Consolidated Financial Statements of

BANCO GENERAL (OVERSEAS), INC.

December 31, 2022

BANCO GENERAL (OVERSEAS), INC.

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Independent Auditors' Report to the Directors

Opinion

We have audited the consolidated financial statements of Banco General (Overseas), Inc. and its subsidiary (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the consolidated Financial Statements"* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Notes 1 and 6 in the consolidated financial statements which describe that the Bank's operations include extensive transactions and balances with related parties. Accordingly, the Bank is economically dependent on the related parties. Our opinion is not modified with respect of this matter.

Other Matter

We draw attention to the fact that the supplementary information included in Appendix I, Appendix 2 and Appendix 3 does not form part of the audited consolidated financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Independent Auditors' Report to the Directors (continued)

Auditors' Responsibilities for the Audit of the* consolidated *Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

March 31, 2023

BANCO GENERAL (OVERSEAS), INC.

Consolidated Statement of Financial Position

December 31, 2022

(Stated in United States dollars)

	Note	2022	2021
Assets			
Due from banks:	6		
Demand deposits		29,221,589	28,228,905
Time deposits		171,766,230	171,766,230
Accrued interest receivable		415,822	600,957
Total due from banks		201,403,641	200,596,092
Investment and other financial assets, net	4	1,536,790,533	1,648,516,719
Loans	5 & 6	499,038,391	445,038,369
Accrued interest receivable		2,616,923	1,327,908
Less:			
loan losses allowance		1,129,280	851,371
Loans, net		500,526,034	445,514,906
Investments and other financial assets sold pending settlement	7	54,900,382	65,277,717
Derivative instruments - assets	13	18,684,331	21,244,980
Other assets	6	23,971,929	20,407,415
Total assets	US$	2,336,276,850	2,401,557,829
Liabilities and equity			
Liabilities			
Due to depositors:	6		
Demand		6,627	6,627
Savings		120,161,006	168,470,277
Time deposits		1,166,795,959	1,094,507,706
Accrued interest payable		2,828,268	1,212,880
Total due to depositors		1,289,791,860	1,264,197,490
Securities sold under repurchase agreements	8	50,424,418	-
Accrued interest payable		345,469	-
Total securities sold under repurchase agreements		50,769,887	-
Investments and other financial assets purchased pending settlement	7	113,196,592	141,651,706
Derivative instruments - liabilities	13	10,695,327	22,851,674
Other financial liabilities at fair value	9	38,498,676	37,589,465
Other liabilities	6	24,163,487	20,719,919
Total liabilities		1,527,115,829	1,487,010,254
Equity			
Common share capital	10	119,158,140	119,158,140
Preferred share capital	10	65,000,000	65,000,000
Additional paid-in capital		15,841,860	15,841,860
Valuation reserve		(76,955,411)	15,643,015
Retained earnings		686,116,432	698,904,560
Total equity		809,161,021	914,547,575
Total liabilities and equity	US$	2,336,276,850	2,401,557,829

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board on March 31, 2023

JUAN RAÚL HUMBERT **Director** RAUL ALEMAN ZUBIETA **Director**

BANCO GENERAL (OVERSEAS), INC.

Consolidated Statement of Income

Year ended December 31, 2022

(Stated in United States dollars)

	Note	2022	2021
Operating income			
Interest on investments and other financial assets	6	54,814,383	44,331,646
Interest on deposits with banks	6	7,429,333	9,093,850
Interest on loans	6	23,183,987	19,873,105
(Reversal) provision for impairment of investments	4	(3,668,393)	239,706
Net realized loss on sale of investments and other financial assets		(52,114,006)	2,912,835
Net unrealized loss on investments and other financial assets		(20,097,961)	(13,742,912)
Net gain on derivative instruments		2,339,152	7,094,902
Dividends received		60,089	75,127
Miscellaneous		413,893	655,208
Total operating income, net		12,360,477	70,533,467
Operating expenses			
Interest on deposits and financing	6	20,683,857	4,575,117
General and administrative expenses:			
Professional services		57,768	30,240
Management fees and other bank charges		3,908,543	3,837,314
License fee		136,505	136,505
Other expenses		361,932	320,543
Total operating expenses		25,148,605	8,899,719
Net (loss) income	US$	(12,788,128)	61,633,748

See accompanying notes to consolidated financial statements.

BANCO GENERAL (OVERSEAS), INC.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2022

(Stated in United States dollars)

		2022	2021
Net (loss) income		(12,788,128)	61,633,748
Other comprehensive (expense) income			
Items that are or may be reclassified to the consolidated statement of income:			
Valuation of investments and other financial assets:			
Net changes in valuation of investments at FVOCI		(76,078,745)	(27,606,910)
Transfer to profit or loss for sales of investments at FVOCI		(20,194,584)	4,150,292
Valuation of investments credit risk at FVOCI		3,674,903	(246,216)
Total other comprehensive expense, net		(92,598,426)	(23,702,834)
Total comprehensive (expense) income	US$	(105,386,554)	37,930,914

See accompanying notes to consolidated financial statements.

BANCO GENERAL (OVERSEAS), INC.

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

(Stated in United States dollars)

		Common share capital	Preferred share capital	Additional paid-in capital	Valuation reserve	Retained earnings	Total equity
Balance at December 31, 2020		119,158,140	65,000,000	15,841,860	39,345,849	637,270,812	876,616,661
Net income		-	-	-	-	61,633,748	61,633,748
Other comprehensive income (expense)							
Items that are or may be reclassified to the statement of income:							
Valuation of investments and other financial assets:							
Changes net in valuation of investments FVOCI		-	-	-	(27,606,910)	-	(27,606,910)
Transfer to profit or loss for sales of investments FVOCI		-	-	-	4,150,292	-	4,150,292
Valuation of investments credit risk at FVOCI		-	-	-	(246,216)	-	(246,216)
Total other comprehensive expense, net		-	-	-	(23,702,834)	-	(23,702,834)
Total comprehensive income (expense)		-	-	-	(23,702,834)	61,633,748	37,930,914
Balance at December 31, 2021	US$	119,158,140	65,000,000	15,841,860	15,643,015	698,904,560	914,547,575
Net loss		-	-	-	-	(12,788,128)	(12,788,128)
Other comprehensive (expense) income							
Items that are or may be reclassified to the statement of income:							
Valuation of investments and other financial assets:							
Changes net in valuation of investments FVOCI		-	-	-	(76,078,745)	-	(76,078,745)
Transfer to profit or loss for sales of investments FVOCI		-	-	-	(20,194,584)	-	(20,194,584)
Valuation of investments credit risk at FVOCI		-	-	-	3,674,903	-	3,674,903
Total other comprehensive expense, net		-	-	-	(92,598,426)	-	(92,598,426)
Total comprehensive expense		-	-	-	(92,598,426)	(12,788,128)	(105,386,554)
Balance at December 31, 2022	US$	119,158,140	65,000,000	15,841,860	(76,955,411)	686,116,432	809,161,021

See accompanying notes to consolidated financial statements.

BANCO GENERAL (OVERSEAS), INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2022

(Stated in United States dollars)

	Note	2022	2021
Cash provided by/(applied in):			
Operating activities:			
Net (loss) income		(12,788,128)	61,633,748
Adjustments for:			
Provision (reversal) for impairment of investments	4	3,668,393	(239,706)
Net realized loss (gain) on sale of investments and other financial assets		52,114,006	(2,912,835)
Net unrealized loss on investments and other financial assets		20,097,961	13,742,912
Net gain on derivative instruments		(2,339,152)	(7,094,902)
Interest income		(85,427,703)	(73,298,601)
Interest expense		20,683,857	4,575,117
Changes in operating assets and liabilities:			
Investments and other financial assets at FVTPL		196,390,687	23,779,289
Loans		(53,722,113)	(33,742,014)
Investments and other financial assets sold pending settlement		10,377,335	(31,242,299)
Derivative instruments - assets		4,899,801	29,197,371
Other assets		(994,632)	2,753,835
Due to depositors		23,978,982	(100,635,483)
Securities sold under repurchase agreements		50,424,418	-
Investments and other financial assets purchased pending settlement		(28,455,114)	(99,896,179)
Other financial liabilities at fair value and derivative instruments - liabilities		(3,592,965)	10,069,444
Other liabilities		3,443,568	(19,811,968)
Cash provided by operating activities:			
Interest received		81,754,061	73,968,262
Interest paid		(18,723,000)	(4,239,756)
Dividends received		60,089	75,127
Net cash flows from operating activities		261,850,351	(153,318,638)
Investing activities:			
Purchases of investments and other financial assets at FVOCI		(1,171,820,395)	(545,502,571)
Sale and redemptions of investments and other financial assets at FVOCI		802,383,299	708,602,456
Purchases of investments at amortized cost		(173,200,000)	(108,423,117)
Redemptions of investments at amortized cost		281,779,429	-
Net cash flows from investing activities		(260,857,667)	54,676,768
Movement in cash and cash equivalents		992,684	(98,641,870)
Cash and cash equivalents at the beginning of the year		28,228,905	126,870,775
Cash and cash equivalents at the end of the year	US$	29,221,589	28,228,905

See accompanying notes to consolidated financial statements.

Index of Notes to the Consolidated Financial Statements

1. General Information

Banco General (Overseas), Inc. was incorporated under the Companies Act of the Cayman Islands on February 15, 1985. The Bank is a wholly-owned subsidiary of Overseas Capital Markets, Inc., a company incorporated in the Cayman Islands, a wholly owned subsidiary of Banco General, S. A., whose parent company is Grupo Financiero BG, S. A. and the ultimate parent is Empresa General de Inversiones, S. A., both of which are incorporated in Panama. Banco General (Overseas), Inc. and its special purpose vehicle will be referred to as the "Bank".

The Bank has been granted a category 'B' unrestricted banking license by the Cayman Islands Government under the Banks and Trust Companies Act, to enable it to carry on banking from within the Cayman Islands. A substantial portion of the Bank's business is with related parties. Accordingly, the Bank is economically dependent on these related parties (see note 6).

As of December 31, 2022, the Bank is the 100% owner and settlor of an investment trust whose purpose is to acquire financial assets, mainly portfolio of consumer loans. BG Trust, Inc. FID (0109-INV-22) investment trust, is administered in Panama and is presented as part of the consolidation of the Bank.

The registered office of the Bank is at Cainvest Bank and Trust Limited, P.O. 1353, 5th Floor, 103 South Church Street, George Town, Grand Cayman KY1-1108, Cayman Islands. The reporting currency of the consolidated financial statements is United States dollars which is the currency in which the Bank conducts its business, and is a more widely recognized reporting currency than that of the Cayman Islands.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The Bank's Audit Committee reviewed the consolidated financial statements and the Board of Directors authorized their issuance on March 31, 2023.

(b) Basis of Measurement

The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the "Bank."

The consolidated financial statements have been prepared on a historical cost basis except for the assets and liabilities at fair value, securities measured at fair value through other comprehensive income and derivative financial instruments, which are measured at fair value.

The Bank initially recognizes loans, accounts receivable and deposits on the date on which they are originated. All other financial instruments (including the assets designated at fair value through profit or loss) are recognized on the trade date initially, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in United States dollar, which is the Bank's functional currency.

3. Summary of Significant Accounting Policies

The accounting policies detailed as follows have been consistently applied by the Bank to all periods presented in these consolidated financial statements:

a) Basis of Consolidation

- *Special purpose vehicle*

The Bank controls a special purpose vehicle when it is exposed to, or has rights to, variable returns from its involvement with the special purpose vehicle and has the ability to affect those returns through its control over the entity. The financial statements of special purpose vehicle mentioned in Note 1 are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

- *Balances and Transactions Eliminated in Consolidation*

The consolidated financial statements include the assets, liabilities, equity, income and expenses of the Bank and its wholly owned special purpose vehicle as detailed in Note 1. Significant intercompany balances and transactions have been eliminated in the consolidation.

b) Fair Value Measurement

Fair value is the price that would be received to selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The fair value of an instrument is measured using the quoted price in an active market for that instrument. A market is considered active, if transactions of those assets or liabilities take place with sufficient frequency and volume to provide pricing information on a going concern basis. When a price for an identical asset or liability is unobservable, a valuation technique will be used that maximizes the use of relevant observable data and minimizes the use of unobservable data. As fair value is a measurement based on market variables (prices, performance, credit margin, etc.), it is measured using the assumptions that market participants would make when setting the price of an asset or liability.

The fair value of financial instruments is determined using quoted prices in active markets, several electronic information systems, market makers, brokers, independent companies specialized in investment valuation, investment management companies and banks. In addition, in certain instances the Bank uses valuation techniques to calculate the price of some investments, mainly discounted cash flows at the appropriate discount rate for that security or instrument. In limited circumstances, equity securities whose more recent available information is insufficient to measure their fair value, cost may be an appropriate estimate of fair value.

c) *Financial Instruments*

(i) *Classification and measurement*

Investments and other financial assets are classified at their trade date, and are initially measured at fair value plus, in the case of investment not recorded at fair value through profit or loss, direct transaction costs attributable to their acquisition.

The classification and measurement of financial assets are based on the business model in which they are managed and their contractual cash flows.

The business model includes the following three classification categories for financial assets:

- Amortized Cost (AC)
  A financial asset is measured at amortized cost if it complies with both of the following conditions:

  - The asset is held within a business model whose objective is to collect contractual cash flows; and
  - The contractual terms of the financial asset establish specific dates for the receipt of cash flows derived solely from payments of principal and interest on the principal amount outstanding.

- Fair value with changes in other comprehensive income (FVOCI)
  A debt instrument is measured at FVOCI only if it meets both of the following conditions, and has not been designated at fair value through profit or loss (FVTPL):

  - The asset is held within a business model whose objective is to collect the contractual cash flows and sell the financial assets; and
  - The contractual terms of the financial asset establish specific dates for the receipt of cash flows derived solely from payments of principal and interest on the principal amount outstanding.

  During the initial recognition of investments in equity instruments not held for trading, the Bank may irrevocably elect to record the subsequent changes in fair value as part of other comprehensive income. This choice must be made on an instrument-by-instrument basis.

- Fair value through profit or loss (FVTPL)
  All other financial assets are measured at fair value through profit or loss.

Evaluation of the business model
The evaluation at the level of the portfolios and the objective of the business model that applies to financial instruments of said portfolios includes the following:

- The policies and objectives identified for the loan portfolio and the operation of these policies including management's strategy to define:

  (i) the collection of contractual interest income
  (ii) maintain a defined performance profile of interest
  (iii) maintain a specific duration period
  (iv) be able to sell at any time due to liquidity needs or in order to optimize the risk / return profile of a portfolio based on interest rates, risk margins, current duration and defined objective

- The way in which the behavior of different portfolios is reported to the senior management;
- The risks that affect the performance of the business model (and the financial assets held in the business model) and the way in which those risks are managed;
- The frequency and value of sales in previous periods, the reasons for those sales and expectations regarding future sales activities.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because its business model objective is to obtain profit from short term fluctuations in their market value.

Assessment of whether the contractual cash flows are solely payments of principal and interest (SPPI)
For the purpose of this evaluation, "principal" is defined as the fair value of the financial asset at the time of initial recognition. "Interest" is defined as the consideration of the time value of money and the credit risk associated with the amount of principal outstanding for a particular period of time and other basic risks of a loan agreement and other associated costs, as well as the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank focused on the instrument's contractual terms.

This assessment considered, among others, the following characteristics:

- Contingent events that could change the amount and / or timing of cash flows
- Leverage conditions
- Prepayment and extension terms
- Terms that limit the Bank's ability to collect cash flows from specific assets
- Features that modify considerations for the time value of money

(ii) Impairment

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

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

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

Impairment losses on investments in equity instruments are not recognized.

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

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

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

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

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

The standard introduces three stages of impairment for financial assets that are applied from the date of origin or acquisition. These stages are summarized below:

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

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

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

From June 2020, the Bank updated and expanded the models for calculating the ECL, entailing a recalibration, to incorporate more recent information on the behavior of the portfolio and the economy. Additionally, the Bank has implemented complementary models to estimate the ECL on deferred loans.

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

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

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

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

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

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

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

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

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

The risk committee, the administration and the Board of Directors in response to COVID-19, have increased the frequency of monitoring loan portfolios and consider the different parameters on which they are based to define the significant increase in credit risk.

Definition of Default
The Bank considers a financial asset to be in default when:

- It is probable that a debtor will not fully pay its credit obligations to the Bank in full, without recourses to actions such as realizing collateral, if available; or
- The debtor has more than 90 days delinquency in all credit obligations, with the except for residential mortgages loans in this case more than 120 days.

In assessing whether a debtor is in default, the Bank considers the following indicators:

- Quantitative – past due status and non-payment of another obligations of the same issuer; and
- Qualitative – breach of contract or legal situation

The inputs used in the assessment of whether financial instruments are in default are specific to the type of portfolio, and their importance may vary over time to reflect changes in circumstances and trends.

From March 2020 to June 2021, the Bank made deferrals to the loan payments of clients affected by COVID-19. In addition to the deferrals, relief measures have been established in order to achieve payment viability by affected clients based on their financial situation, without affecting clients' delinquencies of customers who comply with their new contractual conditions. The relief measures are temporary and are reviewed as the reactivation of economic activities takes are reactivated.

Measurement of the ECL
The ECL is a probability-weighted estimate of credit losses which is measured according to the following items:

- Financial assets that are not credit-impaired at the reporting date
- Financial assets that are credit-impaired at the reporting date
- Undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank in the event that the commitment is drawn down and the cash flows the Bank expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amount the Bank expects to recover.

Generating the term structure of the PD
Days of delinquency are the main input to determine the term structure of the PD for exposures in the consumer loan portfolio. For the corporate loan portfolio, the following factors are considered as primary inputs: risk rating, days of delinquency, restructurings, and materiality thresholds.

The Bank designed and evaluated statistical models to analyze the data collected to generate estimates of the remaining lifetime PD of credit exposures, and how they are expected to change over time.

The PD of foreign investments and placed deposits was estimated using liquid market proxies (Credit Default Swaps "CDS") based on international risk ratings and the industry relating to the investment or deposit.

Inputs in the measurement of the ECL
The key inputs in the measurement of the ECL are the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

PD estimates are calculated, using statistical credit rating models and tools adapted to the different categories of counterparties and exposure. Statistical models were acquired from internationally recognized firms or developed internally based on historical data. These models incorporate quantitative factors, and can also consider qualitative factors. If an exposure migrates between rating categories, then this may lead to a change in the estimate of the associated PD.

The PD is estimated considering contractual maturities and estimated prepayment rates. In the case of foreign investments and placed deposits, the ECL is obtained from the probability of default implicit in the CDS used as proxies for each bond or deposit based on its international credit rating and industry.

The levels of LGD are estimated based on historical recovery rates:

- Observed: corresponding to the portion of EAD in default that is effectively recovered
- Estimated: corresponding to the portion of EAD in default estimated to be recoverable.

The LGD model considers the financial asset, related collateral and recovery costs of any collateral. The Bank can calibrate the LGD estimate for different economic scenarios. The Bank used the LGD implicit in the CDS for foreign investments and placed deposits.

In most cases, the EAD is equivalent to the outstanding balance of the contract; with the exception of contingencies. For contingencies the current balance, the available balance and the CCF (credit conversion factor) were included in the EAD, in order to estimate the exposure at the time of default on existing operations. The EAD is determined on current exposures to the counterparty and the potential changes to the current amount permitted under the contract, including any amortization.

Overdrafts products include both the loan and undrawn commitment components. These facilities do not have a fixed term or repayment structure and are managed on a collective basis; the Bank can cancel them immediately.

Forward-looking information
Forward-looking information could be incorporated in the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and ECL measurement.

External information used to assess future conditions may include economic data and projections published by government entities and monetary authorities in the countries where the Bank operates, supranational organizations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and academic and private sector projections.

The Bank uses a prospective factor for the consumer portfolio that uses the growth of the Gross Domestic Product as a variable, as well as the consumer price index. For the business portfolio, the prospective factor uses the monthly index of economic activity as a variable.

The extraordinary situation caused by COVID-19 forced our authorities to impose restrictions on mobility and the closure of commercial activities during different periods, causing an economic contraction in the parent Company country and the others countries of our region, as well as in most of the world economies. Given the economic impact, the Government of the parent Company country established and authorized financial relief mechanisms that include a moratorium on payments to the obligations that can be extended until June 2021.

As a result of the impact on the economy, employment and the business sector, the Bank faces possible future losses on its loan portfolio, for which it has recorded complementary reserves.

Because this is a recent unprecedented situation, the estimation of its effects on the portfolio using statistical models is subject to greater uncertainty and volatility. Therefore, the Bank has made the decision to create additional provisions to those determined by our ECL models, using complementary models for portfolios with high volumes and relatively small balances; and conducting an individual analysis of debtors with significant credit exposure. The models consider, among other factors, the employment situation of the debtor and his family environment, the economic activity or industry of the debtor or his employer, the situation of postponement of his credit obligations and the guarantees covering the obligation. The individual analyses considers the financial strength of the debtor and its shareholders.

(iii) Derivative Financial Instruments
Derivatives are accounted for at their fair value in the consolidated statement of financial position, with transaction costs recognized in profit or loss when incurred, and subsequently accounted as fair value hedge or cash flows hedge, when held for risk management purposes, or as trading when the instrument does not qualify for hedge accounting.

- *Fair value hedges*
  Derivative instruments under the fair value method are instruments that hedge the exposure to change in the fair value of: (a) assets or liabilities or an identified portion of the value of assets or liabilities recognized in the consolidated statement of financial position, (b) a firm commitment or a forecasted transaction which is almost certain to occur. Changes in the value of these instruments using the fair value method are recognized in the consolidated statement of income.

If a hedged asset is classified as FVOCI, changes in its fair value are recognized in an equity reserve. Starting on the date that the FVOCI asset becomes a hedged item, the changes in fair value should be recorded through the consolidated statement of income and the revaluation balance registered in the equity reserve should remain recorded until these assets are sold or redeemed.

If a hedged asset or liability is measured at amortized cost, its carrying value should be adjusted to present the changes in its fair value attributable to the changes in interest rates. These hedged assets and liabilities will be again measured at amortized cost as soon as the hedging ceases using the adjusted effective return rate for calculating amortization. If the hedged asset carried at amortized cost suffers a permanent impairment, the loss is calculated based on the difference between its carrying value after fair value adjustments of the hedged asset attributable to the risk being hedged, and the present value of the estimated cash flows discounted at the adjusted effective interest rate.

- *Cash flow hedges*
  Derivative instruments designated under the cash flow method are risk hedges caused by fluctuation in cash flows, attributable to an asset or liability's particular risk recognized in the consolidated statement of financial position affecting net income. Changes in hedge valuation under the cash flows method, for the portion considered effective, are registered in the consolidated statement of changes in equity and the ineffective portion, is registered in the consolidated statement of income.

- *Derivatives without hedge accounting*
  Derivative instruments that do not qualify for hedge accounting are classified as assets or liabilities at fair value and are recognized in the consolidated statement of financial position at their fair value. Changes in the fair value of these derivatives are recognized in the consolidated statement of income.

Hedge accounting is discontinued prospectively only when the relationship or part of a hedging relationship ceases to meet the rating criteria after any rebalancing. This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect the coverage ratio in its entirety or in part, maintaining the coverage ratio for the remaining portion.

The Bank may choose to designate one or more hedging relationships between a hedging instrument and a hedged item with one or more external entities.

(iv) Specific Instruments

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include unrestricted demand deposits and time deposits with banks that have an original maturity of three months or less.

Loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in a short term. Loans are initially measured at fair value plus incremental direct transaction costs, if any, and subsequently measured at amortized cost using the effective interest method.

Deposits from Customers

Deposits from customers, which include demand, savings and time deposits, are classified as liabilities not at fair value through profit or loss.

Financial Liabilities

These changes in fair value of liabilities designated as FVTPL are presented as follows:

- The amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in fair value is presented in profit or loss.

Derecognition

A financial asset is derecognized when the Bank no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are transferred. The Bank uses the weighted average method to determine realized gains and losses on derecognition.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

d) Securities sold under repurchase agreements

Securities sold under repurchase agreements are short-term financing transactions with security guarantees, in which there is an obligation to repurchase the securities sold at a future date and at a determined price. The difference between the sale price and the future purchase value is recognized as interest expense under the effective interest rate method.

The securities delivered as collateral will continue to be accounted for in the consolidated financial statements, since the counterparty has no property right to them unless there is a breach of contract by the Bank.

e) Interest Income and Expenses

Interest income and expenses are recognized in the consolidated statement of income for all financial instruments using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, to the net carrying amount of the financial asset or financial liability. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate.

f) Use of Estimates

The Bank´s management has made a number of estimates and assumptions relating to the reporting of assets, liabilities, and contingencies at the reporting date, and the reported amounts of income and expenses during the year, based on historical experience and other factors, including forward-looking expectations considered reasonable under the circumstances. The most significant estimates are disclosed in note 15 and 17. Actual results could differ from those estimates.

g) Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies at the reporting date are translated into United States dollars at the foreign exchange rate ruling at that date. Foreign currency transactions during the period are translated at the foreign exchange rate ruling at the date of the transaction. Income or loss from foreign exchange differences is recognized in other income or other expenses accounts, respectively.

h) New International Financial Reporting Standards (IFRS) and Interpretations Not Yet Adopted

New standards, interpretations and amendments to IFRS have been published, but are not mandatory as of December 31, 2022, and have not been adopted in advance by the Bank.

4. Investments and Other Financial Assets

As of December 31, 2022, the summary of investments and other financial assets is as follows:

		2022	**2021**
Investments and other financial assets at fair value through profit and loss		269,258,387	516,975,368
Investments and other financial assets at FVOCI		1,254,161,067	1,009,597,233
Investments at amortized cost, net		13,371,079	121,944,118
Total	US$	1,536,790,533	1,648,516,719

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

The portfolio of investments and other financial assets at fair value through profit or loss amounted to US$269,258,387 (2021: US$516,975,368) is summarized as follows:

		2022	**2021**
Corporate Shares		724,749	783,933
Corporate Bonds and Fixed Income Funds		149,716,135	361,376,849
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		109,921,672	144,427,728
Asset Backed Securities (ABS)		8,895,831	10,386,858
Total	US$	269,258,387	516,975,368

During the year ended December 31, 2022, sales of investments and other financial assets at fair value through profit or loss amounted to US$3,562,708,069 (2021: US$3,984,661,946). The sales generated a net loss of US$35,853,641 (2021: US$1,302,353).

Investments and Other Financial Assets at Fair Value OCI

The portfolio of investments and other financial assets at FVOCI amounted to US$1,254,161,067 (2021: US$1,009,597,233), is summarized as follows:

		2022		2021	
		Fair value	**Amortized cost**	**Fair value**	**Amortized cost**
Commercial Papers and Treasury Bills		59,392,554	59,364,233	9,180,860	9,180,988
Corporate Bonds		511,097,389	549,011,971	403,677,803	397,240,749
Bonds of the US Government		11,405,431	12,541,848	7,071,695	7,318,648
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		630,027,616	674,400,534	510,361,604	504,506,991
Asset Backed Securities (ABS)		42,161,769	43,000,843	49,087,086	48,308,666
Other Government Bonds		76,308	113,023	30,218,185	29,486,207
Total	US$	1,254,161,067	1,338,432,452	1,009,597,233	996,042,249

During the year ended December 31, 2022, sales of investments and other financial assets at FVOCI amounted to US$495,277,172 (2021: US$437,219,864). The sales generated a net loss of US$21,864,352 (2021: net gain of US$4,599,599).

The following table shows the reconciliation between the initial balance and closing balance of the expected credit losses (ECL) by the type of allowance model:

		2022				
		12-month ECL	**Lifetime ECL not credit – impaired**	**Lifetime ECL credit-Impaired**	**Purchased credit-impaired**	**Total**
Balance at the beginning of the year		2,075,761	11,313	957	0	2,088,031
Transferred to 12 month ECL		0	0	0	0	0
Transfer of 12 month ECL to lifetime ECL not credit-impaired		(12,999)	12,999	0	0	0
Transfer of 12 month ECL to lifetime ECL credit-impaired		(25,931)	0	25,931	0	0
Net remeasurement of portfolio		644,087	496,607	1,868,012	67,004	3,075,710
New investments purchased		1,379,832	0	0	32,657	1,412,489
Investments that have been derecognized		(799,357)	(13,866)	(73)	0	(813,296)
Balance at the end of the year	**US$**	3,261,393	507,053	1,894,827	99,661	5,762,934

		2021				
		12-month ECL	**Lifetime ECL not credit – impaired**	**Lifetime ECL credit-Impaired**	**Purchased credit-impaired**	**Total**
Balance at the beginning of the year		2,329,148	5,099	0	0	2,334,247
Transferred to 12 month ECL		0	0	0	0	0
Transfer of 12 month ECL to lifetime ECL not credit-impaired		(1,821)	1,821	0	0	0
Transfer of 12 month ECL to lifetime ECL credit-impaired		0	0	0	0	0
Net remeasurement of portfolio		(161,803)	6,880	957	0	(153,966)
New investments purchased		674,117	0	0	0	674,117
Investments that have been derecognized		(763,880)	(2,487)	0	0	(766,367)
Balance at the end of the year	**US$**	2,075,761	11,313	957	0	2,088,031

Investments Amortized Cost

The portfolio of investments at amortized cost amounted to US$13,160,159 (2021: US$121,739,588) less 12-month expected credit loss allowance of US$0 (2021: US$6,510).

		2022		2021	
		Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Securities Purchased Under Resold Agreements, net		0	0	108,493,490	108,500,000
Corporate Bonds		13,160,159	12,143,850	13,239,588	13,693,917
Total	US$	13,160,159	12,143,850	121,733,078	122,193,917

The investments at amortized cost are summarized as follows:

		2022	2021
Investments at amortized cost, net		13,160,159	121,733,078
Accrued interest receivable		210,920	211,040
Total investments at amortized cost, net	US$	13,371,079	121,944,118

The payment of capital and interest on 100% (2021: 99.9%) of the Bank's MBS portfolio is 100% guaranteed by the following agencies: the Government National Mortgage Association (GNMA), which is an agency of the Federal Government of the United States and counts on the explicit guarantee of the Federal Government, the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Association (FHLMC), who rely on AAA ratings provided by Moody's and Fitch, on its counterparty debt. The guarantee and primary source of payment of the MBS guaranteed by the aforementioned agencies is a set of residential mortgages on houses that must fulfill credit policies that are required by these programs. Similarly, 74% (2021: 74%) of the CMO portfolio of the Bank is 100% guaranteed by GNMA, FNMA or FHLMC.

The average life of the portfolio of MBS is 4.58 years and CMOs is of 1.53 years (2021: 3.15 years for MBS and 0.99 years for CMOs).

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

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

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

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

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

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

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

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

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

		2022	**Level 1**	**Level 2**	**Level 3**
Corporate Shares		724,749	0	0	724,749
Fixed Income Funds		149,716,135	0	0	149,716,135
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		109,921,672	0	109,921,672	0
Asset Backed Securities (ABS)		8,895,831	0	8,895,831	0
Total	**US$**	269,258,387	0	118,817,503	150,440,884

		2021	Level 1	Level 2	Level 3
Corporate Shares		783,933	0	0	783,933
Corporate Bonds and Fixed Income Funds		361,376,849	0	205,438,963	155,937,886
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		144,427,728	0	144,427,728	0
Asset Backed Securities (ABS)		10,386,858	0	10,386,858	0
Total	**US$**	516,975,368	0	360,253,549	156,721,819

Fair Value Measurement of Investments and Other Financial Assets at FVOCI					
		2022	**Level 1**	**Level 2**	**Level 3**
Commercial Paper and Treasury Bills		59,392,554	59,392,554	0	0
Corporate Bonds		511,097,389	0	511,097,389	0
Bonds of the US Government		11,405,431	11,405,431	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		630,027,616	0	630,027,616	0
Asset Backed Securities (ABS)		42,161,769	0	42,161,769	0
Other Government Bonds		76,308	0	76,308	0
Total	**US$**	1,254,161,067	70,797,985	1,183,363,082	0

Fair Value Measurement of Investments and Other Financial Assets at FVOCI					
		2021	**Level 1**	**Level 2**	**Level 3**
Treasury Bills		9,180,860	9,180,860	0	0
Corporate Bonds		403,677,803	0	403,677,803	0
Bonds of the US Government		7,071,695	7,071,695	0	0
Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs)		510,361,604	0	510,361,604	0
Asset Backed Securities (ABS)		49,087,086	0	49,087,086	0
Other Government Bonds		30,218,185	0	30,218,185	0
Total	**US$**	1,009,597,233	16,252,555	993,344,678	0

Changes in Fair Value Measurement of the Level 3 hierarchy				
		Investments and other financial assets		
		Fair Value Through Profit or Loss	**Fair Value Through OCI**	**Total**
December 31, 2021		156,721,819	0	156,721,819
Loss recognized in income		(489,617)	0	(489,617)
Loss recognized in equity		(15,034,384)	0	(15,034,384)
Purchases		12,286,832	0	12,286,832
Amortization, sales and redemptions		(3,043,766)	0	(3,043,766)
December 31, 2022	**US$**	150,440,884	0	150,440,884
Total loss related to instruments held as of December 31, 2022	**US$**	**(15,034,384)**	**0**	**(15,034,384)**
December 31, 2020		104,020,810	0	104,020,810
Loss recognized in income		(1,059,769)	0	(1,059,769)
Gain recognized in equity		2,553,996	0	2,553,996
Purchases		59,028,375	0	59,028,375
Amortization, sales and redemptions		(7,821,593)	0	(7,821,593)
December 31, 2021	**US$**	156,721,819	0	156,721,819
Total gain related to instruments held as of December 31, 2021	**US$**	**2,553,996**	**0**	**2,553,996**

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

The table below present 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 input 2022**	**2021**	**Fair value sensitivity to unobservable inputs**
Corporate shares	Dividend discount model	Equity risk premium	Minimum 5.90% Maximum 7.68%	Minimum 5.77% Maximum 5.99%	If equity risk premiums increase, the price decreases and vice versa
	Discount free cash flows model (DCF)	Growth rate of assets, liabilities, equity, profits and dividends	Minimum (34.48%) Maximum 54.70%	Minimum (15.10%) Maximum 41.13%	If the growth increases, the price increases 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
Fixed Income	Quoted market prices	Quoted prices in active markets	1-2
	Quoted observable market prices for similar instruments	Observable quoted prices	
	Bid and ask prices from market participants	Buying/Selling prices from a broker	
	Discounted cash flows	Credit spreads Benchmark interest rate Liquidity risk premiums	
Agencies MBS / CMOs	Discounted cash flows	Features of collateral TBA's price Treasury yield Yield curves Prepayment speeds Market analysis	2
Private MBS / CMOs and ABS	Discounted cash flows	Features of collateral Treasury yield Yield curves Expected cash flows and losses Market assumptions related to discount rates, prepayments, losses and recoveries	2
Corporate Shares	Quoted market prices	Quoted prices in active markets	3
	Dividend discount model Discount free cash flows model (DFC), 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	
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 consolidated statement of income, as described below:

		At fair value Through Profit or Loss			
		2022		2021	
		Favourable	(Unfavourable)	Favourable	(Unfavourable)
Corporate shares		10,084	(9,643)	24,979	(24,326)
Total	US$	10,084	(9,643)	24,979	(24,326)

5. Loans

The composition of the loan portfolio is summarized as follows:

		2022	2021
Advance on deposits		9,889,021	1,337,000
Overdrafts		28,840,633	22,085,790
Personal and auto		30,096,567	0
Lines of credit and commercial loans		371,737,533	369,973,971
Commercial mortgages		58,474,637	51,641,608
Total	US$	499,038,391	445,038,369

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

		2022			
		12-month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total
Balance at beginning of the year		806,983	44,388	0	851,371
Transferred to 12-month ECL		11,281	(11,281)	0	0
Transferred to lifetime ECL not credit impaired		(162)	162	0	0
Transferred to lifetime ECL credit impaired		0	0	0	0
Net remeasurement of portfolio		(172,843)	(27,599)	0	(200,442)
New loans		554,086	0	0	554,086
Loans that have been derecognized		(353,140)	(504)	0	(353,644)
Purchase loans		277,909	0	0	277,909
Balance at the end of the year	US$	1,124,114	5,166	0	1,129,280

		2021			
		12-month ECL	**Lifetime ECL not credit – impaired**	**Lifetime ECL credit – impaired**	**Total**
Balance at beginning of the year		732,327	71,009	48,035	851,371
Transferred to 12-month ECL		4,293	(4,293)	0	0
Transferred to lifetime ECL not credit impaired		0	48,035	(48,035)	0
Transferred to lifetime ECL credit impaired		0	0	0	0
Net remeasurement of portfolio		(40,480)	(70,867)	0	(111,347)
New loans		410,903	504	0	411,407
Loans that have been derecognized		(300,060)	0	0	(300,060)
Balance at the end of the year	US$	806,983	44,388	0	851,371

The loan portfolio by type of collateral is shown as follows:

		2022	**2021**
Time deposits		9,889,021	1,337,000
Mortgage		58,474,637	51,641,608
Other collateral held by a related party		371,737,533	369,973,971
Other collateral		32,763,401	22,085,790
Unsecured		26,173,799	0
Total	US$	499,038,391	445,038,369

6. Balances and Transactions with Related Parties

The consolidated statement of financial position and the consolidated statement of income include balances and transactions with related parties as of December 31, 2022 and 2021, as follows:

		Directors and Management Personnel		Related Companies	
		2022	**2021**	**2022**	**2021**
Assets:					
Due from banks:					
Demand deposits		0	0	9,117,455	9,203,024
Time deposits		0	0	171,766,230	171,766,230
	US$	0	0	180,883,685	180,969,254
Investment and other financial assets	US$	0	0	13,160,159	13,253,567
Loans	US$	1,812,710	699,429	4,972,713	6,809,144
Accrued interest receivable:					
On time deposits		0	0	415,822	600,957
On investment		0	0	210,920	210,920
On loans		0	0	2,680	1,779
	US$	0	0	629,422	813,656
Other assets – accounts receivable and derivatives	US$	0	0	11,658,928	9,248,590
Liabilities:					
Due to depositors:					
Demand		0	0	6,627	6,627
Savings		1,122,890	1,363,311	47,324,834	87,577,505
Time deposits		0	0	1,153,735,412	1,081,068,770
	US$	1,122,890	1,363,311	1,201,066,873	1,168,652,902
Accrued interest payable	US$	0	0	2,813,574	1,199,527
Other liabilities – accounts payable and derivatives	US$	0	0	8,382,219	19,117,358
Commitments and contingencies	US$	0	0	1,766,230	1,766,230
Interest income and expenses:					
Interest income on deposits with banks	US$	0	0	7,168,252	9,077,215
Interest income on loans	US$	107,059	26,967	333,457	417,092
Interest income on investment	US$	0	0	447,870	450,416
Interest expense on deposits due to depositors	US$	4,676	5,020	18,220,208	4,065,780

As of December 31, 2022, BG Trust, Inc. FID (0109-INV-22) purchased financial assets to Banco General, S. A., mainly portfolio of consumer loans, this transaction doesn't generated profit or loss. This portfolio is presented as part of the consolidation of the Bank.

7. Investments and Other Financial Assets Sold and Purchased Pending Settlement

The Bank recognizes each sale and purchase of financial instruments on a trade-date basis and is measured at fair value. The settlement of the transaction generally occurs within three to thirty working days following the trade date. The period between the trade date and the settlement date varies depending on the type of financial instrument traded and the regulations in effect in the market when negotiation occurs.

Investments and other financial assets pending settlement amounted to US$54,900,382 (2021: US$65,277,717) for sales of investments and US$113,196,592 (2021: US$141,651,706) for purchases of investments.

8. Securities Sold Under Repurchase Agreements

The Bank maintains obligations resulting from securities sold under repurchase agreements amounting to US$50,424,418 with various maturities until February 2023 and annual interest rates of 4.90% to 4.93%; the weighted average interest rate of these securities is 4.93%. These values are guaranteed with investment values for US$51,785,285, which are included within investment and other financial assets, net in the consolidated statement of financial position.

9. 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:

	Level		2022	2021
Short sold positions – US Government	1		3,284,758	0
Short sold positions - MBS	2		35,213,918	37,589,465
		US$	38,498,676	37,589,465

See the description of the main valuation methods, assumptions and variables used in estimating the fair value of these liabilities and the levels in Note 4.

10. Share Capital

	2022		2021	
	Number	**US$**	**Number**	**US$**
Common Shares				
Authorized shares with par value of US$10 each	20,000,000	200,000,000	20,000,000	200,000,000
Issued and fully paid:				
Balance at the beginning and end of the year	11,915,814	119,158,140	11,915,814	119,158,140
Preferred Shares – Class "A"				
Authorized shares with par value of US$10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued and fully paid:				
Balance at the beginning and end of the year	6,500,000	65,000,000	6,500,000	65,000,000

Upon approval of the Board of Directors, Preferred share Class "A" holders are entitled to receive dividends payable in cash at 8% or Class A preferred shares at the option of the issuer. Preferred shares do not carry the right to vote and are redeemable at option of the issuer at any given date of dividend payment subject to Cayman Islands Monetary Authority approval.

As of December 31, 2022, Overseas Capital Markets, Inc. is the owner of 100% (2021: 100%) of the Bank's issued and outstanding common and preferred shares.

Under the Banks and Trust Companies Act of the Cayman Islands, the Bank has externally imposed capital requirements of US$500,000. The Bank maintained compliance with externally imposed capital requirements as at and for the years ending 2022 and 2021.

11. Income Tax

Under current laws of the Cayman Islands, there are no income, estate, transfer, sales or other Cayman Islands taxes payable by the Bank. Accordingly, no provision for income taxes is included in these consolidated financial statements.

12. Commitments and Contingencies

In the normal course of business, the Bank maintains commitments and contingencies which are not reflected in the consolidated statement of financial position, that involve certain levels of credit and liquidity risks.

Guarantees issued on behalf of customers, letters of credit and promissory notes include certain exposure to credit loss in the event of non-compliance by the customer, net of collateral guarantees securing these transactions. The Bank's policies and procedures to approve these commitments are similar to those for extending loan facilities recorded within the Bank's assets.

In the opinion of the Bank's management, no losses will result from these commitments on behalf of customers.

Off balance sheet contingencies, by maturity are summarized as follows:

			2022	
		0 – 1 Year	**1 – 5 Years**	**Total**
Letters of credit	US$	0	12,554,596	12,554,596

			2021	
		0 – 1 Year	**1 – 5 Years**	**Total**
Letters of credit	US$	12,554,596	0	12,554,596

Credit Quality Analysis of Contingencies

The table below presents information about the credit quality of contingencies held by the Bank:

		2022	2021
Maximum exposure			
Carrying amount	US$	12,554,596	12,554,596
Letters of credit			
Grade 1: Standard	US$	12,554,596	12,554,596

The Bank is not involved in any litigation that in management's opinion may result in a material adverse effect on the Bank, to its financial position or to its financial performance.

13. 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 recognized financial institutions as counterparties. These contracts are recorded in the consolidated statement of financial position at fair value within assets and liabilities, as applicable.

See note 4, for the description of the three-level fair value hierarchy. During 2022 and 2021, there were no transfers between the levels.

Summary of derivative contracts is as follow:

		Total		Exchange-Traded		Over the Counter (OTC): Liquidated in a securities exchange		Over the Counter (OTC): Other bilateral counterparties	
		Notional Value	Book Value	Notional Value	Book Value	Notional Value	Book Value	Notional Value	Book Value
2022									
Derivative assets	US$	333,016,391	18,684,331	25,118,295	0	260,051,796	17,923,331	47,846,300	761,000
Derivative liabilities	US$	425,270,428	10,695,327	163,432,401	0	16,817,970	471,762	245,020,057	10,223,565
2021									
Derivative assets	US$	555,038,137	21,244,980	116,695,600	0	414,598,809	21,133,027	23,743,728	111,953
Derivative liabilities	US$	736,043,543	22,851,674	72,522,470	0	333,663,169	20,736,813	329,857,904	2,114,861

The Bank maintains cash equivalents as collateral in institutions that maintain risk ratings between A+ to A- (2021: AA- to BBB+), which support derivative operations in the amount of US$11.8MM (2021: US$11.4MM).

Below is the following table presents derivatives by type of derivative instrument:

Other Derivatives classified by Risk:

		2022		2021	
		Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives:					
Credit		530,597	320,387	1,580,541	1,625,882
Interest		14,783,925	7,859,108	19,639,414	19,475,117
Total	US$	15,314,522	8,179,495	21,219,955	21,100,999

As of December 31, 2022, the Bank holds derivative contracts with a notional value of US$758,286,819 (2021: US$1,291,081,679), of which US$496,494,567 (2021: US$711,835,741) were managed by third parties. Of these derivatives managed by third parties, US$345,350,695 (2021: US$453,295,070) are intended to manage the duration and the interest rates risk of such portfolios.

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

Hedge Derivatives for Risk Management:

	2022		2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Exposure to risk:				
Interest rate				
Fair value hedge	3,294,193	0	0	0
Total Interest Rate	3,294,193	0	0	0
Currency				
Others	75,616	2,515,832	25,025	1,750,675
Total Currency	75,616	2,515,832	25,025	1,750,675
Total derivatives for risk exposure	3,369,809	2,515,832	25,025	1,750,675

Interest rate risk derivatives hedge

The Bank uses interest rate swaps to hedge part of the fair value exposure of bonds issued and fixed rate notes from changes in a rate index for USD (Libor), and of investments in fixed rate bonds. “Interest rate swaps” must replicate the terms of these positions.

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

The effectiveness of hedging derivatives is analyzed qualitatively and it is concluded that there is no ineffectiveness because the terms of the derivatives are a mirror of the terms of the hedged risk component of the underlying assets and liabilities.

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

	2022 Maturity				
Risk Category	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**
Interest rate risk					
Hedging of Bonds					
Notional Value	0	0	0	20,000,000	20,000,000
Average interest rate				1.66%	5.25%

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

	2022					
		Book Value				
	Notional Value	**Assets**	**Liabilities**	**Item in the consolidated statement of financial position that includes hedge instruments**	**Change in fair value used for calculating hedge ineffectiveness**	**Ineffectiveness recognized in profit or loss**
Interest rate risk:						
Interest rate derivatives – Bonds Hedge	40,000,000	3,294,193	0	Other assets (liabilities)	0	0
Total interest rate risk	40,000,000	3,294,193	0			

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

	2022						
	Book Value		Accumulated amount of fair value hedge item adjustments included in the carrying amount of the hedge item				
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Item in the statement of financial position in which the hedge item is included**	**Change in the value used for calculating hedge ineffectiveness**	**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**
Bonds	35,751,700	0	0	1,553,039	Investment securities FVOCI	0	0

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

		2022			
		Level 1	Level 2	Level 3	Total
Assets					
Other derivatives:					
Credit		0	530,597	0	530,597
Interest		0	14,783,925	0	14,783,925
Total		0	15,314,522	0	15,314,522
Hedge derivatives for risk management:					
Interest rate		0	3,294,193	0	3,294,193
Currency		0	75,616	0	75,616
Total		0	3,369,809	0	3,369,809
Total derivatives assets	**US$**	**0**	**18,684,331**	**0**	**18,684,331**
Liabilities					
Other derivatives:					
Credit		0	320,387	0	320,387
Interest		0	7,859,108	0	7,859,108
Total		0	8,179,495	0	8,179,495
Hedge derivatives for risk management:					
Currency		0	2,515,832	0	2,515,832
Total		0	2,515,832	0	2,515,832
Total derivatives liabilities	**US$**	**0**	**10,695,327**	**0**	**10,695,327**

		2021			
		Level 1	Level 2	Level 3	Total
Assets					
Other derivatives:					
Credit		0	1,580,541	0	1,580,541
Interest		0	19,639,414	0	19,639,414
Total		0	21,219,955	0	21,219,955
Hedge derivatives for risk management:					
Currency		0	25,025	0	25,025
Total		0	25,025	0	25,025
Total derivatives assets	**US$**	**0**	**21,244,980**	**0**	**21,244,980**
Liabilities					
Other derivatives:					
Credit		0	1,625,882	0	1,625,882
Interest		0	19,475,117	0	19,475,117
Total		0	21,100,999	0	21,100,999
Hedge derivatives for risk management:					
Currency		0	1,750,675	0	1,750,675
Total		0	1,750,675	0	1,750,675
Total derivatives liabilities	**US$**	**0**	**22,851,674**	**0**	**22,851,674**

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

Derivative	**Valuation technique**	**Inputs**	**Level**
Organized Markets	Quoted prices	Observable quoted prices in active markets	1-2
Over the Counter (OTC)	Discounted cash flows	Yield curves Yield foreign exchange Credit spreads Assumed recovery Volatility	2

14. Concentration of Financial Assets and Liabilities

The geographical concentration of significant financial assets and liabilities is summarized as follows:

		2022			
		United States of America and Others	**Panama**	**Latin America and the Caribbean**	**Total**
Assets:					
Due from banks		20,104,134	180,883,685	0	200,987,819
Investments and other financial assets at fair value through profit or loss		268,533,638	709,384	15,365	269,258,387
Investments and other financial assets at FVOCI		1,105,489,641	74,026,785	74,644,641	1,254,161,067
Investments and other financial assets at amortized cost, net		0	13,160,159	0	13,160,159
Loans, gross		0	32,358,593	466,679,798	499,038,391
Total	US$	1,394,127,413	301,138,606	541,339,804	2,236,605,823
Liabilities:					
Due to depositors		0	1,252,899,881	34,063,711	1,286,963,592
Securities sold under repurchase agreements		50,424,418	0	0	50,424,418
Other liabilities at fair value		38,498,676	0	0	38,498,676
Total	US$	88,923,094	1,252,899,881	34,063,711	1,375,886,686
Commitments and contingencies	US$	0	12,554,596	0	12,554,596

		2021			
		United States of America and Others	**Panama**	**Latin America and the Caribbean**	**Total**
Assets:					
Due from banks		19,025,881	180,969,254	0	199,995,135
Investments and other financial assets at fair value through profit or loss		511,779,749	769,954	4,425,665	516,975,368
Investments and other financial assets at FVOCI		892,263,219	53,426,045	63,907,969	1,009,597,233
Investments and other financial assets at amortized cost, net		108,493,490	13,239,588	0	121,733,078
Loans, gross		0	0	445,038,369	445,038,369
Total	US$	1,531,562,339	248,404,841	513,372,003	2,293,339,183
Liabilities:					
Due to depositors		0	1,174,586,112	88,398,498	1,262,984,610
Other liabilities at fair value		37,589,465	0	0	37,589,465
Total	US$	37,589,465	1,174,586,112	88,398,498	1,300,574,075
Commitments and contingencies	US$	0	12,554,596	0	12,554,596

15. Fair Value of Financial Instruments

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

(a) *Deposits due from banks/accrued interest receivable/other assets/demand deposits from customers/savings deposits from customers/accrued interest payable/securities sold under repurchase agreements/other liabilities at fair value*

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

(b) *Investment 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 4, to calculate their investments mainly by discounting cash flows at the appropriate discount rate for that instrument.

(c) *Loans*

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.

(d) *Time deposits due from banks/ time deposits from customers*
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 represents 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 financial assets and liabilities not measured on the Bank's consolidated statement of financial position at fair value, as of December 31, 2022 and 2021:

		2022		2021	
		Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Assets:					
Time deposits		172,182,052	165,059,396	172,367,187	175,910,915
Investments at amortized cost, net		13,371,079	12,354,770	121,944,118	122,404,957
Loans, net		500,526,034	502,621,052	445,514,906	444,025,255
	US$	686,079,165	680,035,218	739,826,211	742,341,127
Liabilities:					
Due to depositors		1,289,791,860	1,289,660,512	1,264,197,490	1,261,229,749
Securities sold under repurchase agreements		50,769,887	51,026,149	0	0
	US$	1,340,561,747	1,340,686,661	1,264,197,490	1,261,229,749

The following table analyzes the fair value of the financial instruments not measured at fair value, according to the fair value hierarchy level:

		2022	**Level 1**	**Level 2**	**Level 3**
Assets:					
Time deposits		165,059,396	0	0	165,059,396
Investments at amortized cost, net		12,354,770	0	12,354,770	0
Loans, net		502,621,052	0	0	502,621,052
	US$	680,035,218	0	12,354,770	667,680,448
Liabilities:					
Due to depositors		1,289,660,512	0	0	1,289,660,512
Securities sold under repurchase agreements		51,026,149	0	0	51,026,149
	US$	1,340,686,661	0	0	1,340,686,661

		2021	Level 1	Level 2	Level 3
Assets:					
Time deposits		175,910,915	0	0	175,910,915
Investments at amortized cost, net		122,404,957	0	122,404,957	0
Loans, net		444,025,255	0	0	444,025,255
	US$	742,341,127	0	122,404,957	619,936,170
Liabilities:					
Due to depositors		1,261,229,749	0	0	1,261,229,749
	US$	1,261,229,749	0	0	1,261,229,749

See Note 4, for the description of these Levels.

16. Financial Instrument Risk Management

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

Financial instruments expose the Bank to various types of risks. The parent Company country, their 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 Parent Company country, 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 polices and limits in order to control and manage these risks. There is also an Audit Committee, composed of members of the Parent Company country 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 payment, in conformity with terms and conditions agreed upon when the financial asset was acquired or originated by the Bank.

To mitigate the credit risk, risk management policies establish limits by country, industry, and debtor.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated statement of financial position.

		2022 (in thousands)			
		12-months ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total
Loans amortized cost					
Grade 1: Standard		498,664	374	0	499,038
Gross amount		498,664	374	0	499,038
Allowance for impairment		(1,124)	(5)	0	(1,129)
Net carrying amount	US$	**497,540**	**369**	**0**	**497,909**

		2021 (in thousands)			
		12-months ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total
Loans amortized cost					
Grade 1: Standard		443,201	1,054	0	444,255
Grade 2: Special mention		0	783	0	783
Gross amount		443,201	1,837	0	445,038
Allowance for impairment		(807)	(44)	0	(851)
Net carrying amount	US$	**442,394**	**1,793**	**0**	**444,187**

At the reporting date there were no loans or investments on a watch list or for which terms have been renegotiated. At December 31, 2022 and 2021, the Bank has no impaired deposits due from banks.

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

	2022	**2021**
Current	499,027,473	444,880,770
More than 30 days past due (capital at maturity)	10,918	157,599
Total	499,038,391	445,038,369

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 US$724,749 (2021: US$783,933), which are not subject to credit risk:

				2022		
		12-months ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
At Amortized Cost						
AA+ to BBB-		13,160,159	0	0	0	13,160,159
Total carrying amount,	**US$**	**13,160,159**	**0**	**0**	**0**	**13,160,159**
At FVOCI						
AAA		728,351,591	0	0	0	728,351,591
AA+ to BBB-		305,441,423	0	0	0	305,441,423
Lower than BBB-		212,547,597	6,672,181	755,523	392,752	220,368,053
Total carrying amount	US$	**1,246,340,611**	**6,672,181**	**755,523**	**392,752**	**1,254,161,067**
Valuation of credit risk	US$	(3,261,393)	(507,053)	(1,894,827)	(99,661)	(5,762,934)
At Fair Value through profit or loss						
AAA		104,871,491				
AA+ to BBB-		154,553,486				
Lower than BBB-		9,108,661				
Total carrying amount	**US$**	**268,533,638**				

		2021				
		12-months ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit-impaired	Purchased credit-impaired	Total
At Amortized Cost						
AAA		108,500,000	0	0	0	108,500,000
AA+ to BBB-		13,239,588	0	0	0	13,239,588
Total carrying amount	US$	121,739,588	0	0	0	121,739,588
Loss allowance	US$	(6,510)	0	0	0	(6,510)
Total carrying amount, net	**US$**	**121,733,078**	**0**	**0**	**0**	**121,733,078**
At FVOCI						
AAA		554,628,903	0	0	0	554,628,903
AA+ to BBB-		290,387,466	0	0	0	290,387,466
Lower than BBB-		159,138,376	4,903,609	105,894	432,985	164,580,864
Total carrying amount	US$	**1,004,154,745**	**4,903,609**	**105,894**	**432,985**	**1,009,597,233**
Valuation of credit risk	US$	(2,075,761)	(11,313)	(957)	0	(2,088,031)
At Fair Value through profit or loss						
AAA		136,186,905				
AA+ to BBB-		304,666,607				
Lower than BBB-		75,337,923				
Total carrying amount	**US$**	**516,191,435**				

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

Time deposits with banks

The time deposits with banks are held with financial institution counterparties that are rated BBB to BBB-, based on ratings by Standard & Poor's, Moody's and Fitch Ratings Inc., amount to US$171,766,230 (2021: US$171,766,230).

(b) *Counterparty Risk*

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

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

(c) Market Risk

Market risk is the risk that the value of the Bank's financial assets are reduced as a result of changes in interest rates, foreign currency exchange rates, stock prices, and also the impact of other financial variables, that are not controlled by the Bank.

Risk management policies provide for compliance limits by type of financial instrument, limits related to maximum loss amounts that trigger the settlement of positions that caused such loss; and the requirement that, except upon approval of the Board of Directors, substantially all assets and liabilities are denominated in US Dollars.

The composition and analysis of the market risks are described as follows:

- *Exchange rate Risk*

Is the risk that the value of a financial instrument fluctuates as a consequence of variations in foreign currency exchange rates and other financial variables, as well as the market participants' reactions to political and economic events. At December 31, 2022 and 2021, the Bank does not hold significant positions in foreign currencies.

Currently, foreign exchange exposure is low considering the Bank's policy is not to hold foreign exchange position, unless their intention is to cover clients' needs and those arising from portfolios managed by third parties, which have maximum exposure limits, according to those established by Bank's Board of Directors.

The table below sets out the Bank´s maximum exposure limits to foreign currency. The assets and liabilities are presented at their carrying amount, except derivatives which are presented at their nominal value within other assets/other liabilities.

				2022			
		Euros, expressed in USD	**Sterling Pounds, expressed in USD**	**Japanese Yen, expressed in USD**	**Canadian Dollar, expressed in USD**	**Other currencies, expressed in USD***	**Total**
Exchange rate		**1.07**	**1.21**	**131.07**	**1.35**		
Assets							
Due from banks		595,315	1,411,376	323,540	127,587	2,228	2,460,046
Investments and other financial assets		76,242,275	17,963,727	0	0	0	94,206,002
Other assets		8,904,357	2,369,700	0	0	0	11,274,057
	US$	85,741,947	21,744,803	323,540	127,587	2,228	107,940,105
Liabilities							
Other liabilities		86,513,765	21,534,251	203,996	0	0	108,252,012
	US$	86,513,765	21,534,251	203,996	0	0	108,252,012
Net position	**US$**	(771,818)	210,552	119,544	127,587	2,228	(311,907)

		2021					
		Euros, expressed in USD	Sterling Pounds, expressed in USD	Japanese Yen, expressed in USD	Canadian Dollar, expressed in USD	Other currencies, expressed in USD*	Total
Exchange rate		**1.14**	**1.35**	**115.13**	**1.27**		
Assets							
Due from banks		797,620	195,654	9,928	136,531	2,254	1,141,987
Investments and other financial assets		106,856,939	35,773,517	0	0	0	142,630,456
Other assets		2,239,326	1,374,840	0	0	0	3,614,166
	US$	109,893,885	37,344,011	9,928	136,531	2,254	147,386,609
Liabilities							
Other liabilities		109,552,010	37,947,572	0	0	0	147,499,582
	US$	109,552,010	37,947,572	0	0	0	147,499,582
Net position	**US$**	341,875	(603,561)	9,928	136,531	2,254	(112,973)

**Other currencies include Australian Dollar, Turkish Lira, Singapore Dollar, South African Rand, Mexican Peso, Polish Zloty and Swiss Franc.*

- *Interest Rate Risk of the Cash flows and the Fair Value*

The interest rate risk on cash flows and the interest rate risk on fair value are the risks of fluctuation of both the future cash flows and the value of a financial instrument due to changes in market interest rates.

The net interest margin of the Bank may vary as a result of unanticipated movements in interest rates.

In order to mitigate this risk, the Bank's management has defined exposure limits to the interest rate risk.

The table below summarizes the Bank's exposure based on the re-pricing terms of interest rates on financial assets and liabilities:

		2022						
		Up to 3 months	**From 3 to 6 months**	**From 6 months to 1 year**	**From 1 to 5 years**	**From 5 to 10 years**	**More than 10 years**	**Total**
Assets:								
Time deposits		0	0	0	171,766,230	0	0	171,766,230
Investments and other financial assets		408,978,186	57,328,056	49,668,350	615,412,084	218,466,561	92,547,659	1,442,400,896
Loans, gross		446,635,763	47,946,500	2,262,627	2,193,501	0	0	499,038,391
Total	US$	855,613,949	105,274,556	51,930,977	789,371,815	218,466,561	92,547,659	2,113,205,517
Liabilities:								
Time and savings deposits		687,049,821	463,110,289	129,530,625	7,266,230	0	0	1,286,956,965
Securities sold under repurchase agreements		50,424,418	0	0	0	0	0	50,424,418
Total	US$	737,474,239	463,110,289	129,530,625	7,266,230	0	0	1,337,381,383
Total interest sensitivity gap	US$	118,139,710	(357,835,733)	(77,599,648)	782,105,585	218,466,561	92,547,659	775,824,134

		2021						
		Up to 3 months	**From 3 to 6 months**	**From 6 months to 1 year**	**From 1 to 5 years**	**From 5 to 10 years**	**More than 10 years**	**Total**
Assets:								
Time deposits		171,766,230	0	0	0	0	0	171,766,230
Investments and other financial assets		525,129,539	37,779,627	55,238,298	670,853,899	153,346,197	83,688,138	1,526,035,698
Loans, gross		388,218,489	36,805,120	19,914,760	100,000	0	0	445,038,369
Total	US$	1,085,114,258	74,584,747	75,153,058	670,953,899	153,346,197	83,688,138	2,142,840,297
Liabilities:								
Time and savings deposits		1,144,543,725	19,300,580	93,633,678	4,500,000	1,000,000	0	1,262,977,983
Total	US$	1,144,543,725	19,300,580	93,633,678	4,500,000	1,000,000	0	1,262,977,983
Total interest sensitivity gap	US$	(59,429,467)	55,284,167	(18,480,620)	666,453,899	152,346,197	83,688,138	879,862,314

In order to assess the interest rate risks and their impact on the fair value of financial assets and liabilities, the Bank's management performs simulations to determine the sensitivity on financial assets and liabilities.

Management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide. An analysis of the Bank's sensitivity to an (increase) or decrease in market interest rates is as follows:

		Sensitivity of the net interest income			
		100bp increase		100bp decrease	
		2022	2021	2022	2021
At the end of the year		(2,175,570)	(1,675,267)	2,231,340	(4,535,635)
Average for the year		(3,418,222)	(1,598,008)	2,603,515	(4,451,768)
Maximum for the year		(3,996,130)	(1,904,818)	4,094,658	(4,784,790)
Minimum for the year	US$	(2,175,570)	(1,234,327)	336,006	(3,737,408)

		Sensitivity in profit or loss for investments at fair value			
		100bp increase		100bp decrease	
		2022	2021	2022	2021
At the end of the year		(6,873,264)	(8,041,829)	6,565,966	5,691,452
Average for the year		(7,292,303)	(9,240,510)	6,894,863	4,346,020
Maximum for the year		(8,393,837)	(10,885,353)	8,052,866	5,691,452
Minimum for the year	US$	(5,654,905)	(8,041,829)	5,020,847	3,372,309

		Sensitivity of other comprehensive income			
		100bp increase		100bp decrease	
		2022	2021	2022	2021
At the end of the year		(37,479,528)	(29,597,570)	37,845,106	22,533,199
Average for the year		(35,801,005)	(31,434,749)	35,828,213	21,066,778
Maximum for the year		(37,479,528)	(33,420,135)	37,845,106	22,533,199
Minimum for the year	US$	(34,274,279)	(29,597,570)	32,615,617	19,159,874

Overall non-trading interest rate risk positions are managed by Central Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

Reform of the main Reference rates (IBOR)
Globally, there is a process of replacing the use of the main received interbank rates (IBORs) with risk-free interest rates. This reform has generated uncertainty in global markets and will have an impact on products referenced to IBOR. In order to carry out a smooth and orderly transition from the replacement of the IBOR rate, the Bank has established a multidisciplinary committee to evaluate the assets and liabilities agreed upon based on IBOR to determine the transition and impact. The committee is made up of senior executives from the Treasury, Business Credit, Risk, Legal, Finance and Operations. The committee reports its progress to the Bank's Assets and Liabilities Committee on a quarterly basis or more frequently if necessary.

The objective of the committee is to evaluate all the assets and liabilities of the Bank referenced to IBOR to determine the changes that, if necessary, the contracts of said financial assets and liabilities require. Additionally, the committee must determine the operational and systems risks that the transition may have and will coordinate the operations to be carried out in the different areas of the Bank for an orderly transition. The committee will coordinate communication and action plans with Bank clients so that the transition is transparent and efficient. The committee has reviewed the current IBOR replacement clauses of the Bank's loan contracts and has worked on new IBOR replacement clauses that it will begin to use in order to strengthen the IBOR replacement language of the contracts. Likewise, the Bank will endeavor to use rates not referenced to IBOR in its new loans in order to reduce the number of operations that must be amended when IBOR ceases to exist and has implemented an operation to migrate to new reference rates or adjustable fixed rates at the option of the Bank in those loans that mature after June 30, 2023.

The Bank considers that the current risk to which it is exposed, as a result of the IBOR reform, is low since there are US$21MM in loans or 4.20% (2021: US$227MM in loans or 50.99%) of the total that is referenced to IBOR only; additionally there are US$26MM (2021: US$152MM) in loans referenced to IBOR or 5.24% (2021: 34.23%), but which have a floor rate 97% of these operations expire after June 30, 2023. On the other hand, almost 100% of these loans are business loans, so the number of operations with loans referenced to IBOR is low. Regarding investments, less than 15% (2021: 17%) of them are referenced to IBOR and of these 46.71% (2021: 38.52%) have a floor rate.

In relation to derivatives transactions, the Bank maintains low transactions of interest rate derivatives referenced to IBOR. As of December 31, 2022, the total of these transactions is US$45MM (2021: US$603MM), of which US$45MM expires after June 30, 2023 (2021: US$555MM expires after June 30, 2023), therefore it considers that the risk to which it is exposed is low and does not anticipate a material impact.

(d) Liquidity and Financing Risk

Liquidity and financing risk is the risk that the Bank cannot comply with all its obligations for, among other reasons, an unexpected withdrawal of funds by depositors, the deterioration of the quality of the loan portfolio, impairment of securities, the excessive concentration of liabilities from one particular source, a gap between assets and liabilities, a shortage of asset liquidity, or the mismatch of long-term asset financing with short-term liabilities.

Risk management policies establish a liquidity limit in order to determine the amount of the Bank's assets that should be maintained in highly liquid instruments, as well as financing limits, leverage limits and duration limits.

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

2022

		Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	More than 10 years	With no maturity	Carrying amount
Assets:									
Due from banks		29,221,589	0	0	171,766,230	0	0	0	200,987,819
Investment and others financial assets, net		90,706,027	52,185,764	64,018,599	750,449,549	311,978,104	266,516,821	724,749	1,536,579,613
Loans, net		61,668,116	50,433,694	41,219,795	202,530,430	137,634,133	4,422,943	0	497,909,111
Accrued interest receivable		0	0	3,243,665	0	0	0	0	3,243,665
Other assets		55,203,582	0	8,970,276	33,382,784	0	0	0	97,556,642
Total	US$	236,799,314	102,619,458	117,452,335	1,158,128,993	449,612,237	270,939,764	724,749	2,336,276,850
Liabilities:									
Due to depositors		687,056,447	463,110,289	129,530,626	7,266,230	0	0	0	1,286,963,592
Securities sold under repurchase agreements		50,424,418	0	0	0	0	0	0	50,424,418
Accrued interest payable		0	0	3,174,170	0	0	0	0	3,174,170
Other liabilities		161,304,409	0	0	25,249,240	0	0	0	186,553,649
Total	US$	898,785,274	463,110,289	132,704,796	32,515,470	0	0	0	1,527,115,829
Net liquidity gap	US$	(661,985,960)	(360,490,831)	(15,252,461)	1,125,613,523	449,612,237	270,939,764	724,749	809,161,021

2021

		Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	More than 10 years	With no maturity	Carrying amount
Assets:									
Due from banks		29,995,135	170,000,000	0	0	0	0	0	199,995,135
Investment and others financial assets, net		244,283,049	39,521,675	78,805,794	831,677,827	242,415,841	210,817,560	783,933	1,648,305,679
Loans, net		37,845,456	64,951,524	35,174,978	159,960,541	146,254,499	0	0	444,186,998
Accrued interest receivable		0	0	2,139,905	0	0	0	0	2,139,905
Other assets		65,532,588	0	6,400,393	34,997,131	0	0	0	106,930,112
Total	US$	377,656,228	274,473,199	122,521,070	1,026,635,499	388,670,340	210,817,560	783,933	2,401,557,829
Liabilities:									
Due to depositors		1,144,550,352	19,300,580	93,633,678	4,500,000	1,000,000	0	0	1,262,984,610
Accrued interest payable		0	0	1,212,880	0	0	0	0	1,212,880
Other liabilities		180,883,023	0	0	41,929,741	0	0	0	222,812,764
Total	US$	1,325,433,375	19,300,580	94,846,558	46,429,741	1,000,000	0	0	1,487,010,254
Net liquidity gap	US$	(947,777,147)	255,172,619	27,674,512	980,205,758	387,670,340	210,817,560	783,933	914,547,575

The liquidity index of the Bank, that is primary liquid assets to total deposits and borrowings, measured at the consolidated statement of financial position date, is detailed as follows:

	2022	**2021**
At the end of the year	95.58%	109.93%
Average for the year	100.72%	113.66%
Maximum for the year	103.87%	117.18%
Minimum for the year	95.58%	109.93%

(e) Operational Risk

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

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

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

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

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

- Operational Risk Unit
- Risk Management of Information Technology
- Information Security
- Prevention and Fraud Control
- Corporative Security.

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

The Corporate Internal Audit Department reviews and validates compliance of defined policies and methodologies in accordance with existing regulations, the results of which are presented to the Corporate Audit Committee.

The bank has the majority of its investment portfolio under custody with the Bank of New York Mellon, which has an international rating of A1 by Moody's, A from Standard and Poor's and is regulates by the Federal Reserve System of the United States of America, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

(f) Capital Management

The Bank´s regulatory capital consists of the following elements:

- Tier 1 capital, which includes common share capital, preferred share capital, additional paid-in capital, revaluation reserve, retained earnings, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, and certain allowances for loan losses that are presently unidentified on an individual basis, and elements of the fair value reserve relating to gains (losses) on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The amount of qualifying tier 1 securities cannot exceed 15 percent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying subordinated term loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of the loan loss allowance that may be included as part of tier 2 capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between higher returns that might be achievable with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's individually regulated operations have complied with all externally imposed capital requirements throughout the year.

There have been no material changes on the Bank's capital management during the year.

In addition to risk-based capital requirements, the Basel III reforms introduced a simpler, non risk-based Leverage ratio requirement to act as a supplementary measure to its risk-based capital requirements. The Leverage ratio is defined as a ratio of Basel III Tier 1 capital to a leverage exposure measure which includes on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements.

Effective 1 December 2019, CIMA implemented the Basel III Leverage Ratio Liquidity Risk Management Rules and Guidelines, which outline the application and disclosure of the Basel III Leverage ratio in the Cayman Islands. The minimum ratio of 3% is applicable to all banks, except in specific cases where the Authority, in its sole discretion, decides that difference leverage ratio requirements should be set.

The Bank's regulatory capital position at December 31 was as follows:

		2022	2021
		(in thousands)	
Tier 1 capital			
Common shares		119,158	119,158
Preferred shares		65,000	65,000
Additional paid-in capital		15,842	15,842
Valuation reserve		(76,955)	15,643
Retained earnings		686,116	698,905
Total	US$	809,161	914,548
Risk-weighted assets	US$	1,551,127	1,737,958
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		52.17%	52.62%

17. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Bank's management has made a number of estimates and assumptions relating to the reporting of assets, liabilities, results, commitments and contingencies, based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Any changes in assumptions or criteria could significantly affect estimates.

(a) Impairment losses on loans

The Bank reviews its loan portfolios at the reporting date to determine whether there is objective evidence of impairment on a loan or loan portfolio that should be recognized in the profit or loss of the year.

The assessment of whether the credit risk of a loan has increased significantly is one of the critical judgements in the impairment model. Loss allowances are measured either at amounts equal to 12-month ECL or at lifetime ECL. See note 3 for a more detailed description of impairment losses on loans.

(b) Impairment of investment and other financial assets

The Bank assesses its investment and other financial assets at the reporting date to determine whether there is objective evidence of impairment. The Bank considers investment and other financial assets to be impaired when there has been a significant increase in credit risk evidenced by a downgrade in risk ratings from initial recognition, default in payments, debt restructuring, and other similar events.

(c) *Fair value of derivative instruments:*

The fair value of derivative instruments that are not quoted in active markets is determined by using valuation techniques. Models are reviewed before they are used and are calibrated to ensure that outputs reflect actual data and comparative fair values of market prices of similar instruments.

To the extent of practicality, only observable data are used as inputs, although certain inputs such as counterparty credit risk, volatility measures and correlations require management to make certain estimates.

18. Subsequent Events

Recent macroeconomic (ie. Failed banks) and geopolitical events require the need for banking and nonbanking companies to assess their exposures to these events and determine the related accounting and reporting impacts.

Although there is no direct exposure to a particular failed financial institution, management is assessing the possible impact that these events could have in the financial position and performance of the Bank.

BANCO GENERAL (OVERSEAS), INC.

Appendix 1

Consolidated appendix information on the Consolidated Statement of Financial Position

December 31, 2022

(Stated in United States dollars)

	BANCO GENERAL (OVERSEAS), INC.	BG TRUST, INC. FID (0109-INV-22)	SUB- TOTAL	ELIMINATIONS	TOTAL CONSOLIDATED
Assets					
Due from banks:					
Demand deposits	26,547,694	2,673,895	29,221,589	-	29,221,589
Time deposits	171,766,230	-	171,766,230	-	171,766,230
Accrued interest receivable	415,822	-	415,822	-	415,822
Total due from banks	198,729,746	2,673,895	201,403,641	-	201,403,641
Investment and other financial assets, net	1,536,790,533	-	1,536,790,533	-	1,536,790,533
Loans	466,679,798	32,358,593	499,038,391	-	499,038,391
Accrued interest receivable	2,397,875	219,048	2,616,923	-	2,616,923
Less:					
loan losses allowance	851,371	277,909	1,129,280	-	1,129,280
Loans, net	468,226,302	32,299,732	500,526,034	-	500,526,034
Investments in special purpose vehicle	35,000,000	-	35,000,000	35,000,000	-
Investments and other financial assets sold pending settlement	54,900,382	-	54,900,382	-	54,900,382
Derivative instruments - assets	18,684,331	-	18,684,331	-	18,684,331
Other assets	23,945,056	26,873	23,971,929	-	23,971,929
Total assets	2,336,276,350	35,000,500	2,371,276,850	35,000,000	2,336,276,850

See the report of the Independent Auditors.

BANCO GENERAL (OVERSEAS), INC.

Appendix 1

Consolidated appendix information on the Consolidated Statement of Financial Position

December 31, 2022

(Stated in United States dollars)

	BANCO GENERAL (OVERSEAS), INC.	BG TRUST, INC. FID (0109-INV-22)	SUB- TOTAL	ELIMINATIONS	TOTAL CONSOLIDATED
Liabilities and equity					
Liabilities					
Due to depositors:					
Demand	6,627	-	6,627	-	6,627
Savings	120,161,006	-	120,161,006	-	120,161,006
Time deposits	1,166,795,959	-	1,166,795,959	-	1,166,795,959
Accrued interest payable	2,828,268	-	2,828,268	-	2,828,268
Total due to depositors	1,289,791,860	-	1,289,791,860	-	1,289,791,860
Securities sold under repurchase agreements	50,424,418	-	50,424,418	-	50,424,418
Accrued interest payable	345,469	-	345,469	-	345,469
Total securities sold under repurchase agreements	50,769,887	-	50,769,887	-	50,769,887
Investments and other financial assets purchased pending settlement	113,196,592	-	113,196,592	-	113,196,592
Derivative instruments - liabilities	10,695,327	-	10,695,327	-	10,695,327
Other financial liabilities at fair value	38,498,676	-	38,498,676	-	38,498,676
Other liabilities	24,163,487	-	24,163,487	-	24,163,487
Total liabilities	1,527,115,829	-	1,527,115,829	-	1,527,115,829
Equity					
Common share capital	119,158,140	35,000,000	154,158,140	35,000,000	119,158,140
Preferred share capital	65,000,000	0	65,000,000	-	65,000,000
Additional paid-in capital	15,841,860	0	15,841,860	-	15,841,860
Valuation reserve	(76,955,411)	0	(76,955,411)	-	(76,955,411)
Retained earnings	686,115,932	500	686,116,432	-	686,116,432
Total equity	809,160,521	35,000,500	844,161,021	35,000,000	809,161,021
Total liabilities and equity	2,336,276,350	35,000,500	2,371,276,850	35,000,000	2,336,276,850

BANCO GENERAL (OVERSEAS), INC.

Appendix 2

Consolidated appendix information on the Consolidated Statement of Income and Retained Earnings

Year ended December 31, 2022

(Stated in United States dollars)

	BANCO GENERAL (OVERSEAS), INC.	BG TRUST, INC. FID (0109-INV-22)	SUB- TOTAL	ELIMINATIONS	TOTAL CONSOLIDATED
Operating income					
Interest on investments and other financial assets	54,814,383	-	54,814,383	-	54,814,383
Interest on deposits with banks	7,428,833	500	7,429,333	-	7,429,333
Interest on loans	23,183,987	-	23,183,987	-	23,183,987
Reversal of provision for impairment of investments	(3,668,393)	-	(3,668,393)	-	(3,668,393)
Net realized loss on sale of investments and other financial assets	(52,114,006)	-	(52,114,006)	-	(52,114,006)
Net unrealized loss on investments and other financial assets	(20,097,961)	-	(20,097,961)	-	(20,097,961)
Net gain on derivative instruments	2,339,152	-	2,339,152	-	2,339,152
Dividends received	60,089	-	60,089	-	60,089
Miscellaneous	413,893	-	413,893	-	413,893
Total operating income, net	12,359,977	500	12,360,477	-	12,360,477
Operating expenses					
Interest on deposits and financing	20,683,857	-	20,683,857	-	20,683,857
General and administrative expenses:					
Professional services	57,768	-	57,768	-	57,768
Management fees and other bank charges	3,908,543	-	3,908,543	-	3,908,543
License fee	136,505	-	136,505	-	136,505
Other expenses	361,932	-	361,932	-	361,932
Total operating expenses	25,148,605	-	25,148,605	-	25,148,605
Net loss	(12,788,628)	500	(12,788,128)	-	(12,788,128)
Retained earnings beginnig of the year	698,904,560	-	698,904,560	-	698,904,560
Retained earnings end of the year	686,115,932	500	686,116,432	-	686,116,432

See the report of the Independent Auditors.

BANCO GENERAL (OVERSEAS), INC.

Appendix 3

Consolidated appendix information on the Consolidated Statement of Comprehensive Income

Year ended December 31, 2022

(Stated in United States dollars)

		BANCO GENERAL (OVERSEAS), INC.	BG TRUST, INC. FID (0109-INV-22)	SUB- TOTAL	ELIMINATIONS	TOTAL CONSOLIDATED
Net (loss) income		(12,788,628)	500	(12,788,128)	-	(12,788,128)
Other comprehensive (expense) income						
Items that are or may be reclassified to the consolidated statement of income:						
Valuation of investments and other financial assets:						
Net changes in valuation of investments at FVOCI		(76,078,745)	-	(76,078,745)	-	(76,078,745)
Transfer to profit or loss for sales of investments at FVOCI		(20,194,584)	-	(20,194,584)	-	(20,194,584)
Valuation of investments credit risk at FVOCI		3,674,903	-	3,674,903	-	3,674,903
Total other comprehensive expense, net		(92,598,426)	-	(92,598,426)	-	(92,598,426)
Total comprehensive (expense) income	US$	(105,387,054)	500	(105,386,554)	-	(105,386,554)

See the report of the Independent Auditors.