

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

**Condensed Consolidated Interim  
Financial Information**

March 31, 2024

"This document has been prepared with the knowledge that its contents shall be made available to the investing and general public"

# **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

**Condensed Consolidated Statement of Financial Position**

March 31, 2024, December 31, 2023 and March 31, 2023

(Expressed in Balboas)

		(Unaudited) March 2024	(Audited) December 2023	(Unaudited) March 2023
<b>Assets</b>	<b>Note</b>			
Cash and cash items	5	150,497,387	195,541,375	210,287,715
Deposits with banks:				
Demand deposits		403,932,929	613,848,309	450,757,436
Time deposits		430,726	455,642	135,454,673
Accrued interest receivable		3,789	8,755	21,309
<b>Total deposits with banks</b>		<b>404,367,444</b>	<b>614,312,706</b>	<b>586,233,418</b>
<b>Total cash, cash items and deposits with banks</b>		<b>554,864,831</b>	<b>809,854,081</b>	<b>796,521,133</b>
Investments and other financial assets at FVTPL		808,665,903	793,016,542	823,563,835
Investments and other financial assets at FVOCI		4,267,854,528	4,326,241,290	4,230,311,025
Investments and other financial at amortized cost, net		33,006,190	5,664,174	67,902,751
Accrued interest receivable		20,167	3,796	9,854
<b>Investments and other financial assets, net</b>		<b>5,109,546,788</b>	<b>5,124,925,802</b>	<b>5,121,787,465</b>
Loans	6	12,178,608,537	11,974,961,025	11,552,661,717
Accrued interest receivable		67,746,412	65,280,181	71,515,872
Less:				
Loan losses allowance		395,089,540	394,787,079	434,345,907
Unearned commissions		39,387,865	38,961,228	39,030,476
<b>Loans, net</b>		<b>11,811,877,544</b>	<b>11,606,492,899</b>	<b>11,150,801,206</b>
Investments in associates		30,502,961	30,112,121	33,684,803
Properties, furniture, equipment and improvements, net of accumulated depreciation and amortization	7	260,592,548	259,973,613	251,611,610
Right-of-Use Assets, net	8	16,495,440	16,462,299	15,930,893
Investments and other financial assets sold pending settlement		225,754,698	302,824,536	285,767,090
Deferred tax assets		96,141,845	95,907,031	105,173,073
Goodwill and other intangible assets, net	9	45,452,632	46,021,015	47,984,059
Other assets		487,267,851	439,033,454	450,616,437
<b>Total assets</b>		<b>18,638,497,138</b>	<b>18,731,606,851</b>	<b>18,259,877,769</b>

*The condensed consolidated statement of financial position should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.*

		(Unaudited) March 2024	(Audited) December 2023	(Unaudited) March 2023
<b><u>Liabilities and Equity</u></b>	<b><u>Note</u></b>			
Liabilities:				
Deposits:				
Local:				
Demand		2,754,371,299	2,877,226,658	2,818,710,658
Savings		4,737,004,692	4,885,637,714	4,930,825,426
Time:				
Customers		5,633,892,224	5,463,384,023	5,250,376,058
Banks		6,906,943	8,403,549	1,913,256
Accrued interest payable		90,312,214	89,297,527	68,968,677
<b>Total deposits</b>		<u>13,222,487,372</u>	<u>13,323,949,471</u>	<u>13,070,794,075</u>
Financing:				
Securities sold under repurchase agreements		0	0	102,800,443
Borrowings and debt securities issued, net	11	801,468,059	860,648,364	793,067,241
Perpetual bonds		400,000,000	400,000,000	400,000,000
Accrued interest payable		15,201,084	16,209,295	14,149,713
<b>Total financing</b>		<u>1,216,669,143</u>	<u>1,276,857,659</u>	<u>1,310,017,397</u>
Lease Liabilities	12	18,367,358	18,301,593	17,655,122
Investments and other financial assets purchased pending settlement		423,932,634	432,587,385	509,428,558
Reserves of insurance operations	13	24,760,471	23,828,478	20,868,115
Deferred tax liabilities		1,152,270	1,151,606	1,181,166
Other liabilities	10	716,472,716	727,584,041	652,662,517
<b>Total liabilities</b>		<u>15,623,841,964</u>	<u>15,804,260,233</u>	<u>15,582,606,950</u>
Equity:	15			
Common shares		500,000,000	500,000,000	500,000,000
Legal reserves		217,066,404	213,274,003	211,619,549
Capital reserves		(163,441,244)	(162,678,172)	(246,872,324)
Retained earnings		2,461,030,014	2,376,750,787	2,212,523,594
<b>Total equity</b>		<u>3,014,655,174</u>	<u>2,927,346,618</u>	<u>2,677,270,819</u>
<b>Total liabilities and equity</b>		<u>18,638,497,138</u>	<u>18,731,606,851</u>	<u>18,259,877,769</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Condensed Consolidated Statement of Income**

For the three months ended March 31, 2024 and 2023

(Expressed in Balboas)

		<b>(Unaudited)</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
Interest and commission income:			
Interest:			
Loans		229,400,991	203,739,984
Deposits with banks		3,781,470	2,551,435
Investments and other financial assets		65,853,306	58,773,867
Commissions on loans		10,285,735	10,128,654
<b>Total interest and commission income</b>		<b>309,321,502</b>	<b>275,193,940</b>
Interest expenses:			
Deposits		77,245,623	55,547,322
Financing		14,826,269	15,175,286
<b>Total interest expenses</b>		<b>92,071,892</b>	<b>70,722,608</b>
<b>Net interest and commission income</b>		<b>217,249,610</b>	<b>204,471,332</b>
Provision (reversal) for loan losses, net	6	942,870	(1,137,618)
Reversal of provision for impairment of investments, net		(853,576)	(795,782)
Provision (reversal) for foreclosed assets, net		869,885	(254,250)
<b>Net interest and commission income, after provisions</b>		<b>216,290,431</b>	<b>206,658,982</b>
Other income (expenses):			
Fees and other commissions		96,339,578	86,360,714
Insurance premiums, net		11,502,932	9,603,293
Gain (loss) on financial instruments, net		3,344,425	(20,843,711)
Other income, net		10,119,784	8,347,753
Commission expenses and other expenses	12	(42,350,334)	(40,147,710)
<b>Total other income, net</b>		<b>78,956,385</b>	<b>43,320,339</b>
General and administrative expenses:			
Salaries and other personnel expenses	16	48,799,977	45,400,756
Depreciation and amortization	7 and 8	8,540,818	8,565,639
Properties, furniture and equipment expenses		8,888,474	8,358,259
Other expenses		18,613,765	17,666,243
<b>Total general and administrative expenses</b>		<b>84,843,034</b>	<b>79,990,897</b>
<b>Net operating income</b>		<b>210,403,782</b>	<b>169,988,424</b>
Equity participation in associates		4,339,087	3,894,648
<b>Net income before tax</b>		<b>214,742,869</b>	<b>173,883,072</b>
Income tax, estimated		25,637,713	22,404,457
Income tax, deferred		(234,446)	(274,634)
<b>Income tax, net</b>	17	<b>25,403,267</b>	<b>22,129,823</b>
<b>Net income</b>		<b>189,339,602</b>	<b>151,753,249</b>

The condensed consolidated statement of income should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Condensed Consolidated Statement of Comprehensive Income**

For the three months ended March 31, 2024 and 2023

(Expressed in Balboas)

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	(Unaudited)	
	<u>2024</u>	<u>2023</u>
Net income	<u>189,339,602</u>	<u>151,753,249</u>
<b>Other comprehensive income (expense):</b>		
Items that are or may be reclassified to the condensed consolidated statement of income:		
Valuation of investments and other financial assets:		
Net changes in valuation of investments at FVOCI	2,779,444	55,955,590
Transfer to profit or loss for sales of investments at FVOCI	(2,664,048)	(23,650,220)
Valuation of investment credit risk at FVOCI	<u>(878,468)</u>	<u>(809,566)</u>
<b>Total other comprehensive income (expense), net</b>	<u>(763,072)</u>	<u>31,495,804</u>
<b>Total comprehensive income</b>	<u><u>188,576,530</u></u>	<u><u>183,249,053</u></u>

*The condensed consolidated statement of comprehensive income should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.*

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Condensed Consolidated Statement of Changes in Equity**

For the three months ended March 31, 2024 and 2023

(Expressed in Balboas)

			Capital reserves		Total capital reserves	Retained earnings	Total equity
	Common shares	Legal reserves	Insurance reserve	Valuation of investments and other financial assets			
<b>Balance as of December 31, 2023 (Audited)</b>	500,000,000	213,274,003	1,000,000	(163,678,172)	(162,678,172)	2,376,750,787	2,927,346,618
Net income	0	0	0	0	0	189,339,602	189,339,602
<b>Other comprehensive (expense) income:</b>							
Items that are or may be reclassified to the condensed consolidated statement of income							
Valuation of investments and other financial assets:							
Net changes in valuation of investments at FVOCI	0	0	0	2,779,444	2,779,444	0	2,779,444
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(2,664,048)	(2,664,048)	0	(2,664,048)
Valuation of investment credit risk at FVOCI	0	0	0	(878,468)	(878,468)	0	(878,468)
<b>Total other comprehensive expense, net</b>	0	0	0	(763,072)	(763,072)	0	(763,072)
<b>Total comprehensive income (expense)</b>	0	0	0	(763,072)	(763,072)	189,339,602	188,576,530
<b>Transactions with owner:</b>							
Dividends paid on common shares	0	0	0	0	0	(95,000,000)	(95,000,000)
Dividends tax	0	0	0	0	0	(1,855,466)	(1,855,466)
Complementary tax	0	0	0	0	0	(4,412,508)	(4,412,508)
Transfer of retained earnings	0	3,792,401	0	0	0	(3,792,401)	0
<b>Total transactions attributable to the shareholder</b>	0	3,792,401	0	0	0	(105,060,375)	(101,267,974)
<b>Balance as of March 31, 2024 (Unaudited)</b>	500,000,000	217,066,404	1,000,000	(164,441,244)	(163,441,244)	2,461,030,014	3,014,655,174
<b>Balance as of December 31, 2022 (Audited)</b>	500,000,000	206,514,168	1,000,000	(279,368,128)	(278,368,128)	2,150,470,978	2,578,617,018
Net income	0	0	0	0	0	151,753,249	151,753,249
<b>Other comprehensive income (expense):</b>							
Items that are or may be reclassified to the condensed consolidated statement of income							
Valuation of investments and other financial assets:							
Net changes in valuation of investments at FVOCI	0	0	0	55,955,590	55,955,590	0	55,955,590
Transfer to profit or loss for sales of investments at FVOCI	0	0	0	(23,650,220)	(23,650,220)	0	(23,650,220)
Valuation of investment credit risk at FVOCI	0	0	0	(809,566)	(809,566)	0	(809,566)
<b>Total other comprehensive income, net</b>	0	0	0	31,495,804	31,495,804	0	31,495,804
<b>Total comprehensive income</b>	0	0	0	31,495,804	31,495,804	151,753,249	183,249,053
<b>Transactions with owner:</b>							
Dividends paid on common shares	0	0	0	0	0	(80,000,000)	(80,000,000)
Dividends tax	0	0	0	0	0	(1,634,257)	(1,634,257)
Complementary tax	0	0	0	0	0	(2,960,995)	(2,960,995)
Transfer of retained earnings	0	5,105,381	0	0	0	(5,105,381)	0
<b>Total transactions attributable to the shareholder</b>	0	5,105,381	0	0	0	(89,700,633)	(84,595,252)
<b>Balance as of March 31, 2023 (Unaudited)</b>	500,000,000	211,619,549	1,000,000	(247,872,324)	(246,872,324)	2,212,523,594	2,677,270,819

The condensed consolidated statement of changes in equity should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Condensed Consolidated Statement of Cash Flows**

For the three months ended March 31, 2024 and 2023

(Expressed in Balboas)

		<b>(Unaudited)</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Operating activities:</b>			
Net income		189,339,602	151,753,249
Adjustments to reconcile net income and cash from operating activities:			
Provision (reversal) of provision for loan losses, net	6	942,870	(1,137,618)
Reversal of provision for valuation of investments, net		(853,576)	(795,782)
Provision (reversal) for foreclosed assets, net		869,885	(254,250)
Unrealized loss (gain) on investments and other financial assets		6,035,560	(13,629,330)
Unrealized gain on derivative instruments		(10,512,505)	(9,523,425)
(Gain) loss on sale of investments and other financial assets at FVTPL, net		(4,087,452)	2,391,123
Loss on sale of investments and other financial assets at FVOCI, net		3,271,356	24,756,609
Realized loss on derivative instruments		1,948,616	16,848,734
Foreign exchange fluctuations, net		43,364	(1,296)
Gain on sale of fixed assets, net		(2,137)	(4,011)
Depreciation and amortization	7 and 8	8,540,818	8,565,639
Amortization of intangible assets	9	568,383	654,348
Equity participation in associates		(4,339,087)	(3,894,648)
Income tax, net		25,403,267	22,129,823
Interest and commission income		(309,321,502)	(275,193,940)
Interest expense		92,071,892	70,722,608
Changes in operating assets and liabilities:			
Time deposits with banks		24,916	38,990,804
Investments and other financial assets at FVTPL		(20,413,609)	(54,968,073)
Loans		(204,287,921)	140,018,230
Unearned commissions		10,712,372	10,662,705
Tax credit from preferential interest		(15,192,783)	(14,243,630)
Other assets		36,142,372	38,081,127
Demand deposits		(122,855,359)	(66,815,816)
Savings deposits		(148,633,022)	(129,444,129)
Time deposits		169,011,595	31,443,499
Reserves of insurance operations		931,993	345,474
Other liabilities		(21,967,306)	2,100,632
Cash provided by operations:			
Interest received		294,274,731	266,147,182
Interest paid		(92,065,250)	(85,298,926)
Dividends received		406,410	389,896
<b>Total</b>		<b>(303,331,109)</b>	<b>19,043,559</b>
<b>Cash flows from (used) operating activities</b>		<b>(113,991,507)</b>	<b>170,796,808</b>
<b>Investing activities:</b>			
Purchases of investments and other financial assets at FVOCI		(604,004,462)	(799,141,894)
Sale and redemptions of investments and other financial assets at FVOCI		655,598,228	1,066,934,034
Purchases of securities at amortized cost		(41,860,804)	(76,428,675)
Redemptions of securities at amortized cost		14,493,896	13,317,356
Dividends received from associates		3,948,247	126,540
Sale of properties, furniture and equipment		2,139	4,012
Purchases of properties, furniture and equipment	7	(8,279,710)	(8,287,238)
<b>Cash flows from investing activities</b>		<b>19,897,534</b>	<b>196,524,135</b>
<b>Financing activities:</b>			
Redemption of debt securities issued and cancellation of borrowings		(58,750,000)	(8,773,582)
Securities sold under repurchase agreements		0	(95,442,448)
Payment of lease liabilities		(847,421)	(829,039)
Dividends paid on common shares		(95,000,000)	(80,000,000)
Complementary and dividends tax		(6,267,974)	(4,595,252)
<b>Cash flows used from financing activities</b>		<b>(160,865,395)</b>	<b>(189,640,321)</b>
<b>Net (decreased) increase in cash and cash equivalents</b>		<b>(254,959,368)</b>	<b>177,680,622</b>
Cash and cash equivalents at the beginning of the period		809,389,684	618,364,529
<b>Cash and cash equivalents at the end of the period</b>	5	<b>554,430,316</b>	<b>796,045,151</b>

The condensed consolidated statement of cash flows should be read along with the accompanying notes which are an integral part of the condensed consolidated interim financial information.



# **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

## **Notes to the Condensed Consolidated Interim Financial Information**

March 31, 2024

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# **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

## **Notes to the Condensed Consolidated Interim Financial Information**

March 31, 2024

(Expressed in Balboas)

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### **(1) General Information**

Banco General, S. A. is incorporated under the laws of the Republic of Panama since 1954 and started operations in 1955. The Bank operates under a general license granted by the Superintendence of Banks of Panama which allows it to engage in the banking business in Panama or abroad. Banco General, S. A. and its subsidiaries will be referred to collectively as “the Bank”.

The Bank provides a wide variety of financial services, mainly corporate, mortgage and consumer banking, investment, insurance, reinsurance, wealth management, pensions, retirement and severance funds.

The Bank has a network of Representation Offices in the following countries: Colombia, El Salvador, Guatemala, Peru.

Grupo Financiero BG, S. A., a 59.87% (December 31, 2023: 59.88%) subsidiary of Empresa General de Inversiones, S. A., owns 100% of the common shares issued and outstanding of Banco General, S. A.

Banco General, S. A. which in turn owns 100% of the following subsidiaries that are presented below and which form part of the consolidation:

- BG Investment Co., Inc.: securities brokerage, assets management and brokerage company in Panama.
- General de Seguros, S. A.: insurance and reinsurance in Panama.
- Overseas Capital Markets, Inc.: holder of shares in the Cayman Islands. It in turn has the following subsidiaries:
  - Banco General (Overseas), Inc.: international banking in the Cayman Islands.
  - Commercial Re. Overseas, Ltd.: international reinsurance in the British Virgin Islands.
- BG Valores, S. A.: securities brokerage, asset management and brokerage company in Panama.
- Banco General (Costa Rica), S. A.: banking business in Costa Rica.
- ProFuturo Administradora de Fondos de Pensiones y Cesantía, S. A.: management of pension and retirement, severance and investment funds in Panama.
- Yappy, S. A.: digital platform for money transfers and payments between people and businesses in Panama.
- BG Trust, Inc.: trust administration in Panama.
- Vale General, S. A.: administration and marketing of food vouchers in Panama.

The Bank’s main office is located at Banco General Tower, Marbella Urbanization, Aquilino de la Guardia Avenue, Panama City, Republic of Panama.

## **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

### **Notes to the Condensed Consolidated Interim Financial Information**

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#### **(2) Basis of Preparation**

##### *(a) Statement of Compliance*

The condensed consolidated interim financial information have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards).

These condensed consolidated interim financial information were authorized by management issue on April 25, 2024.

##### *(b) Basis of Measurement*

These condensed consolidated interim financial information have been prepared on a historical cost basis or amortized cost, except for financial assets and liabilities at fair value, securities at fair value through other comprehensive income and derivative financial instruments, which are measured at fair value; and foreclosed assets, which are measured at the lower of their carrying value or estimated value of realization.

The Bank initially recognizes loans and receivables and deposits on the date on which they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date initially, which is the date on which the Bank compromises to buy or sell an instrument.

##### *(c) Functional and Presentation Currency*

The condensed consolidated interim financial information are expressed in balboas (B/.), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States dollar (US\$). The Republic of Panama does not issue its own paper currency and, in lieu, the dollar (US\$) of the United States of America is used as legal tender and functional currency.

#### **(3) Summary of Materials Accounting Policies**

The accounting policies used by the Bank in this condensed consolidated interim financial information are the same as those applied by the Bank in its consolidated financial statements as of December 31, 2023.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

The condensed consolidated statement of financial position and the condensed consolidated statement of income include balances and transactions with related parties, which are summarized as follows:

	<b>March 31, 2024</b>			
	<b>Directors and Management</b>	<b>Related Companies</b>	<b>Affiliated Companies</b>	<b>Total</b>
<b><u>Assets:</u></b>				
Investments and other financial assets	<u>0</u>	<u>192,661,078</u>	<u>33,306,391</u>	<u>225,967,469</u>
Loans	<u>16,895,980</u>	<u>204,813,974</u>	<u>336,762</u>	<u>222,046,716</u>
Investments in associates	<u>0</u>	<u>30,502,961</u>	<u>0</u>	<u>30,502,961</u>
<b><u>Liabilities:</u></b>				
Deposits:				
Demand	755,324	119,418,738	83,208,257	203,382,319
Savings	7,950,029	51,785,580	48,431	59,784,040
Time	<u>5,520,628</u>	<u>251,496,106</u>	<u>136,000,000</u>	<u>393,016,734</u>
	<u>14,225,981</u>	<u>422,700,424</u>	<u>219,256,688</u>	<u>656,183,093</u>
Perpetual bonds	<u>0</u>	<u>17,000,000</u>	<u>127,984,000</u>	<u>144,984,000</u>
Commitments and contingencies	<u>148,009</u>	<u>12,999,007</u>	<u>36,128,214</u>	<u>49,275,230</u>
<b><u>Interest income:</u></b>				
Loans	<u>219,800</u>	<u>3,516,227</u>	<u>10,299</u>	<u>3,746,326</u>
Investments and other financial assets	<u>0</u>	<u>2,818,202</u>	<u>723,588</u>	<u>3,541,790</u>
<b><u>Interest expenses:</u></b>				
Deposits	<u>82,776</u>	<u>4,050,747</u>	<u>1,684,309</u>	<u>5,817,832</u>
Financing	<u>0</u>	<u>227,725</u>	<u>1,680,447</u>	<u>1,908,172</u>
<b><u>Other income:</u></b>				
Equity participation in associates	<u>0</u>	<u>4,339,087</u>	<u>0</u>	<u>4,339,087</u>
Received dividends	<u>0</u>	<u>198,116</u>	<u>0</u>	<u>198,116</u>
<b><u>General and administrative expenses:</u></b>				
Directors' fees	<u>259,674</u>	<u>0</u>	<u>0</u>	<u>259,674</u>
Benefits to key management personnel	<u>539,914</u>	<u>0</u>	<u>0</u>	<u>539,914</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<b>December 31, 2023</b>			
	<b>Directors and Management</b>	<b>Related Companies</b>	<b>Affiliated Companies</b>	<b>Total</b>
<b>Assets:</b>				
Investments and other financial assets	<u>0</u>	<u>139,598,650</u>	<u>33,313,138</u>	<u>172,911,788</u>
Loans	<u>16,659,882</u>	<u>187,242,166</u>	<u>351,909</u>	<u>204,253,957</u>
Investments in associates	<u>0</u>	<u>30,112,121</u>	<u>0</u>	<u>30,112,121</u>
<b>Liabilities:</b>				
Deposits:				
Demand	1,133,271	88,720,492	90,589,391	180,443,154
Savings	9,228,185	60,717,726	48,431	69,994,342
Time	<u>5,411,848</u>	<u>239,985,223</u>	<u>130,000,000</u>	<u>375,397,071</u>
	<u>15,773,304</u>	<u>389,423,441</u>	<u>220,637,822</u>	<u>625,834,567</u>
Perpetual bonds	<u>0</u>	<u>17,000,000</u>	<u>127,984,000</u>	<u>144,984,000</u>
Commitments and contingencies	<u>1,349,600</u>	<u>13,144,865</u>	<u>36,128,214</u>	<u>50,622,679</u>
	<b>March 31, 2023</b>			
	<b>Directors and Management</b>	<b>Related Companies</b>	<b>Affiliated Companies</b>	<b>Total</b>
<b>Assets:</b>				
Investments and other financial assets	<u>0</u>	<u>136,917,159</u>	<u>37,552,315</u>	<u>174,469,474</u>
Loans	<u>13,494,426</u>	<u>161,551,587</u>	<u>5,471,113</u>	<u>180,517,126</u>
Investments in associates	<u>0</u>	<u>33,684,803</u>	<u>0</u>	<u>33,684,803</u>
<b>Liabilities:</b>				
Deposits:				
Demand	1,089,543	112,095,092	83,606,374	196,791,009
Savings	7,693,929	48,862,215	2,248,431	58,804,575
Time	<u>4,301,646</u>	<u>218,638,831</u>	<u>125,461,538</u>	<u>348,402,015</u>
	<u>13,085,118</u>	<u>379,596,138</u>	<u>211,316,343</u>	<u>603,997,599</u>
Perpetual bonds	<u>0</u>	<u>16,000,000</u>	<u>126,754,000</u>	<u>142,754,000</u>
Commitments and contingencies	<u>0</u>	<u>12,695,692</u>	<u>35,955,000</u>	<u>48,650,692</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

		<b>March 31, 2023</b>		
	<b>Directors and Management</b>	<b>Related Companies</b>	<b>Affiliated Companies</b>	<b>Total</b>
<b><u>Interest income:</u></b>				
Loans	<u>159,109</u>	<u>2,672,336</u>	<u>121,042</u>	<u>2,952,487</u>
Investments and other financial assets	<u>0</u>	<u>1,815,110</u>	<u>797,074</u>	<u>2,612,184</u>
<b><u>Interest expenses:</u></b>				
Deposits	<u>44,758</u>	<u>3,046,725</u>	<u>957,751</u>	<u>4,049,234</u>
Financing	<u>0</u>	<u>213,780</u>	<u>2,632,695</u>	<u>2,846,475</u>
<b><u>Other income:</u></b>				
Equity participation in associates	<u>0</u>	<u>3,894,648</u>	<u>0</u>	<u>3,894,648</u>
Received dividends	<u>0</u>	<u>224,890</u>	<u>0</u>	<u>224,890</u>
<b><u>General and administrative expenses:</u></b>				
Directors' fees	<u>143,649</u>	<u>0</u>	<u>0</u>	<u>143,649</u>
Benefits to key management personnel	<u>537,861</u>	<u>0</u>	<u>0</u>	<u>537,861</u>

The conditions granted in transactions with related parties are substantially similar to those granted to third parties not related to the Bank.

**(5) Cash and Cash Equivalents**

Cash and cash equivalents are detailed as follows for purposes of reconciliation with the condensed consolidated statement of cash flows:

	<b>March 31</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash and cash items	150,497,387	210,287,715
Demand deposits with banks	403,932,929	450,757,436
Time deposits with banks	<u>430,726</u>	<u>135,454,673</u>
Total deposits with banks	<u>404,363,655</u>	<u>586,212,109</u>
Less: Deposits with banks, with original maturities greater than three months	<u>430,726</u>	<u>454,673</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>554,430,316</u>	<u>796,045,151</u>

Demand deposits with banks include cash collateral accounts for B/.28,553,140 (December 31, 2023: B/.33,792,357) that secure derivative operations and the next payments of principal, interest of certain obligations.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

The composition of the loan portfolio is summarized as follows:

	<b>March 31 2024</b>	<b>December 31 2023</b>	<b>March 31 2023</b>
Internal sector:			
Residential mortgages	4,654,625,812	4,659,177,582	4,644,734,923
Personal, auto and credit cards	2,016,375,492	1,963,721,467	1,834,773,650
Commercial mortgages	1,808,406,633	1,785,135,972	1,847,372,594
Lines of credit and commercial loans	1,306,310,505	1,347,048,892	1,163,141,622
Interim financing	261,296,391	265,160,413	274,038,880
Finance leases, net	97,151,275	91,931,089	77,651,916
Other secured loans	202,265,708	208,253,162	197,812,534
Overdrafts	<u>134,908,249</u>	<u>121,406,289</u>	<u>123,466,338</u>
Total internal sector	<u>10,481,340,065</u>	<u>10,441,834,866</u>	<u>10,162,992,457</u>
External sector:			
Residential mortgages	145,996,894	148,073,509	158,587,758
Personal, auto and credit cards	8,758,417	8,087,985	7,280,037
Commercial mortgages	137,022,747	139,404,710	156,735,044
Lines of credit and commercial loans	1,357,129,282	1,188,013,843	1,018,606,247
Other secured loans	9,618,698	9,688,042	10,393,158
Overdrafts	<u>38,742,434</u>	<u>39,858,070</u>	<u>38,067,016</u>
Total external sector	<u>1,697,268,472</u>	<u>1,533,126,159</u>	<u>1,389,669,260</u>
Total	<u>12,178,608,537</u>	<u>11,974,961,025</u>	<u>11,552,661,717</u>

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

	<b>March 31, 2024</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL Not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	132,011,957	208,039,313	54,735,809	394,787,079
Transferred to 12-month ECL	8,820,993	(6,901,581)	(1,919,412)	0
Transferred to lifetime ECL not credit-impaired	(4,943,123)	54,222,634	(49,279,511)	0
Transferred to lifetime ECL credit-impaired	(1,384,063)	(8,379,701)	9,763,764	0
Net remeasurement of portfolio	(2,192,121)	(41,498,126)	51,064,392	7,374,145
New loans	5,949,455	1,313,738	426,790	7,689,983
Loans that have been derecognized	(3,393,727)	(2,082,844)	(8,644,687)	(14,121,258)
Recovery of loan write-off	0	0	11,499,065	11,499,065
Loans written-off	<u>0</u>	<u>0</u>	<u>(12,139,474)</u>	<u>(12,139,474)</u>
<b>Balance at the end of the period</b>	<u>134,869,371</u>	<u>204,713,433</u>	<u>55,506,736</u>	<u>395,089,540</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<b>December 31, 2023</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL Not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the year</b>	136,926,931	234,895,462	61,176,842	432,999,235
Transferred to 12-month ECL	18,996,569	(12,361,212)	(6,635,357)	0
Transferred to lifetime ECL not credit-impaired	(4,188,565)	47,699,030	(43,510,465)	0
Transferred to lifetime ECL credit-impaired	(3,249,716)	(9,911,619)	13,161,335	0
Net remeasurement of portfolio	(25,178,460)	(46,542,739)	56,918,894	(14,802,305)
New loans	21,470,500	6,270,907	3,101,784	30,843,191
Loans that have been derecognized	(12,765,302)	(12,010,516)	(31,402,633)	(56,178,451)
Recovery of loan write-off	0	0	49,565,066	49,565,066
Loans written-off	0	0	(47,639,657)	(47,639,657)
<b>Balance at the end of the year</b>	<u>132,011,957</u>	<u>208,039,313</u>	<u>54,735,809</u>	<u>394,787,079</u>

	<b>March 31, 2023</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL Not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	136,926,931	234,895,462	61,176,842	432,999,235
Transferred to 12-month ECL	8,681,821	(6,261,996)	(2,419,825)	0
Transferred to lifetime ECL not credit-impaired	(3,513,737)	51,045,548	(47,531,811)	0
Transferred to lifetime ECL credit-impaired	(1,130,497)	(7,403,411)	8,533,908	0
Net remeasurement of portfolio	(8,494,679)	(61,508,322)	47,892,588	(22,110,413)
New loans	12,584,683	21,295,146	5,423,714	39,303,543
Loans that have been derecognized	(3,065,324)	(2,062,939)	(13,202,485)	(18,330,748)
Recovery of loan write-off	0	0	11,645,137	11,645,137
Loans written-off	0	0	(9,160,847)	(9,160,847)
<b>Balance at the end of the period</b>	<u>141,989,198</u>	<u>229,999,488</u>	<u>62,357,221</u>	<u>434,345,907</u>

The balance of accrued interest receivable from loans to which the Bank applied a postponement of installments between March 2020 and June 2021 as a financial relief measure due to COVID-19 amounts to B/.7,796,548 (December 31, 2023 B/.10,856,219) and (March 31, 2023 B/.23,155,150).



**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

	<b>March 31, 2024</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Licenses and internally developed projects</b>	<b>Furniture and Equipment</b>	<b>Improvements</b>	<b>Total</b>
Cost:						
At the beginning of the period	34,943,143	138,901,310	203,963,748	127,465,817	48,104,869	553,378,887
Additions	0	0	5,949,073	2,183,028	147,609	8,279,710
Sales and disposals	0	0	0	1,025,655	0	1,025,655
At the end of the period	<u>34,943,143</u>	<u>138,901,310</u>	<u>209,912,821</u>	<u>128,623,190</u>	<u>48,252,478</u>	<u>560,632,942</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	45,816,994	127,048,289	85,198,524	35,341,467	293,405,274
Expense of the period	0	903,341	3,978,048	2,296,431	482,953	7,660,773
Sales and disposal	0	0	0	1,025,653	0	1,025,653
At the end of the period	<u>0</u>	<u>46,720,335</u>	<u>131,026,337</u>	<u>86,469,302</u>	<u>35,824,420</u>	<u>300,040,394</u>
Net balance	<u>34,943,143</u>	<u>92,180,975</u>	<u>78,886,484</u>	<u>42,153,888</u>	<u>12,428,058</u>	<u>260,592,548</u>

  

	<b>December 31, 2023</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Licenses and internally developed projects</b>	<b>Furniture and Equipment</b>	<b>Improvements</b>	<b>Total</b>
Cost:						
At the beginning of the year	31,999,135	135,380,209	183,989,593	123,056,424	49,468,645	523,894,006
Additions	3,208,608	4,308,637	20,370,708	16,532,940	2,216,481	46,637,374
Sales and disposals	264,600	787,536	396,553	12,123,547	3,580,257	17,152,493
At the end of the year	<u>34,943,143</u>	<u>138,901,310</u>	<u>203,963,748</u>	<u>127,465,817</u>	<u>48,104,869</u>	<u>553,378,887</u>
Accumulated depreciation and amortization:						
At the beginning of the year	0	42,731,801	107,729,572	88,874,573	33,527,102	272,863,048
Expense of the year	0	3,569,477	19,715,270	8,447,225	1,984,060	33,716,032
Sales and disposal	0	484,284	396,553	12,123,274	169,695	13,173,806
At the end of the year	<u>0</u>	<u>45,816,994</u>	<u>127,048,289</u>	<u>85,198,524</u>	<u>35,341,467</u>	<u>293,405,274</u>
Net balance	<u>34,943,143</u>	<u>93,084,316</u>	<u>76,915,459</u>	<u>42,267,293</u>	<u>12,763,402</u>	<u>259,973,613</u>

  

	<b>March 31, 2023</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Licenses and internally developed projects</b>	<b>Furniture and Equipment</b>	<b>Improvements</b>	<b>Total</b>
Cost:						
At the beginning of the period	31,999,135	135,380,209	183,989,593	123,056,424	49,468,645	523,894,006
Additions	0	236,255	5,073,936	2,737,604	239,443	8,287,238
Sales and disposals	0	0	0	8,565,734	0	8,565,734
At the end of the period	<u>31,999,135</u>	<u>135,616,464</u>	<u>189,063,529</u>	<u>117,228,294</u>	<u>49,708,088</u>	<u>523,615,510</u>
Accumulated depreciation and amortization:						
At the beginning of the period	0	42,731,801	107,729,572	88,874,573	33,527,102	272,863,048
Expense of the period	0	879,933	4,307,055	2,022,942	496,655	7,706,585
Sales and disposal	0	0	0	8,565,733	0	8,565,733
At the end of the period	<u>0</u>	<u>43,611,734</u>	<u>112,036,627</u>	<u>82,331,782</u>	<u>34,023,757</u>	<u>272,003,900</u>
Net balance	<u>31,999,135</u>	<u>92,004,730</u>	<u>77,026,902</u>	<u>34,896,512</u>	<u>15,684,331</u>	<u>251,611,610</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

	<b>March 31 2024</b>	<b>December 31 2023</b>	<b>March 31 2023</b>
<b>Cost:</b>			
At the beginning of the period	28,510,025	27,235,400	27,235,400
New contracts	913,186	4,293,733	1,171,419
Cancellations	<u>(873,013)</u>	<u>(3,019,108)</u>	<u>(689,895)</u>
At the end of the period	<u>28,550,198</u>	<u>28,510,025</u>	<u>27,716,924</u>
<b>Accumulated depreciation:</b>			
At the beginning of the period	12,047,726	11,616,872	11,616,872
Expense of the period	880,045	3,449,962	859,054
Cancellations	<u>(873,013)</u>	<u>(3,019,108)</u>	<u>(689,895)</u>
At the end of the period	<u>12,054,758</u>	<u>12,047,726</u>	<u>11,786,031</u>
<b>Net balance</b>	<u>16,495,440</u>	<u>16,462,299</u>	<u>15,930,893</u>

The expense depreciation of right-of-use assets is included in the depreciation and amortization expense line in the condensed consolidated statement of income.

**(9) Goodwill and Intangible Assets, Net**

The following table summarizes the goodwill generated from the acquisition and/or participation acquired of the following entities:

<b>Company</b>	<b>Date of acquisition</b>	<b>Participation acquired</b>	<b>% of Acquired Participation</b>	<b>Balance</b>
Banco General, S. A. (1)	March 2004	ProFuturo-Administradora de Fondos de Pensiones y Cesantía, S. A.	17%	679,018
Banco General, S. A. (1)	March 2005	BankBoston, N.A. – Panama (banking operations)	100%	12,056,144
ProFuturo – Administradora de Fondos de Pensiones y Cesantía, S. A. (2)	March 2005	Purchase of trust fund businesses	100%	861,615
Banco General, S. A. (1)	March 2007	Banco Continental de Panama, S. A. and subsidiaries (banking and fiduciary activities)	100%	<u>27,494,722</u>
<b>Total</b>				<u>41,091,499</u>
(1) Banking CGU				
(2) 17ensión and Retirement Fund				

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information****(9) Goodwill and Intangible Assets, Net, continued**

The movement of goodwill and intangible assets is summarized as follows:

		<b><u>March 31, 2024</u></b>	
	<b><u>Goodwill</u></b>	<b><u>Intangible assets</u></b>	<b><u>Total</u></b>
<b>Cost:</b>			
Balance at the beginning and end of the period	<u>41,091,499</u>	<u>47,462,084</u>	<u>88,553,583</u>
<b>Accumulated amortization:</b>			
Balance at the beginning of the period	0	42,532,568	42,532,568
Amortization of the period	<u>0</u>	<u>568,383</u>	<u>568,383</u>
Balance at the end of the period	<u>0</u>	<u>43,100,951</u>	<u>43,100,951</u>
Net balance at the end of the period	<u>41,091,499</u>	<u>4,361,133</u>	<u>45,452,632</u>

		<b><u>December 31, 2023</u></b>	
	<b><u>Goodwill</u></b>	<b><u>Intangible assets</u></b>	<b><u>Total</u></b>
<b>Cost:</b>			
Balance at the beginning and end of the year	41,091,499	47,462,084	88,553,583
<b>Accumulated amortization:</b>			
Balance at the beginning of the year	0	39,915,176	39,915,176
Amortization of the year	<u>0</u>	<u>2,617,392</u>	<u>2,617,392</u>
Balance at the end of the year	<u>0</u>	<u>42,532,568</u>	<u>42,532,568</u>
Net balance at the end of the year	<u>41,091,499</u>	<u>4,929,516</u>	<u>46,021,015</u>

		<b><u>March 31, 2023</u></b>	
	<b><u>Goodwill</u></b>	<b><u>Intangible assets</u></b>	<b><u>Total</u></b>
<b>Cost:</b>			
Balance at the beginning and end of the period	<u>41,091,499</u>	<u>47,462,084</u>	<u>88,553,583</u>
<b>Accumulated amortization:</b>			
Balance at the beginning of the period	0	39,915,176	39,915,176
Amortization of the period	<u>0</u>	<u>654,348</u>	<u>654,348</u>
Balance at the end of the period	<u>0</u>	<u>40,569,524</u>	<u>40,569,524</u>
Net balance at the end of the period	<u>41,091,499</u>	<u>6,892,560</u>	<u>47,984,059</u>

It is the Bank's policy to conduct an impairment test on an annual basis or when there is evidence of impairment. As of March 31, 2024, no evaluation was necessary.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information****(10) Other Financial Liabilities at Fair Value**

The Bank holds, within other liabilities line, financial liabilities of debt instruments at fair value arising from short sales, which are summarized as follows:

	<u>Level</u>	<u>March 31 2024</u>	<u>December 31 2023</u>	<u>March 31 2023</u>
Bonds of the US Government	1	3,335,678	3,374,894	3,362,848
Foreign Fixed Income Funds	2	0	0	120,842
Mortgage Backed Securities (MBS)	2	<u>191,504,822</u>	<u>192,749,318</u>	<u>143,998,656</u>
Total		<u>194,840,500</u>	<u>196,124,212</u>	<u>147,482,346</u>

See the description of the levels in Note 19.

**(11) Borrowings and Debt Securities Issued, Net**

The Bank issued bonds and other borrowings, as follows:

	<u>March 31 2024</u>	<u>December 31 2023</u>	<u>March 31 2023</u>
Corporate bonds with maturities in 2026, at an interest rate of 3 month Libor/SOFR plus a margin	2,680,000	2,680,000	2,680,000
Corporate bonds with maturities in 2027, at an annual interest rate of 4.125%	537,217,000	537,217,000	537,217,000
Borrowings with maturity in 2023, at interest rates of 6 month Libor/SOFR plus a margin	0	0	50,000,000
Borrowings with maturity in 2024, at interest rates of 6 and 12 month Libor/SOFR plus a margin	66,999,994	116,999,994	50,000,000
Borrowings with maturity in 2025, at interest rates of 6 month Libor/SOFR plus a margin	50,000,000	50,000,000	50,000,000
Borrowings with maturity in 2026, at interest rates of 6 month SOFR plus a margin	50,000,000	50,000,000	0
Borrowings with maturity in 2025, at interest rates Basic Passive rate of The Central Bank of Costa Rica plus a margin	0	0	1,882,502
Borrowings with maturity in 2030, at a fixed interest rate	30,000,000	30,000,000	0
Notes with maturities in 2024, at a fixed interest rate	10,000,000	15,000,000	30,000,000
Notes with maturities in 2027, at a fixed interest rate	<u>48,750,000</u>	<u>52,500,000</u>	<u>63,750,000</u>
<b>Subtotal of borrowings and debt securities issued</b>	<u>795,646,994</u>	<u>854,396,994</u>	<u>785,529,502</u>
Revaluation coverage	<u>5,821,065</u>	<u>6,251,370</u>	<u>7,537,739</u>
<b>Total borrowings and debt securities issued, net</b>	<u>801,468,059</u>	<u>860,648,364</u>	<u>793,067,241</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

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

	<b>March 31</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Balance at the beginning of the period	860,648,364	802,268,103
Redemption of debt securities issued and cancellation of borrowings	(58,750,000)	(8,773,582)
Revaluation coverage	(430,305)	(427,280)
Balance at the end of the period	<u>801,468,059</u>	<u>793,067,241</u>

**(12) Lease Liabilities**

The movement of lease liabilities is detailed as follows:

	<b>March 31</b>	<b>December 31</b>	<b>March 31</b>
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2023</u></b>
Balance at the beginning of the period	18,301,593	17,312,742	17,312,742
New contracts	913,186	4,293,733	1,171,419
Payments	(847,421)	(3,304,882)	(829,039)
Balance at the end of the period	<u>18,367,358</u>	<u>18,301,593</u>	<u>17,655,122</u>

Interest expense on lease liabilities for B/.206,999 (2023: B/.192,410) is included in the line as of commission expenses and other expenses in the condensed consolidated statement of income.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information****(13) Reserves of Insurance Operations**

Reserves of insurance operations amounted to B/.24,760,471 (December 31, 2023: B/.23,828,478) and (March 31, 2023: B/.20,868,115) and are comprised of unearned premiums and estimated insurance claims incurred.

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

	<b>March 31 2024</b>	<b>December 31 2023</b>	<b>March 31 2023</b>
<b>Unearned Premiums</b>			
Balance at the beginning of the period	23,126,177	21,314,216	21,314,216
Issued premiums	14,065,307	45,379,762	12,730,129
Earned premiums	<u>(12,395,771)</u>	<u>(43,567,801)</u>	<u>(11,058,810)</u>
Balance at the end of the period	24,795,713	23,126,177	22,985,535
Reinsurers participation	<u>(5,734,529)</u>	<u>(4,553,853)</u>	<u>(5,488,898)</u>
Unearned premiums, net	<u>19,061,184</u>	<u>18,572,324</u>	<u>17,496,637</u>
<b>Estimated Insurance Claims Incurred</b>			
Balance at the beginning of the period	6,609,172	5,045,986	5,045,986
Incurred claims	3,181,637	12,454,279	3,022,424
Paid claims	<u>(2,550,694)</u>	<u>(10,891,093)</u>	<u>(3,125,086)</u>
Balance at the end of the period	7,240,115	6,609,172	4,943,324
Reinsurer participation	<u>(1,540,828)</u>	<u>(1,353,018)</u>	<u>(1,571,846)</u>
Estimated insurance claims incurred, net	<u>5,699,287</u>	<u>5,256,154</u>	<u>3,371,478</u>
<b>Total reserves of insurance operations</b>	<u>24,760,471</u>	<u>23,828,478</u>	<u>20,868,115</u>

**(14) Segment Information**

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

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

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

**Insurance and Reinsurance**

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

**Pension and Retirement Fund**

Administration of pension and retirement, severance and investment funds

# BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

## Notes to the Condensed Consolidated Interim Financial Information

### (14) Segment Information, continued

Management prepared the following segment information based on the bank's businesses for its financial analysis:

	<u>March 31, 2024</u>				
	<u>Banking and Financial Activities</u>	<u>Insurance and Reinsurance</u>	<u>Pension and retirement Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	308,111,432	4,378,158	627,637	3,795,725	309,321,502
Interest and provision expenses	96,809,940	16,856	0	3,795,725	93,031,071
Other income, net	65,839,377	8,684,872	4,435,881	3,745	78,956,385
General and administrative expenses	74,082,840	827,740	1,395,381	3,745	76,302,216
Depreciation and amortization expense	8,472,832	5,328	62,658	0	8,540,818
Equity participation in associates	<u>4,339,087</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,339,087</u>
Net income before income tax	198,924,284	12,213,106	3,605,479	0	214,742,869
Net Income tax, estimated	23,236,527	1,574,450	826,736	0	25,637,713
Net Income tax, deferred	<u>(234,446)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(234,446)</u>
Net Income tax	<u>23,002,081</u>	<u>1,574,450</u>	<u>826,736</u>	<u>0</u>	<u>25,403,267</u>
Net income	<u>175,922,203</u>	<u>10,638,656</u>	<u>2,778,743</u>	<u>0</u>	<u>189,339,602</u>
Total assets	<u>18,553,589,027</u>	<u>376,499,862</u>	<u>64,162,816</u>	<u>355,754,567</u>	<u>18,638,497,138</u>
Total liabilities	<u>15,894,502,854</u>	<u>61,913,600</u>	<u>5,074,015</u>	<u>337,648,505</u>	<u>15,623,841,964</u>

  

	<u>March 31, 2023</u>				
	<u>Banking and Financial Activities</u>	<u>Insurance and Reinsurance</u>	<u>Pension and retirement Fund</u>	<u>Eliminations</u>	<u>Total</u>
Interest and commission income	274,344,159	3,199,837	406,966	2,757,022	275,193,940
Interest and provision expenses	71,199,655	92,325	0	2,757,022	68,534,958
Other income, net	31,930,596	7,403,823	3,989,403	3,483	43,320,339
General and administrative expenses	69,315,915	760,162	1,352,664	3,483	71,425,258
Depreciation and amortization expense	8,509,631	3,787	52,221	0	8,565,639
Equity participation in associates	<u>3,894,648</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,894,648</u>
Net income before income tax	161,144,202	9,747,386	2,991,484	0	173,883,072
Net Income tax, estimated	20,314,250	1,404,260	685,947	0	22,404,457
Net Income tax, deferred	<u>(274,634)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(274,634)</u>
Net Income tax	<u>20,039,616</u>	<u>1,404,260</u>	<u>685,947</u>	<u>0</u>	<u>22,129,823</u>
Net income	<u>141,104,586</u>	<u>8,343,126</u>	<u>2,305,537</u>	<u>0</u>	<u>151,753,249</u>
Total assets	<u>18,182,305,281</u>	<u>340,979,843</u>	<u>57,096,816</u>	<u>320,504,171</u>	<u>18,259,877,769</u>
Total liabilities	<u>15,823,903,646</u>	<u>56,526,184</u>	<u>4,575,229</u>	<u>302,398,109</u>	<u>15,582,606,950</u>

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

	<u>March 31, 2024</u>			
	<u>Panama</u>	<u>Latin America and the Caribbean</u>	<u>United States of America and Others</u>	<u>Total</u>
Interest and commission income, other income, net and Equity participation in associates	<u>293,770,029</u>	<u>50,362,332</u>	<u>48,484,613</u>	<u>392,616,974</u>
Non-financial	<u>302,779,778</u>	<u>3,265,402</u>	<u>0</u>	<u>306,045,180</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<b>March 31, 2023</b>			
	<b>Panama</b>	<b>Latin America and the Caribbean</b>	<b>United States of America and Others</b>	<b>Total</b>
Interest and commission income, other income, net and Equity participation in associates	<u>273,460,420</u>	<u>41,272,876</u>	<u>7,675,631</u>	<u>322,408,927</u>
Non-financial	<u>296,239,987</u>	<u>3,355,682</u>	<u>0</u>	<u>299,595,669</u>

**(15) Equity**

The authorized share capital of Banco General, S. A. is represented by 10,000,000 common shares with no par value (December 31, 2023: 10,000,000 common shares); of which there are 9,787,108 common shares issued and outstanding (December 31, 2023: 9,787,108 common shares).

The legal reserves are established by the regulations of the Superintendence of Banks of Panama, the Superintendence of Insurance and Reinsurance of Panama and the General Superintendence of Financial Entities of Costa Rica.

The detail of the legal reserves and its transfer from retained earnings is summarized as follows:

	<b>March 31, 2024</b>					
	<b>Reserves</b>					
	<b>Dynamic</b>	<b>Foreclosed Assets</b>	<b>Loans in the process of awarding</b>	<b>Legal</b>	<b>Insurance</b>	<b>Total</b>
Banco General, S. A.	133,877,476	4,055,688	16,364,904	0	0	154,298,068
General de Seguros, S. A.	0	0	0	0	41,291,398	41,291,398
Banco General (Overseas), Inc.	14,018,604	0	0	0	0	14,018,604
Banco General (Costa Rica), S. A.	<u>3,783,023</u>	<u>0</u>	<u>0</u>	<u>3,675,311</u>	<u>0</u>	<u>7,458,334</u>
<b>Total</b>	<u>151,679,103</u>	<u>4,055,688</u>	<u>16,364,904</u>	<u>3,675,311</u>	<u>41,291,398</u>	<u>217,066,404</u>

	<b>December 31, 2023</b>					
	<b>Reserves</b>					
	<b>Dynamic</b>	<b>Foreclosed Assets</b>	<b>Loans in the process of awarding</b>	<b>Legal</b>	<b>Insurance</b>	<b>Total</b>
Banco General, S. A.	133,877,476	4,251,413	16,379,960	0	0	154,508,849
General de Seguros, S. A.	0	0	0	0	40,642,782	40,642,782
Banco General (Overseas), Inc.	11,447,322	0	0	0	0	11,447,322
Banco General (Costa Rica), S. A.	<u>4,142,190</u>	<u>0</u>	<u>0</u>	<u>2,532,860</u>	<u>0</u>	<u>6,675,050</u>
<b>Total</b>	<u>149,466,988</u>	<u>4,251,413</u>	<u>16,379,960</u>	<u>2,532,860</u>	<u>40,642,782</u>	<u>213,274,003</u>
<b>Transfer (reversal) from retained earnings of the period</b>	<u>2,212,115</u>	<u>(195,725)</u>	<u>(15,056)</u>	<u>1,142,451</u>	<u>648,616</u>	<u>3,792,401</u>



## **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

### **Notes to the Condensed Consolidated Interim Financial Information**

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#### **(15) Equity, continued**

The Bank, through its subsidiary General de Seguros, S. A., maintains legal reserves and reserves for statistical deviations and reserves for catastrophic risks as established by the Superintendence of Insurance and Reinsurance of Panama. The use and restitution of these reserves shall be regulated by the Superintendence of Insurance and Reinsurance of the Republic of Panama.

The complementary tax of companies established in the Republic of Panama corresponds to the advance of the dividend tax that is applied to the net income of the year and that the taxpayer must retain and pay to the tax authorities within the stipulated years. The tax is attributable to the shareholder and it is applied as a tax credit at the time of distribution of dividends.

#### **(16) Personnel Benefits**

Contributions made by the Bank corresponding to personnel benefits are recognized as expenses in the consolidated statement of income, in the line of salaries and other personnel expenses.

##### **Share-Based Compensation Plan**

The total expense relating to options granted to the participants for the purchase of shares of Grupo Financiero BG, S. A, based on their fair value, amounted to B/.348,965 (2023: B/.348,796). These options may be exercised by the executives until the year 2031.

##### **Restricted Share Plan**

The Bank did not grant restricted shares in the period ended March 31, 2024 and 2023.

##### **Retirement Plan**

The Bank maintains a closed retirement plan, which was amended and approved by the Board of Directors in 1998; this plan is under independent administration by a fiduciary agent.

The contribution to the retirement plan was B/.20,400 (2023: B/.20,400) and the disbursements to former employees who are covered under the retirement plan amount to B/.39,044 (2023: B/.39,044).

#### **(17) Income Tax**

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

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

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information**

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**(17) Income Tax, continued**

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

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

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

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

Net income tax is detailed as follows:

	<b>March 31</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Estimated income tax	26,091,855	22,404,457
Prior year income tax adjustments	(454,142)	0
Deferred income tax	<u>(234,446)</u>	<u>(274,634)</u>
Total income tax, net	<u>25,403,267</u>	<u>22,129,823</u>

**(18) Derivative Financial Instruments**

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

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

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

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

Below is the summary of derivative contracts is as follow:

	<u>Over the Counter (OTC)</u>							
	<u>Total</u>		<u>Exchange-Traded</u>		<u>Liquidated in a securities exchange</u>		<u>Other bilateral counterparts</u>	
	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>	<u>Notional Value</u>	<u>Book Value</u>
<u>March 31, 2024</u>								
Derivative assets	1,761,300,681	40,356,215	248,966,950	0	867,102,251	38,627,336	645,231,480	1,728,879
Derivative liabilities	730,173,031	7,051,896	190,814,177	0	149,560,730	5,004,564	389,798,124	2,047,332
<u>December 31, 2023</u>								
Derivative assets	1,443,195,226	31,700,222	261,381,130	0	604,884,462	30,009,988	576,929,634	1,690,234
Derivative liabilities	808,222,015	9,819,410	193,850,132	0	315,545,124	7,007,712	298,826,759	2,811,698
<u>March 31, 2023</u>								
Derivative assets	1,210,026,663	28,284,373	231,065,630	0	450,272,936	24,544,106	528,688,097	3,740,267
Derivative liabilities	922,741,009	5,753,838	395,106,052	0	28,021,130	1,048,157	499,613,827	4,705,681

The Bank maintains cash and cash equivalents as collateral in institutions that maintain risk ratings between AA+ and A- (December 31, 2023: AA+ and BBB+) and (March 31, 2023: AA- and A-), which support derivative operations in the amount of B/.19.2MM (December 31, 2023: B/.23.3MM) and (March 31, 2023: B/.21.7MM).

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

**Other Derivatives classified by Risk:**

	<b>March 31, 2024</b>		<b>December 31, 2023</b>		<b>March 31, 2023</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Others derivatives:						
Credit	824,571	1,670,456	687,374	2,376,571	894,532	95,088
Interest	25,162,512	5,133,598	19,492,357	5,111,934	17,884,512	3,011,477
Currency	1,631	547	10,238	8,537	8,382	6,358
Total	<u>25,988,714</u>	<u>6,804,601</u>	<u>20,189,969</u>	<u>7,497,042</u>	<u>18,787,426</u>	<u>3,112,923</u>

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

The following table presents assets and liabilities derivatives hedge for risk management:

Hedge Derivatives for Risk Management:

	<b>March 31, 2024</b>		<b>December 31, 2023</b>		<b>March 31, 2023</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Exposure to risk:</b>						
<b>Interest rate</b>						
Fair value hedge	12,165,702	0	10,580,535	0	8,427,019	0
Others	1,673,221	0	878,230	0	424,751	0
Total interest rate	13,838,923	0	11,458,765	0	8,851,770	0
<b>Currency</b>						
Others	528,578	247,295	51,488	2,322,368	645,177	2,640,915
Total Currency	528,578	247,295	51,488	2,322,368	645,177	2,640,915
Total derivatives for risk exposure	14,367,501	247,295	11,510,253	2,322,368	9,496,947	2,640,915

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

	<b>March 31, 2024</b>				
	<b>Maturity</b>				
<b>Risk Category</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>
<b>Interest rate risk</b>					
<b>Hedging of Bonds</b>					
Notional Value	0	0	0	40,000,000	29,900,000
Average interest rate				3.45%	5.13%

	<b>December 31, 2023</b>				
	<b>Maturity</b>				
<b>Risk Category</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>
<b>Interest rate risk</b>					
<b>Hedging of Bonds</b>					
Notional Value	0	0	0	40,000,000	29,900,000
Average interest rate				3.45%	5.13%

	<b>March 31, 2023</b>				
	<b>Maturity</b>				
<b>Risk Category</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>
<b>Interest rate risk</b>					
<b>Hedging of Bonds</b>					
Notional Value	0	0	0	20,000,000	40,000,000
Average interest rate				1.66%	5.19%

# BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

## Notes to the Condensed Consolidated Interim Financial Information

### (18) Derivative Financial Instruments, continued

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

<u>March 31, 2024</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>69,900,000</u>	<u>12,165,702</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>69,900,000</u>	<u>12,165,702</u>	<u>0</u>			
<u>December 31, 2023</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>69,900,000</u>	<u>10,580,535</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>69,900,000</u>	<u>10,580,535</u>	<u>0</u>			
<u>March 31, 2023</u>						
	<u>Notional Value</u>	<u>Book Value</u>		<u>Item in the consolidated statement of financial position that includes hedge instruments</u>	<u>Change in fair value used for calculating hedge ineffectiveness</u>	<u>Ineffectiveness recognized in profit or loss</u>
		<u>Assets</u>	<u>Liabilities</u>			
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	<u>60,000,000</u>	<u>8,427,019</u>	<u>0</u>	Other assets (liabilities)	0	0
Total interest rate risk	<u>60,000,000</u>	<u>8,427,019</u>	<u>0</u>			

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

<u>March 31, 2024</u>							
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Change in the value used for calculating hedge ineffectiveness</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>			
					Investment securities		
Bonds	58,624,108		0	9,228,210	FVOCI	0	0

# BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

## Notes to the Condensed Consolidated Interim Financial Information

### (18) Derivative Financial Instruments, continued

<u>December 31, 2023</u>						
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	<u>58,597,250</u>		<u>0</u>	<u>7,514,508</u>	Investment securities FVOCI	0
						0
<u>March 31, 2023</u>						
	<u>Book Value</u>		<u>Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item</u>		<u>Item in the statement of financial position in which the hedge item is included</u>	<u>Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>		
Bonds	<u>51,329,186</u>		<u>0</u>	<u>6,800,609</u>	Investment securities FVOCI	0
						0

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

<u>March 31, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Assets</u></b>				
Other derivatives:				
Credit	0	824,571	0	824,571
Interest	0	25,162,512	0	25,162,512
Currency	0	1,631	0	1,631
Total	0	25,988,714	0	25,988,714
Hedge derivatives for risk management:				
Interest	0	13,838,923	0	13,838,923
Currency	0	528,578	0	528,578
Total	0	14,367,501	0	14,367,501
<b>Total derivatives assets</b>	0	40,356,215	0	40,356,215
<b><u>Liabilities</u></b>				
Other derivatives:				
Credit	0	1,670,456	0	1,670,456
Interest	0	5,133,598	0	5,133,598
Currency	0	547	0	547
Total	0	6,804,601	0	6,804,601
Hedge derivatives for risk management:				
Currency	0	247,295	0	247,295
Total	0	247,295	0	247,295
<b>Total derivatives liabilities</b>	0	7,051,896	0	7,051,896

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

		<b>December 31, 2023</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b><u>Assets</u></b>					
Other derivatives:					
Credit	0	687,374	0		687,374
Interest	0	19,492,357	0		19,492,357
Currency	0	10,238	0		10,238
Total	0	20,189,969	0		20,189,969
Hedge derivatives for risk management:					
Interest	0	11,458,765	0		11,458,765
Currency	0	51,488	0		51,488
Total	0	11,510,253	0		11,510,253
<b>Total derivatives assets</b>	0	31,700,222	0		31,700,222
<b><u>Liabilities</u></b>					
Other derivatives:					
Credit	0	2,376,571	0		2,376,571
Interest	0	5,111,934	0		5,111,934
Currency	0	8,537	0		8,537
Total	0	7,497,042	0		7,497,042
Hedge derivatives for risk management:					
Currency	0	2,322,368	0		2,322,368
Total	0	2,322,368	0		2,322,368
<b>Total derivatives liabilities</b>	0	9,819,410	0		9,819,410
		<b>March 31, 2023</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b><u>Assets</u></b>					
Other derivatives:					
Credit	0	894,532	0		894,532
Interest	0	17,884,512	0		17,884,512
Currency	0	8,382	0		8,382
Total	0	18,787,426	0		18,787,426
Hedge derivatives for risk management:					
Interest	0	8,851,770	0		8,851,770
Currency	0	645,177	0		645,177
Total	0	9,496,947	0		9,496,947
<b>Total derivatives assets</b>	0	28,284,373	0		28,284,373
<b><u>Liabilities</u></b>					
Other derivatives:					
Credit	0	95,088	0		95,088
Interest	382,619	2,628,858	0		3,011,477
Currency	0	6,358	0		6,358
Total	382,619	2,730,304	0		3,112,923
Hedge derivatives for risk management:					
Currency	0	2,640,915	0		2,640,915
Total	0	2,640,915	0		2,640,915
<b>Total derivatives liabilities</b>	382,619	5,371,219	0		5,753,838

## **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

### **Notes to the Condensed Consolidated Interim Financial Information**

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#### **(19) Fair Value of Financial Instruments**

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

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

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

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

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

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

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



**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

The classification of the valuation of fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The relevance of a variable should be evaluated in relation to the entire fair value measurement.

**Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through Profit or Loss**

	<b>March 31</b>			
	<b>2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Local Commercial Papers	15,000	0	0	15,000
Local Corporate Bonds and Fixed Income Funds	54,180,979	0	0	54,180,979
Bonds of the Republic of Panama	1,676,980	0	1,676,980	0
Local Corporate Shares	29,932,161	0	0	29,932,161
Foreign Treasury Bills	1,091,420	1,091,420	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	508,740,615	0	508,740,615	0
Asset Backed Securities (ABS)	71,216,143	0	71,216,143	0
Foreign Corporate Bonds and Fixed Income Funds	141,528,761	0	783,825	140,744,936
Foreign Corporate Shares and Variable Income Mutual Funds	<u>283,844</u>	<u>0</u>	<u>154,055</u>	<u>129,789</u>
<b>Total</b>	<b><u>808,665,903</u></b>	<b><u>1,091,420</u></b>	<b><u>582,571,618</u></b>	<b><u>225,002,865</u></b>

	<b>December 31</b>			
	<b>2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Local Corporate Bonds and Fixed Income Funds	54,119,205	0	0	54,119,205
Bonds of the Republic of Panama	1,632,040	0	1,632,040	0
Local Corporate Shares	38,056,132	0	0	38,056,132
Local Financing	2,500,000	0	0	2,500,000
Foreign Treasury Bills	1,489,237	1,489,237	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	462,927,380	0	462,927,380	0
Asset Backed Securities (ABS)	75,767,198	0	75,767,198	0
Foreign Corporate Bonds and Fixed Income Funds	156,234,911	0	783,164	155,451,747
Foreign Corporate Shares and Variable Income Mutual Funds	<u>290,439</u>	<u>0</u>	<u>160,650</u>	<u>129,789</u>
<b>Total</b>	<b><u>793,016,542</u></b>	<b><u>1,489,237</u></b>	<b><u>541,270,432</u></b>	<b><u>250,256,873</u></b>

	<b>March 31</b>			
	<b>2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Local Corporate Bonds and Fixed Income Funds	54,700,567	0	0	54,700,567
Bonds of the Republic of Panama	1,697,180	0	1,697,180	0
Local Corporate Shares	40,540,426	0	0	40,540,426
Foreign Treasury Bills	239,005	239,005	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	493,087,038	0	493,087,038	0
Asset Backed Securities (ABS)	68,440,790	0	68,440,790	0
Foreign Corporate Bonds and Fixed Income Funds	164,729,040	0	2,240,769	162,488,271
Foreign Corporate Shares	<u>129,789</u>	<u>0</u>	<u>0</u>	<u>129,789</u>
<b>Total</b>	<b><u>823,563,835</u></b>	<b><u>239,005</u></b>	<b><u>565,465,777</u></b>	<b><u>257,859,053</u></b>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information****(19) Fair Value of Financial Instruments, continued****Fair Value Measurement of Investments and Other Financial Assets at Fair Value Through OCI**

	<b><u>March 31</u></b>			
	<b><u>2024</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Local Commercial Paper	3,998,618	0	0	3,998,618
Local Corporate Bonds	1,060,774,492	0	388,522,622	672,251,870
Bonds of the Republic of Panama	86,112,934	0	86,112,934	0
Bonds of the US Government	134,502,914	134,502,914	0	0
Foreign Commercial Paper and Treasury Bills	290,108,713	152,491,047	137,617,666	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,277,397,573	0	1,277,397,573	0
Asset Backed Securities (ABS)	177,533,473	0	177,533,473	0
Foreign Corporate Bonds	1,223,477,464	0	1,223,477,464	0
Other Governments Bonds	13,948,347	0	13,948,347	0
<b>Total</b>	<b><u>4,267,854,528</u></b>	<b><u>286,993,961</u></b>	<b><u>3,304,610,079</u></b>	<b><u>676,250,488</u></b>

	<b><u>December 31</u></b>			
	<b><u>2023</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Local Commercial Paper	7,292,981	0	0	7,292,981
Local Corporate Bonds	1,089,500,182	0	386,248,749	703,251,433
Bonds of the Republic of Panama	92,522,833	0	92,522,833	0
Bonds of the US Government	136,751,904	136,751,904	0	0
Foreign Commercial Paper and Treasury Bills	287,219,669	168,105,063	119,114,606	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,297,058,939	0	1,297,058,939	0
Asset Backed Securities (ABS)	188,920,050	0	188,920,050	0
Foreign Corporate Bonds	1,213,905,377	0	1,213,905,377	0
Other Governments Bonds	13,069,355	0	13,069,355	0
<b>Total</b>	<b><u>4,326,241,290</u></b>	<b><u>304,856,967</u></b>	<b><u>3,310,839,909</u></b>	<b><u>710,544,414</u></b>

	<b><u>March 31</u></b>			
	<b><u>2023</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Local Commercial Paper and Treasury Bills	9,353,468	0	0	9,353,468
Local Corporate Bonds	1,133,930,226	0	384,578,422	749,351,804
Bonds of the Republic of Panama	22,486,669	0	22,486,669	0
Bonds of the US Government and Agency	235,889,852	227,807,764	8,082,088	0
Foreign Commercial Paper and Treasury Bills	164,315,135	83,298,297	81,016,838	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)	1,244,725,626	0	1,244,725,626	0
Asset Backed Securities (ABS)	173,118,359	0	173,118,359	0
Foreign Corporate Bonds	1,220,930,316	0	1,220,930,316	0
Other Governments Bonds	25,561,374	0	25,561,374	0
<b>Total</b>	<b><u>4,230,311,025</u></b>	<b><u>311,106,061</u></b>	<b><u>3,160,499,692</u></b>	<b><u>758,705,272</u></b>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<u>Changes in Fair Value Measurement of Level 3 hierarchy</u>		
	<u>Investments and other financial assets</u>		
	<u>Fair Value through Profit or Loss</u>	<u>Fair Value through OCI</u>	<u>Total</u>
<b>December 31, 2023</b>	250,256,873	710,544,414	960,801,287
Gain recognized in income	21,697	0	21,697
Loss recognized in equity	0	(1,695,420)	(1,695,420)
Purchases	7,210,929	23,832,000	31,042,929
Amortization, sales and redemptions	<u>(32,486,634)</u>	<u>(56,430,506)</u>	<u>(88,917,140)</u>
<b>March 31, 2024</b>	<u>225,002,865</u>	<u>676,250,488</u>	<u>901,253,353</u>
<b>Total loss related to instruments held as of March 31, 2024</b>	<u>(4,048,507)</u>	<u>(178,992)</u>	<u>(4,227,499)</u>
<b>December 31, 2022</b>	256,019,343	705,293,940	961,313,283
Gain recognized in income	3,618,508	62,000	3,680,508
Gain recognized in equity	0	12,165,446	12,165,446
Purchases	62,259,695	200,751,855	263,011,550
Amortization, sales and redemptions	<u>(71,640,673)</u>	<u>(207,728,827)</u>	<u>(279,369,500)</u>
<b>December 31, 2023</b>	<u>250,256,873</u>	<u>710,544,414</u>	<u>960,801,287</u>
<b>Total gain related to instruments held as of December 31, 2023</b>	<u>4,496,364</u>	<u>12,295,135</u>	<u>16,791,499</u>
<b>December 31, 2022</b>	256,019,343	705,293,940	961,313,283
Loss recognized in income	(530,122)	0	(530,122)
Loss recognized in equity	0	(5,620,522)	(5,620,522)
Purchases	35,092,708	140,565,500	175,658,208
Amortization, sales and redemptions	<u>(32,722,876)</u>	<u>(81,533,646)</u>	<u>(114,256,522)</u>
<b>March 31, 2023</b>	<u>257,859,053</u>	<u>758,705,272</u>	<u>1,016,564,325</u>
<b>Total loss related to instruments held as of March 31, 2023</b>	<u>(608,752)</u>	<u>(5,562,028)</u>	<u>(6,260,780)</u>

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

# BANCO GENERAL, S. A. AND SUBSIDIARIES

(Panama, Republic of Panama)

## Notes to the Condensed Consolidated Interim Financial Information

### (19) Fair Value of Financial Instruments, continued

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

Instruments	Valuation technique	Unobservable inputs used	Range for unobservable inputs			Fair value sensitivity to unobservable inputs
			March 31 2024	December 31 2023	March 31 2023	
Corporate Shares	Dividend discount model and Discount free cash flow model (DCF)	Equity risk premium	Min 5.90% Max 11.76%	Min 5.90% Max 13.51%	Min 5.90% Max 10.19%	If equity risk premiums increase, the price decreases and vice versa
		Growth rate of assets, liabilities, equity, profits and dividends	Min (35.64%) Max 80.56%	Min (100.00%) Max 80.56%	Min (45.53%) Max 313.83%	If the growth increases the price increases and vice versa
Fixed Income	Discounted cash flow	Credit spreads	Min 1.26% Max 8.46% Ave 2.12%	Min 1.46% Max 7.89% Ave 2.22%	Min 1.42% Max 12.48% Ave 3.30%	If the credit spreads increase, the price decreases and vice versa

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

Instrument	Valuation technique	Inputs used	Level
Local Fixed Income	Quoted market prices	Observable quoted prices	2-3
	Discounted cash flows	Benchmark interest rate Liquidity risk premiums Credit spreads	
Local Shares	Quoted market prices	Quoted prices in active markets	3
	Dividend discount model Discount free cash flows model (DCF), which are compared to the stock prices	Benchmark interest rate Equity risk premium Growth rate of assets, liabilities, equity, profits and dividends	
	Carrying amount model	Equity Issued and outstanding shares	
Foreign Fixed Income	Quoted market prices	Quoted prices in active markets	1-2
	Quoted observable market prices for similar instruments	Observable quoted prices	
	Bid and ask prices from market participants	Buying/Selling prices from a broker	
	Discounted cash flows model	Credit spreads Benchmark interest rate Liquidity risk premiums	
Agencies' MBS / CMOs	Discounted cash flows model	Features of collateral TBA's price Treasury yield Yield curves Prepayment speeds Market analysis	2

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

<u>Instrument</u>	<u>Valuation technique</u>	<u>Inputs used</u>	<u>Level</u>
Private MBS / CMOs and ABS	Discounted cash flows model	Features of collateral Treasury yield Yield curves Expected cash flow and losses Market assumptions related to discount rates, prepayments, losses and recoveries	2
Foreign Shares	Carrying Amount Model	Carrying amount of the shares of the company	3
Investment Vehicles	Net asset value	Net asset value	2-3

The Bank considers that its methodologies for valuation of investments classified as Level 3 are appropriate; however, the use of different estimates for the unobservable inputs could lead to different measurements of fair value. For investments classified in Level 3, adjustments to the credit spread (in the case of fixed income) and to the equity risk premium (in the case of the corporate shares) of +50bp and -50bp would result in favorable and unfavorable impacts in the Bank's statement of income and equity, as described below:

	<u>March 31, 2024</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	26,001	(25,546)	7,324,488	(9,293,144)
Corporate Shares	1,603,272	(1,482,721)	0	0
Total	1,629,273	(1,508,267)	7,324,488	(9,293,144)

	<u>December 31, 2023</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	29,052	(60,404)	7,156,389	(9,045,952)
Corporate Shares	1,935,343	(1,780,290)	0	0
Total	1,964,395	(1,840,694)	7,156,389	(9,045,952)

	<u>March 31, 2023</u>			
	<u>Fair Value</u>		<u>FV OCI</u>	
	<u>Effect in profit or loss</u>		<u>Effect in equity</u>	
	<u>Favorable</u>	<u>(Unfavorable)</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
Fixed Income	64,708	(63,377)	12,053,102	(12,524,388)
Corporate Shares	2,567,919	(2,250,681)	0	0
Total	2,632,627	(2,314,058)	12,053,102	(12,524,388)

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

**(a) Investments and other financial assets**

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

**(b) Loans**

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

**(c) Demand deposits from customers/savings deposits from customers/securities sold under agreements to repurchase**

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

**(d) Time deposits from banks/time deposits from customers/borrowings and debt securities issued /perpetual bonds**

The fair value of these financial instruments was determined by discounting the future cash flows at an interest rate that reflects: (i) current market rates, and (ii) the future expected interest rates, for a term that shows the remaining life of these instruments.

Fair value estimates are made at a specific date based on relevant market estimates and information about the financial instruments. These estimates do not reflect any premium or discount that could result from the offer to sell a specific financial instrument at a given date. These estimates are subjective in nature and involve uncertainties and significant judgment; therefore, these estimates cannot be determined with precision. Changes in the assumptions or criteria could significantly affect the estimates.

The following table summarizes the carrying value and fair value of those significant financial assets and liabilities not measured at fair value in the Bank's condensed consolidated statement of financial position:

	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<b>Assets:</b>						
Time deposits with banks	434,515	426,751	464,397	462,768	135,475,982	135,870,772
Investments at amortized cost, net	33,026,357	33,080,971	5,667,970	5,697,692	67,912,605	67,938,529
Loans, net	<u>11,811,877,544</u>	<u>11,678,124,037</u>	<u>11,606,492,899</u>	<u>11,463,280,668</u>	<u>11,150,801,206</u>	<u>11,115,678,333</u>
	<u>11,845,338,416</u>	<u>11,711,631,759</u>	<u>11,612,625,266</u>	<u>11,469,441,128</u>	<u>11,354,189,793</u>	<u>11,319,487,634</u>
<b>Liabilities:</b>						
Deposits	13,222,487,372	13,155,175,153	13,323,949,471	13,243,825,999	13,070,794,075	12,980,996,400
Securities sold under repurchase agreements, borrowings, debt securities issued and perpetual bonds	<u>1,216,669,143</u>	<u>1,073,783,865</u>	<u>1,276,857,659</u>	<u>1,140,800,020</u>	<u>1,310,017,397</u>	<u>1,201,594,381</u>
	<u>14,439,156,515</u>	<u>14,228,959,018</u>	<u>14,600,807,130</u>	<u>14,384,626,019</u>	<u>14,380,811,472</u>	<u>14,182,590,781</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

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

The table below summarizes the fair value hierarchy of financial instruments which are not measured at fair value in the Bank's condensed consolidated statement of financial position:

	<b>March 31 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>Assets:</u></b>				
Time deposits with banks	426,751	0	0	426,751
Investments at amortized cost, net	33,080,971	0	25,915,627	7,165,344
Loans, net	<u>11,678,124,037</u>	<u>0</u>	<u>0</u>	<u>11,678,124,037</u>
	<u>11,711,631,759</u>	<u>0</u>	<u>25,915,627</u>	<u>11,685,716,132</u>
<b><u>Liabilities:</u></b>				
Deposits	13,155,175,153	0	0	13,155,175,153
Borrowings, debt securities issued and perpetual bonds	<u>1,073,783,865</u>	<u>0</u>	<u>0</u>	<u>1,073,783,865</u>
	<u>14,228,959,018</u>	<u>0</u>	<u>0</u>	<u>14,228,959,018</u>
	<b>December 31 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>Assets:</u></b>				
Time deposits with banks	462,768	0	0	462,768
Investments at amortized cost, net	5,697,692	0	0	5,697,692
Loans, net	<u>11,463,280,668</u>	<u>0</u>	<u>0</u>	<u>11,463,280,668</u>
	<u>11,469,441,128</u>	<u>0</u>	<u>0</u>	<u>11,469,441,128</u>
<b><u>Liabilities:</u></b>				
Deposits	13,243,825,999	0	0	13,243,825,999
Borrowings, debt securities issued and perpetual bonds	<u>1,140,800,020</u>	<u>0</u>	<u>0</u>	<u>1,140,800,020</u>
	<u>14,384,626,019</u>	<u>0</u>	<u>0</u>	<u>14,384,626,019</u>
	<b>March 31 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>Assets:</u></b>				
Time deposits with banks	135,870,772	0	0	135,870,772
Investments at amortized cost, net	67,938,529	0	62,808,643	5,129,886
Loans, net	<u>11,115,678,333</u>	<u>0</u>	<u>0</u>	<u>11,115,678,333</u>
	<u>11,319,487,634</u>	<u>0</u>	<u>62,808,643</u>	<u>11,256,678,991</u>
<b><u>Liabilities:</u></b>				
Deposits	12,980,996,400	0	0	12,980,996,400
Securities sold under repurchase agreements, borrowings, debt securities issued and perpetual bonds	<u>1,201,594,381</u>	<u>0</u>	<u>0</u>	<u>1,201,594,381</u>
	<u>14,182,590,781</u>	<u>0</u>	<u>0</u>	<u>14,182,590,781</u>

## **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

### **Notes to the Condensed Consolidated Interim Financial Information**

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#### **(20) Financial Instruments Risk Management**

A financial instrument is any contract that originates a financial asset in one enterprise and a financial liability or equity instrument in another enterprise. The Bank's condensed consolidated statement of financial position is primarily composed of financial instruments.

Financial instruments expose the Bank to various types of risks. The Bank's Board of Directors has approved a Risk Management Policy to identify each significant risk the Bank is exposed to. In order to manage the several risks faced by the Bank, the Board of Directors has created the Credit Risk Committee of the Board of Directors, to oversee the credit, liquidity, market, interest rate, exchange rate and counterparty risks. Likewise, the Board of Directors has established executive Committees, which are composed of key executives that monitor several risks faced by the Bank. These committees have established policies and limits in order to control and manage these risks. There is also an Audit Committee, composed of members of the Bank's Board of Directors that oversees the establishment of appropriate internal controls for reporting the Bank's financial information.

The main risks identified by the Bank are credit, counter-party, market, liquidity and financing, operational and capital management risks which are described as follows:

##### **(a) *Credit Risk***

Credit Risk is the risk that the debtor or issuer of a financial asset owned by the Bank does not fully and timely comply with any required payment, in conformity with terms and conditions agreed upon when the respective financial asset was acquired or originated by the Bank.

To mitigate credit risk, risk management policies establish limits by country, industry, and debtor. The Credit Committee appointed by the Board of Directors, periodically watches over the financial condition of debtors and issuers of financial instruments in the condensed consolidated statement of financial position of the Bank.



**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

The table below sets out information on the credit quality of the loan portfolio including contagion of operations for classification and calculation of the expected credit loss reserve (ECL) maintained by the Bank:

	<b>March 31, 2024</b> <b>(in thousands)</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL Not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>
<b><u>Loans at amortized cost</u></b>				
Grade 1: Standard	9,948,363	337,117	0	10,285,480
Grade 2: Special mention	184,388	762,470	13,430	960,288
Grade 3: Sub-standard	43,195	521,327	58,282	622,804
Grade 4: Doubtful	10,627	6,428	71,012	88,067
Grade 5: Uncollectible	<u>6,462</u>	<u>2,631</u>	<u>115,726</u>	<u>124,819</u>
Gross amount	10,193,035	1,629,973	258,450	12,081,458
Loan losses allowance	<u>(134,544)</u>	<u>(204,622)</u>	<u>(55,456)</u>	<u>(394,622)</u>
Net carrying amount	<u>10,058,491</u>	<u>1,425,351</u>	<u>202,994</u>	<u>11,686,836</u>
<b><u>Finance leases</u></b>				
Grade 1: Standard	94,005	1	0	94,006
Grade 2: Special mention	697	914	0	1,611
Grade 3: Sub-standard	598	716	175	1,489
Grade 4: Doubtful	<u>4</u>	<u>26</u>	<u>15</u>	<u>45</u>
Gross amount	95,304	1,657	190	97,151
Loan losses allowance	<u>(326)</u>	<u>(91)</u>	<u>(51)</u>	<u>(468)</u>
Net carrying amount	<u>94,978</u>	<u>1,566</u>	<u>139</u>	<u>96,683</u>
<b>Total loans</b>	<b>10,288,339</b>	<b>1,631,630</b>	<b>258,640</b>	<b>12,178,609</b>
Loan losses allowance	<u>(134,870)</u>	<u>(204,713)</u>	<u>(55,507)</u>	<u>(395,090)</u>
Net carrying amount	<u>10,153,469</u>	<u>1,426,917</u>	<u>203,133</u>	<u>11,783,519</u>
<b><u>Restructured loans</u></b>				
Gross amount	54,230	602,356	124,830	781,416
Loan losses allowance	<u>(3,331)</u>	<u>(75,212)</u>	<u>(26,576)</u>	<u>(105,119)</u>
Net carrying amount	<u>50,899</u>	<u>527,144</u>	<u>98,254</u>	<u>676,297</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

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

	<b>December 31, 2023</b> <b>(in thousands)</b>			
	<b>12-month <u>ECL</u></b>	<b>Lifetime ECL Not credit- <u>impaired</u></b>	<b>Lifetime ECL credit- <u>impaired</u></b>	<b><u>Total</u></b>
<b><u>Loans at amortized cost</u></b>				
Grade 1: Standard	9,730,226	337,019	0	10,067,245
Grade 2: Special mention	187,705	765,784	10,445	963,934
Grade 3: Sub-standard	43,040	530,622	59,015	632,677
Grade 4: Doubtful	10,135	6,263	69,276	85,674
Grade 5: Uncollectible	<u>7,356</u>	<u>2,467</u>	<u>123,677</u>	<u>133,500</u>
Gross amount	9,978,462	1,642,155	262,413	11,883,030
Loan losses allowance	<u>(131,699)</u>	<u>(207,950)</u>	<u>(54,700)</u>	<u>(394,349)</u>
Net carrying amount	<u>9,846,763</u>	<u>1,434,205</u>	<u>207,713</u>	<u>11,488,681</u>
<b><u>Finance leases</u></b>				
Grade 1: Standard	88,946	3	0	88,949
Grade 2: Special mention	722	713	0	1,435
Grade 3: Sub-standard	586	797	123	1,506
Grade 4: Doubtful	<u>0</u>	<u>30</u>	<u>11</u>	<u>41</u>
Monto bruto	90,254	1,543	134	91,931
Reserva para pérdidas en préstamos	<u>(313)</u>	<u>(89)</u>	<u>(36)</u>	<u>(438)</u>
Valor en libros, neto	<u>89,941</u>	<u>1,454</u>	<u>98</u>	<u>91,493</u>
<b>Total loans</b>	<b><u>10,068,716</u></b>	<b><u>1,643,698</u></b>	<b><u>262,547</u></b>	<b><u>11,974,961</u></b>
Loan losses allowance	<u>(132,012)</u>	<u>(208,039)</u>	<u>(54,736)</u>	<u>(394,787)</u>
Net carrying amount	<u>9,936,704</u>	<u>1,435,659</u>	<u>207,811</u>	<u>11,580,174</u>
<b><u>Restructured loans</u></b>				
Gross amount	55,426	659,633	129,852	844,911
Loan losses allowance	<u>(3,533)</u>	<u>(81,707)</u>	<u>(27,624)</u>	<u>(112,864)</u>
Net carrying amount	<u>51,893</u>	<u>577,926</u>	<u>102,228</u>	<u>732,047</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<b>March 31, 2023</b> <b>(in thousands)</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL Not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Total</b>
<b><u>Loans at amortized cost</u></b>				
Grade 1: Standard	9,173,956	315,637	0	9,489,593
Grade 2: Special mention	187,474	892,241	11,662	1,091,377
Grade 3: Sub-standard	40,343	551,598	60,962	652,903
Grade 4: Doubtful	6,786	3,241	91,838	101,865
Grade 5: Uncollectible	9,038	2,692	127,542	139,272
Gross amount	9,417,597	1,765,409	292,004	11,475,010
Loan losses allowance	(141,675)	(229,789)	(62,290)	(433,754)
Net carrying amount	<u>9,275,922</u>	<u>1,535,620</u>	<u>229,714</u>	<u>11,041,256</u>
<b><u>Finance leases</u></b>				
Grade 1: Standard	72,853	250	0	73,103
Grade 2: Special mention	445	2,079	0	2,524
Grade 3: Sub-standard	437	1,428	78	1,943
Grade 4: Doubtful	11	0	18	29
Grade 5: Uncollectible	0	0	53	53
Gross amount	73,746	3,757	149	77,652
Loan losses allowance	(314)	(211)	(67)	(592)
Net carrying amount	<u>73,432</u>	<u>3,546</u>	<u>82</u>	<u>77,060</u>
<b>Total loans</b>	<u>9,491,343</u>	<u>1,769,166</u>	<u>292,153</u>	<u>11,552,662</u>
Loan losses allowance	(141,989)	(230,000)	(62,357)	(434,346)
Net carrying amount	<u>9,349,354</u>	<u>1,539,166</u>	<u>229,796</u>	<u>11,118,316</u>
<b><u>Restructured loans</u></b>				
Gross amount	68,513	829,707	123,906	1,022,126
Loan losses allowance	(3,851)	(100,186)	(26,257)	(130,294)
Net carrying amount	<u>64,662</u>	<u>729,521</u>	<u>97,649</u>	<u>891,832</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

	<b>March 31, 2024</b>		
	<b><u>Banco General, S. A.</u></b>	<b><u>Subsidiaries</u></b>	<b><u>Total</u></b>
Current	10,432,805,610	916,532,063	11,349,337,673
From 31 to 90 days	514,470,776	5,487,733	519,958,509
More than 90 days (capital or interest)	289,148,908	4,421,254	293,570,162
More than 30 days past due (capital at maturity)	<u>15,693,602</u>	<u>48,591</u>	<u>15,742,193</u>
Total	<u>11,252,118,896</u>	<u>926,489,641</u>	<u>12,178,608,537</u>

  

	<b>December 31, 2023</b>		
	<b><u>Banco General, S. A.</u></b>	<b><u>Subsidiaries</u></b>	<b><u>Total</u></b>
Current	10,357,475,302	832,345,698	11,189,821,000
From 31 to 90 days	474,926,729	5,929,238	480,855,967
More than 90 days (capital or interest)	285,002,734	4,296,943	289,299,677
More than 30 days past due (capital at maturity)	<u>14,935,826</u>	<u>48,555</u>	<u>14,984,381</u>
Total	<u>11,132,340,591</u>	<u>842,620,434</u>	<u>11,974,961,025</u>

  

	<b>March 31, 2023</b>		
	<b><u>Banco General, S. A.</u></b>	<b><u>Subsidiaries</u></b>	<b><u>Total</u></b>
Current	10,069,472,760	765,635,772	10,835,108,532
From 31 to 90 days	394,868,283	4,861,627	399,729,910
More than 90 days (capital or interest)	297,137,622	4,608,517	301,746,139
More than 30 days past due (capital at maturity)	<u>16,047,928</u>	<u>29,208</u>	<u>16,077,136</u>
Total	<u>10,777,526,593</u>	<u>775,135,124</u>	<u>11,552,661,717</u>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

The following table presents the credit quality of the investments and other financial assets and impairment reserves held by the Bank, excluding share capital and mutual funds amounting to B/.30,216,005 (December 31, 2023: B/.38,346,571) and (March 31, 2023: B/.40,670,215) which are not subject to credit risk:

	<u>12-month ECL</u>	<u>Lifetime ECL Not credit- impaired</u>	<u>March 31, 2024 Lifetime ECL credit- impaired</u>	<u>Purchased credit- impaired</u>	<u>Total</u>
<b><u>At Amortized Cost</u></b>					
<i>Foreign:</i>					
AA+ to BBB-	25,900,000	0	0	0	25,900,000
Lower than BBB-	7,160,804	0	0	0	7,160,804
Carrying amount	33,060,804	0	0	0	33,060,804
Loss allowance	(54,614)	0	0	0	(54,614)
<b>Total carrying amount, net</b>	<b>33,006,190</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,006,190</b>
<b><u>At FVOCI</u></b>					
<i>Local:</i>					
AA+ to BBB-	419,313,586	0	0	0	419,313,586
Lower than BBB-	715,933,342	15,639,116	0	0	731,572,458
Carrying amount	1,135,246,928	15,639,116	0	0	1,150,886,044
Valuation of credit risk	(2,212,950)	(1,103,501)	0	0	(3,316,451)
<i>Foreign:</i>					
AAA	1,474,546,057	0	0	0	1,474,546,057
AA+ to BBB-	1,430,025,076	0	0	0	1,430,025,076
Lower than BBB-	205,750,316	6,412,459	0	234,576	212,397,351
Carrying amount	3,110,321,449	6,412,459	0	234,576	3,116,968,484
Valuation of credit risk	(4,755,237)	(460,977)	0	0	(5,216,214)
<b>Total carrying amount</b>	<b>4,245,568,377</b>	<b>22,051,575</b>	<b>0</b>	<b>234,576</b>	<b>4,267,854,528</b>
<b>Total valuation of credit risk</b>	<b>(6,968,187)</b>	<b>(1,564,478)</b>	<b>0</b>	<b>0</b>	<b>(8,532,665)</b>
<b><u>At Fair Value TPL</u></b>					
<i>Local:</i>					
Lower than BBB-	55,872,959				55,872,959
Carrying amount	55,872,959				55,872,959
<i>Foreign:</i>					
AAA	466,945,893				466,945,893
AA+ to BBB-	223,195,272				223,195,272
Lower than BBB-	30,882,998				30,882,998
NR	1,552,776				1,552,776
Carrying amount	722,576,939				722,576,939
<b>Total carrying amount</b>	<b>778,449,898</b>				<b>778,449,898</b>

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

		<b>December 31, 2023</b>			
	<b><u>12-month ECL</u></b>	<b><u>Lifetime ECL Not credit- impaired</u></b>	<b><u>Lifetime ECL credit- impaired</u></b>	<b><u>Purchased credit- impaired</u></b>	<b><u>Total</u></b>
<b><u>At Amortized Cost</u></b>					
<i>Foreign:</i>					
Lower than BBB-	5,693,896	0	0	0	5,693,896
Carrying amount	5,693,896	0	0	0	5,693,896
Loss allowance	(29,722)	0	0	0	(29,722)
<b>Total carrying amount, net</b>	<b>5,664,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,664,174</b>
<b><u>At FVOCI</u></b>					
<i>Local:</i>					
AA+ to BBB-	438,798,422	0	0	0	438,798,422
Lower than BBB-	733,415,643	17,101,931	0	0	750,517,574
Carrying amount	1,172,214,065	17,101,931	0	0	1,189,315,996
Valuation of credit risk	(2,145,346)	(1,123,709)	0	0	(3,269,055)
<i>Foreign:</i>					
AAA	1,505,892,966	0	0	0	1,505,892,966
AA+ to BBB-	1,418,629,738	0	0	0	1,418,629,738
Lower than BBB-	205,516,892	6,581,178	0	304,520	212,402,590
Carrying amount	3,130,039,596	6,581,178	0	304,520	3,136,925,294
Valuation of credit risk	(5,622,755)	(468,000)	0	(51,323)	(6,142,078)
<b>Total carrying amount</b>	<b>4,302,253,661</b>	<b>23,683,109</b>	<b>0</b>	<b>304,520</b>	<b>4,326,241,290</b>
<b>Total valuation of credit risk</b>	<b>(7,768,101)</b>	<b>(1,591,709)</b>	<b>0</b>	<b>(51,323)</b>	<b>(9,411,133)</b>
<b><u>At Fair Value TPL</u></b>					
<i>Local:</i>					
AA+ to BBB-	1,632,040				
Lower than BBB-	56,619,205				
Carrying amount	58,251,245				
<i>Foreign:</i>					
AAA	420,019,868				
AA+ to BBB-	246,754,206				
Lower than BBB-	28,053,867				
NR	1,590,785				
Carrying amount	696,418,726				
<b>Total carrying amount</b>	<b>754,669,971</b>				

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

	<u>12-month ECL</u>	<u>Lifetime ECL Not credit- impaired</u>	<u>March 31, 2023 Lifetime ECL credit- impaired</u>	<u>Purchased credit- impaired</u>	<u>Total</u>
<b><u>At Amortized Cost</u></b>					
<i>Foreign:</i>					
AAA	62,800,000	0	0	0	62,800,000
Lower than BBB-	5,128,675	0	0	0	5,128,675
Carrying amount	67,928,675	0	0	0	67,928,675
Loss allowance	(25,924)	0	0	0	(25,924)
<b>Total carrying amount, net</b>	<b>67,902,751</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,902,751</b>
<b><u>At FVOCI</u></b>					
<i>Local:</i>					
AA+ to BBB-	443,074,584	0	0	0	443,074,584
Lower than BBB-	702,265,434	8,243,205	12,187,140	0	722,695,779
Carrying amount	1,145,340,018	8,243,205	12,187,140	0	1,165,770,363
Valuation of credit risk	(2,065,739)	(535,179)	(1,512,681)	0	(4,113,599)
<i>Foreign:</i>					
AAA	1,708,366,332	0	0	0	1,708,366,332
AA+ to BBB-	1,095,994,079	0	0	0	1,095,994,079
Lower than BBB-	245,348,612	13,715,486	797,761	318,392	260,180,251
Carrying amount	3,049,709,023	13,715,486	797,761	318,392	3,064,540,662
Valuation of credit risk	(7,731,617)	(548,999)	(1,845,061)	(100,200)	(10,225,877)
<b>Total carrying amount</b>	<b>4,195,049,041</b>	<b>21,958,691</b>	<b>12,984,901</b>	<b>318,392</b>	<b>4,230,311,025</b>
<b>Total valuation of credit risk</b>	<b>(9,797,356)</b>	<b>(1,084,178)</b>	<b>(3,357,742)</b>	<b>(100,200)</b>	<b>(14,339,476)</b>
<b><u>At Fair Value TPL</u></b>					
<i>Local:</i>					
AA+ to BBB-	2,873,180				
Lower than BBB-	53,524,567				
Carrying amount	56,397,747				
<i>Foreign:</i>					
AAA	423,190,844				
AA+ to BBB-	262,536,094				
Lower than BBB-	39,086,010				
NR	1,682,925				
Carrying amount	726,495,873				
<b>Total carrying amount</b>	<b>782,893,620</b>				

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

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

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

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

	<b>March 31, 2024</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Purchased credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	7,768,101	1,591,709	0	51,323	9,411,133
Transferred to 12-month ECL	51,323	0	0	(51,323)	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(844,048)	(27,231)	0	0	(871,279)
New investment securities purchased	537,986	0	0	0	537,986
Investment securities that have been derecognized	<u>(545,175)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(545,175)</u>
<b>Balance at the end of the period</b>	<u>6,968,187</u>	<u>1,564,478</u>	<u>0</u>	<u>0</u>	<u>8,532,665</u>

  

	<b>December 31, 2023</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Purchased credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the year</b>	10,503,856	1,049,035	3,496,490	99,661	15,149,042
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(1,491,302)	619,178	(1,601,663)	18,666	(2,455,121)
New investment securities purchased	2,663,611	0	0	0	2,663,611
Investment securities that have been derecognized	<u>(3,908,064)</u>	<u>(76,504)</u>	<u>(1,894,827)</u>	<u>(67,004)</u>	<u>(5,946,399)</u>
<b>Balance at the end of the year</b>	<u>7,768,101</u>	<u>1,591,709</u>	<u>0</u>	<u>51,323</u>	<u>9,411,133</u>

  

	<b>March 31, 2023</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL not credit- impaired</b>	<b>Lifetime ECL credit- impaired</b>	<b>Purchased credit- impaired</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	10,503,856	1,049,035	3,496,490	99,661	15,149,042
Transferred to 12-month ECL	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL not credit-impaired	0	0	0	0	0
Transfer of 12-month ECL to lifetime ECL credit-impaired	0	0	0	0	0
Net remeasurement of portfolio	(205,343)	43,261	(138,419)	824	(299,677)
New investment securities purchased	977,430	0	0	0	977,430
Investment securities that have been derecognized	<u>(1,478,587)</u>	<u>(8,118)</u>	<u>(329)</u>	<u>(285)</u>	<u>(1,487,319)</u>
<b>Balance at the end of the period</b>	<u>9,797,356</u>	<u>1,084,178</u>	<u>3,357,742</u>	<u>100,200</u>	<u>14,339,476</u>



## **BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

### **Notes to the Condensed Consolidated Interim Financial Information**

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#### **(21) Main Applicable Laws and Regulations**

As of March 31, 2024, there were no significant changes with respect to the applicable regulatory framework disclosed in the audited consolidated financial statements as of December 31, 2023.

##### **Regulatory Reserves**

The accounting treatment for the recognition of losses on loans, investment securities and foreclosed assets in conformity with prudential standards enacted by the Superintendence of Banks of Panama, differs in some aspects from the accounting treatment established by International Financial Reporting Standards, specifically IFRS 9 and IFRS 5. The Superintendence of Banks of Panama mandates that general license banks apply these prudential standards.

##### **Dynamic Provision**

Agreement No.4-2013 indicates that the dynamic provision is a reserve provided to face possible future needs for specific provisions. They are governed by prudential criteria in the banking regulation. Dynamic reserves are established on a quarterly basis, on loans classified as Standard.

The dynamic reserve is an equity account presented as a legal reserve in the consolidated statement of changes in equity and appropriated from retained earnings. The balance of the dynamic reserve is part of the regulatory capital but cannot be used in satisfying current or future capital adequacy requirements established by this Superintendence.

Through the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, the Superintendence of Banks of Panama established the temporary suspension of the obligation to constitute dynamic provision according to articles 36, 37 and 38 of Agreement No.4-2013 on credit risk, effective provision from the second quarter of 2020 and will remain until it is revoked.

Through the General Resolution of the Board of Directors SBP-GJD-R-2023-01125 of June 6, 2023, the Superintendence of Banks of Panama repealed the General Resolution of the Board of Directors SBP-GJD-0007-2020 of July 16, 2020, and established the guidelines and parameters for the reestablishment of the constitution of the dynamic provision provided for in Agreement No.4-2013. This Resolution entered into force from its promulgation.

The Resolution establishes a period of gradual adaptation for the restoration of the dynamic provision as detailed below:

- Banks that maintain dynamic provision percentages of less than 1.25%, may benefit from an adjustment period until March 31, 2024.
- Banking entities whose percentage is greater than 2.50% may carry out the return to undistributed profits of any surplus up to the percentage of 2.50%.

**BANCO GENERAL, S. A. AND SUBSIDIARIES**

(Panama, Republic of Panama)

**Notes to the Condensed Consolidated Interim Financial Information**

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

	<b>March 31 <u>2024</u></b>	<b>December 31 <u>2023</u></b>	<b>March 31 <u>2023</u></b>
Banco General, S. A.	133,877,476	133,877,476	133,877,476
Banco General (Overseas), Inc.	14,018,604	11,447,322	10,614,993
Banco General (Costa Rica), S. A.	<u>3,783,023</u>	<u>4,142,190</u>	<u>4,951,850</u>
Total	<u>151,679,103</u>	<u>149,466,988</u>	<u>149,444,319</u>

As of June 30, 2023, based on the General Resolution of the Boards of Directors SBP-GJD-R-2023-01125, the Bank made a return to undistributed profits of the excess of 2.50% of the dynamic provision in a subsidiary to establish the maximum percentage required.