FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

Global Bank Corporation and Subsidiaries

Condensed consolidated interim financial statements as of December 31, 2022 and Interim Financial Information Review Report of February 27, 2023

“This document has been prepared with the understanding that its contents will be made available to investors and the general public”

Global Bank Corporation and Subsidiaries

Interim Financial Information Review Report and Condensed Consolidated Interim Financial Statements as of December 31, 2022

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FREE ENGLISH LANGUAGE TRANSLATION FROM SPANISH VERSION

INTERIM FINANCIAL INFORMATION REVIEW REPORT

To the Shareholders and Board of Directors of
Global Bank Corporation and Subsidiaries
Panama, Republic of Panama

Review report on the condensed consolidated interim financial statements

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Global Bank Corporation and Subsidiaries** as of December 31, 2022 and the condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of the significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Information*. Our responsibility is to indicate whether there are any circumstances that would cause us to believe that the condensed consolidated interim financial information is not fairly presented.

Scope of the review

We conducted our review in accordance with International Standard for Review Engagements 2410, "Review of Interim Financial Information performed by the Entity's Independent Auditor". A condensed consolidated interim financial information review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance whether we would become aware of all significant matters that could be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as of December 31, 2022, is not prepared, in all material respects, in accordance with IAS 34.

Deloitte.

Other legal and regulatory requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of certified public accountants in the Republic of Panama, we declare the following:

- That the management, execution and supervision of this Review has been carried out physically in Panamanian territory.
- The engagement team that has participated in the review to which this report refers, is comprised by Yanely Grajales, Partner; Doralis Oda, Manager.

(Signed by Deloitte)

Deloitte, Inc.

(Signed by Yanely Grajales)

Yanely Grajales
C.P.A. No.0666-2015

February 27, 2023
Panama, Republic of Panama

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of financial position
As of December 31, 2022
(In balboas)

	Notes	December 2022	June 2022
Assets			
Cash and bank deposits	7,16	390,705,771	422,163,231
Securities purchased under resale agreements	8	285,200	285,200
Investments in securities, net	6,9,16	1,014,735,422	1,079,204,941
Loans, net	6,10	6,264,190,604	6,138,222,161
Property, furniture, equipment and improvements	11	193,933,225	197,759,650
Right-of-use assets	12	14,394,378	15,584,822
Other assets	6,13,30	585,769,492	547,376,430
Total assets		8,464,014,092	8,400,596,435
Liabilities and equity			
Liabilities			
Client deposits	6,14	5,201,569,088	5,178,659,636
Bank deposits		87,421,196	64,413,383
Accrued interest payable		35,429,497	32,169,806
Total deposits		5,324,419,781	5,275,242,825
Securities sold under resale agreements	15	90,454,606	93,665,393
Obligations with financial institutions	9,16	1,520,707,064	1,488,606,294
Marketable securities	17	12,565,000	16,595,000
Corporate bonds	18	399,046,328	439,235,300
Perpetual bonds	19	177,894,699	177,495,857
Accrued interest payable		21,026,661	13,211,416
Total financings		2,221,694,358	2,228,809,260
Lease liabilities	12	16,258,288	17,277,420
Other liabilities	6,20,21	130,850,359	119,112,591
Total liabilities		7,693,222,786	7,640,442,096
Equity			
Common shares	22	270,202,657	270,202,657
Excess paid-in capital	26	2,017,297	1,974,519
Capital reserves	33	43,732,993	43,269,167
Regulatory reserve	33	102,947,964	101,983,796
Fair value reserve		(40,242,920)	(37,694,923)
Retained earnings		392,133,315	380,419,123
Total shareholder's equity		770,791,306	760,154,339
Total liabilities and equity		8,464,014,092	8,400,596,435

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of profit or loss
for the six months ended December 31, 2022
(In balboas)

	Notes	December 2022	December 2021
Interest income	6	219,865,853	212,019,371
Interest expense	6	(131,112,806)	(122,653,126)
Net interest income	23	88,753,047	89,366,245
Commission income		32,951,129	28,870,115
Commission expenses		(10,446,269)	(9,132,490)
Net commission income	23	22,504,860	19,737,625
Net interest and commission income, before allowance	23	111,257,907	109,103,870
Allowance for loan losses	4.2.2.1.2	28,958,376	33,165,252
Allowance (reversal of allowance) for country risk		609,323	(1,143,301)
Allowance for investments	4.2.2.2	346,007	4,386,575
		29,913,706	36,408,526
Net interest and commission income, after allowance		81,344,201	72,695,344
Other income	24	10,487,902	7,392,563
Other expenses			
Salaries and other compensations	6	30,700,337	30,131,307
Professional fees		5,024,395	4,492,825
Depreciation and amortization	11,12,13	9,403,093	10,543,345
Marketing and advertising		1,367,735	869,080
Maintenance and repairs		5,736,767	5,480,932
Leases		1,977,303	1,501,892
Other taxes		3,046,216	3,275,322
Other expenses	25	11,713,835	11,488,015
		68,969,681	67,782,718
Profit before income tax		22,862,422	12,305,189
Income tax			
Current		1,664,442	1,793,321
Deferred		(5,273,033)	(2,002,344)
Benefit from income tax	30	(3,608,591)	(209,023)
Profit for the period		26,471,013	12,514,212

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended December 31, 2022
(In balboas)

	December 2022	December 2021
Profit for the period	26,471,013	12,514,212
Other comprehensive income:		
Items that can be reclassified later to profit or loss		
Net amount transferred to profit or loss	(188,213)	(816,577)
Reserve for investments	356,582	3,121,240
Net changes in valuation of investments at fair value through other comprehensive income	(2,716,366)	(6,564,952)
Other comprehensive income for the period	(2,547,997)	(4,260,289)
Total comprehensive income for the period	23,923,016	8,253,923

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of changes in equity
for the six months ended December 31, 2022
(In balboas)

	Notes	Total shareholder's equity	Common shares	Excess paid-in capital	Capital reserves	Regulatory reserves	Fair value reserve	Retained earnings
Balance as of June 30, 2021		789,718,580	270,202,657	1,755,574	42,382,907	99,613,232	3,356,143	372,408,067
Profit for the period		12,514,212	-	-	-	-	-	12,514,212
Provision for investments		3,121,240	-	-	-	-	3,121,240	-
Net changes in the valuation of investments at fair value through other comprehensive income		(7,381,529)	-	-	-	-	(7,381,529)	-
Comprehensive income for the period		8,253,923	-	-	-	-	(4,260,289)	12,514,212
Excess paid-in capital - share option plan for employees	26	128,350	-	128,350	-	-	-	-
Dividends paid - common shares	22	(11,308,207)	-	-	-	-	-	(11,308,207)
Complementary tax		(537,035)	-	-	-	-	-	(537,035)
Regulatory reserve	33	-	-	-	-	682,644	-	(682,644)
Capital reserve	33	-	-	-	458,086	-	-	(458,086)
Balance as of December 31, 2021		786,255,611	270,202,657	1,883,924	42,840,993	100,295,876	(904,146)	371,936,307
Balance as of June 30, 2022		760,154,339	270,202,657	1,974,519	43,269,167	101,983,796	(37,694,923)	380,419,123
Profit for the period		26,471,013	-	-	-	-	-	26,471,013
Provision for investments		356,582	-	-	-	-	356,582	-
Net changes in the valuation of investments at fair value through other comprehensive income		(2,904,579)	-	-	-	-	(2,904,579)	-
Comprehensive income for the period		23,923,016	-	-	-	-	(2,547,997)	26,471,013
Excess paid-in capital - share option plan for employees	26	42,778	-	42,778	-	-	-	-
Dividends paid - common shares	22	(12,833,285)	-	-	-	-	-	(12,833,285)
Complementary tax		(495,542)	-	-	-	-	-	(495,542)
Regulatory reserves	33	-	-	-	-	964,168	-	(964,168)
Capital reserves	33	-	-	-	463,826	-	-	(463,826)
Balance as of December 31, 2022		770,791,306	270,202,657	2,017,297	43,732,993	102,947,964	(40,242,920)	392,133,315

The accompanying notes are an integral part of these condensed consolidated financial statements.

Global Bank Corporation and Subsidiaries

Condensed consolidated statement of cash flows
for the six months ended December 31, 2022
(In balboas)

	Notes	2022	2021
Cash flows from operating activities:			
Profit for the period		26,471,013	12,514,212
Adjustments for:			
Depreciation and amortization	11,12,13	9,403,093	10,543,345
Gain on sale of property, furniture and equipment		(312,935)	(173,126)
Fixed-asset disposals		2,159,709	209,136
Net gain on sale of securities at fair value through other comprehensive income (FVTOCI)	9,24	(188,213)	(816,577)
Net loss on instruments at fair value through profit or loss	24	11,939	252,095
Net gain on financial instruments		(3,788,380)	-
Allowance for loan losses		28,958,376	33,165,252
Allowance for investments		346,007	4,386,575
Income tax	30	(3,608,591)	(209,023)
Interest income	23	(219,865,853)	(212,019,371)
Interest expenses	23	131,112,806	122,653,126
Share option plan for employees	26	42,778	128,350
		(29,258,251)	(29,366,006)
Changes in:			
Deposits over 90 days and restricted deposits	7	54,252	(11,419,858)
Securities purchased under resale agreements		-	21,194
Loans		(156,620,609)	35,416,366
Other assets		(27,242,456)	(25,491,007)
Client deposits		22,909,452	77,003,441
Bank deposits		23,007,813	19,015,322
Other liabilities		9,896,930	7,644,774
Cash (used in) generated by operations		(157,252,869)	72,824,226
Income tax paid		(1,146,915)	(840,914)
Interest received		221,774,944	213,205,787
Interest paid		(120,037,870)	(126,098,014)
Net cash (used in) generated by operating activities		(56,662,710)	159,091,085
Cash flows from investment activities:			
Acquisition of investments at fair value through other comprehensive income		(107,816,124)	(300,278,370)
Sale of investments at fair value through other comprehensive income		179,718,189	285,870,301
Purchase of investments at fair value through profit or loss		(15,056,793)	(499,969)
Redemptions of investments at fair value through profit or loss		30,491	185,800
Purchase of investments at amortized cost		(6,157,370)	(36,519,099)
Sales, redemptions and investment amortizations at amortized cost		10,721,610	1,161,722
Purchase of property, furniture and equipment	11	(5,774,263)	(6,448,778)
Proceeds from the sale of property, furniture and equipment		312,935	173,126
Net cash flows generated by (used in) investment activities		55,978,675	(56,355,267)
Cash flows from financing activities			
Payments made under repurchase agreements	15	(3,210,787)	-
Proceeds from securities sold under repurchase agreements	15	-	31,294,928
Obligations received from financial institutions	16	870,362,551	986,685,798
Obligations paid to financial institutions	16	(839,591,025)	(560,514,727)
Proceeds from issuance of marketable securities	17	9,545,000	-
Payments on redemption of marketable securities	17	(13,575,000)	(6,850,000)
Proceeds from issuance of bonds	19	600,000	15,134,000
Redemption of bonds	18,19	(40,598,438)	(622,530,000)
Dividends paid - common shares	22	(12,833,285)	(11,308,207)
Lease payment		(1,019,132)	(1,516,178)
Complementary tax		(495,542)	(537,035)
Net cash flows used in financing activities		(30,815,658)	(170,141,421)
Net decrease in cash and cash equivalents		(31,499,693)	(67,405,603)
Cash and cash equivalents at beginning of the year		415,326,050	473,989,795
Cash and cash equivalents at end of the period	7	383,826,357	406,584,192

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. General information

Global Bank Corporation (the "Bank"), which was incorporated in the Republic of Panama and began operations in June 1994 and operates under a general banking license issued by the Superintendency of Banks of Panama, which allows it to equally perform business operations within Panama and abroad. Its main economic activity is commercial and consumer banking.

The main office is located at Santa Maria Business District, Global Bank Tower, Panama, Republic of Panama.

The Bank is a wholly-owned subsidiary of G.B. Group Corporation, an entity incorporated on April 20, 1993 under the laws of the Republic of Panama.

The Bank has an Investment Manager License granted by the Superintendency of the Securities Market of Panama through Resolution SMV 46-17 of February 1, 2017.

Resolution SBP-0077-2019 of the Superintendency of Banks of Panama authorized the merger by absorption of the banking entities Global Bank Corporation, Banco Panameño de la Vivienda, S.A. and the company GB, AV INC., all belonging to the same economic group, of which Global Bank Corporation is the surviving company. The effective date of the merger was June 1, 2019.

Resolution SBP-0019-2021 of March 10, 2021 of the Superintendency of Banks of Panama authorized the merger by absorption of the banking entities Global Bank Corporation and Factor Global, S.A., both belonging to the same economic group, of which Global Bank Corporation is the surviving company. The effective date of the merger was June 22, 2021.

The main activity of the Subsidiaries is described in Note 32.

2. Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements should be read together with the annual consolidated financial statements as of June 30, 2022, and for the year then ended, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

3. Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements as of June 30, 2022, and for the year then ended.

The new and revised IFRSs not effective as of December 31, 2022 have not been applied and the potential impact of these amendments on the condensed consolidated interim financial statements is in the process of being assessed.

3.1 Comparative information

The information as of June 30, 2022 contained in these condensed consolidated interim financial statements is presented solely for purposes of comparison with the information related to the six-month period ended December 31, 2022.

4. Financial risk management

4.1 Objectives of financial risk management

Financial risk factors

The Bank's activities are exposed to a variety of financial risks: credit, liquidity, market and operational risk.

The condensed consolidated interim financial statements do not include all the financial risk management information and disclosures that are required in the annual financial statement. These condensed consolidated interim financial statements should be read together with the consolidated financial statements as of June 30, 2022.

There have been no changes in the risk management department or in any risk management policy as of June 30, 2022.

Credit quality analysis

4.1.1 Table of the credit quality of financial assets and the impairment allowance

	December 2022	June 2022
Bank deposits		
Grade 1	334,555,003	370,759,838
Loans		
Grade 1	5,521,264,584	5,412,874,750
Grade 2	364,218,209	389,509,269
Grade 3	99,087,650	68,488,578
Grade 4	89,483,158	85,672,677
Grade 5	295,912,714	264,430,887
Gross amount	6,369,966,315	6,220,976,161
Accrued interest receivable	156,710,314	158,404,104
Allowance for expected losses	(251,017,743)	(231,039,591)
Discounted unearned interest	(11,468,282)	(10,118,513)
Net carrying value	6,264,190,604	6,138,222,161
Off-balance sheet transactions		
Grade 1		
Letter of credit	121,931,001	117,640,132
Endorsements and collateral	594,450,449	477,222,821
Promissory notes	230,452,562	248,342,285
Unused credit lines	523,641,476	464,998,977
	1,470,475,488	1,308,204,215
Securities purchased under resale agreements - at amortized cost		
Grade 1	285,200	285,200
Investment at fair value through other comprehensive income		
Grade 1	531,542,131	606,160,562
Investment at fair value through profit or loss		
Grade 1	56,468,877	41,454,514
Investments at amortized cost		
Grade 1	421,854,408	426,418,648

Below is the aging of the loan portfolio delinquency:

	December 2022		
	Global Bank Corporation	**Subsidiaries**	**Total**
Current	5,931,967,494	107,642,331	6,039,609,825
From 31 to 90 days	95,720,559	-	95,720,559
More than 90 days (principal and interest)	166,361,516	-	166,361,516
More than 30 days overdue (maturity principal)	68,274,415	-	68,274,415
Total	6,262,323,984	107,642,331	6,369,966,315

	June 2022		
	Global Bank Corporation	**Subsidiaries**	**Total**
Current	5,815,643,131	123,003,112	5,938,646,243
From 31 to 90 days	87,181,598	-	87,181,598
More than 90 days (principal and interest)	132,442,894	-	132,442,894
More than 30 days overdue (maturity principal)	62,705,426	-	62,705,426
Total	6,097,973,049	123,003,112	6,220,976,161

4.1.2 Analysis of financial instruments and their provisions in the stages of IFRS 9

Due to the analysis of the Bank's exposure to credit risk by financial asset class, the internal classification and the "stage" without taking into account the effects of any collateral or other credit enhancements, are provided in the following tables. Unless specifically stated, for financial assets, the amounts in the table represent the gross carrying value.

4.1.2.1 Loan portfolio

4.1.2.1.1 Credit quality analysis of loans by stage:

December 2022

	Stage 1	Stage 2	Stage 3	Total
Classification				
Grade 1	5,281,740,407	239,524,177	-	5,521,264,584
Grade 2	-	364,218,209	-	364,218,209
Grade 3	-	99,087,650	-	99,087,650
Grade 4	-	89,483,158	-	89,483,158
Grade 5	-	-	295,912,714	295,912,714
Gross amount	5,281,740,407	792,313,194	295,912,714	6,369,966,315
Interest receivable	93,095,383	48,740,150	14,874,781	156,710,314
Reserve for expected credit losses	(20,474,449)	(81,375,900)	(149,167,394)	(251,017,743)
Net carrying value	5,354,361,341	759,677,444	161,620,101	6,275,658,886

June 2022

	Stage 1	Stage 2	Stage 3	Total
Classification				
Grade 1	4,907,080,192	505,794,558	-	5,412,874,750
Grade 2	-	389,509,269	-	389,509,269
Grade 3	-	68,488,578	-	68,488,578
Grade 4	-	85,672,677	-	85,672,677
Grade 5	-	-	264,430,887	264,430,887
Gross amount	4,907,080,192	1,049,465,082	264,430,887	6,220,976,161
Interest receivable	80,257,278	66,741,950	11,404,876	158,404,104
Reserve for expected credit losses	(18,110,121)	(82,566,435)	(130,363,035)	(231,039,591)
Net carrying value	4,969,227,349	1,033,640,597	145,472,728	6,148,340,674

4.1.2.1.2 Movement of the allowance for expected credit losses on loans by stages

The allowance for expected credit losses related to loans at amortized cost is broken down as follows:

December 2022	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of the year	18,110,120	82,566,435	130,363,036	231,039,591
Transferred to Stage 1	31,836,033	(29,897,316)	(1,938,717)	-
Transferred to Stage 2	(3,356,326)	33,198,347	(29,842,021)	-
Transferred to Stage 3	(193,229)	(14,850,762)	15,043,991	-
Net effect of changes in reserve for expected credit losses	(28,035,874)	13,515,663	46,087,145	31,566,934
Origination of new financial assets	4,540,184	-	-	4,540,184
Settled loans	(2,426,461)	(3,156,466)	(1,565,815)	(7,148,742)
Written-off loans	-	-	(10,969,383)	(10,969,383)
Recoveries	-	-	1,989,159	1,989,159
Balance at end of the period	20,474,447	81,375,901	149,167,395	251,017,743

June 2022	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of the year	23,852,733	83,414,021	101,318,828	208,585,582
Transferred to Stage 1	57,574,537	(55,228,037)	(2,346,500)	-
Transferred to Stage 2	(10,295,759)	88,918,025	(78,622,266)	-
Transferred to Stage 3	(8,082,697)	(44,380,985)	52,463,682	-
Net effect of changes in reserve for expected credit losses	(49,688,830)	17,297,962	107,829,648	75,438,780
Origination of new financial assets	8,760,346	-	-	8,760,346
Settled loans	(4,010,210)	(7,454,551)	(13,701,886)	(25,166,647)
Written-off loans	-	-	(39,552,767)	(39,552,767)
Recoveries	-	-	2,974,297	2,974,297
Balance at end of the year	18,110,120	82,566,435	130,363,036	231,039,591

Incorporation of forward-looking information

The Bank uses prospective forward-looking information that is available without undue cost or effort in its assessment of significant increases in credit risk, as well as in its measurement of expected loss provisions. The Bank's Risk Department uses external and internal information to generate a 'base case' scenario of the future forecast of relevant economic variables along with a representative range of other possible projected scenarios. The external information used includes economic data and forecasts published by government agencies and monetary authorities. These short and medium-term projections are the fundamental basis of the forward-looking model.

The Bank applies probabilities to the identified forecast scenarios. The base case scenario is the single most likely outcome. The Bank has identified and documented credit risk and expected loss analysis and, using statistical analysis of historical data, has estimated the relationships between macroeconomic variables and credit risk and credit losses.

The relationships predicted between key indicators and default rates and loss rates have been developed based on the analysis of historical data for more than 10 years.

The effects known to Management and that can be reasonably estimated have been recognized in the condensed consolidated interim financial statements as of December 31, 2022 and June 30, 2022.

4.1.2.2 Investment portfolio

The following breakdown analyzes the Bank's investment portfolio that is exposed to credit risk and its corresponding evaluation based on the degree of international rating:

December 2022	With investment grade	Standard monitoring	Without international rating	Total
Investments at fair value through other comprehensive income	112,021,727	125,749,835	293,770,569	531,542,131
Investments at fair value through profit or loss	22,303,211	-	34,165,666	56,468,877
Investments at amortized cost	362,819,845	39,217,802	19,816,761	421,854,408
Securities purchased under resale agreements	-	-	285,200	285,200
Total	497,144,783	164,967,637	348,038,196	1,010,150,616

June 2022	With investment grade	Standard monitoring	Without international rating	Total
Investments at fair value through other comprehensive income	130,903,719	161,305,670	313,951,173	606,160,562
Investments at fair value through profit or loss	7,078,019	-	34,376,495	41,454,514
Investments at amortized cost	367,068,058	39,533,829	19,816,761	426,418,648
Securities purchased under resale agreements	-	-	285,200	285,200
Total	505,049,796	200,839,499	368,429,629	1,074,318,924

To manage the financial risk exposures of the investment portfolio, the Bank uses the rating of external rating agencies, as detailed below:

Rating grade	***External rating***
Investment rating	AAA, AA+, AA–, A+, A–, BBB+, BBB, BBB–
Standard monitoring	BB+, BB, BB–, B+, B, B–
Special monitoring	CCC a C
Default	D
Without rating	–

Below is the analysis of investments by stage:

December 2022

	Stage 1	Stage 2	Stage 3	Total
Investments at fair value through other comprehensive income	453,422,761	78,119,370	-	531,542,131
Investments at amortized cost	402,037,647	19,816,761	-	421,854,408
	855,460,408	97,936,131	-	953,396,539

June 2022

	Stage 1	Stage 2	Stage 3	Total
Investments at fair value through other comprehensive income	551,391,946	54,768,616	-	606,160,562
Investments at amortized cost	406,601,887	19,816,761	-	426,418,648
	957,993,833	74,585,377	-	1,032,579,210

The allowances for expected credit losses related to investment at fair value through other comprehensive income are as follows:

December 2022

Investments at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of the year	2,207,796	1,517,264	-	3,725,060
Transfer of 12 months during total life without credit impairment	(22,342)	22,342	-	-
Net effect of changes in reserve for expected credit losses	20,128	520,843	-	540,971
New instruments acquired	54,644	-	-	54,644
Paid investments	(239,033)	-	-	(239,033)
Balance at end of the period	2,021,193	2,060,449	-	4,081,642

June 2022

	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of the year	2,226,968	-	-	2,226,968
Transfer of 12 months during total life without credit impairment	(225,098)	225,098	-	-
Transfer of 12 months during total life with credit impairment	(2,044)	-	2,044	-
Net effect of changes in reserve for expected credit losses	419,554	1,292,166	111,085	1,822,805
New instruments acquired	462,908	-	-	462,908
Paid investments	(674,492)	-	-	(674,492)
Written-off investments	-	-	(113,129)	(113,129)
Balance at end of the year	2,207,796	1,517,264	-	3,725,060

The allowances for expected credit losses related to investment at amortized cost is detailed below:

December 2022

Investments at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of the year	147,498	1,543,806	-	1,691,304
Net effect of changes in reserve for expected credit losses	(2,037)	(9,431)	-	(11,468)
New instruments acquired	893	-	-	893
Balance at end of the period	146,354	1,534,375	-	1,680,729

June 2022

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of the year	405,466	-	-	405,466
Transfer of 12 months during total life without credit impairment	(281,943)	281,943		-
Net effect of changes in reserve for expected credit losses	19,694	1,261,863	-	1,281,557
New instruments acquired	4,281	-	-	4,281
Balance at end of the year	147,498	1,543,806	-	1,691,304

4.1.2.3 Guarantees to reduce credit risk and its financial impact

The Bank maintains guarantees to reduce credit risk and to ensure the collection of its financial assets exposed to credit risk.

The main types of guarantees taken with respect to different types of financial assets are presented below:

	Consumer				Corporate		
December 2022	**Personal**	**Credit cards**	**Vehicles**	**Mortgage**	**Commercial**	**Overdraft**	**Total loans**
Balance of loans	817,477,968	132,508,516	239,410,700	1,916,264,421	3,087,178,665	177,126,045	6,369,966,315
Guarantees	365,482,329	3,824,117	323,296,566	2,652,970,795	5,291,945,658	203,349,333	8,840,868,798
Exposure % subject to guarantee requirements	45%	3%	135%	138%	171%	115%	139%

	Consumer				Corporate		
June 2022	**Personal**	**Credit cards**	**Vehicles**	**Mortgage**	**Commercial**	**Overdraft**	**Total loans**
Balance of loans	790,744,216	130,689,684	242,534,952	1,864,102,498	3,015,155,699	177,749,112	6,220,976,161
Guarantees	356,136,088	3,334,480	328,791,181	2,586,275,613	5,374,826,530	229,590,768	8,878,954,660
Exposure % subject to guarantee requirements	45%	3%	136%	139%	178%	129%	143%

Residential mortgage loans

The table below shows the loan portfolio ratio of the mortgage portfolio in relation to the value of the collaterals ("Loan-To-Value" – LTV). The LTV is calculated as a percentage of the gross amount of the loan in relation to the value of the collateral. The gross amount of the loan excludes any impairment loss. The value of the collateral, for mortgages is based on the original value of the collateral at the date of disbursement.

	December 2022	**June 2022**
Residential mortgages loans:		
Less than 50%	132,650,863	127,383,736
51% - 70%	389,664,369	381,965,997
71% - 90%	970,154,874	950,591,800
More than 90%	423,794,315	404,160,965
Total	1,916,264,421	1,864,102,498

Time deposits placed in banks

As of December 31, 2022, time deposits were held in banks for B/.105,612,597 597 (June 2022: B/.170,735,582). Time deposits in banks are kept in local and foreign financial institutions. These institutions have local and/or international ratings, mostly with an international investment grade of at least BBB- by Fitch Ratings or Standard and Poor's, or Baa3 by Moody's.

4.1.2.4 Credit risk concentration

The Bank monitors the concentration of credit risk by sector and geographic location. The analysis of the concentration of credit risks at the date of the condensed consolidated financial interim statements is as follows:

	December 2022		
	Deposits in banks	**Loans**	**Investments**
Concentration by sector:			
Corporate	-	3,131,353,155	-
Consumer	-	3,117,018,405	-
Government	75,742,560	-	411,901,175
Other sectors	258,812,443	121,594,755	597,964,241
	334,555,003	6,369,966,315	1,009,865,416
Geographical concentration:			
Panama	137,775,147	5,954,106,461	484,880,918
Latin America and Caribbean	10,065,908	295,133,420	247,819,924
Europe, Asia and Oceania	52,538,156	120,726,434	13,737,492
United States of America	134,175,792	-	263,427,082
	334,555,003	6,369,966,315	1,009,865,416

	June 2022		
	Deposits in banks	**Loans**	**Investments**
Concentration by sector:			
Corporate	-	3,023,795,428	-
Consumer	-	3,041,969,959	-
Government	96,636,132	-	426,389,383
Other sectors	274,123,706	155,210,774	647,644,341
	370,759,838	6,220,976,161	1,074,033,724
Geographical concentration:			
Panama	135,053,634	5,892,257,762	526,854,065
Latin America and Caribbean	10,070,485	284,196,595	280,410,768
Europe, Asia and Oceania	52,671,522	44,521,804	14,003,444
United States of America	172,964,197	-	252,765,447
	370,759,838	6,220,976,161	1,074,033,724

In the concentration by sector, items from other loans are comprised to credit facilities to banks, cooperatives, insurance companies, financial companies, government, international agencies and non-for-profit organization.

The geographic concentrations of loans are based on the debtor’s location while investments are based on the issuer’s domicile.

4.2 *Liquidity or financing risk*

Liquidity risk is defined as the risk that the Bank will encounter difficulties in obtaining funds to meet its commitments or obligations on time.

The respective committees assigned by the Board of Directors periodically monitor the availability of liquid funds as the Bank is exposed to daily requirements, current accounts, maturing deposits and loan disbursements. The Bank's overall liquidity risk is managed by the Asset and Liability Committee (ALCO).

Banking Regulations in Panama require general license banks to maintain at all times a minimum balance of liquid assets, as defined in Agreement No. 4-2008 of the Superintendency of Banks of Panama, of not less than 30% of their deposits. However, as a result of the strict liquidity policies for the coverage of its liability operations, the Bank's liquidity based on this standard as of December 31, 2022 was 36.93% (June 2022: 40.60%).

The liquidity risk caused by the mismatch of maturities between assets and liabilities is measured using the liquidity gap or financial matching. In this analysis, simulations and “stress” scenarios are performed based on the difficulties that could lead to a lack of liquidity, such as: unexpected withdrawals of funds provided by creditors or clients, impairment of the quality of the loan portfolio, or volatility of funds raised, etc.

Below is the legal liquidity ratio corresponding to the margin of the net liquid assets on deposits received from the Bank’s clients at the date of the condensed consolidated interim financial statements:

	December 2022	**June 2022**
At the end of the period	**36.93%**	**40.60%**
Average for the period	37.58%	43.02%
Maximum for the period	40.42%	48.37%
Minimum for the period	35.51%	37.87%

The following table shows the undiscounted cash flows of the financial liabilities of the Bank based on their remaining maturities with respect to the contractual maturity date. The expected flows of these instruments may vary significantly as a result of this analysis:

December 2022	Carrying value	Undiscounted cash flows	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Deposits	5,288,990,284	5,505,755,199	3,811,322,369	1,119,504,688	570,844,303	4,083,839
Repurchase agreements	90,454,606	92,110,152	92,110,152	-	-	-
Obligations with financial institutions	1,520,707,064	1,635,371,054	784,703,153	564,121,633	214,039,116	72,507,152
Marketable securities	12,565,000	12,694,889	12,694,889	-	-	-
Corporate bonds	399,046,328	522,353,091	55,578,222	38,777,753	38,724,633	389,272,483
Perpetual bonds	177,894,699	236,207,303	11,960,565	23,921,129	126,839,033	73,486,576
Lease liabilities	16,258,288	21,469,210	2,922,260	4,737,534	5,302,766	8,506,650
	7,505,916,269	8,025,960,898	4,771,291,610	1,751,062,737	955,749,851	547,856,700

June 2022	Carrying value	Undiscounted cash flows	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Deposits	5,243,073,019	5,430,424,310	3,773,855,129	1,203,576,219	451,356,101	1,636,861
Repurchase agreements	93,665,393	95,197,835	95,197,835	-	-	-
Obligations with financial institutions	1,488,606,294	1,605,060,684	653,755,778	581,474,195	229,955,408	139,875,303
Marketable securities	16,595,000	16,721,924	16,721,924	-	-	-
Corporate bonds	439,235,300	579,140,092	47,120,163	75,632,849	40,371,364	416,015,716
Perpetual bonds	177,495,857	241,359,308	11,929,599	23,859,197	130,851,953	74,718,559
Lease liabilities	17,277,420	33,698,737	2,673,700	9,176,207	10,693,995	11,154,835
	7,475,948,283	8,001,602,890	4,601,254,128	1,893,718,667	863,228,821	643,401,274

To manage liquidity risk arising from financial liabilities, the Bank maintains effective liquid assets such as cash and cash equivalents and investments with an investment grade for which there is an active market. These assets can be sold easily to meet liquidity requirements. Consequently, the Bank believes that it is not necessary to disclose the maturity analysis related to these assets to enable the nature and extent of liquidity risk.

4.3 Market risk

It is the risk that the value of a financial asset will be reduced due to changes in interest rates, currency exchange rates, stock prices and other financial variables, as well as the reaction of market participants to political and economic events, whether due to latent losses or potential gains. The objective of market risk management is to manage and monitor risk exposures so that they remain within acceptable parameters and optimize risk return.

Risk management policies require compliance with limits per financial instrument and the requirement that, except by approval of the Board of Directors, substantially all assets and liabilities be expressed in U.S. dollars or balboas.

As part of market risk, the Bank is exposed to the equity risk that may arise from its available-for-sale financial instruments.

The Bank manages the market risk of its financial instruments at fair value with changes in OCI through periodic reports to the Assets and Liabilities Committee (ALCO) and the Risk Committee in which changes in the prices of each instrument are analyzed in order to take measures regarding the composition of the portfolio.

Within the investment strategy duly endorsed by the Board of Directors, exposure limits are established for individual risks, which are determined based on approvals by risk rating of the issuers of these instruments.

Additionally, within the market risk, the Bank is mainly exposed to interest rate risk.

- *Cash flow and fair value interest rate risk* - Cash flow interest rate risk and fair value interest rate risk are the risks that future cash flows and the value of a financial instrument will fluctuate due to changes in market interest rates.

The Asset and Liability Committee (ALCO) periodically reviews the exposure to interest rate risk.

The following table summarizes the Bank's exposure to interest rate risk. The Bank's assets and liabilities are included in the table at carrying value, categorized by the earlier date between the contractual repricing or maturity dates, whichever occurs first.

December 2022	Up to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate	Total
Financial assets:						
Cash and deposits	99,702,067	3,480,115	2,430,415	-	284,817,451	390,430,048
Securities purchased under resale agreement - at amortized cost	285,200	-	-	-	-	285,200
Investments at fair value through other comprehensive income	92,921,878	11,922,622	196,133,577	203,022,700	27,541,354	531,542,131
Investments at fair value through profit or loss	-	-	-	28,436,392	28,032,485	56,468,877
Investments at amortized cost	-	-	119,276,436	302,577,972	-	421,854,408
Loans	4,749,415,080	18,432,716	151,138,746	1,450,979,773	-	6,369,966,315
Total financial assets	4,942,324,225	33,835,453	468,979,174	1,985,016,837	340,391,290	7,770,546,979
Financial liabilities:						
Deposits received	2,244,533,296	975,667,953	1,532,772,043	11,878,750	524,138,242	5,288,990,284
Repurchase agreements	90,454,606	-	-	-	-	90,454,606
Obligations with financial institutions	1,179,404,985	-	101,607,779	239,694,300	-	1,520,707,064
Marketable securities	12,565,000	-	-	-	-	12,565,000
Corporate bonds	-	34,906,012	-	364,140,316	-	399,046,328
Perpetual bonds	-	-	-	177,894,699	-	177,894,699
Total financial liabilities	3,526,957,887	1,010,573,965	1,634,379,822	793,608,065	524,138,242	7,489,657,981
Commitments and contingencies	-	-	-	-	1,470,475,488	1,470,475,488
Total interest rate sensitivity	1,415,366,338	(976,738,512)	(1,165,400,648)	1,191,408,772	(183,746,952)	280,888,998

June 2022	Up to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Without interest rate	Total
Financial assets:						
Cash and deposits	168,305,167	-	2,430,415	-	251,248,411	421,983,993
Securities purchased under resale agreement - at amortized cost	-	285,200	-	-	-	285,200
Investments at fair value through other comprehensive income	156,456,940	26,816,040	194,585,999	201,422,667	26,878,916	606,160,562
Investments at fair value through profit or loss	-	-	-	28,422,444	13,032,070	41,454,514
Investments at amortized cost	-	-	98,370,617	328,048,031	-	426,418,648
Loans	4,662,160,019	15,727,520	139,516,464	1,403,572,158	-	6,220,976,161
Total financial assets	4,986,922,126	42,828,760	434,903,495	1,961,465,300	291,159,397	7,717,279,078
Financial liabilities:						
Deposits received:	2,353,749,321	811,769,865	1,530,229,281	15,799,592	531,524,960	5,243,073,019
Repurchase agreements	61,705,325	31,960,068	-	-	-	93,665,393
Obligations with financial institutions	1,207,329,239	6,771,903	146,066,183	128,438,969	-	1,488,606,294
Marketable securities	13,575,000	3,020,000	-	-	-	16,595,000
Corporate bonds	24,799,551	-	34,837,907	379,597,842	-	439,235,300
Perpetual bonds	-	-	-	177,495,857	-	177,495,857
Total financial liabilities	3,661,158,436	853,521,836	1,711,133,371	701,332,260	531,524,960	7,458,670,863
Commitments and contingencies	-	-	-	-	1,308,204,215	1,308,204,215
Total interest rate sensitivity	1,325,763,690	(810,693,076)	(1,276,229,876)	1,260,133,040	(240,365,563)	258,608,215

To assess the interest rate risks and impact on the fair value of the assets and liabilities, the Bank performs simulations to determine the sensitivity of assets and liabilities.

Management's monthly analysis is to determine the net impact on the financial instruments subject to market risk, taking into account the specific effects caused by increases and decreases of 100 basis points in interest rates. The results of these simulations are presented monthly in the asset liability committee (ALCO) to determine if the financial instruments of the portfolio are within acceptable risk parameters by management.

An analysis of the Bank's sensitivity is performed to determine the impact on assets and liabilities of the increases or decreases in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position is presented as follows:

December 2022	Increase 100bps	Decrease 100bps
Investment securities	(52,352,350)	60,568,141
Loans	(21,072,312)	22,555,305
Time deposits	45,380,150	(46,911,201)
Obligations with financial institutions	18,462,491	(19,193,521)
Marketable securities	26,509	(26,609)
Corporate bonds	19,232,293	(20,417,377)
Perpetual bonds	2,541,411	(2,596,340)
Net impact	12,218,192	(6,021,602)

June 2022	Increase 100bps	Decrease 100bps
Investment securities	(57,684,546)	67,154,777
Loans	(20,279,308)	21,703,116
Time deposits	42,556,001	(43,624,115)
Obligations with financial institutions	22,512,456	(23,525,223)
Marketable securities	72,166	(72,609)
Corporate bonds	22,439,592	(23,962,459)
Perpetual bonds	2,892,087	(2,968,070)
Net impact	12,508,448	(5,294,583)

4.4 Operational risk

This is the risk of potential losses, direct or indirect, related to the Bank’s processes, personnel, technology and infrastructure, and external factors that are not related to credit, market and liquidity risks, such as those arising from legal and regulatory requirements and the behavior of generally accepted corporate standards.

The Bank's objective is to manage operational risk, seeking to avoid financial losses and damage to the Bank's reputation.

The Bank has established a comprehensive risk management and administration policy approved by the Risk Committee, the General Management and the Audit Committee of the Bank's Board of Directors. The Risk Committee measures liquidity risk, market risk, credit risk and operational risk.

The operational risk management structure has been developed to provide a segregation of responsibilities between owners, executors, control areas and areas responsible for ensuring compliance with policies and procedures. The Bank's business and service units take an active role in identifying, measuring, controlling and monitoring operational risks and are responsible for understanding and managing these risks within their daily activities.

The implementation of this risk management structure has implied that the Bank has adopted a risk-based business process evaluation methodology, which consists of identifying the key areas and processes in relation to the strategic objectives, identifying risks inherent to the business and diagramming the process cycle to identify risks and mitigating controls. This is supported by technological tools that allow us to document, quantify and monitor the risks identified in the different processes through risk matrices. The internal audit department, through its programs, ensures compliance with the procedures and controls identified and, together with the risk management department, monitors the severity of the risks. The main objective of this methodology is to add maximum value to each of the organization's activities, reducing the possibility of failures and losses.

In order to establish this methodology, the Bank has allocated resources to strengthen internal control and organizational structure, allowing independence between the business, risk control and registration areas. This includes a proper functional operational segregation in the recording, reconciliation and transactional authorization, which is documented through defined policies, processes and procedures that include control and security standards.

In relation to human resources, the existing policies for hiring, evaluation and retention of personnel have been reinforced, thus achieving a highly qualified and experienced professional staff, which has to comply with various induction processes in the different positions, training plans and a certification of understanding and acceptance of the policies of conduct and business standards established in the Bank's Code of Ethics.

The Bank has made a significant investment in the adaptation of the technological platform in order to be more efficient in the different business processes and reduce risk profiles. To this end, security policies have been reinforced and a technological risk management policy has been established. On the other hand, we are working on a contingency plan to reproduce online the Bank's main information applications in the event of an interruption.

4.5 Insurance risk

The risk inherent in the insurance contract involves the possibility of occurrence of a sudden, unforeseeable, fortuitous event, independent of the will of the insured, and which results in a claim by the insured resulting in the reduction of an asset or the establishment of a liability.

The Bank's primary risk under its insurance contracts is that actual claims benefit and loss payments or occurrence will differ from expectations. This risk is influenced by the frequency of claims, benefits and actual claims paid, the development of long duration or heavy tail claims, as well as claims for catastrophic events where a large part of the internal and reinsurance portfolio is affected.

The portfolio of insurance contracts is managed mainly under a strict underwriting policy based on diversification and analysis of risk concentration, application of rates, conservative practices in long and short term investments and retention policies through reinsurance contracts. These reinsurance agreements include “stop loss”, excess of loss and catastrophe contracts in each of the lines of business in which it operates. The contracts in force allow for the acquisition of additional coverage, if required, upon the occurrence of a significant event. However, the main risk is that current claims and benefit payments to policyholders may exceed the present value of accrued liabilities due to the frequency and/or severity of events. To mitigate this risk, the Bank adopts policies of reasonable estimates and through evaluations assisted by statistical techniques and actuarial calculations.

4.6 Capital management

As of December 31, 2022, the Bank analyzes its regulatory capital applying the standards of the Superintendency of Banks of Panama based on the new agreements, Agreement 1-2015 of February 3, 2015 and Agreement 3-2016 of March 22, 2016, which modified Agreement 5-2008 of October 1, 2008 that established the standards to determine the weighted assets by credit risk and counterparty risk and the new agreements, Agreements 11-2018 of September 11, 2018, modified by Agreement 3-2019 of April 30, 2019, by means of which new provisions on Operating Risk are established. Also, Agreement 2-2018 of January 23, 2018, by means of which the Superintendency of Banks has determined to take into consideration other risks to determine the capital adequacy index, among which are market risk, operating risk and country risk, to value the capital funds requirement.

As a consequence of the global health pandemic effects of COVID-19 decreed by the World Health Organization (WHO), the need and convenience of establishing temporary special measures such as the validity of the appraisal reports used for the constitution of guarantees on movable and immovable property has been made evident through General Resolution SBP-GJD-0004-2020 of the Board of Directors. In addition, for the purposes of Article 2 of Agreement No. 3-2016, all risk assets classified in categories 7 and 8, whose weighting is 125% and 150% respectively, will be temporarily weighted as part of category 6, whose weighting is 100% through the Board of Directors' General Resolution SBP-GJD-0005-2020.

The Banking Law in Panama requires that general license banks maintain a minimum paid-in capital of B/.10,000,000 and an equity of at least 8% of their weighted assets, including financial instruments outside the condensed consolidated statement of financial position. For these purposes, assets must be considered net of their respective provisions or reserves and with the weightings indicated in the Agreement of the Superintendency of Banks of Panama.

As established in the regulatory framework, capital requirements are measured as follows:

- *Primary capital* - Which is comprised of common stockholders' equity and secondary primary capital. Common stockholders' equity comprises paid-in capital, disclosed reserves, other comprehensive income and retained earnings. Paid-in capital is common stock and non-cumulative perpetual preferred stock issued and fully paid. Reported reserves are those identified as such by the Bank from accumulated earnings on its books to strengthen its financial position. Additional primary capital comprises financial instruments that are perpetual, which means, that have no maturity date.

  Retained earnings are undistributed earnings for the period and for prior periods.

- *Secondary capital* – Comprises hybrid equity and debt instruments, subordinated term debt, general loss reserves, undisclosed reserves and asset revaluation reserves. General loss reserves are created voluntarily by the Bank's Management to cover losses that have not yet been identified; undisclosed reserves are those created as part of after-tax income and are available to absorb unforeseen future losses and are not encumbered by any liability. The Bank's asset revaluation reserves are established as a result of any revaluation of the Bank's assets.

- *Dynamic provision -* As defined in Agreement No. 4-2013.

In order to calculate the amount of capital funds of a general license bank, the following deductions must be taken into account, which will be made on a quarterly basis:

- Unconsolidated capital allocated to foreign branches.
- Unconsolidated paid-in capital of the Bank's subsidiaries.
- Paid-in capital of non-banking subsidiaries. The deduction will include the balances recorded in assets for the higher value paid - with respect to the book value - in permanent investments in companies in the country and abroad.
- Asset items corresponding to expenses or other items, which according to generally accepted accounting principles and International Accounting Standards correspond to overvaluations or various forms of unrecognized losses, as well as losses incurred at any time during the year.

The Bank maintains a regulatory capital position composed, as follows:

	December 2022	June 2022
Primary capital (Tier 1)		
Paid in share capital	270,202,657	270,202,657
Excess paid in capital	2,017,297	1,974,519
Declared reserves	43,732,993	43,269,167
Retained earnings	392,133,315	380,419,123
Other items of the comprehensive income	(40,242,920)	(37,694,923)
Dynamic reserve	87,863,198	87,863,198
Sub total	755,706,540	746,033,741
Less: Regulatory adjustments to the calculation of the ordinary primary capital		
Goodwill	(92,014,817)	(92,014,817)
Other intangible assets	(18,603,120)	(19,374,790)
Assets from deferred taxes	(1,441,971)	-
Total primary capital fund	643,646,632	634,644,134
Perpetual bonds	177,894,699	177,495,857
Total additional primary capital fund	177,894,699	177,495,857
Total capital fund	821,541,331	812,139,991
Credit risk-weighted assets	5,460,408,422	5,133,890,220
Assets weighted by market risk	50,791,788	52,269,781
Assets weighted by operating risk	205,514,718	189,190,408
Total risk-weighted assets	5,716,714,928	5,375,350,409
Capital ratios		
Total regulatory capital expressed as a percentage of risk-weighted assets	14.37%	15.11%
Tier 1 total expressed as a percentage of risk-weighted assets	14.37%	15.11%

The following is the composition of the calculation of market risk weighted assets based on asset type:

	Assets weighted by market risk	
	December 2022	**June 2022**
Category		
Fixed income	161,409	317,806
Variable income	50,630,379	51,951,975
Assets weighted by market risk	50,791,788	52,269,781

5. Accounting estimates, critical judgments, and contingencies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are periodically assessed and based on the historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

Judgments

In the process of applying the Bank's accounting policies, Management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Significant increase in credit risk: For Stage 1 assets, expected losses are measured as a provision equal to the expected credit losses for 12 months, or the expected losses during the term for Stage 2 assets or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has increased significantly, the Bank takes into account reasonable and supported forward-looking qualitative and quantitative information.

(b) Establishing the number and relative weights of prospective scenarios and determining the relevant prospective information for each scenario: When measuring ECLs, the Bank uses reasonable and supportive prospective information, which is based on assumptions for the future movement of different economic forecasts and how those forecasts will affect each other. See Note 4.2.2.1.2 for further details.

(c) Models and assumptions used: The Bank uses various models and assumptions in measuring the fair value of financial assets, as well as in estimating expected credit losses. The judgment is applied in the identification of the most appropriate model for each type of asset, as well as to determine the assumptions used in those models, including the assumptions that relate to the key credit risk indicators.

(d) Allowance for expected credit losses – When determining the allowance for expected credit, Management's judgment is required to evaluate the amount and timing of future cash flows in order to determine whether the credit risk has increased significantly from initial recognition, taking into account loan characteristics and default patterns in the past for similar financial instruments.

The changes in the risk of default that occur in the next 12 months may be a reasonable approximation of the changes in the risk measured according to the life of the instrument. The Bank uses the changes in the risk of default that occur in the next 12 months to determine if the credit risk has increased significantly since initial recognition, unless the circumstances indicate that an assessment of the life of the instrument is necessary.

(e) Impairment losses on loans at amortized cost - The Bank reviews its individually significant loans on each date of the consolidated statement of financial position to assess whether an impairment loss should be recorded in the consolidated statement of profit or loss. In particular, Management's judgment in estimating the amount and future cash flows is required to determine the impairment loss. These estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes in the provision. Loans that have been individually assessed (and are not impaired) are evaluated together with other non-significant loans in groups of assets with similar risk characteristics. This is done to determine whether it is convenient to establish reserves due to loss events incurred for which there is objective evidence, but whose effects are not yet evident. The collective assessment takes into account the loan portfolio data (such as delinquency levels, credit utilization, loan-guarantee relationships, etc.), and judgments on the effect of risk concentration and economic data (including unemployment levels, consumer price indexes, country risk and the performance of different individual groups).

(f) In measuring goodwill impairment, the Bank uses the value in use, whose main inputs are the Bank's financial projections. The budgets include income forecasts, interest costs, provisions and general expenses based on current and anticipated market conditions that have been considered and approved by the Board of Directors. While the Bank has made the projections with the best evidence at the balance sheet date and applying its judgment to future forecasts, the projections are inherently uncertain due to the uncertainty in the economy. The key assumptions to determine recoverable value are disclosed in Note 13.

(g) Fair value and valuation processes of financial instruments – The Bank measures fair value using hierarchy levels that reflect the meaning of data inputs used in the measures. In order to determine fair value, the Bank has established a documented process and policies that assigns responsibilities and the segregation of duties among the different areas responsible involved in this process, which has been approved by the Assets and Liabilities Committee (ALCO), the Risk Committee, and the Board of Directors.

When the Bank uses or contracts third parties as pricing agents to determine the fair value of the instruments, this control unit assesses and documents the evidence obtained from these third parties that support the conclusion that such valuations meet IFRS requirements. This review includes:

- Verifying that the pricing agents have been approved by the Bank;
- Obtaining an understanding of how the fair value was determined and if it reflects current market transactions.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the information included in such valuation techniques is observable or unobservable. Observable information reflects market data obtained from independent sources; the non-observable information reflects the Bank's market assumptions. These two types of information have created the following fair value hierarchy:

Level 1: Inputs that are listed market prices (unadjusted) in active markets for identical assets and liabilities to those that the entity can access on the measurement date.

Level 2: Prices listed in active markets for similar financial instruments or use of a valuation technique where all variables are obtained from observable market information for the assets or liabilities either directly or indirectly. In some cases, the Bank uses benchmark information from active markets for similar instruments, and in other instances, it employs discounted flow techniques where all variables and inputs from the model are obtained from observable market information.

Level 3: When inputs are not available and the fair value is required through a valuation model, the Bank relies on entities engaged in the valuation of equity instruments or of the asset management entities or liabilities in question. The models used to determine the fair value are usually through discount of flows or valuations that use historical market observations.

Fair value of financial assets and financial liabilities measured at fair value on a recurring basis at the end of the year as of December 22, 2022 and June 30, 2022

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	Fair value				Fair value hierarchy	Valuation technique(s) and key data inputs	Significant unobservable input data	Relationship between unobservable input data and fair value
	FVTOCI		FVTPL					
	December 2022	June 2022	December 2022	June 2022				
Investments at fair value:								
Shares issued by companies -domestic	7,524,486	7,065,742	4,934,806	5,145,636	Level 2	Observable market prices in non-active markets.	N/A	N/A
Shares issued by companies - domestic	591,699	490,850	-	-	Level 3	Share prices in non-liquid marakets.	Calibration prices and calibration date	If unobservable data increases, the fair value of the instruments will decrease.
Shares issued by companies - foreign	481,478	433,107	2,713,248	2,695,575	Level 1	Observable market prices in active markets.	N/A	N/A
Shares issued by companies - foreign not listed in stock exchange	95,916	-	15,193,572	-	Level 2	Net asset value.	N/A	N/A
Shares issued by companies - foreign not listed in stock exchange	35,404	31,340	-	-	Level 3	Share prices in non-liquid marakets.	Calibration prices and calibration date	If unobservable data increases, the fair value of the instruments will decrease.
Private debt securities - domestic	8,839,980	23,705,170	-	-	Level 1	Observable market prices in active markets.	N/A	N/A
Private debt securities - domestic	21,056,697	65,092,216	-	-	Level 2	Observable market prices in non-active markets.	N/A	N/A
Private debt securities - domestic	207,584,843	186,273,413	-	-	Level 3	Bond prices in non-liquid markets.	Calibration prices and calibration date	If unobservable data increases, the fair value of the instruments will decrease.
Private debt securities - foreign	216,718,368	244,144,734	4,396,392	4,382,444	Level 1	Observable market prices in active markets.	N/A	N/A
Government debt securities - domestic	11,371,310	21,387,601	-	-	Level 1	Observable market prices in active markets.	N/A	N/A
Government debt securities - domestic not listed in stock exchange	358,467	536,819	-	-	Level 3	Bond prices in non-liquid markets.	Calibration prices and calibration date	If unobservable data increases, the fair value of the instruments will decrease.
Shares issued by domestic companies, not listed in stock exchange	18,812,371	18,812,370	5,190,859	5,190,859	Level 3	Price per share, adjusted for the fair value of the issuer's properties.	Growth in issuer's assets, liabilities, equity and profit.	If growth increases, the price increases and viceversa.
Private debt securities - domestic not listed in stock exchange	-	-	24,040,000	24,040,000	Level 3	Net present value	CMS data. Cash flows	If unobservable data deteriorates, the fair value of the instrument will be lower.
Private debt securities - domestic not listed in stock exchange	38,071,112	38,187,200	-	-	Level 3	Discounted cash flows	Discount rate	If the discount rate is higher than the cash flows, the fair value of the instrument will be lower.
Total investments at fair value	531,542,131	606,160,562	56,468,877	41,454,514				
Derivative financial instruments:								
Interest rate and currency swaps - Fair value	10,820,580	9,491,336	-	-	Level 2	Present value. The valuation of an interest rate swap is achieved by adding the present value of all expected swap flows, and then applying a credit adjustment.	N/A	N/A
Total derivative financial instruments	10,820,580	9,491,336	-	-				

The Bank considers that its valuation methodologies for Level 3 investments are appropriate. However, the use of different estimates of unobservable inputs could give different results as to the fair value of such investments. For investments classified as Level 3, valued by the Bank, adjustments in the credit margin in the case of fixed income (+100 bps and - 100 bps) would result in the following favorable and unfavorable impacts on the Bank's equity.

	December 2022 Investments at fair value through other comprehensive income	
	Effect on equity	
	Favorable	(Unfavorable)
Fixed income instruments	10,312,303	(9,747,061)

	June 2022 Investments at fair value through other comprehensive income	
	Effect on equity	
	Favorable	(Unfavorable)
Fixed income instruments	10,767,504	(10,126,075)

Fair value of financial assets and liabilities of the Bank not measured at fair value on a recurring basis (but require fair value disclosures) at the end of the period

The carrying value of main assets and liabilities not measured at fair value in the Bank's consolidated statement of financial position is summarized as follows:

	December 2022		June 2022	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and deposits in banks	284,817,451	284,817,451	251,248,411	251,248,411
Time deposits	105,612,597	105,612,597	170,735,582	170,735,582
Securities purchased under resale agreements at amortized cost	285,200	285,200	285,200	285,200
Investments at amortized cost	421,854,408	358,711,855	426,418,648	376,663,165
Loans	6,107,480,290	6,186,597,833	5,979,818,057	6,073,533,508
Total financial assets	6,920,049,946	6,936,024,936	6,828,505,898	6,872,465,866
Liabilities				
Demand deposits	524,138,242	524,138,242	531,524,960	531,524,960
Savings deposits	1,211,705,661	1,211,705,661	1,277,234,887	1,277,234,887
Time deposits	3,553,146,381	3,584,835,388	3,434,313,172	3,492,814,634
Securities sold under repurchase agreements	90,454,606	90,454,606	93,665,393	93,665,393
Obligations with financial institutions	1,520,707,064	1,548,898,210	1,488,606,294	1,526,983,616
Marketable securities	12,565,000	12,626,778	16,595,000	16,566,596
Corporate bonds	399,046,328	368,021,003	439,235,300	418,762,746
Perpetual bonds	177,894,699	178,226,034	177,495,857	177,255,310
Total financial liabilities	7,489,657,981	7,518,905,922	7,458,670,863	7,534,808,142

	Fair value hierarchy December 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and deposits in banks	284,817,451	-	284,817,451	-
Time deposits	105,612,597	-	105,612,597	-
Securities purchased under resale agreements - at amortized cost	285,200	-	285,200	-
Investments at amortized cost	358,711,855	339,920,223	-	18,791,632
Loans	6,186,597,833	-	-	6,186,597,833
Total financial assets	6,936,024,936	339,920,223	390,715,248	6,205,389,465
Liabilities				
Demand deposits	524,138,242	-	524,138,242	-
Savings deposits	1,211,705,661	-	1,211,705,661	-
Time deposits	3,584,835,388	-	3,584,835,388	-
Securities sold under repurchase agreements	90,454,606	-	90,454,606	-
Obligations with financial institutions	1,548,898,210	-	1,548,898,210	-
Marketable securities	12,626,778	-	12,626,778	-
Corporate bonds	368,021,003	333,021,003	-	35,000,000
Perpetual bonds	178,226,034	-	155,831,034	22,395,000
Total financial liabilities	7,518,905,922	333,021,003	7,128,489,919	57,395,000

	Fair value hierarchy June 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and deposits in banks	251,248,411	-	251,248,411	-
Time deposits	170,735,582	-	170,735,582	-
Securities purchased under resale agreements - at amortized cost	285,200	-	285,200	-
Investments at amortized cost	376,663,165	358,600,187	-	18,062,978
Loans	6,073,533,508	-	-	6,073,533,508
Total financial assets	6,872,465,866	358,600,187	422,269,193	6,091,596,486
Liabilities				
Demand deposits	531,524,960	-	531,524,960	-
Savings deposits	1,277,234,887	-	1,277,234,887	-
Time deposits	3,492,814,634	-	3,492,814,634	-
Securities sold under repurchase agreements	93,665,393	-	93,665,393	-
Obligations with financial institutions	1,526,983,616	-	1,526,983,616	-
Marketable securities	16,566,596	-	16,566,596	-
Corporate bonds	418,762,746	358,941,746	24,821,000	35,000,000

The fair values of financial assets and liabilities included in Level 2 and Level 3 as shown above have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The fair value of interbank and client deposits is estimated using the discounted cash flow technique, by applying rates offered for deposits with similar terms and maturities. The fair value for demand deposits is the amount payable at the date of the consolidated financial statements.

The movement of investments at fair value through other comprehensive income and investments at fair value through profit or loss in Level 3 is as follows:

	Investments at fair value through other comprehensive income		Investments at fair value through profit or loss	
	December 2022	June 2022	December 2022	June 2022
Balance at beginning of the year	244,331,992	254,349,646	29,230,859	28,904,577
Additions	-	29,624,774	-	-
Reclassifications from Level 2 to Level 3	39,517,909	21,794,884	-	-
Reclassifications from Level 3 to Level 2	(12,000)	(26,914,747)	-	-
Net changes in securities	(6,540,350)	(13,489,764)	-	326,282
Redemptions, amortizations and write-offs	(11,843,655)	(21,032,801)	-	-
Balance at end of the period	265,453,896	244,331,992	29,230,859	29,230,859

As of December 31, 2022, investments at fair value through other comprehensive income in Level 3 did not affect the Bank's results.

The total unrealized gain or loss for fair value investments through other comprehensive income classified as Level 3 as of December 31, 2022, is for B/.20,690,848 (June 2022: B/.14,150,498).

As of December 31, 2022, reclassifications between Level 2 and Level 3 investments in domestic corporate bonds occurred as a result of observed activity in the securities market in which they are listed.

6. Balances and transactions with related parties

A summary of balances and transactions with related parties included in the consolidated financial statements is as follows:

	December 2022	June 2022
Transactions with related companies		
Consolidated statement of financial position		
Assets		
Investments at fair value through other comprehensive income	16,569,306	22,500,372
Investments at fair value through profit or loss	9,458,910	9,672,459
Loans	76,986,659	68,415,730
Accrued interest receivable	4,162,512	2,301,590
Other assets	101,514,629	83,899,254
Liabilities		
Client deposits:		
Demand	31,348,673	33,217,837
Savings	3,219,830	4,400,337
Time	55,645,889	57,479,258
Accrued interest payable	704,643	167,249
Commitments and contingencies	10,984,128	39,134,056

Consolidated statement of profit or loss

	December 2022	December 2021
Income and expenses		
Interest and dividend income	1,462,048	1,591,812
Interest expenses	632,702	1,379,507

	December 2022	June 2022
Transactions with directors and key management personnel		
Consolidated statement of financial position		
Assets		
Loans	14,764,411	13,945,053
Accrued interest receivable	70,826	69,775
Liabilities		
Client deposits:		
Demand	1,449,214	1,404,401
Savings	13,877,503	12,793,758
Time	42,302,219	47,321,530
Accumulated interest payable	485,428	122,508
Commitments and contingencies	723,152	637,763

Consolidated statement of profit and loss	December 2022	December 2021
Income and expenses		
Interest income	322,038	292,617
Interest expenses	412,497	668,197
Benefits of key Management personnel		
Salaries	3,039,169	3,016,637
Profit sharing	1,407,667	-
Share option plan for employees	235,398	128,350
Allowances for Directors	441,310	435,150
	5,123,544	3,580,137

As of December 31, 2022, collaterals guaranteeing loans to related parties amounted to B/.133,460,272 (June 2022: B/.127,071,808), which correspond to property, furniture, and securities.

As of December 31, 2022, no loans with related parties show evidence of impairment. As of December 31, 2022, loans with related parties have maturities between January 2023 and June 2052 and annual interest rates ranging between 2.75% and 8.00% (June 2022: maturities between July 2022 and April 2052 and annual interest rates ranging between 2.75% and 7.25%).

7. Cash and cash equivalents

	December 2022	June 2022
Cash and cash equivalents	55,875,045	51,224,155
Demand deposits	228,942,406	200,024,256
Time deposits	105,612,597	170,735,582
	390,430,048	421,983,993
Interest receivable	275,723	179,238
Cash and bank deposits	390,705,771	422,163,231
Less:		
Interest receivable	(275,723)	(179,238)
Restricted time deposits	(2,923,277)	(4,227,529)
Time deposits with original maturities greater than 90 days	(3,680,414)	(2,430,414)
Cash and cash equivalents for purposes of the consolidated statement of cash flows	383,826,357	415,326,050

As of December 31, 2022, there are time deposits with original maturities greater than 90 days for B/.3,680,414 (June 2022: B/.2,430,414). In addition, there are restricted time deposits for B/.2,923,277 (June 2022: B/.4,227,529), which guarantee financial obligations.

8. Securities purchased under resale agreements

As of December 31, 2022, securities purchased under resale agreements for B/.285,200 (June 2022: B/.285,200) with maturities in May and June 2023 (June 2022: with maturity on May and June 2023), are guaranteed by corporate shares and bonds of companies listed in the Panama Stock Exchange.

9. Investments in securities, net

The breakdown of investments in securities is as follows:

	December 2022	June 2022
Investments at fair value through other comprehensive income	531,542,131	606,160,562
Investments at fair value through profit or loss	56,468,877	41,454,514
Investments at amortized cost	421,854,408	426,418,648
Interest receivable	6,550,735	6,862,521
Allowance for impairment of investments at amortized cost	(1,680,729)	(1,691,304)
Investments in securities, net	1,014,735,422	1,079,204,941

9.1 Securities at fair value through other comprehensive income

	December 2022	June 2022
Securities listed in stock exchange:		
Shares issued by companies - domestic	8,116,185	7,556,592
Shares issued by companies - foreign	481,478	433,107
Private debt securities - domestic	237,481,520	275,070,799
Private debt securities - foreign	216,718,368	244,144,734
Government debt securities - domestic	11,371,310	21,387,601
	474,168,861	548,592,833
Securities not listed in stock exchange:		
Shares issued by companies - domestic	18,812,371	18,812,370
Shares issued by companies - foreign	131,320	31,340
Private debt securities - domestic	38,071,112	38,187,200
Government debt securities - domestic	358,467	536,819
	57,373,270	57,567,729
	531,542,131	606,160,562

The annual interest rates accruing on investments at fair value through other comprehensive income ranged from 2.50% and 9.375%. (June 2022: 1.00% and 9.375%).

As of December 31, 2022, there are investments at fair value through other comprehensive income for B/.127,344,694 (June 2022: B/.109,470,267), which guarantee obligations with financial institutions. (See Note 16). In addition, as of December 31, 2022, there are investments at fair value through other comprehensive income for B/.64,862,806 (June 2022: B/.56,280,642), which guarantee repurchase agreements. (See Note 15).

As of December 31, 2022, the Bank sold and redeemed investments for B/.179,718,189 (June 2022: B/.438,213,712) and, as a result, recorded a profit of B/.188,213 (December 2021: B/.816,577), which is included in the consolidated statement of profit or loss.

9.2 Securities at fair value through profit or loss

Securities at fair value through profit or loss are shown below:

	December 2022	June 2022
Securities listed in the stock exchange:		
Shares issued by companies - domestic	4,934,806	5,145,636
Shares issued by companies - foreign	2,713,248	2,695,575
Private debt securities - foreign	4,396,392	4,382,444
	12,044,446	12,223,655
Securities not listed in the stock exchange:		
Shares issued by companies - domestic	5,190,859	5,190,859
Shares issued by companies - foreign	15,193,572	-
Private debt securities - domestic	24,040,000	24,040,000
	44,424,431	29,230,859
	56,468,877	41,454,514

As of December 31, 2022, sales of investments at fair value through profit or loss were made with a loss of B/.2,255.

9.3 Securities at amortized cost

	December 2022		June 2022	
	Carrying value	Fair value	Carrying value	Fair value
Securities listed in the stock excahange:				
Private debt securities - foreign	5,893,550	4,530,270	6,102,723	5,009,900
Government debt securities - domestic	116,687,527	106,566,692	111,109,428	104,098,185
Government debt securities - foreign	279,456,570	228,823,261	289,389,736	249,492,102
	402,037,647	339,920,223	406,601,887	358,600,187
Securities not listed in the stock excahange:				
Private debt securities - domestic	19,816,761	18,791,632	19,816,761	18,062,978
	19,816,761	18,791,632	19,816,761	18,062,978
	421,854,408	358,711,855	426,418,648	376,663,165

As of December 31, 2022, the annual interest rate earned by securities at amortized cost ranges between 1.00% and 9.375% (June 2022: 1.00% and 8.875%).

As of December 31, 2022, there are securities at amortized cost for B/.29,271,100 (June 2022: B/.19,793,200), which guarantee obligations with financial institutions. (See Note 16). In addition, as of December 31, 2022, there are investments at amortized cost for B/.42,555,180 (June 2022: B/.47,176,727) that guarantee repurchase agreements. (See Note 15).

10. Loans, net

	December 2022			June 2022		
	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount
Domestic sector:						
Consumer	1,148,336,997	(58,786,221)	1,089,550,776	1,123,293,243	(63,253,413)	1,060,039,830
Commercial	1,348,405,138	(95,470,026)	1,252,935,112	1,363,212,307	(66,926,988)	1,296,285,319
Agricultural	360,347,095	(15,323,741)	345,023,354	351,830,019	(12,341,438)	339,488,581
Pledge	118,423,161	(7,534)	118,415,627	106,519,182	(1,348)	106,517,834
Overdrafts	130,600,468	(6,168,942)	124,431,526	126,833,042	(7,274,871)	119,558,171
Mortgages	1,916,264,421	(20,825,463)	1,895,438,958	1,864,102,498	(38,629,365)	1,825,473,133
Industrial	267,619,904	(6,456,497)	261,163,407	271,084,022	(2,569,663)	268,514,359
Construction	405,290,448	(28,417,448)	376,873,000	418,091,228	(20,991,923)	397,099,305
Financial leasings	38,441,100	(1,484,530)	36,956,570	35,758,629	(1,446,753)	34,311,876
Factoring	220,377,729	(9,518,766)	210,858,963	231,533,592	(9,807,995)	221,725,597
Total domestic sector	5,954,106,461	(242,459,168)	5,711,647,293	5,892,257,762	(223,243,757)	5,669,014,005
Foreign sector:						
Commercial	274,179,847	(1,728,664)	272,451,183	223,156,994	(1,669,237)	221,487,757
Industrial	84,288,138	(6,021,422)	78,266,716	42,410,045	(5,968,058)	36,441,987
Construction	1,396,270	(664,252)	732,018	1,265,268	(691)	1,264,577
Pledge	9,470,022	-	9,470,022	10,970,022	-	10,970,022
Overdrafts	46,525,577	(144,237)	46,381,340	50,916,070	(157,848)	50,758,222
Total foreign sector	415,859,854	(8,558,575)	407,301,279	328,718,399	(7,795,834)	320,922,565
	6,369,966,315	(251,017,743)	6,118,948,572	6,220,976,161	(231,039,591)	5,989,936,570
Plus: Interest receivable			156,710,314			158,404,104
Less: Discounted unearned Interest and commissions			(11,468,282)			(10,118,513)
Total			6,264,190,604			6,138,222,161

As of December 31, 2022, the loan portfolio accrued interest at a rate ranging from 0.09% to 25.99% (June 2022: 0.75% to 25.99%).

As of December 31, 2022, there are loans that guarantee corporate bonds for a total of B/.123,927,185 (June 2022: B/.129,803,846). (See Note 18).

The classification of the loan portfolio by type of interest is as follows:

	December 2022	June 2022
Fixed rate	816,230,546	804,889,852
Adjustable rate	5,382,997,326	5,260,801,086
Floating rate (Libor or Prime)	170,738,443	155,285,223
	6,369,966,315	6,220,976,161

Financial leasing

The balance of net financial leases and the maturity profile of minimum payments is summarized as follows:

	December 2022	June 2022
Up to 1 year	4,331,343	4,420,616
1 to 5 years	34,109,757	31,338,013
Total	38,441,100	35,758,629
Less: unearned interest	(4,777,952)	(4,275,182)
Total financial leasings, net	33,663,148	31,483,447

Restructured loans

Restructuring activities include payment agreements, approved external management plans and modification of the payment plan. Restructuring policies and practices are based on indicators or criteria which, in Management's view, indicate that the payment will most likely continue. These policies are reviewed constantly.

As of December 31, 2022, restructured loans that would otherwise be overdue or impaired, totaled B/.103,714,558 (June 2022: B/.100,364,155).

	December 2022	June 2022
Consumer:		
Personal loans	19,846,089	17,677,422
Mortgage	37,577,466	35,670,280
Corporate:		
Commercial	46,291,003	47,016,453
Total	103,714,558	100,364,155

11. Property, plant, equipment, and improvements

	December 2022							
	Land	Property	Furniture and office equipment	Computer equipment	Vehicles	Leasehold improvements	Projects in progress	Total
Cost:								
At the beginning of the year	16,203,604	145,386,134	34,628,450	90,426,217	3,116,163	14,338,793	25,157,505	329,256,866
Additions or purchases	-	-	35,706	331,175	55,000	1,600	5,350,782	5,774,263
Reclassifications	-	691,823	323,909	6,733,331	-	-	(7,749,063)	-
Sales and write-offs	(1,850,961)	(369,996)	(109,669)	(161,293)	(183,087)	(1,369,612)	-	(4,044,618)
At the end of the year	14,352,643	145,707,961	34,878,396	97,329,430	2,988,076	12,970,781	22,759,224	330,986,511
Accumulated depreciation and amortization:								
At the beginning of the year	-	30,139,952	29,636,754	61,854,532	2,230,619	7,635,359	-	131,497,216
Expense for the period	-	2,040,572	1,158,539	3,582,934	199,251	459,683	-	7,440,979
Sales and write-offs	-	(71,234)	(116,878)	(145,021)	(182,163)	(1,369,613)	-	(1,884,909)
At the end of the period	-	32,109,290	30,678,415	65,292,445	2,247,707	6,725,429	-	137,053,286
Net balances	14,352,643	113,598,671	4,199,981	32,036,985	740,369	6,245,352	22,759,224	193,933,225

	June 2022							
	Land	Property	Furniture and office equipment	Computer equipment	Vehicles	Leasehold improvements	Projects in progress	Total
Cost:								
At the beginning of the year	13,003,604	139,704,947	33,785,297	88,568,905	3,339,374	14,004,967	20,873,115	313,280,209
Additions or purchases	3,200,000	9,412	135,183	788,537	370,400	-	14,534,655	19,038,187
Reclassifications	-	6,223,946	1,125,481	2,119,880	128,000	652,958	(10,250,265)	-
Sales and write-offs	-	(552,171)	(417,511)	(1,051,105)	(721,611)	(319,132)	-	(3,061,530)
At the end of the year	16,203,604	145,386,134	34,628,450	90,426,217	3,116,163	14,338,793	25,157,505	329,256,866
Accumulated depreciation and amortization:								
At the beginning of the year	-	26,619,005	27,430,347	55,300,000	2,525,813	6,374,691	-	118,249,856
Expense for the year	-	3,896,442	2,640,303	7,562,265	415,252	1,579,126	-	16,093,388
Sales and write-offs	-	(375,495)	(433,896)	(1,007,733)	(710,446)	(318,458)	-	(2,846,028)
At the end of the year	-	30,139,952	29,636,754	61,854,532	2,230,619	7,635,359	-	131,497,216
Net balances	16,203,604	115,246,182	4,991,696	28,571,685	885,544	6,703,434	25,157,505	197,759,650

12. Right-of-use assets and lease liabilities

a) Right-of-use assets

Right-of-use assets are presented below:

Building and land	**December 2022**	**June 2022**
Cost:		
Balance at beginning of the year	25,694,588	26,404,100
Additions	-	4,697
Adjustment of right-of-use assets	-	453,002
Write-offs	-	(1,167,211)
Balance at end of the period	25,694,588	25,694,588
Accumulated depreciation and amortization:		
Balance at beginning of the year	10,109,766	6,978,593
Expenses for the period	1,190,444	3,131,173
Balance at end of the period	11,300,210	10,109,766
Net balance	14,394,378	15,584,822

Amounts recognized in the consolidated statement of profit or loss:

	December 2022	**December 2021**
Depreciation expenses in right-of-use assets	1,190,444	1,729,845
Interest expenses on lease liabilities	285,468	342,061
	1,475,912	2,071,906

b) Lease liabilities

The following table shows the maturity of contingent operating lease commitments under IFRS 16.

	December 2022	**June 2022**
Up to 1 year	1,893,420	1,980,698
Between 1 and 5 years	6,668,867	6,008,536
5 years or more	7,696,001	9,288,186
Total	16,258,288	17,277,420

The Bank does not face significant liquidity risk with respect to its lease liabilities. Lease liabilities are maintained in accordance with the Bank's operation.

13. Other assets

	December 2022	June 2022
Accounts receivable - related companies	101,514,629	83,899,254
Goodwill (a)	92,014,817	92,014,817
Accounts receivable National Treasury	59,637,354	49,722,883
Deferred income tax (b)	57,164,511	51,891,478
Investment properties (c)	52,860,897	52,860,897
Accounts receivable	47,408,228	43,902,257
Repossessed assets	45,642,547	52,358,949
Intangible assets (d)	18,603,120	19,374,790
Prepaid expenses	14,607,597	12,066,373
Hedging derivative (e)	10,820,580	9,491,336
Guarantee deposits	10,034,036	10,897,014
Insurance premiums receivable	9,760,692	9,177,768
Severance fund	8,266,536	8,114,690
Reinsurers' participation	5,105,085	5,080,767
Insurance company claims	5,021,981	4,566,268
Tax credit - agricultural subsidy	3,429,829	3,814,930
Judicial deposits	2,866,297	2,906,333
Customer obligations for acceptances	545,905	161,201
Others	40,464,851	35,074,425
	585,769,492	547,376,430

(a) Goodwill

The table below summarizes the balance of goodwill generated from the acquired interest in the following entities:

Acquisition date	Company acquired	% of interest acquired	December 2022	June 2022
June 1999	Banco Confederado de América Latina, S.A. (COLABANCO)	100%	8,330,187	8,330,187
December 2004	Afianzadora Colón, S.A.	100%	25,000	25,000
December 2014	PROGRESO - Administradora Nacional de Inversiones, Fondos de Pensiones y Cesantías, S.A.	100%	8,407,500	8,407,500
December 2018	Banco Panameño de la Vivienda, S.A. y Subsidiarias	99.972%	75,252,130	75,252,130
			92,014,817	92,014,817

(b) Deferred income tax

Details of deferred income tax can be found in Note 30.

(c) Investment properties

As of December 31, 2022, investment properties consist of real estate for future development with a value of B/.86,861,200 (June 2022: B/.86,861,200) according to the appraisal performed by Avalúos Inspecciones y Construcciones, an independent appraiser of the Bank with experience and capacity to perform these appraisals. The fair value is based on the market methodology where the sales price per square meter of the land is the most relevant input. Fair value has been classified in Level 3 of the IFRS 13 valuation hierarchy.

(d) Intangible assets

	December 2022	June 2022
Cost:		
Right to manage HSBC's severance fund portfolio		
Investment Corporation (Panama, S. A.)	1,389,963	1,389,963
Trademark rights and other intangibles	8,454,809	8,454,809
Intangible assets from the purchase of Banvivienda	15,500,000	15,500,000
	25,344,772	25,344,772
Accumulated amortization:		
Balance at beginning of the year	5,969,982	4,426,642
Amortization	771,670	1,543,340
	6,741,652	5,969,982
Net balance at end of the period	18,603,120	19,374,790

In order to check for impairment in goodwill or other intangible assets, a periodic valuation is made of the various assets (contracts, portfolios) or businesses acquired by the Bank that have generated such goodwill or intangible assets. The Bank mainly uses the model of discounted future cash flows from the corresponding assets or businesses or valuation alternative methods including business multiples profit or equity, depending on the case.

As of December 31, 2022 and June 30, 2022, there were no impairment losses recognized in goodwill or intangible assets. The valuation made using the discount method of net future cash flows generated by the acquired assets or business, indicates that the present value of these exceeds the carrying value of goodwill or intangible assets.

To carry out the valuation of acquired assets and businesses, expected net cash flows of assets or businesses were projected for periods five years, and also an increase is defined in perpetuity or flow multiples at the end of the projected flow period to estimate the terminal flow. Growth rates in the assets or businesses fluctuate based on their nature, while the perpetual growth rate is 3.5%.

- To determine the growth rates of the assets or businesses, we used as reference the real historical growth, performance, and metrics of the relevant assets or businesses, their future perspectives, the anticipated macroeconomic growth of the country which is between 4% and 5% during the five years of projection. Segments or businesses were evaluated, as well as the Bank's business plans and expected growth rates in general, and also for specific businesses under evaluation.

- To calculate the present value of future cash flows and determine the value of assets and businesses under assessment, the discount rate was used as the estimated average capital cost of the Bank for the periods referred to when the business unit assessed is the Bank. When the flows of asset funds or units are discounted with a profile different from the Bank, the capital cost applicable to that activity is used in case it differs. The Bank’s cost of capital is based on the average interest rates at long-term of AAA instruments in dollars, of the country risk premium and of the return premium for applicable capital investments. The cost of the Bank’s capital is approximately 11%.

- The key assumptions previously described may change as economic and market conditions change. The Bank estimates that the changes reasonably possible under these assumptions do not affect the recoverable amount of the business units or falls below the carrying value.

The amortization expense is presented in the consolidated statement of profit or loss in the item line of depreciation and amortization.

(e) Hedging derivative

The Bank reduces its credit risk in relation to these agreements by using financially sound institutions as counterparties. These contracts are recorded at fair value in the consolidated statement of financial position using the fair value hedge or cash flow hedge methods, in other assets and other liabilities, as appropriate.

Fair value hedging

In order to manage its position in the consolidated statement of financial position, the Bank has entered into interest rate swap contracts on borrowings with a face value of B/.200,000,000 as of December 31, 2022 and June 30, 2022, which allow it to convert from variable to fixed interest rates during each payment period.

The following is a summary of derivative contracts by maturity and method of accounting:

	December 2022 Remaining maturity of notional amount		
Method of accounting	**Over 1 year**	**Less than 1 year**	**Total**
Fair value	200,000,000	-	200,000,000
Total	200,000,000	-	200,000,000

	June 2022 Remaining maturity of notional amount		
Method of accounting	**Over 1 year**	**Less than 1 year**	**Total**
Fair value	200,000,000	-	200,000,000
Total	200,000,000	-	200,000,000

The notional amount and estimated fair value of interest rate derivative instruments as of December 31, 2022 and June 30, 2022 are presented in the table below. The fair value of derivative financial instruments is estimated using valuation models with observable market data.

	December 2022	
Type	Notional value	Fair value
Derivatives for fair value hedging (for financing)	200,000,000	10,820,580
Total	200,000,000	10,820,580

	June 2022	
Type	Notional value	Fair value
Derivatives for fair value hedging (for financing)	200,000,000	9,491,336
Total	200,000,000	9,491,336

14. Client deposits

December 2022	Demand	Savings	Time	Total
Economic segment				
Corporate	433,013,288	384,534,417	2,116,659,555	2,934,207,260
Personal	91,124,954	827,171,244	1,349,065,630	2,267,361,828
	524,138,242	1,211,705,661	3,465,725,185	5,201,569,088
Sector				
Domestic	493,426,955	1,144,779,394	3,094,862,214	4,733,068,563
Foreign	30,711,287	66,926,267	370,862,971	468,500,525
	524,138,242	1,211,705,661	3,465,725,185	5,201,569,088

June 2022	Demand	Savings	Time	Total
Economic segment				
Corporate	443,921,980	437,053,382	2,059,775,129	2,940,750,491
Personal	87,602,980	840,181,505	1,310,124,660	2,237,909,145
	531,524,960	1,277,234,887	3,369,899,789	5,178,659,636
Sector				
Domestic	502,842,948	1,207,883,094	2,896,147,616	4,606,873,658
Foreign	28,682,012	69,351,793	473,752,173	571,785,978
	531,524,960	1,277,234,887	3,369,899,789	5,178,659,636

15. Securities sold under repurchase agreements

As of December 31, 2022, there are repurchase agreements for B/.90,454,606 (June 2022: B/.93,665,393), collateralized by investments at fair value through other comprehensive income for B/.64,862,806 (June 2022: B/.56,280,642) and securities at amortized cost for B/. 42,555,180 (June 2022: B/.47,176,727), at interest rates between 4.17% and 5.59% (June 2022: between 1.00% and 4.17%), maturing in March 2023, June 2023 and August 2023 (June 2022: maturing in August 2022, September 2022 and June 2023).

Securities sold under repurchase agreements at amortized cost are detailed below:

	December 2022	June 2022
Securities sold under repurchase agreements	90,454,606	93,665,393
Accrued interest payable	992,900	105,991
Securities sold under repurchase agreements at amortized cost	91,447,506	93,771,384

16. Obligations with financial institutions

	December 2022	June 2022
As of December 31, 2022, there are obligations with other banks for financing foreign trade, with various maturities until August 2031 and annual interest rates between 1.5654% and 7.3552% (June 2022: between 0.6231% and 4.9659%).	410,011,288	386,872,730
As of December 31, 2022, there is an obligation with a financial institution for short-term liquidity management, with a renewable maturity as of June 2023 and an interest rate of 2.15%, reviewed semiannually (June 2022: between 2.15% and 3.24%).	120,762,270	95,006,833
As of December 31, 2022, there are obligations with international organizations for long-term liquidity management, with renewable maturities between September 2023 and September 2025 and interest rates between 6.137% and 6.437% (June 2022: between 3.328% and 3.731%).	67,191,368	84,507,016
As of December 31, 2022, there are obligations with foreign banks for working capital, with various maturities until August 2031 and annual interest rates between 1.50% and 8.003% (June 2022: between 1.50% and 5.1135%).	807,223,311	799,542,363
As of December 31, 2022, there are obligations with multilateral financial institutions, with various maturities and final maturities from February 2023 to January 2027, interest rates are between 3.50% and 7.175%, reviewed semiannually (June 2022: between 2.2546% and 4.885%).	115,518,827	122,677,352
	1,520,707,064	1,488,606,294

As of December 31, 2022, there are investments at fair value through other comprehensive income for B/.127,344,694 (June 2022: B/.109,470,267) and securities at amortized cost for B/.29,271,100 (June 2022: B/.19,793,200) that guarantee these obligations with financial institutions. In addition, there are restricted time deposits as of December 31, 2022 for B/.2,923,277 (June 2022: B/.4,227,529), which guarantee these obligations with financial institutions.

The Bank is in compliance with the maturity payments of principal and interest, as well as the contractual clauses in relation to its obligations and placements.

Obligations with financial institutions at amortized cost are detailed below:

	December 2022	June 2022
Obligations with financial institutions	1,520,707,064	1,488,606,294
Accrued interest payable	15,859,783	8,752,030
Obligations with financial institutions at amortized cost	1,536,566,847	1,497,358,324

The movement of obligations with financial institutions is broken down as follows for the reconciliation purpose with the consolidated statement of cash flows:

	December 2022	June 2022
Balance at beginning of the year	1,488,606,294	876,325,546
Other movements	1,329,244	9,284,464
Obligations received	870,362,551	1,844,685,880
Payments made	(839,591,025)	(1,241,689,596)
Balance at end of the period	1,520,707,064	1,488,606,294

17. Marketable securities (VCNs)

Series	Issuance date	Interest rate	Maturity	December 2022	June 2022
D-J	Apr-22	1.75%	Oct-22	-	6,000,000
D-K	Apr-22	2.00%	Apr-23	2,000,000	2,000,000
D-L	Apr-22	1.75%	Oct-22	-	5,575,000
D-M	May-22	2.00%	Nov-22	-	2,000,000
D-N	May-22	2.50%	May-23	1,020,000	1,020,000
D-O	Oct-22	4.00%	Apr-23	2,100,000	-
D-P	Oct-22	4.00%	Apr-23	6,445,000	-
D-Q	Oct-22	4.00%	Apr-23	1,000,000	-
				12,565,000	16,595,000

The movement of marketable securities is broken down as follows for the purpose of reconciliation with the consolidated statement of cash flows:

	December 2022	June 2022
Balance at beginning ot the year	16,595,000	6,850,000
Proceeds from issuances	9,545,000	16,595,000
Redemptions	(13,575,000)	(6,850,000)
Balance at end of the period	12,565,000	16,595,000

Marketable securities at amortized cost are detailed below:

	December 2022	June 2022
Marketable securities	12,565,000	16,595,000
Accrued interest payable	20,790	13,429
Marketable securities at amortized cost	12,585,790	16,608,429

18. Corporate bonds

Type	Interest rate	Maturity	December 2022	June 2022
B Series - August 2018 issuance	5.25%	Aug-22	-	24,799,551
C Series - August 2018 issuance	5.50%	Aug-23	34,906,012	34,837,907
A Series - April 2019 issuance	5.25%	Apr-29	364,140,316	379,597,842
			399,046,328	439,235,300

The collaterals granted by the Bank for these issuances are described below:

August 2018 issuance - The bond issuance was guaranteed through a Collateral Trust with the Trustee Agent in favor of which Mortgage Loans were assigned with a total value covering at least 120% of the Outstanding Principal Balance of the Bonds issued and outstanding. Interest was payable quarterly and the principal of the bonds at maturity. Series A issue was paid in August 2021.

April 2019 Issuance – The bonds of this issuance constitute direct, unconditional and unsecured obligations. The coupon is paid semiannually at a fixed rate and changes at a variable rate of 3 months plus 3.30% spread in the last year of the issuance.

As of December 31, 2022, there are corporate bonds held in trust for a total amount of B/.123,927,185 (June 2022: B/.129,803,846) (See Note 10).

Corporate bonds at amortized cost are detailed below:

	December 2022	June 2022
Corporate bonds	399,046,328	439,235,300
Accrued interest payable	4,072,884	4,299,929
Corporate bonds at amortized cost	403,119,212	443,535,229

19. Perpetual bonds

Perpetual bonds of any series are unsecured and can be redeemed, totally or partially, at the Issuer's choice staring from the sixth year after the issuance date of the respective series.

Type	Interest rate	December 2022	June 2022
A Series - May 2016 Issuance	6.75%	23,979,168	23,955,318
B Series - July 2016 Issuance	6.75%	90,358,719	90,587,923
C Series - May 2018 Issuance	6.75%	5,191,950	5,191,950
D Series - May 2019 Issuance	6.75%	16,582,862	16,578,666
E Series - June 2020 Issuance	6.75%	4,611,000	4,611,000
F Series - September 2020 issuance	6.50%	5,299,000	5,299,000
G Series - December 2020 issuance	6.50%	14,701,000	14,701,000
H Series - September 2021 issuance	5.75%	15,000,000	15,000,000
I Series - December 2021 issuance	5.75%	2,171,000	1,571,000
		177,894,699	177,495,857

Perpetual bonds at amortized cost are detailed as follows:

	December 2022	June 2022
Perpetual bonds	177,894,699	177,495,857
Accrued interest payable	80,304	40,037
Perpetual bonds at amortized cost	177,975,003	177,535,894

The movement of corporate and perpetual bonds is broken down below for the purpose of reconciliation with the consolidated statement of cash flows:

	December 2022	June 2022
Balance at beginning of the year	616,731,157	1,224,260,988
Proceeds from issuances	600,000	16,601,000
Debt issuance cost / amortization of debt issuance cost	432,323	1,535,719
Redemptions	(40,598,438)	(625,806,718)
Premiums, discounts / discount premium amortization	(224,015)	140,168
Balance at end of the period	576,941,027	616,731,157

20. Other liabilities

	December 2022	June 2022
Other creditors	30,627,998	28,462,279
Cashier's checks and certificates	24,130,900	23,595,816
Employee benefits and other labor liabilities	17,889,171	19,843,475
Provision for insurance operations (Note 21)	16,438,004	15,720,766
Other provisions	10,086,809	9,070,284
Factoring guarantee deposits (a)	8,488,946	8,165,251
Judicial and other deposits	3,398,455	3,614,713
Insurance accounts payable	2,264,977	2,209,411
Special Interest Compensation Fund (FECI) accounts payable	2,103,856	2,183,656
Income tax payable	815,892	132,016
Acceptances outstanding	545,905	161,201
Others	14,059,446	5,953,723
	130,850,359	119,112,591

a) Clients’ and other withheld collaterals

Clients’ withheld collaterals payable consists of a percentage value of each discounted invoice withheld until the time the payment is collected. If, at the end of the contract, the invoice becomes uncollectible, the Bank will decrease the amount receivable by the balance of the factoring collateral deposit of the related transaction.

21. Reserves for insurance operations

Unearned premiums	**December 2022**	**June 2022**
Balance at beginning of the period	10,476,953	7,226,720
Premiums issued	17,562,808	34,530,975
Premiums earned	(8,744,241)	(17,233,547)
Balance at end of the period	19,295,520	24,524,148
Participation of reinsurers		
Premiums ceded	(7,538,690)	(13,175,720)
Unearned premiums	(582,600)	(871,475)
Unearned premiums, net	11,174,230	10,476,953

Pending claims to be settled, estimates	**December 2022**	**June 2022**
Balance at beginning of the year	5,243,813	5,611,340
Claims incurred	5,905,611	10,226,365
Claims paid	(5,885,650)	(10,593,892)
Balance at end of the period	5,263,774	5,243,813
	16,438,004	15,720,766

22. Common shares

As of December 31, 2022, the authorized capital of Global Bank Corporation consists of 2,000,000 common shares without par value, of which 236,600 (June 2022: 236,600) shares are issued and outstanding for a value of B/.270,202,657 (June 2022: B/.270,202,657).

As of December 31, 2022, dividends were paid on the common shares approved by the Board of Directors for a total of B/.12,833,285 (December 2021: B/.11,308,207).

23. Interest and commission income and expenses

	December 2022	December 2021
Interest earned on:		
Loans	197,992,708	192,838,496
Deposits	2,256,396	569,787
Investments	19,616,749	18,611,088
	219,865,853	212,019,371
Interest expenses on:		
Deposits	(79,974,303)	(81,286,084)
Obligations with financial institutions and repurchase agreements	(33,805,464)	(15,533,342)
Marketable securities and bonds	(17,333,039)	(25,833,700)
	(131,112,806)	(122,653,126)
Net interest income	88,753,047	89,366,245
Commissions earned on:		
Loans	14,266,404	12,714,591
Letters of credit	3,094,102	847,235
Savings accounts and debit cards	2,051,408	2,102,787
Fiduciary and management services	5,111,949	6,352,107
Others	8,427,266	6,853,395
	32,951,129	28,870,115
Commission expenses	(10,446,269)	(9,132,490)
Net commission income	22,504,860	19,737,625
Net interest and commission income	111,257,907	109,103,870

24. Other income, net

	December 2022	December 2021
Insurance premiums, net	6,510,943	6,230,065
Gain on derivative financial instruments, net	3,788,380	-
Gain on sales of securities, net	188,213	816,577
Fiduciary services and securities brokerage, net	164,487	256,550
Loss on sale of investments through profit or loss	(2,255)	-
Loss on instruments at fair value through profit or loss, net	(11,939)	(252,095)
Other (expense) income	(149,927)	341,466
	10,487,902	7,392,563

25. Other expenses

	December 2022	December 2021
Provision for mileage redemption	1,813,007	1,250,000
Communications and mail	882,965	906,271
Surveillance	879,520	888,854
Utility services	803,650	723,983
Supplies and stationery	267,118	250,796
Insurance	114,973	81,539
Other operating expenses	3,352,336	3,929,460
Other general expenses	3,600,266	3,457,112
	11,713,835	11,488,015

26. Excess paid-in capital

Employee stock option plan

As of December 31, 2022, key executives do not hold stock option plans on common shares of the parent company (G.B. Group Corporation) (June 2022: 15,562). As of December 31, 2022, the Bank did not recognize expense on this benefit (December 2021: B/.128,350) in the consolidated statement of profit or loss (December 2021: salaries and other personnel expenses) and the corresponding entry in equity.

Restricted Stock Plan

G.B Group Corporation's Board of Directors approved reserving an aggregate of up to 12,351 common shares of its authorized capital to be awarded under the Restricted Stock Plan for participants, which will be in effect for the 2023-2024 period.

In August 2021, the Board of Directors of G.B Group Corporation approved reserving a total of up to 14,264 common shares of its authorized capital to be awarded under the Restricted Stock Plan for participants, which will be in effect for the 2022-2023 period.

The number of shares to be granted will be determined annually by the Compensation Committee of the Board of Directors of G.B. Group Corporation based on the performance of the Bank and the participants.

Shares granted to participants are awarded at the average price of the Panama Stock Exchange for the month prior to the award.

Once the restricted shares are granted, the participant will be able to dispose of them as follows: 50% after the first year and 50% in the second year.

Since the restricted stock plan is unilateral and voluntary, it may be discontinued by the Board of Directors of G.B. Group Corporation at any time.

In the period 2022-2023, 5,864 (2022-2021: 1,291) shares were granted under the restricted stock plan and an expense of B/.235,398 (2022-2021: B/.51,534) was recorded.

27. Commitments and contingencies

The Bank maintains financial instruments outside the consolidated statement of financial position with credit risks arising in the normal course of business, which involves elements of credit and liquidity risk. Such financial instruments include commercial letters of credit, granted endorsements and collaterals, and promissory notes, which are summarized as follows:

	December 2022	June 2022
Letters of credit	121,931,001	117,640,132
Endorsements and collaterals	594,450,449	477,222,821
Promissory notes	230,452,562	248,342,285
Unused granted credit lines	523,641,476	464,998,977
Total	1,470,475,488	1,308,204,215

Letters of credit, guarantees, pledges and unused lines of credit granted are exposed to credit losses in the event that the customer does not comply with its obligation to pay. The Bank's policies and procedures for approving credit commitments, financial guarantees and promissory notes are the same as those used for granting loans recorded in the consolidated statement of financial position.

The guarantees granted have predetermined maturity dates, most of which expire without disbursement; therefore, they do not represent a significant liquidity risk. As for letters of credit, most of them are used; however, most of them are on demand and their payment is immediate.

Promissory notes are a commitment in which the Bank agrees to make a payment once certain conditions are met, which have an average maturity of six months and are used mainly for the Bank's mortgage loan disbursements. No losses are anticipated as a result of these transactions.

28. Management of trust contracts and investment portfolio

As of December 31, 2022, the Bank managed trust agreements at the expense and risk of customers amounting to B/.2,757,990,332 (June 2022: B/.3,071,833,622).

	December 2022	June 2022
Collateral Trust	2,498,477,226	2,800,981,234
Management Trust	138,322,077	140,869,052
Investment Trust	117,534,218	126,408,057
Pension Trust	2,350,285	2,479,089
Assets - PLICA contract	800,404	588,860
Testamentary Trust	506,122	507,330
	2,757,990,332	3,071,833,622

Considering the nature of these services, Management believes there is no risk for the Bank.

29. Management of pension and severance funds

	December 2022	June 2022
Severance Fund	303,991,252	306,211,842
Pension Fund (under Law No. 10)	223,398,756	223,008,461
Citibank, N. A.	2,381,543	2,727,877
Pribanco and Conase Plus	-	1,484
Other assets under management	31,558,346	30,720,567
	561,329,897	562,670,231

30. Income tax

Income tax returns of banks incorporated in the Republic of Panama are subject to review by the tax authorities for the last three years, including the year ended June 30, 2022, in accordance with current tax regulations.

According to current Panamanian Tax Legislation, banks are exempt from paying income tax on foreign source earnings. Also exempt from income tax are interest earned on time deposits in local banks, interest earned on Panamanian government securities and investments in securities issued through the Panamanian Stock Exchange.

The subsidiaries Global Capital Investment Corp. and Global Bank Overseas are not subject to income tax in their respective jurisdictions, due to the nature of their foreign operations. However, income tax incurred on operations that generate taxable income in other jurisdictions is classified as income tax expense.

As of January 1, 2010, by means of Law No.8 of March 15, 2010, Article No.699 of the Tax Code states that all legal entities whose annual income exceeds one million five hundred thousand balboas (B/.1,500,000) must pay an income tax calculated at 25% on whichever amount is greater: (1) the net taxable income calculated by the standard method established in Title I of the Fourth Book of the Tax Code, or (2) the net taxable income resulting from multiplying the total taxable income by four point sixty-seven percent (4.67%).

The current income tax expense is detailed as follows:

	December 2022	December 2021
Current income tax	1,664,442	1,793,321
Deferred tax for temporary differences	(5,273,033)	(2,002,344)
Income tax benefit	(3,608,591)	(209,023)

As of December 31, 2022, the current income tax's average effective rate is 7.28% (December 2021: 14.57%).

The tax effect item that comprises the deferred tax asset included in the consolidated statement of financial position, is mainly the allowance for possible loans losses and the goodwill tax effect, which is broken down below:

	December 2022	June 2022
Balance at beginning of the year	51,891,478	46,642,252
Credit to profit or loss during the period	5,273,033	5,249,226
Balance at end of the period	57,164,511	51,891,478

Deferred assets are recognized based on the deductible tax differences considering their past operations and projected taxable profits, which are influenced by Management's estimates. Based on current and projected results, the Bank's Management considers that there will be sufficient taxable income to absorb the deferred income tax previously described.

A reconciliation of income tax is shown below:

	December 2022	December 2021
Profit before income tax	22,862,422	12,305,189
Less: non-taxable income	(58,347,702)	(13,397,012)
Plus: non-deductible expenses	42,142,314	4,101,090
Plus: tax loss in subsidiaries	734	4,164,018
Taxable base	6,657,768	7,173,285
Current income tax expense	1,664,442	1,793,321

The deferred income tax asset is detailed as follows:

	December 2022	June 2022
Deferred income tax asset:		
Provision for expected losses	59,535,209	54,452,586
Acquired intangible asset - core deposit	(2,690,966)	(2,852,424)
Other provision	320,268	291,316
Deferred income tax asset	57,164,511	51,891,478

The reconciliation of the deferred income tax from the previous year with the one for the current year is as shown below:

December 2022		**Charged to profit or loss**	
Deferred income tax asset:			
Provision for expected losses	54,452,586	5,082,623	59,535,209
Acquired intangible asset - core deposit	(2,852,424)	161,458	(2,690,966)
Other provision	291,316	28,952	320,268
Deferred income tax asset	51,891,478	5,273,033	57,164,511

June 2022		**Charge to profit or loss**	
Deferred income tax asset:			
Provision for expected losses	49,691,816	4,760,770	54,452,586
Acquired intangible asset - core deposit	(3,175,344)	322,920	(2,852,424)
Other provision	125,780	165,536	291,316
Deferred income tax asset	46,642,252	5,249,226	51,891,478

Transfer pricing:

On August 29, 2012, Law No.52 entered into force, reforming regulations on transfer pricing, a price regime oriented to regulate transactions for tax purposes between related parties, so that the considerations between them are similar to those made between third parties. According to those rules, taxpayers carrying out transactions with related parties that have an impact on income, costs or deductions for determining taxable income for purposes of income tax for the fiscal period to be declared or the transaction taking place, must prepare an annual report on the operations performed within six months following the termination of the relevant tax period (Form 930). These transactions are subject to a review in order to verify that they meet the assumptions established in the Law.

At the date of these consolidated financial statements, the Bank is in the process of contemplating such an analysis, but according to Management, it is not expected to have a significant impact on the estimated income tax for the period.

31. Segment information

Management has prepared the following segment information based on the Bank's businesses for financial analysis:

	December 2022			
	Banking and financial activities	Insurance	Pension and severance funds	Total consolidated
Interest and commission income	247,064,468	1,247,880	4,504,634	252,816,982
Interest expenses and provisions	171,475,417	(2,634)	(2)	171,472,781
Other income, net	3,782,714	6,642,156	63,032	10,487,902
Other expenses	54,692,319	3,534,755	1,339,514	59,566,588
Depreciation and amortization expense	9,318,907	5,820	78,366	9,403,093
Profit before income tax	15,360,539	4,352,095	3,149,788	22,862,422
(Benefit) income tax	(5,106,886)	876,525	621,770	(3,608,591)
Net profit	20,467,425	3,475,570	2,528,018	26,471,013
Total assets	8,356,312,988	69,315,762	38,385,342	8,464,014,092
Total liabilities	7,668,351,108	24,105,565	766,113	7,693,222,786

	December 2021			
	Banking and financial activities	Insurance	Pension and severance funds	Total consolidated
Interest and commission income	234,628,665	1,067,659	5,193,162	240,889,486
Interest expenses and provisions	167,998,705	195,187	250	168,194,142
Other income, net	943,182	6,472,928	(23,547)	7,392,563
Other expenses	52,401,413	3,161,607	1,676,353	57,239,373
Depreciation and amortization expense	10,449,439	5,820	88,086	10,543,345
Profit before income tax	4,722,290	4,177,973	3,404,926	12,305,189
(Benefit) income tax	(1,728,494)	861,300	658,171	(209,023)
Net profit	6,450,784	3,316,673	2,746,755	12,514,212
	June 2022			
Total assets	8,300,434,963	64,270,639	35,890,833	8,400,596,435
Total liabilities	7,617,062,816	22,746,001	633,279	7,640,442,096

32. Bank's subsidiaries

The following is a breakdown of the Bank's subsidiaries, their main economic activity, date of incorporation, beginning of operations, country of incorporation and percentage of ownership of these companies:

Companies	Main economic activity	Date of incorporation	Beginning of operations	Country of incorporation	Percentage of ownership
Global Financial Funds Corporation	Fiduciary Trust Services	Sep-95	1995	Panama	100%
Global Capital Corporation	Corporate finance and financial advisory	May-93	1994	Panama	100%
Global Capital Investment Corporation	Purchase of discounted invoices - factoring	Jun-93	1993	British Virgin Island	100%
Global Valores, S. A.	Stock brokers	Aug-02	2002	Panama	100%
Global Bank Overseas y Subsidiarias	Foreign banking	Aug-03	2003	Montserrat	100%
Aseguradora Global, S. A.	Subscription and issuance of insurance policies	Apr-03	2004	Panama	100%
Durale Holdings, S. A.	Ownership and management of real estate	Jan-06	2006	Panama	100%
Progreso AFPC, S.A.	Pensión Fund Management	Oct-98	2014	Panama	100%
Anverli Investment Corporation	Ownership and management of real estate	Jan-17	2017	Panama	100%
Banvivienda Leasing & Factoring	Asset management	Oct-06	2007	Panama	100%

33. Regulatory aspects and capital reserve

The following is a breakdown of the regulatory reserves:

	December 2022	June 2022
Regulatory reserves:		
Dynamic reserve	87,863,198	87,863,198
Foreclosed assets reserve	14,854,754	13,864,795
Equity reserve - investments	230,012	255,803
	102,947,964	101,983,796

Agreement No.4-2013

Loan portfolio classification and allowance for loan losses based on Agreement No.4-2013:

December 2022

	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Corporate loans	2,512,357,372	324,037,557	100,298,774	70,492,643	124,166,809	3,131,353,155
Consumer loans	2,967,364,509	40,251,792	28,437,260	20,458,034	60,506,810	3,117,018,405
Other loans	121,594,252	366	-	-	137	121,594,755
Total	5,601,316,133	364,289,715	128,736,034	90,950,677	184,673,756	6,369,966,315
Specific provision	-	20,478,323	15,420,200	20,107,137	116,535,470	172,541,130

June 2022

	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Corporate loans	2,369,289,585	286,213,983	69,914,548	70,708,587	117,257,072	2,913,383,775
Consumer loans	2,607,972,700	29,088,816	25,775,155	18,365,416	27,224,721	2,708,426,808
Other loans	154,901,052	-	-	-	-	154,901,052
Total	5,132,163,337	315,302,799	95,689,703	89,074,003	144,481,793	5,776,711,635
Specific provision	-	18,806,109	12,180,772	20,808,176	83,399,438	135,194,495

The classification of the loan portfolio by maturity profile based on Agreement No.4-2013 is as follows:

December 2022

	Current	Delinquent	Overdue	Total
Corporate	2,975,000,269	7,760,558	148,592,328	3,131,353,155
Consumer	2,943,015,303	87,959,635	86,043,467	3,117,018,405
Others	121,594,252	366	137	121,594,755
Total	6,039,609,824	95,720,559	234,635,932	6,369,966,315

June 2022

	Current	Delinquent	Overdue	Total
Corporate	2,900,139,743	6,005,334	117,650,351	3,023,795,428
Consumer	2,883,605,449	81,176,264	77,188,246	3,041,969,959
Others	154,901,052	-	309,722	155,210,774
Total	5,938,646,244	87,181,598	195,148,319	6,220,976,161

As of December 31, 2022, the loans in non-accrual status represent B/.166,128,938 (June 2022: B/.144,717,567).

Accounting treatment for differences between prudential standards and IFRSs

As indicated in Note 2, the Bank adopted IFRSs for the preparation of its accounting records and the presentation of its consolidated financial statements. According to General Board Resolution SBP GJD-0003-2013, the accounting treatment of the differences between IFRSs and prudential standards based on the following methodology is established.

- The respective figures for the calculations of the application of IFRS and prudential regulations issued by the Superintendency of Banks of Panama (SBP) will be made and compared.
- When the calculation performed in accordance with IFRSs results in an allowance resulting greater than the one resulting from the use of prudential standards, the IFRS figures will be recorded.
- When using prudential standards result in a higher allowance, IFRS figures will also be recorded in profit and loss and the difference will appropriate retained earnings, which will be moved to a regulatory reserve in equity. If the Bank does not have sufficient retained earnings, this difference will be presented as an accumulated deficit account.
- The regulatory reserve referred to in the preceding paragraph cannot be reversed against retained earnings while there are differences between IFRSs and prudential rules that originated it.

Dynamic reserve

According to Agreement No.4-2013, the restrictions of the dynamic reserve establish that the amount cannot be less than the amount established in the previous quarter. As of December 31, 2022, the amount of the dynamic reserve was B/.87,863,198 (June 2022: B/.87,863,198).

By means of General Resolution SBP-GJD-0007-2020 of the Board of Directors dated July 16, 2020, in Article No.1 the obligation to constitute the dynamic provision established in Articles No.36, 37 and 38 of Agreement No.4-2013 on credit risk is temporarily suspended, in order to provide financial relief to the banks in this market.

Off-balance sheet transactions

The Bank has classified off-balance sheet operations and required reserves based on Agreement No.4-2013 issued by the Superintendency of Banks of Panama, as shown below:

December 2022	Normal	Special mention	Substandard	Doubtful	Unrecoverable	Total
Letters of credit	121,931,001	-	-	-	-	121,931,001
Endorsements and guarantees	594,450,449	-	-	-	-	594,450,449
Prommisory notes	230,452,562	-	-	-	-	230,452,562
Unused lines of credit granted	523,641,476	-	-	-	-	523,641,476
Total	1,470,475,488	-	-	-	-	1,470,475,488

June 2022	Normal	Special mention	Substandard	Doubtful	Unrecoverable	Total
Letters of credit	117,640,132	-	-	-	-	117,640,132
Endorsements and guarantees	477,222,821	-	-	-	-	477,222,821
Prommisory notes	248,342,285	-	-	-	-	248,342,285
Unused lines of credit granted	464,998,977	-	-	-	-	464,998,977
Total	1,308,204,215	-	-	-	-	1,308,204,215

Letters of credit, collaterals issued, and promissory notes are exposed to credit losses in the event that the customer does not fulfill its payment obligations. Policies and procedures for approving credit commitments, financial collaterals and promissory notes are the same as those used for granting loans recorded on the consolidated statement of financial position.

Most letters of credit are used; however, most of those used are on demand and their payment is immediate.

Credit lines for customer disbursements correspond to outstanding guaranteed loans, which are not shown in the consolidated statement of financial position but are recorded in the Bank's memorandum accounts.

Foreclosed assets

As of December 31, 2022, the regulatory provision on foreclosed assets totals B/.14,854,754 (June 2022: B/.13,864,795) based on the provisions of Agreement No.3-2009 of the Superintendency of Banks of Panama.

Premiums and notes receivable

Article No.156 of Law No.12 of April 3, 2012, specifies:

a) Suspension of coverage: When the contractor has made the payment of the first premium installment and is delayed by more than the grace period stipulated in the payment of any subsequent premium installments, in accordance with the payment plan established in the corresponding policy, it will be understood to have incurred in the default of payment, which will have the immediate legal effect of suspending the policy's coverage for up to sixty days.

b) The suspension of coverage shall remain until the contractor makes the overdue payments, enabling the reestablishment of the policy's coverage from the moment of the premium payments for said period are made, or until the policy has been cancelled in accordance with the reserve of Article No.161.

Article No.161 of Law No.12 of April 3, 2012, specifies:

a) Any policy cancellation notice shall be sent to the contractor at the last physical, postal, or electronic address that appears in the policy file kept by the insurance Bank. A copy of the cancellation notice must be issued to the insurance broker.

b) Any change in the contractor's address must be notified to the insurance Bank; otherwise, the last address on the insurance Bank's file will remain as the valid address.

c) The cancellation notice of the policy for non-compliance with premium payments must be sent to the contractor in writing, fifteen business days in advance. If the notice is not sent, the contract will remain in force and the reserve in Article No.998 of the Commercial Code will apply.

Laws and Regulations:

a) Banking Law

In the Republic of Panama, banks are regulated by the Superintendency of Banks of Panama, through Executive Decree No.52 of April 30, 2008, which adopts the sole text of Decree Law No.9 of February 26, 1998, as amended by Decree Law No.2 of February 22, 2008, as well as Resolutions and Agreements issued by that entity. The main aspect of this law includes: authorization of bank licenses, minimum capital and liquidity requirements, consolidated supervision, credit and market risk management procedures, anti-money laundering procedures, banking intervention and liquidation procedures, among other. Likewise, the banks will be subject to at least one inspection every two (2) years by the auditors of Superintendency of Banks of Panama, to determine their compliance with the reserve of Executive Decree No. 52 of April 30, 2008, and Law No. 42 of October 2, 2000, the latter on the prevention of money laundering.

Compliance with the regulatory body

Liquidity ratio

As of December 31, 2022, the percentage of the liquidity ratio reported to the regulator under the parameters of Agreement No.4-2008 was 36.93% (June 2022: 40.60%) (See Note 4.3).

Capital adequacy

The Law demands that banks with a general license must have a minimum paid-in capital or assigned capital of ten million balboas (B/.10,000,000) and equity funds of no less than 8% of their weighted assets, including off-balance sheet operations. As of December 31, 2022, the Bank has consolidated equity funds of approximately 14.37% (June 2022: 15.11%) of its risk-weighted assets, in accordance with Agreement No.1-2015 and Agreement No.3-2016 and the new agreements: Agreement No.11-2018 and Agreement No.2-2018. (See Note 4.7).

As a consequence of the effects of the global health pandemic COVID-19 decreed by the World Health Organization (WHO), it has become evident the need and convenience of establishing special temporary measures as the effects of Article No.2 of Agreement No.3-2016, all risk assets classified in categories 7 and 8, whose weighting is 125% and 150% respectively, will be temporarily weighted as part of category 6, whose weighting is 100% through the General Resolution of the Board of Directors SBP-GJD-0005-2020.

The accounting treatment for the recognition of loan losses, investment securities and foreclosed assets of borrowers in accordance with the prudential standards issued by the Superintendency of Banks of Panama, differs in certain aspects from the accounting treatment under International Financial Reporting Standards, specifically IFRS 9 and IFRS 5. The Superintendency of Banks of Panama requires that general license banks apply these prudential standards.

b) Insurance and Reinsurance Law

Insurance and reinsurance operations in Panama are regulated by the Superintendency of Insurance and Reinsurance of Panama in accordance with the legislation established by the Insurance Law No. 12 of April 3, 2012 and the Reinsurance Law No. 63 of September 19, 1996.

c) Securities Law

Stock Exchange operations in Panama are regulated by the Superintendency of Securities Market of Panama in accordance with the legislation established in Decree Law No.1 of July 8, 1999, amended by Law No.67 of September 1, 2011. The operations of the Stock Exchange are in the process of being aligned with Agreement No.4-2011, modifying certain reserve through Agreement No.8-2013, established by the Superintendency of Securities Market of Panama, which indicate that these are required to comply with the capital adequacy standards and its modalities.

d) Trust Law

Trust operations in Panama are regulated by the Superintendency of Banks of Panama in accordance with the legislation established in Law No.1 of January 5, 1984.

e) Financial Leasing Law

Financial leasing operations in Panama are regulated by the Directorate of Financial Companies of the Ministry of Commerce and Industries in accordance with the legislation established in Law No. 7 of July 10, 1990.

Capital reserve

The subsidiary, Global Bank Overseas, in accordance with the Montserrat banking regulator, provides that every licensed financial institution shall maintain a reserve fund and, from its net earnings for each year, shall transfer to that fund an amount equal to not less than 20 percent of such earnings provided that the amount of the reserve fund is less than 100 percent of the paid-up or, as the case may be, assigned capital of the financial institution. As of December 31, 2022 the reserve is B/.32,324,680 (June 2022: B/.32,324,680).

The capital reserves are as follows:

	December 2022	June 2022
Capital reserves	32,324,680	32,324,680
Insurance reserves:		
Technical reserves	5,659,120	5,195,294
Legal reserve	5,749,193	5,749,193
	43,732,993	43,269,167

Technical reserves

Pursuant to Law No.12 of April 3, 2012, the subsidiary Aseguradora Global, S.A. transferred the reserve from liability to equity for statistical deviations and the reserve for catastrophic risk and/or contingencies.

Assets admitted free of encumbrances must cover such capital reserves.

Such reserved shall be cumulative. The Superintendency of Insurance and Reinsurance of Panama will regulate their use and restitution when the claim rate shows adverse results.

	Reserve for statistical deviations		Reserves for catastrophic risks and/or contingencies	
	December 2022	**June 2022**	**December 2022**	**June 2022**
Balance at beginning of the year	2,597,647	2,154,517	2,597,647	2,154,517
Additions	231,913	443,130	231,913	443,130
Balance at end of the period	2,829,560	2,597,647	2,829,560	2,597,647

Legal reserve

The legal reserve of the subsidiary Aseguradora Global, S.A. is established in accordance with the provisions of Article No. 213 of Law No.12 of April 3, 2012, which states the following:

Insurance companies are obliged to establish and maintain in the country a reserve fund equivalent to 20% of the net profits before applying income tax, up to constitute a fund of B/.2,000,000 and thereafter 10%, until reaching 50% of the paid-in capital.

The movement of the legal reserve is detailed below:

	December 2022	**June 2022**
Balance at beginning of the year	5,749,193	5,749,193
Balance at end of the period	5,749,193	5,749,193

34. Modified loans

Modified special mention category loans

On November 1, 2022, the Superintendency of Banks issued Agreement No.12-2022 establishing the parameters and guidelines for the definitive reestablishment of the special mention portfolio as amended to Agreement No.4-2013 and repealing in all its parts Agreement No.2-2021 of June 11, 2021 and all its amendments and Agreement No.6-2021 of December 22, 2021 and all its amendments. Likewise, General Resolution of the Board of Directors No. SBP-GJD-0003-2021 of June 11, 2021 and General Resolution of the Board of Directors No. SBP-GJD-0004-2021 of June 21, 2021 were repealed.

The main provisions of Agreement No.12-2022 state that banks shall remove all “modified special mention” credit designations from the accounting accounts by the close of December 31, 2022 and subsequent years. However, banks shall use the codification assigned by the Superintendency for the identification and reporting of these credits.

The Bank made the definitive reinstatement of the special mention portfolio modified to Agreement No.4-2013 during the month of December 2022.

35. Migrated restructured loans

Agreement No.12-2022 establishes that banks will migrate the modified loan portfolio classified in the “modified special mention” category to the risk categories of Agreement No.4-2013, in accordance with the risk classification parameters established in Article No.3 of Agreement No.12-2022, for which purpose, in principle, the days of arrears of each loan will be used as a reference, according to the concepts of non-performing loans and past due loans defined in numbers 13 and 14 of Article No.2 of Agreement No.4-2013. Regardless of the days past due, if a client presents other weaknesses that could affect its payment capacity, as detailed in Article No.18 of Agreement No.4-2013, the reinstatement of the modified credits shall be made to the corresponding higher risk category.

The classification of the migrated restructured loan portfolio and loss reserves based on Agreement No.4-2013 is as follows:

December 2022	Normal	Special mention	Subnormal	Doubtful	Uncollectible	Total
Corporate loans	13,879,292	19,160,207	23,934,619	186,343	1,608,405	58,768,866
Consumer loans	164,546,045	8,814,177	3,777,759	2,175,849	23,434,539	202,748,369
Other loans	309,760	-	-	-	-	309,760
Total	178,735,097	27,974,384	27,712,378	2,362,192	25,042,944	261,826,995
Specific provision	-	1,630,657	1,171,111	779,212	19,614,901	23,195,881

All loans of the “modified special mention” portfolio reestablished to Agreement No.4-2013, by means of the provisions of Agreement No.12-2022, shall be considered as restructured loans. Consequently, in order for them to be reclassified to a lower risk category, the conditions of Article No.19 of Agreement No.4-2013 must be complied with and the six (6) month period referred to in said Article shall commence from the date of migration (reestablishment) to said Agreement.

For credit risk coverage, banks shall establish provisions on the portfolio of loans reinstated to Agreement No. 4-2013, ensuring compliance with the International Financial Reporting Standards (IFRS) and taking into consideration the significant increase in risk. Additionally, they must establish the specific provisions required by the aforementioned Agreement.

December 2022	Stage 1	Stage 2	Stage 3	Total
Migrated structured loans				
Normal	96,101,371	82,633,727	-	178,735,098
Special mention	-	27,734,471	239,913	27,974,384
Subnormal	-	9,745,594	17,966,783	27,712,377
Doubtful	-	-	2,362,192	2,362,192
Uncollectible	-	-	25,042,944	25,042,944
Total migrated restructured portfolio	96,101,371	120,113,792	45,611,832	261,826,995
Provisions and reserves				
IFRS 9 Provision	1,217,137	18,379,135	28,140,267	47,736,539
Total provisions and reserves	1,217,137	18,379,135	28,140,267	47,736,539

36. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Global Bank Corporation and Subsidiaries for the period ended December 31, 2022, were authorized by the Board of Directors for issuance on February 27, 2023.

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