5]	34.65%	34.16%	29.49%	64.69%	45.00%
Liquidity:					
Primary Liquidity [6] / total deposits and obligations	34.65%	33.55%	32.15%	29.40%	29.01%
Regulatory Liquidity [7] / qualified deposits	45.42%	44.78%	45.20%	40.45%	42.26%
Loans, net / total client deposits	80.08%	79.68%	79.60%	82.00%	86.91%
Liquidity Coverage Ratio (LCR) [8]	203.55%	212.19%	223.76%	158.18%	144.04%
Capital:					
Total regulatory primary capital ratio [9]	19.70%	19.62%	20.48%	19.12%	19.38%
Total primary capital ratio [9]	22.68%	22.65%	22.24%	20.74%	21.00%
Total capital ratio [9]	22.68%	22.65%	22.24%	20.74%	21.00%
Equity / assets	14.41%	14.09%	13.86%	14.14%	14.17%
Earning retention ratio [10]	48.16%	45.18%	26.62%	-162.28%	29.71%
Asset quality:					
Past due loans [11]/ total loans	2.74%	1.60%	1.56%	1.54%	1.39%
Non accrual loans [12]/ total loans	2.25%	1.46%	1.47%	1.46%	1.35%
Allowance for possible loan losses / total loans	4.20%	3.89%	3.64%	3.35%	2.64%
Allowance for possible loan losses / past due loans [11]	153.25%	242.02%	232.89%	218.02%	190.07%
Allowance for possible loan losses / non accrual loans [12]	186.19%	265.13%	246.75%	230.33%	195.37%
Allowance for possible loan losses + Dynamic Reserve / past due loans [11]	202.20%	325.92%	319.43%	304.51%	283.94%
Allowance for possible loan losses + Dynamic Reserve / non accrual loans [12]	245.66%	357.05%	338.43%	321.71%	291.85%
Write - off / total loans[1]	0.38%	0.47%	0.67%	1.62%	0.17%

[1] Percentages are annualized.

[2] Net interest margin refers to net interest and comission income divided by average interest-earning assets. Average interest-earning assets are determined on average monthly balances.

[3] Percentages have been calculated using monthly averages.

[4] Efficiency is defined as general and administrative expenses divided by the sum of net interest, comission income, other income, net and equity participation in associates.

[5] Operating income is defined as the sum of net interest, comission income, and other income, net.

[6] Primary liquidity is comprised of: (a) cash and debt from banks, and (b) high quality (investment grade) fixed income securities including repos, fixed income mutual funds, treasury bills, negotiable CDs, commercial paper, corporate and sovereign bonds, MBS, CMOs and ABS.

[7] As defined in Accord 4-2008 by the SBP.

[8] As defined in Accord 2-2018 by the SBP.

[9] Total capital as percentage of risk weighted assets, in accordance with the requirements of the SBP.

[10] Earning retention ratio: net income from the period minus paid dividends from the period divided by net income.

[11] Past due loans: all loans past due 90+ days on interest and/or principal payments and all loans past due 30 days post maturity.

[12] Non accrual loans: all loans past due 90+ days on interest and/or principal payments, and residential mortgages past due 120+ days in accordance with SBP requirements.