

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

Application of the Basel II - Pillar 3 Disclosure

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
2023

Banco General (Overseas), Inc.

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Disclosure Road Map

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Banco General (Overseas), Inc. received a Group (b) designation by the Cayman Islands Monetary Authority solely for the purpose of complying with the requirements of the MARKET DISCIPLINE DISCLOSURE REQUIREMENTS.

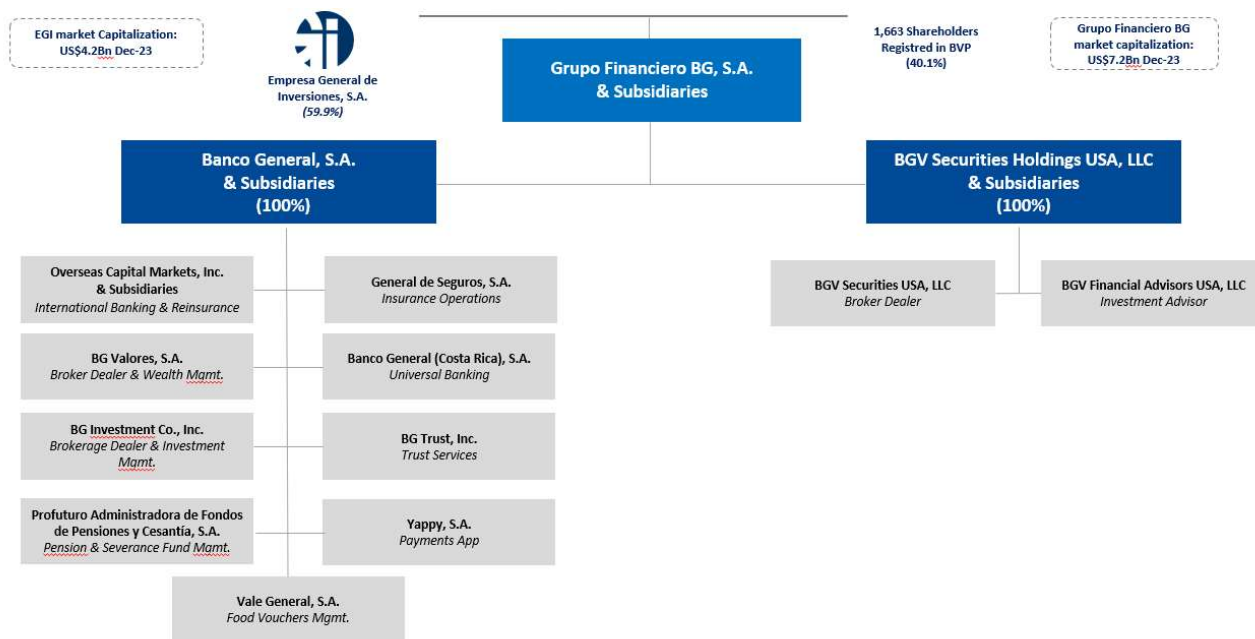
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1. Background

Banco General (Overseas), Inc. (“BGO”) is a wholly owned subsidiary of Overseas Capital Markets, Inc., a company incorporated in the Cayman Islands, and a wholly owned subsidiary of Banco General, S.A (“BG”). BGO has been granted a category “B” unrestricted banking license by the Cayman Islands Government under the Banks and Trust Companies Law, to enable it to carry out banking from within the Cayman Islands.

BG is wholly owned by Grupo Financiero BG, S.A. (“GFBG”) (a holding company) which in turn is 59.9% owned by Empresa General de Inversiones, S.A. (“EGI”), a publicly listed holding company. GFBG is the largest publicly traded company in Panama’s stock exchange in terms of market capitalization (US\$7.2 billion as of December 31, 2023), with more than 1,663 registered shareholders.

The following chart illustrates the corporate structure and ownership of the group:



As of December 31, 2023, BGO reported US\$575.81 million in its gross loan portfolio, US\$1,237.51 million in investments securities and other financial assets, US\$238.27 million in total deposits, US\$894.13 million in equity, and US\$41.45 million in net income.

Consistent with its conservative capitalization strategy and liquidity policies, BGO maintained a total capital to risk weighted assets ratio of 58.05%, equity to total assets ratio of 40.72%. As of December 2023, the ratio of primary liquid assets (US\$1,086 million) to total deposits and borrowings was 98.41% which consisted of high-quality fixed-income securities with 86.85% having a rating of A- or higher and 73.03% rated AAA.

2. Overview of Risk Management and Risk Weighted Assets (RWA)

2.1 Table OVA: Bank risk management approach

Purpose: Description of the bank's strategy and how senior management and the board assess and manage risks, enabling users to gain a clear understanding of the bank's risk tolerance/appetite in relation to its main activities and all significant risks.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

General consideration:

(a) How the business model determines and interacts with the overall risk profile and how the risk profile interacts with the risk tolerance and appetite that has been approved by the board.

BGO's business model is limited to investing funds received from Banco General, S.A. and its retail clients. The Bank invests primarily in mortgage-backed and asset-backed securities, corporate bonds, U.S. government and other U.S. agency bonds either directly or by placing funds under management with large international, asset management firms, primarily US based and participates in obligations owned by BG in countries outside of Panama, through a Master Participation Agreements under NY Law, signed in June 2010.

The cornerstone of BGO's overall financial strategy is its focus on a solid and strong liquidity and capital position.

BGO's capital position exceeds local regulatory requirements and international requirements contained in the Basel Accords. As of December 31, 2023, BGO's Total Capital Adequacy Ratio was 58.05%, consisting entirely of Tier 1 + Tier 2 capital. Shareholders' equity amounted to US\$894.14MM as of December 31, 2023, an increase from US\$809.16MM in 2022. The ratio of equity to total assets was 40.72% as of year-end 2023.

BGO's high levels of capitalization reflect the BOD's commitment to maintaining a strong capital base to support depositors, enable BGO to grow and maintain a capital base to withstand unexpected adverse events that may affect the Bank's operations.

As of December 2023, the ratio of primary liquid assets (US\$1,086 million) to total deposits and borrowings was 98.41% which consisted of high-quality fixed-income securities with 86.85% having a rating of A- or higher and 73.03% rated AAA.

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BGO's Board of Directors certifies that the Bank has assessed its capital as adequate based on the size and complexity of its business and that it has adequate risk management governance and processes.

BGO's Board of Directors considers its activities and risk management practices as Low Risk, appropriately supported by the following:

- a) BGO has identified and considers the Bank's risk related losses over the last 3 years and whether those losses are likely to recur.
- b) BGO has prepared a short list of the most significant risks to which the Bank is exposed.
- c) BGO has considered how the Bank would act, and the amount of capital that would be absorbed if each of the risks identified were to materialize.
- d) BGO has considered how the Bank's capital requirement might alter under the scenarios in (c) and how its capital requirement might alter in line with its business plan for the next 3 years; and
- e) BGO has documented the ranges of capital required in the scenarios identified above and form an overall view on the amount and quality of capital which the Bank should hold, ensuring that its senior management is involved in arriving at that view.

BGO's Management Team and BOD reviews the risk appetite and tolerance annually through the review of the ICAAP.

To maintain its Low Risk profile, BOD has established policies, limits, and procedures to manage risks to which it is exposed, which defines its Risk Appetite. Based on its Risk Appetite, the BOD established limits on the following:

1. Credit Risk
2. Concentration Risk
3. Liquidity Risk
4. Portfolio Investment
5. Operational Risks Indicator
6. Market Exposure Risk
7. Maximum Loss Limits due to Price Movements
8. Environmental and Social Risks

BGO's Board of Directors certifies that the Bank has assessed its capital as adequate based on the size and complexity of its business and that it has adequate risk management governance and processes.

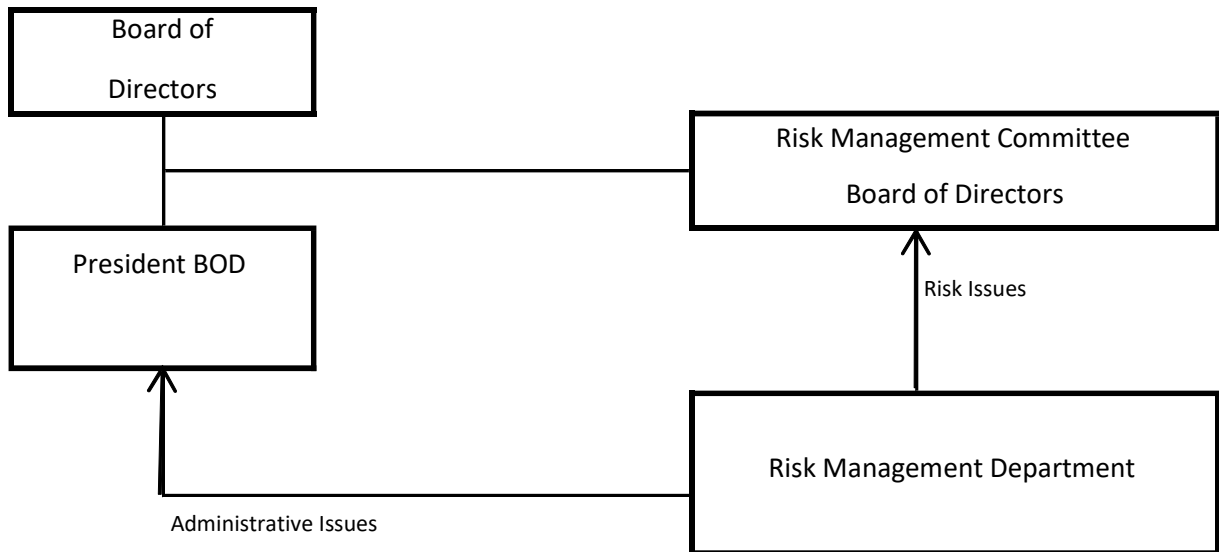
(b) Risk governance structure, responsibilities, and delegation of authority. Departments involved in the risk management process and how the departments interact with each other.

BG and Subsidiaries (including BGO) maintain a Corporate Governance Structure at the group level, with the objective of establishing policies, principles, norms, and procedures of internal controls, as needed, to guarantee the proper management of the group's risks.

Risk Management High-Level Organization Chart:

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In the substantial part of its duties, the Risk Department shall report to the Risks Committee of the Board of Directors. For the administrative aspects of its duties, it shall be supervised by the General Manager.



Based on the extent of the application of the Risk Management policies, including the definition of Risk Appetite and Profile, which includes BG and Subsidiaries, 100% owner of the issued and outstanding shares of Overseas Capital Markets, Inc. and subsidiaries, which includes BGO. In this sense, the objectives, policies, procedures, structures, and risk limits are applicable in a consolidated manner to BG and all its Subsidiaries. However, BGO may have individual objectives, policies, procedures, structures, and specific risk limits, which we shall identify within this document, as applicable.

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Responsibilities for Risk Management and Control – BGO:

Risk	Identification and exposure analysis	Strategy	Limits and control	Performance evaluation
Credit and Counterparty Risk	Business Departments, Risk Department and Treasury Department	Requires approval of the BOD Risk Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Risk Department and Executive Risk Committee.	BOD Risk Committee, Treasury Committee, and ALCO
Country Risk	Business Departments, Risk Department and Treasury Department	Requires approval of the BOD Risk Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Risk Department and Executive Risk Committee.	BOD Risk Committee, Treasury Committee, and ALCO
Market Risk	Treasury Department and Risk Department	Requires approval of the BOD Risk Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Treasury Unit, Risk Department, ALCO.	BOD Risk Committee, Treasury Committee, and ALCO
Liquidity Risk	Treasury Department and Risk Department	Requires approval of the BOD Risk Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Treasury Unit, Risk Department, ALCO.	BOD Risk Committee, Treasury Committee, and ALCO
Operating Risk	Operational Departments, Business Departments and Risk Department	Requires approval of the BOD Risk Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Risk Department and Executive Risk Committee.	BOD Risk Committee
Legal and Compliance Risk	Legal and Compliance Departments	Requires approval of the BOD Risk Committee and/or BOD Compliance Committee and/or BOD	Limits require approval of the BOD Risk Committee and/or BOD. Limit control is a responsibility of the Risk Department and Executive Risk Committee.	BOD Risk Committee and/or BOD Compliance Committee
Environmental and Social Risks / Climate Risks	Business Departments, Risk Department, Operational Departments and Marketing and CSR Department	Requires approval of the BOD Risk Committee and/or BOD	Policies, Exclusion Lists and Credit procedures require the approval of the BOD Risk Committee and/or BOD. Controls are the responsibility of the Risk Department, the Executive Risk Committee and/or the Social Responsibility and Business Ethics Committee	BOD Risk Committee

Duties and Responsibilities - Board of Directors:

1. Define and approve the Bank's Risk Appetite, through the approval of objectives, policies, procedures, structures, and risk limits.
2. Constitute the BOD Risk Committee
3. Approve the BOD Risk Committee By-laws.

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4. Appoint the members forming the BOD Risk Committee.
5. Approve the necessary resources for the proper development of a Comprehensive Risk Management Structure to maintain the infrastructure, methodology and necessary personnel.
6. Evaluate and approve its business plans with due consideration of the associated risks.
7. Ensure the Bank maintains a level of capital adequacy congruent with its risk profile.
8. Together with the Banks's general management, attribute to the Vice Presidency of Risk, and any other the latter may appoint, the sufficient authority, hierarchy, and independence with respect to the other employees of the Bank.

Duties and Responsibilities - Board of Directors Risk Committee:

The BOD Risk Committee is empowered to:

1. Supervise the Risk Departments for the substantial issues of its duties in connection with the Comprehensive Risk Management and evaluate its performance.
2. Supervise compliance of the objectives, policies, procedures, structures, and limits of risk of the Comprehensive Risk Management documented in the Comprehensive Risk Management Manual and its Annexes.
3. Attribute to the Risk Department sufficient authority, hierarchy, and independence regarding the other employees of the Bank.

It corresponds to the BOD Risk Committee the execution of the following duties:

1. To follow up the exposures to risks and compare said exposures with the policies and limits approved by the BOD.
2. Among other aspects deemed pertinent, the BOD Risks Committee shall refer to the impact of said risks on the Bank's stability and solvency.
3. To evaluate the performance of the Risk Department, which shall be duly documented.
4. To report to the BOD the results of its reviews on the exposures to the Bank's risk.
5. To guarantee compliance with the objectives, policies, procedures, structures, and limits of risk of the Comprehensive Risk Management, as well as to define the scenarios and the temporary horizon in which excess to the limits or exceptions to policies may be accepted, which shall be approved by the BOD, or the entities empowered by the BOD for these purposes, as well as the possible courses of action or mechanisms by means of which the situation may be regulated.
6. To develop and propose objectives, policies, procedures, structures, and limits of risk for the administration of risks which shall be submitted to the approval of the BOD or the entities same may empower by the BOD.
7. The duties and requirements the BOD may establish.

There is also an Audit Committee of the Board of Directors that oversees the establishment and implementation of appropriate internal controls, including the preparation of the Bank's financial information and financial statements and a Compensation Committee of the Board of Directors that oversees the establishment and implementation of appropriate compensation policies at all levels of the Bank.

Duties and Responsibilities - Risks Department:

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The Risk Department oversees the identification and management of the risks the Bank, establishing Specialized Risk Departments for specific risks, in accordance with the nature and complexity of the operations and the structure of the Bank.

The Risk Department is responsible with informing and presenting to the BOD Risks Committee, on the efficiency of the mechanism in connection with the management of risks, the degree of exposure, compliance with risk limits in accordance with the policies and procedures approved by the BOD or by the BOD Committee.

The execution of the following duties belongs to the Risk Department:

1. To identify, evaluate, measure, control, mitigate, monitor, and inform all the risks which are relevant to the entity. With such purpose it may:
2. Develop methodologies, models, and systems of measurement of risks congruent with the degree of complexity and volume of its operations, showing in a precise manner the value of the positions and its sensitiveness to the various risk factors.
3. Ensure that the responsible areas supply the necessary information which shall be used in the methodologies, models, and systems of measurement of risks and that is found available in a timely manner.
4. Evaluate permanently the methodologies, models, and risks measurement systems, which results shall be submitted to the BOD Risk Committee.
5. In accordance with the complexity and volume of its operations, to execute periodical back testing program, in which estimations of exposition be compared by type of risk of the internal models against the results really observed for the same measurement period and to carry out the necessary corrections modifying the model when deviations are presented, remaining documented.
6. Ensure that all deficiency detected regarding the quality, opportunity and integrity of the information employed by the Risk Department is reported to the areas responsible of its elaboration and control.
7. To carry out exposure estimations by type of risk.
8. To verify the observance of the risk limits, as well as the levels of tolerance acceptable by each type of risks.
9. Any other duty the BOD or the BOD Risks Committee or the General Manager may require.

Chief Risk Officer:

The Bank has designated a Vice-president of Corporate Risk or "CRO" who reports to the Board of Directors Risk Committee. The CRO is independent of the business and operational lines. The Bank considers the CRO a "Senior Officer" and is in the process of submitting the related documents for CIMA's approval in accordance with Section 16 of the Banks and Trust Companies Law.

The execution of the following duties belongs to the CRO:

Lead and managed the Risks Department and ensures the Risks Department executes the following duties:

1. Identify, evaluate, measure, control, mitigate, monitor, and inform all the risks which are relevant to the entity. With such purpose it may:
2. Develop methodologies, models, and systems of measurement of risks congruent with the

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- degree of complexity and volume of its operations, showing in a precise manner the value of the positions and its sensitiveness to the various risk factors.
3. Ensure that the responsible areas supply the necessary information which shall be used in the methodologies, models, and systems of measurement of risks and that is found available in a timely manner.
 4. Evaluate permanently the methodologies, models, and risks measurement systems, which results shall be submitted to the BOD Risk Committee.
 5. In accordance with the complexity and volume of its operations, to execute periodical back testing program, in which estimations of exposition be compared by type of risk of the internal models against the results really observed for the same measurement period and to carry out the necessary corrections modifying the model when deviations are presented, remaining documented.
 6. Ensure that all deficiency detected regarding the quality, opportunity and integrity of the information employed by the Risk Department is reported to the areas responsible of its elaboration and control.
 7. To carry out exposure estimations by type of risk.
 8. To verify the observance of the risk limits, as well as the levels of tolerance acceptable by each type of risks.
 9. Any other duty the BOD or the BOD Risks Committee or the General Manager may require.

(c) Channels of communication, to describe and enforce the risk culture within the bank.

BG and Subsidiaries (including BGO) maintain a formal, comprehensive, proactive, participative and independent process of risk management, which allows the Bank to (i) identify, evaluate, measure, control, mitigate, monitor and report on all the applicable and pertinent risks, (ii) evaluate the sufficiency of capital in relation to its risk profile, and (iii) strengthen institutional culture by raising awareness of the relevance of managing risks, including at the personnel, management, Executive Management and BOD level.

In line with regulatory provisions and Corporate Governance best practices, the BOD establishes and approves the objectives, policies, procedures, structures, and risk limits which govern its comprehensive risk-management process, as well as the necessary conditions and structures that foster a risk management culture that flows to all the levels of the organization, starting with the surveillance of the BOD, the Risk Committee of the BOD, the ALCO, and all executive risk management committees.

The BOD is supported by several Committees (including the Risk Committee of the BOD), which monitor, define, approve, or certify the objectives, policies, procedures, structures, and limits within the faculties granted to them. These committees in turn support the various Executive Committees of the organization, which monitor, analyze, approve, or certify within the attributes granted by the BOD or the Risk Committee of the BOD to them.

The Executive Risk Committees are responsible for overseeing the administration of the integral risk management of the Bank, monitoring the compliance of objectives, policies, procedures, structures, and limits of risk in all the units of the organization.

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The main risks identified by the Bank are Credit Risk, Country Risk, Operational Risk, Market Risk and Liquidity Risk, Environmental & Social Risks/Climate Risks, and are managed by the following committees:

- Business Credit Executive Risk Committee
- International Corporate Credit Executive Risk Committee
- Operational Executive Risk Committee
- Environmental, Social and Reputational Executive Risk Committee
- Assets and Liability Committee (ALCO)
- Treasury Committee
- Risk Committee of the Board of Directors

Based on current regulations and best practices the BOD has established policies, limits, and procedures to manage risks to which it is exposed, which defines its Risk Appetite. Risk thresholds (limits) are approved by the BOD and any breaches of these thresholds should be reported to the BOD.

(d) Description of the process of risk information reporting provided to the board and senior management.

See section *“Responsibilities for Risk Management and Control – BGO”*.

(e) The scope and main features of risk measurement systems.

The Bank utilizes the Modelo de Información Gerencial or “MIG” as its MIS system. MIG is a database of financial information organized and programmed in a way that produces regular reports used to manage risks and its capital needs and helps monitor the risks limits approved by the BOD. MIG also provides a single view of the data at the corporate level and provides indicators to measure compliance and efficiency of business goals. In addition to MIG, for the management of interest rate risk, market risk and liquidity risk, the Bank uses FIS BancWare ALM 6 2021.2.0, Bloomberg – AIMS (Bloomberg asset and investment manager), PAM (Portfolio accounting and management), and Aladdin PRT tool from BlackRock Inc. Also, the Bank’s expected credit loss models for the loan portfolio were developed through the support and guidance of two external consultants (Management Solutions and Moody's), and the model are programmed within the MIG system.

The reports generated are used by the BOD, BOD Risk Committee and Executive Risk Committee to monitor periodically the exposures to risks and compare said exposures with the policies and limits approved by the BOD.

(f) The strategies and processes to manage, hedge and mitigate risks that arise from the business model and the processes for monitoring the continuing effectiveness of hedges and mitigants.

ALCO will approve the use of derivatives as part of its strategies in managing the Bank's assets and liabilities. The Treasury will be responsible for implementing the strategies agreed in the ALCO and therefore must execute the corresponding derivative transactions within the approved limits and policies, as well as giving them the required follow-up to all current operations. The bank will not

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make use of derivative instruments for any speculative purpose (to trade in the short term – "trading"). The bank will use derivatives for the following purposes:

- 1) The management of the risks of the bank's assets and liabilities.
- 2) Execute derivatives for clients who request them as part of the management of their own risks as stipulated in the Bank's Business Banking Credit Policies and Procedures Manual. These derivatives must be covered (there will be no exposure).
- 3) Execute FX Forwards of clients as stipulated in the Manual of Credit Policies and Procedures for Business Banking of the bank. These derivatives must be covered (there will be no exposure).
- 4) Take a credit risk position using CDS according to the limits of the Investment Manual of Banco General, S.A. and Subsidiaries and backing said position with foreign deposits with maturity of up to 30 days, bills, notes or U.S. Treasury bonds. This would be done in order to improve the profitability or liquidity of the bank by being able to invest in the credit of an issuer, through a synthetic bond, using the credit limits established by the bank efficiently and investing the funds in very liquid assets.
- 5) As part of the management of managed portfolios. Managed portfolios will be allowed to use derivatives as long as they meet the limits set for each portfolio (duration, credit and currency).

The Treasury must maintain a daily report of all current positions and unrealized gains and losses. Current positions will be valued and accounted for daily according to the nature of each transaction and the relevant NIIFs.

The valuation and accounting of all derivative transactions will be governed by the provisions of the Investment Manual of Banco General, S.A. and Subsidiaries.

The policy of approval of new types of derivatives will be detailed in the Investment Manual of Banco General and Subsidiaries.

BGO may only use as a counterparty in these operations Financial Institutions with a minimum long-term risk rating of A from S&P or A2 from Moody's or A from Fitch and its subsidiaries. In the case of a counterparty that does not meet the above condition, an approval of the Board of Directors will be needed to be able to carry out this type of transaction.

(g) Qualitative information related to stress testing methodologies and the scenarios and assumptions used.

BGO implemented the following stress testing methodologies, scenarios, assumptions:

Market Risk:

The Bank conducts stress scenarios to stress rates and credit spreads, choosing the result of the stress test with the most negative impact to the bank to assess capital requirements for market risk.

1. **Interest rates stress scenarios:** The Bank runs quarterly simulations on the investment portfolio by applying interest rate shocks of 100 and 200 bps increments or reductions to calculate the impact on its value and potentially on the capital of the Bank.

- 2. Credit Risk (spreads) stress scenario:** The Bank has the capability to stress the fair value impact on capital of the investment portfolio in a wide variety of historical or hypothetical credit (spread) events. BGO estimates the expect loss in the fair value, and hence capital, of the investment portfolio based on the 2008 financial crisis given that it's the credit event of modern history which caused the largest widening in credit spreads. This is done using the Aladdin PRT tool, which studies the absolute change in credit risk levels, global rates and different risk factors during the period from September 12, 2008 to November 3, 2008. The tool shocks all risk factors available based on the changes observed for each risk factor during the Sept – Nov 2008 time frame to estimate the loss on the current portfolio.
- 3. Covid-19 scenario analysis:** The Bank estimates the expect loss in the fair value, and hence capital, of the investment portfolio based on the days with the largest widening in credit spreads and fall of the global stock market because of the pandemic. This is done using the Aladdin PRT tool, which studies the absolute change in credit risk levels, global rates, and different risk factors during the period from February 28, 2020 to March 20, 2020. The tool shocks all risk factors available based on the changes observed for each risk factor during the Feb – Mar 2020 time frame to estimate the loss on the current portfolio.

Credit Risk:

The Bank conducts stress scenarios to stress the credit risk of the loan portfolio, choosing the result of the stress test with the most negative impact to the bank to assess capital requirements for credit risk (loans).

- 1. Deterioration of 50% of BGO's client base:** The methodology consists of the migration of 50% of BGO's clients from their base "stage" to the next worst "stage" within the IFRS 9 model. The methodology is applied through a Monte Carlo simulation of two thousand five hundred randomly selected samples, in which 50% of the Bank's clients have all their loans migrate to the next worst "stage" within the IFRS 9 model. This migration impacts the applicable probability of default of each loan, based on its resulting "stage". The resulting expected loss calculations are recorded, and the Bank applies a confidence level of 99.7% (three standard deviations) to determine the maximum expected loss under the stress test conditions.
- 2. Concentration risk stress test scenario, including largest clients, LGD and country risk factors:** Based on prior guidance of CIMA, the Bank also developed and performed a sensitivity analysis and stress scenario focused on concentration risk factors. The premises of the scenario consist of the following assumptions: (1) Default of BGO's three largest group exposures (migrate from "stage 1" to "stage 3"), (2) 50% deterioration in the recovery levels (LGD) included in the Bank's IFRS 9 model (for all loans, except fully cash secured facilities), (3) 25% deterioration in the country risk adjustment factor for all countries with a sovereign rating below investment grade (affects all loans assigned to a country below investment grade). The stress scenario included the assumption that BGO's top three exposures all fell into default.

Interest Rate Risk:

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The Bank runs quarterly simulations by applying interest rate shocks of 100 and 200 bps increments or reductions to evaluate their impact on the economic value of the Bank's balance sheet.

The Bank also performs an evaluation of the impact of interest rate risk in the banking book (including the investment portfolio) using the guidelines provided by CIMA on "The Supervisory Review Process (Pillar 2) Rules and Guidelines-Annex III". The idea of this evaluation is to assess the impact of a 200bps increase in rates (parallel shift) on the Bank's balance sheet using a repricing gap report and weighting each time band gap by the given weights provided by CIMA.

Liquidity Gap and Stress Tests:

The Bank reviews monthly its liquidity gap. The liquidity gap uses the projected cash flows of assets and liabilities and the following assumptions regarding the maturity of such cash flows:

Assets:

- a. Loan portfolio: contractual amortizations are used, and no prepayments are assumed.
- b. Cash and demand deposits: next working day.
- c. Time deposits: contractual maturity.
- d. Investments: based on when a security can be sold using its credit rating as a guideline.

Liabilities:

- e. Demand deposits: next working day.
- f. Savings accounts: a quarter of the total balance matures in 30 days, 60 days, 90 days, and 180 days, respectively.
- g. Time Deposits and financing: contractual maturity.

The Bank also runs a monthly stress test. This test uses the above-mentioned liquidity gap stressing the recovery of assets and the withdrawal of liabilities when due. The exercise is used to determine the ability of the bank to comply with liquidity ratios and to continue operations in the scenario that:

- (i) Only 53.45% of the cashflows of the loan portfolio are collected when due.
- (ii) 100% of investments are recovered when sold, except for local bonds (that are not primary liquid assets) and foreign stocks for which we will recover 60% and 80%, respectively.
- (iii) 45% of time deposits, 50% of commercial checking accounts and 35% of saving accounts are withdrawn, with no new deposits being received.
- (iv) Interbank time deposits are 100% withdrawn.
- (v) Other liabilities are not renewed.

The result of this stress test focused on assessing the impact on the cash flow position in 1 year of Banco General (Overseas), Inc., together with Banco General, S.A., is presented to the ALCO on a quarterly basis.

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2.2 Template OV1: Overview of RWA

Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWAs are presented in subsequent parts.

Scope of application: Mandatory for all applicable banks.

Content: Risk-weighted assets and capital requirements under Pillar 1.

Frequency: Group (a) banks: Quarterly. Group (b) banks: Annually.

Format: Fixed.

		a	b	c
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk) (CCR)	1,409,853,484	1,420,260,462	211,478,023
2	Securitisation exposures			
3	Counterparty credit risk	768,080	1,772,677	115,212
4	Of which: current exposure method	768,080	1,772,677	115,212
5	Of which: standardized method			
6	Market risk			
7	Of which: Equity risk			
8	Operational risk	127,878,456	130,866,819	19,181,768
9	Of which: Basic Indicator Approach	127,878,456	130,866,819	19,181,768
10	Of which: Standardised Approach			
11	Of which: Alternative Standardised			
12	Total (1+2+3+6+8)	1,538,500,020	1,552,899,959	230,775,003

There's no material differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period).

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Banco General (Overseas), INC

3. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

3.1 **Template LI1:** Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories.

Purpose: Columns (a) and (b) enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation; and columns (c)–(g) break down how the amounts reported in a banks’ financial statements (rows) correspond to regulatory risk categories. (Note: the sum of amounts in columns (c)–(g) may not equal the amounts in column (b) as some items may be subject to regulatory capital charges in more than one risk category.)

Scope of application: Mandatory for all applicable banks.

Content: Carrying values (Corresponding to the values reported in financial statements).
Frequency: Annually.

Format: Flexible.

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Due from Banks	238,270,704	234,832,268	171,766,230				63,066,038
Investments and other financial assets, net	1,237,515,060	1,237,304,140	999,863,894				237,440,246
Loans	578,968,263	541,080,575	539,695,029				1,385,546
Derivative instruments assets	16,818,254	16,818,254		200,375			16,617,879
Other assets	124,258,385	164,144,593	164,144,593				0
Total assets	2,195,830,666	2,194,179,830	1,875,469,746	200,375			318,509,709
Liabilities							
Due to depositors	1,108,795,541	1,103,576,058					1,103,576,058
Derivative financial instruments	12,674,277						
Other financial liabilities at fair value	84,069,803						
Other liabilities	96,155,510	198,326,073					198,326,073
Total liabilities	1,301,695,131	1,301,902,131					1,301,902,131

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3.2 Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main sources of differences (other than due to different scopes of consolidation which are shown in LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

Scope of application: Mandatory for all applicable banks.

Content: Carrying values that correspond to values reported in financial statements but according to the scope of regulatory consolidation (rows 1–3) and amounts considered for regulatory exposure purposes (row 9).

Frequency: Annually.

Format: Flexible.

	a	b	c	d	e
	Total	Items subject to:			
		Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	2,194,179,830	1,875,469,746	0	200,375	0
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)					
Total net amount under regulatory scope of consolidation	2,194,179,830	1,875,469,746	0	200,375	0
Off-balance sheet amounts	2,116,230	2,116,230			
Differences in valuations					
Differences due to different netting rules, other than those already included in row 2					
Differences due to consideration of provisions					
Differences due to prudential filters					
Exposure amounts considered for regulatory purposes					

3.3 Table LIA: Explanations of differences between accounting and regulatory exposure amounts

Purpose: Provide qualitative explanations on the differences observed between the accounting carrying value (as defined in LI1) and amounts considered for regulatory purposes (as defined in LI2) under each framework.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

General Considerations:

(a) Explain the origins of any significant differences between the amounts in columns (a) and (b) in LI1.

There's no material differences between accounting amounts, as reported in financial statements and regulatory exposure amounts, as displayed in Tables LI1 and LI2.

(b) Explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2.

There's no material differences between carrying values and amounts considered for regulatory purposes shown in LI2.

(c) Describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include:

- **Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.**
- **Description of the independent price verification process.**
- **Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).**

The Bank uses traditional valuation procedures and methodologies, which are detailed in the "Guide for the Valorization of Banco General, S.A. and Subsidiaries' Investment Portfolios" under Annex VIII of Banco General, S.A. and Subsidiaries' Investments Manual, which is approved by the Board of Directors.

For the valuation of foreign investments and derivatives, the Bank obtains prices from recognized providers, such as custodians, investment managers, electronic media, broker dealers, other banks, and the stock market, daily and displays these valuations on its daily accounts. These prices are analyzed and monitored by the Treasury and Finance and Risk Departments. In the case of local

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fixed income financial instruments that are not quoted in an active market, the bank utilizes a fixed income analytics tool to value them.

The valuation of all investments and derivatives portfolios is carried out according to the responsibilities and procedures specified in Banco General, S.A. and Subsidiaries' Investments Manual as stated below:

- i. The Department of Treasury Operations validates that all the prices that are automatically loaded into the Bank's accounting system from the main price sources—defined in the Investments Manual—are in accordance with the price providers' reports. This department also inputs the prices that are calculated internally by the Bank into the accounting system.
- ii. The Treasury Administration, Risk and Control Unit reviews the daily investments and derivatives portfolio valuation reports and validates that all prices are reasonable, using the market and other price sources as a guide. If there are significant inconsistencies with any of the prices, the Unit conducts the pertinent investigations. Additionally, it values instruments that are not in an active market, following the valuation models established for each type of financial instrument in the Investments Manual, and sends these valuations to the Treasury Operations area for their due input into PAM.
- iii. The Vice-president of Treasury and the Executive Vice-president of Finance review all valuations of the investments and derivatives portfolio.
- iv. The Risk Department independently reviews all valuations and certifies their compliance with the methodologies established in Banco General, S.A. and Subsidiaries' Investments Manual to the Asset Liability Committee monthly.

BGO does not do have a trading book.

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

Instruments	Valuation techniques	Inputs used	Level
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	Credit spreads Benchmark interest rate Liquidity risk premiums	
Agencies MBS / CMOs	Discounted cash flows	Features of collateral TBA's price Treasury yield Yield curves Prepayment speeds Market analysis	2

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Private MBS / CMOs and ABS	Discounted cash flows	Features of collateral Treasury yield Yield curves Expected cash flows and losses Market assumptions related to discount rates, prepayments, losses and recoveries	2
Corporate Shares	Quoted market prices Dividend discount model Discount free cash flows model (DFC), which are compared to the stock prices Carrying amount model	Quoted prices in active markets Benchmark interest rate Equity risk premium Growth rate of assets, liabilities, equity, profits and dividends Equity Issued and outstanding shares	3
Investment Vehicles	Net asset value	Net asset value	3

4. CAPITAL

4.1 Table CAP: Details on the bank's capital, including specific capital instruments

Purpose: Provide details on the bank's capital, including specific capital instruments.

Scope of application: Mandatory for all applicable banks.

Content: Quantitative and qualitative information.

Frequency: Group (a) banks: Semi-annually Group (b) banks: Annually.

Format: Flexible.

Qualitative disclosures:

(a) Name of the top corporate entity in the group to which these rules and guidelines apply.

The Market Discipline Disclosure Requirements rules and guidelines apply to Banco General (Overseas), Inc. ("BGO"). BGO is a wholly owned subsidiary of Overseas Capital Markets, Inc., a company incorporated in the Cayman Islands, and a wholly owned subsidiary of Banco General, S.A ("BG"). BGO has been granted a category "B" unrestricted banking license by the Cayman Islands Government under the Banks and Trust Companies Law, to enable it to carry out banking from within the Cayman Islands.

(b) Outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are pro-rate consolidated; (c) that are given a deduction treatment; and (d) from which surplus capital is recognized; plus (e) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

There is no difference in the basis of consolidation for accounting and regulatory purposes.

(c) Restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

BGO does not have any major restrictions, or other major impediments, on transfer of funds or regulatory capital with BGO's parent company.

Quantitative Disclosures:

(d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

BGO has no insurance subsidiaries.

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(e) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries.

N/A

(f) The aggregate amounts (e.g. current book value) of the firm's total interests in insurance entities.

BGO has no insurance subsidiaries.

Table 2 - Capital Structure

Qualitative disclosures:

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments.

The cornerstone of BGO's overall financial strategy is its focus on a solid and strong liquidity and capital position.

BGO's capital position exceeds local regulatory requirements and international requirements contained in the Basel Accords. As of December 31, 2023, BGO's Total Capital Adequacy Ratio was 58.05% (BGO unconsolidated), consisting entirely of Tier 1 + Tier 2 capital.

BGO's consolidated shareholders' equity amounted to US\$894.135 million as of December 31, 2023, increasing from US\$809.161 million in 2022. The ratio of equity to total assets was 40.72% as of year-end 2023.

BGO's high levels of capitalization reflect the BOD commitment to maintain a strong capital base to support depositors, enable BGO to exploit growth opportunities and maintain a capital base to withstand unexpected adverse events that may affect the Bank's operations.

BGO's Board of Directors certifies that the Bank has assessed its capital as adequate based on the size and complexity of its business and that it has adequate risk management governance and processes.

Quantitative disclosures:

Pillar I Basel Accords

Tier 1 Capital	
Paid up capital	119,158,140
Share premium	15,841,860
Retained earnings	686,115,932
Current year's earnings	39,592,356
General reserves	-33,430,589
Paid-up perpetual non-cumulative preference shares	65,000,000
Total Tier 1 Capital	892,277,699
Tier 2 Capital	
General Provisions	851,371
Total Tier 2 Capital	851,371
Total Net Tier 1 and Net Tier 2 Capital	893,129,070
Total Eligible Capital	893,129,070

Note: Figures for Pillar I represent BGO's figures on an unconsolidated basis, in line with CIMA reporting guidelines.

Table 3 - Capital adequacy

Qualitative disclosures:

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

To maintain a solid financial profile, the bank has established a conservative capital position, which it defines as maintaining internal and regulatory capital ratios with a healthy cushion to cover potential future requirements and unanticipated losses. The main ratios the Bank monitors are its: tier 1 capital to risk weighted assets, total equity to total assets ratio, and surplus capital under a stress scenario.

The capital planning process relies on several key factors to determine capital sufficiency and potential needs, including, (i) the consolidated medium-term strategic plan and its growth initiatives and potential inorganic expansion, (ii) the in-depth annual business plan and its operating and investment budgets, (iii) the capital structure and dividend policy and (iv) the risk limits and potential capital requirements under stress scenarios.

Based on the current capitalization levels, current year budget, and stress scenarios described in this report, the Bank maintains a substantial capital surplus which it plans to hold for the long term.

Considering BGO's Balance Sheet and operating performance forecasts detailed below, the Bank considers that in the next years it will not have any need for additional capital, and it will continue to maintain a significant capital surplus position.

The main assumptions for the financial projections and anticipated capital position are the following:

- 1) Balance sheet growth is expected in the range of 3% to 5% per year.
- 2) The asset mix (loans and investments) is anticipated to remain stable in the future with no new significant business initiatives to be implemented at the Bank.
- 3) The risk profile and risk limits will not be subject to any material changes.
- 4) The positive net income forecasted should cover any unanticipated losses and provide additional capital to support growth and maintain or increase the capital surplus position.
- 5) The Bank does not anticipate dividends to exceed net income, thus maintaining a very strong capital position.

Moreover, the Bank is of the opinion that even under adverse economic conditions, its operations will remain profitable and therefore its capital position will remain robust.

Finally, based on the moderate growth forecasts and high levels of capitalization the Bank will continue to comply with all regulatory capital requirements.

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

	Dec-22	Dec-23	Dec-24 E	Dec-25 E	Dec-26 E	Dec-27 E	Δ 23-24	Δ 24-27
ASSETS								
Deposits	200,987,819	237,690,156	292,758,193	332,228,238	374,616,794	420,099,842	23.2%	12.8%
Loans, net	497,909,111	574,676,925	580,834,483	602,647,702	625,278,918	648,758,803	1.1%	3.8%
Investments, net	1,536,790,533	1,237,515,060	1,240,249,856	1,285,422,162	1,332,288,428	1,380,912,180	0.2%	3.6%
Other assets	100,589,387	145,948,525	146,037,358	146,568,363	147,119,280	147,690,857	0.1%	0.4%
Total assets	2,336,276,850	2,195,830,666	2,259,879,890	2,366,866,465	2,479,303,421	2,597,461,683	2.9%	4.8%
LIABILITIES AND EQUITY								
Deposits	1,286,963,592	1,103,576,058	1,103,576,058	1,141,154,808	1,180,142,761	1,220,592,762	0.0%	3.4%
Other liabilities	240,152,237	198,119,073	197,474,702	197,474,702	197,474,702	197,474,702	-0.3%	0.0%
Equity	809,161,021	894,135,535	958,829,130	1,028,236,955	1,101,685,958	1,179,394,219	7.2%	7.1%
Total liabilities and equity	2,336,276,850	2,195,830,666	2,259,879,890	2,366,866,465	2,479,303,421	2,597,461,683	2.9%	4.8%
Income	12,360,477	100,168,169	120,549,984	122,869,447	128,811,672	135,043,266	20.3%	3.9%
Expenses	25,148,605	58,718,477	53,998,553	53,461,622	55,362,669	57,335,006	-8.0%	2.0%
Net Income	(12,788,128)	41,449,692	66,551,431	69,407,825	73,449,003	77,708,261	60.6%	5.3%
Equity / Total Assets	34.63%	40.72%	42.43%	43.44%	44.44%	45.41%		
Capital Adequacy Ratio	52.18%	58.05%	60.54%	61.98%	63.40%	64.78%		
Pillar II Capital Requeriments - Riesgo								
Credit Risk - Investments	119,782	121,302	118,246	122,553	127,021	131,657		
Credit Risk - Loans	88,744	81,859	88,012	91,317	94,746	98,304		
Credit Risk - Deposits	12,928	12,928	12,928	13,368	13,824	14,298		
Operational Risk	19,630	19,182	24,476	24,947	26,153	26,154		
Market Risk	26,234	23,123	22,540	23,361	24,213	25,097		
Capital Req	267,318	258,393	266,202	275,546	285,958	295,510		
Capital Req as a % of Total Capital	33.04%	28.96%	27.76%	26.80%	25.96%	25.06%		

Regarding the allocation of the BGO's capital requirements to each of the material risks identified for the four-year financial projection, the Board of Directors expects capital requirements in similar proportion to the base and stress scenario based on (i) the asset mix (loans and investments) is anticipated to remain stable in the future, and (ii) the risk profile of these assets should not be subject to any material changes.

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Quantitative disclosures:

A. CREDIT RISK	Capital Requirements	RWA
A. Cash Items	0	0
B. Claims on Sovereigns	15,975	106,500
C. Claims on Non-Central Government Public Sector Entities (PSEs)	11,202,212	74,681,413
D. Claims on Multilateral Development Banks (MDBs)	0	0
E. Claims on Banks and Security Firms	26,978,608	179,857,388
F. Claims on Corporates and Security Firms	137,668,923	917,792,818
G. Claims on Short Term Issue Specific	51,839	345,592
H. Claims on Retail Portfolio	3,152,274	21,015,159
I. Claims secured by Residential Property	0	0
J. Claims secured by Commercial Real Estate	7,268,636	48,457,576
K. Claims secured on Higher Risk Categories & Other Assets	25,060,319	167,068,793
L. Past Due Exposures	0	0
TOTAL BALANCE SHEET ITEMS	211,398,786	1,409,325,238
Off-Balance Sheet Items	79,237	528,246
Counterparty Credit Risk	115,212	768,080
Unsettled Transactions	0	
Securizations	0	
TOTAL CREDIT RISK	211,593,235	1,410,621,564
B. OPERATIONAL RISK	0	
Basic Indicator Approach	19,181,768	127,878,456
Standardized Approach	0	
Alternative Standardized Approach	0	
TOTAL OPERATIONAL RISK	19,181,768	127,878,456
C. MARKET RISK		
FX & Gold	0	0
Commodities	0	0
Interest Rate Risk Maturity Method	0	0
Interest Rate Risk Duration Method	0	0
Equities	0	0
Correlation Trading Portfolio	0	0
TOTAL MARKET RISK	0	0
TOTAL	230,775,003	1,538,500,021
Total Minimum Capital Requirements - Pillar 1	230,775,003	
Total Eligible Capital	893,129,070	
Surplus/(Deficit) Capital	662,354,066	
Tier 1 Ratio	58.00%	
Total Capital Adequacy Ratio	58.05%	
Tier 1	892,277,699	
Tier 2	851,371	
Tier 1 + Tier 2	893,129,070	

Note: Figures for Pillar I represent BGO's figures on an unconsolidated basis, in line with CIMA reporting guidelines.

5. Credit Risk

5.1 Table CRA - General qualitative information about credit risk

Purpose: Describe the main characteristics and elements of credit risk management (business model and credit risk profile, organization and functions involved in credit risk management, risk management reporting).

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

General considerations:

(a) How the business model translates into the components of the bank's credit risk profile.

BGO participates in obligations owned by BG in countries outside of Panama, through a Master Participation Agreements under NY Law, signed in June 2010. In addition, BGO invests deposits primarily in mortgage-backed and asset-backed securities, corporate bonds, U.S. government and other U.S. agency bonds either directly or by placing funds under management with large international, asset management firms, primarily US based.

BGO's loan portfolio consists primarily of corporate loans extended to clients that operate in Colombia, Costa Rica, Guatemala, El Salvador, Peru, Mexico, Honduras, and Nicaragua. This loan portfolio is managed by the Bank's International Corporate Banking Department, through our representation offices located in Guatemala, El Salvador, Peru and Colombia, and its affiliate in Costa Rica (Banco General (Costa Rica), S.A.). BGO also maintains a smaller portfolio of commercial individual, private banking and consumer clients based in Panama.

The business model correlates directly with BGO's low credit risk profile, with 100% of the loan portfolio rated A- Normal. Historically, BGO has had no losses in its loan portfolio.

In addition, BGO's investment portfolio consists primarily of high quality, liquid, fixed income investments. The Board of Directors has established investment policies that include limits per portfolio based on amount, credit rating, type of assets allowed, duration, issuer or issue, and the rating of a specific investment, among others, which are included in the Investment Manual of Banco General and Subsidiaries. An average rating of no less than A- must be maintained in the investment portfolio of Banco General (Overseas), Inc.

(b) Criteria and approach used for defining the credit risk management policy and for setting credit risk limits.

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Based on current regulations and best practices the BOD has established policies, limits, and procedures to manage risks to which it is exposed, which defines its Risk Appetite. Based on its Risk Appetite, the BOD established limits on Credit Risk and Concentration Risk, including, but not limited to, limits by country, industry, financial instrument, and debtor.

The BOD Risk Committee approved the Corporate Credit Approval Policies and Procedures Handbook for Corporate Banking, as well as the Bank's Credit Risk Management and Administration Manual. The guidelines set forth in these two documents, describe the credit risk management process in detail, to identify measure, monitor and control the risks associated with:

1. Credit Default Risk - The risk of loss arising from the possibility that a particular corporate credit borrower may default on its obligations to make payments on its debt.
2. Concentration Risk - The risk of loss arising from the possibility that a particular corporate credit borrower and its related economic group, or an aggregate number of corporate credit borrowers with exposure to a particular economic sector, may default on their obligations to make payment on their debts, as a result of adverse conditions affecting the borrowers within the economic group or adverse conditions affecting the economic sector or industry in which they operate.
3. Country Risk - The risk of loss arising from the possibility that the aggregate borrowers in a particular country may default on their obligations to make payment on their debts, as a result of adverse economic, political and/or social conditions that affect their capacity and/or capability to service the referred debts.

To manage, mitigate and reduce the above-mentioned risks, the BOD of BG and Subsidiaries (including BGO), approved the following:

1. The conformation of a highly experienced and professional International Corporate Banking Department, in line with BGs and BGOs client segmentation strategies and service models, to better fulfill the clients' needs, increase cross-selling opportunities, improve service quality and reduce credit risks.
2. The conformation of a highly experienced and professional International Credit Risk Department, whose responsibility is to independently review credit risk and country risk associated with borrowers/economic groups, countries and economic sectors that comprise BGO's international corporate loan portfolio. BGO uses in-house methodologies and third-party models (Moody's RiskCalc) to quantify the related credit risk, concentration, and country risk exposures. These models generally incorporate qualitative and quantitative factors that help outline various risk aspects, including: the borrowers experience, economic sector, country of operation, management expertise, financial leverage and liquidity ratios, credit risk mitigations (guarantees, insurance, third party guarantees), among others.
3. The Credit Approval Policy and Procedures Handbook for Commercial Banking, which outlines the governance structure and responsibilities (of the BOD, BOD Risk Committee, BOD Credit Committee, Executive Credit Committee, International Corporate Banking Department, Internal Audit, Risk Department, CEO, among others), policies, procedures, methodologies, risk limits and levels of approval regarding BGOs corporate banking business. These policies include, among others, the following:
 - a. General Policies for Corporate Banking
 - b. General Terms and Condition per Type of Facility

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- c. Collateral Policy and Third-Party Guarantee Policy
- d. Exclusion List (economic sectors, activities, or situations in which the Bank is not allowed to lend)
- e. Acceptable External Auditors and Borrowers Financial Statements Policies
- f. Policy for annual renewal and revisions of all loan facilities and borrowers
- g. Policy for Material Adverse Effects or Changes for borrowers and/or loan facilities
- h. Subscription Policies
- i. Policy and Procedures for exceptions and temporary excesses in revolving credit facilities
- j. Policy for Financial Covenants
- k. Insurance Policy regarding credit facilities

BGO has methodologies that are documented in the Bank's Credit Risk Management and Administration Manual, that enable the Bank to assess the credit risk related to individual exposures and at the portfolio level. The credit review assessment of capital adequacy covers the following areas:

- a. Loan classification system
- b. Loan portfolio analysis
- c. Loan large exposures and concentration risk

(c) Structure and organization of the credit risk management and control function.

The International Business Credit Risk Section is responsible for the credit risk management of the loan portfolio and the Market and Liquidity Risk Section is responsible for the credit risk management of the investment portfolio. Both Sections are incorporated within Corporate Risk Department.

(d) Relationships between the credit risk management, risk control, compliance, and internal audit functions.

BOD has created the Credit Committee of the Board of Directors and the Risk Committee of the Board of Directors, to oversee the credit risks of BGO's financial instruments. 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 to control and manage these risks. There is also an Audit Committee, composed of members of the Parent Company Board of Directors that oversees the establishment of appropriate internal controls for reporting the Bank's financial information.

(e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to senior management and the board.

See section "*Responsibilities for Risk Management and Control – BGO*".

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5.2 Template CR1: Credit quality of assets

Purpose: Provide a comprehensive picture of the credit quality of a bank's (on- and offbalance sheet) assets.

Scope of application: Mandatory for all applicable banks.

Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation).

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

		a	b	c	d
		Gross carrying values of:		Allowances / impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	7,824	575,798,381	1,129,280	574,676,925
2	Debt Securities		1,236,649,093	0	1,236,649,093
3	Off-balance sheet exposures		2,116,230	0	2,116,230
4	Total	7,824	1,814,563,704	1,129,280	1,813,442,248

Note: Debt securities excludes share capital amounting to \$655,047. BGO consolidated.

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
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5.3 Template CR2: Changes in stock of defaulted loans and debt securities

Purpose: Identify the changes in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

Scope of application: Mandatory for all applicable banks.

Content: Carrying values.

Frequency: Group (a) banks: Semi-annually. **Group (b) banks:** Annually.

Format: Fixed.

		a
1	Defaulted loans and debt securities at end of previous reporting period	10,918
2	Loans and debt securities that have defaulted since last reporting period	7,824
3	Returned to non-defaulted status	10,918
4	Amounts written off	0
5	Other changes	0
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	7,824

5.4 Table CRB: Additional disclosure related to the credit quality of assets

Purpose: Supplement the quantitative templates with information on the credit quality of a bank's assets.

Scope of application: Mandatory for all applicable banks.

Content: Additional qualitative and quantitative information (carrying values).

Frequency: Annually.

Format: Flexible.

Qualitative disclosures:

(a) The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes

Past due (applies only to the loan portfolio)

Delinquency or “past due” is measured depending on the state of the credit. For “current” operations, delinquency is measured based on overdue installments. If a loan is overdue, delinquency is measured based on the calendar days elapsed since the loan's maturity date. In case a credit is overdue and in turn presents delinquent installments, the delinquency will be taken based on the overdue installments, plus the days from the maturity date of the loan.

Impaired

At the date of the consolidated statement of financial position, it is determined whether there is objective evidence of impairment in the financial instruments, and the expected credit loss model (ECL) is used to provide for losses in the financial instruments.

The impairment model is applicable to the following assets that are not measured at FVTPL:

- Loans
- Debt instruments;
- Financial guarantee contracts issued; and
- Loan commitments issued

Impairment losses on investments in equity instruments are not recognized.

The assessment of whether the credit risk of a financial asset has increased significantly is one of the critical judgments implemented in the impairment model.

The Bank measured loss allowances at an amount equal to 12-month ECL for the following:

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- Debt investment that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which the credit risk has not increased significantly since their initial recognition.

For all other financial assets, loss allowances are measured to amount equal to lifetime ECL.

12-month ECL is the portion of the ECL that results from default events on a financial instrument that are possible within a 12-month period after the reporting date.

The standard introduces 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 equal to 12-month ECL. This represents the portion of lifetime expected credit losses from default events that are possible within 12-month period after the reporting date, assuming that credit risk has not increased significantly since initial recognition.
- Stage 2: The Bank recognizes a credit loss allowance at an amount equal to the total lifetime expected credit losses (LTECL) for those financial assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the calculation of ECL based on the asset's remaining lifetime probability of default (LTPD). The allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon in comparison with 12 months in stage 1.
- Stage 3: The Bank recognizes a loss allowance at an amount equal to the expected credit losses, during the total lifetime of the assets, based on a probability of default (PD) of 100% over the asset's recoverable cash flows.

Significant Increase in Credit Risk

It is determined whether the credit risk of a financial asset has increased significantly since its initial recognition, considering as main indicators, variations in days of delinquency, collection score and risk rating, and the analysis of quantitative and qualitative factors based on its historical experience and expert credit assessment including forward-looking information.

Credit Risk Rating

The Bank assigns a credit risk rating to each financial asset based on a model that incorporates a series of predictive data on the incurrance of losses. The model is applied over several periods to evaluate its reasonableness. Risk ratings are used to identify significant increases in credit risk.

Credit risk ratings are defined using qualitative and quantitative factors that are indicative of risk of loss. These factors may vary depending on the nature of the exposure and the type of borrower. Regarding foreign investments and bank deposits, the international risk ratings of Fitch, Standard and Poor's or Moody's and associated changes to the ratings were used to establish whether there was a significant increase in risk and in the calculation of the Probability of Default (PD).

Credit risk ratings are defined and calibrated such that the risk of loss increases exponentially as the credit risk deteriorates.

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Each exposure will be assigned a credit risk rating at the time of initial recognition based on available information about the debtor. Exposures will be subject to continuous monitoring, which may result in an exposure being moved to a different credit risk rating.

Determining the significantly increased of credit risk

The Bank determines a significant increase in an exposure to credit risk has occurred since its initial recognition if, based on credit risk rating models and / or days of delinquency, a significant impairment has occurred.

In certain instances, based on expert judgment and, to the extent possible, relevant historical experience, the Bank determines an exposure has undergone a significant increase in credit risk based on qualitative indicators that it considers relevant and whose effect would not be comprehensively reflected otherwise.

As a limit and as required by IFRS 9, a significant increase in credit risk occurs when an asset shows delinquency of more than 30 days, except for the 60 days for residential mortgages and personal loans. The delinquency period is determined by counting the number of days since the earliest elapsed due date of which full payment has not been received.

The effectiveness of the criteria used to identify significant increases in credit risk is monitored through periodic reviews.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this;

At the date of the statement of financial position, there were no past-due exposures (more than 90 days) that were not considered to be impaired. At the reporting date there were no loans or investments on a watch list or for which terms have been renegotiated/restructured.

(c) Description of methods used for determining impairments; and

See comments on section (a).

(d) The bank's own definition of a restructured exposure and a forbore exposure.

Renegotiated/restructured exposures (applies only to the loan portfolio)

A renegotiated (restructured) facility will be classified as one that, due to material difficulties in the client's ability to pay, has documented a significant variation in the original terms of the facility (balance, term, payment plan, rate, guarantees).

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Quantitative disclosures:

(a) Breakdown of exposures by geographical areas, industry, and residual maturity.

Geographical concentration of significant financial assets is summarized as follows:

	2023			
	United States of America and Others	Panama	Latin America and the Caribbean	Total
Assets:				
Due from banks	54,851,602	182,838,554	0	237,690,156
Investments and other financial assets at fair value through profit or loss	219,527,867	638,579	16,467	220,182,913
Investments and other financial assets at FVOCI	852,488,659	53,926,957	97,627,506	1,004,043,122
Investments and other financial assets at amortized cost	0	13,078,105	0	13,078,105
Loans, gross	0	34,725,630	541,080,575	575,806,205
Total	US\$ 1,126,868,128	285,207,825	638,724,548	2,050,800,501
Liabilities:				
Due to depositors	0	1,078,206,642	25,369,416	1,103,576,058
Other liabilities at fair value	84,069,803	0	0	84,069,803
Total	US\$ 84,069,803	1,078,206,642	25,369,416	1,187,645,861
Commitments and contingencies	US\$ 0	2,116,230	0	2,116,230

The table below summarizes the Bank's assets and liabilities grouped by their residual maturities with respect to the contractual maturity date:

	2023							Carrying amount
	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	More than 10 years	With no maturity	
Assets:								
Due from banks	67,690,156	0	0	170,000,000	0	0	0	237,690,156
Investment and others financial assets, net	1,176,746,560	1,054,182	43,360,907	15,487,444	0	0	655,047	1,237,304,140
Loans, net	69,142,340	99,401,428	69,691,713	232,322,820	104,118,624	0	0	574,676,925
Accrued interest receivable	0	0	14,239,266	0	0	0	0	14,239,266
Total	US\$ 1,313,579,056	100,455,610	127,291,886	417,810,264	104,118,624	0	655,047	2,063,910,487
Liabilities:								
Due to depositors	1,085,432,441	9,721,332	2,422,285	6,000,000	0	0	0	1,103,576,058
Accrued interest payable	0	0	5,220,057	0	0	0	0	5,220,057
Total	US\$ 1,085,432,441	9,721,332	7,642,342	6,000,000	0	0	0	1,108,796,115
Net liquidity gap	US\$ 228,146,615	90,734,278	119,649,544	411,810,264	104,118,624	0	655,047	955,114,372

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Breakdown of the loan portfolio by industry is presented as follows:

US\$

Sector	Gross Value	%
Manufacturing	279,781,781	48.6%
Wholesale and retail trade	159,244,686	27.7%
Financial and insurance activities	76,653,274	13.3%
Electricity, gas, steam and air conditioning supply	21,939,012	3.8%
Accommodation and food service activities	14,129,083	2.5%
Agriculture, forestry and fishing	7,475,890	1.3%
Other Activities <1%	16,582,479	2.9%
Total Loans	575,806,205	100.0%

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Breakdown of the investment portfolio by sector and duration is presented as follows:

US\$ Thousands

Investment portfolio by sector	US\$ (in thousands)	%	Book Yield	Effective Yield	Duration	Rating
Agency MBS and CMOs	452,152	39.23%	4.53%	4.56%	3.18	AAA
Financial	171,643	14.89%	5.09%	5.16%	3.18	A-
Banks	141,581	12.28%	5.23%	5.28%	3.23	A-
Diversified Finan Serv	20,772	1.80%	4.87%	4.82%	2.88	BBB+
Insurance	3,727	0.32%	5.29%	5.22%	3.83	AA-
Real Estate	3,642	0.32%	1.17%	1.41%	2.72	BBB-
Investment Companies	1,093	0.09%	2.53%	2.83%	2.82	BBB-
Savings&Loans	828	0.07%	6.56%	6.40%	2.58	A
Funds	144,526	12.54%	8.67%	9.71%	3.15	A-
PIMCO DISCO	101,194	8.78%	9.55%	10.93%	3.00	A-
PIMCO TACOPS	43,333	3.76%	6.62%	6.86%	3.50	A-
Communications	109,196	9.47%	7.17%	7.65%	4.37	BB
Telecommunications	107,647	9.34%	7.24%	7.73%	4.37	BB
Media	1,549	0.13%	2.13%	2.38%	4.48	BBB-
Government	72,522	6.29%	3.19%	3.25%	3.76	AAA
Sovereign	71,605	6.21%	3.17%	3.23%	3.70	AAA
Municipal	917	0.08%	5.10%	5.06%	8.59	AAA
Private MBS and CMOs	64,432	5.59%	4.68%	4.61%	1.73	AAA
Consumer, Non-cyclical	41,372	3.59%	5.55%	5.68%	4.18	BBB-
Beverages	29,871	2.59%	5.96%	6.14%	4.64	BB+
Agriculture	4,131	0.36%	2.94%	3.06%	1.99	BBB+
Healthcare-Services	2,566	0.22%	5.44%	5.38%	3.55	BBB
Pharmaceuticals	2,107	0.18%	4.53%	4.49%	3.34	A-
Healthcare-Products	1,222	0.11%	5.04%	4.96%	4.36	BBB+
Commercial Services	961	0.08%	7.62%	7.66%	3.16	BBB-
Biotechnology	513	0.04%	5.02%	5.07%	3.52	BBB
Utilities	26,713	2.32%	7.84%	7.62%	4.38	BBB
Electric	25,558	2.22%	7.94%	7.72%	4.47	BBB
Gas	1,155	0.10%	5.59%	5.58%	2.54	BBB+
Industrial	22,116	1.92%	5.88%	6.17%	4.84	BBB
Transportation	16,283	1.41%	5.96%	6.32%	5.35	BBB
Packaging&Containers	3,440	0.30%	6.90%	7.03%	4.18	BB+
Aerospace/Defense	715	0.06%	5.44%	5.39%	2.79	BBB+
Trucking&Leasing	677	0.06%	3.13%	3.37%	3.04	BBB+
Electronics	393	0.03%	3.68%	3.74%	0.70	BBB-
Machinery-Diversified	387	0.03%	2.04%	2.18%	2.10	BBB-
Building Materials	223	0.02%	4.46%	4.39%	1.40	BBB
Consumer, Cyclical	17,176	1.49%	5.30%	5.62%	3.09	BBB+
Auto Manufacturers	8,066	0.70%	5.50%	5.46%	2.57	BBB
Lodging	2,954	0.26%	5.46%	5.35%	3.23	BBB
Distribution/Wholesale	2,765	0.24%	4.54%	4.61%	3.22	BBB+
Retail	1,557	0.14%	5.49%	9.36%	4.63	BBB+
Airlines	1,082	0.09%	4.26%	4.50%	4.33	A+
Apparel	752	0.07%	6.35%	6.08%	2.63	BBB
Asset Backed Securities	14,333	1.24%	6.80%	6.75%	0.06	AA+
Other ABS	12,312	1.07%	6.83%	6.94%	0.05	AAA
Home Equity ABS	1,619	0.14%	6.66%	5.47%	0.00	A
Automobile ABS	402	0.03%	6.27%	6.17%	0.66	AAA
Energy	10,440	0.91%	5.87%	5.77%	2.82	BBB
Pipelines	7,920	0.69%	5.95%	5.82%	3.04	BBB
Oil&Gas	2,519	0.22%	5.63%	5.60%	2.12	BBB-
Basic Materials	3,147	0.27%	5.25%	4.98%	2.68	BBB
Chemicals	3,023	0.26%	5.29%	5.20%	2.77	BBB
Iron/Steel	112	0.01%	4.38%	0.00%	0.49	CCC+
Mining	12	0.00%	4.65%	0.00%	0.49	CCC+
Technology	2,810	0.24%	3.92%	4.10%	4.31	BBB
Semiconductors	2,712	0.24%	3.95%	4.13%	4.44	BBB
Computers	98	0.01%	3.30%	3.36%	0.74	BBB+
Total Investments	1,152,579	100.00%	5.50%	5.67%	3.30	A+

Note: As of December 31, 2023, the Bank's total investment portfolio amounted to US\$1,153 million, which included US\$61 million in local corporate bonds. The investment portfolio for this analysis includes only fixed income and short sales; it does not include foreign or local stocks.

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(b) Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry.

Impaired exposures – Loans:

BGO has one loan impaired as of 31st December 2023 (\$7,823) in the loan portfolio.

Impaired exposures – Investments:

The following table presents the credit quality of the investments and other financial assets and impairment reserves held by the Bank, excluding share capital amounting to US\$655,047, which are not subject to credit risk:

		2023				
		12-months ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit- impaired	Purchased credit- impaired	Total
<u>At Amortized Cost</u>						
		13,078,105	0	0	0	13,078,105
Total carrying amount	US\$	13,078,105	0	0	0	13,078,105
<u>At FVOCI</u>						
		537,096,875	0	0	0	537,096,875
		273,273,198	0	0	0	273,273,198
		193,477,681	124,368	0	71,000	193,673,049
Total carrying amount	US\$	1,003,847,754	124,368	0	71,000	1,004,043,122
Valuation of credit risk	US\$	(2,020,133)	(468,000)	0	(51,323)	(2,539,456)
<u>At Fair Value through profit or loss</u>						
		73,054,110				
		146,403,099				
		70,657				
Total carrying amount	US\$	219,527,866				

Investments were classified based on their highest international risk rating amongst Fitch Ratings Inc., Moody's and Standard and Poor's. 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.

Time deposits with banks are held with financial institution counterparties that are rated BBB to BBB-, based on ratings by Standard & Poor's, Moody's and Fitch Ratings Inc., amount to US\$171,766,230.

(c) Ageing analysis of accounting past-due exposures.

This section applies only to the Loan Portfolio.

Breakdown of the loan portfolio by ageing is presented as follows:

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	2023
Current	554,367,620
From 31 to 90 days	21,430,762
More than 30 days past due (capital at maturity)	7,823
Total	575,806,205

(d) Breakdown of restructured exposures between impaired and not impaired exposures.

This section applies only to the Loan Portfolio.

At the date of the statement of financial position, there were no past-due exposures (more than 90 days) that were not considered to be impaired. At the reporting date there were no loans or investments on a watch list or for which terms have been renegotiated/restructured.

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6. CREDIT RISK MITIGATION

6.1 Table CRC: Qualitative disclosure requirements related to Credit Risk Mitigation (“CRM”) techniques

Purpose: Provide qualitative information on mitigation of credit risk.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Disclosures:

(a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting.

BGO has no policies related to on- and off-balance sheet netting.

(b) Core features of policies and processes for collateral evaluation and management.

BGO does not apply CRM techniques to reduce capital requirements.

(c) Information about market or credit risk concentrations under the CRM instruments used (i.e. by guarantor type, collateral and credit derivative providers).

BGO does not apply CRM techniques to reduce capital requirements.

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6.2 **Template CR3:** Credit risk mitigation techniques – overview

Purpose: Disclose the extent of use of CRM techniques.

Scope of application: Mandatory for all applicable banks.

Content: Carrying values. Banks must include all CRM techniques used to reduce capital requirements and disclose all secured exposures.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

BGO does not apply CRM techniques to reduce capital requirements.

7. CREDIT RISK - STANDARDISED APPROACH

7.1 Table CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Purpose: Supplement the information on a bank's use of the standardised approach with qualitative data on the use of external ratings.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Disclosures:

- (a) Names of the external credit assessment institutions (ECAIs) used by the bank, and the reasons for any changes over the reporting period;**
- (b) The asset classes for which each ECAI is used.**

For the investment portfolio, the Bank uses Moody's, Fitch and Standard and Poor's (S&P) as external credit assessment institutions (ECAIs). There has been no change in the ECAIs during the reporting period.

Regarding the Bank's credit portfolio, a large percentage of the loan book is classified using Moody's RiskCalc to determine each obligor's probability of default, which is later assigned an internal rating following the Moody's long-term obligation ratings scale. There has been no change in this methodology since 2019, when the Bank incorporated its expected credit loss models which applies to the corporate & commercial credit portfolio.

For consumer loans, no ECAI is used, as the bank applies an internal model and rating scale.

- (c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book.**

Does not apply to BGO.

7.2 Template CR4: Standardised approach – credit risk exposure and CRM effects

Purpose: Illustrate the effect of CRM (comprehensive and simple approach) on standardized approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

Scope of application: Mandatory for all applicable banks.

Content: Regulatory exposure amounts.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

BGO does not apply CRM techniques to reduce capital requirements.

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7.3 **Template CR5:** Standardised approach – exposures by asset class and risk

Purpose: Present the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach).

Scope of application: Mandatory for all applicable banks.

Content: Regulatory exposure values.

Frequency: **Group (a) banks:** Semi-annually. **Group (b) banks:** Annually.

Format: Fixed.

BGO does not apply CRM techniques to reduce capital requirements.

8. COUNTERPARTY CREDIT RISK

8.1 Table CCRA: Qualitative disclosure related to counterparty credit risk (“CCR”)

Purpose: Describe the main characteristics of CCR management (e.g. operating limits, use of guarantees and other CRM techniques, impacts of own credit downgrading).

Scope of application: Mandatory for all applicable banks.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Disclosures:

(a) Risk management objectives and policies related to Counterparty Credit Risk (CCR).

Counterparty risk is the risk that a counterparty does not comply with the settlement of a purchase or sale of securities or other instruments traded in financial markets.

Banco General (Overseas) is exposed to counterparty risks in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering derivative contracts under which counterparties have obligations to make payments to us, investment activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

Any significant increases in exposure to any of these non-traditional risks, or a significant decline in credit risk or bankruptcy of any of the counterparties, could materially and adversely affect us.

Risk management policies set counterparty limits that determine, at every moment, the maximum amount of net exposure of unsettled transactions that the Bank can hold with a counterparty. The Assets and Liabilities Committee is responsible for identifying those acceptable counterparties taking into consideration the counterparty’s history with respect to the fulfillment of obligations, as well as indications of its capability and position to comply with its obligations.

The Bank uses (“interest rate swaps”) to hedge part of the exposure of the fair value of investments in bonds or debt issues to changes in interest rates. Interest rate swaps must replicate the terms of these positions.

When using derivative instruments to hedge exposures from fluctuations in interest rates, the Bank is exposed to the counterparty risk of the derivative instrument. This risk is minimized by executing transactions with high credit-rating counterparties and liquidating operations with organized markets, in both cases with exchange of daily margins.

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The Bank may only use as counterpart in these operations, Financial Institutions with a minimum long-term risk rating of A from S&P or A2 from Moody's or A from Fitch. In the case of a counterpart that does not meet the conditions set forth above, it shall be needed an approval of the Board of Directors to be able to carry out this type of transaction.

(b) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for central counterparties ("CCP") exposures, if applicable.

Risk management policies set counterparty limits that determine, at every moment, the maximum amount of net exposure of unsettled transactions that the Bank can hold with a counterparty. The Assets and Liabilities Committee is responsible for identifying those acceptable counterparties taking into consideration the counterparty's history with respect to the fulfillment of obligations, as well as indications of its capability and position to comply with its obligations.

The Bank may only use as counterpart in these operations, Financial Institutions with a minimum long-term risk rating of A from S&P or A2 from Moody's or A from Fitch. In the case of a counterpart that does not meet the conditions set forth above, it shall be needed an approval of the Board of Directors to be able to carry out this type of transaction.

(c) Policies relating to guarantees and other risk mitigants and assessments concerning CCR, including exposures towards CCPs.

Banco General (Overseas) holds collateral to reduce its exposure to credit risk and to ensure the collection of its financials assets exposed to credit risk.

Securities provided as collateral continue to be recognized in the consolidated financial statements, as the counterparty has no property right on these securities, unless there is a default by the Bank. Cash sent as collateral is accounted in the balance sheet as a deposit.

Securities received as collateral are not recognized in the consolidated financial statements, except in case of default by the counterparty, which gives the Bank the right to appropriate the securities. The market price of these securities is monitored, and an additional collateral is obtained, if necessary, to cover credit risk exposure. Cash received as collateral is accounted in the balance sheet as a liability.

As of December 31, 2023, the Bank maintains cash and cash equivalents as collateral in institutions that maintain risk ratings between AA- and A-, which support derivative operations in the amount of \$9.9MM to reduced counterparty risk.

The processes related of collateral Management, related to derivatives and Repo transactions, are incorporated in the Investment Manual of Banco General, S.A. and Subsidiaries Annex X and XI.

(d) Policies with respect to wrong-way risk exposures

BGO does not have policies with respect to wrong-way risk exposures.

(e) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.

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BGO has some derivatives and repos contracts, but this do not consider additional collateral upon a rating downgrade.

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8.2 CCR1 - Analysis of counterparty credit risk exposure by approach

Purpose: Provide a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

Scope of application: Mandatory for all applicable banks.

Content: Regulatory exposures, RWA and parameters used for RWA calculations for all exposures subject to the CCR framework (excluding Credit Valuation Adjustments (CVA) charges or exposures cleared through a CCP). Banks should report information corresponding to the Current Exposures Method or the Standardised Method in row 1 or row 2, respectively.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

		Total Replacement cost / Mark-to-market	Add-on Potential future exposure (PFE)	EAD post-CRM	RWA
1	Current Exposure Method (CEM)	200,375.59	1,379,207.53	1,309,583.11	768,080.14
2	Standardised Method				
3	Simple Approach for credit risk mitigation (for SFTs)				
4	Comprehensive Approach for credit risk mitigation (for SFTs)			-	-
5	Total				

There's no material differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period).

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8.3 Template CCR3: CCR exposures by regulatory portfolio and risk weights

Purpose: Provide a breakdown of CCR exposures by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardised approach).

Scope of application: The disclosure is mandatory for all applicable banks irrespective of the CCR approach used to determine exposure at default. If a bank deems that the information requested in this template is not meaningful to users because the exposures and RWA amounts are negligible, the bank may choose not to disclose the template. The bank is, however, required to explain in a narrative commentary why it considers the information not to be meaningful to users, including a description of the exposures in the portfolios concerned and the aggregate total of RWAs amount from such exposures.

Content: Credit exposure amounts.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

	a	b	c	d	e	f	g	h	i
Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Sovereigns									-
Non-central government public sector entities									
Multilateral development banks									
Banks			43,407.61	367,872.54		356,800.00			768,080.14
Securities firms									
Corporates									
Regulatory retail portfolios									
Other assets									
Total	-		43,407.61	367,872.54		356,800.00			768,080.14

There's no material differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period).

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
 Banco General (Overseas), INC

8.4 Template CCR5: Composition of collateral for CCR exposure

Purpose: Provide a breakdown of all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP, if applicable.

Scope of application: Mandatory for all applicable banks.

Content: Carrying values of collateral used in derivative transactions or SFTs, whether or not the transactions are cleared through a CCP and whether or not the collateral is posted to a CCP.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Flexible.

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency		270,000.00		100,000.00		
Cash – other currencies						
Domestic sovereign debt						
Other sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral						
Total		270,000.00		100,000.00		

There's no material differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period).

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
 Banco General (Overseas), INC

8.5 Template CCR6: Credit derivatives exposures

Purpose: Illustrate the extent of a bank’s exposures to credit derivative transactions broken down between derivatives bought or sold.

Scope of application: Mandatory for all applicable banks.

Content: Notional derivative amounts (before any netting) and fair values.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Flexible (the columns are fixed but the rows are flexible).

	a	b
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals		
Fair values		
Positive fair value (asset)		
Negative fair value (liability)		

As of the 31st of December 2023, all credit derivatives exposures were “cleared” meaning that the derivative transactions had been processed through a clearinghouse, which acts as an intermediary, guaranteeing the transaction and managing the associated risks. Clearing credit derivatives reduce counterparty risk.

There’s no material differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period).

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

9. LEVERAGE RATIO

9.1 **Template LR1:** Summary comparison of accounting assets vs leverage ratio exposure measure

Purpose: To reconcile the total assets in the published financial statements with the leverage ratio exposure measure.

Scope of application: Mandatory for all applicable banks.

Content: Quantitative information.

Frequency: Group (a) banks: Quarterly. Group (b) banks: Annually.

Format: Fixed.

		a
1	Total consolidated assets as per published financial statements	2,195,830,666
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	9,280,668
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	528,246
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-1,650,836
13	Leverage ratio exposure measure	2,203,988,744

There are no material differences between the total balance sheet assets (net of on-balance sheet derivative and securities financing transaction (SFT) assets), as reported in the financial statements and the on-balance sheet exposures as set out in row 1 of Template LR2, and the leverage ratio exposure measure.

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

9.2 **Template LR2:** Leverage ratio common disclosure

Purpose: To describe the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

Scope of application: Mandatory for all applicable banks.

Content: Quantitative information.

Frequency: Group (a) banks: Quarterly. Group (b) banks: Annually.

Format: Fixed.

		a	b
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2,177,361,576	2,318,443,390
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	7,036,385	11,819,509
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	2,891,778	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital)		
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)		
7	Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	2,181,506,183	2,330,262,899
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	16,818,254	18,684,331
9	Add on amounts for potential future exposure associated with all derivatives transactions	5,136,061	7,156,363
10	(Exempted central counterparty (CCP) leg of client cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add on deductions for written credit derivatives)		
13	Total derivative exposures (sum of rows 8 to 12)		
Securities financing transaction exposures		21,954,315	25,840,694
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
 Banco General (Overseas), INC

16	Counterparty credit risk exposure for SFT assets		
17	Agent transaction exposures		
18	Total securities financing transaction exposures (sum of rows 14 to 17)		
Other off-balance sheet exposures		0	0
19	Off-balance balance sheet exposure at gross notional amount	528,246	6,277,298
20	(Adjustments for conversion to credit equivalent amounts)		
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)		
22	Off-balance sheet items (sum of rows 19 to 21)	528,246	6,277,298
Capital and total exposures			
23	Tier 1 capital	892,277,699	809,160,520
24	Total exposures (sum of rows 7, 13, 18 and 22)	2,203,988,744	2,362,380,891
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)		
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26	National minimum leverage ratio requirement		
27	Applicable leverage buffers	40.48%	34.25%

There are no material differences for this reporting period compared with the previous reporting period.

10. LIQUIDITY

10.1 Table LIQA: Liquidity risk management

Purpose: Provides details about the soundness of a bank's liquidity risk management framework and liquidity position.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative and quantitative information.

Frequency: Annually.

Format:

Qualitative disclosures

- (a) **Governance of liquidity risk management, including risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies, and practices across business lines and with the board of directors.**

Banco General, S.A. (parent company) and subsidiaries liquidity will be managed on a consolidated basis. The management will be centralized in the Treasury of Banco General, which will give guidelines to the subsidiaries based on the policies and limits established in the ALCO Manual and the Investment Manual of Banco General, S.A. and subsidiaries, the regulatory limits of each entity of the group, and feedback from the Treasury Committee, the ALCO, the Risk Committee of the Board of Directors and the Board of Directors.

The Board of Directors will ensure that the ALCO, Treasury, and Risk Department effectively identify, measure, monitor, and control liquidity risk and that the established policies, procedures, and systems comply with the approved liquidity risk policies and relevant regulations.

It is the responsibility of the ALCO, which is supported by the Executive Management Team and the Treasury, and overseen by the Board of Directors, to ensure that sufficient liquidity is always maintained.

The Treasury and Risk Department will permanently monitor the liquidity situation of Banco General and its subsidiaries, and will keep the Board of Directors, the Risk Committee of the Board of Directors, the ALCO, the Treasury Committee, and the Executive Vice President of Finance informed. To this end, various reports have been developed and limits established, which will allow the Treasury and ALCO to take early action to manage liquidity risk as effectively and efficiently as possible.

To maintain an adequate liquidity, the Treasury, and the ALCO:

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

- Review and analyze liquidity ratios.
- Regularly monitor liquidity levels and the use of funds.
- On a monthly basis review liquidity gap report.
- On a monthly basis review liquid assets by rating.
- Review the behavior and structure of the Bank's assets and liabilities.
- Regularly performs stress tests.
- On a quarterly basis review early warning indicators of a potential liquidity crisis. Different indicators have been established to alert management of a potential liquidity crisis. (A liquidity crisis contingency plan has also been formulated in the ALCO Manual detailing the measures that the Bank has to follow to prevent and deal with a liquidity crisis).

Liquidity risk management is incorporated into the institution's overall risk management process. Banco General, S.A. and Subsidiaries and Banco General (Overseas) liquidity policies and risk limits are included in the ALCO Manual.

Liquidity Risk Limits Banco General (Overseas), Inc:

LIQUIDITY RISK LIMITS	LIMITS	DECEMBER 2022	DECEMBER 2023
PRIMARY LIQUIDITY / DEPOSITS + FINANCING + REPOS	≥ 25%	95.58%	98.41%
PRIMARY LIQUIDITY / TOTAL ASSETS	≥ 20%	58.51%	53.18%
PRIMARY AND SECONDARY LIQUIDITY / DEPOSITS + FINANCING + REPOS	≥ 30%	116.06%	120.89%
PRIMARY LIQUIDITY / DEPOSITS + FINANCING + REPOS MATURING UP TO 1YR	≥ 30%	97.43%	98.95%
PRIMARY LIQUIDITY / TOTAL RETAIL DEPOSITS	≥ 100%	597.45%	1070.23%
PRIMARY LIQUIDITY / TOTAL DEPOSITS	≥ 70%	99.32%	98.41%
LOSS OF INVESTMENT'S ECONOMIC VALUE +200BPS / TOTAL EQUITY	≤ 17.5%	9.43%	7.23%

LIQUIDITY MANAGEMENT OF BANCO GENERAL (OVERSEAS), INC.

The Bank's asset and liability management policy is oriented towards enabling the Bank to maintain adequate liquidity levels to (i) honor potential deposit withdrawals; (ii) repay obligations and placements at maturity; (iii) extend new loans; (iv) invest in new debt securities; and (v) satisfy the Bank's need for working capital. The Bank's treasury department is responsible for managing all liquid assets, raising funds via the inter-bank market and local and international capital markets, and managing the overall liquidity of the Bank within the liquidity and investment policies dictated by the ALCO and the Board of Directors.

As of December 2023, the ratio of primary liquid assets (US\$1,086 million) to total deposits and borrowings was 98.41% which consisted of high-quality fixed-income securities with 86.85% having a rating of A- or higher and 73.03% rated AAA.

The Treasury department is responsible for managing the Banco General (Overseas), Inc. primary liquidity portfolio consisting of local and foreign deposits, as well as high-grade fixed-income securities. The Bank's primary liquidity includes (i) cash, bank deposits and repurchase agreements that amount to US\$238 million; (ii) commercial paper, with rating A2 + P2 and money market funds that amount to US\$3 million; and (iii) liquid bonds with international rating > or equal to BBB- that amount to US\$845 million, as of December 31, 2023.

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS

Banco General (Overseas), INC

As of December 31, 2023, the Bank's total investment portfolio amounted to US\$1,153 million. The investment portfolio for this analysis includes only fixed income and short sales; it does not include foreign or local stocks.

LIQUIDITY MANAGEMENT OF BANCO GENERAL, S.A. (PARENT COMPANY) AND SUBSIDIARIES

Banco General's primary liquid assets, comprised of cash, bank deposits and high-quality investment-grade liquid investments (MBS, CMOs, ABS, foreign commercial paper, and corporate bonds, etc.), which as of December 31, 2023, reached US\$4,169 million compared to US\$4,215 million in 2022. As of December 31, 2023, the primary liquid assets reached 29.58% of total deposits and borrowings, in comparison to 29.75% in 2022.

Banco General's MBS portfolio is comprised 100% by MBS that are 100% guaranteed with respect to their principal and interest payments by the Government National Mortgage Association (GNMA) agency, which is a federal government-owned agency of the United States and has its explicit guarantee, the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Association (FHLMC), which have AAA credit ratings by Moody's and Fitch, on its corporate debt. The MBS guaranteed by these agencies have as guarantee and primary source of payment a pool of conforming residential mortgage loans that must comply with credit policies required by these agencies. Likewise, 59% of BG's CMO's are backed by MBS issued by GNMA, FNMA or FHLMC.

In addition to its internal liquidity requirements, Banco General must comply with requirements imposed by the National Banks Superintendence, which stand at a minimum of 30% of deposits received and a liquidity coverage ratio (LCR) of 100%. As of December 31, 2023, Banco General met the liquidity requirements established by law by maintaining a level of 41.83% (a surplus of 11.83bps) and a liquidity coverage ratio (LCR) of 355.64%. These liquidity measures are unconsolidated.

(b) Funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralized or decentralized.

SOURCE OF FUNDING OF BANCO GENERAL (OVERSEAS), INC

Banco General (Overseas), Inc. provides two types of deposit accounts: savings accounts, which earn interest at rates historically below the average ratio paid on time deposits, and time deposits, with maturities ranging from 30 days to 1 year. As of December 31, 2023, the ratio of primary liquid assets to total deposits was 98.41% and the ratio of primary liquid assets to total deposits from clients (excluding deposits with parent company) was 1070.23%.

The main source of funding of the Bank is its parent company (Banco General, S.A.) that represents 90.80% of total deposits. Banco General, S.A. invests part of its liquidity in Banco General Overseas; and, therefore, these funds must be invested in high quality liquid assets.

SOURCE OF FUNDING OF BANCO GENERAL, S.A. (PARENT COMPANY) AND SUBSIDIARIES

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS

Banco General (Overseas), INC

Banco General's main source of funding lies in its ample retail-client deposit base that has been captured through BG's extensive national network of strategically located branches. Banco General's strong capital and financial position has enabled it to raise funds from a broad base of depositors at consistently lower rates than its competitors. In keeping with its conservative financial policies and given the participation of its loan portfolio in medium- and long-term residential and commercial mortgage loans, Banco General has been a pioneer in developing and accessing medium- and long-term funding alternatives. Banco General offers attractive medium-term time deposit products.

(c) Liquidity risk mitigation techniques

Liquidity risk management aims to guarantee adequate levels of liquid funds so that the bank can meet the commitments it has made with its customers and finance its business plans.

The ALCO and the Treasury Committee considers the following factors to establish the appropriate levels of liquidity (Primary and Secondary):

- Projection of sources and uses of funds for both assets (loans and investments) and liabilities
- Structure of the bank's balance sheet - maturities and flows of assets and liabilities
- Structure of financial liabilities, their nature (type of deposit, type of client) and volatility
- Alternate sources of funds
- Contingent obligations (loans approved and not disbursed, unused portion of lines of credit)
- Political and economic climate (local and international)
- NIM level and liquidity costs
- Quality of the bank's loan portfolio
- Liquidity of assets
- Correspondent banking relationships and investment custody
- Liquidity needs in periods of stress whose origin may reside in the entity itself, in the market and/or both

In order to maintain a robust liquidity position at all times, the bank will endeavor to:

- Maintain high levels of high-quality primary liquidity assets and liquidity in external markets.
- Maintain adequate levels of secondary liquidity that complements primary liquidity.
- Finance the loan portfolio with customer deposits
 - Emphasizing time deposits of more than six months and one year
 - Maintaining a diversified and ample retail-client deposit base
- Limit the use of short-term interbank or institutional funds (≤ 1 year)
- Capture medium and long-term financing to have stable liabilities as a complement to stable customer deposits.
- Maintain high levels of capital / equity
- Keep potential funding sources available
- Consider loans via bonds or syndication as potential liquidity

(d) An explanation of how stress testing is used.

The Bank will carry out periodic stress tests that contemplate different short- and long-term stress scenarios, to identify possible liquidity gaps and guarantee that the exposures are related to the liquidity risk tolerance established by the Board of Directors.

The Bank reviews monthly its liquidity gap. The liquidity gap uses the projected cash flows of assets and liabilities and the following assumptions regarding the maturity of such cash flows:

Assets:

- Loan portfolio: contractual amortizations are used, and no prepayments are assumed.
- Cash and demand deposits: next working day.
- Time deposits: contractual maturity.
- Investments: based on when a security can be sold using its credit rating as a guideline.

Liabilities:

- Demand deposits: next working day.
- Savings accounts: a quarter of the total balance matures in 30 days, 60 days, 90 days, and 180 days, respectively.
- Time Deposits and financing: contractual maturity.

The Bank runs a monthly stress test. This test uses the above-mentioned liquidity gap stressing the recovery of assets and the withdrawal of liabilities when due. The exercise is used to determine the ability of the bank to comply with liquidity ratios and to continue operations in the scenario that:

- Percentage of the cashflows of the loan portfolio that are collected when due:
 - 60% of commercial loans
 - 70% of commercial mortgages
 - 90% of pledge loans
 - 40% of credit lines
 - 30% of overdrafts
- 100% of investments are recovered when sold, except for local bonds (that are not primary liquid assets) and foreign stocks for which we will recover 60% and 80%, respectively.
- 45% of time deposits, 50% of commercial checking accounts and 35% of saving accounts are withdrawn, with no new deposits being received.
- Interbank time deposits are 100% withdrawn.
- Other liabilities are not renewed.

The result of this stress test focused on assessing the impact on the cash flow position in 1 year of Banco General (Overseas), Inc., together with Banco General, S.A., is presented to the ALCO on a monthly basis.

(e) An outline of the bank's contingency funding plans.

The Board of Directors approves the business plan based on projections of the loan portfolio and deposits, liquidity policies, and institutional financing needs for the year. Daily, senior management monitors the movement of the balance sheet vs. the business plan and on a monthly basis, it is seen at the executive, ALCO, and Board of Directors levels in order to take measures in a timely manner.

The Treasury presents to the Board of Directors every six months, quarterly to the ALCO, and monthly to the Treasury committee, the financing possibilities that the Bank has and the financing amortization schedule for the next 5 years. The Bank focuses on maintaining a solid balance sheet structure (liquid assets of the highest quality, non-volatile liabilities, and an adequate maturity profile of institutional financing) to prevent liquidity problems. Additionally, the Financial Institutions area is mandated to maintain close relations with counterparties and monitor the different markets to always have a range of financing options to access as needed. The Bank does not consider the use of a contingent line as part of its liquidity management since after the 2008 crisis credit contracts have market clauses that allow them not to have to disburse a line in case of market events or effects on the Bank, for which we do not consider it prudent to rely on it. The Bank prefers to rely on being able to survive a liquidity crisis using its balance sheet.

Due to the foregoing, the ALCO monitors the structure of the balance sheet and early warnings and has an action plan for managing the different assets and liabilities of the Bank if an early warning indicator for liquidity risk management occurs.

The Bank's Treasury maintains a file detailing the investments of Banco General S.A. and Subsidiaries, with a daily update frequency, which is reviewed daily by the Corporate Risk Department. The Bank has access to monetize other assets that are not included in its primary liquidity plan. The Bank's premise is that in an extreme situation, the only source that can materialize is the National Bank of Panama, which is why our strategy contemplates that we will not have availability of contingent financing and that we should not depend on facilities of this nature.

Quantitative disclosures

(a) Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.

At the end of the year the bank estimates the growth of the assets, liabilities and off balance sheet commitments of the bank for the coming year in order to project the ratio of repos, deposits and financings to primary liquidity during the year to make sure the bank will comply with the limit.

(b) Concentration limits on collateral pools and sources of funding (both products and counterparties).

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

The main source of funding of the Bank is its parent company (Banco General, S.A.) that represents 70.82% of total deposits. Banco General, S.A. invests part of its liquidity in Banco General Overseas; and, therefore, these funds must be invested in high quality liquid assets.

The limits regarding the liquid assets of the Bank are incorporated in the Investment Manual guidelines of Banco General, S.A. and Subsidiaries and are managed at a consolidated level.

(c) Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.

Does not apply to Banco General (Overseas), Inc.

(d) Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.

The summarized liquidity gap profile, as of December 31, 2023, is presented in the following table:

Banco General (Overseas) (US\$ thousands)	Up to 30 days	More than 30 Days - 180 days	More than 180 Days - 1 year	More than 1 year	Total
Assets					
Cash, Banks Deposits	63,066	-	-	-	63,066
Investments	1,097,464	102,246	43,373	29,221	1,272,304
Loans	12,756	152,338	62,294	312,841	540,229
Other Assets	145,963	-	-	-	145,963
Total Assets	1,319,249	254,585	105,667	342,062	2,021,562
Liabilities					
Deposits	24,042	69,011	2,422	6,000	101,476
Deposits with parent company	699,834	130,500	-	-	830,334
Financing	-	-	-	-	-
Other Liabilities	197,475	-	-	-	197,475
Total Liabilities	921,351	199,511	2,422	6,000	1,129,285
Shareholder's Equity	-	-	-	892,278	892,278
Gap	397,898	55,073	103,245	(556,216)	-
Cummulative Gap	397,898	452,971	556,216	-	-

Note: The deposits of Banco General, S.A. in Banco General (Overseas), Inc. are presented net of those placed by Banco General (Overseas), Inc. in Banco General, S.A.

The summarized stress test, as of December 31, 2023, is presented in the following table:

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

Banco General (Overseas) (US\$ thousands)	Up to 30 days	More than 30 Days - 180 days	More than 180 Days - 1 year	More than 1 year	Total
Assets					
Cash, Banks Deposits	63,066	-	-	-	63,066
Investments	1,090,464	101,830	43,373	17,794	1,253,461
Loans	5,606	65,474	27,428	190,254	288,762
Other Assets	145,963	-	-	-	145,963
Total Assets	1,305,100	167,303	70,801	208,048	1,751,252
Liabilities					
Deposits	8,920	25,356	1,090	2,700	38,066
Deposits with parent company	699,834	130,500	-	-	830,334
Financing	-	-	-	-	-
Other Liabilities	197,475	-	-	-	197,475
Total Liabilities	906,228	155,856	1,090	2,700	1,065,874
Shareholder's Equity	-	-	-	892,278	892,278
Gap	398,872	11,447	69,711	(686,930)	

The Bank has a strong liquidity position and can withstand the rigorous stress scenario up to 1 year.

The Minimum Regulatory Liquidity Ratio of the Bank as of December 2023 was 49.89% (a surplus of 34.89bps).

10.2 LIQ1 - Liquidity Coverage Ratio (LCR)

A Group (b) bank is not required to file LCR and NSFR.

10.3 LIQ2 - Net Stable Funding Ratio (NSFR)

A Group (b) bank is not required to file LCR and NSFR.

11. SECURITISATION

11.1 Table SECA: Qualitative disclosure requirements related to securitization exposures

Purpose: Provide qualitative information on a bank's strategy and risk management with respect to its securitization activities.

Scope of application: Mandatory for all applicable banks with securitization exposures.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Disclosures:

1. **The bank's objectives in relation to securitization and re-securitization activity, including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the bank to other entities, the type of risks assumed, and the types of risks retained.**

BGO's does not securitizes or re- securitizes financial assets to transfer credit risk of the underlying securitized exposures away from the bank to other entities.

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

11.2 Template SEC1: Securitization exposures in the banking book

Purpose: Present a bank’s securitization exposures in its banking book.

Scope of application: Mandatory for all applicable banks with securitization exposures in the banking book.

Content: Carrying values. In this template, securitization exposures include securitization exposures even where criteria for recognition of risk transference are not met.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (e.g. whether or not criteria for recognition of risk transference are met) would be more appropriate to reflect their activities. Originating and sponsoring activities may be presented together.

BGO is not acting as an originator or as sponsor in any securitization offering. BGO’s does not securitizes or re- securitizes financial assets to transfer credit risk of the underlying securitized exposures away from the bank to other entities.

The table below summarizes the BGO’s securitization exposures in its banking book grouped by asset type:

US\$

Securitization exposures (banking book)	Book value
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	600,653,967
Asset Backed Securities (ABS)	14,332,840
Total	614,986,807

The payment of capital and interest on 100% (2022: 100%) of the Bank’s MBS portfolio is 100% guaranteed by the following agencies: the Government National Mortgage Association (GNMA), which is an agency of the Federal Government of the United States and counts on the explicit guarantee of the Federal Government, the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Association (FHLMC), who rely on AAA ratings provided by Moody's and Fitch, on its counterparty debt. The guarantee and primary source of payment of the MBS guaranteed by the agencies is a set of residential mortgages on houses that must fulfill credit policies that are required by these programs. Similarly, 76% (2022: 74%) of the CMO portfolio of the Bank is 100% guaranteed by GNMA, FNMA or FHLMC. The average life of the portfolio of MBS is 4.29 years and CMOs is of 1.43 years (2022: 4.58 years for MBS and 1.53 years for CMOs)

MARKET DISCIPLINE DISCLOSURE REQUIREMENTS
Banco General (Overseas), INC

11.3 **Template SEC2:** Securitization exposures in the trading book

Purpose: Present a bank's securitization exposures in its trading book.

Scope of application: Mandatory for all applicable banks with securitization exposures in the trading book. In this template, securitization exposures include securitization exposures even where criteria for recognition of risk transference are not met.

Content: Carrying values.

Frequency: **Group (a) banks:** Semi-annually. **Group (b) banks:** Annually.

Format: Flexible.

BGO does not do have a trading book. BGO's does not securitizes or re- securitizes financial assets to transfer credit risk of the underlying securitized exposures away from the bank to other entities.

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11.4 Template SEC3: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor.

Purpose: Present securitization exposures in the banking book when the bank acts as originator or sponsor and the associated capital requirements.

Scope of application: Mandatory for all applicable banks with securitization exposures as sponsor or originator.

Content: Exposure values, risk-weighted assets, and capital requirements. This template contains securitization exposures only where the risk transference recognition criteria are met.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

BGO is not acting as an originator or as sponsor in any securitization offering. BGO's does not securitizes or re- securitizes financial assets to transfer credit risk of the underlying securitized exposures away from the bank to other entities.

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11.5 Template SEC4: Securitization exposures in the banking book and associated capital requirements – bank acting as investor.

Purpose: Present securitization exposures in the banking book where the bank acts as investor and the associated capital requirements.

Scope of application: Mandatory for all applicable banks having securitization exposures as an investor.

Content: Exposure values, risk-weighted assets, and capital requirements. This template contains securitization exposures only where the risk transference recognition criteria are met.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

BGO's does not securitizes or re- securitizes financial assets to transfer credit risk of the underlying securitized exposures away from the bank to other entities.

12. MARKET RISK

12.1 Table MRA: Qualitative disclosure requirements related to market risk

Purpose: Provide a description of the risk management objectives and policies concerning market risk.

Scope of application: Mandatory for all applicable banks that are subject to a market risk capital requirement for their trading activities.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Disclosures:

- (a) Strategies and processes of the bank: this must include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.**

Market risk management aims to reduce the loss of value in the investment portfolio of the Bank because of fluctuations in interest rates and credit risk. The Board of Directors Risk Committee and the Board of Directors approved the ALCO Manual where the management of market risk is properly documented.

Market Risk Policies:

1. The BOD, the Risk Committee of the Board, and ALCO set the limits of the investment portfolio (duration, rating, individual exposure, and type of assets among others).
2. The Bank has established maximum limits for losses by market risk in its investment portfolio and on the Bank's balance sheet that may be caused by movements in interest rates, credit risk, and fluctuations in the values of investments in the stock market.
3. The Bank uses a model to calculate the impact on the economic value of the investment portfolio where it estimates the impact of increases or reductions in interest rates and credit spreads to meet their potential vulnerability; all this, coupled with an analysis of the economic environment and specifically rates, helps us to estimate possible losses of the Bank's investment portfolio.
4. The BOD and ALCO establish investment limits with a conservative profile in terms of duration and credit risk.
5. The treasury and Risk Department monitors the investment policies and limits.
6. The treasury and the ALCO monitor maximum limits for losses on its investment portfolio.
7. The treasury and the ALCO monitor the duration of the investment portfolio and perform stress scenarios.
8. Gains and losses of the investment portfolios are monitored daily.

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9. The treasury is constantly tracking the U.S. and world economy, market rates, country and industry risk, and banks spreads, as well as news of individual issuers to manage the risk of our investment portfolio.
10. Daily tracking of portfolios managed by third parties.
11. Daily monitoring of the valuation of investments
12. Monthly reviews the performance of the investment's portfolio.
13. Quarterly, the Risk Committee of the BOD reviews the main topics covered by the ALCO committee and the compliance with investment limits according to the provisions of the Investment and ALCO Manuals.
14. Daily a summary of the main liquidity ratios is sent to the President of the Bank and the CEO and General Manager

The Bank does not invest in commodities so there is no exposure to commodity risk. Additionally, the Bank may not have investments or placements in currencies that are not covered by either a derivative or a liability. Foreign currency exposure arises because of the positions held by the bank to provide the foreign currency purchase service to customers as detailed in the Investment Manual of Banco General, S.A. and Subsidiaries. Portfolios managed by third parties can hold positions in foreign currency, but they are limited based on the limits approved by the Board of Directors for each portfolio. The Bank's has little or no exposure to commodity risk, equity, and FX risk.

The Bank does not have a trading portfolio and the mandate of the Treasury is to manage the liquidity of the Bank by investing within the limits established by the BOD focusing on fixed income securities with high credit ratings.

ALCO will approve the use of derivatives as part of its strategies in managing the bank's assets and liabilities. The Treasury will be responsible for implementing the strategies agreed in the ALCO and therefore must execute the corresponding derivative transactions within the approved limits and policies, as well as giving them the required follow-up to all current operations. The bank will not make use of derivative instruments for any speculative purpose (to trade in the short term – "trading"). The bank will use derivatives for the following purposes:

- a. The management of the risks of the bank's assets and liabilities.
- b. Execute derivatives for clients who request them as part of the management of their own risks as stipulated in the Bank's Business Banking Credit Policies and Procedures Manual. These derivatives must be covered (there will be no exposure).
- c. Execute FX Forwards of clients as stipulated in the Manual of Credit Policies and Procedures for Business Banking of the bank. These derivatives must be covered (there will be no exposure).
- d. Take a credit risk position using CDS according to the limits of the Investment Manual of Banco General, S.A. and Subsidiaries and backing said position with foreign deposits with maturity of up to 30 days, bills, notes or U.S. Treasury bonds. This would be done to improve the profitability or liquidity of the bank by being able to invest in the credit of an issuer, through a synthetic bond, using the credit limits established by the bank efficiently and investing the funds in very liquid assets.
- e. As part of the management of managed portfolios. Managed portfolios will be allowed to use derivatives if they meet the limits set for each portfolio (duration, credit and currency).

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The Treasury must maintain a daily report of all current positions and unrealized gains and losses. Current positions will be valued and accounted for daily according to the nature of each transaction and the relevant NIIFs.

The valuation and accounting of all derivative transactions will be governed by the provisions of the Investment Manual of Banco General, S.A. and Subsidiaries.

The policy of approval of new types of derivatives will be detailed in the Investment Manual of Banco General and Subsidiaries.

The bank may only use as a counterparty in these operations Financial Institutions with a minimum long-term risk rating of A from S&P or A2 from Moody's or A from Fitch and its subsidiaries. In the case of a counterparty that does not meet the above condition, an approval of the Board of Directors will be needed to be able to carry out this type of transaction. In the case of clients of Banco General, S.A. and Subsidiaries that are counterparties in derivative operations, they will be approved as stipulated in the Manual of Credit Policies and Procedures for Business Banking of the bank.

- (b) Structure and organization of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank; and, describing the relationships and the communication mechanisms between the different parties involved in market risk management, and**
- (c) Scope and nature of risk reporting and/or measurement systems.**

The Board of Directors will ensure that the ALCO effectively identifies, measures, monitors, and controls market risk, and that the established policies, procedures, and systems comply with the approved market risk policies. To control the market risk exposure of the Bank, the Board of Directors has established investment policies that include limits based on amount, credit rating, type of assets allowed, duration, issuer or issue, and individual security duration and rating, among others, which are included in the Investment Manual of Banco General and Subsidiaries. Monthly in the Treasury Committee, quarterly in ALCO, the Risk Unit must present a certification of compliance with these limits and at least annually check that they are properly created in the front office system of the Treasury.

The surveillance measures for an adequate control of market, liquidity, credit and FX risks and the entities that define and carry out the analysis and management of such risks, are defined in the ALCO and Investment manuals of Banco General, S.A. and subsidiaries ("BG"). Below we present a summary of these areas and their responsibilities:

1. The BOD establishes the strategic direction of the Bank and its risk tolerance to interest rate, market, FX, liquidity, derivative, country, and credit risks, through general guidelines and specific policies. The Board sets limits according to risk tolerance in each of these categories and establishes the areas of the Bank that are responsible for tracking and managing these risks and their functions.
2. ALCO is mainly responsible for:
 - a. Managing and monitoring BG's balance sheet to measure and adequately define the risks to which it is exposed.
 - b. Developing and proposing to the BOD policies for the management of BG's assets and liabilities
 - c. Identifying, tracking, and establishing strategies to manage and control:
 - a. The movement of interest rates (interest rate risk)

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- b. The movement of foreign currency (FX risk)
- c. The movement in the price of assets and liabilities (market risk)
- d. The structure of maturities and the volatility of assets and liabilities (liquidity risk)
- e. The overall level of risk of the portfolio of loans and investments (credit risk).
- f. The risk of derivative positions
- d. Monitoring the financial statements of BG and subsidiaries considering:
 - a. Local and international economic and financial environment
 - b. The business plan established by the Bank.
 - c. The limits and policies established by the BOD.
- e. Developing and implementing strategies to maintain the Bank's net interest margin within the levels established in the annual budget, and within a framework of risk policies previously established and approved by the Board.
- f. Maintaining a level of capitalization appropriate to manage all the risks to which BG is exposed.
- g. Maintaining an appropriate risk/return balance
- h. Maximizing the returns to BG's shareholders within previously established risk parameters.

3. The Treasury is mainly responsible for:

- a. Monitoring and managing the interest rate, FX, liquidity, derivative, credit and market risks.
- b. Executing the purchase and sale of investments, and placements and receipt of interbank deposits within the limits and policies established by the BOD, following up on interest rates and capital markets, and proposing changes to the composition and duration of BG's various portfolios on different scenarios of rate and credit risk.
- c. Permanently monitoring the levels of liquidity and the uses and sources of funds to determine compliance with existing policies.
- d. Monitoring the valuation of the investment portfolio.
- e. Maximizing BG's return on liquid assets while complying with the limits established by the Board.
- f. Proposing to the Board, the Credit Committee of the BOD, the Risk Committee of the Board, or the ALCO, jointly with the EVP of finance, inclusion of new titles, securities or investment portfolios, or changes to the existing portfolios.
- g. Obtaining institutional funds as set out by the ALCO and the BOD in terms of amount, term, and structure.

4. The Risk Department is mainly responsible for:

- a. Verifying compliance with all the limits and guidelines of the investment and the ALCO manual.
- b. Certifying that reports submitted to the ALCO for the management of liquidity risk, market risk, interest rate risk, FX risk, derivative risk, and credit risk (related to fixed-income investments) is framed within the methodologies, models, procedures, parameters, policies and/or limits approved by the BOD or the ALCO.

5. The Risk Committee of the Board is mainly responsible for:

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- a. Approving methodologies, procedures, parameters, guidelines and/or limits, contingency plans, or adjustments to existing ones for the management of liquidity risk, market risk, interest rate risk, FX or exchange rate risk, derivative risk, and credit risk (related to fixed-income investments), which shall be subject to the approval of the BOD.
- b. Follow-up on exposures to risks and compare these exposures against policies and limits approved by the BOD or the body designated by it.
- c. Assess these risks against BG's solvency and stability.

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12.2 Template MR1: Market risk under the standardised approach

Purpose: Display the components of the capital requirement under the standardized approach for market risk.

Scope of application: Mandatory for applicable banks.

Content: Risk-weighted assets.

Frequency: Group (a) banks: Semi-annually. Group (b) banks: Annually.

Format: Fixed.

BGO does not apply the standardized approach to market risk given that the Bank does not have a trading portfolio.

13. OPERATIONAL RISK

13.1 Table OPR: Qualitative and quantitative disclosure requirements related to operational risk

Purpose: Provide a description of the risk management objectives and policies concerning operational risk and to disclose operational risk regulatory capital requirements and aggregate operational losses incurred both in the current period and historical period.

Scope of application: Mandatory for all applicable banks.

Content: Qualitative and quantitative information.

Frequency: Annually.

Format: Flexible.

Qualitative disclosures:

(a) Banks are required to describe their risk management objectives and policies, including:

- strategies and processes;
- the structure and organisation of the operational risk management and control function;
- the scope and nature of operational risk reporting and/or measurement systems; and
- policies for hedging, transferring and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/transfers/mitigants.

Operational risk is the possibility that losses may occur due to the inadequate, failure or deficiencies in the processes, of personnel, internal systems or external events. The definition includes the legal risk associated with those factors.

The parent company has designed a decentralized operational risk management model in the Bank which has gradually been implemented.

The operational risk management model, addresses within its key functions the following:

- Definition of strategies and implementation of Business Continuity Plans for the critical processes
- Identification and assessment of risks
- Reporting of incidents and loss events
- Evaluation and follow up of risk mitigating actions
- Assessment of operational risks in new initiatives
- Periodic training with the areas staff.

In addition to the Operational Risk Unit, the following areas manage operational risk intrinsically within its functions:

- Operational Risk Unit

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- Risk Management of Information Technology
- Information Security
- Prevention and Fraud Control
- Corporate Security.

As part of the Corporate Governance Model; strategy, methodology and monitoring of action plans for events and risks measured as critical and high are reported to the Executive Committee of Operational Risk and, on a quarterly basis, to the Board's Risk Committee.

The Corporate Internal Audit Department reviews and validates compliance of defined policies and methodologies in accordance with existing regulations, the results of which are presented to the Corporate Audit Committee. To ensure that appropriate responsibility is allocated for the management, reporting and escalation of operational risk, the bank operates a 'three lines of defense' model as indicated below:

1. The first line of defense is business line management. It has the primary responsibility of identifying, managing and mitigating risks associated with the products and processes of its business. It engages in regular testing of the adequacy and effectiveness of controls and compliance with the Bank's policies, including the Bank's Operational Risk Policy Handbook.
2. The second line of defense is the Bank's Operational Risk Section within the Risk Department. This section is responsible for the design, ownership, and implementation of the Operational Risk Model (ORM). The ORM incorporates key processes including risk and control self-assessments, scenario analysis, and data collection on losses, new product approval processes, and risk indicators. The Operational Risk Section oversees the management of different business segments and provides expert support and advice regarding operational risk.
3. The third line of defense is audit. Internal Audit is responsible for assessing compliance with the ORM and for providing independent evaluation of the adequacy and effectiveness of the risk control framework.

Banco General has contracted an insurance policy that covers, among others, infidelity of employees, premises, and transit. BGO is included as a beneficiary of this policy.

Quantitative disclosures:

(b) Quantitative disclosures expected from the banks include:

- **Risk exposure (by business line if available);**
- **The operational risk capital charge as a % of minimum regulatory capital; and**
- **Operational losses (in total or by business line if available).**

The Operational Risk Section reviews all BGOs processes and products to identify, measure, monitor and control all relevant operational risks associated with BGO's operation.

In 2023, BGO had a total of seven (7) major processes with all the operational causes of risks identified. The operational causes of risks totaled 17, with none of them categorized as high risk. BGO has a policy of auto evaluating the causes of risk depending on the level of

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exposure. These processes maintain causes of risk categorized as “low level” and “medium level” exposures.

BGO does not expect any future losses because of these risks.

BGO has not reported any losses due to Operational Risk during the last years.

The table below summarizes the BGO’s operational risk capital requirements and RWA for 2023:

OPERATIONAL RISK	Capital charge	Capital Requirements	RWA
Basic Indicator Approach	15%	\$19,181,768.44	\$127,878,456.25

14. INTEREST RATE RISK IN THE BANKING BOOK

14.1 **Table IRR:** Qualitative and quantitative disclosure requirements related to interest rate risk in the banking book (IRRBB)

Purpose: Provide a description of the bank's risk management objectives and policies concerning IRRBB and changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios.

Scope of application: Mandatory for all applicable banks that are subject to IRRBB. Content: Qualitative and quantitative information. The bank must report for the current period and for the previous period for quantitative information.

Frequency: Annually.

Format: Flexible.

Qualitative disclosures

Banks are required to describe their risk management objectives and policies, including:

a. **A description of how the bank defines IRRBB for purposes of risk control and measurement:**

Interest rate risk is defined as the potential loss of net income or equity value, caused by the inability of the bank to adjust the returns on its assets sensitive to changes in interest rates, in combination with its liabilities sensitive to interest rates. The Board of Directors Risk Committee and the Board of Directors approved the ALCO Manual where the management of interest rate risk is properly documented.

To manage, mitigate and reduce interest rate risk, the assets and liabilities of the bank are managed in a way as to maintain the bank's net interest margin within the levels established in the annual budget and within a framework of risk policies previously established and approved by the Board of Directors. The management of interest rate risk implies knowing the current situation of the bank (current position of assets and liabilities and NIM levels) as well as how movements in local and international interest rates affect the NIM and therefore the bank profits. Additionally, with a perspective on the future of rates and the environment, the ALCO may develop strategies that maximize the bank's profits within the risk limits established in this policy.

The Treasury will manage interest rate risk and will keep the ALCO and the Executive Vice Presidency of Finance informed. Many reports have been developed and limits established as detailed in the ALCO Manual, which will allow the Treasury and the ALCO, to take early actions to maintain an interest rate risk position in accordance with the parameters established by the Board of Directors.

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The Treasury and the ALCO review monthly repricing gap reports and run quarterly simulations of interest rate shocks of 100 and 200 bps increments and decreases to evaluate their impact on the economic value of the Bank's balance sheet.

The Bank also performed an evaluation of the impact of interest rate risk in the banking book (including the investment portfolio) using the guidelines provided by CIMA on "The Supervisory Review Process (Pillar 2) Rules and Guidelines-Annex III". The idea of this evaluation is to assess the impact of a 200bps increase in rates (parallel shift) on the Bank's balance sheet using a repricing gap report and weighting each time band gap by the given weights provided by CIMA.

b. A description of the bank's overall IRRBB management and mitigation strategies:

IRRBB is managed as a risk as well as a capital assessment process. IRRBB exposures that affect both earnings and economic value have been identified and are adequately measured, monitored and controlled based on policies. The objective is for the bank to monitor that its internal capital is commensurate with the level of IRRBB.

For this regard the bank has established the following:

- Appropriate limits on IRRBB, including establishing procedures and approvals necessary for ensuring compliance with those limits.
- Systems and standards for measuring IRRBB, valuing positions and assessing performance, including procedures for updating interest rate shocks, stress scenarios and key underlying assumptions.
- A comprehensive IRRBB reporting and review process.
- Effective internal controls and management of information systems.

c. The periodicity of the calculation of the bank's IRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB:

The Bank runs quarterly simulations on the balance sheet by applying interest rate shocks of 100 and 200 bps increments or reductions to calculate the impact on its value and potentially on the capital of the Bank. Given the current level of rates we consider this a severe scenario.

d. A description of the interest rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings:

The sensitivity of the economic value of the balance sheet measures the impact of interest rate changes in terms of the market value of the bank's assets and liabilities, including interest rate derivatives. The economic value is calculated using different shocks of increase or reduction in interest rate curves and comparing the results to the current economic value. This method uses shifts in the interest rate curve and by performing a complete evaluation discounting future cash flows, it allows to capture the effect of the convexity of investment prices. The economic value is calculated as the sum of the present value of all the flows reduced by the amount of the accrued interests since the last interest payment, that will originate in the future from assets

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and liabilities operations. Because the economic value perspective considers the potential impact of changes in interest rates on the present value of all future cash flows, it provides a more complete view of the possible long-term effects of changes in interest rates compared to the NIM which offers a more short-term view.

The exercise is performed with a base scenario in which interest rates are set based on their current position and projections. At the same time, sensitivity scenarios are created where rates are stressed to increase or to reduce. The cash flows of capital and interests in each scenario are performed at a transactional level considering:

- Contractual terms
- Estimated prepayments per scenario for some investment products (MBS, Short Sales, ABS)
- Increase/reduction in the projected interest rates
- Increase/reduction in discount rates

As a result, the model provides the economic value when it calculates the present value reducing the accumulated interest rates at the current position. The variance between the base market value results and the ones obtained in each scenario, provides the potential projected gain or loss in the portfolio of the balance sheet.

e. The scope and nature of risk reporting and/or measurement systems:

Interest rate risk is defined as the potential loss of net income or equity value, caused by the inability of the bank to adjust the returns on its assets sensitive to changes in interest rates, in combination with its liabilities sensitive to interest rates. The Board of Directors Risk Committee and the Board of Directors approved the ALCO Manual where the management of interest rate risk is properly documented.

Changes in interest rates affect the bank in different ways and the measurement of the effect of changes in interest rates are viewed mainly from two perspectives:

- Effect on results:
 - Financial Margin (Net Interest Income): income accrued for interest rates on assets less costs accrued for interest rates on liabilities.
 - Profits or losses from financial operations: purchase and sale of financial instruments and revaluations of open positions in financial instruments
- Effects on the economic value of equity due to changes in assets, liabilities, and derivatives sensitive to interest rates.

The Treasury will manage interest rate risk and will keep the ALCO and the Executive Vice Presidency of Finance informed. Many reports have been developed and limits established as detailed in the ALCO Manual, which allows the Treasury and the ALCO, to take early actions to maintain an interest rate risk position in accordance with the parameters established by the Board of Directors.

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The management of interest rate risk by the ALCO implies knowing the current situation of the bank (current position of assets and liabilities and level of the NIM) and how movements in local and international interest rates affect the NIM and therefore the bank earnings. Based on the foregoing and a perspective on the future of a) rates and b) the environment, the ALCO is able to develop strategies that maximize the bank's profits within the risk limits established in its policies. In order to carry out this task, the ALCO must follow up on different reports and variables presented quarterly that are detailed in the ALCO Manual.

The Bank utilizes the Modelo de Información Gerencial or "MIG" as its management information system. MIG is a database of financial information organized and programmed in a way that produces regular reports used to manage risks and its capital needs and helps monitor the risks limits approved by the Board of Directors. MIG also provides a single view of the data at the corporate level and provides indicators to measure compliance and efficiency of business goals. In addition to MIG, for the management of interest rate risk, market risk and liquidity risk, the Bank uses FIS BancWare ALM 6 2021.2.0, Bloomberg – AIMS (Bloomberg asset and investment manager), PAM (Portfolio accounting and management), Yield Book, and Aladdin PRT tool from BlackRock Inc. Calculations are usually done at the transaction level. The reports generated and used by the ALCO, Board of Directors, Board of Directors Risk Committee and Executive Risk Committee to monitor periodically the exposures to risks and compare said exposures with the policies and limits approved by the Board of Directors.

f. Policies for hedging and/or mitigating IRRBB as well as the associated accounting treatment and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Banco General (Overseas), Inc. does not use and has not used hedging derivatives to mitigate IRRB. However, if in the future the bank decides to do this the area responsible to execute derivatives to hedge the IRRB would be the Treasury department of Banco General and the hedging strategy has to be approved by the ALCO. The policies related to hedging are incorporated in the Investment Manual of Banco General, S.A. and Subsidiaries annex X.

g. A description of key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and any other assumptions:

Economic value assumptions:

- (1) Loans have capital prepayments based on the bank's budget for the year
- (2) Non-Accrual loans follow their contractual amortization given that the recovery process is short.
- (3) MBS, Short Sales and ABS have single monthly mortality (SMM) capital prepayments.
- (4) All instruments are projected based on their contractual maturity and are not replaced by any new business.

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- (5) In scenarios of interest rate cut, there is a floor of 0% on coupons as well as on discount rates.
- (6) Non maturity deposits don't project gain or loss per scenario

Quantitative disclosure

Banks should report the increase/(decline) in net interest income or economic value of equity (or relevant measure used by management) for upward and downward interest rate shock scenarios according to management's method for measuring IRRBB, broken down by currency (as relevant).

Economic Value of Equity December 2023:

TYPE OF PRODUCT US\$ thousands	BOOK VALUE	EFFECTIVE DURATION	MARKET VALUE	DECEMBER 2023				% BALANCE WITH FLOOR	% BALANCE WITH FIXED RATE
				GAIN/LOSS PARALLEL VARIATIONS		GAIN/LOSS PARALLEL VARIATIONS			
				-100pbs	+100pbs	-200pbs	+200pbs		
ASSETS									
CASH AND DEPOSITS	234,832	1.04	231,705	2,374	-2,324	4,801	-4,598	0%	76%
INVESTMENTS	1,152,579	3.46	1,151,501	38,945	-38,522	76,911	-77,343	16%	78%
DERIVATIVES LINKED TO ASSETS	5,441	-0.58	5,441	-6,584	6,674	-13,220	12,822	0%	0%
LOANS	541,081	0.16	521,664	1,650	-1,319	3,694	-2,719	21%	0%
TOTAL ASSETS	1,933,934	1.91	1,910,312	36,385	-35,491	72,187	-71,838	15%	56%
LIABILITIES									
DEPOSITS	1,103,576	0.07	1,103,520	-764	756	-1,538	1,503	0%	93%
TOTAL LIABILITIES	1,103,576	0.07	1,103,520	-764	756	-1,538	1,503	0%	93%
ASSETS - LIABILITIES	830,358	1.84	806,792	35,621	-34,735	70,649	-70,336		

Based on December 31, 2023 balances, the Bank's equity could lose \$34,735,265 and \$70,335,695 respectively, if rates increase by 100 and 200 bps (or 3.89% and 7.88% of the capital of the Bank, respectively).

Economic Value December 2022:

TYPE OF PRODUCT US\$ thousands	BOOK VALUE	EFFECTIVE DURATION	MARKET VALUE	DECEMBER 2022				% BALANCE WITH FLOOR	% BALANCE WITH FIXED RATE
				GAIN/LOSS PARALLEL VARIATIONS		GAIN/LOSS PARALLEL VARIATIONS			
				-100pbs	+100pbs	-200pbs	+200pbs		
ASSETS									
CASH AND DEPOSITS	198,314	2.08	193,060	3,992	-3,880	8,101	-7,651	0%	93%
INVESTMENTS	1,497,356	3.04	1,496,340	44,925	-44,842	87,732	-88,146	11%	77%
DERIVATIVES LINKED TO ASSETS	9,839	-0.39	9,839	-5,563	5,861	-10,840	11,813	0%	0%
LOANS	466,680	0.19	468,400	1,903	-1,814	4,189	-3,737	31%	2%
TOTAL ASSETS	2,172,189	2.06	2,167,639	45,257	-44,674	89,183	-87,721	15%	62%
LIABILITIES									
DEPOSITS	1,286,964	0.24	1,286,311	-3,156	3,128	-6,230	6,228	0%	91%
TOTAL LIABILITIES	1,337,388	0.24	1,336,735	-3,201	3,172	-6,319	6,317	0%	91%
ASSETS - LIABILITIES	834,801	1.83	830,904	42,056	-41,502	82,863	-81,404		

Based on December 31, 2022 balances, the Bank's equity could lose \$41,501,528 and \$81,404,384, respectively, if rates increase by 100 and 200 bps (or 5.13% and 10.06% of the capital of the Bank, respectively).

15. REMUNERATION

15.1 Table REM: Qualitative and quantitative disclosure requirements related to remuneration

Purpose: The Authority believes that incorporating the Basel II Pillar 3 disclosure requirements on remuneration will support effective market discipline and will allow market participants to assess the quality of the compensation practices and the quality of support for a bank's strategy and risk posture. The requirements have been designed to be sufficiently granular and detailed to allow meaningful assessments by market participants of a bank's compensation practices, while not requiring disclosure of sensitive or confidential information.

Scope of application: Mandatory for all applicable banks. However, the Authority acknowledges that due to the size and complexity of some banks, some of the disclosure requirements may be exempted on the grounds that the information may not be material or is confidential. Banks must however obtain approval from the Authority for any such exemption.

Content: Qualitative and quantitative information.

Frequency: Annually.

Format: Flexible.

Qualitative disclosures:

(a) Information relating to the bodies that oversee remuneration. Disclosures should include:

- Name, composition, and mandate of the main body overseeing remuneration.

As established in the Corporate Governance Manual of Grupo Financiero BG, the Human Capital and Corporate Governance Committee of the Board of Directors is the body responsible for ensuring compliance with the good compensation practices of Banco General and Subsidiaries. As it has a corporate scope, these principles apply to BGO.

For the time being, BGO does not have personnel directly assigned solely to its operation, but when they become available, the same principles and parameters established by GFBG would apply to them.

In compensation matters, the responsibilities of the Human Capital and Corporate Governance Committee include:

- Inform the Board of Directors of Grupo Financiero BG of the activities, issues, conclusions, and relevant recommendations approved by the Committee in all matters related to Human Capital management.

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- Establish and monitor compliance with the organization's policies regarding compensation, incentives, and employee benefit programs.
- Request periodic and timely explanations regarding the reports of audits or instances that they consider may have an impact on the company's human capital management.
- Make a proposal for the performance evaluation of the EVP and General Manager and submit it to the Board of Directors for approval.
- Monitor the performance of the Bank's Executive Vice Presidents, their compensation levels and professional development.

The Committee is composed as follows:

Chairman: Raul Aleman Z. - Chairman of the Board of Directors of GFBG

Coordinator: Makelin Arias - EVP of Human Capital and Corporate Services

Members: Emmanuel Gonzáles Revilla L., Luis Carlos Motta V. (Directors) and Tatiana Fábrega de Varela (Independent Director)

Participants: EVP and General Manager, EVP and Deputy General Manager

The Committee meets at least three times a year and has duly documented and published bylaws (last update: April 2021).

The organization's compensation management is carried out by the Human Capital and Corporate Services Division, specifically through its Compensation and Support Area, which is responsible for overseeing the total compensation management of Banco General and Subsidiaries.

To ensure management independence, the Compensation and Support area conducts market studies, identifies and submits proposals based on the best market practices for consideration by the Human Capital and Corporate Services EVP, generates information and general policies, and prepares the indicators necessary for management evaluation. However, the operational management directly with the different leaders of the bank and its collaborators is executed in the area of Advisory and Internal Relations, in such a way that the one who defines and analyzes trends and policies is not the one who executes them.

- **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.**

GFBG uses market information from MERCER, a leading global compensation and salary survey company, and chosen by Panamanian Banking Association as the provider of the official salary survey for the sector. Every year, the compensation information of Banco General and Subsidiaries' employees in Panama is provided and the results are received, which are used as input for management decisions. MERCER also provides training to HC personnel, as part of the continuous training of the area. Salary information for the offices outside Panama is handled with recognized suppliers in each of the countries, which is collected more sporadically given the limited rotation and number of employees in these countries. In 2023 Banco General Costa Rica also participate in annual salary surveys prepared by MERCER.

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- **A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.**

Human Capital and Corporate Services Division's scope includes Banco General and Subsidiaries, which is why the management model described here applies to all GFBG employees at the corporate level. The final decisions for each employee, within the defined limits, are made jointly by the executive personnel of each area, together with the advice of the Human Capital Advisor who serves that area.

Likewise, there is a Compensation Policy duly approved by the Human Capital and Corporate Governance Committee, which establishes the general guidelines that govern the compensation management of BG and Subsidiaries in all countries in which it operates.

(b) Information relating to the design and structure of remuneration processes. Disclosures should include:

- **An overview of the key features and objectives of remuneration processes.**

The Compensation Policy of Banco General and Subsidiaries establishes that the Human Capital and Corporate Services Department is responsible for maintaining an adequate balance between employee satisfaction with the compensation obtained and the competitiveness of the organization.

Its general objective is to define the strategy and determine the parameters by which the organization's compensation scheme will be governed, as a key element to transmit its cultural values to its members, and to integrate said compensation strategy to the rest of the human capital management standards and practices of Banco General and Subsidiaries.

Banco General's compensation policy summarizes the Board of Directors' intention to fairly combine the business strategy with the development of the organization's employees and to maintain an adequate balance between external competitiveness and internal equity.

It establishes that the organization will maintain an attractive and competitive compensation and benefits scheme that will allow it to attract and retain personnel with the competencies and values that best fit the culture of the institution, based on standardized criteria of equity free of gender bias and all types of discrimination.

It is also established that the total rewards system will be adjusted to the differences inherent to the hierarchical structure, having established different models of remuneration, retribution and/or benefits for the different levels of position in the organization.

- **Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, reasons for the changes and their impact on remuneration.**

No changes were made to GFBG's Compensation Policy during 2023.

- **A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the business they oversee.**

For remuneration purposes, the valuation of the organization's positions is not associated with the line of business managed by each position in particular, which is why no salary differences are established related to the business area managed, including Risk and Compliance personnel in this model.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:

- **An overview of the key risks that the bank takes into account when implementing remuneration measures.**

Remuneration models in Panama are clearly regulated by the Ministry of Labor and the Social Security Fund of the country. Banco General and Subsidiaries guarantees compliance with all legal provisions defined in the country through the support provided by the Legal Counsel Department and external lawyers specialized in labor matters (ALCOGAL) hired by the organization as advisors and guarantors of compliance with such provisions. Likewise, we have a payroll payment platform supported by the most recognized company in the country in this matter, which has among its responsibilities to guarantee the Bank's compliance with the social security elements.

In countries in which we have a presence outside Panama, remuneration is outsourced to Deloitte, also contracted to ensure compliance with the regulatory provisions of each country, since these are the elements identified as risky in terms of remuneration.

- **An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).**

The organization has an operational risk matrix that includes a risk category called "Labor Relations and Workplace Safety", with a specific risk type for "Remuneration issues (non-compliance with contract, regulations and/or Code of Ethics)". Only incidents of an operational nature (human error) of low impact and without repercussions for the organization, materialized.

- **A discussion of the ways in which these measures affect remuneration.**

These risks are minimal, and none have materialized that could affect compensation decisions.

- **A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.**

N/A

(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:

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- **An overview of the main performance metrics for bank, top-level business lines and individuals.**

The main element of performance measurement is the annual performance evaluation process, which applies to all employees of Banco General and Subsidiaries. During the last three years, compliance has been at least 98.5%. The result of the evaluation is one of the elements taken into consideration for the payment of variable compensation, together with other qualitative elements provided by the immediate supervisor. All evaluations include direct feedback to the employee, who has permanent access to the document. The same process applies to all employees, who are evaluated by their direct manager, including personnel reporting to the Board of Directors.

- **A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.**

Annually, the Budget Committee establishes and approves a maximum amount to be used for salary increases, based on the financial reality of the business and the market. The individual allocation is made by Human Capital, together with the executive in charge of the employee, taking into consideration their current remuneration levels, their performance in the area, their position level and their positioning in the salary band to which the position corresponds.

- **A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak including criteria for determining weak performance metrics.**

Since salary reductions are not allowed in Panama, in the case of employees who are below the minimum expected performance level, an individual analysis is carried out and, in consensus with the manager, a decision may be made not to increase the annual salary of these employees. In addition, these employees receive periodic monitoring of their performance levels and the corresponding feedback. If they are within their first two years of work, and in accordance with Panamanian labor legislation, a decision may be made to terminate their employment before the expiration of the two-year period.

(e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:

- **A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.**

The organization has a long-term retention program aimed at executive and management personnel through a stock option. The Bank grants them the possibility of purchasing Grupo Financiero BG shares at a fixed offer price for a period of 7 years. The right to exercise (purchase) the option begins the second year after the date on which they are granted. They can be exercised in a staggered manner: 20% per year from the second to the sixth year.

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An employee is eligible to receive options every five years, and the eligibility to receive or not to receive options is aligned with a variety of factors: individual performance, future potential and criticality of the position held, among others. The primary determinants will be the individual's role and level of responsibility, past and expected future contributions. This determination is made by Senior Management and the results are presented to the Human Capital and Corporate Governance Committee of the Board of Directors.

The maximum amount to be granted is defined based on the level of responsibility of the position in the salary scale. The program is reviewed annually to include those who may be eligible to join the program. The price is determined by taking the average share price on the Panama Stock Exchange for the quarter prior to the date the options are granted and applying a 10% discount.

- **A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw-back arrangements.**

If the employment relationship terminates, either by mutual agreement or resignation, after the date on which the employee acquired the right to exercise, the employee has up to 30 calendar days from the date of departure to exercise such options. If he/she terminates his/her relationship with the Bank before acquiring the right to exercise, he/she loses these options.

If the separation is caused by death or total disability, the beneficiaries or the disabled employee has the right to exercise the actions available at the date of separation within six (6) months from that date.

If the employee retires, he/she will have the right to purchase 100% of the vested shares and will have a term of twenty-four (24) months to exercise them. If at the time of retirement from the Bank he/she has more than 20 years in the institution, Senior Management has the power to advance the expiration date of the options outstanding at the time of retirement from the Bank.

(f) Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:

- **An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms).**
- **A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description of the factors that determine the mix and their relative importance.**

As a general principle, the Bank seeks to grant a fixed remuneration that provides economic stability and adequate quality of life to all members of the organization, which is set and reviewed periodically based on factors such as the economic situation of the country, the particular conditions of the labor market in general and the financial industry in particular, the characteristics of the position, the seniority and performance of the employee in that position.

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In addition to the fixed remuneration, the organization has variable remuneration schemes that seek to motivate employees to increase their performance and commitment to the organization, without compromising the work ethic aligned with the organizational values, which are non-negotiable. This variable income complements the total compensation of its employees.

The employee's total remuneration will be composed of a fixed income and other variable income, which may or may not be subject to the individual performance of each employee.

The organization's principles of fairness and equity in compensation are always maintained, seeking to ensure that each employee is fairly compensated for the work performed, regardless of gender, religion, marital status or personal condition.

Variable compensation is defined as any short-, medium- or long-term payment scheme that motivates people to achieve specific goals or objectives of their own free will and rewards specific performance results. The amounts assigned under this scheme may vary or be eliminated, depending on personal, group or organizational results, at the company's discretion. The different models of variable compensation in the organization are:

- a. Incentive: Short-term variable compensation that rewards incremental production over a minimum that must be covered by the employee's fixed compensation and that applies to specific positions that use this compensation scheme in the local market. It is paid monthly, and the average amounts received usually do not exceed 50% of the employee's fixed remuneration. In cases of extraordinary performance, monthly amounts may reach 70% of the employee's fixed salary or more.
- b. Profit sharing: Medium-term variable compensation that depends directly on the general results of the organization and is defined unilaterally by the Board of Directors of the organization.
 - i. General: That granted to the majority of employees and whose amount is defined by the results at the organizational level. During the year 2023, the amount per person was equivalent to 2 times salary for BG and Subsidiaries personnel, except for Banco General Costa Rica, where the amount assigned was equivalent to 1.40, due to its association with the results of the period. Personnel with less than two years of service are granted on a proportional basis.
 - ii. Variable: That which is directly associated with the employee's performance. An allocation table is established with specific and different maximum ratios (targets) according to the level of the person's position in the salary scale. Depending on the performance of each individual in the evaluated period, a specific percentage of this maximum is assigned to define the amount to be received in this concept. Applies to employees of BG and Subsidiaries, except for Banco General Costa Rica, in which case a variable is granted if the organization reaches certain defined minimums, and of BG Valores Securities Brokers, which have a specific and differentiated model.
 - iii. Production / results related: Associated to the annual production of BG Valores' Wealth Management collaborators, according to the approved table. Applies only to the position of securities broker and a specific

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percentage of variable remuneration is granted directly associated with the actual production of each individual in the period evaluated.

- c. Stock Option Plan: Long-term variable compensation. Figure applicable exclusively to management level or higher, which recognizes the outstanding contribution to the results of the organization through the possibility of acquiring shares of the Bank at favorable conditions. Main retention tool of the organization at managerial and executive level, whose general conditions have been detailed in the previous section.

Quantitative disclosures:

(g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its members

During the year 2023, four Human Capital and Corporate Governance Committees of the Board of Directors were held.

The only remuneration received by the members of the Board of Directors of Grupo Financiero BG, S.A., Banco General, S.A. and Subsidiaries is a per diem for participation in the meetings of the Board of Directors and the Board Committees.

In the case of the BG and Subsidiary Board Committees, members receive a remuneration of US\$600.00 per meeting.

Exceptions:

- Outside Director or Independent Director of GFBG and Banco General, S.A.: US\$1,000.00 per month, in addition to the per diem corresponding to the different meetings of the Board of Directors and/or Board Committees.
- Director member of the Management of Banco General, S.A. and Subsidiaries does not receive per diem for participation in meetings of the Board of Directors or in committees of the Board of Directors.

Other quantitative disclosures:

Since BGO currently has no direct employees, there is no additional quantitative data to provide.

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16. ASSET ENCUMBRANCE

16.1 Template ENC: Asset encumbrance

Purpose: To provide the amount of encumbered and unencumbered assets.

Scope of application: Mandatory for all applicable banks.

Content: Quantitative information. Carrying amount for encumbered and unencumbered assets on the balance sheet using period-end values. Banks must use the specific definition of “encumbered assets” as follows: Encumbered assets are assets that the bank is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. When the optional column on central bank facilities is used, encumbered assets exclude central bank facilities. The definition of “encumbered assets” in Template ENC is different than that under the Liquidity Coverage Ratio for on-balance sheet assets. Specifically, the definition of “encumbered assets” in Template ENC excludes the aspect of asset monetisation. For an unencumbered asset to qualify as high-quality liquid assets, the LCR requires a bank to have the ability to monetise that asset during the stress period such that the bank can meet net cash outflows.

Frequency: Group (a) banks: Semi-annually. **Group (b) banks:** Annually.

Format: Fixed.

	a	b	c	d
	Encumbered assets	Central Bank Facilities	Unencumbered assets	Total
Investments and Other Financial Assets at Fair Value Through Profit or Loss				
Corporate Shares	-	-	655,047	655,047
Corporate Bonds and Fixed Income Funds	-	-	144,526,406	144,526,406
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO's)	-	-	71,472,789	71,472,789
Asset Backed Securities (ABS)	-	-	3,528,671	3,528,671
Investments and Other Financial Assets at Fair Value OCI				
Commercial Papers and Treasury Bills	-	-	2,956,246	2,956,246
Corporate Bonds	-	-	391,761,848	391,761,848
Bonds by US Government (1)	19,027,028	-	50,241,653	69,268,681
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO's)	-	-	529,181,178	529,181,178
Asset Backed Securities (ABS)	-	-	10,804,169	10,804,169
Other Government Bonds	-	-	71,000	71,000
Investments Amortized Cost				
Corporate Bonds	-	-	13,078,105	13,078,105
Accrued interest receivable	-	-	210,920	210,920
Total	19,027,028	-	1,218,488,032	1,237,515,060

(1) As of December 31st 2023 Banco General (Overseas), INC. maintained \$21,000,000 notional (\$19,027,028.50 market value) of US Treasury bonds as collateral with the CME to secure the required initial margin for the cleared interest rates SWAPs of Banco General (Overseas), INC. at the CME.

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Raúl Alemán Zubieta
President of the Board of Directors