

Management Financial Discussion and Analysis December 2024

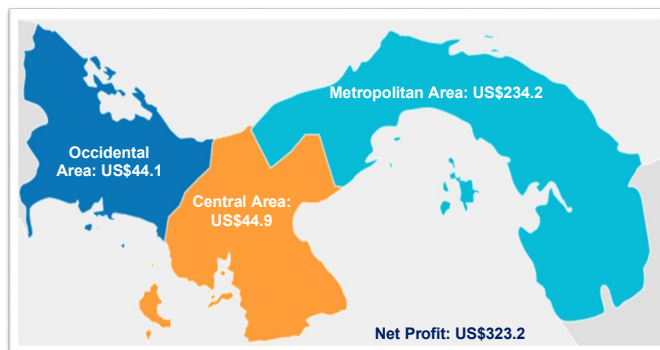


Financial Analysis

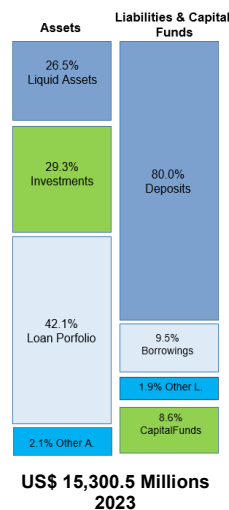
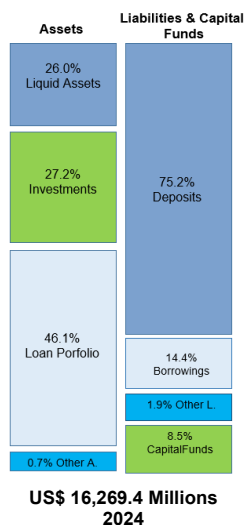
(In US\$ million)

Total Assets	Gross Loans	Capital Funds	Net Income	Capital Adequacy
US\$16,269.4	US\$7,493.9	US\$1,385.1	US\$323.2	18.8%
Financial Liquidity	PDL / Total Loans	Operational Efficiency	ROAE	ROAA
47.2%	1.1%	40.5%	22.4%	2.1%

Net Profit by Area



Balance Structure



Assets

As of December 31, 2024, the Bank's assets totaled US\$16,269.4 million, which when compared to December 2023 presents an increase of 6.3%. Of the total assets, 26.0% were liquid assets, 27.2% were investment securities, 46.1% were loans and 0.7% were other assets.

The increase in assets can be seen most prominently in the gross loan portfolio, both in the public and private sectors. The portfolio has increased by 16.3% when compared to December 2023.

Gross interbank placements showed an increase of 6.1% and gross investments in securities have increased by 1.0%.

Liabilities

Liabilities totaled US\$14,884.3 million at the end of the fourth quarter of 2024, comprised of customer deposits of US\$12,253.8 million, financing of US\$2,363.1 million, and other liabilities of US\$267.4 million, reflecting an increase of US\$894.0 million, or 6.4%, compared to the figures as of December 31, 2023.

Capital Funds

The Bank's total Capital funds closed at US\$1,385.1 million, contributing 8.5% of the total remaining balance and registering an increase of US\$74.9 million compared to December 31, 2023, mainly due to the profits generated in the period.



Liquidity and Sources of Funds

Liquid assets are made up of cash, cash equivalents, bank deposits, securities purchased under resale agreements, and investments in securities. As of December 31, 2024, they totaled US\$8,697.5 million, having increased by 1.4% compared to US\$8,578.1 million as of December 31, 2023. Liquid assets accounted for 71.0% of total customer deposits and 53.5% of total assets.

(In US\$ thousands)	As of December 31,		Change	
	2024	2023	US\$	%
Cash and cash equivalents	275,534	321,617	(46,083)	(14.3)
Deposits in banks at amortized cost:				
Demand deposits - foreign	14,421	50,993	(36,572)	(71.7)
Time deposits - local	200,356	260,430	(60,074)	(23.1)
Time deposits - foreign	3,748,889	3,423,920	324,969	9.5
Less: Reserve for bank deposit losses	29	20	9	45.0
Total bank deposits at amortized cost	3,963,637	3,735,323	228,314	6.1
Total cash, cash equivalents and bank deposits at amortized cost	4,239,171	4,056,940	182,231	4.5
Securities purchased under resale agreements at amortized cost	114,370	211,333	(96,963)	(45.9)
Less: Reserve for investment losses at amortized cost	120	271	(151)	(55.7)
Securities purchased under resale agreements at amortized cost	114,250	211,062	(96,812)	(45.9)
Investments in securities	4,354,474	4,316,210	38,264	0.9
Less: Reserve for investment losses	10,377	6,063	4,314	71.2
Investments in securities, net	4,344,097	4,310,147	33,950	0.8
Total Liquid Assets	8,697,518	8,578,149	119,369	1.4

Liquidity Ratio

The National Bank of Panama enjoys robust liquidity levels. As of December 31, 2024, the financial liquidity index closed at 47.2% and the legal liquidity index at 74.6%, more than 2 times the legal requirement of 30% established by the Superintendency of Banks of Panama; the LCR (Liquidity Coverage Ratio) was 312.5%, well above the minimum established by the regulator, which is 100%, demonstrating the Bank's soundness to comfortably meet the short-term maturities of its commitments.

Funding Sources

The Bank's sources of funds consist of deposits and financing. The total sources of funds amounted to US\$14,616.9 million as of December 31, 2024; of these, customer deposits totaled US\$12,253.8 million, which represented 83.8% of the Bank's sources of funds.

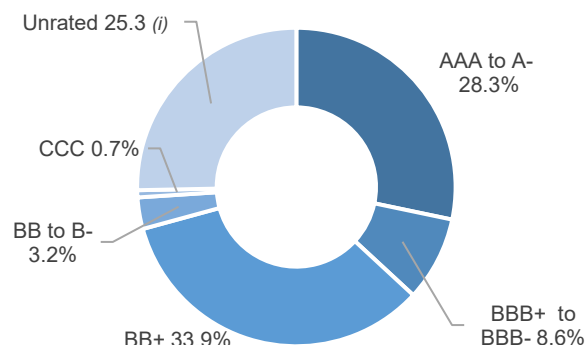
At the close of the 2024 period, the Bank has met its financial obligations autonomously; in addition, it has a wide range of approved lines of credit with financial institutions of the highest credit quality.

(In US\$ thousands)	As of December 31,		Change	
	2024	2023	US\$	%
Deposits				
Demand deposits	4,232,063	5,215,720	(983,657)	(18.9)
Savings deposits	1,066,364	1,005,864	60,500	6.0
Time deposits and restricted and escrow funds	6,955,355	6,028,328	927,027	15.4
Total deposits	12,253,782	12,249,912	3,870	0.0
Obligations				
Foreign borrowings received at amortized cost	441,766	247,864	193,902	78.2
Securities sold under a repurchase agreement	704,055	0	704,055	100.0
Bond payable - local at amortized cost	206,216	206,267	(51)	0.0
Bond payable - foreign at amortized cost	1,007,402	1,008,168	(766)	(0.1)
Lease liabilities at amortized cost	3,651	2,025	1,626	80.3
Total other sources of funds	2,363,090	1,464,324	898,766	61.4
Total sources of funds	14,616,872	13,714,236	902,636	6.6

Investment Portfolio

The Bank's gross portfolio of investments in securities and securities purchased under resale agreements decreased by US\$56.5 million, or 1.3%, from US\$4,487.1 million as of December 31, 2023, to US\$4,430.6 million as of December 31, 2024.

The Bank's investment portfolio is composed of sovereign and corporate debt securities issued by Panamanian, U.S., Latin American and supranational institutions. The Bank has a conservative investment policy, investing mainly in investment-grade liquid fixed-income securities

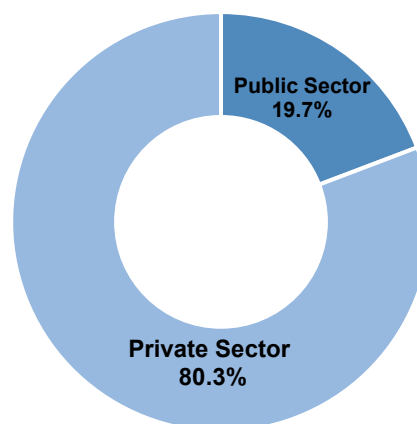


(i) The investments in the "unrated" category correspond to liquid instruments of an international financial institution, to which only central banks have access and whose risk is equivalent to a AAA sovereign risk rating granted by the rating agencies: Standard & Poor's, Moody's or Fitch Ratings, Inc.

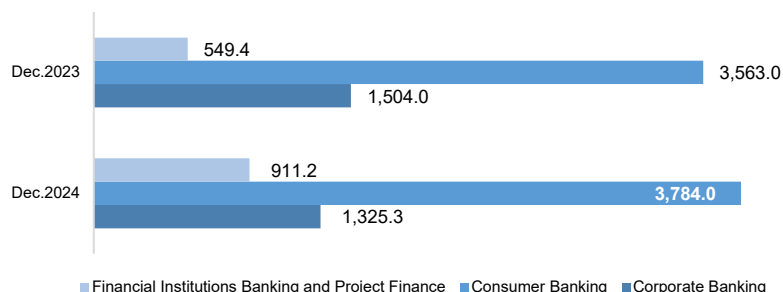
Loan Portfolio

The Bank's gross loan portfolio closed at US\$7,493.9 million as of December 31, 2024; reflecting a growth of 16.3% (US\$1,048.4 million) compared to the close of 2023 of US\$6,445.5 million.

Loans to the public sector represented 19.7% of the total portfolio, or US\$1,473.4 million, and loans to the private sector represented the largest part of the portfolio with US\$6,020.5 million, or 80.3%. Most Bank loans have fixed interest rates, which can be readjusted at the Bank's unilateral option at any time.



(In US\$ million)



Private Loan Portfolio

There was an increase in the behavior of loans to the private sector in the banking of financial institutions and project finance by US\$361.8 million, because of new disbursements to financial institutions banking and project finance; consumer banking at US\$221.0 million, mainly in the residential mortgage segment, whereas the corporate banking showed a decrease US\$178.7 million.

Public Loan Portfolio

The portfolio to the public sector closed with US\$1,473.4 million, registering an increase of 77.7% compared to December 2023.

Asset Quality

As of December 31, 2024, the NPL ratio was 2.4% of the total loan portfolio (December 31, 2023: 2.4%). Asset quality indicators reflect excellent management of the risk profile. The ratio of reserves for credit losses to non-performing loans was 299.0%.

The reserve for loan losses totaled US\$157.2 million as of December 31, 2024, or 3.0% of the total private portfolio.

Capital Funds

As of December 31, 2024, the Bank's total Capital Funds stood at US\$1,385.1 million, with an increase of US\$74.9 million compared to December 2023. Principal over total assets reached 8.5% at the end of December 31, 2024.

The Bank's regulatory capital amounted to US\$1,371.1 million and the total risk-weighted assets was US\$7,306.7 million. The capital adequacy ratio was 18.8%, which is higher than the minimum regulatory index of 10.5% required by the Superintendency of Banks of Panama. Market risk-weighted assets and operational risk-weighted assets are included in accordance with regulatory requirements.

(In US\$ thousands)	As of December 31,	
	2024	2023
Primary capital		
Paid-in capital by Panamanian Government	1,000,000	1,000,000
Retained earnings	258,667	199,366
Other items in comprehensive income	30,105	28,459
Less: intangible assets	11,053	11,543
primary capital	1,277,719	1,216,282
Dynamic regulatory provision	93,391	79,811
Total applicable capital funds	1,371,110	1,296,093
Total risk-weighted assets	7,306,712	6,824,620
Capital adequacy ratio	18.8%	19.0%

Risk Ratings

The Bank has the following risk ratings by the tree main rating agencies:



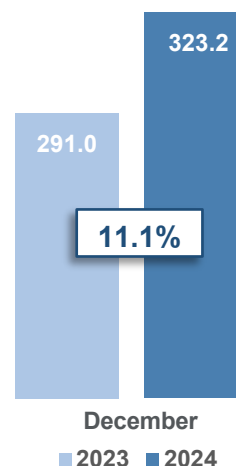
Result of Operations



Net Income

The accumulated profit at the end of December 2024 reached US\$323.2 million, which reflected an increase of 11.1% when compared to the same period of 2023, of US\$291.0 million. For the third consecutive year, the Bank has exceeded the profit reported in previous years, with this figure achieved in this period being the highest profit reported by the Entity in its 120-year history.

Net Income (In US\$ millions)



Net Interest and Commission Income

At the end of the fourth quarter of 2024, the Bank's net interest and fee income increased by 14.8% or US\$104.1 million, compared to the same period in 2023. This increase in gross income corresponds mainly to interest on loans, which accounted for 60.9% of the total increase.

(In US\$ million and percentages)

Interest and
commission income

US\$ 806.9

14.8% ↑

Interest expense

US\$ 297.0

28.1% ↑

Net interest and
commission income

US\$ 509.9

8.3% ↑



Loss Provisions and Other Income

Provisions for losses increased by US\$7.2 million or 38.3% compared to 2023. The increase was mainly in the allowance for loan losses.

Other net income increased by 29.3%, from US\$46.2 million as of December 31, 2023, to US\$59.7 million as of December 31, 2024, which mainly corresponds to extraordinary income from the sale of foreclosed assets and commissions for banking services.

(In US\$ million and percentages)

Provisions

US\$ 26.1

38.3% ↑

Other Income, Net

US\$ 59.8

29.3% ↑



General and Administrative Expenses

General and administrative expenses increased by 6.3% or US\$13.0 million compared to the same period in 2023. The increase was in the areas of repair and maintenance, and personnel expenses.

The operating efficiency ratio achieved as of December 31, 2024 was 40.5%.

General and Admin.
Expenses

US\$ 220.4

6.3% ↑

Operational
Efficiency

40.5%

-1.1% ↓

Statement of Financial Position

(In US\$ thousands)	As of December 31,		Change	
	2024	2023	US\$	%
Assets				
Cash and cash equivalents at amortized cost	4,239,171	4,056,940	182,231	4.5
Securities purchased under resale agreements at amortized cost	114,250	211,062	(96,812)	(45.9)
Investments in securities, net	4,344,097	4,310,147	33,950	0.8
Private sector loans and interest receivable	6,049,589	5,648,292	401,297	7.1
Government loans and interest receivable	1,490,018	837,260	652,759	78.0
Less: Interest and commissions	(61,732)	(28,430)	(33,302)	(117.1)
Allowance for loan losses	(157,137)	(144,820)	(12,317)	8.5
Loans at amortized cost	7,320,738	6,312,302	1,008,436	16.0
Property and equipment	111,990	95,924	16,066	16.8
Other assets	139,176	314,189	(175,013)	(55.7)
Total Assets	16,269,422	15,300,564	968,858	6.3
Liabilities & Capital Funds				
Deposits at amortized cost	12,253,782	12,249,912	3,870	0.0
Foreign borrowings received at amortized cost	441,766	247,864	193,902	78.2
Securities sold under repurchase agreements	704,055	0	704,055	100.0
Bond payable – local at amortized cost	206,216	206,267	(51)	0.0
Bond payable – foreign at amortized cost	1,007,402	1,008,168	(766)	(0.1)
Other liabilities	271,112	278,109	(6,997)	(2.5)
Total liabilities	14,884,333	13,990,320	894,013	6.4
Total Capital Funds	1,385,089	1,310,244	74,845	5.7
Total Liabilities & Capital Funds	16,269,422	15,300,564	968,858	6.3

Statement of Profit or Loss

(In US\$ thousands)	As of December 31,		Change	
	2024	2023	US\$	%
Interest and fee income	806,889	702,795	104,094	14.8
Interest expenses	297,000	231,772	65,228	28.1
Net interest and commission income	509,889	471,024	38,865	8.3
Impairment Allowances, net ⁽¹⁾	26,054	18,845	7,209	38.3
Net interest and commission income, after provisions	483,835	452,179	31,656	7.0
Fees for banking services	31,117	28,660	2,457	8.6
Other income ⁽²⁾	30,151	19,461	10,690	45.2
Other expenses	1,484	1,870	(368)	(20.6)
Total other income, net	59,784	46,251	13,533	29.3
Total general and administrative expenses	220,419	207,392	13,027	6.3
Net income	323,200	291,038	32,162	11.1

⁽¹⁾ Includes provision for (reversal of) losses on deposits in banks, provision for losses on investments, provision for loan losses and provision for valuation of foreclosed assets.

⁽²⁾ Includes net gain on investments in securities, dividends received and others.

Financial Ratios

Profitability

Net Interest Margin ⁽¹⁾		Return on Average Assets ⁽²⁾		Return on Average Capital Funds ⁽³⁾	
3.2%	3.5%	2.1%	2.0%	22.4%	23.0%
Dec.2024	Dec.2023	Dec.2024	Dec.2023	Dec.2024	Dec.2023

Liquidity & Efficiency



Financial Liquidity / Total Deposits ⁽⁴⁾		Legal Liquidity ⁽⁵⁾		Efficiency ⁽⁶⁾	
47.2%	49.1%	74.6%	75.5%	40.5%	41.6%
Dec.2024	Dec.2023	Dec.2024	Dec.2023	Dec.2024	Dec.2023

Capital

Capital Adequacy ⁽⁷⁾		Capital Funds / Assets ⁽⁸⁾		Financial Leverage ⁽⁹⁾	
18.8%	19.0%	8.5%	8.6%	7.9%	8.0%
Dec.2024	Dec.2023	Dec.2024	Dec.2023	Dec.2024	Dec.2023

Asset Quality

Past Due Loans Over 91 Days / Total Loans ⁽¹⁰⁾		Past Due Loans / Total Loans ⁽¹¹⁾		Non-Accrual Loans / Total Loans ⁽¹²⁾	
1.1%	1.3%	2.4%	2.4%	0.6%	0.7%
Dec.2024	Dec.2023	Dec.2024	Dec.2023	Dec.2024	Dec.2023

 Headcount	3,877	3,701	 Branch Network	95	93
	Dec.2024	Dec.2023		Dec.2024	Dec.2023

⁽¹⁾ Calculated as net interest income divided by total average interest-earning assets.

⁽²⁾ Calculated as net income divided by average total assets.

⁽³⁾ Calculated as net income divided by average total Capital Funds.

⁽⁴⁾ Calculated as total liquid assets, plus highly liquid investments (BIS-Treasury) over customer deposits

⁽⁵⁾ Regulatory liquid assets are determined based on guidelines established by the Superintendence of Banks of Panama on total liquid liabilities.

⁽⁶⁾ Calculated as total general & admin. Expenses to net interest and commission income after provisions plus total other net income.

⁽⁷⁾ Calculated as total Capital Funds divided by total risk weighted assets by credit, market and operational risks.

⁽⁸⁾ Capital funds divided by total assets

⁽⁹⁾ Primary Capital Funds net of regulatory adjustments divided by total productive assets net of deductions and counterparty risk per contingencies.

⁽¹⁰⁾ Calculated as past due loans over 91 days overdue divided by total loan portfolio.

⁽¹¹⁾ Calculated as total past due loans and overdue loans over 91 days divided by total loan portfolio.

⁽¹²⁾ Calculated as non-accrual loans divided by total loans.

The analysis presented is based on the information contained in the audited financial statements as of December 31, 2024. Some figures (including percentages) in this document have been rounded. The audited financial statements for the period ended December 31, 2024, are available on the Bank's website www.banconal.com.pa.

ESG Highlights December 2024

Environment



Sustainable

- In 2024, the Institution achieved important results in the responsible management of waste and recycling as part of its Integral Recycling System. Among the materials recycled were (pounds): paper (113,037), tires (10,912), ferrous material (2,884), plastics, cans and Tetrapak (2,163), metal detector batteries (1,444), electronics (640) and car batteries (478).
- The amount of solar panel loans increased by 190%, totaling US\$173,739, reflecting a growing demand for this type of product that brings alternative and environmentally friendly energy to Panamanian homes.
- The Institution managed to obtain 5 electric cars and 5 charging stations in the metropolitan area, which will allow it to trace an electric mobility route for the vehicle fleet, totaling 10 electric cars with a range of 480 kilometers.

Social



Equity

- The Institution has 3,878 employees, 56% of whom are women and 44% men. It should be noted that 59% of management positions are held by women.
- The Bank has 81 certified employees with some type of disability, which represents 2% of the Bank's population.
- Thirty-three Somos Uno volunteer activities were carried out, generating a significant social and environmental impact, involving more than 2,200 volunteers and accumulating more than 13,000 volunteer hours.
- The social, investment program managed 190 grants to various social and environmental organizations, representing an 18% increase over the previous year.

Governance



Integrity

- Banco Nacional de Panamá presented its first Sustainability Report, aligned with international standards such as the UN Global Compact and the Sustainable Development Goals (SDGs).
- The Institution's General Manager made an outstanding presentation, on the 20th Anniversary of Principle Ten of the UN Global Compact, which states that companies must work against corruption.
- The Board of Directors ratified the Structure of the Corporate Governance System, which sets out the assignment of roles and responsibilities through the different levels of authority of the Bank.
- Participation and support in the IX Corporate Governance Congress "Technologies and Governance in the Digital Era" as Platinum sponsor of this great event.

Recognitions

- It reached second place in reputation within the financial and banking sector, according to the 7th edition of the Corporate Reputation Business Monitor.
- We became the first Panamanian capital bank to obtain ISO/IEC 27001:2022 certification in information security.
- We have positioned ourselves in fourth place among the companies with the best reputation nationwide, according to the corporate reputation monitor.
- The Bank has been placed in the select group of the top 5 companies that offer the best customer service, within the ranking of Summa magazine, reaching fourth position.
- We have reached position number 2 in the MERCOSUR ESG Responsibility 2024 ranking, up six positions from the previous year. In addition, we have positioned ourselves as the fifth most environmentally responsible company, second with society and third in ethics and governance.

