BAC HOLDING INTERNATIONAL CORP.
AND SUBSIDIARIES

(Panama, Republic of Panama)

Consolidated Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
BAC Holding International Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of BAC Holding International Corp. and Subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated statements of profit or loss, and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Panama, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of the most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Allowance for loan losses
See notes 3 (c), 4 and 5 to the consolidated financial statements

Key Audit Matter	How the matter was addressed in the audit
The allowance for loan losses at amortized cost is considered one of the most significant issues since its methodology requires the application of judgments and the use of assumptions for the construction of the expected credit loss ("ECL") model. The loan portfolio at amortized cost represents 62% of the Company's total assets as of December 31, 2022 (2021: 61%). The allowance for loan losses at amortized cost comprises the ECL as a result of the model of probability of default on loans according to the impairment stage assigned. The ECL is determined according to the grouping of loans with similar credit risk characteristics. The methodologies applied by the model are comprised of estimates of the probability of default, loss given default, prospective analysis, and exposure at default. The assessment of whether or not a significant increase in the credit risk of loans has been presented entails the application of significant judgments in that model. This constitutes a challenge from an audit perspective due to the complexity of estimating the components used to perform these calculations and the application of the Company's judgment.	Our audit procedures included: • Evaluation of key controls over delinquency calculations, internal customer risk ratings, review of the accuracy of customer information and methodologies, assumptions, and data used. • Assessment of judgments applied by the Company on assumptions regarding current economic conditions and forward-looking analysis considerations that may change the level of PCE, based on our experience and knowledge of the industry. • For a sample of corporate loans, classified by type of activity or industry, and debtors with changes in risk classification based on quantitative and qualitative factors, the respective credit files were inspected, including the debtors' financial information supporting the credit operations and other publicly available information, and other factors that could represent a loss event, to determine the reasonableness of the assigned credit risk rating. • The methodologies applied by the Company in the ECL estimation model were assessed in accordance with IFRS 9 Financial Instruments, through the inspection of policies, manuals, and methodologies documented and approved by the Company's corporate governance. • An evaluation was made of the inputs used based on the corporate banking, consumer, and credit card methodologies and recalculation was performed according to the ECL estimation model for each of them.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal information requirements

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

- That the direction, execution, and supervision of this audit work have been physically performed in the Panamanian territory for those entities or business activities within the group that perform operations that are perfected, consummated, or take effect within the Republic of Panama.

- The audit partner who has prepared this independent auditors' report is Ricardo A. Carvajal V.

- The audit work team that has participated in the audit of the Company to which this report refers to is formed by Ricardo A. Carvajal V., Partner; and Pedro Coché, Manager.

KPMG

Panama, Republic of Panama
February 24, 2023

Ricardo A. Carvajal V.

Ricardo A. Carvajal V.
Partner
C.P.A. 4378

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Financial Position

December 31, 2022

(In U.S. dollars)

Assets	Note	2022	2021
Cash and cash equivalents		768,898,974	741,723,863
Securities purchased under resale agreements	4, 7	10,696,871	104,223,985
Deposits in banks:			
Demand		3,846,512,702	3,726,058,461
Time deposits		577,895,443	643,246,845
Total deposits in banks		4,424,408,145	4,369,305,306
Total cash, cash equivalents and deposits in banks	6	5,204,003,990	5,215,253,154
Investments in securities	4, 8	4,190,431,132	3,583,046,309
Loans	4, 9	20,821,761,138	18,660,407,604
Allowance for loan losses	4	(692,939,937)	(647,099,050)
Loans at amortized cost		20,128,821,201	18,013,308,554
Property and equipment	10	536,000,919	510,579,672
Acceptances outstanding		31,709,438	2,370,047
Other accounts receivable	4	385,043,990	262,033,068
Provision for accounts receivable	4	(6,760,140)	(8,177,092)
Goodwill and intangible assets	11	1,591,445,958	1,586,428,353
Deferred income tax	25	65,385,514	62,805,912
Other assets	12	116,229,821	101,126,412
Total assets		32,242,311,823	29,328,774,389

The consolidated statement of financial position must be read in conjunction with the notes which are part of the consolidated financial statements.

Liabilities and Equity	Note	2022	2021
Liabilities:			
Deposits from customers:			
Demand		9,040,946,521	8,375,436,472
Savings		5,664,121,559	4,998,233,421
Time deposits		8,621,328,043	8,523,506,677
Total deposits from customers	13	23,326,396,123	21,897,176,570
Securities sold under repurchase agreements		260,710,165	38,945,625
Financial obligations	14	2,884,562,347	2,409,263,060
Other financial obligations	15	1,059,787,532	711,656,253
Lease liabilities	16	138,555,391	157,179,806
Acceptances outstanding		31,709,438	2,370,047
Income tax payable		65,164,551	48,285,777
Deferred income tax	25	64,426,306	95,576,375
Other liabilities	17	803,873,229	639,850,522
Total liabilities		28,635,185,082	26,000,304,035
Equity:			
Common stock	18	2,865,394,737	2,865,394,737
Treasury stock		(503)	0
Retained earnings		1,228,750,321	793,600,001
Other comprehensive losses	19	(487,575,477)	(331,045,617)
Total shareholder equity of the controlling Company		3,606,569,078	3,327,949,121
Non-controlling interest of the Company		557,663	521,233
Total equity		3,607,126,741	3,328,470,354
Total liabilities and equity		32,242,311,823	29,328,774,389

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Profit or Loss

For the year ended Decemeber 31, 2022

(In U.S. dollars)

	Note	2022	2021
Interest income:			
Deposits in banks		26,652,230	9,874,829
Investments at FVOCI		182,761,070	165,582,421
Investments at AC		106,409	0
Loans		1,880,909,344	1,692,112,264
Total interest income		2,090,429,053	1,867,569,514
Interest expense:			
Deposits from customers		459,282,048	470,392,774
Financial obligations		98,872,490	61,491,714
Other financial obligations		62,876,741	65,700,772
Securities sold under repurchase agreements		9,705,756	869,322
Lease liabilities		7,695,167	8,839,474
Total interest expense		638,432,202	607,294,056
Interest income, net		1,451,996,851	1,260,275,458
Impairment loss due to credit risk on loans and interest	4	346,227,919	344,625,539
Impairment loss due to credit risk on investments and interest bearing deposits	4	(5,176,094)	4,435,285
Impairment loss due to credit risk on accounts receivable	4	79,630	2,349,983
Interest income, net after impairment loss due to credit risk		1,110,865,396	908,864,651
Other income (expenses):			
Gains in financial instruments, net	20	12,623,055	69,085,532
Service charges	21	460,809,753	402,365,918
Commissions and other fees, net		233,317,976	196,222,322
Gain on foreign currency exchange, net		92,912,095	153,457,259
Impairment of assets held for sale		(852,672)	(227,374)
Other income	22	86,333,823	57,332,908
Total other income, net		885,144,030	878,236,565
General and administrative expenses:			
Salaries and employee benefits	23	543,183,537	501,767,854
Depreciation and amortization		115,476,264	117,434,326
Administrative		108,172,161	89,747,582
Occupancy and related expenses		33,003,651	31,067,312
Other expenses	24	554,707,106	467,578,914
Total general and administrative expenses		1,354,542,719	1,207,595,988
Income before income tax		641,466,707	579,505,228
Current income tax	25	(211,522,877)	(136,443,939)
Deferred income tax	25	5,266,369	(12,071,110)
Net income from operations		435,210,199	430,990,179
Profit from discontinued operations, net of income tax		0	17,333,593
Net income		435,210,199	448,323,772
Net income attributable to:			
Controlling interest		435,150,320	448,274,849
Non-controlling interest		59,879	48,923
		435,210,199	448,323,772

The consolidated statement of profit or loss must be read in conjunction with the notes which are part of the consolidated financial statements.

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Comprehensive Income

For the year ended Decemeber 31, 2022

(In U.S. dollars)

	2022	2021
Net income	435,210,199	448,323,772
Other comprehensive results:		
Items that will not be reclassified to the consolidated income statement		
Employee benefits plan - change in actuarial effect	(815,582)	(3,105,437)
Net change in fair value of equity investments	28,217	(760,321)
Items that are or can be reclassified to the consolidated income statement		
Foreign currency translation	51,289,328	(52,352,065)
Valuation for investments FVOCI:		
Net amount transferred to income statement	(7,312,506)	(55,902,949)
Net change in fair value	(199,733,160)	54,945,167
Net change in cash flow hedges	0	(1,158,697)
Net change in derivatives at fair value	0	1,730,325
Other comprehensive results	(156,543,703)	(56,603,977)
Comprehensive income	278,666,496	391,719,795
Comprehensive income attributable to:		
Controlling interest	278,620,460	391,758,163
Non-controlling interest	46,036	(38,368)
	278,666,496	391,719,795

The consolidated statement of comprehensive income must be read in conjunction with the notes which are part of the consolidated financial statements.

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Changes in Equity

For the year ended Decemeber 31, 2022

(In U.S. dollars)

	Attributable to the Company's owners						
	Common stock	Treasury stock	Retained earnings	Other comprehensive losses	Total	Non-controlling interest	Total equity
Balance as of January 1, 2021	2,865,394,737	0	1,666,257,570	(279,663,595)	4,251,988,712	10,484,708	4,262,473,420
Net income	0	0	448,274,849	0	448,274,849	48,923	448,323,772
Other comprehensive results:							
Foreign currency translation	0	0	0	(52,345,795)	(52,345,795)	(6,270)	(52,352,065)
Valuation of FVOCI securities:							
Net amount transferred to income statement	0	0	0	(55,872,312)	(55,872,312)	(30,637)	(55,902,949)
Net change in fair value	0	0	0	54,997,755	54,997,755	(52,588)	54,945,167
Employee benefits plan - change in actuarial effect	0	0	0	(3,105,206)	(3,105,206)	(231)	(3,105,437)
Net change in fair value of equity investments	0	0	0	(760,292)	(760,292)	(29)	(760,321)
Net change in cash flow hedges	0	0	0	(1,153,704)	(1,153,704)	(4,993)	(1,158,697)
Net change in derivatives at fair value	0	0	0	1,722,868	1,722,868	7,457	1,730,325
Total other comprehensive results	0	0	0	(56,516,686)	(56,516,686)	(87,291)	(56,603,977)
Total comprehensive income	0	0	448,274,849	(56,516,686)	391,758,163	(38,368)	391,719,795
Transactions with the Company's owners:							
Transactions between the Company and the non-controlling interest							
Reorganization of the Holding Company	0	0	0	0	0	(2,514)	(2,514)
Spin-off movement	0	0	(459,855,877)	5,134,664	(454,721,213)	(9,964,827)	(464,686,040)
Variation in profit of non-controlling interest due to spin-off	0	0	0	0	0	52,916	52,916
Complementary tax	0	0	0	0	0	(10)	(10)
Contributions and distributions:							
Declared dividends	0	0	(288,411,489)	0	(288,411,489)	0	(288,411,489)
Paid dividends	0	0	(572,665,052)	0	(572,665,052)	(10,672)	(572,675,724)
Total transactions with the Company's owners	0	0	(1,320,932,418)	5,134,664	(1,315,797,754)	(9,925,107)	(1,325,722,861)
Balance as of December 31, 2021	2,865,394,737	0	793,600,001	(331,045,617)	3,327,949,121	521,233	3,328,470,354
Balance as of January 1, 2022	2,865,394,737	0	793,600,001	(331,045,617)	3,327,949,121	521,233	3,328,470,354
Net income	0	0	435,150,320	0	435,150,320	59,879	435,210,199
Other comprehensive results:							
Foreign currency translation	0	0	0	51,291,530	51,291,530	(2,202)	51,289,328
Valuation of FVOCI securities:							
Net amount transferred to income statement	0	0	0	(6,350,898)	(6,350,898)	(438)	(6,351,336)
Net change in fair value	0	0	0	(200,683,690)	(200,683,690)	(10,640)	(200,694,330)
Employee benefits plan - change in actuarial effect	0	0	0	(815,019)	(815,019)	(563)	(815,582)
Net change in fair value of equity investments	0	0	0	28,217	28,217	0	28,217
Total other comprehensive results	0	0	0	(156,529,860)	(156,529,860)	(13,843)	(156,543,703)
Total comprehensive income	0	0	435,150,320	(156,529,860)	278,620,460	46,036	278,666,496
Transactions with the Company's owners:							
Transactions between the Company and the non-controlling interest							
Repurchase of fractions of shares	0	(503)	0	0	(503)	0	(503)
Contributions and distributions:							
Paid dividends	0	0	0	0	0	(9,606)	(9,606)
Total transactions with the Company's owners	0	(503)	0	0	(503)	(9,606)	(10,109)
Balance as of December 31, 2022	2,865,394,737	(503)	1,228,750,321	(487,575,477)	3,606,569,078	557,663	3,607,126,741

The consolidated statement of changes in equity must be read in conjunction with the notes which are part of the consolidated financial statements.

BAC HOLDING INTERNATIONAL CORP. AND SUBSIDIARIES
(Panama, Republic of Panama)

Consolidated Statement of Cash Flows

For the year ended Decemeber 31, 2022

(In U.S. dollars)

	Note	2022	2021
Cash flows from operating activities:			
Net Income		435,210,199	448,323,772
Adjustments to reconcile net income to cash by operating activities:			
Depreciation and amortization		115,476,264	117,434,326
Impairment loss due to credit risk on loans and interest	4	346,227,919	344,625,539
(Gain) impairment loss due to credit risk on investments and interest bearing deposits	4	(5,176,094)	4,435,285
Impairment loss due to credit risk on accounts receivable		79,630	2,349,983
Impairment of assets held for sale		852,672	227,374
Provision for losses on undisbursed commitments		135,873	968,493
Interest income, net		(1,451,996,851)	(1,260,275,458)
Gain on financial instruments, net	20	(12,623,055)	(69,085,532)
Net loss on sale and disposal of property and equipment		1,703,145	1,303,569
Net loss on disposal of intangible assets		732,990	2,336,333
Net gain on sale of assets held for sale		(11,534,128)	(8,462,497)
Dividends on equity securities		(3,049,808)	(1,365,295)
Income tax expense		206,256,508	148,515,049
Changes in operating assets and liabilities:			
Deposits with original maturities of 90 days or more		18,098,063	17,353,058
Investments in securities		9,772,380	7,123,530
Loans		(2,207,113,428)	(2,122,385,388)
Securities sold under agreements to repurchase		215,278,562	15,273,807
Other accounts receivable		(51,783,038)	(42,054,666)
Other assets		(13,055,389)	(24,869,581)
Deposits from costumers		1,115,720,277	1,797,412,437
Other liabilities		84,442,566	158,350,365
Discontinued operation		0	(12,283,573)
Cash generated by operations:			
Interest received		2,059,131,213	1,846,121,077
Interest paid		(605,478,621)	(610,324,651)
Dividends received		3,049,808	(1,634,705)
Income tax paid		(197,108,873)	(142,557,469)
Net cash provided by operating activities		53,248,784	616,855,182
Cash flows from investment activities:			
Proceeds from sale of investments in securities		637,020,864	1,177,225,592
Maturities, and prepayments of investments in securities		2,589,756,282	2,629,970,286
Purchase of investments in securities		(4,054,680,155)	(4,407,856,941)
Purchase of property and equipment		(94,661,349)	(70,449,481)
Proceeds from sale of property and equipment		743,409	6,770,045
Acquisition of intangible assets		(31,458,214)	(25,387,072)
Proceeds from sale of assets held for sale		39,177,902	28,183,645
Net cash used in investment activities		(914,101,261)	(661,543,926)
Cash flows from financing activities:			
Proceeds from financial obligations		2,144,700,215	2,131,337,349
Payment of financial obligations		(1,696,354,955)	(1,774,908,224)
Proceeds from other financial obligations		372,306,745	22,862,012
Payment of other financial obligations		(50,020,815)	(57,776,671)
Payment of lease liabilities		(29,566,777)	(25,246,057)
Paid dividends		(9,606)	(861,087,213)
Adjustment to non-controlling interest		0	(48)
Discontinued operations, net of cash		0	(121,794,441)
Repurchase of fractions of shares		(503)	0
Net cash provided by (used in) financing activities		741,054,304	(686,613,293)
Effect of exchange rate fluctuation on cash held		127,521,119	(47,164,434)
Net increase (decrease) in cash and cash equivalents		7,722,946	(778,466,471)
Cash and cash equivalents at the beginning of the year		5,125,552,331	5,904,018,802
Cash and cash equivalents at the end of the year	6	5,133,275,277	5,125,552,331

The consolidated statement of cash flows must be read in conjunction with the notes which are part of the consolidated financial statements.

Table of Contents to the Notes to the Consolidated Financial Statements

(1) Organization

BAC Holding International Corp. (the "Parent Company") has been incorporated under the Companies Law of the Republic of Panama since 1972. BAC Holding International Corp. and its subsidiaries will be jointly referred to as "the Company". BAC Holding International Corp. is an entity with tax domicile in Colombia, listed on the Colombian Stock Exchange ("BVC") and the Panama Stock Exchange ("Latinex"). These consolidated financial statements as of December 31, 2022, include the Company and its subsidiaries.

As of December 31, 2021, the Company was wholly owned by Banco de Bogota, S.A., an authorized bank in the Republic of Colombia, which in turn is a subsidiary of Grupo Aval Acciones y Valores, S.A., an entity domiciled in the Republic of Colombia.

On March 25, 2022, Banco de Bogota S.A., carried out the spin-off of 75% of its ownership in the Company in favor of its shareholders of said entity, through Sociedad Beneficiaria Bogota, S.A.S.

On March 28, 2022, Grupo Aval Acciones y Valores, S.A., carried out the spin-off of 51.6% of the Company's shares in favor of its shareholders. The shares spun off in favor of the shareholders of Grupo Aval, were received upon completion of the spin-off held by Banco de Bogota, S.A. on March 25, 2022.

In order to complete the previous operations, a merger was carried out between the Company and two entities created exclusively to carry out the transaction, Sociedad Beneficiaria Bogota, S.A.S. and Sociedad Beneficiaria Aval, S.A.S. The Parent Company acted as an absorbing entity. More details in Note 34.

The Parent Company owns 100% of the shares of BAC Credomatic, Inc., which provides a wide variety of financial services to corporations and individuals, mainly in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama; through its indirect subsidiary BAC International Bank, Inc., a banking entity domiciled in the Republic of Panama.

The Company acquired in May 2020 96.60% of the common shares of Multi Financial Group Inc. (MFG), another Panamanian banking institution. In June 2020, an additional 2.97% of the noncontrolling interest was acquired, for a total interest of 99.57%.

The Company carried out a partial spin-off of its operations on September 29, 2021, through which it transferred to Multi Financial Holding Inc., a company created simultaneously with that said spin-off, the shares it owned in Multi Financial Group Inc. on that date. More information on this operation is disclosed in Note 34.

(1) Organization, continued

The Company consolidates directly and indirectly with the following significant entities:

Subsidiary	Core Business	Country	Total voting rights held by the Company
BAC Credomatic Inc.	Holding	British Virgin Islands	100.0000%
BHI Latam SSC, S.A	Services	Panama	100.0000%
BAC International Corporation	Holding	British Virgin Islands	100.0000%
BAC International Bank Inc.	Banking	Panama	99.9961%
BAC Bahamas Bank Limited	Banking	Bahamas	100.0000%
BAC Valores Inc.	Securities broker	Panama	100.0000%
Premier Assets Management Inc.	Mutual funds	Panama	100.0000%
BAC Latam SSC S.A.	Services	Costa Rica	100.0000%
BAC Latam Honduras, S.A.	Services	Honduras	100.0000%
Banco de América Central S.A.	Banking	Guatemala	100.0000%
Financiera de Capitales S.A.	Financial services	Guatemala	99.9996%
BAC Valores de Guatemala S.A.	Securities broker	Guatemala	100.0000%
BAC Bank Inc.	Banking	Panama	100.0000%
Credomatic de Guatemala S.A.	Card Industry	Guatemala	100.0000%
Negocios y Transacciones Institucionales S.A.	Leasing	Guatemala	100.0000%
Banco de América Central Honduras S.A.	Banking	Honduras	99.9776%
Credomatic de Honduras S.A.	Card Industry	Honduras	99.9999%
Admin. de Fondos de Pensiones y Cesantías BAC Honduras	Mutual funds	Honduras	100.0000%
Inversiones Financieras Banco de América Central S.A.	Holding	El Salvador	99.9988%
Banco de América Central S.A.	Banking	El Salvador	99.9999%
Credomatic de El Salvador S.A.	Card Industry	El Salvador	99.9997%
Sistemas Internacionales S.A.	Holding	El Salvador	100.0000%
Viajes Credomatic El Salvador S.A.	Travel Agency	El Salvador	100.0000%
Corporación Tenedora BAC COM S.A.	Holding	Nicaragua	99.9769%
Banco de América Central S.A.	Banking	Nicaragua	100.0000%
Almacenes Generales de Deposito BAC S.A.	Fiscal Warehouse	Nicaragua	99.9995%
Credito S.A.	Card Industry	Nicaragua	99.6631%
BAC Valores Nicaragua Puesto de Bolsa S.A.	Securities broker	Nicaragua	99.9972%
Corporación de Inversiones Credomatic S.A.	Holding	Costa Rica	100.0000%
Corporación Tenedora BAC Credomatic S.A.	Holding	Costa Rica	100.0000%
Banco BAC San José S.A.	Banking	Costa Rica	100.0000%
BAC San José Puesto de Bolsa S.A.	Securities broker	Costa Rica	100.0000%
BAC San José Leasing S.A.	Leasing	Costa Rica	100.0000%
BAC San José Soc. de Fondos de Inversión S.A.	Mutual funds	Costa Rica	100.0000%
BAC San Jose Pensiones S.A.	Mutual funds	Costa Rica	100.0000%
BAC Credomatic Corredora de Seguros S.A.	Insurance	Costa Rica	100.0000%
Coinca Corporation	Holding	British Virgin Islands	100.0000%
Comunicaciones inalámbricas de Centroamérica S.A de C.V.	Telematic services	El Salvador	100.0000%
Namutek S.A.	Telematic services	Costa Rica	100.0000%
Comunicaciones inalámbricas de Centroamérica S.A.	Telematic services	Nicaragua	97.0000%
Comunicaciones inalámbricas de Centroamérica S.A.	Telematic services	Honduras	100.0000%
COSIC, S.A.	Telematic services	Guatemala	100.0000%
Vales Intercontinentales S.A.	Franchise Rights VISA	Costa Rica	100.0000%
Agencia de Viajes Intertur S.A.	Travel Agency	Costa Rica	100.0000%
Credomatic of Florida, Inc.	Card Industry	United States of America	100.0000%
Red Land Bridge Reinsurance Ltd.	Reinsurance	Grand Cayman	100.0000%

(2) Basis of Preparation of the Consolidated Financial Statements

(a) Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in conformity with IFRSs issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Company's Board of Directors on February 24, 2023.

(2) Basis of Preparation of the Consolidated Financial Statements, continued

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following accounts in the consolidated statement of financial position.

- Investments at fair value; and
- Assets held for sale.

Initially, the Company recognizes financial instruments at fair value on the date they are settled. Investments in securities are recorded when they are traded and loans at amortized cost when they are settled.

(c) Functional and presentation currency

The items included in the accounts of each of the Company's subsidiaries are measured using the currency of the main economic environment where the entity operates ("functional currency").

The Company’s consolidated financial statements are presented in US dollars, which is also the Company's functional currency. Information presented in US dollars is expressed in units, unless otherwise indicated.

(d) Use of estimates and judgments

Preparation of the consolidated financial statements requires the Company’s management to make judgments, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Final results may differ from these estimates. These also requires the Company’s management to apply its judgment when applying the Company's accounting policies. The main judgments made by management in applying the Company's accounting policies and the main sources of uncertainty in the estimates have been the same as those described in the last annual financial statements.

The information on the most significant areas of estimation of uncertainty and critical judgments in applying the accounting policies that have the most important effect on the amounts recognized in the consolidated financial statements is disclosed in Note 5.

(3) Summary of Significant Accounting Policies

The Company has applied the policies to the consolidated financial statements in a manner consistent with those of the consolidated financial statements as of December 31, 2021, which are detailed below:

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(3) Summary of Significant Accounting Policies, continued

To determine the control, the potential voting rights that are currently executable or convertible are considered. The subsidiaries' financial statements are included in the consolidated financial statements from the date on which the control begins, and until the control ceases.

Balances and Transactions Eliminated in the Consolidation

Intragroup transactions, balances, revenue and expenses in transactions between subsidiaries are eliminated. Losses and gains that arise from intragroup transactions that are recognized as assets or liabilities are also eliminated.

Changes in the ownership of the subsidiaries that do not result in a change of control

Transactions with non-controlling interest that do not result in a loss of control are accounted for as equity transactions; that is, as transactions with the owners. Any difference between the carrying value of the interest and the amount of the transaction is recorded as an adjustment to retained earnings.

Loss of control

When the Company ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any retained interest in the former subsidiary is measured at fair value when control is lost.

(b) Foreign currencies

Assets and liabilities maintained in foreign currency are converted to the functional currency at the exchange rate in effect on the reporting date. Gains or losses resulting from the conversion of foreign currency are reflected in other revenues or other expense accounts in profit or loss. All non-monetary items of the Company are recorded in the functional currency at the time of the transaction.

Goodwill and adjustments to the fair value resulting from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and, consequently, are converted at the exchange rates in effect on each period closing date.

Subsidiaries of the Company

The financial position and results of all of the Company's subsidiaries that have a functional currency other than the Company's functional currency are converted into the reporting currency as follows:

- Assets and liabilities: at the exchange rate at the period closing date.
- Revenues and expenses: at the average exchange rate of the period.
- Equity accounts: at the historical exchange rate.

The resulting conversion adjustment is carried directly to a separate account in the “Equity” section, under "other comprehensive loss".

(3) Summary of Significant Accounting Policies, continued

(c) Financial assets and liabilities

Financial assets are classified on the date of initial recognition, based on the nature and purpose of the financial asset's acquisition.

Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

At initial recognition, financial assets are classified as measured at AC, FVOCI or FVPL.

A financial asset is measured at amortized cost and not at FVPL if it meets both of the following conditions:

1. The asset is kept within a business model to collect contractual cash flows; and

2. The contractual terms of the financial asset establish specific dates for cash flows that represent solely payments of principal and interest on the outstanding balance.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and has not been designated at FVPL:

1. The asset is kept within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets, and;

2. The contractual terms of the financial asset establish specific dates for cash flows that represent solely payments of principal and interest on the current outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Company may elect to irrevocably recognize subsequent changes in fair value as part of other comprehensive profit and loss in equity. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at AC or FVOCI as described above, are measured at FVPL.

In addition, in the initial recognition, the Company may irrevocably designate a financial asset that meets the measurement requirements to be classified at AC or FVOCI to be measured at FVPL, if doing so eliminates or significantly reduces an accounting mismatch that may occur if not done. For now, the Company does not use this option.

An embedded derivative where the main contract is a financial contract covered under IFRS 9 is not separated and instead, the hybrid financial instrument is jointly assessed for classification.

(3) Summary of Significant Accounting Policies, continued

Business Model Assessment

The Company assesses the objectives of the business models that hold the financial assets at portfolio level to better represent how each subsidiary manages the business and how management information is reported. The information considered includes:

- the policies and objectives stated for each portfolio of financial assets and the operation of these policies in practice. These include, whether management's strategy is to collect income from contractual interest; hold a profile of specific interest performance, or coordinate the duration of the financial assets with the liabilities being financed or the expected outgoing cash or through cash flows from the sale of assets;

- how they are evaluated or reported to key management personnel of the Company on portfolio performance;

- the risks that affect the performance of the portfolios (and the financial assets held within them) and the way those risks are managed;

- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and,

- the frequency, value and timing of sales in prior years, the reasons for those sales and expectations about future sales activity. However, the information on sales activity cannot be considered in isolation, but rather as part of an assessment of how Company objectives established for managing financial assets are achieved and how cash flows are realized.

Financial assets held or managed for trading and where their performance is assessed on a fair value basis, are measured at FVPL because these are not held to cover contractual cash flows or to obtain contractual cash flows and to sell these financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as compensation for the time value of money and credit risk associated with holding the current principal for a period of time and for other basic risks from loan agreements and other associated costs (e.g. liquidity risk and administrative costs), as well as the profit margin.

When evaluating whether contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes an assessment to determine whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows in such a way that it does not meet this condition. In making this assessment the Company considers:

- Contingent events that will change the amount and timing of cash flows;

(3) Summary of Significant Accounting Policies, continued

- Hedging conditions;

- Prepayment and extension terms;

- Terms that limit the Company in obtaining cash flows from specific assets (e.g. unfunded asset agreements); and

- Terms that change the considerations on the value of money over time (e.g. periodic revision of interest rates).

Interest rates on certain consumer and business loans are based on variable interest rates established at the discretion of the Company. Variable interest rates are generally established in accordance with the practices of each of the countries where the Company operates, plus certain additional discretionary points. In these cases, the Company assesses whether the discretionary feature is consistent with the criteria of solely payments of principal and interest, considering several factors that include whether:

- Debtors can prepay the loans without significant penalties;

- Competitive market factors ensure that interest rates are consistent among banks; and,

- Any regulatory protective privision on behailf of customers in the country requiring banks to treat customers reasonably (e.g. regulated rates).

All fixed-rate consumer and corporate loans contain a prepayment condition.

A prepayment feature is consistent with the criteria of solely payments of principal and interest if the prepayment amount substantially represents unpaid amounts of principal and interest on the amount of outstanding principal, which may include fair compensation for early termination of the contract.

In addition, a prepayment feature is consistent with these criteria, if a financial asset is acquired or originates from a premium or discount to the contractual par amount and the prepayment amount substantially represents the contractual par amount, plus accrued, but unpaid, contractual interest (which may include fair compensation for early termination), and the fair value of the prepayment feature is insignificant in the initial recognition.

Impairment of Financial Assets

The Company assesses the impairment of financial assets with an Expected Credit Losses model (ECL). This model requires the application of considerable judgment regarding how changes in economic factors impact ECL, which is determined on a weighted average basis.

(3) Summary of Significant Accounting Policies, continued

The impairment model applies to the following financial assets that are not measured at FVPL.

- Fixed and variable - rate debt instruments;
- Lease payments receivable;
- Other accounts receivable;
- Loan portfolio;
- Financial guarantee contracts issued; and
- Loans commitments issued.

The Company recognizes a provision for impairment of financial assets at AC and FVOCI in an amount equal to the expected credit losses in a period of twelve months after the end date of financial statements or during the remaining life of the loan. Expected losses during the remaining life of the loan are the losses expected from all possible impairment events during the expected life of the financial instrument, while expected losses in a twelve-month period are the portion of expected losses arising from impairment events resulting from impairment events that are possible during the twelve months following the date of the report.

Impairment requirements are complex and require estimated judgments and significant assumptions by management, particularly in the following areas:

- Assess whether the credit risk has increased significantly from initial recognition; and,
- Incorporate prospective information in the measurement of expected impairment losses.

Reserves for losses are recognized in an amount equal to the ECL during the life of the asset, except in the following cases, in which the amount recognized is equal to ECL for the 12 months following the measurement date:

- Investments in debt instruments determined to represent low credit risk at the reporting date; and,
- Other financial assets (other than short-term accounts receivable) on which the credit risk has not increased significantly since initial recognition.

(3) Summary of Significant Accounting Policies, continued

Measuring ECL

Expected credit losses (ECL) are the estimated weighted probability of credit losses measured as follows:

- Financial assets with no credit impairment at the reporting date: the present value of all contractual cash payments in arrears (for example: the difference between contractual cash flows owed to the Company and cash flows that the Company expects to receive);
- Impaired financial assets at the reporting date: the difference between the gross book value and the present value of estimated future cash flows;
- Outstanding loan commitments: the present value of the difference between contractual cash flows owed to the Company in the event it enforces the commitment and cash flows that the Company expects to receive; and
- Financially secured contracts: expected payments to reimburse the holder minus any amount the Company expects to recover.

Definition of impairment

The Company considers a financial asset to be impaired when:

- It is highly unlikely that the debtor will fully pay its credit obligations to the Company, without recourse for the Company to take such actions as enforcing the guarantees (if any); or
- The debtor is more than 90 days past due on any material credit obligation. Overdrafts are considered in arrears once the client has exceeded the established limit, or the established limit is less than the outstanding balance.
- For fixed-income financial instruments, the following concepts, among others, are included:
    - Downgrade of the issuer's credit risk rating.
    - Contractual payments are not made on the due date or in the term period stipulated.
    - There is a virtual certainty of default.
    - Issuer is likely to go bankrupt or a bankruptcy petition is filed or similar action.
    - The financial asset stops trading in an active market given its financial difficulties.

To assess whether a debtor is impaired, the Company considers indicators such as:

- Qualitative, e.g. noncompliance with contractual clauses;
- Quantitative, e.g. arrears or non-payment of another obligation from the same issuer to the Company; and,
- Based on data developed internally and obtained from external sources.

Inputs used in the assessment of whether financial instruments are impaired, and their importance may vary over time to reflect changes in circumstances.

(3) Summary of Significant Accounting Policies, continued

Significant increase in credit risk

Under IFRS 9, when determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers relevant fair, and sustainable information available at no cost or disproportionate effort, including information and quantitative and qualitative analyses based on historical experience and expert assessment of Company's is credit risk, including prospective information.

The Company identifies if a significant increase in the credit risk has occurred for each exposure by comparing:

- The probability of default (PD) during the remaining life a financial instrument at the closing date, with
- The PD during the remaining life at a point in time, which was estimated at initial recognition of exposure.

The assessment of whether the credit risk has increased significantly from the initial recognition of a financial asset requires identification of the initial recognition date of the instrument. For purposes of revolving credit (credit cards, overdrafts, among others), the date when the credit was first delivered may be a long time ago. Changes in the contractual terms of a financial asset may also impact this assessment, as discussed below.

Rating by credit risk categories

The Company assigns a credit risk grade to each exposure based on a variety of data that is determined to predict the PD and applying the judgment of a credit expert, the Company uses these grades to identify significant increases in credit risk. Credit risk grading is defined using qualitative and quantitative factors indicative of the risk of losses. These factors vary depending on the type of exposure and the type of borrower.

Credit risk rating is defined and calibrated so that the risk of losses increases exponentially as the credit risk is impaired and so that, for example, the difference in the risk of losses between grade satisfactory and special mention ratings is less than the difference between the credit risk between special-mention and sub-standard ratings.

Each exposure is given a credit risk rating upon initial recognition based on information available on the debtor. Exposures are subject to continuous monitoring, that may result in displacement of exposure to another credit risk grade.

Determine if the credit risk has increased significantly

The Company has established a general framework that incorporates quantitative information and qualitative to determine if the credit risk of a financial asset has significantly increased since its initial recognition.

The initial framework is aligned with the internal process of the Company for credit risk management.

(3) Summary of Significant Accounting Policies, continued

The criteria to determine whether the credit risk has increased significantly varies by portfolio and includes limits based on defaults.

The Company assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on Company qualitative modeling, the expected probability of impairment during the remaining life will increase significantly from initial recognition. In determining the credit risk increase, the expected impairment losses in the remaining life are adjusted by changes in maturity terms.

Under certain circumstances, using the judgment of credit experts, and based on relevant historical information, the Company determines that an exposure has had a significant increase in credit risk, if particular qualitative factors indicate this and those factors may not be completely captured by periodic quantitative analyses. As a limit, the Company assumes that a significant credit risk occurs no later than when the asset is in arrears for more than 30 days.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria can identify significant increases in credit risk before an exposure becomes impaired.

- The criteria are inconsistent with the time when the asset is more than 30 days past due.

Modified financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, the Company assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is written off and a new financial asset is recognized at its fair value plus any eligible transaction costs. Commissions received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent the reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other commissions are included in profit or loss for the year as part of the gain or loss on account derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximize collection opportunities and minimize default risk. Under the Company's renegotiation policies, customers in financial difficulties are granted concessions that generally correspond to reductions in interest rates, an extension of payment terms, reductions in balances owed, or a combination of the above.

(3) Summary of Significant Accounting Policies, continued

If the Company plans to modify a financial asset in a way that would result in the condonation of cash flows, then it first considers whether a portion of the asset should be derecognized before the modification takes place. This approach impacts the outcome of the quantitative assessment and means that the derecognition criteria are often not met in such cases.

If the modification of a financial asset measured at AC or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the asset's original effective interest rate and recognizes the resulting adjustment as a gain or loss in profit or loss. For variable interest rate financial assets, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out due to financial difficulties of the debtor, then the gain or loss is presented along with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

The contractual terms of the loans may be modified for several reasons, including changes in market conditions, client retention, and other factors unrelated to the actual or potential impairment of the client's loan.

When the terms of a financial asset are modified and the modification does not result in the removal of the asset from the consolidated statement of financial position, the determination of whether the credit risk has significantly increased reflects comparisons of:

- The PD during the remaining life on the date of the balance sheet based on the terms modified with;

- The PD on the estimated remaining life based on the date of initial recognition and the original contractual terms.

For financial assets modified as part of the Company's renegotiation policies, the estimation of the PD reflects whether the modifications have improved or restored the ability of the Company to collect principal and interest and the prior experience of the Company in similar actions. As part of the process, the Company assesses the debtor's payment compliance as compared to the modified terms of the debt and considers several performance indicators for the debtor or group of debtors modified.

(3) Summary of Significant Accounting Policies, continued

Generally, restructuring indicators are a relevant factor in increased credit risk. Therefore, a restructured debtor must demonstrate consistent payment behavior over a period of time before no longer being considered as an impaired loan or that the PD has decreased in such a way that the provision may be reversed, and the loan may be measured for impairment over a term of twelve months after the closing date of the report.

Financial liabilities

The Company derecognizes a financial liability when its conditions are modified, and the cash flows of the modified obligation are substantially different. In this case, a new financial liability based on the modified terms is recognized at its fair value. The difference between the carrying amount of the derecognized financial liability and the consideration paid is recognized in profit or loss. The consideration paid includes the transferred of non-financial assets, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not recorded as derecognition, then the amortized value of the liability is recalculated by discounting the modified cash flows at the original effective interest rate, and the resulting gain or loss is recognized in profit or loss. For variable interest rate financial liabilities, the original effective interest rate used to calculate the modified gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the book value of the liability and are amortized over the remaining term of the modified financial liability by recalculating the effective interest rate on the instrument.

Inputs in Measuring ECL

Key inputs in measuring ECL are usually the structure of terms of the following variables:

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

The foregoing parameters are derived from internal statistical models and other historical information. These models are adjusted to reflect prospective information as described below.

Credit risk ratings are a grouping criteria to determine the PD term structure for the different exposures. The Company obtains information on the number of defaults on credit risk exposures analyzed by jurisdiction or region, type of product, and the credit risk rating assigned to calculate the PD.

The Company uses statistical models to analyze the data collected and generates estimates of the probability of impairment in the remaining life of the exposures and how those probabilities of impairment will change as a result of the passage of time.

(3) Summary of Significant Accounting Policies, continued

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors as well as an in-depth analysis of certain credit risk factors (e.g. loan write-offs). For most loans, key economic factors usually include gross domestic product growth, changes in market interest rates, and unemployment.

PDs are estimated on certain cut-off dates. They are calculated using survival models, based on historical default vectors. If a counterparty or exposure migrates between the different ratings, then this will cause a change in the estimated PD for that group. The PDs are estimated considering the contractual maturity terms of the exposures and the estimated prepayment rates.

The historical PD is then transformed to a prospective PD, using macroeconomic sensitivity models.

LGD is the magnitude of probable losses in the event of non-compliance. The Company estimates the parameters of the LGD based on historical loss recovery rates against the noncomplying parties. LGD models consider the structure collateral, and the recovery costs of any collateral when there are mortgage guarantees.

For unsecured loans, a cash-to-value recovery model is used. For loans secured by mortgages and/or pledges, a history of the relationship between the selling price of assets available for sale and sold with respect to the balance of the loans is used as a recovery parameter. These loans are calculated on the bases of discounted cash flows using the effective interest rate of the loan.

EAD represents expected exposure in the event of non-compliance. The Company derives the EAD from the current exposure of the counterpart and potential changes in the current amount permitted under the terms of the contract, including amortization and prepayments for decreasing and revolving exposures with no commitment to disburse. For loan commitments and financial guarantees, the EAD considers the amount disbursed, as well as potential future amounts that may be disbursed or collected under the contract, which are estimated based on historical observations. Finally, for credit cards, due to their relative nature, the Company determines the EAD by modeling a percentage of historical utilization over the approved credit limit.

The Company measures the EAD considering the risk of noncompliance during the maximum contractual period (including options to extend the customer’s debt) on which there is an exposure to credit risk, even if, for purposes of risk management, the Company considers a longer period of time. The maximum contractual period is extended to the date on which the Company has the right to require repayment of a loan or terminate a loan commitment or guarantee granted.

(3) Summary of Significant Accounting Policies, continued

For credit card balances the Company measures EADs over a longer period than the maximum contractual period if the contractual ability of the Company to demand payments does not limit the Company's exposure to credit losses for the contractual period. These facilities do not have a fixed term or a collection structure and are managed on a collective basis. The Company may cancel them immediately, but this contractual right is forced in the normal management of the Company's day-to-day management, rather than only when the Company determines that there has been an increase in credit risk for each loan. This longer period will be estimated considering the actions for credit risk management that the Company expects to take and that mitigate the EAD. These measures include a reduction in limits and cancellation of loan contracts.

Where parameter modeling is performed on a collective basis, the financial instruments are pooled on the basis of shared risk characteristics that include:

- Type of instrument.
- Credit risk rating.
- Guarantees.
- Date of initial recognition.
- Remaining term until maturity.
- Geographical location of the debtor.

The above pooling is subject to regular review to ensure that the exposure of a particular group remains homogeneous.

Projection of future conditions

Semi-annually forecasted, macroeconomic scenarios for twelve months are approved for the six countries where the Company operates, and they are divided into three categories: upside, central and downside. These scenarios are prepared based on the Company's macroeconomic simulation model and are complemented by (i) projections from supranational organizations such as the International Monetary Fund, the World Bank, and Economic Commission for Latin America and the Caribbean, etc. (ii) the macroeconomic program of the Central American central banks and (iii) economists outside the Company.

- **Central scenario**: According to current expectations, it contemplates stability in the nominal macroeconomic variables: exchange rate, interest rates, and inflation. Forecasts from other organizations that carry out economic research are used as a reference, for example, the International Monetary Fund, the World Bank, and the central banks of each country. External references bring fairness to the exercise.

(3) Summary of Significant Accounting Policies, continued

- **Upside and downside scenarios**: These are the probable macroeconomic scenarios before the realization of some of the main risks associated with each country. They are categorized as upside and downside risks, furthermore, divided between internal and external risks.

- **External Risks**: The Central American countries, being small and open economies, are exposed to the economic performance of the large economies and main trading partners, mainly the United States and Europe. The economic activity of these countries affects the Central American countries in a generalized way, mainly through income from remittances, exports, tourism, and foreign direct investment.

- **Internal Risks**: These are risks specific to each country. They include risks associated with the internal social, political, and economic situation. In the current situation, the risks associated with the performance of governments predominate public finance management, natural disasters, health policies, etc.

The external information includes economic data and publication of projections by government committees, monetary authorities (mainly in the countries where the Company operates), supranational organizations (such as the Organization for Economic Cooperation and Development, the International Monetary Fund, and others), academic projections, private sector, and credit risk rating agencies.

The base case represents the most probable. Other scenarios represent a more optimistic or pessimistic outcome. In addition, the Company uses periodic stress testing to calibrate the determination of these other representative scenarios.

Financial liabilities
Financial liabilities are measured at amortized cost using the effective interest method, except when there are financial liabilities measured at FVPL.

Recognition, disposal and measurement
The Company regularly recognizes the purchase or sale of financial instruments on the date of each negotiation, which is the date on which the Company commits to buy or sell a financial instrument. Financial assets and liabilities are initially recognized at fair value.

Transaction costs are attributed to expenses in the consolidated statement of profit or loss when incurred for financial assets and liabilities at fair value with changes in the profit and loss, and they are recorded as part of the initial value of the instrument for assets and liabilities at amortized cost and available for sale securities. Transaction costs are incremental costs incurred to acquire assets or sell financial liabilities. These include fees, commissions and other concepts paid to agents, brokers, advisors and intermediaries, rates established by regulatory agencies and stock markets, as well as taxes and other rights.

(3) Summary of Significant Accounting Policies, continued

Financial assets are derecognized from the consolidated statement of financial position when the payments derived from them are received, the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all of the risks and benefits derived from their ownership.

After to initial recognition, all financial assets and financial liabilities classified at amortized cost are measured based on the amortized cost method. Accrued interest is recorded in the interest income or expense account.

The Company writes off a financial liability when its contractual obligations have been paid or canceled or have expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Presentation of provision for PCE in the consolidated statement of position financial

The provision for PCE is presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from gross carrying value of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Debt instruments measured at FVOCI: no provision is recognized for losses in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the provision for losses is disclosed and recognized in other comprehensive income.

(d) Assets held for sale

Assets acquired or awarded in the settlement of a loan are held for sale and are initially recognized at the lower of the balance of the loan and fair value less selling costs as of the award date, establishing a new cost basis. After the award, management conducts periodic assessments and assets are recognized at the lower of carrying value or fair value less costs to sell. Operating revenues and expenses originated and changes in the provision for the valuation of those assets are included in other operating expenses. Costs related to the maintenance of these properties are included as expenses when incurred.

(3) Summary of Significant Accounting Policies, continued

(e) Recognition of the most significant income and expenses

Interest income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the discount rate that equals exactly the estimated cash flows receivable or payable throughout the expected life of the financial instrument or when appropriate (in a shorter period) with the net carrying value of the financial asset or liability. To calculate the effective interest rate, the Company will estimate cash flows considering all of the contractual conditions of the financial instrument, but not considering future credit losses.

The calculation of the effective interest rate includes all commissions and points paid or received that are part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Fees and commissions

Fees and commissions that are part of the effective interest rate in a financial asset or liability instrument are included in the measurement of the effective interest rate.

Other revenues from fees and commissions, including services fees, asset management, sales commissions, loan syndication, among others, are recognized when the corresponding services are provided.

Annual credit card memberships, net of direct card-origination incremental costs, are deferred and amortized by applying the straight-line method during a term of one year. Commissions charged to affiliated commercial establishments are determined based on the amount and type of purchase by the cardholder and are recognized when invoiced.

Other fees and commissions received mainly relating to fees for transactions and services are recognized as income when they are received, and related services have been rendered.

Loyalty programs

The Company offers loyalty programs that allow cardholders to earn points that can be redeemed for a variety of awards, including cash, trips, and products at a discount. The points are recognized as a separately identifiable component of the initial transaction of credit card consumption income.

The estimated fair value of loyalty programs and those points redeemed are recognized in the commissions account in profit or loss. The Company recognizes the points based on the earned points expected to be redeemed and the fair value of the point to be redeemed. The points to be redeemed are estimated based on the history of redemption, card product type, account transaction activity and past performance of the cards.

(3) Summary of Significant Accounting Policies, continued

(f) Cash and cash equivalents

The Company considers all highly liquid time deposits with maturities of 90 days or less as cash equivalents. Cash and cash equivalents consist of cash, demand deposits at banks, and certain securities and deposits that generate interests, with original maturities of 90 days or less.

(g) Property and equipment

Property and equipment are presented at cost, less accumulated depreciation, and amortization.

The cost of renewals and improvements is capitalized when they increase the asset's useful life; while repairs and maintenance that do not extend the useful life or improve the asset are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company recognizes depreciation in profit or loss with an increase to the accumulated depreciation account. Land is not depreciated. The estimated useful lives of assets are:

Category	Years/Base
Buildings	20 - 50
Furniture and equipment	5 - 10
Vehicles	5
Computer’s equipment	3 - 5
Leasehold improvements	3 - 10

Leasehold improvements are amortized during the lower of the estimated useful life or the term of the lease contract.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is immediately reduced to its recoverable value if the carrying amount of the asset is greater than the estimated recoverable value. The recoverable amount is the highest between the fair value of the asset less the cost of selling and its value in use.

(h) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

(3) Summary of Significant Accounting Policies, continued

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

  - The Company has the right to operate the asset; or

  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

i. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

(3) Summary of Significant Accounting Policies, continued

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "property, furniture, equipment and improvements" and lease liabilities in "lease liabilities" in the consolidated statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(3) Summary of Significant Accounting Policies, continued

(i) Business combinations and goodwill

The Company accounts for business combinations using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired. Any goodwill is subject to annual impairment tests. Any gain from purchase under very advantageous conditions is immediately recognized in profit or loss. Transaction costs are recorded as an expense when incurred, except if they are related to the issuance of debt or equity instruments.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay the contingent consideration that meets the definition of financial instruments is classified as equity, it should not be measured again, and its subsequent settlement should be accounted for within equity. If not, the other contingent consideration is remeasured at fair value on each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interests are recorded for the proportional part of the fair value of the identifiable assets and liabilities, unless stated otherwise. When the Company has the corresponding option to settle the purchase of a non-controlling interest through the issue of its own ordinary shares, no financial liability is recorded.

During the measurement period (which is a term of one year from the date of the acquisition), the Company can, retrospectively, adjust the amounts recognized on the date of acquisition to reflect new information obtained on events and circumstances that existed at that date.

For impairment tests purposes, goodwill acquired in a business combination is, on the acquisition date, assigned to each of the cash-generating unit groups (CGUs) expected to benefit from the combination. The CGUs to which goodwill is assigned will be disaggregated so impairment-testing level reflects the lowest level to which the goodwill is controlled for purposes of internal management.

An impairment loss will be recognized if the carrying amount of the CGU plus the goodwill allocated to it is higher than its recoverable amount, in which case the allocated goodwill will be reduced, and any remaining impairment would be applied to other CGUs' assets.

(j) Intangible assets

Intangible assets represent identifiable non-monetary assets and are acquired separately or through a business combination or are generated internally. The Company's intangible assets are recognized at cost or at fair value and are mainly comprised of relations with the depositors, relations with credit card customers, relations with affiliated businesses, technological programs, and trade names.

Cash-generating units to which goodwill has been attributed are periodically assessed for impairment. This assessment is carried out at least annually, or whenever there is evidence of impairment.

(3) Summary of Significant Accounting Policies, continued

The amortization expense of intangible assets is presented in profit or loss as depreciation and amortization expenses.

Trade names are non-amortizable intangible assets.

(k) Income tax

Tax expense for the year includes current and deferred taxes. Taxes are recognized in profit or loss, except to the extent that they refer to items recognized directly in equity.

The current tax expense is calculated based on the laws enacted on the reporting date in the countries where the parent company and its subsidiaries operate, and where they generate positive taxable bases. The Company's management periodically assesses the positions assumed in tax returns regarding situations in which applicable tax regulation is subject to interpretation, and when necessary, recognizes provisions for the amounts expected to be paid to the tax authorities.

Deferred taxes are recognized for the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recorded if they arise from the initial recognition of goodwill; deferred taxes are not recognized if they arise from an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect profit or loss nor taxable income or loss. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted on the reporting date and expected to be applicable when the corresponding deferred tax asset is realized, or the liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future tax benefits will be available with which to offset the temporary differences.

Deferred taxes are recognized over temporary differences that arise from investments in subsidiaries and associates, except for those deferred tax liabilities for which the Company can control the date on which the temporary differences will be reversed, and it is likely that they will not be reversed in the near future. Deferred tax assets are recognized in deductible temporary differences that arise from investments in subsidiaries only to the extent that the temporary differences will likely be reversed in the future, and there is a sufficient future taxable income against which the temporary differences can be used.

Deferred tax assets and deferred tax liabilities are set off only if there is a legally recognized right to offset the current tax assets with the current tax liabilities and when the deferred tax assets and deferred tax liabilities are derived from income tax corresponding to the same tax authority, and the authority allows the Company to pay or received a single amount that settle the existing net balance.

(l) Employee benefits

The Company is subject to the labor laws in each country where it operates. The Company provisioned an employment benefit when such benefit is related to employee services already rendered, the employee has earned the right to receive the benefit, the benefit payment is probable, and the amount of such benefit can be estimated.

(3) Summary of Significant Accounting Policies, continued

(m) Trust contracts and securities management

The assets under trust contracts and securities under custody are not considered part of the Company, and accordingly, such securities and related revenue are not included in these consolidated financial statements. It is the obligation of the Company to manage and safeguard the assets under contract and independently of their equity.

The Company charges a fee for the management of trust contracts and custody of securities, which is paid according to agreements between the parties. These fees are recognized as income according to the terms of the contracts either monthly, quarterly, or annually on an accrual base.

(n) Fair value estimates

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

The different hierarchy levels have been defined as follows:

- Level 1 - Quoted prices in active markets without adjustments for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are not active and other valuation techniques where significant data inputs are directly or indirectly observable in the market.
- Level 3 - Unobservable inputs for the asset or liability. This category includes all instruments where the valuation technique includes unobservable inputs, and these have a significant effect on the fair value measurement. This category also includes instruments that are valued based on quoted prices for similar instruments for which we must make significant adjustments using unobservable inputs, assumptions, or adjustments in which no observable or subjective data are used when there are differences between the instruments.

A market is considered active if quoted prices are readily and regularly available from an exchange, financial intermediaries, a sector institution, pricing service or regulatory agency, and those prices reflect actual market transactions with sufficient frequency and volume to provide market pricing information.

(o) Transactions between entities under common control

Transfers of assets between entities under common control, including transactions with intermediate holding companies, are initially recorded at book value of the Company transferring the assets at the date of transfer. If the carrying amount of the assets and liabilities transferred differs from the historical cost of the Parent Company of entities under common control, then the Company receiving the assets and liabilities will recognize them at the historical cost of the parent company.

(3) Summary of Significant Accounting Policies, continued

The Company enters into transactions with related parties, which according to the internal policies of the Company are carried out at market conditions.

(p) *New International Financial Reporting Standards ("IFRSs") not yet adopted.*

A number of new standards and amendments to standards are effective for annual periods beginning January 1, 2023, and early application is permitted; however, the Company has not early adopted the new and modified standards when preparing the consolidated financial statements as of December 31, 2022.

The following new and amended standards are not expected to have a significant impact on the Company's consolidated financial statements:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

(q) *Discontinued operations*

A discontinued operation is a component of the Company that has been sold or otherwise disposed of, or has been classified as held for sale, and, (i) represents a line of business or geographic area of operation that is significant and that can be considered separate from the rest, or (ii) is part of a single coordinated plan to sell or otherwise dispose of a line of business or geographic area of operation that is significant and can be considered separate from the rest.

Classification as a discontinued operation occurs when the operation is disposed of or when it meets the criteria to be classified as held for sale, whichever is earlier.

When an operation is classified as discontinued, the comparative consolidated statements of income and comprehensive income are modified as if the operation had been discontinued from the beginning of the comparative year.

In accordance with IFRS 5, the presentation of net cash flows attributable to operating, investing, and financing activities of discontinued operations has been presented in a separate line in the consolidated statement of cash flows.

(r) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit attributable to the Company's common stockholders by the weighted average number of common shares outstanding during the year. The diluted EPS is determined by adjusting the profit attributable to ordinary shareholders, according to the impact that the conversion to common shares of instruments issued by the Company's subsidiaries could have on the accouting of the equity method.

(3) Summary of Significant Accounting Policies, continued

(s) Segments

An operating segment corresponds to the group of entities that make up the banking operation in each of the countries in which the Company operates. Each operating segment is engaged in business activities from which it may earn income and incur expenses, including income and expenses related to transactions with any of the other components of the Company. The operating results of each segment are periodically reviewed by the Management to make decisions on the resources to be assigned to the segment and evaluate its performance. The results of the segments that are reported to the management include elements that are directly attributable to each segment.

(t) Reclassifications and non-material corrections

Non-material amounts in the consolidated financial statement of 2021 were reclassified to align with the presentation of the consolidated financial statement of 2022. The Company has identified non-material corrections that have been included in the consolidated statement of cash flows for the year ended December 31, 2021.

The following table shows a description of the non-material corrections identified:

	2021		
	Previously reported amount	Correction	Corrected Amount
Operating activities			
Other liabilities	172,145,620	(13,795,255)	158,350,365
Investment activities			
Acquisition of intangible assets	(23,529,043)	(1,858,029)	(25,387,072)
Financial activities			
Payment of financial leases	12,952,405	(38,198,462)	(25,246,057)
Effect of exchange rate fluctuations on cash held	(101,016,180)	53,851,746	(47,164,434)

These reclassifications and corrections did not change the total assets, liabilities, equior nor results of the respective year.

(4) Risk Management

Risk management is a fundamental part of the Company. It has an infrastructure to comprehensively manage risks, in order to ensure a responsible and sustainable growth in time, to maintain the confidence of its stakeholders, and to assure with reasonable certainty the fulfillment of its short, medium, and long-term goals, through a balance between meeting objectives and taking risks, in line with the corporate strategy.

Classification of financial assets

See the classification under IFRS 9 in accounting policies in Note 3 (c).

(4) Risk Management, continued

The following table provides a reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

2022	Designated FVPL – debt instruments	Designated FVPL - equity instruments	FVOCI - debt instruments	FVOCI - equity instruments	AC	Total
Cash, cash equivalents and deposits in banks	0	0	0	0	5,204,003,990	5,204,003,990
Investments in securities	27,877,482	13,078,802	4,102,738,448	3,175,100	43,561,300	4,190,431,132
Loans at amortized costs	0	0	0	0	20,128,821,201	20,128,821,201
Other accounts receivable	0	0	0	0	378,283,850	378,283,850
Total financial assets	27,877,482	13,078,802	4,102,738,448	3,175,100	25,754,670,341	29,901,540,173

2021	Designated FVPL – debt instruments	Designated FVPL - equity instruments	FVOCI - debt instruments	FVOCI - equity instruments	AC	Total
Cash, cash equivalents and deposits in banks	0	0	0	0	5,215,253,154	5,215,253,154
Investments in securities	35,623,997	12,147,983	3,532,189,561	3,084,768	0	3,583,046,309
Loans at amortized costs	0	0	0	0	18,013,308,554	18,013,308,554
Other accounts receivable	0	0	0	0	253,855,976	253,855,976
Total financial assets	35,623,997	12,147,983	3,532,189,561	3,084,768	23,482,417,684	27,065,463,993

As of December 31, 2022, and 2021, all of the financial liabilities held by the Company are classified at amortized cost.

The Company is exposed to the following risks from financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk and
- Operational risk.

For the management of these risks, an organizational framework based on current regulations in the region on risk management has been defined. This framework includes policies, procedures, and a human and technical infrastructure to identify, analyze and assess risks, as well as to set adequate limits and controls, monitor risk management and comply with defined limits. These policies and risk management systems are periodically reviewed, updated, and reported to the respective committees, to ensure they reflect changes in market conditions, products and services offered.

Through its management procedures and standards, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and duties.

The periodic oversight and management of risks is conducted through the following corporate governance bodies, established both regionally and in the countries where the Company operates: Committee of Comprehensive Risk Management, Assets and Liabilities Committee (ALICO), Compliance Committee, Credit Committee, and Audit Committee.

(a) *Credit Risk*

This is the risk of financial loss faced by the Company when a client or counterparty fails to meet their contractual obligations, and is mainly originated from deposits, investments in securities and loans receivable.

(4) Risk Management, continued

To mitigate credit risk, risk management policies establish processes and controls to follow for the approval of loans or credit facilities. The Company structures acceptable credit risk levels by setting limits on the amount of risk that is assumed in relation to one borrower, or group of borrowers, and geographic segment. These credits are constantly controlled and subject to periodic review.

Exposure to credit risk is managed through periodic analysis of the borrowers' or potential borrowers' capacity to pay principal and interest. Exposure to credit risk is also mitigated in part through collateral, corporate and personal guarantees.

Credit is managed through policies that have been clearly defined by the Board of Directors and are reviewed and modified periodically based on changes and expectations in the market where the Company operates, regulations and other factors considered while preparing these policies.

The Company uses a series of credit reports to assess its portfolio's performance, and provision requirements and specially to anticipate events that could affect its debtor's condition in the future.

The Company has a regional guideline on investments that defines the general profile for the investment portfolio and establishes two large maximum levels to control the investments' exposure: a limit on country risk and issuer risk. The country risk limits are set based on an internal qualification scale and are measured as percentages of the Company's equity or as absolute amounts. The guideline includes approval schemes and attributions for new limits or increases on existing limits.

Compliance with this guideline is monitored on a daily basis through the Investment Portfolio Management and Control Module (MACCI from Spanish), an internal tool to document the entire investment process, including new approvals, limit increases or decreases, purchases and sales, and also to control exposures by the issuer and the use of assigned quotas.

The Board of Directors has delegated the responsibility of managing credit risk to the Credit Committee and Assets and Liabilities Committee (ALICO); both periodically monitor the financial condition of the respective debtors and issuers that represent a credit risk for The Company.

Information on the portfolio's quality

Quality of the portfolio of bank deposits and securities under resale agreements

The Company maintains deposits in banks for $4,424,408,145 as of December 31, 2022 (2021: $4,369,305,306). Deposits are maintained at central banks and other financial institutions, most of which have A+ to CCC+ risk ratings (2021: A+ to CC risk ratings), based on Standard & Poor's, Moody's, and/or Fitch Ratings. Of total deposits, excluding deposits in central banks, as of December 31, 2022, approximately $4 million did not have a risk rating (2021: $10 million).

(4) Risk Management, continued

Securities under resale agreements are mostly classified based on the ratings assigned by Standard & Poor's, Moody's, and/or Fitch Ratings.

As of December 31, 2022, all securities under resale agreements and bank deposits are up to date on the payment of principal and interest.

Quality of the investments in securities

The Company segregates the investment portfolio into investments at FVPL, investments at FVOCI, and investments at AC. As of December 31, 2022, investments amounted to $4,190,431,132 (2021: $3,583,046,309).

- Investments at FVLP

  The credit quality of investments is monitored according to the international risk rating of the issuer provided by Standard & Poor's, Moody's, and/or Fitch Ratings

  The following table summarizes investments at FVLP categories:

	2022	2021
Governments and agencies		
B	26,355,405	35,124,150
Total Governments and agencies	26,355,405	35,124,150
Corporate		
B	1,016,532	0
Total Corporate	1,016,532	0
Total investments at FVPL	27,371,937	35,124,150

- Investments at FVOCI

  The following table summarizes the investments at FVOCI categories:

	2022			2021		
	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI	12 months ECL	Lifetime ECL - without impairment	Total investments at FVOCI
Governments and agencies						
AAA	0	0	0	704	0	704
AA+	230,626,073	0	230,626,073	9,716,886	0	9,716,886
BBB+	0	0	0	1,114,254	0	1,114,254
BBB	236,576,825	0	236,576,825	231,022,919	0	231,022,919
BB+ a CCC+	3,071,757,791	0	3,071,757,791	2,709,050,042	0	2,709,050,042
Total Governments and agencies	3,538,960,689	0	3,538,960,689	2,950,904,805	0	2,950,904,805
Corporate						
AA	2,000,750	0	2,000,750	2,023,239	0	2,023,239
A	11,918,163	0	11,918,163	10,550,267	0	10,550,267
A-	170,986,629	0	170,986,629	112,181,802	0	112,181,802
BBB+	39,208,650	0	39,208,650	95,968,385	0	95,968,385
BBB	31,369,109	0	31,369,109	29,116,604	0	29,116,604
BBB-	53,749,599	0	53,749,599	62,929,513	0	62,929,513
BB+ a CCC+	254,544,859	0	254,544,859	268,514,946	0	268,514,946
Total Corporate	563,777,759	0	563,777,759	581,284,756	0	581,284,756
Total	4,102,738,448	0	4,102,738,448	3,532,189,561	0	3,532,189,561
Allowance for ECL	20,818,097	0	20,818,097	27,233,918	0	27,233,918

  As of December 31, 2022, and as of 2021, investments at FVOCI are current and do not reflect impairment.

(4) Risk Management, continued

- Investments at AC

The following table summarizes the investments at AC categories:

	2022			2021		
	12 months ECL	Lifetime ECL - without impairment	Total investments at AC	12 months ECL	Lifetime ECL - without impairment	Total investments at AC
Governments and Agencies						
BB+ a BB-	43,561,300	0	43,561,300	0	0	0
Total Governments and Agencies	43,561,300	0	43,561,300	0	0	0
Total	43,561,300	0	43,561,300	0	0	0
Allowance for ECL	115,089	0	115,089	0	0	0

Quality of the loan's portfolio

Note 3 (c) contains an explanation of the measurement of the quality of financial instruments, which include the loan portfolio.

(4) Risk Management, continued

The following table presents the loans portfolio and the debts commitments and guarantee according to its risk category, in accordance with the grading used for each stated term:

	Loans			
2022	**12 months ECL**	**Lifetime ECL - credit unimpaired**	**Lifetime ECL - credit impaired**	**Total**
Corporate				
Satisfactory	8,085,043,021	18,184,712	0	8,103,227,733
Special mention	0	360,858,811	0	360,858,811
Sub-standard	0	0	175,608,063	175,608,063
Doubtful	0	0	20,887,773	20,887,773
Loss	0	0	31,734,475	31,734,475
Gross amount	8,085,043,021	379,043,523	228,230,311	8,692,316,855
Allowance for ECL	(42,511,739)	(41,411,764)	(92,427,129)	(176,350,632)
Net amount	8,042,531,282	337,631,759	135,803,182	8,515,966,223
Small company				
Satisfactory	770,257,453	81,882,586	0	852,140,039
Special mention	39,349	42,125,631	0	42,164,980
Sub-standard	0	0	5,209,354	5,209,354
Doubtful	0	0	2,526,472	2,526,472
Loss	0	0	3,864,968	3,864,968
Gross amount	770,296,802	124,008,217	11,600,794	905,905,813
Allowance for ECL	(4,204,288)	(3,984,043)	(3,217,174)	(11,405,505)
Net amount	766,092,514	120,024,174	8,383,620	894,500,308
Mortgage				
Satisfactory	2,947,009,680	233,855,190	0	3,180,864,870
Special mention	2,968,867	374,818,843	0	377,787,710
Sub-standard	0	0	96,469,630	96,469,630
Doubtful	0	0	29,701,111	29,701,111
Loss	0	0	40,808,262	40,808,262
Gross amount	2,949,978,547	608,674,033	166,979,003	3,725,631,583
Allowance for ECL	(13,754,944)	(37,608,498)	(36,972,603)	(88,336,045)
Net amount	2,936,223,603	571,065,535	130,006,400	3,637,295,538
Personal Banking				
Satisfactory	1,901,465,891	91,318,754	2,323,108	1,995,107,753
Special mention	4,517,623	66,417,134	806,741	71,741,498
Sub-standard	0	0	35,787,729	35,787,729
Doubtful	0	0	14,913,224	14,913,224
Loss	0	0	7,603,125	7,603,125
Gross amount	1,905,983,514	157,735,888	61,433,927	2,125,153,329
Allowance for ECL	(32,082,992)	(21,918,007)	(24,623,249)	(78,624,248)
Net amount	1,873,900,522	135,817,881	36,810,678	2,046,529,081
Vehicles				
Satisfactory	940,682,758	83,251,579	0	1,023,934,337
Special mention	257,776	98,429,546	0	98,687,322
Sub-standard	0	0	8,440,577	8,440,577
Doubtful	0	0	3,313,578	3,313,578
Loss	0	0	89,247	89,247
Gross amount	940,940,534	181,681,125	11,843,402	1,134,465,061
Allowance for ECL	(7,047,265)	(12,587,002)	(4,034,126)	(23,668,393)
Net amount	933,893,269	169,094,123	7,809,276	1,110,796,668
Credit card				
Satisfactory	3,583,130,029	145,542,334	3,261,814	3,731,934,177
Special mention	7,170,879	301,801,207	45,489,438	354,461,524
Sub-standard	0	0	16,624,162	16,624,162
Doubtful	266,545	39,427,927	14,317,869	54,012,341
Loss	0	0	81,256,293	81,256,293
Gross amount	3,590,567,453	486,771,468	160,949,576	4,238,288,497
Allowance for ECL	(89,364,686)	(127,256,718)	(97,933,710)	(314,555,114)
Net amount	3,501,202,767	359,514,750	63,015,866	3,923,733,383
Net carrying amount of loans at amortized cost	18,053,843,957	1,693,148,222	381,829,022	20,128,821,201

(4) Risk Management, continued

	Loans			
2021	12 months ECL	Lifetime ECL - credit unimpaired	Lifetime ECL - credit impaired	Total
Corporate				
Satisfactory	6,968,004,884	16,321,566	8,364	6,984,334,814
Special mention	0	477,422,428	0	477,422,428
Sub-standard	0	0	162,322,866	162,322,866
Doubtful	0	0	11,230,194	11,230,194
Loss	0	0	45,148,711	45,148,711
Gross amount	6,968,004,884	493,743,994	218,710,135	7,680,459,013
Allowance for ECL	(36,557,004)	(52,403,614)	(63,471,397)	(152,432,015)
Net amount	6,931,447,880	441,340,380	155,238,738	7,528,026,998
Small company				
Satisfactory	558,289,566	170,775,327	0	729,064,893
Special mention	1,499,603	52,901,352	0	54,400,955
Sub-standard	0	0	4,800,377	4,800,377
Doubtful	0	0	3,312,777	3,312,777
Loss	0	0	4,432,539	4,432,539
Gross amount	559,789,169	223,676,679	12,545,693	796,011,541
Allowance for ECL	(7,039,990)	(9,718,846)	(3,128,906)	(19,887,742)
Net amount	552,749,179	213,957,833	9,416,787	776,123,799
Mortgage				
Satisfactory	2,681,094,821	415,173,300	0	3,096,268,121
Special mention	8,306,680	357,748,882	0	366,055,562
Sub-standard	0	0	94,936,930	94,936,930
Doubtful	0	0	24,466,979	24,466,979
Loss	0	0	45,095,299	45,095,299
Gross amount	2,689,401,501	772,922,182	164,499,208	3,626,822,891
Allowance for ECL	(11,984,343)	(43,061,192)	(29,329,494)	(84,375,029)
Net amount	2,677,417,158	729,860,990	135,169,714	3,542,447,862
Personal banking				
Satisfactory	1,692,872,273	169,092,033	2,320,517	1,864,284,823
Special mention	1,752,262	89,615,121	258,050	91,625,433
Sub-standard	0	0	41,376,321	41,376,321
Doubtful	0	0	14,740,061	14,740,061
Loss	0	0	8,289,512	8,289,512
Gross amount	1,694,624,535	258,707,154	66,984,461	2,020,316,150
Allowance for ECL	(23,894,954)	(34,119,775)	(24,862,334)	(82,877,063)
Net amount	1,670,729,581	224,587,379	42,122,127	1,937,439,087
Vehicles				
Satisfactory	834,941,807	119,512,884	0	954,454,691
Special mention	3,194,506	66,884,012	0	70,078,518
Sub-standard	0	0	9,691,392	9,691,392
Doubtful	0	0	3,779,953	3,779,953
Loss	0	0	19,082	19,082
Gross amount	838,136,313	186,396,896	13,490,427	1,038,023,636
Allowance for ECL	(6,469,058)	(11,268,524)	(4,585,541)	(22,323,123)
Net amount	831,667,255	175,128,372	8,904,886	1,015,700,513
Credit card				
Satisfactory	2,777,095,880	239,316,633	3,381,341	3,019,793,854
Special mention	6,292,344	176,963,337	163,647,924	346,903,605
Sub-standard	0	0	13,766,969	13,766,969
Doubtful	0	0	48,304,656	48,304,656
Loss	0	0	70,005,289	70,005,289
Gross amount	2,783,388,224	416,279,970	299,106,179	3,498,774,373
Allowance for ECL	(75,649,507)	(97,840,177)	(111,714,394)	(285,204,078)
Net amount	2,707,738,717	318,439,793	187,391,785	3,213,570,295
Net carrying amount of loans at amortized cost	15,371,749,770	2,103,314,747	538,244,037	18,013,308,554

(4) Risk Management, continued

The following table presents the loans portfolio and the debts commitments and guarantee according to its risk category, in accordance with the classification used for each year indicated:

	Credit commitments and guarantees			
2022	**12 months ECL**	**Lifetime ECL - credit unimpaired**	**Lifetime ECL - credit impaired**	**Total**
Corporate				
Satisfactory	684,523,735	0	0	684,523,735
Special mention	0	2,595,842	0	2,595,842
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	947,871	947,871
Gross amount	684,523,735	2,595,842	947,871	688,067,448
Allowance for ECL	(237,669)	(27,189)	(947,871)	(1,212,729)
Net amount	684,286,066	2,568,653	0	686,854,719
Small company				
Satisfactory	4,761,958	0	0	4,761,958
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	4,761,958	0	0	4,761,958
Allowance for ECL	(293,720)	0	0	(293,720)
Net amount	4,468,238	0	0	4,468,238
Mortgage				
Satisfactory	49,932,510	0	0	49,932,510
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	49,932,510	0	0	49,932,510
Allowance for ECL	(4,993)	0	0	(4,993)
Net amount	49,927,517	0	0	49,927,517
Net carrying amount, net of reserve	738,681,821	2,568,653	0	741,250,474

	Credit commitments and guarantees			
2021	**12 months ECL**	**Lifetime ECL - credit unimpaired**	**Lifetime ECL - credit impaired**	**Total**
Corporate				
Satisfactory	670,936,653	0	0	670,936,653
Special mention	0	7,287,433	1,039,834	8,327,267
Sub-standard	0	0	59,967	59,967
Doubtful	0	0	177,141	177,141
Loss	0	0	3,429	3,429
Gross amount	670,936,653	7,287,433	1,280,371	679,504,457
Allowance for ECL	(193,693)	(51,485)	(1,111,261)	(1,356,439)
Net amount	670,742,960	7,235,948	169,110	678,148,018
Small company				
Satisfactory	4,229,515	0	0	4,229,515
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	4,229,515	0	0	4,229,515
Allowance for ECL	(724)	0	0	(724)
Net amount	4,228,791	0	0	4,228,791
Personal banking				
Satisfactory	48,080,289	0	0	48,080,289
Special mention	0	0	0	0
Sub-standard	0	0	0	0
Doubtful	0	0	0	0
Loss	0	0	0	0
Gross amount	48,080,289	0	0	48,080,289
Allowance for ECL	(4,770)	0	0	(4,770)
Net amount	48,075,519	0	0	48,075,519
Net carrying amount, net of reserve	723,047,270	7,235,948	169,110	730,452,328

(4) Risk Management, continued

Guarantees and other improvements to reduce credit risk and its financial effect

The Company maintains guarantees and other improvements to reduce credit risk to ensure the payment of their financial assets exposed to credit risk. The types of mortgage guarantees include residential and commercial, buildings and land. The types of collateral include private vehicles, commercial use, leasing, machinery, and other equipment.

The table below shows the main types of guarantees taken with respect to different types of financial assets.

	2022					
	Mortgage	Pledge	Certificates of deposit	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	10,696,871	0	10,696,871
Investments in securities	0	0	0	0	4,174,177,230	4,174,177,230
Loans at amortized cost						
Corporate						
Corporate loan	3,614,421,829	655,706,560	200,401,348	0	4,000,976,633	8,471,506,370
Corporate leases, net	0	219,799,473	1,011,012	0	0	220,810,485
Total corporate	3,614,421,829	875,506,033	201,412,360	0	4,000,976,633	8,692,316,855
Personal Banking and Small company						
Small company						
Small company	455,393,371	56,704,286	22,839,617	0	269,126,524	804,063,798
Small company leases, net	0	101,741,901	100,114	0	0	101,842,015
Total Small company	455,393,371	158,446,187	22,939,731	0	269,126,524	905,905,813
Personal Banking						
Mortgage	3,725,631,583	0	0	0	0	3,725,631,583
Personal	361,231,553	122,343	28,812,359	0	1,734,987,074	2,125,153,329
Vehicles	0	1,032,570,044	0	0	0	1,032,570,044
Personal leases, net of interest	0	101,895,017	0	0	0	101,895,017
Credit cards	0	0	0	0	4,238,288,497	4,238,288,497
Total Personal Banking	4,086,863,136	1,134,587,404	28,812,359	0	5,973,275,571	11,223,538,470
Total Personal Banking and Small company	4,542,256,507	1,293,033,591	51,752,090	0	6,242,402,095	12,129,444,283
Allowance for ECL	(196,330,845)	(50,146,621)	(3,410,754)	0	(443,051,717)	(692,939,937)
Total loans	7,960,347,491	2,118,393,003	249,753,696	0	9,800,327,011	20,128,821,201
Commitments and guarantees, net	70,397,613	4,064,182	35,159,923	825,761	630,802,995	741,250,474

	2021					
	Mortgage	Pledge	Certificates of deposit	Investments in securities	Unsecured	Total
Securities under resale agreements	0	0	0	104,223,985	0	104,223,985
Investments in securities	0	0	0	0	3,567,813,558	3,567,813,558
Loans at amortized cost						
Corporate						
Corporate loan	3,545,525,689	555,669,677	174,347,925	0	3,238,747,744	7,514,291,035
Corporate leases, net	0	160,330,262	5,837,716	0	0	166,167,978
Total corporate	3,545,525,689	715,999,939	180,185,641	0	3,238,747,744	7,680,459,013
Personal Banking and Small company						
Small company						
Small company	456,766,629	50,826,561	23,849,091	0	179,333,067	710,775,348
Small company leases, net	0	84,824,781	411,412	0	0	85,236,193
Total Small company	456,766,629	135,651,342	24,260,503	0	179,333,067	796,011,541
Personal Banking						
Mortgage	3,626,822,891	0	0	0	0	3,626,822,891
Personal	370,042,320	187,946	26,262,812	0	1,623,823,072	2,020,316,150
Vehicles	0	953,481,090	0	0	0	953,481,090
Personal leases, net of interest	0	84,542,546	0	0	0	84,542,546
Credit cards	0	0	0	0	3,498,774,373	3,498,774,373
Total Personal Banking	3,996,865,211	1,038,211,582	26,262,812	0	5,122,597,445	10,183,937,050
Total Personal Banking and Small company	4,453,631,840	1,173,862,924	50,523,315	0	5,301,930,512	10,979,948,591
Allowance for ECL	(203,877,886)	(47,272,770)	(2,018,171)	0	(393,930,223)	(647,099,050)
Total loans	7,795,279,643	1,842,590,093	228,690,785	0	8,146,748,033	18,013,308,554
Commitments and guarantees, net	56,032,485	2,588,400	14,903,820	0	656,927,623	730,452,328

(4) Risk Management, continued

The table below shows the portfolio and identifiable value of collateral (primarily commercial properties) backing the loan. For each loan, the corresponding value of its guarantees is capped by the guaranteed nominal amount:

	2022		2021	
	Loans	**Covered amount**	**Loans**	**Covered amount**
Corporates				
Stage 1 and 2	3,820,785,517	3,800,416,102	3,555,849,372	3,528,360,224
Stage 3	165,068,999	164,978,703	179,902,682	179,463,822
Total	3,985,854,516	3,965,394,805	3,735,752,054	3,707,824,046

The following are the non-financial assets that the Company seized as collaterals to secure collection during the period.

	2022	**2021**
Property	21,925,214	17,349,020
Furniture and equipment	4,723,279	952,289
Others	0	636,585
Total	26,648,493	18,937,894

The Company's policy is to perform the sale of these assets to cover the balances due. Using non-financial assets for its operations is not a Company policy.

Residential mortgage loans

The following table shows the index of loans from the mortgage portfolio to the value of collaterals. LTV is calculated as a percentage of the gross amount of the loan in relation to the value of collaterals. The gross amount of the loan excludes any loss impairment. The value of collaterals for mortgages is based on the original value of the guarantee as of the date of disbursement. The corresponding values are updated based on requirements of local regulators, new disbursements with the same guarantee, credit restructuring or judicial processes that involve execution.

	2022		2021	
LTV Ratio	**Loans**	**Credit and guarantee commitments**	**Loans**	**Credit and guarantee commitments**
Less than 50%	887,228,935	2,199,241	791,588,503	3,086,688
51-70%	1,320,255,589	5,673,475	1,307,067,128	8,752,437
71-80%	1,097,497,481	12,840,861	1,159,129,977	15,668,547
81-90%	324,496,996	17,044,198	295,037,949	16,874,359
91-100%	69,819,517	12,044,627	59,961,588	3,698,258
More than 100%	26,333,065	130,108	14,037,746	0
Total	3,725,631,583	49,932,510	3,626,822,891	48,080,289

Impaired loans

LTV Ratio	**2022**	**2021**
Less than 50%	21,939,960	21,351,908
51-70%	50,104,237	48,028,275
71-80%	51,247,739	55,050,290
81-90%	32,942,121	30,669,906
91-100%	6,897,588	6,403,341
More than 100%	3,847,358	2,995,488
Total	166,979,003	164,499,208

(4) Risk Management, continued

ECL allowance

Projection of future conditions

The upside, central and downside scenarios are described below, along with the main risks taken into consideration to define them.

External sector:

External risk	Upside	Central	Downside
Slowdown of commercial partners: Less dynamism is expected in developed economies; important commercial partners for the region.	1) Monetary policies are effective in controlling inflation and moderation is achieved without generating considerable distortions on economies globally.	1) Economic growth is affected by the contractionary interest rate cycle. Developed economies are slowing but growth remains positive.	1) Economic growth is considerably affected by policies to contain inflation. It results in significant levels of unemployment and growth is negative in several quarters of the year in developed countries.
Global financial volatility: With the contractionary cycle (in terms of monetary policies) financial volatility and risk aversion have increased, which is expected to reduce capital flows to emerging economies.	2) Political tensions in the world are eased, specifically with the Russia-Ukraine conflict; which generates confidence in international markets and lower inflationary pressures on commodities. Supply chains reach normality.	2) To control inflation and prevent another inflationary spike, the FED raises or maintains interest rates resulting in tighter international financial conditions.	2) Inflation remains persistent and monetary authorities must further increase their reference rates. Political/military conflicts persist and worsen generating uncertainty in international markets.

The scenarios for each country are detailed below

Scenario	Scenarios synthesis	Upside	Central	Downside
Guatemala	1. Production maintains robust growth trend through 2022 2. Macro prices are considered stable, considering the recent macroeconomic stability, with controlled inflation, stable exchange rate, stable rates, and low level of sovereign debt.	Low level of government debt allows for financial stability and expansionary policy, maintaining support during 2022. Rapid recovery of the external sector and trade partners drive economic growth above expectations.	Economic growth slows down but remains positive. Macroeconomic conditions remain stable and inflationary pressures ease for inflation to moderate.	Slow vaccination process and manifestation of environmental risks result in lower economic growth.
Honduras	1. The trend of rapid recovery of the product during 2022 is maintained, reaching this year to recover the levels of product of 2019, after a sharp drop (Sars-Cov2 and hurricanes). 2. Macro prices are considered stable, considering the fiscal discipline that the government has had and recent macroeconomic history, with inflation in the target range, exchange rate stability and stable interest rates.	Elections are held in a transparent manner and the winning candidate strengthens institutional confidence, favors growth, and maintains stability in prices and interest rates.	Economy loses dynamism but remains in positive territory. Fiscal indicators improve considerably and inflation moderates.	Climate vulnerability once again has an impact on production.

(4) Risk Management, continued

Scenario	Scenarios synthesis	Upside	Central	Downside
El Salvador	1. Economic growth in 2021 was higher than expected, with a rapid recovery to the output levels of 2019. Financial stress could limit in 2022. 2. The inflation outlook will be increased with respect to the scenarios defined in September, in line with the increase in the last months of history. An increase in interest rates is contemplated, with the increase in the financial vulnerability of the government.	External economic growth above expectations, favoring higher income from remittances. Government proposes effective measures to balance budget and reduce financial vulnerability.	Economic growth decreases compared to 2021 due to tighter international financial conditions due to government financing needs.	Faster-than-expected rises in international rates increase pressures on rates and hinder access to government financing.
Nicaragua	1. In 2021 Nicaragua had growth in the product and recovered above the levels of 2019 prior to the pandemic. Even so, it remains below the 2017 level, prior to the sociopolitical crisis, a level that would be reached during 2023. Modest economic growth is expected for 2022, due to the deterioration in political conditions since 2018. 2. The inflation outlook was increased, considering the recent increase in the price level. It is expected that the foreign exchange policy of mini-devaluations and interest rate increases will be maintained, considering the possibility of reducing external sources of financing for the government.	The country is benefiting from external economic growth. Sanctions by trading partners do not affect international trade and allow the country to benefit from external growth.	The democratic deterioration of 2021 is maintained however, the sociopolitical crisis does not intensify, resulting in modest economic growth.	Recrudescence of sociopolitical crisis; without economic growth and with higher rates, due to less access to international financing.
Costa Rica	1. Growth remains stable and the economy recovers during 2022. 2. Inflation is expected to remain in the upper half of the target range, with the possibility of exceeding it in the pessimistic scenario. A lower devaluation is expected than in 2021 and stability in interest rates.	Improvement in public finances, institutional strength, with transparent elections and advances in vaccination result in higher-than-expected growth and stability in interest rates.	Government advances in agreement with the IMF, with the objective of balancing its finances, which results in stability in economic growth, inflation in the target range and gradual increase in rates, in line with increases by the FED.	Political agreements are not reached to reduce the fiscal deficit, uncertainty generates exchange rate pressures and an increase in the demand for loanable funds from the government puts pressure on interest rates.
Panama	1. Panama's economic growth remains the highest among Central American countries. 2. Regarding the last review, scenarios of higher inflation during 2022 and a gradual increase in interest rates are contemplated, in line with the rate trend in the United States.	Panama is favored by external economic growth above expectations, with fewer obstacles to international trade.	Government investment projects will support the base scenario of economic growth with improved productivity.	The deterioration in government finances continues and there is a greater increase in the debt, which further pressures prices and affects economic growth.

(4) Risk Management, continued

The scenario probability weightings applied in measuring ECL in each of the countries where the Company operates, are as follows:

	2022					
Scenario probability weighting	**Guatemala**	**Honduras**	**El Salvador**	**Nicaragua**	**Costa Rica**	**Panama**
Upside	35%	15%	5%	10%	20%	20%
Central	55%	60%	55%	65%	70%	75%
Downside	10%	25%	40%	25%	10%	5%

	2021					
Scenario probability weighting	**Guatemala**	**Honduras**	**El Salvador**	**Nicaragua**	**Costa Rica**	**Panama**
Upside	35%	25%	10%	20%	20%	25%
Central	55%	60%	60%	55%	65%	60%
Downside	10%	15%	30%	25%	15%	15%

Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios, advised by at least one external economist.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for loans' portfolios are: Monthly Economic Activity Index, Consumer Price Index, Exchange Rate, Local Currency Interest Rate and Dollars Interest Rate.

The Company estimates each key driver for credit risk over the active forecast period of one year.

The table below lists the macroeconomic assumptions used in the base, upside, and downside scenarios over the forecast period.

		2022					
		Guatemala	**Honduras**	**El Salvador**	**Nicaragua**	**Costa Rica**	**Panama**
		%	**%**	**%**	**%**	**%**	**%**
Monthly Economic Activity Index	**Upside**	3.82	3.98	2.37	3.62	3.65	5.32
	Central	3.34	3.46	1.90	2.99	2.75	4.58
	Downside	2.62	2.74	1.36	2.63	1.93	4.00
Consumer Price Index	**Upside**	3.93	4.27	2.54	4.12	3.99	2.64
	Central	4.22	6.76	3.94	5.61	4.96	3.62
	Downside	6.16	8.27	4.92	7.99	6.32	4.23
Exchange Rate	**Upside**	0.59	2.67	-	1.12	0.80	-
	Central	0.91	4.23	-	1.60	2.57	-
	Downside	1.33	4.32	-	2.33	5.08	-
Local Currency Interest Rate	**Upside**	0.98	1.18	-	0.91	1.25	-
	Central	1.49	1.47	-	1.54	1.74	-
	Downside	2.01	2.55	-	1.74	2.01	-
Dollars Interest Rate	**Upside**	0.93	1.24	1.38	1.34	1.22	0.32
	Central	1.48	1.42	2.77	1.41	2.15	0.46
	Downside	2.47	2.26	3.27	1.68	2.46	1.31

(4) Risk Management, continued

The table below lists the macroeconomic assumptions used in the base, upside, and downside scenarios over the forecast period.

		2021					
		Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panama
		%	%	%	%	%	%
Monthly Economic Activity Index	**Upside**	5.24	5.01	4.54	4.40	5.97	8.14
	Central	3.65	4.60	3.65	3.47	4.78	5.28
	Downside	3.07	2.93	1.93	1.11	4.41	3.68
Consumer Price Index	**Upside**	3.81	3.62	1.55	2.88	1.58	1.98
	Central	4.00	4.46	2.52	4.50	2.83	2.58
	Downside	4.53	4.62	3.59	5.86	3.38	3.36
Exchange Rate	**Upside**	(1.23)	(2.35)	-	0.15	0.70	-
	Central	0.01	(0.57)	-	1.88	1.87	-
	Downside	0.49	(0.02)	-	3.15	6.43	-
Local Currency Interest Rate	**Upside**	(0.30)	(1.16)	-	(0.93)	(1.03)	-
	Central	(0.12)	(0.32)	-	0.68	(0.09)	-
	Downside	0.10	0.05	-	3.41	1.20	-
Dollars Interest Rate	**Upside**	(0.27)	(0.64)	-	(1.02)	(1.04)	0.37
	Central	(0.18)	(0.20)	0.69	0.36	(0.02)	0.83
	Downside	(0.13)	0.19	1.46	1.02	1.80	0.87

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognized on material classes of its assets.

The table below shows the loss allowance on loans assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios, as shown in Note 3 (c).

2022	Upside	Central	Downside
Book Value			
Corporate	8,692,316,855	8,692,316,855	8,692,316,855
Small company	905,905,813	905,905,813	905,905,813
Mortgage	3,725,631,583	3,725,631,583	3,725,631,583
Personal banking	2,125,153,329	2,125,153,329	2,125,153,329
Vehicles	1,134,465,061	1,134,465,061	1,134,465,061
Credit card	4,238,288,497	4,238,288,497	4,238,288,497
	20,821,761,138	20,821,761,138	20,821,761,138
ECL Allowance			
Corporate	169,639,209	176,741,052	182,668,391
Small company	10,515,974	11,559,368	12,704,168
Mortgage	84,396,956	88,764,466	93,523,826
Personal banking	76,929,888	79,145,384	82,781,047
Vehicles	22,351,139	23,835,937	25,313,556
Credit card	305,192,470	314,458,539	323,949,278
	669,025,636	694,504,746	720,940,266
Proportion of assets in Stage 2			
Corporate	4.32%	4.32%	4.32%
Small company	13.30%	13.86%	14.89%
Mortgage	15.15%	15.75%	16.53%
Personal banking	7.22%	7.34%	7.93%
Vehicles	15.29%	15.53%	15.98%
Credit card	11.26%	11.30%	11.31%
	8.96%	9.12%	9.39%

(4) Risk Management, continued

2021	Upside	Central	Downside
Book Value			
Corporate	7,680,459,013	7,680,459,013	7,680,459,013
Small company	796,011,541	796,011,541	796,011,541
Mortgage	3,626,822,891	3,626,822,891	3,626,822,891
Personal banking	2,020,316,150	2,020,316,150	2,020,316,150
Vehicles	1,038,023,636	1,038,023,636	1,038,023,636
Credit card	3,498,774,373	3,498,774,373	3,498,774,373
	18,660,407,604	18,660,407,604	18,660,407,604
ECL Allowance			
Corporate	144,457,838	151,578,023	164,485,671
Small company	16,054,193	20,024,107	24,107,607
Mortgage	71,179,685	85,171,368	96,817,001
Personal banking	77,583,956	83,252,137	88,565,223
Vehicles	20,285,356	22,497,316	24,743,122
Credit card	273,428,693	286,546,743	298,119,337
	602,989,721	649,069,694	696,837,961
Proportion of assets in Stage 2			
Corporate	6.35%	6.35%	6.35%
Small company	23.42%	28.67%	36.12%
Mortgage	19.41%	20.37%	21.11%
Personal banking	12.00%	12.26%	13.34%
Vehicles	16.46%	17.18%	17.81%
Credit card	12.73%	12.81%	13.01%
	11.99%	12.48%	13.13%

(In U.S. dollars)

(4) Risk Management, continued

The following table shows a reconciliation of the opening and closing balances of the period as of December 31, 2022, of the financial assets' ECL allowance.

	2022				2021			
Deposits in Banks	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Total**	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Total**
Balance at January 1	247,602	0	0	247,602	615,351	2,131	0	617,482
Discontinued operations	0	0	0	0	(5,817)	(2,131)	0	(7,948)
Net remeasurement of loss allowance	(165,986)	0	0	(165,986)	(609,535)	0	0	(609,535)
New financial assets originated	61,685	0	0	61,685	248,861	0	0	248,861
Foreign currency translation	(1,502)	0	0	(1,502)	(1,258)	0	0	(1,258)
Balance on December 31	141,799	0	0	141,799	247,602	0	0	247,602

	2022				2021			
Investments at FVOCI	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Total**	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Total**
Balance at January 1	27,233,918	0	0	27,233,918	24,671,086	52,154	0	24,723,240
Discontinued operations	0	0	0	0	(1,673,826)	(11,324)	0	(1,685,150)
Transfer from stage 1 to 2	0	0	0	0	(11,324)	11,324	0	0
Net remeasurement of loss allowance	(21,765,787)	0	0	(21,765,787)	(16,105,385)	(52,154)	0	(16,157,539)
New financial assets originated	16,578,905	0	0	16,578,905	20,953,498	0	0	20,953,498
Foreign currency translation	(1,228,939)	0	0	(1,228,939)	(600,131)	0	0	(600,131)
Balance at December 31	20,818,097	0	0	20,818,097	27,233,918	0	0	27,233,918

	2022				2021			
Investments at AC	**12 months ECL**	**Lifetime ECL – unimpaired**	**Lifetime ECL – impaired**	**Total**	**12 months ECL**	**Lifetime ECL – unimpaired**	**Lifetime ECL – impaired**	**Total**
Balance at January 1	0	0	0	0	1,066,713	0	0	1,066,713
Discontinued operations	0	0	0	0	(1,066,713)	0	0	(1,066,713)
New financial assets originated	115,089	0	0	115,089	0	0	0	0
Balance at December 31	115,089	0	0	115,089	0	0	0	0

(4) Risk Management, continued

	2022				2021				
Loans at AC	**12 months ECL**	**Lifetime ECL – unimpaired**	**Lifetime ECL – impaired**	**Total**	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Acquired with impairment**	**Total**
Balance at January 1	161,594,856	248,412,128	237,092,066	647,099,050	137,012,613	299,359,409	260,108,613	1,338,461	697,819,096
Discontinued operations	0	0	0	0	(4,472,173)	(15,275,697)	(6,994,161)	(1,338,461)	(28,080,492)
Transfer from stage 1 to 2	(57,266,121)	57,266,121	0	0	(43,494,581)	43,494,581	0	0	0
Transfer from stage 1 to 3	(64,399)	0	64,399	0	(190,284)	0	190,284	0	0
Transfer from stage 2 to 3	0	(201,359,780)	201,359,780	0	0	(191,403,602)	191,403,602	0	0
Transfer from stage 3 to 2	0	86,156,894	(86,156,894)	0	0	85,689,160	(85,689,160)	0	0
Transfer from stage 2 to 1	153,024,184	(153,024,184)	0	0	129,233,506	(129,233,506)	0	0	0
Transfer from stage 3 to 1	14,855,729	0	(14,855,729)	0	18,534,244	0	(18,534,244)	0	0
Net remeasurement of loss allowance	(10,550,749)	103,501,158	42,302,635	135,253,044	2,681,221	89,666,786	224,077,256	0	316,425,263
New financial assets originated	214,574,538	246,163,743	227,577,986	688,316,267	162,727,869	230,869,751	183,057,632	0	576,655,252
Net derecognition of financial assets	(287,202,124)	(142,350,048)	(47,789,220)	(477,341,392)	(240,437,559)	(164,754,754)	(143,262,663)	0	(548,454,976)
Charge-offs	0	0	(487,642,019)	(487,642,019)	0	0	(494,913,860)	0	(494,913,860)
Recovery	0	0	184,847,792	184,847,792	0	0	131,463,383	0	131,463,383
Foreign currency translation	0	0	2,407,195	2,407,195	0	0	(3,814,616)	0	(3,814,616)
Balance at December 31	188,965,914	244,766,032	259,207,991	692,939,937	161,594,856	248,412,128	237,092,066	0	647,099,050

	2022				2021				
Commitments and guarantee	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Total**	**12 months ECL**	**Lifetime ECL - unimpaired**	**Lifetime ECL - impaired**	**Acquired with impairment**	**Total**
Balance at January 1	199,187	51,485	1,111,261	1,361,933	356,814	52,464	68,784	0	478,062
Discontinued operations	0	0	0	0	(125,981)	0	(500)	0	(126,481)
Transfer from stage 1 to 2	(491)	491	0	0	(713)	713	0	0	0
Transfer from stage 1 to 3	(80,418)	0	80,418	0	(7)	0	7	0	0
Transfer from stage 3 to 2	0	273,095	(273,095)	0	0	0	0	0	0
Transfer from stage 2 to 1	9,107	(9,107)	0	0	0	0	0	0	0
Transfer from stage 3 to 1	1,111,672	0	(1,111,672)	0	220	(220)	0	0	0
Net remeasurement of loss allowance	(956,343)	(276,141)	1,976,836	744,352	(122,430)	(3,198)	1,083,975	0	958,347
New financial assets originated	409,570	21,991	0	431,561	126,715	29,586	24,995	0	181,296
Net derecognition of financial assets	(169,538)	(34,625)	(835,877)	(1,040,040)	(77,288)	(27,860)	(66,000)	0	(171,148)
Foreign currency translation	13,636	0	0	13,636	41,857	0	0	0	41,857
Balance at December 31	536,382	27,189	947,871	1,511,442	199,187	51,485	1,111,261	0	1,361,933

(4) Risk Management, continued

Other accounts receivable	2022 12 months ECL	2022 Lifetime ECL - unimpaired	2022 Lifetime ECL - impaired	2022 Total	2021 12 months ECL	2021 Lifetime ECL - unimpaired	2021 Lifetime ECL - impaired	2021 Acquired with impairment	2021 Total
Balance at January 1	8,177,092	0	0	8,177,092	6,964,522	0	0	0	6,964,522
Discontinued operations	0	0	0	0	333,966	0	0	0	333,966
Net remeasurement of loss allowance	(3,398,250)	0	0	(3,398,250)	(1,470,104)	0	0	0	(1,470,104)
New financial assets originated	3,477,880	0	0	3,477,880	3,820,087	0	0	0	3,820,087
Charge-offs	(1,806,145)	0	0	(1,806,145)	(1,967,578)	0	0	0	(1,967,578)
Recovery	457,296	0	0	457,296	589,961	0	0	0	589,961
Foreign currency translation	(147,733)	0	0	(147,733)	(93,762)	0	0	0	(93,762)
Balance at December 31	6,760,140	0	0	6,760,140	8,177,092	0	0	0	8,177,092

Modified Financial Assets

The following table provides information on individually significant financial assets that were modified while having a provision for losses measured in an amount equal to the ECL for the expected life.

	2022	2021
Amortized cost before modification	23,121,321	73,326,881
Net loss due modification	21,523,686	325,909
Total	44,645,007	73,652,790

(4) Risk Management, continued

Concentration of credit risk

The Company follow-up the concentration of credit risk by sector and geographic location. The geographic location of loans and deposits in banks is based on the location of the debtor. In regard to investments, they are based on the location of the issuer. The analysis of the concentration of credit risks as of the date of the consolidated financial statements is as follows:

	2022						
	Loans at amortized cost	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at FVPL	Investments at AC
Concentration by sector							
Government	0	0	10,696,871	3,204,333,588	3,538,960,689	26,355,405	43,561,300
Corporate							
Trade	2,056,263,372	104,117,923	0	0	0	0	0
Services	1,954,881,962	117,288,713	0	0	1,729,169	0	0
Food industry	1,118,301,208	30,119,128	0	0	6,870,335	0	0
General industry	1,117,011,944	36,124,946	0	0	2,918,468	0	0
Real estate	970,754,185	7,383,847	0	0	84,465,942	0	0
Construction	835,839,656	78,310,347	0	0	7,839,974	0	0
Agricultural	486,709,453	7,064,607	0	0	0	0	0
Hotels and restaurants	276,684,273	1,543,007	0	0	2,991,011	0	0
Financial	312,886,278	247,829,463	0	1,220,074,557	319,534,811	1,016,532	0
Telecommunications	325,072,927	47,101,837	0	0	22,723,103	0	0
Transport	143,817,410	15,945,588	0	0	2,531,568	0	0
Oil and byproducts	0	0	0	0	11,621,778	0	0
Public services	0	0	0	0	8,252,868	0	0
Energy	0	0	0	0	87,262,379	0	0
Personal banking	11,223,538,470	49,932,510	0	0	5,036,353	0	0
Allowance for ECL	(692,939,937)	(1,511,442)	0	0	0	0	0
Net carrying amount	20,128,821,201	741,250,474	10,696,871	4,424,408,145	4,102,738,448	27,371,937	43,561,300
Geographic location:							
Costa Rica	5,844,847,000	213,467,848	1,554,019	1,179,454,615	1,274,155,798	27,371,937	0
Panama	4,742,160,235	311,871,439	0	188,429,839	451,976,068	0	0
Guatemala	4,047,879,179	5,580,429	9,142,852	682,296,136	685,981,793	0	0
Honduras	2,837,056,079	44,350,888	0	711,514,340	541,898,929	0	43,561,300
El Salvador	2,292,440,352	160,890,550	0	326,817,296	260,446,159	0	0
Nicaragua	1,057,378,293	6,600,762	0	280,238,707	316,156,551	0	0
North America	0	0	0	1,034,102,257	504,716,970	0	0
Europe	0	0	0	21,493,181	0	0	0
South America	0	0	0	46,777	65,405,432	0	0
Others	0	0	0	14,997	2,000,748	0	0
Allowance for ECL	(692,939,937)	(1,511,442)	0	0	0	0	0
Net carrying amount	20,128,821,201	741,250,474	10,696,871	4,424,408,145	4,102,738,448	27,371,937	43,561,300

(4) Risk Management, continued

	2021					
	Loans at amortized cost	Commitments and guarantees	Securities purchased under resale agreements	Deposits in banks	Investments at FVOCI	Investments at FVPL
Concentration by sector						
Government	0	0	104,223,985	3,186,091,261	2,950,904,805	35,124,150
Corporate						
Trade	1,907,440,272	90,634,208	0	0	0	0
Services	1,509,393,062	111,254,662	0	0	2,088,037	0
Real estate	992,488,849	11,534,478	0	0	65,266,496	0
Food Industry	988,975,333	31,052,190	0	0	8,450,158	0
General industry	979,384,236	68,044,186	0	0	0	0
Construction	811,681,651	80,191,732	0	0	9,421,322	0
Agriculture	433,154,775	6,329,921	0	0	0	0
Hotels and restaurants	284,454,221	1,375,643	0	0	0	0
Financial	240,120,054	228,315,925	0	1,183,214,045	365,015,855	0
Telecommunications	209,416,578	43,424,129	0	0	1,970,862	0
Transportation	119,961,523	11,576,898	0	0	3,693,350	0
Energy	0	0	0	0	106,790,470	0
Oil and derivatives	0	0	0	0	7,398,361	0
Public services	0	0	0	0	5,791,652	0
Personal banking	10,183,937,050	48,080,289	0	0	5,398,193	0
Allowance for ECL	(647,099,050)	(1,361,933)	0	0	0	0
Net carrying amount	18,013,308,554	730,452,328	104,223,985	4,369,305,306	3,532,189,561	35,124,150
Geographic location:						
Costa Rica	5,122,630,864	219,861,747	28,869,472	1,017,164,542	1,181,437,869	35,124,150
Panama	4,369,427,406	293,393,138	0	174,051,935	424,257,499	0
Guatemala	3,753,308,491	19,317,562	3,888,178	575,698,110	571,460,656	0
Honduras	2,421,093,552	44,174,549	71,466,335	888,113,397	517,909,993	0
El Salvador	2,096,844,736	146,050,047	0	422,429,976	204,984,456	0
Nicaragua	897,102,555	9,017,218	0	304,012,360	284,098,307	0
North America	0	0	0	973,754,452	267,529,032	0
Europe	0	0	0	14,044,064	0	0
South America	0	0	0	0	78,488,517	0
Others	0	0	0	36,470	2,023,232	0
Allowance for ECL	(647,099,050)	(1,361,933)	0	0	0	0
Net carrying amount	18,013,308,554	730,452,328	104,223,985	4,369,305,306	3,532,189,561	35,124,150

Since April 2018, the Republic of Nicaragua has been facing a series of socio-political events that have economic implications that are affecting the development of activities in the productive sectors of the country.

The Company has been and will continue to monitor the evolution of the liquidity and the quality of the portfolio of financial instruments placed or acquired in that country, in order to mitigate and manage the impacts of this situation.

(b) Liquidity Risk

Liquidity risk is defined as the contingency of not being able to comply fully, in a timely and efficient manner, the expected and unexpected cash flows, current and future, without affecting the course of daily operations or the financial condition of the entity. This contingency (liquidity risk) is evidenced in the insufficient liquid assets available for this and/or the need to assume unusual funding costs.

(4) Risk Management, continued

The liquidity management conducted by the Company seeks to meet its obligations of (i) withdrawals of deposits by its customers, (ii) repayment of the service of its debts of institutional funding according to maturity and the payment scheme scheduled, and (iii) compliance with the credit demand and investment funds according to the requirements. In this regard, the Company has constant control over its short-term liabilities and assets. The liquidity of the Company is carefully managed and adjusted daily based on the estimated liquidity in a contingent and expected scenario.

The Company's liquidity management is in compliance with the policies and guidelines issued by Senior management and/or Regional and Local Board of Directors; the regulators of each country in which it operates and the contractual obligations. These best practices are primarily defensive, in the sense of seeking to maintain appropriate levels of liquidity at all times. In addition, the Company has implemented the internal liquidity requirements that force it to keep excesses on regulatory requirements.

Specifically, the Company's liquidity risk is managed through the calculation of liquidity coverage indicators in the short term, net of obligations and requirements, and in normal and stressful situations, as well as a stress model of liquidity based on the cash flow, which considers the activity of assets and liabilities in a time horizon of up to one year, under a variety of scenarios, which include both normal market conditions and more severe conditions. In addition, the Company seeks to maintain a term matching, which enables it to meet its financial obligations over time.

As in the market risk, Senior Management engages actively in liquidity risk management through regional and local Assets and Liabilities Committee (ALICO) and Comprehensive Risk Management; thus giving greater support to the strategic decision-making process. The liquidity risk assumed by the Company is in line with the structure, complexity, size, and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by Senior Management and/or Regional and Local Board of Directors.

At the level of the entire Company is established the obligation of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations is established; as well as ensuring that reports related to liquidity risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of content, quality of information, generation, transmission and validation according to the requirements set forth in the respective standards.

(4) Risk Management, continued

The following table shows the results of the ratios for high-quality liquidity coverage with respect to the outflow of deposits under normal and stressful conditions, calculated based on internal policies, reported as of the reporting date and during the year:

	% of Liquidity	
	2022	**2021**
As of year end	32.1	32.7
Maximum	35.4	47.1
Average	31.8	36.6
Minimum	26.9	30.7

As of December 31, 2022, and 2021, the banking operations of the Company comply with the liquidity requirements established by the regulators.

Quantitative information

The following table details the undiscounted cash flows of financial liabilities and financial assets, and disbursements due to financial derivatives in contractual maturity groups from the remaining period from the date of the consolidated statement of financial position:

	2022						
Amounts in thousands	**Carrying Amount**	**Total nominal gross amount inflows /(outflows)**	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**
Liabilities							
Demand deposits	9,040,947	(9,040,947)	(9,040,947)	0	0	0	0
Savings deposits	5,664,122	(5,664,122)	(5,664,122)	0	0	0	0
Time deposits	8,621,328	(9,262,396)	(986,837)	(1,494,139)	(3,596,859)	(2,862,873)	(321,688)
Securities sold under repurchase agreements	260,710	(262,395)	(125,273)	(53,350)	(83,772)	0	0
Financial obligations	2,884,562	(3,172,930)	(166,090)	(216,113)	(1,265,063)	(1,078,820)	(446,844)
Other financial obligations	1,059,788	(1,230,374)	(2,434)	(18,853)	(143,028)	(1,026,291)	(39,768)
Lease Liabilities	138,555	(158,262)	(2,966)	(14,628)	(17,015)	(93,793)	(29,860)
Sub-total liabilities	27,670,012	(28,791,426)	(15,988,669)	(1,797,083)	(5,105,737)	(5,061,777)	(838,160)
Commitments and guarantees	61,751	(61,751)	(4,599)	(10,259)	(46,480)	(413)	0
Acceptances	31,709	(31,709)	(26,089)	(4,981)	(639)	0	0
Total liabilities	27,763,472	(28,884,886)	(16,019,357)	(1,812,323)	(5,152,856)	(5,062,190)	(838,160)
Assets							
Cash and cash equivalents	768,899	768,899	768,899	0	0	0	0
Securities purchased under resale agreements	10,697	10,697	10,697	0	0	0	0
Deposits in banks	4,424,408	4,431,023	4,359,941	3,724	18,066	46,943	2,349
Investments at FVPL (1)	27,877	31,854	1,279	131	5,379	23,919	1,146
Investments at FVOCI (1)	4,102,843	5,028,395	274,646	518,335	682,190	2,159,844	1,393,380
Investments at AC (1)	43,457	78,160	0	0	2,137	8,944	67,079
Other accounts receivable	378,284	378,284	306,030	23,320	33,953	14,981	0
Loans	20,128,821	28,283,856	2,722,117	4,060,661	4,424,984	7,916,262	9,159,832
Sub-total assets	29,885,286	39,011,168	8,443,609	4,606,171	5,166,709	10,170,893	10,623,786
Acceptances outstanding	31,709	31,709	26,089	4,981	639	0	0
Total assets	29,916,995	39,042,877	8,469,698	4,611,152	5,167,348	10,170,893	10,623,786

(1) Common stocks are excluded

(4) Risk Management, continued

	2021						
Amounts in thousands	**Carrying Amount**	**Total nominal gross amount inflows /(outflows)**	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**More than 5 years**
Liabilities							
Demand deposits	8,375,436	(8,375,436)	(8,375,436)	0	0	0	0
Savings deposits	4,998,233	(4,998,233)	(4,998,233)	0	0	0	0
Time deposits	8,523,507	(9,162,392)	(799,684)	(1,408,779)	(3,491,704)	(2,830,367)	(631,858)
Securities sold under repurchase agreements	38,946	(38,971)	(30,690)	(8,281)	0	0	0
Financial obligations	2,409,263	(2,656,643)	(221,346)	(292,495)	(775,317)	(806,238)	(561,247)
Other financial obligations	711,656	(821,548)	(557)	(45,142)	(63,073)	(712,776)	0
Lease Liabilities	157,180	(184,480)	(2,997)	(14,810)	(17,159)	(108,095)	(41,419)
Sub-total liabilities	25,214,221	(26,237,703)	(14,428,943)	(1,769,507)	(4,347,253)	(4,457,476)	(1,234,524)
Commitments and guarantees	65,368	(65,368)	(4,098)	(11,607)	(49,663)	0	0
Acceptances	2,370	(2,370)	(1,014)	(579)	(777)	0	0
Total liabilities	25,281,959	(26,305,441)	(14,434,055)	(1,781,693)	(4,397,693)	(4,457,476)	(1,234,524)
Assets							
Cash and cash equivalents	741,724	741,724	741,724	0	0	0	0
Securities purchased under resale agreements	104,224	104,224	96,086	8,138	0	0	0
Deposits in banks	4,369,305	4,378,493	4,295,287	7,869	12,146	52,468	10,723
Investments at FVPL (1)	35,624	42,655	549	177	3,009	29,277	9,643
Investments at FVOCI (1)	3,532,190	4,130,842	134,284	250,989	595,067	1,711,342	1,439,160
Other accounts receivable	253,856	253,856	177,496	25,619	27,240	23,501	0
Loans	18,013,309	24,204,493	2,362,165	2,841,107	3,473,088	6,942,717	8,585,416
Sub-total assets	27,050,232	33,856,287	7,807,591	3,133,899	4,110,550	8,759,305	10,044,942
Acceptances outstanding	2,370	2,370	1,014	579	777	0	0
Total assets	27,052,602	33,858,657	7,808,605	3,134,478	4,111,327	8,759,327	10,044,942

(1) Common stocks are excluded

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The main differences are the following:

- customer demand deposits are expected to remain stable or increase;
- not all unrecognized loan commitments are expected to be withdrawn immediately; and
- retail mortgage loans have an original contractual maturity of between 20 and 30 years, but an expected average maturity of eight years because customers take advantage of early repayment options.

The liquidity of the Company is measured and monitored on a daily basis by the Treasury of each country. In addition, the Company maintains appropriate levels of cash in vaults, deposits in banks and short-term deposits which constitutes the Company's basis of liquidity reserves. The composition of liquidity is shown in the following table:

	2022	**2021**
Cash and cash equivalents	768,898,974	741,723,863
Securities bought under resale agreements	10,696,871	104,223,985
Deposits in central banks	2,815,413,990	2,869,614,018
Deposits due from banks maturing in less than 90 days	1,538,265,442	1,409,990,465
Deposits due from banks greater than 90 days	70,728,713	89,700,823
Total cash, cash equivalents and deposits in banks	5,204,003,990	5,215,253,154
Not committed sovereign debt instruments	3,398,517,301	2,960,819,279
Other credit lines available (1)	1,282,263,357	1,686,284,257
Total liquidity reserve	9,884,784,648	9,862,356,690

(1) Amounts not disbursed as of the reporting date.

The available credit lines are for use in normal business scenarios. They may have restricted use in stressful situations.

(4) Risk Management, continued

The following table shows the availability of the Company's financial assets to support the future financing:

2022	Committed	Uncommitted			
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	Total
Cash and cash equivalents	0	0	0	768,898,974	768,898,974
Securities purchased under resale agreements	0	0	10,696,871	0	10,696,871
Deposits due from banks	37,299,690	400,710,653	2,611,234,959	1,375,162,843	4,424,408,145
Investments at FVOCI	315,410,141	3,630,233,234	0	201,226,457	4,146,869,832
Investments at AC	0	0	43,561,300	0	43,561,300
Loans at amortized cost	249,490,221	0	0	19,879,330,980	20,128,821,201
Total assets	602,200,052	4,030,943,887	2,665,493,130	22,224,619,254	29,523,256,323

(1) It represents uncommitted assets, but whose use the Company considers use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Company operates and can be used according to the regulation of each country.
(2) It represents assets that are uncommitted for use as collateral.

2021	Committed	Uncommitted			
	As Collateral	Available as Collateral	Legal Reserve (1)	Others (2)	Total
Cash and cash equivalents	0	0	0	741,723,863	741,723,863
Securities purchased under resale agreements	0	0	104,223,985	0	104,223,985
Deposits due from banks	37,741,247	394,782,677	2,375,574,312	1,561,207,070	4,369,305,306
Investments at FVOCI	25,209,677	3,196,554,040	0	361,282,592	3,583,046,309
Loans at amortized cost	327,224,178	0	0	17,686,084,376	18,013,308,554
Total assets	390,175,102	3,591,336,717	2,479,798,297	20,350,297,901	26,811,608,017

(1) It represents uncommitted assets, but whose use the Company considers use to guarantee financing, for legal or other reasons. Committed deposits in banks comprise the legal reserve required by the different jurisdictions in which the Company operates and can be used according to the regulation of each country.
(2) It represents assets that are uncommitted for use as collateral.

(c) *Market risk*

Market risks are those that may result in losses as a result of adverse price movements in the financial markets where positions are maintained. It comprises the following risks:

- Interest rate risk is the possibility of an economic loss due to adverse variations in interest rates.

- Exchange rate risk is the possibility of an economic loss due to adverse variations in the exchange rate.

The main objectives of the Company's corporate governance structure include supervising the performance of the management team in each country, ensuring the proper functioning of the internal control system, monitoring the exposure to risks, and managing them effectively. For such purpose, management engages actively in market risk management through the regional and local Assets and Liabilities Committees (ALICO) and the Comprehensive Risk Management Committee; thus giving greater support to the strategic decision-making process.

Market risks assumed by the Company are in line with the structure, complexity, size, and nature of its operation, while always respecting the local regulations, the regional guidelines and the guidelines issued by management and/or regional and local board of directors.

(4) Risk Management, continued

The Company establishes the requirement of properly documenting the periodic assessment of measurement indicators and compliance with regional guidelines and local regulations, as well as ensuring that reports related to market risk to be remitted to the different internal and external instances (including the regulator) are adequate in terms of the content, quality of information, generation, transmission, and validation according to the requirements set forth in the respective standards.

For the measurement, control and management of market risk, the Company uses the indicators required by the regulator of each country as well as another set of indicators established in the internal regional guideline, which are calculated by country and in a consolidated manner based on internal sources of information.

Exchange risk is measured through the determination of the equity percentage that is not dollarized (also known as monetary position). The main objective of the policy is to establish that the difference between assets denominated in US dollars and liabilities denominated in US dollars is at least equal to equity, which is equivalent to having a 100% dollarized equity. However, due to regulatory restrictions applicable in each country that limit the position in US dollars, the consolidated monetary position may be below this desirable limit.

Reform of benchmark interest rates
In March 2021, the Financial Conduct Authority (FCA), as the regulator of ICE (the authorized administrator of LIBOR), announced that after December 31, 2021, LIBOR settings for US dollars for a week and two months will no longer be provided or will no longer be representative. The remaining US dollar settings will either cease to be provided or no longer be representative after June 30, 2023.

A fundamental overhaul of the world's major interest rate benchmarks is underway, replacing some Interbank Offered Rates (IBORs) with alternative near-risk-free rates (referred to as "IBORs"). reform'). The Company has significant exposure to LIBOR on its financial instruments, which are being reformed as part of these market initiatives.

The main risks to which the Company has been exposed as a result of the IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with corporate clients, updating of contractual terms in corporate and consumer clients, updating of systems that use IBOR curves and review of operational controls related to reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

(4) Risk Management, continued

The Company established a multifunctional IBOR Committee to manage its transition to alternative reference rates. The objectives of the IBOR Committee include assessing whether financial assets and/or liabilities should be amended as a result of IBOR reform, and how to manage communication about IBOR reform with counterparties. The IBOR Committee reports to the Executive Committee on a regular basis and collaborates with other business functions as needed. Additionally, it provides periodic reports to ALICO and the treasuries on the Company's operations to support interest rate risk management and works closely with the Comprehensive Operational Risk Committee to identify the operational and regulatory risks arising from the reform. of the IBOR.

For contracts indexed to an IBOR that expire after the expected cessation of the IBOR rate, the IBOR Committee has established policies to modify the contractual terms. These amendments include the addition of fallback clauses in the contracts that determine the applicable rate or calculation mechanism once the reference IBOR rate is not published or the replacement of the rate IBOR with an alternative reference rate.

The Company has been applying a policy to manage that consumer loans, such as mortgages, personal loans, and vehicles, are modified in a uniform manner, and tailored products, such as corporate loans, are modified in bilateral negotiations with counterparties.

The Company's Executive Committee approved a policy requiring that, beginning in the first half of 2021, all newly originated variable rate loans to clients incorporate fallback clauses for when an IBOR ceases to exist. The provisions of these clauses provide for a transition to the applicable alternative benchmark rate, which varies by jurisdiction.

The Company monitors the progress of the transition from IBOR to new reference rates by reviewing the total amounts of contracts that have yet to transition to an alternative reference rate and the amount of such contracts that include an adequate fallback clause. The Company considers that a contract has not yet transitioned to an alternative reference rate (and is known as an “unreformed contract”) when the interest under the contract is indexed to a reference rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of IBOR.

As of December 31, 2022, the reform of the IBOR on the operations in which the Company has exposure has not been completed. The following table sets forth the IBOR rates to which the Company has exposure, the main benchmark rates to which these exposures have been or are being transferred, and the status of the transition:

Currency	Reference IBOR prior to transition	Reference after transition	2022	2021
USD	USD LIBOR – 1 months	New York Prime Rate / TERM SOFR	Finalized	In progress
USD	USD LIBOR – 3 months	New York Prime Rate / TERM SOFR	In progress	In progress
USD	USD LIBOR – 6 months	New York Prime Rate / TERM SOFR	In progress	In progress
USD	USD LIBOR – 12 months	New York Prime Rate / TERM SOFR	Finalized	In progress

(4) Risk Management, continued

The Company ceased to originate loan operations referenced to LIBOR rates in the fourth quarter of 2021. Also, it has initiated the modification of financial asset contracts associated with the LIBOR rate and incorporated fallback clauses in some existing contracts. Likewise, it temporarily opted to originate loan operations based on the New York Prime Rate.

In the medium term, the Company expects to originate loan operations referenced to the TERM SOFR, published by the Chicago Mercantile Exchange (CME). The Company opted for this rate in light of the recommendation made to the market by the Alternative Reference Rates Committee, a technical entity made up of different market participants and regulators to lead this transition process. The Company constantly monitors the TERM SOFR and estimates to migrate and/or originate loan operations with reference to said rate before June 2023.

The following tables show the amounts of unreformed financial assets and those with appropriate fallback clauses as of December 31, 2022, and 2021. The amounts of investment securities are shown at their book values and the amounts of loans are shown at their gross book values.

	2022			2021		
	Total value of indexed contracts	**Total value of indexed contracts with maturity greater than June, 2023**	**Total value of contracts with fallback clauses**	**Total value of indexed contracts**	**Total value of indexed contracts with maturity greater than June, 2023**	**Total value of contracts with fallback clauses**
Investments in securities	161,592,717	161,592,717	112,465,590	173,571,106	173,571,106	114,025,453
Loans						
Corporate	106,349,201	104,700,170	70,306,639	1,486,000,886	1,314,691,629	452,534,089
Small company	0	0	0	68,338,065	62,518,145	6,688,792
Mortgage	3,234,422	2,192,262	0	1,364,296,336	1,361,596,360	373,438,507
Personal	16,255	16,255	0	142,974,830	140,339,365	31,334,444
Vehicles	0	0	0	231,362,783	223,930,052	121,129,661
Total loans	109,599,878	106,908,687	70,306,639	3,292,972,900	3,103,075,551	985,125,493

The following tables show the amounts of unreformed financial liabilities and those with appropriate fallback clauses as of December 31, 2022, and 2021. The amounts are shown at their book values.

	2022			2021		
	Total value of indexed contracts	**Total value of indexed contracts with maturity greater than June, 2023**	**Total value of contracts with fallback clauses**	**Total value of indexed contracts**	**Total value of indexed contracts with maturity greater than June, 2023**	**Total value of contracts with fallback clauses**
Deposits from Customers	0	0	0	30,000,000	0	0
Financial obligations	660,815,302	658,360,175	654,185,414	1,023,191,370	747,728,398	683,728,876

Quantitative information

The Company maintains operations in the consolidated statement of financial position, agreed in local currency other than US dollars, which are listed below:

(4) Risk Management, continued

2022 *Amounts in US millions*	Euro	Quetzales	Lempiras	Cordobas	Colones	Total
Cash, cash equivalents and deposits in banks	52	525	598	165	616	1,956
Investments in securities	0	480	545	0	367	1,392
Loans, net	0	2,272	2,074	124	2,183	6,653
Total assets	52	3,277	3,217	289	3,166	10,001
Deposits	23	2,771	2,521	385	2,507	8,207
Obligations	0	335	181	0	544	1,060
Total liabilities	23	2,771	2,521	385	2,507	8,207
Contingencies	0	0	25	0	58	83
Exchange risk exposure	29	171	540	(96)	173	817

2021 *Amounts in US millions*	Euro	Quetzales	Lempiras	Cordobas	Colones	Total
Cash, cash equivalents and deposits in banks	37	464	844	147	594	2,086
Investments in securities	0	388	462	0	321	1,171
Loans, net	0	1,973	1,668	93	1,784	5,518
Total assets	37	2,825	2,974	240	2,699	8,775
Deposits	15	2,296	2,400	337	2,277	7,325
Obligations	0	358	192	0	196	746
Total liabilities	15	2,654	2,592	337	2,473	8,071
Contingencies	0	0	24	0	38	62
Exchange risk exposure	22	171	406	(97)	264	766

Below, the summary exposure of the Company's consolidated statement of financial position to interest rate risk. Assets and liabilities are included in the table at their carrying amount, classified by categories of time considering the next rate review date or the maturity date, as applicable:

2022	Without exposure	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	768,898,974	0	0	0	768,898,974
Securities purchased under resale agreements	17,051	10,679,820	0	0	10,696,871
Deposits due from banks	2,007,031,776	2,372,366,369	42,700,000	2,310,000	4,424,408,145
Investments in securities	968,400,930	574,456,033	1,609,998,421	1,037,575,748	4,190,431,132
Loans at amortized cost	186,186,208	17,754,304,730	1,673,210,348	515,119,915	20,128,821,201
Total assets	3,930,534,939	20,711,806,952	3,325,908,769	1,555,005,663	29,523,256,323
Deposits	1,361,903,516	19,077,163,666	2,566,725,215	320,603,726	23,326,396,123
Securities sold under resale agreements	2,024,460	258,685,705	0	0	260,710,165
Financial obligations	31,367,077	1,916,909,015	351,932,325	584,353,930	2,884,562,347
Other financial obligations	9,696,825	137,452,171	877,709,385	34,929,151	1,059,787,532
Total liabilities	1,404,991,878	21,390,210,557	3,796,366,925	939,886,807	27,531,456,167
Exposure to interest rate risk	2,525,543,061	(678,403,605)	(470,458,156)	615,118,856	1,991,800,156

2021	Without exposure	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Cash and cash equivalents	741,723,863	0	0	0	741,723,863
Securities purchased under resale agreements	34,727	104,189,258	0	0	104,223,985
Deposits due from banks	2,203,300,532	2,109,454,774	46,160,000	10,390,000	4,369,305,306
Investments in securities	613,754,025	376,758,317	1,366,806,464	1,225,727,503	3,583,046,309
Loans at amortized cost	196,895,328	15,665,066,451	1,608,644,908	542,701,867	18,013,308,554
Total assets	3,755,708,475	18,255,468,800	3,021,611,372	1,778,819,370	26,811,608,017
Deposits	1,334,526,405	17,611,087,161	2,465,435,751	486,127,253	21,897,176,570
Securities sold under resale agreements	8,897	38,936,728	0	0	38,945,625
Financial obligations	7,298,464	1,486,891,932	618,515,083	296,557,581	2,409,263,060
Other financial obligations	3,595,888	78,613,932	629,446,433	0	711,656,253
Total liabilities	1,345,429,654	19,215,529,753	3,713,397,267	782,684,834	25,057,041,508
Exposure to interest rate risk	2,410,278,821	(960,060,953)	(691,785,895)	996,134,536	1,754,566,509

(4) Risk Management, continued

Based on the above, the Company calculates the total exposure of the consolidated statement of financial position to interest rate risk. The Company states that the interest rate risk should be measured for each currency in which assets and liabilities are maintained.

Interest rate risk is analyzed based on the gap analysis, in order to approximate the change in equity of the Company's consolidated statement of financial position and in the net income from interest from eventual changes in market interest rates. The economic value of an instrument involves an assessment of the current value of its expected net cash flows, discounted to reflect market rates. By extension, the economic value of a financial entity can be seen as the present value of expected net cash flows from the entity, defined as expected cash flows from assets less expected cash flows from liabilities. In this sense, the perspective of economic value reflects a view of the sensitivity of the financial entity net value to interest rate fluctuations.

The estimate of the impact of variations in interest rates is conducted under a scenario of increase or decrease of 100 basis points in assets and liabilities at the different terms (parallel movement of the curve). The following table presents a summary of the impact on the Company's economic value and on the net interest income applying these variations:

	Increase of 100 bps (1)	Decrease of 100 bps (1)
Impact on equity to interest rate movements		
2022	(56,646,082)	56,646,082
Average for the year	(62,322,323)	62,322,323
Maximum for the year	(72,202,007)	72,202,007
Minimum for the year	(54,024,740)	54,024,740
2021	(60,122,350)	60,122,350
Average for the year	(10,693,666)	10,693,666
Maximum for the year	21,752,386	(21,752,386)
Minimum for the year	(63,535,381)	63,535,381
Impact on net income from interests		
2022	79,154,868	(79,154,868)
Average for the year	69,540,276	(69,540,276)
Maximum for the year	79,154,868	(79,154,868)
Minimum for the year	62,817,390	(62,817,390)
2021	65,327,430	(65,327,430)
Average for the year	68,605,401	(68,605,401)
Maximum for the year	72,751,654	(72,751,654)
Minimum for the year	61,596,651	(61,596,651)

(1) According to the nature of the instruments on demand, the sensitivity of annual income and expenses to a decrease or increase in rates for currencies with rates below 1% is measured using a variation of 25 basis points.

(4) Risk Management, continued

(d) Operational risk

The Company has established a minimum framework for operational risk management within its companies, which is intended to provide general guidelines to ensure the identification, assessment, control, monitoring and reporting of operational risks and materialized events that may affect the organization with the objective of ensuring the proper management, mitigation or reduction of the managed risks and contributing to provide a reasonable assurance with respect to the achievement of organizational objectives.

The operational risk management model considers best practices issued by the Basel Committee on Banking Supervision and by COSO (Committee of Sponsoring Organizations of the Treadway Commission). In addition, it complies with the regulatory requirements of the region, which have been defined by the regulators of the countries where the Company operates.

Based on the above, operational risk is defined as the possibility that the events resulting from personnel, information technologies or inadequate or failed internal processes, or produced by external causes, generate negative impacts that go against the objectives. By its nature, it is present in all of the organization's activities.

The priority of the Company is, therefore, identifying and managing the major risk factors, regardless of whether they can produce monetary losses. The measurement also contributes to the establishment of priorities in the management of operational risk.

The operational risk management system is properly documented in the Operational Risk Guideline and Manual. It is a continuous process with several stages:

- Measurement of the perspective of control environment
- Identification and assessment of operational risks
- Treatment and mitigation of operational risks
- Risk monitoring and review
- Registration and accounting of losses due to operational risk incidents

Additionally, the Company has policies formally established for the management of information security, business continuity, fraud prevention and code of ethics that support the proper management of operational risks in the organization.

At the regional level and in all countries where the Company operates, there is an operational risk management unit that monitors, advises, and assesses the management conducted by the administration with regard to operational risks. In addition, there is a specialized Operational Risk Committee (OR Committee) composed of senior management. The OR Committee reports to the Comprehensive Risk Management Committee, monitors management and ensures that identified operational risks are kept at accepted levels by the organization.

(4) Risk Management, continued

Compliance with Company standards is supported by a program of periodic reviews undertaken by Internal Audit, which reports the results to the Internal Audit Committee of each entity where the Company operates.

(5) Critical Accounting Estimates and Judgments in the Implementation of Accounting Policies

The Company's management is responsible for the development, selection, disclosure of policies and critical accounting estimates and their implementation in a manner consistent with the assumptions selected and related to the significant estimate uncertainties.

Loan Impairment Losses

The Company reviews its loan portfolio to assess the impairment at least on a quarterly basis. When determining whether an impairment loss should be recorded in profit or loss, the Company makes decisions as to whether observable information exists indicating that there is a measurable reduction in estimated future cash flows from a loan portfolio before such reduction may be identified with an individual loan in that portfolio. This evidence includes observable information indicating that an adverse change in the payment condition of borrowers in a group, national or local economic conditions that correlate with non-compliance instances in Company's assets have occurred.

Fair Value of Financial Instruments

Fair value of financial instruments that are not quoted in active markets is determined using valuation techniques. All models are evaluated and adjusted before use, and the models are calibrated to ensure that the results reflect current information and comparative market prices.

To the extent possible, models only use observable information; however, areas such as credit risk (own and by the counterparty), volatilities and correlations require estimates by management. Changes in assumptions about these factors may affect the reported fair value of financial instruments.

Impairment of Investments at FVOCI

In debt instruments the impairment may be appropriate when there is evidence of impairment in the financial health of the issuer, industry or sector performance, changes in technology, and operational and financial cash flows.

Goodwill Impairment

The Company will determine whether goodwill is impaired annually or when there is indication of possible impairment.

This requires an estimate of the value in use of CGUs to which the goodwill value is attributed. The estimate of the value in use requires management to consider the expected cash flows from CGUs and also the selection of an appropriate discount rate to calculate the current value of such cash flows.

(5) Critical Accounting Estimates and Judgments in the Implementation of Accounting Policies, continued

Income Tax

The Company uses the asset and liability method to record income tax. Under this method, the deferred tax assets and liabilities are recognized by the estimates of future tax consequences attributable to temporary differences between the amounts of assets and liabilities in the consolidated financial statements and their respective tax bases and due to accumulated tax losses. The deferred tax assets and liabilities are valued using the enacted tax rates that are expected to be applied to the tax revenue for the years in which they are expected to be recovered or temporary differences are settled. The effect on deferred tax assets and liabilities by a change in tax rates is recognized in the operation results in the year in which the change occurs.

Management regularly assesses the realization of deferred tax assets for its recognition. Management evaluates whether it is more likely than not that a portion or all deferred tax assets are not realizable.

(6) Cash, Cash Equivalents and Deposits

Cash and cash equivalents are listed below for reconciliation purposes with the consolidated statement of cash flow:

	2022	2021
Cash and cash equivalents	768,898,974	741,723,863
Securities purchased under resale agreements	10,696,871	104,223,985
Deposits in central banks	2,815,413,990	2,869,614,018
Deposits in banks and deposits due in less than 90 days	1,538,265,442	1,409,990,465
Cash and cash equivalents in the cash flow statement	5,133,275,277	5,125,552,331
Deposits in banks greater than 90 days and pledged	70,728,713	89,700,823
Total cash, cash equivalents and deposits in banks	5,204,003,990	5,215,253,154

(7) Securities Purchased Under Resale Agreements

As of December 31, 2022, securities purchased under resale agreements amounted to $10,696,871 (2021: $104,223,985), which had maturity dates in January 2023 (2021: March 2022) and an interest rate between 3.8% and 7.6% (2021: between 0.16% and 1.8%). These securities were guaranteed with local government bonds and corporate bonds, which amounted to $11,409,533 (2021: $103,334,682).

(8) Investments in Securities

As of December 31, 2022, investments in securities amounted to $4,190,431,132 (2021: $3,583,046,309) are summarized as follows:

(a) Investments at FVPL

The portfolio of investments in securities at FVPL is detailed as follows:

	2022	2021
Government bonds	26,355,405	35,124,150
Corporate bonds	1,016,532	0
Mutual funds	505,545	499,847
Common stocks	13,078,802	12,147,983
	40,956,284	47,771,980

(10) Investments in Securities, continued

As of December 31, 2022, securities at FVPL with a carrying amount of $1,661,157 (2021: $5,386,003) are used as collateral for repurchase agreements.

(b) Investments at FVOCI

The portfolio of investments at FVOCI is detailed as follows:

	2022	2021
Governments and Agencies		
United States of America	165,827,573	9,717,592
Other governments	3,373,133,116	2,941,187,213
	3,538,960,689	2,950,904,805
Corporate bonds	563,777,759	581,284,756
Common stocks	3,175,100	3,084,768
	4,105,913,548	3,535,274,329

The Company maintains a portfolio of equity investments issued by the following companies:

Entity	Country	2022	2021
Latinex Holdings, Inc.	Panama	588,192	559,976
Grupo APC, S. A.	Panama	445,582	445,582
Transacciones y Transferencias, S.A.	Guatemala	305,516	310,784
Compañia de Procesamiento de Medio de Pago	Guatemala	299,560	247,500
Servicios Financieros, S.A.	El Salvador	247,500	218,330
ACH de Nicaragua	Nicaragua	186,302	190,028
Bancajeros BANET	Honduras	179,860	181,725
Fondo Hondureño de Inversion Turistica	Honduras	176,906	178,740
Fondo Crediticio de Produccion Agropecuaria	Honduras	141,332	142,797
ICG Imagenes Computarizadas de Guatemala, S.A.	Guatemala	140,358	133,386
Otros	Otros	463,992	475,920
		3,175,100	3,084,768

As of December 31, 2022, the portfolio of common stocks at FVOCI had a variation in the Company's Other Comprehensive Results of 28,217 (2021: -$760,321). As of December 31, 2022, the Company received $3,049,832 for dividends of common stocks at FVOCI (2021: $1,365,295).

(c) Investments at AC

The investment portfolio at AC is detailed as follows:

	2022	2021
Government Bonds	43,561,300	0
	43,561,300	0

(9) Loans

A breakdown of the loan portfolio by type is as follows:

	2022			2021		
	Portfolio	Allowance for ECL	Net portfolio of allowance	Portfolio	Allowance for ECL	Net portfolio of allowance
Loans						
Corporate						
Corporate loans	8,471,506,370	(170,380,788)	8,301,125,582	7,514,291,035	(147,740,515)	7,366,550,520
Corporate leases, net (1)	220,810,485	(5,969,844)	214,840,641	166,167,978	(4,691,500)	161,476,478
Total Corporate	8,692,316,855	(176,350,632)	8,515,966,223	7,680,459,013	(152,432,015)	7,528,026,998
Personal Banking and Small company						
Small company						
Small company loans	804,063,798	(10,461,204)	793,602,594	710,775,348	(17,640,163)	693,135,185
Small company leases, net (1)	101,842,015	(944,301)	100,897,714	85,236,193	(2,247,579)	82,988,614
Total Small company	905,905,813	(11,405,505)	894,500,308	796,011,541	(19,887,742)	776,123,799
Personal Banking						
Mortgage loans	3,725,631,583	(88,336,045)	3,637,295,538	3,626,822,891	(84,375,029)	3,542,447,862
Personals	2,125,153,329	(78,624,248)	2,046,529,081	2,020,316,150	(82,877,063)	1,937,439,087
Vehicles	1,032,570,044	(19,253,976)	1,013,316,068	953,481,090	(18,356,642)	935,124,448
Personal leases, net (1)	101,895,017	(4,414,417)	97,480,600	84,542,546	(3,966,481)	80,576,065
Credit Cards	4,238,288,497	(314,555,114)	3,923,733,383	3,498,774,373	(285,204,078)	3,213,570,295
Total Personal Banking	11,223,538,470	(505,183,800)	10,718,354,670	10,183,937,050	(474,779,293)	9,709,157,757
Total Personal Banking and Small company	12,129,444,283	(516,589,305)	11,612,854,978	10,979,948,591	(494,667,035)	10,485,281,556
Total loans at AC	20,821,761,138	(692,939,937)	20,128,821,201	18,660,407,604	(647,099,050)	18,013,308,554
(1) Total leases, net of interest	424,547,517	(11,328,562)	413,218,955	335,946,717	(10,905,560)	325,041,157

The net value of the financial lease's receivable is presented below:

	2022	2021
Minimum lease payments receivable	437,718,025	345,863,707
Less: unearned interest	7,601,067	6,009,817
Minimum lease payments receivable, net	430,116,958	339,853,890
Less: allowance for loss in leases	11,328,562	10,905,560
Less: net deferred commissions	5,569,441	3,907,173
Net value of investment in finance leases	413,218,955	325,041,157

The following table summarizes the minimum lease payments receivable as of December 31, 2022:

Year ended December 31,	
2023	92,361,527
2024	88,717,691
2025	83,150,518
2026	69,241,036
2027 and thereafter	96,646,186
	430,116,958

(10) Property and Equipment

The movement of property and equipment as of December 31, 2022, is summarized as follows:

	2022						
	Land and building	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	Total
Cost:							
Balance at January 1, 2022	223,254,886	233,167,965	32,318,906	10,494,046	433,108,064	74,104,157	1,006,448,024
Purchases	197,180	19,095,868	31,719,405	1,689,589	60,542,328	512,847	113,757,217
Sales and disposals	(2,983,248)	(13,042,558)	(206,713)	(1,970,211)	(49,230,651)	(11,010,966)	(78,444,347)
Transfers	29,288,645	0	(49,487,282)	0	16,072,397	3,717,488	(408,752)
Foreign currency translation	2,351,858	5,594,492	(4,440,146)	218,144	13,617,689	5,187,268	22,529,305
Balance at December 31, 2022	252,109,321	244,815,767	9,904,170	10,431,568	474,109,827	72,510,794	1,063,881,447
Accumulated depreciation:							
Balance at January 1, 2022	51,944,060	85,726,916	0	6,221,105	312,178,274	39,797,997	495,868,352
Depreciation	4,514,315	30,132,176	0	1,701,606	45,203,766	6,002,934	87,554,797
Sales and disposals	(2,617,068)	(5,782,439)	0	(1,639,722)	(47,962,122)	(10,736,331)	(68,737,682)
Transfers	(6,215)	0	0	0	43,967	4,667	42,419
Foreign currency translation	573,776	2,701,383	0	87,389	8,670,464	1,119,630	13,152,642
Balance at December 31, 2022	54,408,868	112,778,036	0	6,370,378	318,134,349	36,188,897	527,880,528
Net balance	197,700,453	132,037,731	9,904,170	4,061,190	155,975,478	36,321,897	536,000,919

	2021						
	Land and building	Right-of-use assets	Construction in progress	Vehicles	Furniture and equipment	Leasehold improvements	Total
Cost:							
Balance at January 1, 2021	279,844,235	282,390,710	22,565,353	11,065,006	433,280,450	90,215,476	1,119,361,230
Discontinued operation	(54,065,827)	(24,903,282)	(13,545,161)	(110,555)	(3,752,434)	(9,712,394)	(106,089,653)
Purchases	6,581,922	3,943,860	29,938,511	2,158,222	30,859,299	911,527	74,393,341
Sales and disposals	(6,325,068)	(23,234,186)	(956,258)	(2,464,280)	(19,879,014)	(9,426,356)	(62,285,162)
Transfers	516,683	0	(5,396,023)	59,671	1,372,526	3,549,553	102,410
Foreign currency translation	(3,297,059)	(5,029,137)	(287,516)	(214,018)	(8,772,763)	(1,433,649)	(19,034,142)
Balance at December 31, 2021	223,254,886	233,167,965	32,318,906	10,494,046	433,108,064	74,104,157	1,006,448,024
Accumulated depreciation:							
Balance at January 1, 2021	49,797,267	66,004,049	0	6,324,086	292,471,622	43,210,157	457,807,181
Discontinued operation	(291,864)	(1,725,985)	0	(30,684)	(595,070)	(606,323)	(3,249,926)
Depreciation	4,112,953	31,044,498	0	1,731,691	45,502,935	7,282,350	89,674,427
Sales and disposals	(998,146)	(8,032,754)	0	(1,737,278)	(18,964,973)	(9,276,964)	(39,010,115)
Transfers	1,003	0	0	33,942	21,766	(1,003)	55,708
Foreign currency translation	(677,153)	(1,562,892)	0	(100,652)	(6,258,006)	(810,220)	(9,408,923)
Balance at December 31, 2021	51,944,060	85,726,916	0	6,221,105	312,178,274	39,797,997	495,868,352
Net balance	171,310,826	147,441,049	32,318,906	4,272,941	120,929,790	34,306,160	510,579,672

During the year 2022, the Company made a net transfer between companies for $296,714, and a net transfer of furniture and equipment for a net amount of $154,457 to intangible assets.

During 2021, the Company made a net intercompany transfer of $40,218, and a net transfer of property and equipment of $6,484 to intangible assets.

(11) Goodwill and Intangible Assets

Changes in the carrying value of goodwill are as follows:

	2022	2021
Goodwill		
Balance at January 1,	1,465,088,499	1,502,171,080
Discontinued operation	0	(36,429,182)
Foreign currency translation	0	(653,399)
Balance at December 31	1,465,088,499	1,465,088,499

As of December 31, 2022 and 2021 no impairment in the cash-generating units has been recorded. The fair value of the cash-generating units exceeds the carrying amount plus goodwill; therefore, no impairment loss was recorded.

The recoverable amounts of the CGUs of the Company have been calculated based on their value in use.

The value in use of the CGUs is determined by discounting the future cash flows expected to be generated from the continuing use of each unit.

Calculation of value in use is based on the following basic assumptions:

	2022	2021
Average discount rate	14.0%	11.5%
Growth rate	3.0%	3.0%

The discount rate after taxes used to discount the dividend flows reflects the specific risks relating to the CGUs and has been estimated considering the risk profile of each of the different markets in which the Company operates.

A 10-year projection was carried out, considering that once this period has passed, the maturity of the businesses and the consequent stabilization of the cash flows will be achieved. Macroeconomic and business assumptions were also used for each of the countries where it operates, in order to reflect the reality that each market provides to all CGUs.

When estimating the terminal value, the normalized flow of funds has been projected in perpetuity, adjusted in accordance with the growth expectations. This projection does not exceed the average long-term growth rate for the economy in each of the countries in which the Company operates; for this reason, an average annual long-term growth rate of 3.0% was estimated (2021: 3.0%).

The main assumptions described above may change as economic and market conditions change. The Company estimates that the reasonably possible changes in these assumptions do not affect the recoverable amount of the CGUs or that they decrease below the CGUs carrying values.

(11) Goodwill and Intangible Assets, continued

The gross balance of the carrying amount and the accumulated amortization for each intangible asset acquired by the Company subject to amortization as of December 31, 2022, is presented below:

	2022								
	Core deposit intangible	Credit card relationships	Merchants' relationships	Customers' relationships	Trade name	Insurance contracts	Operation permits	Software	Total
Cost:									
Balance at January 1, 2022	85,248,887	74,505,391	36,600,000	12,000,000	56,392,415	0	0	140,827,683	405,574,376
Purchases	0	0	0	0	0	0	0	31,458,214	31,458,214
Additions carried over from related companies	0	0	0	0	0	0	0	13,391,623	13,391,623
Disposals	0	0	0	0	(390,445)	0	0	(19,642,930)	(20,033,375)
Transfers	0	0	0	0	0	0	0	154,457	154,457
Impairment	0	0	0	0	0	0	0	0	0
Foreign currency translation	0	0	0	0	67,558	0	0	8,757,964	8,825,522
Balance at December 31, 2022	85,248,887	74,505,391	36,600,000	12,000,000	56,069,528	0	0	174,947,011	439,370,817
Accumulated amortization									
Balance at January 1, 2022	80,348,522	67,371,436	36,600,000	7,500,000	0	0	0	92,414,564	284,234,522
Expense of the year	986,607	1,783,489	0	1,200,000	0	0	0	23,951,371	27,921,467
Amortization carried over from related companies	0	0	0	0	0	0	0	10,362,015	10,362,015
Disposals	0	0	0	0	0	0	0	(15,440,132)	(15,440,132)
Foreign currency translation	0	0	0	0	0	0	0	5,935,486	5,935,486
Balance at December 31, 2022	81,335,129	69,154,925	36,600,000	8,700,000	0	0	0	117,223,304	313,013,358
Net balance at December 31, 2022	3,913,758	5,350,466	0	3,300,000	56,069,528	0	0	57,723,707	126,357,459

	2021								
	Core deposit intangible	Credit card relationships	Merchants' relationships	Customers' relationships	Trade name	Insurance contracts	Operation permits	Software	Total
Cost:									
Balance at January 1, 2021	92,457,989	77,636,248	39,291,046	15,501,391	70,301,988	1,134,569	430,180	147,642,613	444,396,024
Discontinued operations	(7,209,102)	(3,130,857)	(2,691,046)	(3,071,889)	(13,803,000)	(1,134,569)	(430,180)	(15,205,723)	(46,676,366)
Purchases	0	0	0	0	0	0	0	25,387,072	25,387,072
Disposals	0	0	0	(425,099)	0	0	0	(10,829,329)	(11,254,428)
Transfers	0	0	0	0	0	0	0	(1,046,723)	(1,046,723)
Impairment	0	0	0	0	(63,687)	0	0	0	(63,687)
Foreign currency translation	0	0	0	(4,403)	(42,886)	0	0	(5,120,227)	(5,167,516)
Balance at December 31, 2021	85,248,887	74,505,391	36,600,000	12,000,000	56,392,415	0	0	140,827,683	405,574,376
Accumulated amortization									
Balance at January 1, 2021	79,016,708	66,759,245	36,914,254	6,945,116	0	438,712	83,646	83,011,391	273,169,072
Discontinued operations	(245,822)	(1,911,184)	(314,254)	(263,337)	0	(438,712)	(83,646)	(2,110,621)	(5,367,576)
Amortization	1,577,636	2,523,375	0	1,247,648	0	0	0	22,411,241	27,759,900
Amortization carried over from related companies	0	0	0	0	0	0	0	1,027	1,027
Disposals	0	0	0	(425,099)	0	0	0	(7,779,485)	(8,204,584)
Foreign currency translation	0	0	0	(4,328)	0	0	0	(3,118,989)	(3,123,317)
Balance at December 31, 2021	80,348,522	67,371,436	36,600,000	7,500,000	0	0	0	92,414,564	284,234,522
Net balance at December 31, 2021	4,900,365	7,133,955	0	4,500,000	56,392,415	0	0	48,413,119	121,339,854

None of the intangible assets listed in the table above have residual value.

(11) Goodwill and Intangible Assets, continued

During the year 2022, the Company made a transfer to intangible assets of property and equipment for a net amount of $154,457 (see Note 10).

During the year 2021, the Company made a transfer to intangible assets of property and equipment for a net amount of $6,484 corresponding to furniture and equipment (see Note 10).

Remaining life of intangible is presented below:

	Remaining life
Relationships with depositors	48 months
Relationships with credit cards	36 months
Relationships with customers	33 months

(12) Other Assets

The breakdown of other assets is presented in the table below:

	2022	2021
Assets held for sale, net	41,593,507	27,540,394
Deferred expenses	33,047,038	22,457,043
Deposits in guarantee	10,419,341	8,304,502
Asset not available for sale	7,741,026	18,594,936
Non-embossed credit card plastic	6,494,625	5,584,458
Uninstalled assets	5,867,418	10,199,082
Severance fund	5,209,070	4,252,720
Arts works	1,029,767	1,011,487
Derivatives instruments	8,951	38,248
Otros	4,819,078	3,143,542
	116,229,821	101,126,412

Assets held for sale, net of allowance impairment, are detailed below:

	2022	2021
Vehicles	996,732	952,291
Real estate – less than a year	17,263,742	15,161,774
Real estate – more than a year	24,113,362	11,500,928
Assets held for sale, gross	42,373,836	27,614,993
Allowance impairment estimate	(780,329)	(74,599)
Assets held for sale, net	41,593,507	27,540,394

The Company made sales of assets held for sale for an amount of $39,177,902 (2021: $28,183,645), these gains amount to $11,534,237 (2021: $8,462,503).

The movement of the allowance for assets held for sale is shown below:

	2022	2021
Balance at year beginning,	74,599	1,246,612
Provision charged to expenses	852,672	227,374
Transfer to other assets	160,554	31,415
Sales	(306,223)	(241,444)
Foreign currency translation	(1,273)	(2,340)
Discontinued operation	0	(1,187,018)
Balance at year end	780,329	74,599

(13) Deposits from Customers

Deposits from customers are detailed below:

	2022	2021
Retail customers		
Demand	1,286,284,614	1,054,352,856
Savings	3,572,070,437	3,156,502,734
Time deposits	1,243,958,928	1,121,487,755
Corporate customers		
Demand	7,754,661,907	7,321,083,616
Savings	2,092,051,122	1,841,730,687
Time deposits	7,377,369,115	7,402,018,922
	23,326,396,123	21,897,176,570

As of December 31, 2022, time deposits include book balances, net of origination costs for $1,275,479,033 (2021: $1,374,640,737) subscribed with special purpose vehicles (hereinafter SPV), which are detailed below:

			2022		2021	
Vehicule	Series	Fixed interest rate	Principal amount	Origination cost	Principal amount	Origination cost
BIB Merchant Voucher Receivables Limited	2017-1	4.08%	249,791,367	2,174,213	299,288,366	2,689,174
BIB Merchant Voucher Receivables Limited	2018-1	4.18%	342,479,779	2,794,233	396,676,864	3,323,135
BIB Central American Card Receivables Limited	2019-1	3.50%	700,000,000	11,823,667	700,000,000	15,312,184
			1,292,271,146	16,792,113	1,395,965,230	21,324,493

BIB Merchant Voucher Receivables Limited (SPV) issued financial obligations subscribed by international holders secured by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Company, with credit cards issued with the Visa and MasterCard brands in Panama. The obligations have an average original duration of 7 years. Principal repayments of the 2017-1 and 2018-1 obligations will be paid through Citibank N.A., beginning in January 2021 and January 2022, respectively. As of December 31, 2022, the weighted average duration of the certificates is 2.44 years and 2.98 years, respectively.

BIB Central American Card Receivables Limited (SPV) issued financial obligations subscribed by international holders guaranteed by the collection rights of accounts receivable, which are generated in transactions in affiliated businesses and processed by the Company, with credit cards issued by international financial institutions, with the Visa and MasterCard brands in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as well as the American Express brand for those countries and Panama; with an average original duration of 7 years. Principal repayments of the 2019-1 obligation will be paid through Citibank N.A., beginning in October 2023. As of December 31, 2022, the weighted average duration of the certificates is 4.25 years.

The collection rights of the accounts receivable were assigned by BAC International Bank Inc. to the SPV's, and the SPV's invested the amount received for the notes issued in fixed-term certificates of deposits in BAC International Bank Inc.

(14) Financial Obligations

Financial obligations are detailed below:

	2022		
	Interest rate	**Maturities up to**	**Carrying amount**
Payable in US dollars:			
Fixed rate	7.00%	2031	763,771,051
Floating rate	3.14% to 22.44%	2027	1,462,121,761
Payable in quetzales (Guatemala):			
Fixed rate	4.40% to 5.25%	2024	337,609,417
Payable in lempiras (Honduras):			
Fixed rate	15.00%	2058	146,338,936
Payable in colones (Costa Rica):			
Fixed rate	0.80%	2025	149,693,794
Floating rate	8.02% to 9.72%	2037	25,027,388
Total financial obligations at amortized cost			2,884,562,347

	2021		
	Interest rate	**Maturities up to**	**Carrying amount**
Payable in US dollars:			
Fixed rate	0.56% to 5.80%	2031	829,890,064
Floating rate	1.50% to 10.61%	2031	893,175,817
Payable in quetzales (Guatemala):			
Fixed rate	4.00% to 5.25%	2022	358,978,725
Payable in lempiras (Honduras):			
Fixed rate	15.00%	2046	158,838,796
Payable in colones (Costa Rica):			
Fixed rate	0.80%	2025	155,425,134
Floating rate	4.70% to 4.90%	2031	12,954,524
Total financial obligations at amortized cost			2,409,263,060

As of December 31, 2022, the carrying amount of the principal issued by BAC San Jose DPR Funding Limited, a special purpose vehicle (hereinafter SPV), amounted to $150,000,000 (2021: $150,000,000), corresponding to the 2020-1 series with a balance of $150,000,000. The origination costs pending amortization of the certificates amounted to $1,872,261 as of December 31, 2022 (2021: $2,190,702). The notes issued by the SPV are secured by current and future Diversified Payment Rights denominated in US dollars, originated by a subsidiary of the Company, and sold to the SVP. Series 2020-1 obligations pay interest in February, May, August and November of each year at a fixed interest rate of 3.70%. The notes have an original average duration of 5.58 years. As of December 31, 2022, the weighted average duration of the notes is 3.55 years.

The Company has had no defaults of principal, interest or other contractual clauses concerning its financial obligations.

(15) Other Financial Obligations

The Company has placed, through its subsidiaries and through the stock markets of El Salvador, Panama, Honduras, and Costa Rica debt certificates with fixed and variable rates, which are described below:

	2022		2021	
Payable in:	**Interest rate**	**Carrying amount**	**Interest rate**	**Carrying amount**
US dollars	2.00% to 10.00%	718,653,466	2.83% to 10.00%	676,310,068
Lempiras	4.75% to 7.00%	34,792,850	7.00% to 9.50%	35,346,185
Colones	4.71% to 12.35%	306,341,216	0.00%	0
Total of other financial obligations at amortized cost		1,059,787,532		711,656,253

(15) Other Financial Obligations, continued

Through Resolution No. 208-20 of May 14, 2020, issued by the Superintendency of the Securities Market of the Republic of Panama, BAC International Bank Inc., an indirect subsidiary of the Company, is authorized to offer a Public Offering, Perpetual Subordinated Corporate Bonds convertible into common shares for a nominal value of $700 million. The bonds are issued in registered form, registered and without coupons, in denominations of $1,000,000 and in integral multiples of $100,000, with no specific expiration or redemption date. The bonds bear an interest rate of 10% and interest is payable quarterly, unless the issuer exercises its right not to pay interest. As of December 31, 2022, the balance of the perpetual bonds is $520,000,000, and they have been acquired by Grupo AVAL Limited, a related party.

(16) Lease Liabilities

Lease liabilities are detailed below:

	2022			
	Interest rate	Maturities up to	Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2033	134,575,695	150,513,232
Payable in quetzales (Guatemala)	5.22%	2029	2,213,203	4,371,453
Payable in lempiras (Honduras)	5.22% to 7.58%	2029	959,482	2,432,216
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	807,011	944,393
Total lease liabilities			138,555,391	158,261,294

	2021			
	Interest rate	Maturities up to	Carrying amount	Undiscounted cash flows
Payable in US dollars	5.22%	2033	152,367,856	170,803,984
Payable in quetzales (Guatemala)	5.22%	2029	2,880,788	5,212,194
Payable in lempiras (Honduras)	5.22% to 7.58%	2029	1,162,401	4,416,835
Payable in colones (Costa Rica)	3.96% to 7.99%	2033	768,761	923,439
Total lease liabilities			157,179,806	181,356,452

The following is the detail of the maturity of the undiscounted contractual cash flows, related to lease liabilities:

	2022	2021
Less than a year	34,608,732	34,653,647
One to two years	31,507,830	32,728,343
Two to three years	25,823,447	30,177,223
Three to four years	19,952,578	24,511,785
Four to five years	16,509,028	19,375,866
More than five years	29,859,679	39,909,588
	158,261,294	181,356,452

The following are the items recognized in profit or loss, related to lease liabilities:

	2022	2021
Interest on leases	7,695,167	8,839,474
Expense for leases with less than 12 months	3,564,971	3,370,798
Expense for leases of low-value assets	10,346,158	7,653,769
	21,606,296	19,864,041

(17) Other Liabilities

The breakdown of other liabilities is presented in the table below:

	2022	2021
Bank drafts to applied	139,033,966	120,506,919
Checks issued but not cashed	93,613,676	69,770,300
Accounts payable to merchants	89,460,029	69,675,564
Collections	86,196,098	72,933,644
Accounts payable to suppliers	74,124,086	50,648,779
Employee benefits	74,032,373	66,147,418
Loyalty programs	56,605,104	50,654,556
Payments to accounts receivable to apply	31,118,551	22,166,062
Deferred income	19,304,387	19,270,986
Legal contribution to state institutions	13,127,462	8,791,756
Reinsurance technical reserves	11,577,890	5,635,185
Cash surpluses and ATMs	10,648,730	1,533,897
Insurance premiums	14,450,483	12,092,903
commissions payable	9,751,171	9,645,881
Dismantling provision of leasehold assets	8,646,836	8,822,567
Sales tax payable	8,027,722	6,839,028
Judicial process accounts	7,146,724	5,064,768
Security deposits received	5,457,695	8,206,255
Others	51,550,246	31,444,054
	803,873,229	639,850,522

(18) Common Stock

The Company's stock comprises 44,197,377,193 authorized stocks, of which 43,220,189,095 are issued stock, and 43,220,182,532 are outstanding stock (2021: 79,194,053 authorized stock and 77,443,101 issued and outstanding stock) and with a nominal value of $0.06629759834400500 per share (2021: $37 per share).

The nominal value of the shares was modified by the Company's Shareholders' Meeting on March 23, 2022, agreeing to modify article 6 of the Company's articles of incorporation, as a result of the completion of the merger by absorption between the Company, Sociedad Beneficiaria Bogotá, S.A.S. and Sociedad Beneficiaria Aval, S.A.S. More details of this transaction in Note 34.

(19) Other Comprehensive Results

The following table presents the components and changes in other accumulated comprehensive results as of December 31, 2022:

	Conversion of operations in foreign currency	Unrealized income (loss) from securities	ECL for investments	Employee benefits plan	Total Other Accumulated Comprehensive Loss
Balance at January 01, 2021	(338,371,163)	41,933,434	21,036,914	(4,262,780)	(279,663,595)
Discontinued operation	0	5,050,020	0	84,644	5,134,664
Other (loss) income before reclassifications	(52,345,795)	40,933,124	1,410,742	(3,105,206)	(13,107,135)
Reclassified amounts from other comprehensive loss	0	(43,409,551)	0	0	(43,409,551)
Other net comprehensive (loss) income for the year	(52,345,795)	(2,476,427)	1,410,742	(3,105,206)	(56,516,686)
Balance at December 31, 2021	(390,716,958)	44,507,027	22,447,656	(7,283,342)	(331,045,617)
Balance at January 01, 2022	(390,716,958)	44,507,027	22,447,656	(7,283,342)	(331,045,617)
Other (loss) income before reclassifications	51,291,530	(195,676,054)	(4,979,419)	(815,019)	(150,178,962)
Reclassified amounts from other comprehensive loss	0	(6,350,898)	0	0	(6,350,898)
Other net comprehensive (loss) income for the year	51,291,530	(202,026,952)	(4,979,419)	(815,019)	(156,529,860)
Balance at December 31, 2022	(339,425,428)	(157,519,925)	17,468,237	(8,098,361)	(487,575,477)

(19) Other Comprehensive Results, continued

The following table presents the breakdown of other comprehensive losses reclassified to the consolidated statement of profit or loss for the year ended December 31, 2022:

	Reclassified balance of Other Comprehensive Results		Line of Consolidated Statement of Porfit or loss Affected
	2022	2021	
Investments at FVOCI			
Unrealized net income from securities	9,656,828	62,013,644	Other income
Income tax	(3,305,930)	(18,604,093)	Income tax expense
Total reclassifications	6,350,898	43,409,551	

(20) Income from Financial Instruments, Net

Income from financial instruments, net, included in the consolidated statement of profit or loss is summarized below:

	2022	2021
Net income from the sale of investments at FVOCI	9,656,828	62,013,644
Unrealized net gains from securities at FVPL	(2,512,832)	499,158
Net gain (loss) from the sale of securities at FVPL	3,500,675	6,300,758
Net fair value gains on derivative financial instruments	1,978,384	271,972
	12,623,055	69,085,532

(21) Services Charges

The services' charges segregated according to their nature, are detailed below.

	2022	2021
Consumer and corporate banking services	436,179,524	375,891,090
Asset management	20,191,775	20,223,437
Investment banking services	4,438,454	6,251,391
	460,809,753	402,365,918

Income from fees and commissions from contracts with clients is measured based on the consideration specified in a contract with a client. The Company recognizes revenue when it transfers control over a service to a customer.

(21) Services Charges, continued

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15)**
Personal and Corporate Banking	The Company provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Company sets the rates separately for retail and corporate banking customers in each jurisdiction on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Company.	Revenue from account service and servicing fees is recognized over time as the services are provided. Revenue related to transactions is recognized at the point in time when the transaction takes place.
Investment Banking Service	The Company's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting. Fees for ongoing services are charged annually at the end of the calendar year to the customer's account. However, if a customer terminates the contract before 31 December, then on termination it is charged the fee for the services performed to date. Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.	Revenue from administrative agency services is recognized over time as the services are provided. The amounts to be collected from customers on 31 December are recognized as trade receivables. Revenue related to transactions is recognized at the point in time when the transaction takes place.
Asset Management	The Company provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis. In addition, the Company charges a nonrefundable up-front fee when opening an account.	Revenue from asset management services is recognized over time as the services are provided. Non-refundable up-front fees give rise to material rights for future services and are recognized as revenue over the period for which a customer is expected to continue receiving asset management services.

(22) Other Income

Other income included in the consolidated statement of profit or loss is summarized below:

	2022	2021
Services to affiliates	34,363,201	25,696,663
Commercial recoveries	15,021,691	6,358,715
Gain on sale of assets held for sale	11,534,128	8,462,468
Other non-banking commissions	11,162,523	10,267,124
Rentals	5,036,654	2,181,869
Loans appraisals	102,960	90,762
Other	9,112,666	4,275,307
	86,333,823	57,332,908

(23) Salaries and Employee Benefits

The breakdown of salaries and employee benefits is presented below:

	2022	2021
Salaries and other remuneration	361,872,623	338,936,521
Employee benefits	163,009,437	147,585,724
Compensations	13,541,869	12,153,999
Other	4,759,608	3,091,610
	543,183,537	501,767,854

(24) Other Expenses

Other expenses included in the consolidated statement of profit or loss is summarized below:

	2022	2021
Credit card franchises	128,006,581	100,452,439
Taxes other than income tax	97,890,208	88,539,806
Computer software and licenses maintenance	54,808,169	46,189,984
Advertising and marketing	50,133,001	33,778,083
Equipment and vehicle maintenance	28,359,727	26,581,980
Armored services	21,431,249	20,257,407
Guarantee deposits	20,050,601	18,105,378
Teleprocessing	19,762,168	15,131,756
Bank licenses	17,277,911	16,684,810
Security services	14,047,250	13,643,132
Dedicated lines	11,626,911	11,211,010
Telephone service	11,397,318	10,887,325
Equipment and furniture leases	10,346,158	7,653,769
Plastic credit cards	8,986,083	6,995,259
Postage and courier	8,150,188	6,238,076
Office supplies	7,752,136	5,797,250
Operational losses	6,913,094	8,625,588
Per diem expenses	6,657,717	4,174,700
Municipal taxes and patents	6,354,828	6,588,423
Other	24,755,808	20,042,739
	554,707,106	467,578,914

(25) Income Taxes

Income tax expense consists of:

	2022	2021
Current	211,522,878	136,443,939
Deferred	(5,266,370)	12,071,110
	206,256,508	148,515,049

(25) Income Taxes, continued

Income tax expense for the year ended December 31, 2022, was $206,256,508 (2021 $148,515,049), which differed from the amounts computed by applying the current statutory income tax rate to pretax consolidated earnings as a result of the following:

	2022	2021
Computed "expected" income tax expense	160,366,678	144,876,307
Increase (decrease) in income taxes resulting from:		
Investments in foreign subsidiaries	22,343,145	29,275,494
Nondeductible expenses	44,484,536	11,196,356
Foreign income taxes rate differential	5,049,035	2,489,853
Tax incentives	(1,249,684)	(279,655)
Changes in uncertain tax positions	(7,983,696)	(18,850,868)
Exempt and foreign source income	(16,753,506)	(20,192,438)
Income tax expense	206,256,508	148,515,049

Temporary differences between the consolidated financial statements carrying amounts and the tax basis of assets and liabilities that give rise to the deferred tax assets and liabilities as of December 31, 2022, are as follows:

2022	Balance at beginning of the year	Recognized in results of the year	Recognized in other comprehensive income	Recognized in equity	Balance at year end	Deferred tax assets	Deferred tax liabilities
Allowance for loan losses	51,168,058	2,461,354	0	0	53,629,412	67,897,041	(14,267,629)
Accrued expenses	7,473,454	(427,729)	0	0	7,045,725	7,027,658	18,067
IFRS 16 lease	5,135,909	(1,507,857)	0	0	3,628,052	36,380,066	(32,752,014)
Unrealized net loss on investments at FVOCI	1,123,948	0	14,809,608	0	15,933,556	15,933,556	0
Deferred loan origination fees and costs	785,097	(542,585)	0	0	242,512	3,244,528	(3,002,016)
Credit Risk in investments and IBD	40,776	(1,425,829)	1,435,958	0	50,905	50,905	0
Net operating loss carry-over	0	12,323	0	0	12,323	12,323	0
Foreign currency translation	0	288,801	(288,801)	0	0	0	0
Net loss from the sale of investments at FVPL	0	2,939,921	0	0	2,939,921	2,939,921	0
Investments in subsidiaries at cost	0	0	0	0	0	0	0
Deferred expenses	(83,003)	9,668	0	0	(73,335)	(1)	(73,334)
Provision for accounts receivable losses	(553,536)	350,453	0	0	(203,083)	564,348	(767,431)
Assets held for sale valuation	(799,131)	(463,571)	0	0	(1,262,702)	167,716	(1,430,418)
Net income from the sale of investments at FVPL	(1,132,214)	(1,144,534)	0	0	(2,276,748)	186,145	(2,462,893)
Leasing	(2,831,223)	665,828	0	0	(2,165,395)	0	(2,165,395)
Employee benefits	(4,374,560)	(1,458,276)	419,727	0	(5,413,109)	6,452,956	(11,866,065)
Accrued interest receivable	(4,752,911)	(1,963,166)	0	0	(6,716,077)	5,936,554	(12,652,631)
Fair value acquisition adjustment	(13,255,615)	(101,332)	0	0	(13,356,947)	1,601,902	(14,958,849)
Net premises and equipment depreciation difference	(16,120,334)	380,613	0	0	(15,739,721)	446,164	(16,185,885)
Unrealized net gain on investments at FVOCI	(16,755,889)	0	10,346,809	0	(6,409,080)	0	(6,409,080)
Investments in foreign subsidiaries, for undistributed earnings	(37,839,289)	7,192,288	0	1,740,000	(28,907,001)	0	(28,907,001)
Net deferred tax assets (liabilities)	(32,770,463)	5,266,370	26,723,301	1,740,000	959,208	148,841,782	(147,882,574)
Tax compensation						(83,456,268)	83,456,268
Total						65,385,514	(64,426,306)

(25) Income Taxes, continued

2021	Balance at beginning of the year	Recognized in results of the year	Recognized in other comprehensive income	Discontinued operations	Balance at year end	Deferred tax assets	Deferred tax liabilities
Allowance for loan losses	58,981,312	(1,895,563)	0	(5,917,691)	51,168,058	64,759,716	(13,591,658)
Accrued expenses	6,636,844	1,146,161	0	(309,551)	7,473,454	7,984,386	(510,932)
IFRS 16 lease	6,447,084	(883,643)	0	(427,532)	5,135,909	41,054,015	(35,918,106)
Fair value acquisition adjustment	4,344,023	(7,550,356)	0	(10,049,282)	(13,255,615)	2,451,915	(15,707,530)
Net operating loss carry-over	4,138,365	0	0	(4,138,365)	0	0	0
Unrealized net loss on investments at FVOCI	3,363,989	1	(2,240,042)	0	1,123,948	1,123,948	0
Deferred loan origination fees and costs	2,804,091	(757,567)	0	(1,261,427)	785,097	3,044,369	(2,259,272)
Deferred expenses	381,887	(464,890)	0	0	(83,003)	(1)	(83,002)
Foreign currency translation	0	(1,665,065)	1,666,006	(941)	0	0	0
Net loss from the sale of investments at FVPL	(12,583)	(149,074)	0	161,657	0	0	0
Credit Risk in investments and IBD	(12,846)	1,160,701	(1,102,566)	(4,513)	40,776	40,776	0
Investments in subsidiaries at cost	(34,031)	34,031	0	0	0	0	0
Investment property valuation	(53,023)	0	0	53,023	0	0	0
Provision for accounts receivable losses	(492,351)	172,258	0	(233,443)	(553,536)	727,406	(1,280,942)
Net income from the sale of investments at FVPL	(801,057)	(331,157)	0	0	(1,132,214)	21789	(1,154,003)
Assets held for sale valuation	(1,875,034)	1,075,903	0	0	(799,131)	3,350,580	(4,149,711)
Employee benefits	(3,627,284)	(1,771,860)	1,060,062	(35,478)	(4,374,560)	5,772,939	(10,147,499)
Leasing	(3,972,117)	1,140,894	0	0	(2,831,223)	0	(2,831,223)
Unrealized net gain on investments at FVOCI	(8,804,078)	0	(7,951,811)	0	(16,755,889)	0	(16,755,889)
Accrued interest receivable	(11,177,788)	6,413,651	0	11,226	(4,752,911)	6,483,163	(11,236,074)
Net premises and equipment depreciation difference	(17,483,797)	343,754	0	1,019,709	(16,120,334)	393,162	(16,513,496)
Investments in foreign subsidiaries, for undistributed earnings	(29,991,915)	(8,089,289)	0	241,915	(37,839,289)	0	(37,839,289)
Net deferred tax assets (liabilities)	8,759,691	(12,071,110)	(8,568,351)	(20,890,693)	(32,770,463)	137,208,163	(169,978,626)
Tax compensation						(74,402,251)	74,402,251
Total						62,805,912	(95,576,375)

The Company's management performed offsetting of the deferred tax assets and liabilities that derive from income tax corresponding to the same tax jurisdiction in the consolidated statement of financial position.

As of December 31, 2022, the Company has incurred in net operating tax loss carry forwards of $9,234,506 (2021: $9,117,324), which are available to offset future taxable income of the applicable subsidiaries. The net operating losses begin to prescribe in 2030 and through 2036.

As of December 31, 2022, the Company has not recognized a deferred income tax liability of approximately $231,655,598 for undistributed earnings from foreign subsidiaries operations, because the Company believes that $2,536,635,644 of these profits will be reinvested for an indefinite period.

(25) Income Taxes, continued

The Company's earnings are taxed in various jurisdictions. As of December 31, 2022, the Company had unrecognized tax positions for $657,567 (2021: $6,394,242). Interest expense and penalties related to income tax liabilities and recognized as part of income tax expenses for the year ended December 31, 2022, amounted to -$7,983,696 (2021: -$18,850,868). As of December 31, 2022, total interest and penalties expenses included in other liabilities amounted to $614,890 (2021: $3,375,635).

As of December 31, 2022, the Company maintains an effective tax rate of 32.15% (2021: 25.6%).

The following are the tax jurisdictions in which the Company and its affiliates operate and the latest tax year subject to examination: United States of America: 2019, Guatemala: 2019, El Salvador: 2019, Honduras: 2018, Nicaragua: 2019, Costa Rica: 2019 and Panama: 2020.

(26) Off-Balance Financial Instruments with Risk and Other Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include, principally, commitments to extend credit, financial guarantees and letters of credit, the balances of which are not reflected in the accompanying consolidated balance sheets.

Letters of credit are conditional commitments issued by the Company to guarantee performance of a customer to a third party. Those letters of credit are primarily used to support trade transactions and borrowing arrangements. Generally, all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management’s credit evaluation of the customer.

As of December 31, 2022, the Company had outstanding revolving available to its credit card customers in each of the various countries of operation that ranged from approximately $432 million to $3,761 million (2021: from $378 million to $2,952 million). The unused portion of the total amount available in each country, aggregated approximately from $311 million to $2,765 million (2021: from $276 million to $2,225 million). While these amounts represented the available lines of credit to customers per country, the Company has experienced, and does not anticipate, that all of its customers will exercise their entire available lines at any given point in time.

The Company generally has the right to increase, reduce, cancel, alter, or amend the terms of these available lines of credit at any time.

(26) Off-Balance Financial Instruments with Risk and Other Commitments, continued

Financial guarantees are used in various transactions to enhance the credit standing of the Company's customers. They represent irrevocable assurances that the Company will make payment in the event that the customer fails to fulfill its obligations to third parties.

The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. As of December 31, 2022, outstanding letters of credit and financial guarantees are as follows:

	2022	2021
Stand-by letters of credit	189,165,870	160,945,882
Commercial letters of credit	34,907,083	66,067,869
Financial guarantees	456,937,880	439,432,789
Commitments and guarantees (1)	61,751,083	65,367,721
	742,761,916	731,814,261

(1) Includes commercial and mortgage payment promise letters

The nature, terms, and maximum potential amount of future payments the Company could be required to make under the standby letters of credit and guarantees as of December 31, 2022, are detailed as follows:

	2022	2021
Up to 1 year	619,107,950	543,193,334
Over 1 year	88,746,883	122,553,058
	707,854,833	665,746,392

Generally, the Company has resources to recover from clients the amounts paid under these guarantees; additionally, the Company can hold cash or other collateral to cover for these guarantees. As of December 31, 2022, the assets held as collateral, that the Company can obtain and liquidate to recover totally or partially the amounts paid under guarantees amounted to $109,644,085 (2021: $73,539,142).

(27) Disclosures on the Fair Value of Financial Instruments

The Company established a process for determining the fair value. The fair value is primarily based on quoted market prices, when available. If market prices or quotes are not available, fair value is determined based on internally developed models that primarily use market information or other information obtained as inputs regardless of market parameters, including but not limited to yield curves, interest rates, debt prices, foreign exchange rates and credit curves. However, in situations where there is little or no market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about assumptions that market participants would use in setting the price of the asset or liability.

The judgments are developed by the Company based on the best information available in the circumstances, including expected cash flows, discount rates adjusted for risks and the availability of observable and unobservable inputs.

The methods described above can generate fair value estimates that may not be indicative of the net realizable value or that do not reflect future values. In addition, while the Company believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value estimates as of the reporting date.

(27) Disclosures on the Fair Value of Financial Instruments, continued

Financial instruments at fair value

Recurring Fair Value Measurement

The following is a description of the valuation methodologies used to value instruments carried at fair value, including a general classification of such instruments according to the fair value hierarchy.

Securities

When there are market prices in an active market, securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid bonds from the government and agencies and investments in highly traded shares.

If market prices are not available for a specific security, the fair value is determined using market prices of securities with similar characteristics or discounted cash flows and are classified in Level 2. In certain cases where there is limited activity or less transparency in determining the assumptions used in the valuation, securities are classified in Level 3 of the fair value hierarchy.

Therefore, when valuing certain debt obligations, determining fair value may require comparisons with similar instruments or default and collection rate analysis.

Assets and liabilities recorded at fair value on a recurring basis are summarized below:

	Other significant observable assumptions (Level 2)	Significant unobservable assumptions (Level 3)	2022
Assets			
Investments at FVPL:			
Other governments	26,355,405	0	26,355,405
Corporate bonds	1,016,532	0	1,016,532
Mutual funds	505,545	0	505,545
Common stocks	0	13,078,802	13,078,802
Total investments at FVPL	27,877,482	13,078,802	40,956,284
Investments at FVOCI:			
Governments and Agencies bonds			
United States of America	165,827,573	0	165,827,573
Other governments	3,373,133,116	0	3,373,133,116
	3,538,960,689	0	3,538,960,689
Corporate bonds	563,777,759	0	563,777,759
Common stocks	1,033,775	2,141,325	3,175,100
Total investments at FVOCI	4,103,772,223	2,141,325	4,105,913,548
Investments at AC:			
Other governments	43,561,300	0	43,561,300
Total investments at AC	43,561,300	0	43,561,300
Total assets	4,175,211,005	15,220,127	4,190,431,132

(27) Disclosures on the Fair Value of Financial Instruments, continued

	Other significant observable assumptions (Level 2)	Significant unobservable assumptions (Level 3)	2021
Assets			
Investments at FVPL:			
Other governments	35,124,150	0	35,124,150
Mutual funds	499,847	0	499,847
Common stocks	0	12,147,983	12,147,983
Total investments at FVPL	35,623,997	12,147,983	47,771,980
Investments at FVOCI:			
Governments and Agencies bonds			
United States of America	9,717,592	0	9,717,592
Other governments	2,941,187,213	0	2,941,187,213
	2,950,904,805	0	2,950,904,805
Corporate bonds	581,284,756	0	581,284,756
Common stocks	1,005,558	2,079,210	3,084,768
Total investments at FVOCI	3,533,195,119	2,079,210	3,535,274,329
Total assets	3,568,819,116	14,227,193	3,583,046,309

The Company's accounting policies include the recognition of transfers between the levels of the fair value hierarchy on the date of the event or change in the circumstances that caused the transfer.

As of December 31, 2022, there were no transfers between levels.

The table below includes the movement of the figures in the consolidated balance sheet (including changes in fair value) of the financial instruments classified by the Company within Level 3 of the fair value hierarchy, for the period ended December 31, 2022. When determining whether to classify an instrument in Level 3, the decision is based on the importance of unobservable assumptions within the overall fair value measurement.

	Investments
2022	**Common Stocks**
Assets	
Fair value at January 01, 2022	12,147,983
Valuation of investments at FVPL	948,216
Foreign currency translation	(17,397)
Fair value at December 31, 2022	13,078,802

	Investments
2021	**Common Stocks**
Assets	
Fair value at January 01, 2021	12,425,258
Portion reclassified as discontinued operation	(1,964,608)
Valuation of investments at FVPL	1,702,994
Foreign currency translation	(15,661)
Fair value at December 31, 2021	12,147,983

(27) Disclosures on the Fair Value of Financial Instruments, continued

The table below describes the valuation techniques and input data used in the financial instruments' recurring fair value measurements:

Financial instrument	Valuation technique and entry data used	Level
Corporate bonds and government and agencies bonds	Consensus prices obtained from price providers (Bloomberg). For part of these instruments the Company applies cash flows discounted using a market rate of an instrument with a similar remaining maturity. Market prices of suppliers or local regulators in markets with lower marketability. Discounted cash flows are used for various bonds using a market rate of an instrument with a similar remaining maturity.	(2,3)
Common stocks	Discounted cash flow using capital cost rate adjusted for size premium.	(3)
Common stocks	Market prices provided by local stock exchanges.	(2)
Mutual funds and other stocks	Net Asset Value.	(2)
Embedded financial derivative instruments	Functional currency cash flows Foreign currency cash flows	(3)

Fair Value of Financial Instruments, additional disclosures

A description of the methods and assumptions used to estimate the fair value of the main financial instruments held by the Company is provided below:

Financial instruments with carrying amounts that approach the fair value:

Cash and cash equivalents, deposits that bear interest and clients' obligations for acceptances and acceptances outstanding are measured at book value reported in the consolidated balance sheet, which is considered a reasonable fair value estimate due to the characteristics and maturity of these instruments.

Loans

To determine the fair value of the loan portfolio, the cash flows were discounted at a rate that reflects:

a. actual market rate, and
b. future interest rate expectations, for a term that reflects the anticipated payments on the loan portfolio.

Deposits

To determine the fair value of these instruments, the cash flows were discounted at a rate that reflects:

a. actual market rate, and
b. future interest rate expectations, for the remaining term of these instruments.

Securities sold under repurchase agreements

There are no market price quotes for these instruments; therefore, their fair value is determined using discounted cash flow techniques. Cash flows are estimated based on the contractual terms, considering any incorporated derivative characteristic or other factors. Expected cash flows are discounted using market rates that approach the maturity of the instrument, as well as the nature and amount of the guarantee given or received.

(27) Disclosures on the Fair Value of Financial Instruments, continued

Borrowings

The fair value is estimated based on current interest rates for debt with similar and adjusted maturities to reflect the credit rating of the Company and its guarantees.

Other borrowed funds

Fair value is estimated based on the market price quotes for the same issuance or similar issuances or on the current rates offered by the Company for debts with the same terms, adjusted for credit quality.

Below are described the valuation techniques and significant unobservable input data used in determining the fair value of recurring and nonrecurring assets and liabilities categorized within Level 3 of the fair value hierarchy that are recognized in the consolidated balance sheet:

2022		Quantitative information of Level 3 fair values		
	Fair value	Valuation technique	Unobservable assumptions	Range (weighted average)
Common stocks	15,220,127	Discounted cash flows	Increase annual rate	10% - 15%

2021		Quantitative information of Level 3 fair values		
	Fair value	Valuation technique	Unobservable assumptions	Range (weighted average)
Common stocks	14,227,193	Discounted cash flows	Increase annual rate	10% - 15%

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized:

2022	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets				
Cash and cash equivalents	768,898,974	0	768,898,974	768,898,974
Securities purchased under resale agreements	0	10,696,871	10,696,871	10,696,871
Deposits in banks	0	4,424,408,145	4,424,408,145	4,424,408,145
Loans, excluding financial leases	0	19,087,089,069	19,087,089,069	19,715,602,246
Acceptances outstanding	0	31,709,438	31,709,438	31,709,438
Total financial assets	768,898,974	23,553,903,523	24,322,802,497	24,951,315,674
Financial liabilities				
Deposits	14,705,068,080	8,774,607,054	23,479,675,134	23,326,396,123
Securities sold under repurchase agreements	0	260,710,165	260,710,165	260,710,165
Financial obligations	0	2,935,054,271	2,935,054,271	2,884,562,347
Other financial obligations	0	1,009,686,439	1,009,686,439	1,059,787,532
Acceptances outstanding	0	31,709,438	31,709,438	31,709,438
Total financial liabilities	14,705,068,080	13,011,767,367	27,716,835,447	27,563,165,605

2021	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets				
Cash and cash equivalents	741,723,863	0	741,723,863	741,723,863
Securities purchased under resale agreements	0	104,223,985	104,223,985	104,223,985
Deposits in banks	0	4,369,305,306	4,369,305,306	4,369,305,306
Loans, excluding financial leases	0	17,281,905,782	17,281,905,782	17,688,267,397
Acceptances outstanding	0	2,370,047	2,370,047	2,370,047
Total financial assets	741,723,863	21,757,805,120	22,499,528,983	22,905,890,598
Financial liabilities				
Deposits	13,373,669,893	8,831,651,497	22,205,321,390	21,897,176,570
Securities sold under repurchase agreements	0	38,945,625	38,945,625	38,945,625
Financial obligations	0	2,420,365,200	2,420,365,200	2,409,263,060
Other financial obligations	0	700,635,478	700,635,478	711,656,253
Acceptances outstanding	0	2,370,047	2,370,047	2,370,047
Total financial liabilities	13,373,669,893	11,993,967,847	25,367,637,740	25,059,411,555

(28) Administration of Trust Contracts and Securities Custody

As of December 31, 2022, several subsidiaries of the Company manage and keep custody of securities for a total amount of approximately $3,372,210,190 (2021: $3,625,903,148).

(29) Related Party Transactions

In the normal course of business, the Company conducts transactions with related parties, including main executives and directors. These transactions, according to the internal policies of the Company, are carried out at book value.

The following table shows the balances and transactions with related parties as of December 31, 2022:

	2022		2021		
	Key personnel and directors	Related parties	Key personnel and directors	Related parties	Controlling entities
Assets:					
Deposits due from banks	0	0	0	17,141,340	0
Interest bearing deposits	0	56,550,000	0	79,630,000	0
Investments in securities	0	810,370	0	0	0
Loans	16,510,865	372,773,342	15,315,884	81,825,215	91,856
Loans Loss Reserve	(112,873)	(718,246)	(71,288)	(438,742)	0
Accumulated interest receivable and other accounts receivable	65,310	4,727,885	60,761	1,451,425	698,547
	16,463,302	434,143,351	15,305,357	179,609,238	790,403
Liabilities:					
Demand deposits	6,769,041	47,298,842	6,285,947	24,291,972	1,267,734
Term deposits	11,914,524	40,767,114	9,719,617	18,648,445	125,210,262
Financial obligations	0	288,411,489	0	0	363,411,489
Other financial obligations	0	520,000,000	0	0	520,000,000
Accumulated interest payable and other liabilities	140,086	14,991,857	165,522	4,026,034	5,556,028
	18,823,651	911,469,302	16,171,086	46,966,451	1,015,445,513

	2022		2021		
	Key personnel and directors	Related parties	Key personnel and directors	Related parties	Controlling entities
Interest income and other income	885,750	21,429,063	717,490	16,959,612	623,690
Interest expense and other operating expenses	420,023	69,719,085	435,776	2,047,734	63,932,959
Key management personnel benefits	20,435,044	0	13,255,761	0	0

The benefits to key personnel that the Company grants are short-term. No other benefits are granted to key personnel.

(30) Earnings per-share

The following table presents the earnings per share (EPS) of the Company, and its calculation components as of December 31, 2022:

	2022	2021
Net income attributable to controlling interest	435,150,310	448,274,850
Diluted net income attributable to controlling interest	256,830,505	276,494,734
Common shares outstanding	43,220,189,095	77,443,101
Basic earnings per-share	0.0101	5.7884
Diluted earnings per-share	0.0059	3.5703

(31) Operating Segments

The Company segregates its operations according to each of the countries in which it operates (“Operating Groups”). Each operating group offers similar products and services, and they are managed separately based on the Company's internal reporting and management structure. The Company's administration reviews the internal management reports of each operating group at least once a month.

The information related to each operation group is presented below. The segment's profit before taxes, as included in the internal management reports reviewed by the Company's Management, is used to measure performance because management considers that this information is the most relevant for evaluating the results of the respective groups of operation in relation to other entities operating within the industry.

2022	BAC Guatemala	BAC El Salvador	BAC Honduras	BAC Nicaragua	BAC Costa Rica	BAC Panama	Others	Elimination	Total
Total assets	5,810,608,498	3,144,648,362	4,412,793,342	1,901,813,324	8,951,929,720	7,387,789,196	1,901,947,263	(1,269,217,882)	32,242,311,823
Total liabilities	5,230,826,261	2,810,164,717	3,895,488,543	1,477,979,323	7,900,352,284	7,463,921,860	1,125,669,976	(1,269,217,882)	28,635,185,082
Consolidated Statement of Income									
Interest income	394,264,192	227,646,956	342,881,063	126,265,465	616,647,543	409,709,440	6,070,304	(33,055,910)	2,090,429,053
Interest expense	128,104,883	62,322,519	69,737,908	16,393,252	142,421,985	225,141,653	27,365,912	(33,055,910)	638,432,202
Net interest income	266,159,309	165,324,437	273,143,155	109,872,213	474,225,558	184,567,787	(21,295,608)	0	1,451,996,851
Provision for credit risk of financial instruments	62,005,988	48,066,279	38,072,675	(3,439,378)	68,356,904	128,684,897	(615,910)	0	341,131,455
Net interest income after provisions	204,153,321	117,258,158	235,070,480	113,311,591	405,868,654	55,882,890	(20,679,698)	0	1,110,865,396
Other income, net	122,206,020	58,615,641	138,307,770	67,774,388	327,601,936	74,770,839	316,291,323	(220,423,887)	885,144,030
General and administrative expense	208,447,697	134,016,285	233,874,125	88,447,157	528,311,688	170,603,970	211,265,684	(220,423,887)	1,354,542,719
Income before income tax	117,911,644	41,857,514	139,504,125	92,638,822	205,158,902	(39,950,241)	84,345,941	0	641,466,707
Less: Income tax	24,395,811	10,755,889	38,981,596	28,291,930	78,248,245	22,951,525	2,631,512	0	206,256,508
Net income attributable to controlling interest	93,515,833	31,101,625	100,522,529	64,346,892	126,910,657	(62,901,766)	81,714,429	0	435,210,199

2021	BAC Guatemala	BAC El Salvador	BAC Honduras	BAC Nicaragua	BAC Costa Rica	BAC Panama	Others	Elimination	Total
Total assets	5,182,380,529	3,013,649,071	4,197,879,146	1,714,166,503	7,649,429,889	6,994,471,620	1,512,142,351	(935,344,720)	29,328,774,389
Total liabilities	4,617,184,719	2,691,624,811	3,727,094,973	1,324,530,612	6,637,529,977	7,130,830,507	806,853,156	(935,344,720)	26,000,304,035
Consolidated Statement of Income									
Interest income	335,592,789	209,265,390	308,066,139	108,439,322	542,662,510	386,897,550	10,330,498	(33,684,684)	1,867,569,514
Interest expense	118,278,059	56,126,532	81,870,441	15,429,220	133,632,871	227,726,785	7,914,832	(33,684,684)	607,294,056
Net interest income	217,314,730	153,138,858	226,195,698	93,010,102	409,029,639	159,170,765	2,415,666	0	1,260,275,458
Provision for credit risk of financial instruments	45,733,728	53,392,931	45,285,411	(635,348)	124,847,488	82,129,739	656,858	0	351,410,807
Net interest income after provisions	171,581,002	99,745,927	180,910,287	93,645,450	284,182,151	77,041,026	1,758,808	0	908,864,651
Other income, net	104,519,253	51,003,581	132,620,617	63,322,177	381,945,591	74,650,943	268,017,581	(197,843,178)	878,236,565
General and administrative expense	185,035,010	114,666,096	207,878,573	82,877,841	469,165,246	152,308,150	193,508,250	(197,843,178)	1,207,595,988
Income before income tax	91,065,245	36,083,412	105,652,331	74,089,786	196,962,496	(616,181)	76,268,139	0	579,505,228
Less: Income tax	23,113,832	8,793,919	26,557,398	22,075,240	57,248,799	662,048	10,063,813	0	148,515,049
Gain discontinued activities, net of income tax	0	0	0	0	0	0	17,333,593	0	17,333,593
Net income attributable to controlling interest	67,951,413	27,289,493	79,094,933	52,014,546	139,713,697	(1,278,229)	83,537,919	0	448,323,772

(32) Litigations

As of December 31, 2022, the Company maintains litigation against various kinds, which are not material when evaluated individually and collectively. These litigations are in the process of resolution and would not represent a significant effect on the consolidated financial statements of the Company in the event of an adverse result.

(33) Regulatory Aspects

The Company's banking operations are subject to various regulatory requirements managed by the government agencies of the countries in which it operates or has a license. Failure to comply with these regulatory requirements can lead to certain mandatory actions and possibly additional discretionary actions by the regulators that, if performed, could have a significant effect on The Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework of prompt corrective actions, the Company's banking operations must comply with specific capital guidelines that provide for the quantitative asset measurements and certain elements out of the consolidated balance sheet, in accordance with the regulatory accounting practices. The amounts of capital of the Company's banking operations and their classification are subject to qualitative judgments by the regulators about their components, risk weightings and other factors.

Management believes that as of December 31, 2022, the banking operations of the Company meet all capital adequacy minimum requirements to which they are subject, which varies from 8.00% to 12.00% and other regulatory requirements.

Equity reserves

The Company is subject in several countries in which it operates to dynamic reserves on the portfolio of loans receivable. Additionally, it must establish equity reserves on the assets available for sale. Both items appropriate retained earnings.

The credit balance of the dynamic provision is part of the regulatory capital but does not replace or compensate the requirements at the minimum capital adequacy percentages established.

The provision on assets available for sale is made progressively within a range of 10% from the first year of registration up to 90% in the fifth year of adjudication.

(34) Unusual Transactions

The Company carried out a partial spin-off of its operations on September 29, 2021, through which it transferred to Multi Financial Holding Inc., a company created simultaneously with said spin-off, the shares it owned in Multi Financial Group Inc. at that date.

For comparative purposes, below are the balances of assets and liabilities that the Company recognized from the operations of Multi Financial Group Inc. in its audited Consolidated Financial Statements as of September 30, 2021. These figures do not consider the eliminations for items related to other subsidiaries of the Company.

	September 30, 2021
Assets	
Cash and cash equivalents	20,856,474
Deposits in banks:	
Demand	59,814,464
Time deposits	83,733,870
Total deposits in banks	143,548,334
Total cash, cash equivalents and deposits in banks	164,404,808
Investments in securities	925,933,828
Loans	3,452,657,658
Allowance for loan losses	(57,735,396)
Loans at amortized cost	3,394,922,262
Property, furniture, equipment and improvements, net	101,768,346
Acceptances outstanding	92,269,992
Other accounts receivable	66,632,312
Provision for accounts receivable	(808,550)
Goodwill	36,429,181
Intangible assets	36,176,126
Deferred income tax	38,462,699
Other assets	68,303,155
Total assets	4,924,494,159
Liabilities	
Deposits from customers:	
Demand	358,711,768
Savings	398,297,845
Time deposits	2,215,015,197
Total deposits from customers	2,972,024,810
Securities sold under repurchase agreements	44,640,461
Financial obligations	834,396,839
Other financial obligations	394,297,907
Lease liabilities	16,871,643
Acceptances outstanding	92,269,992
Deferred income tax	15,391,546
Other liabilities	84,713,477
Total liabilities	4,454,606,675

(34) Unusual Transactions, continued

The following table shows the results that the Company consolidated for the operations of Multi Financial Group Inc. for the nine months ended September 30, 2021. These figures do not consider the eliminations for items related to other subsidiaries of the Company.

	September 30, 2021
Interest income:	
Deposits in banks	289,071
Investments	14,096,687
Loans	170,056,135
Total interest income	184,441,893
Interest expense:	
Deposits	63,133,648
Financial obligations	12,031,881
Other financial obligations	13,332,641
Securities sold under repurchase agreements	(279,368)
Lease liabilities	842,604
Total interest expense	89,061,406
Interest income, net	95,380,487
Provision for loan losses	42,063,507
Credit risk of investments and time deposits	(114,586)
Provision for accounts receivable losses	163,336
Interest income, net after provisions	53,268,230
Other income:	
Gain on financial instruments, net	6,939,808
Service charges	16,436,134
Commissions and other fees, net	2,159,673
Gain on foreign currency exchange, net	(9,380)
Impairment of assets held for sale	(1,404,798)
Other income	8,120,426
Total other income, net	32,241,863
General and administrative expenses:	
Salaries and employee benefits	32,625,066
Depreciation and amortization	9,895,718
Administrative	3,661,466
Occupancy and related expenses	1,962,831
Other expenses	17,468,020
Total general and administrative expenses	65,613,101
Income before income tax	19,896,992
Less: Income tax	(2,563,399)
Net income	17,333,593

In management's opinion, MFG constitutes a business line, since said group of companies has various financial products for a specific group of clients. Therefore, the MFG operation has been analyzed by the Company independently, under its own brand and administration.

The consolidated statement of cash flows includes the total figures of the discontinued operation according to its nature, for each of the periods presented. The MFG spin-off did not represent cash flows, only the deconsolidation of MFG's cash and cash equivalent accounts, which as of September 30, 2021, totaled $63,852,584 (2020: $202,808,410). The total effect of the discontinued operation, net of cash, is included in investing activities in the consolidated statement of cash flows for an amount of $121,794,441.

(34) Unusual Transactions, continued

The Company's Shareholders' Meeting, on March 23, 2022, agreed to modify article 6 of the Company's articles of incorporation, as a consequence of the completion of the merger by absorption between the Company, Sociedad Beneficiaria Bogota, S.A.S. ("SB Bogota") and Sociedad Beneficiaria Aval, S.A.S. ("SB AVAL").

The following table details the shares issued and outstanding before and after said merger of the Company:

	Pre-merger	Post merger
Authorized capital	2,930,179,961	2,930,179,961
Subscribed capital	2,865,394,737	2,865,394,737
Paid-in capital	2,865,394,737	2,865,394,737
Authorized number of shares	79,194,053	44,197,377,193
Number of outstanding shares	77,443,101	43,220,189,095
Par value per share	37.00000000000000000	0.06629759834400500

The following is the shareholding composition of SB AVAL at the time of the merger:

Shareholder	Number of shares	Participation
Other shareholders	22,281,017,159	100%
Total	22,281,017,159	100%

The capital of SB AVAL at the time of the merger:

Authorized capital - dollars (U.S.)	5,932,066
Subscribed capital - dollars (U.S.)	5,932,066
Paid-in capital - dollars (U.S.)	5,932,066
Number of outstanding shares - dollars (U.S.)	22,281,017,159

The following are the values corresponding to the assets, liabilities, and equity of SB AVAL at the time of the merger:

	Dollars (U.S.)
Assets	1,767,547,347
Liabilities	0
Equity	1,767,547,347

The following is the shareholding composition of SB Bogota at the time of the merger:

Shareholder	Number of shares	Participation
Sociedad Beneficiaria AVAL	227,710,487	68.74%
Other shareholders	103,570,068	31.26%
Total	331,280,555	100.00%

The capital of SB Bogota at the time of the merger:

Authorized capital - dollars (U.S.)	1,107,360,795
Subscribed capital - dollars (U.S.)	1,107,360,795
Paid-in capital - dollars (U.S.)	1,107,360,795
Number of outstanding shares - dollars (U.S.)	331,280,555

(34) Unusual Transactions, continued

The following are the values corresponding to the assets, liabilities, and equity of SB Bogota at the time of the merger:

	Dollars (U.S.)
Assets	2,591,141,748
Liabilities	0
Equity	2,591,141,748

As a result of, so that each shareholder of SB AVAL, who became a shareholder of the Company, would receive one share of BHIC for each share of SB AVAL, the number of outstanding shares of the Company increased to 43,220,189,095.

As a result of the merger, the share exchange ratio to be received from the Company by the shareholders of SB Bogota and SB AVAL is as follows:

Shareholders SB AVAL	1
Shareholders SB Bogota	97,8480062598781

(35) Subsequent Events

The Company has assessed the subsequent events to February 24, 2023, to determine the need for their recognition or disclosure in the consolidated financial statements. Based on this evaluation, we determined that there were no subsequent events which require recognition or disclosure in these consolidated financial statements.