

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

**Condensed Consolidated Interim
Financial Information**

March 31, 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

March 31, 2022, December 31, 2021 and March 31, 2021

(Expressed in Balboas)

		(Unaudited) March 2022	(Audited) December 2021	(Unaudited) March 2021
Assets	Note			
Cash and cash items	5	217,507,440	167,237,035	217,609,900
Deposits with banks:				
Demand deposits		351,759,557	283,964,475	467,706,179
Time deposits		250,279,347	194,252,658	264,298,006
Accrued interest receivable		2,072,792	1,817,299	2,921,049
Total deposits with banks		604,111,696	480,034,432	734,925,234
Total cash, cash items and deposits with banks		821,619,136	647,271,467	952,535,134
Investments and other financial assets at FVTPL		941,989,378	1,022,366,494	828,346,418
Investments and other financial assets at FVOCI		4,928,543,263	5,030,577,545	4,724,066,893
Investments and other financial at amortized cost, net		62,828,384	122,185,542	63,111,649
Accrued interest receivable		2,516	280	121
Investments and other financial assets, net		5,933,363,541	6,175,129,861	5,615,525,081
Loans	6	11,270,950,777	11,297,778,963	11,263,751,607
Accrued interest receivable		89,323,853	96,487,962	162,449,899
Less:				
Loan losses allowance		488,959,058	467,706,062	409,773,996
Unearned commissions		35,789,944	36,092,068	35,984,022
Loans, net		10,835,525,628	10,890,468,795	10,980,443,488
Investments in associates		29,809,495	25,020,643	23,846,682
Properties, furniture, equipment and improvements, net of accumulated depreciation and amortization	7	239,267,738	239,125,837	234,446,216
Right-of-Use Assets, net	8	16,412,642	16,997,658	19,559,217
Investments and other financial assets sold pending settlement		345,761,524	222,866,524	357,886,499
Deferred tax assets		118,167,823	112,034,447	97,723,080
Goodwill and other intangible assets, net	9	50,892,451	51,546,799	53,617,081
Other assets		407,587,803	401,535,573	377,968,112
Total assets		18,798,407,781	18,781,997,604	18,713,550,590

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) March 2022	(Audited) December 2021	(Unaudited) March 2021
<u>Liabilities and Equity</u>	<u>Note</u>			
Liabilities:				
Deposits:				
Local:				
Demand		3,090,681,912	3,162,996,218	3,126,212,727
Savings		4,970,301,885	4,965,395,062	4,585,110,729
Time:				
Customers		5,591,990,343	5,670,125,254	5,878,313,116
Banks		2,042,895	2,095,137	7,145,242
Accrued interest payable		83,735,745	93,520,570	95,839,385
Total deposits		13,738,752,780	13,894,132,241	13,692,621,199
 Financing:				
Borrowings and debt securities issued, net	11	883,388,211	893,646,075	1,007,952,606
Perpetual bonds		400,000,000	400,000,000	217,680,000
Accrued interest payable		12,985,694	14,084,902	5,659,644
Total financing		1,296,373,905	1,307,730,977	1,231,292,250
 Lease Liabilities	12	17,999,197	18,545,622	20,885,277
 Investments and other financial assets purchased pending settlement		519,009,270	422,824,601	695,025,421
Reserves of insurance operations	13	19,828,782	19,702,364	19,146,475
Deferred tax liabilities		2,515,060	2,471,413	2,961,352
Other liabilities	10	664,059,943	425,542,100	457,574,760
Total liabilities		16,258,538,937	16,090,949,318	16,119,506,734
 Equity:	15			
Common shares		500,000,000	500,000,000	500,000,000
Legal reserves		201,201,769	199,882,419	198,565,989
Capital reserves		(93,323,907)	75,007,984	99,881,642
Retained earnings		1,931,990,982	1,916,157,883	1,795,596,225
Total equity		2,539,868,844	2,691,048,286	2,594,043,856
Total liabilities and equity		18,798,407,781	18,781,997,604	18,713,550,590

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Condensed Consolidated Statement of Income

For the three months ended March 31, 2022 and 2021

(Expressed in Balboas)

		(Unaudited)	
	Note	March 2022	March 2021
Interest and commission income:			
Interest:			
Loans		182,976,247	176,718,350
Deposits with banks		1,148,400	1,488,991
Investments and other financial assets		38,203,148	35,588,607
Commissions on loans		8,327,221	7,373,403
Total interest and commission income		230,655,016	221,169,351
Interest expenses:			
Deposits		52,826,104	59,733,076
Financing		12,674,256	10,978,762
Total interest expenses		65,500,360	70,711,838
Net interest and commission income		165,154,656	150,457,513
Provision for loan losses, net	6	17,485,627	39,811,546
Provision for impairment of investments, net		9,622,740	1,081,093
Provision (reversal) for foreclosed assets, net		182,596	(471,977)
Net interest and commission income, after provisions		137,863,693	110,036,851
Other income (expenses):			
Fees and other commissions		71,849,119	54,476,793
Insurance premiums, net		9,136,661	6,725,414
(Loss) gain on financial instruments, net		(31,582,443)	719,590
Other income, net		6,414,245	6,221,382
Commission expenses and other expenses	12	(26,667,749)	(22,118,527)
Total other income, net		29,149,833	46,024,652
General and administrative expenses:			
Salaries and other personnel expenses	16	41,845,163	40,485,648
Depreciation and amortization	7 and 8	7,399,060	7,007,304
Properties, furniture and equipment expenses		7,076,672	6,123,718
Other expenses		21,730,207	18,776,716
Total general and administrative expenses		78,051,102	72,393,386
Net operating income		88,962,424	83,668,117
Equity participation in associates		4,894,872	2,232,552
Net income before tax		93,857,296	85,900,669
Income tax, estimated		14,723,038	9,854,034
Income tax, deferred		(6,091,045)	(4,012,767)
Income tax, net	17	8,631,993	5,841,267
Net income		85,225,303	80,059,402

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 three months ended March 31, 2022 and 2021

(Expressed in Balboas)

	(Unaudited)	
	March <u>2022</u>	March <u>2021</u>
Net income	<u>85,225,303</u>	<u>80,059,402</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	(167,783,322)	(71,505,995)
Transfer to profit or loss for sales of investments at FVOCI	(10,170,584)	8,715,903
Valuation of investment credit risk at FVOCI	9,622,015	1,087,047
Valuation of hedging instruments	<u>0</u>	<u>597,286</u>
Total other comprehensive expense, net	<u>(168,331,891)</u>	<u>(61,105,759)</u>
Total comprehensive (expense) income	<u>(83,106,588)</u>	<u>18,953,643</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 three months ended March 31, 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	85,225,303	85,225,303
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	(167,783,322)	0	(167,783,322)	0	(167,783,322)
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(10,170,584)	0	(10,170,584)	0	(10,170,584)
Valuation of investment credit risk at FVOCI	0	0	0	9,622,015	0	9,622,015	0	9,622,015
Total other comprehensive expense, net	0	0	0	(168,331,891)	0	(168,331,891)	0	(168,331,891)
Total comprehensive expense	0	0	0	(168,331,891)	0	(168,331,891)	85,225,303	(83,106,588)
Transactions with owner:								
Dividends paid on common shares	0	0	0	0	0	0	(65,800,000)	(65,800,000)
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	1,319,350	0	0	0	0	(1,319,350)	0
Total transactions attributable to the shareholder	0	1,319,350	0	0	0	0	(69,392,204)	(68,072,854)
Balance as of March 31, 2022 (Unaudited)	500,000,000	201,201,769	1,000,000	(94,323,907)	0	(93,323,907)	1,931,990,982	2,539,868,844
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	80,059,402	80,059,402
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	(71,505,995)	0	(71,505,995)	0	(71,505,995)
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	8,715,903	0	8,715,903	0	8,715,903
Valuation of investment credit risk at FVOCI	0	0	0	1,087,047	0	1,087,047	0	1,087,047
Valuation of hedging instruments	0	0	0	0	597,286	597,286	0	597,286
Total other comprehensive (expense) income, net	0	0	0	(61,703,045)	597,286	(61,105,759)	0	(61,105,759)
Total comprehensive income	0	0	0	(61,703,045)	597,286	(61,105,759)	80,059,402	18,953,643
Transactions with owner:								
Dividends paid on common shares	0	0	0	0	0	0	(58,750,000)	(58,750,000)
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	(676,865)	0	0	0	0	676,865	0
Total transactions attributable to the shareholder	0	(676,865)	0	0	0	0	(57,443,656)	(58,120,521)
Balance as of March 31, 2021 (Unaudited)	500,000,000	198,565,989	1,000,000	98,881,642	0	99,881,642	1,795,596,225	2,594,043,856

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 three months ended March 31, 2022 and 2021

(Expressed in Balboas)

		(Unaudited)	
	Note	March 2022	March 2021
Operating activities:			
Net income		85,225,303	80,059,402
Adjustments to reconcile net income and cash from operating activities:			
Provision for loan losses, net	6	17,485,627	39,811,546
Provision for valuation of investments, net		9,622,740	1,081,093
Provision (reversal) of provision for foreclosed assets, net		182,596	(471,977)
Unrealized loss on investments and other financial assets		26,702,517	14,901,852
Unrealized gain on derivative instruments		(2,318,614)	(4,186,338)
Loss (gain) on sale of investments and other financial assets at FVTPL, net		8,811,514	(1,012,623)
Loss (gain) on sale of investments and other financial assets at FVOCI, net		9,023,344	(7,632,734)
Realized gain loss on derivative instruments		(10,636,318)	(2,789,747)
Foreign exchange fluctuations, net		15,037	346
Gain on sale of fixed assets, net		(940,088)	(401,152)
Other net income from cancellations of right-of-use assets		(7,983)	0
Depreciation and amortization	7 and 8	7,399,060	7,007,304
Amortization of intangible assets	9	654,348	654,348
Equity participation in associates		(4,894,872)	(2,232,552)
Income tax, net		8,631,993	5,841,267
Interest and commission income		(230,655,016)	(221,169,351)
Interest expense		65,500,360	70,711,838
Changes in operating assets and liabilities:			
Time deposits with banks		(1,026,689)	114,178
Investments and other financial assets at FVTPL		45,694,457	313,504,043
Loans		30,595,555	166,838,772
Unearned commissions		8,025,097	6,312,054
Tax credit from preferential interest		(13,499,536)	(12,850,540)
Other assets		(123,876,396)	(134,472,244)
Demand deposits		(72,314,306)	147,371,054
Savings deposits		4,906,823	115,066,212
Time deposits		(78,187,153)	(115,191,917)
Reserves of insurance operations		126,418	565,524
Other liabilities		346,117,934	64,961,140
Cash provided by operations:			
Interest received		226,596,450	198,344,459
Interest paid		(76,358,976)	(83,909,506)
Dividends received		418,272	335,802
Total		201,794,195	567,102,151
Cash flows from operating activities		287,019,498	647,161,553
Investing activities:			
Purchases of investments and other financial assets at FVOCI		(1,896,340,866)	(1,716,625,053)
Sale and redemptions of investments and other financial assets at FVOCI		1,803,044,599	1,346,204,890
Purchases of securities at amortized cost		(63,950,929)	(80,106,338)
Redemptions of securities at amortized cost		123,307,361	70,416,104
Dividends received from associates		106,020	71,820
Sale of properties, furniture and equipment		1,737,499	452,804
Purchases of properties, furniture and equipment	7	(7,492,238)	(3,760,005)
Cash flows used from in investing activities		(39,588,554)	(383,345,778)
Financing activities:			
Redemption of debt securities issued and cancellation of borrowings		(5,493,043)	(55,735,143)
Payment of lease liabilities		(799,560)	(816,773)
Dividends paid on common shares		(65,800,000)	(58,750,000)
Complementary and dividends tax		(2,272,854)	629,479
Cash flows used from in financing activities		(74,365,457)	(114,672,437)
Net increase in cash and cash equivalents		173,065,487	149,143,338
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	624,266,997	750,356,706

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

March 31, 2022

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Notes to the Condensed Consolidated Interim Financial Information

March 31, 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 59.81% (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 which form part of the consolidation:

- Finanzas Generales, S. A. and subsidiaries: 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.

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(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 April 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 (\$) 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:

	March 31, 2022			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>124,906,729</u>	<u>38,808,611</u>	<u>163,715,340</u>
Loans	<u>12,171,719</u>	<u>120,274,233</u>	<u>8,910,992</u>	<u>141,356,944</u>
Investments in associates	<u>0</u>	<u>29,809,495</u>	<u>0</u>	<u>29,809,495</u>
Liabilities:				
Deposits:				
Demand	1,062,791	111,422,596	84,043,619	196,529,006
Savings	9,230,619	131,921,764	8,308,431	149,460,814
Time	<u>3,024,086</u>	<u>266,181,521</u>	<u>133,518,744</u>	<u>402,724,351</u>
	<u>13,317,496</u>	<u>509,525,881</u>	<u>225,870,794</u>	<u>748,714,171</u>
Perpetual bonds	<u>0</u>	<u>15,000,000</u>	<u>123,721,970</u>	<u>138,721,970</u>
Commitments and contingencies	<u>1,648,670</u>	<u>10,575,321</u>	<u>35,955,000</u>	<u>48,178,991</u>
Interest income:				
Loans	<u>130,132</u>	<u>1,644,799</u>	<u>120,604</u>	<u>1,895,535</u>
Investments and other financial assets	<u>0</u>	<u>1,336,651</u>	<u>437,810</u>	<u>1,774,461</u>
Interest expenses:				
Deposits	<u>32,793</u>	<u>2,545,332</u>	<u>384,471</u>	<u>2,962,596</u>
Financing	<u>0</u>	<u>76,562</u>	<u>1,463,151</u>	<u>1,539,713</u>
Other income:				
Equity participation in associates	<u>0</u>	<u>4,894,872</u>	<u>0</u>	<u>4,894,872</u>
Received dividends	<u>0</u>	<u>197,953</u>	<u>0</u>	<u>197,953</u>
General and administrative expenses:				
Directors' fees	<u>127,220</u>	<u>0</u>	<u>0</u>	<u>127,220</u>
Benefits to key management personnel	<u>621,071</u>	<u>0</u>	<u>0</u>	<u>621,071</u>

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(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>

	March 31, 2021			
	Directors and Management	Related Companies	Affiliated Companies	Total
Assets:				
Investments and other financial assets	<u>0</u>	<u>147,663,454</u>	<u>36,647,254</u>	<u>184,310,708</u>
Loans	<u>11,329,833</u>	<u>164,284,836</u>	<u>12,350,832</u>	<u>187,965,501</u>
Investments in associates	<u>0</u>	<u>23,846,682</u>	<u>0</u>	<u>23,846,682</u>
Liabilities:				
Deposits:				
Demand	1,312,552	106,451,953	85,217,389	192,981,894
Savings	8,952,378	84,600,502	26,452,325	120,005,205
Time	<u>2,931,534</u>	<u>302,632,679</u>	<u>131,076,923</u>	<u>436,641,136</u>
	<u>13,196,464</u>	<u>493,685,134</u>	<u>242,746,637</u>	<u>749,628,235</u>
Perpetual bonds	<u>0</u>	<u>0</u>	<u>90,000,000</u>	<u>90,000,000</u>
Commitments and contingencies	<u>1,648,670</u>	<u>5,627,672</u>	<u>35,955,000</u>	<u>43,231,342</u>

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

	March 31, 2021			
	<u>Directors and Management</u>	<u>Related Companies</u>	<u>Affiliated Companies</u>	<u>Total</u>
<u>Interest income:</u>				
Loans	<u>121,448</u>	<u>2,235,686</u>	<u>176,485</u>	<u>2,533,619</u>
Investments and other financial assets	<u>0</u>	<u>1,612,186</u>	<u>468,750</u>	<u>2,080,936</u>
<u>Interest expenses:</u>				
Deposits	<u>36,037</u>	<u>3,186,829</u>	<u>322,254</u>	<u>3,545,120</u>
Financing	<u>0</u>	<u>0</u>	<u>1,462,500</u>	<u>1,462,500</u>
<u>Other income:</u>				
Equity participation in associates	<u>0</u>	<u>2,232,552</u>	<u>0</u>	<u>2,232,552</u>
Received dividends	<u>0</u>	<u>170,967</u>	<u>0</u>	<u>170,967</u>
<u>General and administrative expenses:</u>				
Directors' fees	<u>140,791</u>	<u>0</u>	<u>0</u>	<u>140,791</u>
Benefits to key management personnel	<u>599,974</u>	<u>0</u>	<u>0</u>	<u>599,974</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:

	March 31	
	<u>2022</u>	<u>2021</u>
Cash and cash items	217,507,440	217,609,900
Demand deposits with banks	351,759,557	467,706,179
Time deposits with banks	<u>250,279,347</u>	<u>264,298,006</u>
Total deposits with banks	<u>602,038,904</u>	<u>732,004,185</u>
Less: Deposits with banks, with original maturities greater than three months	<u>195,279,347</u>	<u>199,257,379</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>624,266,997</u>	<u>750,356,706</u>

Demand deposits with banks include cash collateral accounts for B/.38,656,811 (December 31, 2021: B/.25,765,294) that secure derivative operations and the next quarterly payments of principal and interest of certain obligations.

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

The composition of the loan portfolio is summarized as follows:

	March 31 2022	December 31 2021	March 31 2021
Internal sector:			
Residential mortgages	4,546,365,952	4,527,930,938	4,399,244,473
Personal, auto and credit cards	1,710,318,869	1,707,750,625	1,724,125,267
Commercial mortgages	1,924,147,199	1,919,260,832	1,928,684,198
Lines of credit and commercial loans	1,168,671,100	1,131,776,747	1,199,138,332
Interim financing	347,862,498	378,674,071	463,080,600
Financial leases, net	65,790,900	65,341,390	76,791,588
Other secured loans	199,331,648	202,229,996	185,609,272
Overdrafts	105,855,750	101,481,801	111,946,294
Total internal sector	<u>10,068,343,916</u>	<u>10,034,446,400</u>	<u>10,088,620,024</u>
External sector:			
Residential mortgages	181,000,603	185,841,411	199,651,940
Personal, auto and credit cards	8,707,156	9,253,456	10,927,943
Commercial mortgages	148,097,229	161,100,420	180,548,496
Lines of credit and commercial loans	826,316,788	863,454,316	720,234,058
Other secured loans	10,323,940	10,084,442	13,662,330
Overdrafts	28,161,145	33,598,518	50,106,816
Total external sector	<u>1,202,606,861</u>	<u>1,263,332,563</u>	<u>1,175,131,583</u>
Total	<u>11,270,950,777</u>	<u>11,297,778,963</u>	<u>11,263,751,607</u>

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

	March 31, 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	13,593,218	(8,788,242)	(4,804,976)	0
Transferred to lifetime ECL not credit-impaired	(11,072,675)	16,057,601	(4,984,926)	0
Transferred to lifetime ECL credit-impaired	(2,467,481)	(11,736,375)	14,203,856	0
Net remeasurement of portfolio	(280,649)	3,219,678	12,705,698	15,644,727
New Loans	10,766,563	1,812,769	3,544,499	16,123,831
Loans that have been derecognized	(3,127,778)	(1,670,829)	(9,484,324)	(14,282,931)
Recovery of loan write-off	0	0	7,504,988	7,504,988
Loans written-off	0	0	(3,737,619)	(3,737,619)
Balance at the end of the period	<u>204,800,082</u>	<u>128,707,518</u>	<u>155,451,458</u>	<u>488,959,058</u>

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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>

	March 31, 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	6,888,273	(5,691,645)	(1,196,628)	0
Transferred to lifetime ECL not credit-impaired	(902,020)	1,578,270	(676,250)	0
Transferred to lifetime ECL credit-impaired	(452,097)	(5,311,555)	5,763,652	0
Net remeasurement of portfolio	(62,329,700)	1,182,644	104,337,681	43,190,625
New Loans	2,153,671	796,194	2,903,242	5,853,107
Loans that have been derecognized	(2,007,885)	(1,855,971)	(5,368,330)	(9,232,186)
Recovery of loan write-off	0	0	4,941,895	4,941,895
Loans written-off	0	0	(18,774,852)	(18,774,852)
Balance at the end of the period	<u>169,073,357</u>	<u>62,657,217</u>	<u>178,043,422</u>	<u>409,773,996</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/.49,005,963 (December 31, 2021 B/.57,831,652) and (March 31, 2021 B/.122,445,215).

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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:

	March 31, 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	4,509,410	1,863,716	1,119,112	7,492,238
Sales and disposals	<u>513,130</u>	<u>582,734</u>	<u>0</u>	<u>384,795</u>	<u>92,002</u>	<u>1,572,661</u>
At the end of the period	<u>32,011,495</u>	<u>136,276,905</u>	<u>167,863,743</u>	<u>114,816,642</u>	<u>45,952,532</u>	<u>496,921,317</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	884,483	3,069,024	2,093,002	506,417	6,552,926
Sales and disposal	<u>0</u>	<u>298,455</u>	<u>0</u>	<u>384,794</u>	<u>92,001</u>	<u>775,250</u>
At the end of the period	<u>0</u>	<u>40,746,826</u>	<u>97,732,009</u>	<u>86,263,524</u>	<u>32,911,220</u>	<u>257,653,579</u>
Net balance	<u>32,011,495</u>	<u>95,530,079</u>	<u>70,131,734</u>	<u>28,553,118</u>	<u>13,041,312</u>	<u>239,267,738</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	<u>41,479</u>	<u>494,940</u>	<u>426,276</u>	<u>2,522,870</u>	<u>730,081</u>	<u>4,215,646</u>
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	<u>0</u>	<u>410,439</u>	<u>425,785</u>	<u>2,518,090</u>	<u>730,081</u>	<u>4,084,395</u>
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>

	March 31, 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	0	2,665,945	825,364	268,696	3,760,005
Sales and disposals	<u>6,180</u>	<u>258,094</u>	<u>0</u>	<u>648,935</u>	<u>0</u>	<u>913,209</u>
At the end of the period	<u>32,559,924</u>	<u>136,852,883</u>	<u>145,549,993</u>	<u>113,646,699</u>	<u>42,213,302</u>	<u>470,822,801</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	876,905	2,655,617	2,061,190	502,460	6,096,172
Sales and disposal	<u>0</u>	<u>212,622</u>	<u>0</u>	<u>648,935</u>	<u>0</u>	<u>861,557</u>
At the end of the period	<u>0</u>	<u>37,723,118</u>	<u>86,776,668</u>	<u>80,202,696</u>	<u>31,674,103</u>	<u>236,376,585</u>
Net balance	<u>32,559,924</u>	<u>99,129,765</u>	<u>58,773,325</u>	<u>33,444,003</u>	<u>10,539,199</u>	<u>234,446,216</u>

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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:

	March 31 <u>2022</u>	December 31 <u>2021</u>	March 31 <u>2021</u>
Cost:			
At the beginning of the period	26,704,514	25,538,433	25,538,433
New contracts	367,146	2,379,616	2,005,734
Cancellations	<u>(625,912)</u>	<u>(1,213,535)</u>	<u>0</u>
At the end of the period	<u>26,445,748</u>	<u>26,704,514</u>	<u>27,544,167</u>
Accumulated depreciation:			
At the beginning of the period	9,706,856	7,073,818	7,073,818
Expense of the period	846,134	3,566,896	911,132
Cancellations	<u>(519,884)</u>	<u>(933,858)</u>	<u>0</u>
At the end of the period	<u>10,033,106</u>	<u>9,706,856</u>	<u>7,984,950</u>
Net balance	<u>16,412,642</u>	<u>16,997,658</u>	<u>19,559,217</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%	27,494,722
Vale General, S. A. (1)	July 2018	Pases Alimenticios, S. A. (administration and marketing of food vouchers)	100%	<u>291,000</u>
Total				<u>41,382,499</u>

(1) UGE Banking

(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>March 31, 2022</u>		
	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
Cost:			
Balance at the beginning of the period	<u>41,382,499</u>	<u>47,462,084</u>	<u>88,844,583</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>654,348</u>	<u>654,348</u>
Balance at the end of the period	<u>0</u>	<u>37,952,132</u>	<u>37,952,132</u>
Net balance at the end of the period	<u>41,382,499</u>	<u>9,509,952</u>	<u>50,892,451</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>March 31, 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>654,348</u>	<u>654,348</u>
Balance at the end of the period	<u>0</u>	<u>35,334,740</u>	<u>35,334,740</u>
Net balance at the end of the period	<u>41,489,737</u>	<u>12,127,344</u>	<u>53,617,081</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 March 31, 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>March 31 2022</u>	<u>December 31 2021</u>	<u>March 31 2021</u>
Mortgage Backed Securities (MBS)	2	<u>103,599,293</u>	<u>83,296,219</u>	<u>84,409,615</u>
Total		<u>103,599,293</u>	<u>83,296,219</u>	<u>84,409,615</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>March 31 2022</u>	<u>December 31 2021</u>	<u>March 31 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 3, 6 and 12 month Libor plus a margin	0	0	27,500,000
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	150,000,000	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	2,226,857	2,469,522	3,082,646
Borrowing under USAID (guarantor) program with maturity in 2025, at a fixed annual interest rate of 7.65%	2,022,009	2,272,387	2,514,121
Notes with maturities in 2024, at a fixed interest rate	50,000,000	55,000,000	140,000,000
Notes with maturities in 2027, at a fixed interest rate	<u>75,000,000</u>	<u>75,000,000</u>	<u>75,000,000</u>
Subtotal of borrowings and debt securities issued	874,145,866	879,638,909	988,068,767
Revaluation coverage	<u>9,242,345</u>	<u>14,007,166</u>	<u>19,883,839</u>
Total borrowings and debt securities issued, net	<u>883,388,211</u>	<u>893,646,075</u>	<u>1,007,952,606</u>

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

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

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

	March 31	
	<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	(5,493,043)	(55,735,143)
Revaluation coverage	<u>(4,764,821)</u>	<u>(12,780,834)</u>
Balance at the end of the period	<u>883,388,211</u>	<u>1,007,952,606</u>

(12) Lease Liabilities

The movement of lease liabilities is detailed as follows:

	March 31	December 31	March 31
	<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	367,146	2,379,616	2,005,734
Payments	(799,560)	(3,233,085)	(816,773)
Cancellations	<u>(114,011)</u>	<u>(297,225)</u>	<u>0</u>
Balance at the end of the period	<u>17,999,197</u>	<u>18,545,622</u>	<u>20,885,277</u>

Interest expense on lease liabilities for B/.204,215 (2021: B/.226,006) 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/.19,828,782 (December 31, 2021: B/.19,702,364) and (March 31, 2021: B/.19,146,475) and are comprised of unearned premiums and estimated insurance claims incurred. The movement of the reserves of insurance operations is summarized as follows:

	March 31 2022	December 31 2021	March 31 2021
Unearned Premiums			
Balance at the beginning of the period	20,473,022	21,103,378	21,103,378
Issued premiums	12,053,845	40,003,701	10,413,200
Earned premiums	<u>(10,863,342)</u>	<u>(40,634,057)</u>	<u>(10,707,415)</u>
Balance at the end of the period	21,663,525	20,473,022	20,809,163
Reinsurers participation	<u>(4,863,712)</u>	<u>(3,990,237)</u>	<u>(4,467,027)</u>
Unearned premiums, net	<u>16,799,813</u>	<u>16,482,785</u>	<u>16,342,136</u>
Estimated Insurance Claims Incurred			
Balance at the beginning of the period	4,574,850	3,413,785	3,413,785
Incurred claims	2,425,555	13,093,422	4,698,305
Paid claims	<u>(2,696,138)</u>	<u>(11,932,357)</u>	<u>(4,365,053)</u>
Balance at the end of the period	4,304,267	4,574,850	3,747,037
Reinsurer participation	<u>(1,275,298)</u>	<u>(1,355,271)</u>	<u>(942,698)</u>
Estimated insurance claims incurred, net	<u>3,028,969</u>	<u>3,219,579</u>	<u>2,804,339</u>
Total reserves of insurance operations	<u>19,828,782</u>	<u>19,702,364</u>	<u>19,146,475</u>

(14) Segment Information

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

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

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

Insurance and Reinsurance

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

Pension and Retirement Fund

Administration of pension and retirement, severance and investment funds

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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>March 31, 2022</u>		
	<u>Banking and</u>	<u>Insurance</u>	<u>Pension and</u>		
	<u>Financial</u>	<u>and</u>	<u>retirement</u>		
	<u>Activities</u>	<u>Reinsurance</u>	<u>Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	229,857,339	1,677,852	379,484	1,259,659	230,655,016
Interest and provision expenses	94,027,694	23,288	0	1,259,659	92,791,323
Other income, net	17,953,647	7,386,184	3,813,010	3,008	29,149,833
General and administrative expenses	68,697,947	662,462	1,294,641	3,008	70,652,042
Depreciation and amortization expense	7,328,413	3,599	67,048	0	7,399,060
Equity participation in associates	4,894,872	0	0	0	4,894,872
Net income before income tax	82,651,804	8,374,687	2,830,805	0	93,857,296
Net Income tax, estimated	12,670,155	1,412,501	640,382	0	14,723,038
Net Income tax, deferred	(6,091,045)	0	0	0	(6,091,045)
Net Income tax	6,579,110	1,412,501	640,382	0	8,631,993
Net income	76,072,694	6,962,186	2,190,423	0	85,225,303
Total assets	18,656,684,363	312,164,195	51,667,550	222,108,327	18,798,407,781
Total liabilities	16,406,126,797	50,526,975	4,587,430	202,702,265	16,258,538,937

			<u>March 31, 2021</u>		
	<u>Banking and</u>	<u>Insurance</u>	<u>Pension and</u>		
	<u>Financial</u>	<u>and</u>	<u>retirement</u>		
	<u>Activities</u>	<u>Reinsurance</u>	<u>Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	220,279,896	1,734,794	373,642	1,218,981	221,169,351
Interest and provision expenses	112,374,569	(23,088)	0	1,218,981	111,132,500
Other income, net	37,091,845	5,349,625	3,585,785	2,603	46,024,652
General and administrative expenses	63,547,883	613,862	1,226,940	2,603	65,386,082
Depreciation and amortization expense	6,879,849	56,249	71,206	0	7,007,304
Equity participation in associates	2,232,552	0	0	0	2,232,552
Net income before income tax	76,801,992	6,437,396	2,661,281	0	85,900,669
Net Income tax, estimated	8,651,520	610,446	592,068	0	9,854,034
Net Income tax, deferred	(4,012,767)	0	0	0	(4,012,767)
Net Income tax	4,638,753	610,446	592,068	0	5,841,267
Net income	72,163,239	5,826,950	2,069,213	0	80,059,402
Total assets	18,586,729,957	291,955,530	45,827,468	210,962,365	18,713,550,590
Total liabilities	16,256,796,084	50,096,567	4,170,386	191,556,303	16,119,506,734

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

		<u>March 31, 2022</u>		
	<u>Panama</u>	<u>Latin America</u>	<u>United States of</u>	
		<u>and the</u>	<u>America and</u>	
		<u>Caribbean</u>	<u>Others</u>	<u>Total</u>
Interest and commission income, other income, net and Equity participation in associates	237,480,572	22,602,529	4,616,621	264,699,721
Non-financial	286,598,696	3,561,493	0	290,160,189

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

	<u>March 31, 2021</u>			
	<u>Panama</u>	<u>Latin America and the Caribbean</u>	<u>United States of America and Others</u>	<u>Total</u>
Interest and commission income, other income, net and Equity participation in associates	<u>220,541,011</u>	<u>23,968,970</u>	<u>24,916,574</u>	<u>269,426,555</u>
Non-financial	<u>284,391,642</u>	<u>3,671,655</u>	<u>0</u>	<u>288,063,297</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:

	<u>March 31, 2022</u>					
	<u>Reserves</u>					
	<u>Dynamic</u>	<u>Foreclosed Assets</u>	<u>Loans in the process of awarding</u>	<u>Legal</u>	<u>Insurance</u>	<u>Total</u>
Banco General, S. A.	133,877,476	3,348,856	7,669,154	0	0	144,895,486
Finanzas Generales, S. A.	2,810,061	0	0	0	0	2,810,061
General de Seguros, S. A.	0	0	0	0	36,134,904	36,134,904
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>3,348,856</u>	<u>7,669,154</u>	<u>1,794,475</u>	<u>36,134,904</u>	<u>201,201,769</u>

	<u>December 31, 2021</u>					
	<u>Reserves</u>					
	<u>Dynamic</u>	<u>Foreclosed Assets</u>	<u>Loans in the process of awarding</u>	<u>Legal</u>	<u>Insurance</u>	<u>Total</u>
Banco General, S. A.	133,877,476	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 (reversal) from retained earnings of the period	<u>0</u>	<u>683,695</u>	<u>58,254</u>	<u>0</u>	<u>577,401</u>	<u>1,319,350</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/.303,045 (2021: B/.313,597). 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 March 31, 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/.21,645 (2021: B/.20,400) and the disbursements to former employees who are covered under the retirement plan amount to B/.39,044 (2021: B/.41,194).

(17) Income Tax

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

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

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(17) Income Tax, continued

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

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

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

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

Net income tax is detailed as follows:

	March 31	
	<u>2022</u>	<u>2021</u>
Estimated income tax	14,783,506	10,396,625
Prior year income tax adjustments	(60,468)	(542,591)
Deferred income tax	<u>(6,091,045)</u>	<u>(4,012,767)</u>
Total income tax, net	<u>8,631,993</u>	<u>5,841,267</u>

(18) Derivative Financial Instruments

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

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

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

Below is the summary of derivative contracts is as follow:

	Total		Exchange-Traded		Over the Counter (OTC)			
	Notional Value	Book Value	Notional Value	Book Value	Liquidated in a securities exchange		Other bilateral counterparts	
					Notional Value	Book Value	Notional Value	Book Value
<u>March 31, 2022</u>								
Derivative assets	1,240,015,021	32,778,748	209,326,010	0	472,776,934	22,636,566	557,912,077	10,142,182
Derivative liabilities	1,424,368,583	32,100,556	349,832,346	0	292,152,963	21,837,679	782,383,274	10,262,877
<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>March 31, 2021</u>								
Derivative assets	1,477,408,248	37,237,685	164,800,000	0	339,356,181	6,557,074	973,252,067	30,680,611
Derivative liabilities	863,516,076	15,640,080	289,443,370	0	132,744,764	8,229,319	441,327,942	7,410,761

The Bank maintains cash and cash equivalents as collateral in institutions that maintain risk ratings between AA and BBB+ (December 31, 2021: AAA a AA-) and (March 31, 2021: AA a BBB+), which support derivative operations in the amount of B/.32.0MM (December 31, 2021: B/.19.4MM) and (March 31, 2021: B/.20.4MM).

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

Other Derivatives classified by Risk:

	March 31, 2022		December 31, 2021		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Others derivatives:						
Credit	1,395,789	4,428,765	1,942,548	1,719,786	1,410,238	1,998,864
Interest	23,956,888	22,952,047	6,654,943	5,025,807	6,968,588	8,442,343
Currency	24,503	18,623	5,782	3,803	19,539	15,001
Total	25,377,180	27,399,435	8,603,273	6,749,396	8,398,365	10,456,208

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>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Exposure to risk:						
Interest rate						
Fair value hedge	2,484,663	0	14,024,134	0	19,683,940	3,995,894
Others	<u>0</u>	<u>2,716,337</u>	<u>0</u>	<u>5,252,274</u>	<u>0</u>	<u>315,206</u>
Total interest rate	<u>2,484,663</u>	<u>2,716,337</u>	<u>14,024,134</u>	<u>5,252,274</u>	<u>19,683,940</u>	<u>4,311,100</u>
Currency						
Others	<u>4,916,905</u>	<u>1,469,862</u>	<u>307,040</u>	<u>2,512,351</u>	<u>9,155,380</u>	<u>404,459</u>
Total Currency	<u>4,916,905</u>	<u>1,469,862</u>	<u>307,040</u>	<u>2,512,351</u>	<u>9,155,380</u>	<u>404,459</u>
Credit						
Others	<u>0</u>	<u>514,922</u>	<u>0</u>	<u>503,310</u>	<u>0</u>	<u>468,313</u>
Total Credit	<u>0</u>	<u>514,922</u>	<u>0</u>	<u>503,310</u>	<u>0</u>	<u>468,313</u>
Total derivatives for risk exposure	<u>7,401,568</u>	<u>4,701,121</u>	<u>14,331,174</u>	<u>8,267,935</u>	<u>28,839,320</u>	<u>5,183,872</u>

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

<u>Risk Category</u>	<u>March 31, 2022</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%
<hr/>					
<u>Risk Category</u>	<u>December 31, 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%
<hr/>					
Hedging of Bonds and Notes					
Notional Value	0	0	0	0	250,000,000
Average interest rate					1.80%

BANCO GENERAL, S. A. AND SUBSIDIARIES

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Notes to the Condensed Consolidated Interim Financial Information

(18) Derivative Financial Instruments, continued

<u>Risk Category</u>	<u>March 31, 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	7,250,000	0	19,820,484
Average interest rate			7.60%		6.00%
Hedging of Bonds and Notes					
Notional Value	0	0	0	70,000,000	250,000,000
Average interest rate				1.23%	1.85%

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

	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	20,000,000	2,484,663	0	Other assets (liabilities)	0	0
Total interest rate risk	20,000,000	2,484,663	0			

	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	20,000,000	16,968	0	Other assets (liabilities)	0	0
Interest rate derivatives – Bonds and notes Hedge	250,000,000	14,007,166	0	Other assets (liabilities)	0	0
Total interest rate risk	270,000,000	14,024,134	0			

	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	27,070,484	0	3,995,894	Other assets (liabilities)	0	0
Interest rate derivatives – Bonds and notes Hedge	320,000,000	19,683,940	0	Other assets (liabilities)	0	0
Total interest rate risk	347,070,484	19,683,940	3,995,894			

BANCO GENERAL, S. A. AND SUBSIDIARIES

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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>March 31, 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	18,200,000		0	2,484,663	Investment securities FVOCI	0
						0
<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		250,000,000	0	14,007,166	Borrowing and debt securities issued	0
						0
<u>March 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	28,269,377		3,995,239	0	Investment securities FVOCI	0
Bonds and notes		320,000,000	0	19,883,839	Borrowing and debt securities issued	0
						0

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

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

		March 31, 2022			
		Level 1	Level 2	Level 3	Total
	<u>Assets</u>				
Other derivatives:					
Credit	0	1,395,789	0	1,395,789	
Interest	0	23,956,888	0	23,956,888	
Currency	0	24,503	0	24,503	
Total	0	25,377,180	0	25,377,180	
Hedge derivatives for risk management:					
Interest	0	2,484,663	0	2,484,663	
Currency	0	4,916,905	0	4,916,905	
Total	0	7,401,568	0	7,401,568	
Total derivatives assets	0	32,778,748	0	32,778,748	
	<u>Liabilities</u>				
Other derivatives:					
Credit	0	4,428,765	0	4,428,765	
Interest	172,529	22,779,518	0	22,952,047	
Currency	0	18,623	0	18,623	
Total	172,529	27,226,906	0	27,399,435	
Hedge derivatives for risk management:					
Credit	0	514,922	0	514,922	
Interest	0	2,716,337	0	2,716,337	
Currency	0	1,469,862	0	1,469,862	
Total	0	4,701,121	0	4,701,121	
Total derivatives liabilities	172,529	31,928,027	0	32,100,556	
		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**

	March 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Other derivatives:				
Credit	0	1,410,238	0	1,410,238
Interest	0	6,968,588	0	6,968,588
Currency	0	19,539	0	19,539
Total	0	8,398,365	0	8,398,365
Hedge derivatives for risk management:				
Interest	0	19,683,940	0	19,683,940
Currency	0	9,155,380	0	9,155,380
Total	0	28,839,320	0	28,839,320
Total derivatives assets	0	37,237,685	0	37,237,685
<u>Liabilities</u>				
Other derivatives:				
Credit	0	1,998,864	0	1,998,864
Interest	1,000	8,441,343	0	8,442,343
Currency	0	15,001	0	15,001
Total	1,000	10,455,208	0	10,456,208
Hedge derivatives for risk management:				
Credit	0	468,313	0	468,313
Interest	0	4,311,100	0	4,311,100
Currency	0	404,459	0	404,459
Total	0	5,183,872	0	5,183,872
Total derivatives liabilities	1,000	15,639,080	0	15,640,080

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments

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

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

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

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

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

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

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

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.

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**

	March 31			
	<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Corporate Bonds and Fixed Income Funds	56,794,747	0	0	56,794,747
Bonds of the Republic of Panama	2,496,572	0	2,496,572	0
Local Corporate Shares	40,005,425	0	0	40,005,425
Foreign Treasury Bills	249,965	249,965	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	397,990,626	0	397,990,626	0
Asset Backed Securities (ABS)	73,892,235	0	73,892,235	0
Foreign Corporate Bonds and Fixed Income Funds	368,395,842	0	202,101,768	166,294,074
Foreign Share capital and Variable Income Mutual Funds	2,163,966	0	34,000	2,129,966
Total	<u>941,989,378</u>	<u>249,965</u>	<u>676,515,201</u>	<u>265,224,212</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>

	March 31			
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Corporate Bonds and Fixed Income Funds	60,086,571	0	0	60,086,571
Bonds of the Republic of Panama	1,065,355	0	1,065,355	0
Local Corporate Shares	37,593,989	3,041	0	37,590,948
Foreign Treasury Bills	250,962	250,962	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	533,772,130	0	533,772,130	0
Asset Backed Securities (ABS)	67,782,238	0	67,782,238	0
Foreign Corporate Bonds and Fixed Income Funds	127,721,059	49,968	11,249,330	116,421,761
Foreign Share capital	74,114	0	0	74,114
Total	<u>828,346,418</u>	<u>303,971</u>	<u>613,869,053</u>	<u>214,173,394</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**

	March 31 2022	Level 1	Level 2	Level 3
Local Commercial Paper and Treasury Bills	24,695,655	0	19,350,645	5,345,010
Local Corporate Bonds	1,133,356,192	0	389,432,659	743,923,533
Bonds of the Republic of Panama	105,753,803	0	105,753,803	0
Bonds of the US Government and Agency	247,075,689	247,075,689	0	0
Foreign Commercial Paper and Treasury Bills	520,628,123	428,758,912	91,869,211	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,236,893,239	0	1,236,893,239	0
Asset Backed Securities (ABS)	186,958,591	0	186,958,591	0
Foreign Corporate Bonds	1,429,490,665	0	1,429,490,665	0
Bonds of Other Governments	43,691,306	0	43,691,306	0
Total	4,928,543,263	675,834,601	3,503,440,119	749,268,543
	December 31 2021	Level 1	Level 2	Level 3
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	5,030,577,545	836,768,112	3,528,861,250	664,948,183
	March 31 2021	Level 1	Level 2	Level 3
Local Commercial Paper	6,937,405	0	0	6,937,405
Local Corporate Bonds	1,108,737,809	0	365,817,553	742,920,256
Bonds of the Republic of Panama	118,492,857	0	118,492,857	0
Bonds of the US Government and Agency	91,535,111	87,580,022	3,955,089	0
Foreign Commercial Paper and Treasury Bills	593,933,381	452,305,946	141,627,435	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,310,519,376	0	1,310,519,376	0
Asset Backed Securities (ABS)	201,414,777	0	201,414,777	0
Foreign Corporate Bonds	1,231,594,397	203,472	1,231,390,925	0
Bonds of Other Governments	60,901,780	0	60,901,780	0
Total	4,724,066,893	540,089,440	3,434,119,792	749,857,661

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

	<u>Changes in Fair Value Measurement of Level 3 hierarchy</u>		
	Investments and other financial assets		Total
	Fair Value through Profit or Loss	Fair Value through OCI	
December 31, 2021	267,861,250	664,948,183	932,809,433
Loss recognized in income	(3,867,392)	0	(3,867,392)
Loss recognized in equity	0	(15,219,585)	(15,219,585)
Purchases	12,410,183	118,006,016	130,416,199
Amortization, sales and redemptions	(11,179,829)	(18,466,071)	(29,645,900)
March 31, 2022	<u>265,224,212</u>	<u>749,268,543</u>	<u>1,014,492,755</u>
Total loss related to instruments held as of March 31, 2022	<u>(3,858,139)</u>	<u>(15,215,104)</u>	<u>(19,073,243)</u>
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	<u>267,861,250</u>	<u>664,948,183</u>	<u>932,809,433</u>
Total gains related to instruments held as of December 31, 2021	<u>4,645,900</u>	<u>1,553,645</u>	<u>6,199,545</u>
December 31, 2020	212,951,434	771,860,567	984,812,001
Gain recognized in income	2,010,297	0	2,010,297
Loss recognized in equity	0	(5,090,335)	(5,090,335)
Purchases	2,451,107	3,977,880	6,428,987
Amortization, sales and redemptions	(3,239,444)	(18,290,451)	(21,529,895)
Transfers from level 3	0	(2,600,000)	(2,600,000)
March 31, 2021	<u>214,173,394</u>	<u>749,857,661</u>	<u>964,031,055</u>
Total (loss) gains related to instruments held as of March 31, 2021	<u>1,842,137</u>	<u>(5,090,244)</u>	<u>(3,248,107)</u>

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

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Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments, continued

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

<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>March 31 2022</u>	<u>December 31 2021</u>	<u>March 31 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 0.36% Max 16.92% Ave 2.77%	Min 1.09% Max 17.12% Ave 2.61%	Min 1.09% Max 10.51% Ave 2.65%	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>March 31, 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	18,305	(69,951)	9,315,643	(11,160,252)
Corporate Shares	3,569,486	(2,979,303)	0	0
Total	3,587,791	(3,049,254)	9,315,643	(11,160,252)

	<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	3,457,321	(2,891,752)	0	0
Total	3,461,293	(2,906,791)	6,505,473	(7,223,338)

	<u>March 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	49,518	(104,013)	6,806,906	(6,985,633)
Corporate Shares	2,193,078	(1,844,591)	0	0
Total	2,242,596	(1,948,604)	6,806,906	(6,985,633)

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Notes to the Condensed Consolidated Interim Financial Information

(19) Fair Value of Financial Instruments, continued

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

(a) *Investments and other financial assets*

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

(b) *Loans*

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

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

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

(d) *Time deposits from customers and banks/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.

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

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>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 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	250,279,347	250,135,687	194,252,658	195,440,521	264,298,006	266,172,331
Investments at amortized cost, net	62,828,384	62,850,928	122,185,542	122,207,361	63,111,649	63,122,082
Loans, net	<u>10,746,201,775</u>	<u>10,714,197,861</u>	<u>10,793,980,833</u>	<u>10,723,349,532</u>	<u>10,817,993,589</u>	<u>10,762,457,419</u>
	<u>11,059,309,506</u>	<u>11,027,184,476</u>	<u>11,110,419,033</u>	<u>11,040,997,414</u>	<u>11,145,403,244</u>	<u>11,091,751,832</u>
Liabilities:						
Deposits	13,655,017,035	13,693,368,023	13,800,611,671	13,848,788,141	13,596,781,814	13,636,837,523
Borrowings, debt securities issued and perpetual bonds	<u>1,283,388,211</u>	<u>1,253,435,244</u>	<u>1,293,646,075</u>	<u>1,307,365,910</u>	<u>1,225,632,606</u>	<u>1,237,919,734</u>
	<u>14,938,405,246</u>	<u>14,946,803,267</u>	<u>15,094,257,746</u>	<u>15,156,154,051</u>	<u>14,822,414,420</u>	<u>14,874,757,257</u>

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:

	<u>March 31 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Time deposits with banks	250,135,687	0	0	250,135,687
Investments at amortized cost, net	62,850,928	0	59,702,975	3,147,953
Loans, net	<u>10,714,197,861</u>	<u>0</u>	<u>0</u>	<u>10,714,197,861</u>
	<u>11,027,184,476</u>	<u>0</u>	<u>59,702,975</u>	<u>10,967,481,501</u>
Liabilities:				
Deposits	13,693,368,023	0	0	13,693,368,023
Borrowings, debt securities issued and perpetual bonds	<u>1,253,435,244</u>	<u>0</u>	<u>0</u>	<u>1,253,435,244</u>
	<u>14,946,803,267</u>	<u>0</u>	<u>0</u>	<u>14,946,803,267</u>
	<u>December 31 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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>

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**

	March 31			
	<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Assets:</u>				
Time deposits with banks	266,172,331	0	0	266,172,331
Investments at amortized cost, net	63,122,082	0	58,900,000	4,222,082
Loans, net	<u>10,762,457,419</u>	<u>0</u>	<u>0</u>	<u>10,762,457,419</u>
	<u>11,091,751,832</u>	<u>0</u>	<u>58,900,000</u>	<u>11,032,851,832</u>
<u>Liabilities:</u>				
Deposits	13,636,837,523	0	0	13,636,837,523
Borrowings, debt securities issued and perpetual bonds	<u>1,237,919,734</u>	<u>0</u>	<u>0</u>	<u>1,237,919,734</u>
	<u>14,874,757,257</u>	<u>0</u>	<u>0</u>	<u>14,874,757,257</u>

(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:

	March 31, 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	8,860,058	150,437	0	9,010,495
Grade 2: Special mention	47,534	1,152,291	13,778	1,213,603
Grade 3: Sub-standard	29,235	135,112	556,416	720,763
Grade 4: Doubtful	3,433	4,748	132,240	140,421
Grade 5: Uncollectible	<u>7,912</u>	<u>2,674</u>	<u>109,292</u>	<u>119,878</u>
Gross amount	8,948,172	1,445,262	811,726	11,205,160
Loan losses allowance	<u>(203,707)</u>	<u>(128,463)</u>	<u>(154,771)</u>	<u>(486,941)</u>
Net carrying amount	<u>8,744,465</u>	<u>1,316,799</u>	<u>656,955</u>	<u>10,718,219</u>
<u>Finance leases</u>				
Grade 1: Standard	58,191	334	0	58,525
Grade 2: Special mention	106	4,015	0	4,121
Grade 3: Sub-standard	75	940	1,474	2,489
Grade 4: Doubtful	17	0	186	203
Grade 5: Uncollectible	<u>0</u>	<u>0</u>	<u>453</u>	<u>453</u>
Gross amount	58,389	5,289	2,113	65,791
Loan losses allowance	<u>(1,093)</u>	<u>(245)</u>	<u>(680)</u>	<u>(2,018)</u>
Net carrying amount	<u>57,296</u>	<u>5,044</u>	<u>1,433</u>	<u>63,773</u>
Total loans	<u>9,006,561</u>	<u>1,450,551</u>	<u>813,839</u>	<u>11,270,951</u>
Loan losses allowance	<u>(204,800)</u>	<u>(128,708)</u>	<u>(155,451)</u>	<u>(488,959)</u>
Net carrying amount	<u>8,801,761</u>	<u>1,321,843</u>	<u>658,388</u>	<u>10,781,992</u>
<u>Restructured loans</u>				
Gross amount	69,092	824,923	361,003	1,255,018
Loan losses allowance	<u>(5,428)</u>	<u>(67,874)</u>	<u>(74,698)</u>	<u>(148,000)</u>
Net carrying amount	<u>63,664</u>	<u>757,049</u>	<u>286,305</u>	<u>1,107,018</u>

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(Panama, Republic of Panama)

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**

	March 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	9,561,401	227,209	100,116	9,888,726
Grade 2: Special mention	83,127	620,907	15,070	719,104
Grade 3: Sub-standard	2,160	59,507	367,522	429,189
Grade 4: Doubtful	615	439	54,936	55,990
Grade 5: Uncollectible	367	489	93,095	93,951
Gross amount	9,647,670	908,551	630,739	11,186,960
Loan losses allowance	(168,965)	(62,452)	(177,337)	(408,754)
Net carrying amount	<u>9,478,705</u>	<u>846,099</u>	<u>453,402</u>	<u>10,778,206</u>
<u>Finance leases</u>				
Grade 1: Standard	64,604	922	194	65,720
Grade 2: Special mention	260	4,701	37	4,998
Grade 3: Sub-standard	13	1,302	4,052	5,367
Grade 4: Doubtful	23	0	567	590
Grade 5: Uncollectible	0	0	117	117
Gross amount	64,900	6,925	4,967	76,792
Loan losses allowance	(108)	(205)	(707)	(1,020)
Net carrying amount	<u>64,792</u>	<u>6,720</u>	<u>4,260</u>	<u>75,772</u>
Total loans	<u>9,712,570</u>	<u>915,476</u>	<u>635,706</u>	<u>11,263,752</u>
Loan losses allowance	(169,073)	(62,657)	(178,044)	(409,774)
Net carrying amount	<u>9,543,497</u>	<u>852,819</u>	<u>457,662</u>	<u>10,853,978</u>
<u>Restructured loans</u>				
Gross amount	9,056	56,847	161,835	227,738
Loan losses allowance	(290)	(2,411)	(43,299)	(46,000)
Net carrying amount	<u>8,766</u>	<u>54,436</u>	<u>118,536</u>	<u>181,738</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

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

	<u>March 31, 2022</u>		<u>Total</u>
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	
Current	9,689,836,505	812,212,167	10,502,048,672
From 31 to 90 days	378,658,613	10,589,420	389,248,033
More than 90 days (capital or interest)	357,540,700	5,767,785	363,308,485
More than 30 days past due (capital at maturity)	<u>15,570,074</u>	<u>775,513</u>	<u>16,345,587</u>
Total	<u>10,441,605,892</u>	<u>829,344,885</u>	<u>11,270,950,777</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>March 31, 2021</u>		<u>Total</u>
	<u>Banco General, S. A.</u>	<u>Subsidiaries</u>	
Current	9,938,358,033	825,012,440	10,763,370,473
From 31 to 90 days	314,843,405	9,587,732	324,431,137
More than 90 days (capital or interest)	158,561,171	7,260,795	165,821,966
More than 30 days past due (capital at maturity)	<u>10,077,720</u>	<u>50,311</u>	<u>10,128,031</u>
Total	<u>10,421,840,329</u>	<u>841,911,278</u>	<u>11,263,751,607</u>

BANCO GENERAL, S. A. AND SUBSIDIARIES

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

The 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/.42,169,391 (December 31, 2021: B/.43,018,755) and (March 31, 2021: B/.37,668,103) which are not subject to credit risk:

	<u>12-month ECL</u>	<u>Lifetime ECL Not credit-impaired</u>	<u>March 31, 2022 Lifetime ECL credit-impaired</u>	<u>Purchased credit-impaired</u>	<u>Total</u>
<u>At Amortized Cost</u>					
<i>Foreign:</i>					
AAA	58,700,000	0	0	0	58,700,000
Lower than BBB-	<u>4,150,928</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,150,928</u>
Carrying amount	<u>62,850,928</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,850,928</u>
Loss allowance	<u>(22,544)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,544)</u>
Total carrying amount, net	<u><u>62,828,384</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>62,828,384</u></u>
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	611,672,876	0	0	0	611,672,876
Lower than BBB-	<u>630,284,427</u>	<u>8,926,904</u>	<u>12,921,443</u>	<u>0</u>	<u>652,132,774</u>
Carrying amount	<u>1,241,957,303</u>	<u>8,926,904</u>	<u>12,921,443</u>	<u>0</u>	<u>1,263,805,650</u>
Valuation of credit risk	<u>(2,303,542)</u>	<u>(560,950)</u>	<u>(1,779,625)</u>	<u>0</u>	<u>(4,644,117)</u>
<i>Foreign:</i>					
AAA	2,053,624,183	0	0	0	2,053,624,183
AA+ to BBB-	1,334,705,007	0	0	0	1,334,705,007
Lower than BBB-	<u>251,812,785</u>	<u>24,094,622</u>	<u>100,200</u>	<u>400,816</u>	<u>276,408,423</u>
Carrying amount	<u>3,640,141,975</u>	<u>24,094,622</u>	<u>100,200</u>	<u>400,816</u>	<u>3,664,737,613</u>
Valuation of credit risk	<u>(7,222,861)</u>	<u>(7,253,115)</u>	<u>(3,336)</u>	<u>(20,891)</u>	<u>(14,500,203)</u>
Total carrying amount	<u><u>4,882,099,278</u></u>	<u><u>33,021,526</u></u>	<u><u>13,021,643</u></u>	<u><u>400,816</u></u>	<u><u>4,928,543,263</u></u>
Total valuation of credit risk	<u><u>(9,526,403)</u></u>	<u><u>(7,814,065)</u></u>	<u><u>(1,782,961)</u></u>	<u><u>(20,891)</u></u>	<u><u>(19,144,320)</u></u>
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	2,496,572				
Lower than BBB-	<u>56,794,747</u>				
Carrying amount	<u>59,291,319</u>				
<i>Foreign:</i>					
AAA	320,216,231				
AA+ to BBB-	406,920,938				
Lower than BBB-	110,136,585				
NR	<u>3,254,914</u>				
Carrying amount	<u>840,528,668</u>				
Total carrying amount	<u><u>899,819,987</u></u>				

BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

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

		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**

			<u>March 31, 2021</u>		
	<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	58,900,000	0	0	0	58,900,000
Lower than BBB-	<u>4,222,082</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,222,082</u>
Carrying amount	<u>63,122,082</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,122,082</u>
Loss allowance	<u>(10,433)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,433)</u>
Total carrying amount, net	<u><u>63,111,649</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>63,111,649</u></u>
<u>At FVOCI</u>					
<i>Local:</i>					
AA+ to BBB-	676,285,986	0	0	0	676,285,986
Lower than BBB-	<u>519,787,195</u>	<u>9,096,924</u>	<u>28,997,966</u>	<u>0</u>	<u>557,882,085</u>
Carrying amount	<u>1,196,073,181</u>	<u>9,096,924</u>	<u>28,997,966</u>	<u>0</u>	<u>1,234,168,071</u>
Valuation of credit risk	<u>(1,902,931)</u>	<u>(584,062)</u>	<u>(7,567,474)</u>	<u>0</u>	<u>(10,054,467)</u>
<i>Foreign:</i>					
AAA	2,006,030,415	0	0	0	2,006,030,415
AA+ to BBB-	<u>1,236,082,523</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,236,082,523</u>
Lower than BBB-	<u>235,003,275</u>	<u>12,223,400</u>	<u>125,771</u>	<u>433,438</u>	<u>247,785,884</u>
Carrying amount	<u>3,477,116,213</u>	<u>12,223,400</u>	<u>125,771</u>	<u>433,438</u>	<u>3,489,898,822</u>
Valuation of credit risk	<u>(5,612,471)</u>	<u>(45,711)</u>	<u>0</u>	<u>0</u>	<u>(5,658,182)</u>
Total carrying amount	<u><u>4,673,189,394</u></u>	<u><u>21,320,324</u></u>	<u><u>29,123,737</u></u>	<u><u>433,438</u></u>	<u><u>4,724,066,893</u></u>
Total valuation of credit risk	<u><u>(7,515,402)</u></u>	<u><u>(629,773)</u></u>	<u><u>(7,567,474)</u></u>	<u><u>0</u></u>	<u><u>(15,712,649)</u></u>
<u>At Fair Value TPL</u>					
<i>Local:</i>					
AA+ to BBB-	1,065,355				
Lower than BBB-	<u>60,086,571</u>				
Carrying amount	<u>61,151,926</u>				
<i>Foreign:</i>					
AAA	474,547,833				
AA+ to BBB-	<u>138,202,102</u>				
Lower than BBB-	<u>113,071,095</u>				
NR	<u>3,705,359</u>				
Carrying amount	<u>729,526,389</u>				
Total carrying amount	<u><u>790,678,315</u></u>				

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

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

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

	March 31, 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	(65,734)	65,734	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	1,645,967	7,178,656	2,398	20,891	8,847,912
New investment securities purchased	1,245,842	0	0	0	1,245,842
Investment securities that have been derecognized	(466,254)	(5,466)	(19)	0	(471,739)
Balance at the end of the period	<u>9,526,403</u>	<u>7,814,065</u>	<u>1,782,961</u>	<u>20,891</u>	<u>19,144,320</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	(2,096,390)	(24,140)	(1,900,870)	0	(4,021,400)
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>

	March 31, 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	241,192	92,300	4,669	0	338,161
New investment securities purchased	1,416,893	0	0	0	1,416,893
Investment securities that have been derecognized	(668,007)	0	0	0	(668,007)
Balance at the end of the period	<u>7,515,402</u>	<u>629,773</u>	<u>7,567,474</u>	<u>0</u>	<u>15,712,649</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 March 31, 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:

	March 31 <u>2022</u>	December 31 <u>2021</u>	March 31 <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.