Banco General

Management Discussion

First Quarter 2023

General Information

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

The following discussion is based on the information contained in the condensed consolidated interim financial statements, as of March 2023. Some figures (including percentages) in this document have been rounded.

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

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total Assets

As of March 31, 2023, the Bank's gross loan portfolio increased by US$281.7 million, or 2.5% from US$11,271.0 million in March 2022, to US$11,552.7 million in March 2023. During this period, the Bank's residential mortgage portfolio grew 1.6%, from US$4,727.4 million to US$4,803.3 million; the consumer loan portfolio increased 7.2%, from US$1,719.0 million to US$1,842.1 million; and the corporate loan portfolio, comprised of both local and regional corporate clients, increased 1.0%, from US$4,415.1 million to US$4,459.9 million, and other loans (comprised of pledge loans, overdrafts and financial leases) increased 9.3% from US$409.5 million to US$447.4 million. The Bank's local corporate loan portfolio decreased 4.5%, from US$3,440.7 million to US$3,284.6 million, and the Bank's regional corporate loan portfolio increased 20.6%, from US$974.4 million to US$1,175.3 million. The Bank's total investment portfolio primarily made up of investment-grade liquid fixed-income investments and its local and regional corporate fixed-income portfolio decreased 13.5%, from US$5,963.2 million in March 2022 to US$5,155.3 million in March 2023.

Total Liabilities

The Bank's total deposits decreased by US$653.2 million, or 4.8% from US$13,655.0 million in March 2022 to US$13,001.8 million in March 2023. During this period, time deposits, the Bank's main source of funding, decreased by US$341.7 million, or 6.1% from US$5,594.0 million to US$5,252.3 million, representing 40.4% of total deposits, with an average remaining life of 12 months, and 65.5% having original maturities of one year or more. Savings accounts decreased by US$39.5 million, or 0.8%, from US$4,970.3 million to US$4,930.8 million, representing 37.9% of total deposits. Demand deposits decreased by US$272.0 million or 8.8% from US$3,090.7 million to US$2,818.7 million, representing 21.7% of total deposits.

The Bank's total borrowings and placements increased by US$12.5 million, from US$1,283.4 million in March 2022 to US$1,295.9 million in March 2023. As of March 31, 2023, 30.9% or US$400.0 million of the Bank's financial debt consists of subordinated perpetual AT1 bonds issued in May 2021.

Equity

The Bank's equity increased by US$137.4 million, or 5.4%, from US$2,539.9 million in March 2022 to US$2,677.3 million in March 2023, mainly driven by an increase in retained earnings.

A. Liquidity and Funding Sources

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

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

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

Consistent with the Bank's conservative financial policies, we have historically maintained high levels of liquidity in investment-grade liquid investments, which are complemented by: (i) an adequate asset and liability maturity structure, (ii) a diversified and stable deposit base, (iii) access to multiple sources of financings (representing 8.32% of total liabilities); and (iv) low levels of short-term institutional liabilities, all of which gives us a stable asset and liability structure.

Primary liquidity decreased to 29.64% from 34.35% in March 2022, which is still above historic levels. This decrease is driven by: (i) loan growth, as shown in the loans to deposit ratio that increased from 78.71% to 85.23%, and (ii) a reduction in deposits and funding. The Bank's primary liquidity ratio is measured in terms of liquid assets comprised of cash, bank deposits and investment-grade, liquid, fixed-income investments, divided by total deposits and borrowings (excluding perpetual bonds). Moreover, the Bank's total primary liquidity has an average credit rating of AA-, of which 50.8% are AAA rated investments. As of March 31, 2023, these liquid assets represented 31.7% of total deposits and 22.6% of total assets.

In addition to our internal liquidity requirements, the Bank must comply with liquidity rules established by the SBP, which require banks to have liquid assets of no less than 30% of qualified deposits, with maturities of less than 186 days, excluding subsidiaries and pledged deposits. For the calculation of this ratio, the SBP allows all loan installments and maturities classified as standard with a term of less than 186 days to be considered liquid assets. The loan installments and maturities can only account up to 30% of the total liquid assets used in this ratio. As of March 31, 2023, the Bank maintained a regulatory liquidity of 37.27%. Additionally, the Bank's liquidity coverage ratio (LCR) stood at 224.87% as of March 31, 2023.

B. Loan Portfolio

The Bank's loan portfolio is well diversified among client's segments and a wide variety of products. As of March 31, 2023, total gross loans amounted to US$11,552.7 million comprised by: (i) 57.5% retail loans (41.6% residential loans and 15.9% consumer loans), (ii) 38.6% corporate loans (28.4% local corporate loans and 10.2% foreign corporate loans), and (iii) 3.9% other loans (which includes pledge loans, overdrafts and financial leases).

To minimize the risk of credit losses, we emphasize the granting of loans secured by collateral, particularly single-family residences, properties, and deposits, in addition to applying strict underwriting guidelines and "know your customer" policies. As of March 31, 2023, 74.3% of all loans were secured by residential or commercial properties, deposits, or other assets; 64.7% of all loans were secured by first lien mortgages on land and improvements, and 9.6% of all loans were backed by pledged deposits and other assets. The combination of sound underwriting policies and security interests held as collateral has resulted in historically low gross write-off levels, averaging 0.52% of total loans for the last two years ending March 31, 2023.

As of March 31, 2023, 88.0% of the Bank's loan portfolio was comprised of local borrowers (individuals and corporations) based in Panama, and 12.0% was comprised of regional clients based primarily in Costa Rica, Colombia, Guatemala, El Salvador, Peru, and Mexico, including clients of our universal banking subsidiary in Costa Rica, Banco General (Costa Rica), S.A., which has 8 branches. As of March 31, 2023, 99.9% of the Bank's loans were denominated in US dollars, which is the legal tender in Panama.

The following table summarizes the composition of the loan portfolio by type of loan as of March 31, 2023, and 2022, and as of December 31, 2022, 2021, and 2020, respectively:

	As of March 31			As of December 31		
	2023	**2022**	**(%) Change**	**2022**	**2021**	**2020**
	(in thousands of U.S. dollars, except for percentages)					
Local Loans						
Commercial	331,414	352,578	(6.0%)	371,731	350,371	323,258
Interim construction loans	274,039	347,862	(21.2%)	286,742	378,674	482,879
Lines of credit	831,728	816,093	1.9%	935,698	781,406	924,713
Residential mortgage loans	4,644,735	4,546,366	2.2%	4,634,457	4,527,931	4,390,972
Commercial mortgage loans	1,847,373	1,924,147	(4.0%)	1,878,588	1,919,261	1,952,981
Personal loans, auto loans and credit cards	1,834,774	1,710,319	7.3%	1,801,740	1,707,751	1,759,520
Pledge loans and overdrafts	321,279	305,187	5.3%	315,459	303,712	299,947
Leasing	77,652	65,791	18.0%	73,634	65,341	79,984
Total Local Loans	**10,162,992**	**10,068,344**	**0.9%**	**10,298,049**	**10,034,446**	**10,214,254**
Foreign Loans						
Commercial	697,669	613,732	13.7%	682,780	620,293	551,106
Lines of credit	320,937	212,584	51.0%	314,033	243,162	208,211
Residential mortgage loans	158,588	181,001	(12.4%)	163,069	185,841	204,561
Commercial mortgage loans	156,735	148,097	5.8%	164,735	161,100	188,603
Personal loans, auto loans and credit cards	7,280	8,707	(16.4%)	7,805	9,253	11,966
Pledge loans and overdrafts	48,460	38,485	25.9%	59,725	43,683	65,722
Total Foreign Loans	**1,389,669**	**1,202,607**	**15.6%**	**1,392,146**	**1,263,333**	**1,230,170**
Total Loans	**11,552,662**	**11,270,951**	**2.5%**	**11,690,196**	**11,297,779**	**11,444,423**
Less:						
Allowance for loan losses	434,346	488,959	(11.2%)	432,999	467,706	383,795
Unearned commissions	39,030	35,790	9.1%	38,496	36,092	37,045
Total loans, net	**11,079,285**	**10,746,202**	**3.1%**	**11,218,700**	**10,793,981**	**11,023,583**

As a result of the global Covid-19 pandemic the SBP established regulations that allowed adjustments in the terms and conditions of loans for clients impacted by the pandemic and were classified as modified loans. These regulations were applicable during the period between March 2020 and June 2021 and have since been rolled back. During this period, these modified loans did not advance in delinquency, as can be seen in the following sections.

Non Accrual Loans

Regulation issued by the SBP require the classification of loans in a non accrual status if any of the following conditions exist: (i) principal and interest payments exceed past due limits established by the SBP (91 days or more of principal and/or interest payments past due for all types of loans, except for mortgage loans and overdrafts which have a limit of 120 and 30 days, respectively); or (ii) the debtor's financial condition has been adversely affected (including by deterioration of the payment capacity, collateral weakness, and other factors known to us, such as fraud, death of the debtor, insolvency or bankruptcy) in a manner that places the collection of the loan at risk.

The following table presents non accrual loans according to loan type, as of March 31, 2023, and 2022, and as of December 31, 2022, 2021, and 2020, respectively:

	As of March 31			As of December 31		
	2023	**2022**	**(%) Change**	**2022**	**2021**	**2020**
	(in thousands of U.S. dollars, except for percentages)					
Non accrual loans						
Commercial	1,332	3,825	(65.2%)	1,347	9,015	8,959
Interim construction loans	-	1,813	(100.0%)	1,002	1,918	1,918
Lines of credit	5,784	7,578	(23.7%)	6,096	6,520	5,800
Residential mortgage loans	199,572	232,899	(14.3%)	200,761	236,062	110,592
Commercial mortgage loans	39,205	35,458	10.6%	36,781	35,389	24,238
Personal loans, auto loans and credit cards	31,741	52,444	(39.5%)	30,441	46,857	12,659
Pledge loans and overdrafts	2,251	573	293.0%	826	2,025	183
Leasing	130	836	(84.4%)	535	1,754	2,276
Total non accrual loans	**280,015**	**335,424**	**(16.5%)**	**277,789**	**339,539**	**166,625**
Total Loans	11,552,662	11,270,951		11,690,196	11,297,779	11,444,423
Allowance for loan losses	434,346	488,959		432,999	467,706	383,795
Non accrual loans / total loans	2.42%	2.98%		2.38%	3.01%	1.46%
Allowance for loans losses / non accrual loans	155.12%	145.77%		155.87%	137.75%	230.33%

Non accrual loans decreased to US$280.0 million as of March 31, 2023, compared to US$335.4 million as of March 31, 2022. The decrease in non accrual loans is mainly attributable to: (i) a US$33.3 million decrease in the residential mortgage non accrual balance from US$232.9 million to US$199.6 million; (ii) a US$20.7 million decrease in the consumer non accrual balance from US$52.4 million to US$31.7 million; and (iii) a decrease of US$1.4 million in corporate and other loans from US$50.1 million to US$48.7 million.

Non accrual loans calculated in accordance with SBP regulations represented 2.42% of total loans as of March 31, 2023, compared to 2.98% as of March 31, 2022. The Bank's coverage of allowance for loan losses was 155.12% of non accrual loans, as compared to 145.77% as of March 31, 2022.

Past Due Loans

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

The following table presents past due loans, according to loan type, as of March 31, 2023, and 2022, and as of December 31, 2022, 2021, and 2020, respectively:

	As of March 31			As of December 31		
	2023	2022	(%) Change	2022	2021	2020
	(in thousands of U.S. dollars, except for percentages)					
Past due loans						
Commercial	1,410	3,825	(63.1%)	1,347	6,310	8,959
Interim construction loans	-	1,813	(100.0%)	1,002	1,918	1,918
Lines of credit	5,839	7,606	(23.2%)	6,244	6,940	5,766
Residential mortgage loans	234,316	277,533	(15.6%)	237,114	279,187	122,885
Commercial mortgage loans	38,917	35,182	10.6%	36,856	35,409	24,336
Personal loans, auto loans and credit cards	31,828	52,047	(38.8%)	30,341	47,179	9,464
Pledge loans and overdrafts	5,363	638	740.1%	922	2,142	438
Leasing	150	1,011	(85.1%)	543	2,035	2,276
Total past due loans	**317,823**	**379,654**	**(16.3%)**	**314,370**	**381,120**	**176,041**
Total Loans	11,552,662	11,270,951		11,690,196	11,297,779	11,444,423
Allowance for loan losses	434,346	488,959		432,999	467,706	383,795
Past due loans / total loans	2.75%	3.37%		2.69%	3.37%	1.54%
Allowance for loan losses / past due loans	136.66%	128.79%		137.74%	122.72%	218.01%

Past due loans decreased to US$317.8 million as of March 31, 2023, compared to US$379.7 million as of March 31, 2022. The decrease in past due loans is mainly attributable to: (i) a US$43.2 million decrease in the balance of past due residential mortgage loans from US$277.5 million to US$234.3 million; (ii) a decrease of US$20.2 million in the past due balance of consumer loans from US$52.0 million to US$31.8 million; offset by an increase of US$1.6 million in the past due balance of corporate and other loans from US$50.1 million to US$51.7 million.

Past due loans represented 2.75% of total loans as of March 31, 2023, compared to 3.37% as of March 31, 2022. As of March 31, 2023, the Bank's coverage of allowance for loan losses was 136.66% of past due loans, as compared to 128.79% as of March 31, 2022.

Allowance for Loan Losses

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

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

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

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

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

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

Our IFRS 9 models and the data used to estimate expected credit losses in the consumer, mortgage and corporate portfolio, and thus set adequate levels of loan loss reserves may not be able to fully capture all the potential additional levels of risk resulting from the effects of the Covid-19 pandemic, which resulted in (i) a contraction of GDP during 2020 followed by a solid recovery during 2021 and 2022, with only a few specific sectors of the economy still lagging pre-pandemic levels, and (ii) higher levels of unemployment and informal employment. Therefore, the Bank developed complementary models to incorporate the potential increase in risk levels and the corresponding additional loan loss reserves.

The following table presents the breakdown of the allowance for loan losses under IFRS 9 parameters As of March 31, 2023, and December 31, 2022:

	As of March 31, 2023			**As of December 31, 2022**			**(%) Change**	
	Loans	**Allowances**	**%**	**Loans**	**Allowances**	**%**	**Loans**	**Allowances**
	(in thousands of U.S. dollars, except percentages)							
Stage 1	9,491,343	141,989	1.5%	9,566,504	136,927	1.4%	(0.8%)	3.7%
Stage 2	1,769,166	229,999	13.0%	1,833,525	234,895	12.8%	(3.5%)	(2.1%)
Stage 3	292,153	62,357	21.3%	290,167	61,177	21.1%	0.7%	1.9%
Total	**11,552,662**	**434,346**	**3.8%**	**11,690,196**	**432,999**	**3.7%**	**(1.2%)**	**0.3%**

The allowance for loan losses increased to US$434.3 million in March 2023, or 3.8% of the total loan portfolio, from US$433.0 million, or 3.7% of the total loan portfolio, as of December 31, 2022.

Stage 1 loans decreased US$75.2 million to US$9,491.3 and the allowance level increased from US$136.9 million (1.4% of stage 1 loans) in December 2022 to US$142.0 million in March 2023 (1.5% of stage 1 loans). Stage 2 loans decreased from US$1,833.5 million to US$1,769.2 million, and the allowance level decreased from US$234.9 million (12.8% of stage 2 loans) to US$230.0 million (13.0% of stage 2 loans). Stage 3 loans increased from US$290.2 million to US$292.2 million, and the allowance level increased from US$61.2 million (21.1% of stage 3 loans) to US$62.4 million (21.3% of stage 3 loans).

As a result of the loans that were modified pursuant to regulation issued during the global pandemic, as of March 2023, the Bank's total restructured loans amounted to US$1,022.1 million (December 2022: US$1,149.6 million). As of March 2023, US$731.1 million or 71.5% of restructured loans are current with their contractual payments. Furthermore, as of March 2023, US$918.2 million or 89.8% (December 2022: US$1,040.5 million or 90.5%) were backed by mortgage collateral.

The following table presents the breakdown of the allowance for loans losses as of March 31, 2023, and 2022, and as of December 31, 2022, 2021, and 2020, respectively:

	As of March 31			As of December 31		
	2023	2022	(%) Change	2022	2021	2020
	(in thousands of U.S. dollars, except for percentages)					
Allowance at the beginning of period	**432,999**	**467,706**	**(7.4%)**	**467,706**	**383,795**	**165,159**
Provision charged to expenses, net of recoveries	(1,138)	17,486	n/a	(42,396)	155,642	280,947
Write-offs:						
Commercial	45	-	100.0%	318	7,777	521
Interim construction loans	1,002	-	100.0%	129	119	-
Lines of credit	13	75	(82.4%)	583	536	1,819
Residential mortgage loans	569	334	70.4%	2,260	1,749	977
Commercial mortgage loans	31	109	(71.3%)	1,366	247	1,267
Personal, auto loans and credit cards	7,468	3,097	141.1%	26,495	86,471	78,192
Auto	*804*	*57*	*1319.3%*	*2,422*	*4,408*	*2,279*
Personal	*4,207*	*18*	*23893.1%*	*11,341*	*37,434*	*48,178*
Credit cards	*2,457*	*3,023*	*(18.7%)*	*12,732*	*44,630*	*27,735*
Pledge loans and overdrafts	32	123	(74.0%)	350	146	394
Leasing	-	-	0.0%	22	-	48
Total write-offs	**9,161**	**3,738**	**145.1%**	**31,523**	**97,044**	**83,218**
Recoveries	11,645	7,505	55.2%	39,212	25,313	20,907
Allowance at the end of period	**434,346**	**488,959**	**(11.2%)**	**432,999**	**467,706**	**383,795**
Total Loans	11,552,662	11,270,951		11,690,196	11,297,779	11,444,423
Allowance for loan losses / total loans	3.76%	4.34%		3.70%	4.14%	3.35%
Write-off / total loans (1)	0.32%	0.13%		0.27%	0.86%	0.73%
Net write-off / total loans (1)	(0.09%)	(0.13%)		(0.07%)	0.63%	0.54%

(1) Percentages are annualized.

As of March 31, 2023, total write-offs amounted to US$9.2 million (0.32% of total loans annualized), as compared to US$3.7 million (0.13% of total loans annualized) for the same period in 2022. Moreover, write-offs in 2020 and 2021 were impacted by a complementary, exceptional, and voluntary write-off policy adopted by the Bank for consumer loans that had contractual monthly payments repeatedly deferred, demonstrated a weaker financial position, and exhibited limited capacity to service the loan. This exceptional policy was applied from December 2020 to December 2021, and was based on analyzing a combination of factors, in addition to delinquency, such as the debtor's employment status, the economic activity of the employer, the loan's collateral, the client's internal credit risk category, and the number of deferred payments granted.

C. Capital Resources

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

As of March 31, 2023, the Bank´s total regulatory capital amounted to US$3,008.2 million, or 2.96 times the total regulatory capital required by the SBP of 8.0%. The ratio of total capital to risk-weighted assets ("RWA") was 23.68%, calculated on a Tier I capital of US$3,008.2 million (which increased US$130.3 million compared to March 31, 2022), and RWA of US$12,704.3 million. Total risk-weighted assets include: US$11,154.4 million of credit risk RWA, US$806.7 million of market risk RWA, and US$743.1 million of operational risk RWA. Our shareholder's equity to total assets ratio was 14.66% as of March 2023 (March 2022: 13.51%).

In addition to the above-mentioned regulatory capital adequacy requirements, regulation issued by the SBP requires all banks to maintain a countercyclical dynamic reserve of not less than 1.25% and no more than 2.50% of the risk-weighted loans classified as standard loans. The dynamic reserve is presented as part of the legal reserves in the equity section of the Bank's financial statements. The dynamic reserve balance is considered part of the regulatory capital if a bank's regulatory capital exceeds the minimum capital adequacy ratio of 8.0%. As a result of the global pandemic the SBP has suspended the requirement for banks to maintain a dynamic reserve and has yet to issue regulation to roll back its suspension. Regardless of the suspended status of this reserve, the Bank has opted to maintain the application of this reserve and as of March 31, 2023, the Bank´s dynamic reserve balance was US$149.4 million.

In addition, our subsidiaries General de Seguros, S.A., BG Valores, S.A., ProFuturo Administradora de Fondos de Pensiones y Cesantia S.A., BG Investment Co., Inc., BG Trust, Inc., Banco General (Costa Rica), S.A., Banco General (Overseas), Inc., and Commercial Re. Overseas, Ltd. are all subject to minimum capital requirements stipulated by their corresponding regulators including but not limited to the SBP, the Superintendence of Insurance and Reinsurance of Panama, the Superintendence of Capital Markets of Panama, the General Superintendency of Financial Entities (SUGEF), the Monetary Authority of the Cayman Islands (CIMA), the British Virgin Islands Financial Services Commission, and others.

As of March 31, 2023, all the subsidiaries of the Bank complied with the minimum capital requirements applicable according to their respective regulation.

The following table presents information regarding the Bank's capital levels as of March 31, 2023, and 2022, and as of December 31, 2022, 2021, and 2020, respectively:

	As of March 31		As of December 31		
	2023	2022	2022	2021	2020
	(in thousands of U.S. dollars, except for percentages)				
Regulatory primary capital (Tier 1)					
Common shares	500,000	500,000	500,000	500,000	500,000
Legal reserve	191,564	191,184	190,917	190,606	188,396
Other items comprehensive income	(247,872)	(94,324)	(279,368)	74,008	159,987
Retained earnings	2,212,524	1,931,991	2,150,471	1,916,158	1,772,980
Less: Regulatory adjustments	47,984	50,892	48,638	51,547	53,674
Total regulatory primary capital - CET 1	**2,608,231**	**2,477,958**	**2,513,381**	**2,629,225**	**2,567,690**
Minimum regulatory primary capital - CET 1 (4.5%)	**571,692**	**608,982**	**569,536**	**599,177**	**604,434**
Additional primary capital (Tier 1)					
Subordinated perpetual bonds	400,000	400,000	400,000	400,000	217,680
Total additional primary capital	**400,000**	**400,000**	**400,000**	**400,000**	**217,680**
Total primary capital	**3,008,231**	**2,877,958**	**2,913,381**	**3,029,225**	**2,785,370**
Minimum regulatory total primary capital (6.0%)	**762,256**	**811,976**	**759,381**	**798,903**	**805,912**
Total capital	**3,008,231**	**2,877,958**	**2,913,381**	**3,029,225**	**2,785,370**
Minimum regulatory total capital (8.0%)	**1,016,341**	**1,082,635**	**1,012,508**	**1,065,204**	**1,074,549**
Credit risk-weighted assets	11,154,433	11,595,295	11,258,810	11,506,121	11,273,084
Market risk-weighted assets	806,694	1,215,527	657,676	1,154,481	1,551,596
Operational risk-weighted assets	743,135	722,118	739,859	654,452	607,186
Risk-weighted assets	**12,704,262**	**13,532,939**	**12,656,345**	**13,315,053**	**13,431,866**
Capital ratios					
Total regulatory primary capital ratio	**20.53%**	**18.31%**	**19.86%**	**19.75%**	**19.12%**
Total primary capital ratio	**23.68%**	**21.27%**	**23.02%**	**22.75%**	**20.74%**
Total capital ratio	**23.68%**	**21.27%**	**23.02%**	**22.75%**	**20.74%**

The Bank's level of capitalization reflects the Board of Director's commitment to maintaining a strong capital base to support depositors and enable us to support growth opportunities and weather unexpected adverse events.

D. Results of Operations for the three months ended on March 31, 2023 and 2022.

The following table presents the Bank´s principal consolidated results of operations for the three months ended on March 31, 2023 and 2022, respectively:

	For the Three Months Ended March 31		
	2023	**2022**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)		
Total interest and commission income	275,194	230,655	19.3%
Total interest expenses	(70,723)	(65,500)	8.0%
Net interest and commission income	**204,471**	**165,155**	**23.8%**
Total Provisions, net	**(2,188)**	**27,291**	**n/a**
Other Income (expenses):			
Fees and other commissions	86,361	71,849	20.2%
Insurances premiums, net	9,603	9,137	5.1%
Gain (Loss) on financial instruments, net	(20,844)	(31,582)	(34.0%)
Other Income, net	8,348	6,414	30.1%
Commission expenses and other expenses	(40,148)	(26,668)	50.5%
Total other income, net	**43,320**	**29,150**	**48.6%**
General and administrative expenses	(79,991)	(78,051)	2.5%
Equity participation in associates	3,895	4,895	(20.4%)
Net income before income tax	**173,883**	**93,857**	**85.3%**
Income tax, estimated	(22,404)	(14,723)	52.2%
Income tax, deferred	275	6,091	(95.5%)
Income tax, net	**(22,130)**	**(8,632)**	**156.4%**
Net Income	**151,753**	**85,225**	**78.1%**

As of March 31, 2023, the Bank's net income amounted to US$151.7 million, which represents an increase of US$66.5 million, or 78.1%, compared to US$85.2 million for the same period in 2022. Annualized ROAE and ROAA were 22.78% and 3.32%, respectively, compared to 12.92% and 1.80% for the same period 2022. These results in net income, ROAE and ROAA were mainly due to the following factors:

Net Interest and Commission Income

The following table presents the Bank's net interest and commission income and related average rate and margin information for the three months ended on March 31, 2023, and 2022, respectively:

	For the Three Months Ended March 31		
	2023	**2022**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)		
Total interest and commission income	275,194	230,655	19.3%
Total interest expenses	(70,723)	(65,500)	8.0%
Net interest and commission income	**204,471**	**165,155**	**23.8%**
Average interest - earning assets	16,663,127	17,296,208	(3.7%)
Average interest - bearing liabilities	12,436,215	13,091,215	(5.0%)
Net interest margin [(1)(4)]	4.91%	3.82%	
Average interest rate earned [(2)(4)]	6.61%	5.33%	
Average interest rate paid [(3)(4)]	2.27%	2.00%	

[(1)] Net interest and commission income (before provisions for possible loan losses) as a percentage of average total interest assets for the indicated period. [(2)] Total interest and commission income divided by average interest earning assets. [(3)] Total interest expenses divided by average interest bearing liabilities. [(4)] Percentages are annualized.

The 23.8% increase in net interest and commission income for the three months ended on March 31, 2023, as compared to the same period for 2022, was primarily a result of a 128 basis points increase in average interest rate earned on interest earning assets, offset by an increase of 27 basis points in the average interest paid on interest bearing liabilities.

Total Interest and Commission Income

The following table presents information as to the Bank's total interest and commission income for the three months ended on March 31, 2023, and 2022, respectively:

	For the Three Months Ended March 31		
	2023	**2022**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)		
Total interest and commission income	**275,194**	**230,655**	**19.3%**
Average interest-earning assets:			
Deposits with banks	300,865	475,822	(36.8%)
Securities and other financial assets	5,212,620	6,036,702	(13.7%)
Loans, net	11,149,643	10,783,684	3.4%
Total	**16,663,127**	**17,296,208**	**(3.7%)**
Average interest rate earned:			
Deposits with banks [(1)]	3.39%	0.97%	
Securities and other financial assets [(1)]	4.51%	2.53%	
Loans, net [(1)]	7.67%	7.10%	
Total [(1)]	**6.61%**	**5.33%**	

[(1)] Percentages are annualized.

For the three months ended on March 31, 2023, our diversified loan portfolio represented 66.9% of the Bank's total average interest earning assets and generated 77.7% of the total interest and commissions income.

Total interest and commission income increased US$44.5 million, or 19.3% for the three months ended on March 31, 2023, and was the result of a 128 basis points increase of the average interest rate earned, offset by an 3.7% reduction in average interest-earning assets.

The 128 basis points increase of the average interest rate earned on interest-earning assets was primarily due to: (i) a 198 basis points increase of the interest received on securities and other financial assets, and (ii) a 57 basis points increase of the interest received on loans, net.

The 3.7% decrease in the average interest-earning assets was mainly due to: (i) a 13.7% decrease in securities and other financial assets, and (ii) a 36.8% decrease in deposits with banks.

The following table presents the effect of changes in the Bank's interest and commission income as a result of changes in: (i) the average volume of interest earning assets, and (ii) the average interest rate earned during the three months ended on March 31, 2023:

	Increase / Decrease First Quarter 2022/2023		
	By volume	**By rate**	**Net change**
	(in thousands of U.S. dollars)		
Deposits with banks	(422)	1,825	1,403
Securities and other financial assets	(5,215)	25,786	20,571
Loans, net	6,492	16,073	22,565
Net Change	**855**	**43,684**	**44,539**

The increase of the average rate earned on interest-earning assets, from 5.33% to 6.61%, resulted in an increase of US$43.7 million in interest and commission income; while the decrease in the average deposits and securities resulted in a decrease of US$5.6 million in interest and commission income, offset by the increase in net average loans that resulted in an increase of US$6.5 million of interest and commission income.

Total Interest Expenses

The following table presents information as to the Bank's total interest expenses for the three months ended on March 31, 2023, and 2022, respectively:

	For the Three Months Ended March 31		
	2023	**2022**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)		
Total interest expenses	**70,723**	**65,500**	**8.0%**
Average interest-bearing liabilties:			
Savings and other deposits	5,875,550	6,115,014	(3.9%)
Time deposits	5,244,282	5,634,851	(6.9%)
Borrowings and placements [(1)]	1,316,383	1,341,350	(1.9%)
Total	**12,436,215**	**13,091,215**	**(5.0%)**
Average interest rate paid:			
Savings and other deposits [(2)]	0.81%	0.62%	
Time deposits [(2)]	3.33%	3.08%	
Borrowings and placements [(2)]	4.61%	3.78%	
Total [(2)]	**2.27%**	**2.00%**	

[(1)] Includes repos, borrowings and placements, and perpetual bonds. [(2)] Percentages are annualized.

The Bank's total interest expenses is mainly attributable to interest paid on total deposits, which represented 78.5% of the total interest expense for the three months ended on March 31, 2023, as compared to 80.7% for the same period in 2022.

Total interest expense increased US$5.2 million, or 8.0% for the three months ended on March 31,2023, and was result of a 27 basis points increase in the average interest rate paid on interest bearing liabilities, offset by a 5.0% reduction in average interest-bearing liabilities.

The 5.0% decrease in the average interest-bearing liabilities was mainly due to a 6.9% decrease in average time deposits, and 3.9% decrease in average savings and other deposits.

The 27 basis points increase in the average interest rate paid on interest-bearing liabilities was mainly attributable to: (i) a 25 basis point increase of the average interest rate paid on time deposits, (ii) a 19 basis point increase of the average interest rate paid on savings and other deposits, and (iii) a 83 basis point increase of the average interest rate paid on borrowings and placements.

The following table sets forth the effect of changes in the Bank's total interest expense as a result of changes in: (i) the average volume of interest-bearing liabilities, and (ii) the average nominal interest rates paid during the three months ended on March 31, 2023:

	Increase / Decrease First Quarter 2022/2023		
	By volume	By rate	Net change
	(in thousands of U.S. dollars)		
Savings and other deposits	(370)	2,824	2,454
Time deposits	(3,006)	3,273	267
Borrowings and placements [1]	(236)	2,737	2,501
Net change	**(3,612)**	**8,835**	**5,222**

[1] Includes repos, borrowings and placements, and perpetual bonds.

As compared to the same period in 2022, the decrease of US$655.0 million in average interest-bearing liabilities for the three months ended on March 31, 2023, resulted in a decrease of US$3.6 million of interest expense, while the increase in the average rate paid of interest-bearing liabilities, from 2.00% to 2.27%, resulted in an increase of US$8.8 million of interest expense.

Provision for Loan Losses

The following table presents the Bank's allowance for loan losses, net of write-offs and recoveries included in the Bank's results of operations for the three months ended on March 31, 2023, and 2022, respectively:

	For the Three Months Ended March 31		
	2023	2022	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Allowance for loan losses - beginning of period	**432,999**	**467,706**	**(7.4%)**
Provisions charged to expenses, net of recoveries	(1,138)	17,486	n/a
Write-offs	9,161	3,738	145.1%
Recoveries	11,645	7,505	55.2%
Allowance for loan losses - end of period	**434,346**	**488,959**	**(11.2%)**
Total Loans	11,552,662	11,270,951	
Net loan loss provisions to total loans [1]	(0.04%)	0.62%	
Write-offs to total loans [1]	0.32%	0.13%	
Net write-offs to total loans [1]	(0.09%)	(0.13%)	
Allowance to total loans	3.76%	4.34%	

[1] Percentages are annualized.

For the three months ended on March 31, 2023, the provision charged to expenses, net of recoveries recorded a net release of reserves of US$1.1 million, as compared to a provision of US$17.5 million in March 31, 2022. The net release of reserves was the result of the decrease in stage 3 loans, non accrual loans, and non performing loans, which resulted in a lower reserve requirement as compared to our reserves as of March 31, 2022.

For the three months ended on March 31, 2023, write-offs increased US$5.4 million, from US$3.7 million in March 31, 2022 (or 0.13% of total loans annualized) to US$9.2 million (or 0.32% of total loans annualized), while recoveries increased by US$4.1 million from US$7.5 million in March 31, 2022 to US$11.6 million in March 31, 2023.

The allowance for loan losses decreased US$54.6 million, from US$489.0 million or 4.34% of total loan portfolio in March 31, 2022 to US$434.3 million or 3.76% of total loan portfolio in March 31, 2023. Based on our IFRS 9 and our complementary models, we believe that our current allowance for loan losses adequately covers the credit risk of the Bank's loan portfolio.

Other Income, Net

The following table presents the information as to the Bank's fees, commission and other income, net for the three months ended on March 31, 2023, and 2022 respectively:

	For the Three Months Ended March 31		
	2023	**2022**	**(%) Change**
	(in thousands of U.S. dollars, except for percentages)		
Fees and commission income, net	46,213	45,181	2.3%
Insurance premiums, net	9,603	9,137	5.1%
Gain (Loss) on financial instruments, net	(20,844)	(31,582)	(34.0%)
Other income, net	8,348	6,414	30.1%
Total of other income, net	**43,320**	**29,150**	**48.6%**

The 48.6% increase in total other income, net for the three months ended on March 31, 2023, primarily reflects the following factors:

Fees and Commission Income, Net

The 2.3% increase in fees and commission income, net of commission expenses for the three months ended on March 31, 2023, was mainly due to a 24.4% increase in commissions and fees related to credit and debit card operations, as a result of higher transaction volumes; offset by an increase of 50.5% in commission and other expenses (primarily due to certain credit and debit card costs, which starting January 2023 are being presented in commission expenses and other expenses). Excluding these credit and debit card costs, fees and commission income, net increased 18.7%. The total number of credit and debit cards issued by the Bank increased by 16.4%, from 1.4 million in March 2022 to 1.6 million in March 2023. Credit and debit cards transactions increased by 26.0% from 56.3 million in the first quarter of 2022 to 70.9 million in the same period of 2023.

Insurance Premiums, Net

Net insurance premiums increased by 5.1% for the three months ended on March 31, 2023, as compared to the same period in 2022, mainly due to: (i) an increase in insurance premiums of 11.1%, and partially offset by an increase in net claims of 24.6%.

Gain (Loss) on Financial Instruments, Net

Net financial instruments, for the three months ended on March 31, 2023, resulted in a net loss of US$20.8 million, as a result of: (i) sales of fixed income securities with accumulated losses in Other Comprehensive Income, and (ii) the impact of interest rate hedges that reduce duration in the investment portfolio due to a decrease in rates during the first quarter of 2023. For reference, the interest rates for 1-year, 3-year, and 5-year US Treasuries decreased 9, 42, and 41 basis points, respectively, during the first quarter of 2023 after a significant increase during 2022 of 433, 327, and 274 basis points, respectively.

Other Income, Net

Other income increased by US$1.9 million or 30.1%, in the three months ended on March 31, 2023, mainly as a result of an increase in the Bank's pension fund asset returns.

General and Administrative Expenses

The following table presents the Bank's principal general and administrative expenses for the three months ended on March 31, 2023, and 2022 respectively:

	For the Three Months Ended March 31		
	2023	2022	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Salaries and other employee expenses	45,401	41,845	8.5%
Depreciation and amortization expenses	8,566	7,399	15.8%
Premises and equipment expenses	8,358	7,077	18.1%
Other expenses	17,666	21,730	(18.7%)
Total	**79,991**	**78,051**	**2.5%**

The 2.5% increase in general and administrative expenses for the three months ended on March 31, 2023, primarily reflects the following factors:

Salaries and Other Employee Expenses

Salaries and other employee expenses represented 56.8% of total general and administrative expenses. As of March 31, 2023, as compared to 53.6% for the same period in 2022. The 8.5% increase in salaries and other employee expenses was attributable to the combination of a moderate increase in salaries and a 6.1% increase in the number of employees.

Depreciation and Amortization Expenses

Total depreciation and amortization expense increased US$1.2 million or 15.8% for the three months ended on March 31, 2023, mainly due to an increase in investments in hardware and software as the Bank continues to develop its technological capabilities in multiple platforms.

Premises and Equipment Expenses

Premises and equipment expenses increased by US$1.3 million or 18.1% for the three months ended on March 31, 2023, as compared to the same period in March 2022, mainly due to the implementation and maintenance of new and existing technological platforms, software and improvement of branches.

Other Expenses

Other expenses decreased US$4.1 million or 18.7%, for the three months ended on March 31, 2023. The decrease was primarily due to certain credit and debit card costs, which starting January 2023 are being presented in commission expenses and other expenses. Excluding these credit and debit card costs, other expenses increased 12.7% during the first quarter of 2023.

Taxes

Net income tax, amounted to US$22.1 million for the three months ended on March 31, 2023 (US$22.4 million in estimated tax and a credit of US$0.3 million in deferred income tax). The US$13.5 million increase in net income tax, was primarily driven by a higher taxable income and a lower provisioning expense as compared to the same period of 2022.

Operational Efficiency

The Bank's operational efficiency ratio was 31.78% for the period ended March 31, 2023, as compared to 39.18% for the same period in 2022 mainly as a result of: (i) a US$52.5 million increase or 26.3%, in operating income, and (ii) a US$1.9 million, or 2.5%, increase in the Bank's general and administrative expenses.

BANCO GENERAL, S.A. & Subsidiaries
Consolidated Income Statement
For the three months ended

	31-mar-23	31-dec-22	30-sep-22	30-jun-22	31-mar-22
	(in thousands of U.S. dollars)				
Total interest and commission income	275,194	268,759	246,042	235,664	230,655
Total interest expenses	(70,723)	(69,199)	(64,699)	(64,878)	(65,500)
Net interest and commission income	**204,471**	**199,560**	**181,343**	**170,785**	**165,155**
Total Provisions, net	(2,188)	(43,784)	(18,600)	411	27,291
Net interest and commission income after provisions	**206,659**	**243,345**	**199,943**	**170,375**	**137,864**
Other Income (expenses):					
Fees and other commissions	86,361	86,965	80,331	74,133	71,849
Insurance premiums, net	9,603	9,907	9,745	9,728	9,137
Gain (Loss) on financial instruments, net	(20,844)	(17,683)	(10,871)	(34,548)	(31,582)
Other income, net	8,348	10,860	7,494	3,703	6,414
Commission expenses and other expenses	(40,148)	(30,215)	(29,496)	(24,512)	(26,668)
Total other income, net	**43,320**	**59,834**	**57,203**	**28,503**	**29,150**
General and administrative expenses	(79,991)	(87,116)	(81,548)	(79,290)	(78,051)
Equity participation in associates	3,895	3,087	3,367	3,788	4,895
Net income before income tax	**173,883**	**219,149**	**178,964**	**123,376**	**93,857**
Income tax, estimated	(22,404)	(20,044)	(20,409)	(16,074)	(14,723)
Income tax, deferred	275	(7,099)	(3,347)	(1,486)	6,091
Income tax, net	**(22,130)**	**(27,143)**	**(23,756)**	**(17,560)**	**(8,632)**
Net income	**151,753**	**192,006**	**155,209**	**105,817**	**85,225**

BANCO GENERAL, S.A. & Subsidiaries
Consolidated Balance Sheet
As of

	31-mar-23	31-dec-22	30-sep-22	30-jun-22	31-mar-22
	(in thousands of U.S. dollars)				
Assets					
Cash and deposits with banks	796,500	657,810	670,438	892,013	819,546
Securities and other financial assets	5,121,778	5,249,921	5,479,947	5,487,405	5,933,361
Loans	11,552,662	11,690,196	11,401,521	11,279,343	11,270,951
Allowance for possible loans losses	(434,346)	(432,999)	(471,028)	(483,042)	(488,959)
Unearned comissions	(39,030)	(38,496)	(38,051)	(36,601)	(35,790)
Investments in associates	33,685	29,917	34,377	32,236	29,809
Other assets	1,228,630	1,250,384	1,329,934	1,189,815	1,269,489
Total assets	**18,259,878**	**18,406,731**	**18,407,137**	**18,361,168**	**18,798,408**
Liabilities and shareholder's equity					
Total deposits	13,001,825	13,166,642	13,233,915	13,478,334	13,655,017
Securities sold under repurchase agreements	102,800	198,243	244,772	-	-
Borrowings and placements	793,067	802,268	766,536	875,701	883,388
Perpetual bonds	400,000	400,000	400,000	400,000	400,000
Other liabilities	1,284,914	1,260,962	1,364,371	1,195,461	1,320,134
Total liabilities	**15,582,607**	**15,828,114**	**16,009,593**	**15,949,496**	**16,258,539**
Shareholder's equity	**2,677,271**	**2,578,617**	**2,397,545**	**2,411,672**	**2,539,869**
Total liabilities and shareholder's equity	**18,259,878**	**18,406,731**	**18,407,137**	**18,361,168**	**18,798,408**
Operational data (in units)					
Number of customers [1]	1,649,729	1,603,641	1,567,562	1,514,312	1,462,767
Number of customers affiliated in digital channels [2]	1,461,631	1,405,814	1,352,473	1,289,350	1,267,896
% active customers in digital channels [3]	79.8%	79.1%	78.0%	76.7%	75.4%
Number of employees [4]	4,772	4,674	4,620	4,546	4,496
Number of branches [5]	80	80	80	80	82
Number of ATMs [5]	635	637	629	628	626
Assets under management (in US$ million) [6]	13,165	12,752	12,272	12,123	12,111

[1] Total number of clients at the end of the period includes BG, BGO, BGCR and Profuturo clients. [2] Only considers BG clients. [3] Active customers in digital channels (as a percentage of total clients) represents clients who transact/visit our online banking or mobile application during the last month. [4] Total number of permanent full-time employees at the end of the period for BG & Subsidiaries. [5] Total number of branches and ATMs in Panama and Costa Rica. [6] Assets under management at BG Valores, excluding deposits.

BANCO GENERAL, S.A. & Subsidiaries
Financial Ratios
As of and for the three months ended

	31-mar-23	31-dec-22	30-sep-22	30-jun-22	31-mar-22
Profitability and efficiency:					
Net Interest Margin (1)(2)	4.91%	4.76%	4.35%	4.04%	3.82%
Return on average assets (1) (3)	3.32%	4.17%	3.39%	2.29%	1.80%
Return on average equity (1) (3)	22.78%	30.84%	25.15%	17.00%	12.92%
Efficiency (4)	31.78%	33.19%	33.71%	39.04%	39.18%
Operating expenses / average total assets (1) (3)	1.75%	1.89%	1.78%	1.71%	1.65%
Other income / operating income (5)	27.49%	28.61%	28.40%	27.09%	27.48%
Liquidity:					
Primary Liquidity / total deposits and obligations (6)	29.64%	29.75%	31.09%	32.44%	34.35%
Regulatory Liquidity / qualified deposits (7)	37.27%	39.04%	40.82%	42.73%	42.05%
Loans, net / client deposits (8)	85.23%	85.22%	82.44%	79.84%	78.71%
Liquidity Coverage Ratio (LCR) (9)	224.87%	155.07%	149.97%	179.29%	172.68%
Capital:					
Total regulatory primary capital ratio (10)	20.53%	19.86%	18.70%	18.08%	18.31%
Total primary capital ratio (10)	23.68%	23.02%	21.91%	21.16%	21.27%
Total capital ratio (10)	23.68%	23.02%	21.91%	21.16%	21.27%
Equity / assets	14.66%	14.01%	13.03%	13.13%	13.51%
Earning retention ratio (11)	47.28%	49.15%	57.61%	37.82%	22.79%
Asset quality:					
Past due loans / total loans (12)	2.75%	2.69%	2.88%	3.17%	3.37%
Non accrual loans / total loans (13)	2.42%	2.38%	2.55%	2.86%	2.98%
Allowance for loan losses / total loans	3.76%	3.70%	4.13%	4.28%	4.34%
Allowance for loan losses / past due loans (12)	136.66%	137.74%	143.41%	135.02%	128.79%
Allowance for loan losses / non accrual loans (13)	155.12%	155.87%	161.97%	149.71%	145.77%
Write-offs / total loans (1)	0.32%	0.30%	0.31%	0.36%	0.13%
Net write-offs / total loans (1)	(0.09%)	(0.02%)	(0.12%)	0.01%	(0.13%)

(1) Percentages are annualized. (2) Net interest margin refers to net interest and commission income divided by average interest-earning assets. Average interest-earning assets are determined on average monthly balances. (3) Percentages have been calculated using monthly averages. (4) Efficiency is defined as general and administrative expenses divided by the sum of net interest, commission income, other income, net, and equity participation in associates. (5) Other income corresponds to the sum of fees and other commissions, insurance premiums, net, and other income, net; while operating income corresponds to the sum of income from interest and commissions, fees and other commissions, insurance premiums, net and other income, net. (6) Primary liquidity is comprised of: (a) cash and deposits with banks, (b) interest-bearing deposits with banks, and (c) high quality (investment grade) fixed income securities, including repos, fixed income mutual funds, treasury bills, negotiable CDs, commercial paper, corporate and sovereign bonds, MBS, CMOs and ABS. (7) As defined in Accord 4-2008 issued by the SBP. (8) Client deposits exclude interbank deposits. (9) As defined in Accord 2-2018 issued by the SBP. (10) Capital as a percentage of risk weighted assets, in accordance with the requirements of the SBP. (11) Earning retention ratio: net income of the period minus paid dividends of the period divided by net income. (12) Past due loans: all loans past due 90+ days on interest and/or principal payments and all loans past due 30 days post maturity. (13) Non accrual loans: all loans past due 90+ days on interest and/or principal payments, and residential mortgages past due 120+ days in accordance with SBP requirements.