Banco General

Management Discussion

2024

General Information

Banco General, S.A., is a corporation organized and existing under the laws of Panama. The Bank operates in Panama under a General License issued by the Superintendence of Banks of Panama ("SBP"), which entitles it to carry out banking business with local and foreign clients. The Bank has a network of representative offices in Colombia, Guatemala, El Salvador, and Peru and also conducts banking business in Costa Rica, through its subsidiary, Banco General (Costa Rica), S.A. All references to "we", "us", "our", "Bank" and "Banco General" are to Banco General, S.A., and its consolidated subsidiaries, unless otherwise indicated or so required by the context.

The following discussion is based on the information contained in the condensed consolidated audited financial statements, as of December 31, 2024. Some figures (including percentages) in this document have been rounded.

The Bank prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total Assets

As of December 31, 2024, the Bank's gross loan portfolio increased by US$787.3 million, or 6.6% from US$11,975.0 million on December 31, 2023, to US$12,762.3 million on December 31, 2024. During this period, the Bank's consumer loan portfolio increased by 12.4%, from US$1,971.8 million to US$2,215.9 million; the residential mortgage portfolio decreased 2.0%, from US$4,807.3 million to US$4,710.4 million; the corporate loan portfolio, comprised of both local and regional corporate clients, increased by 13.2%, from US$4,724.8 million to US$5,350.5 million; and other loans (comprised of pledge loans, overdrafts and financial leases) increased by 3.1% from US$471.1 million to US$485.5 million. The Bank's local corporate loan portfolio increased by 10.3%, from US$3,397.3 million to US$3,747.9 million, and the Bank's regional corporate loan portfolio increased by 20.7%, from US$1,327.4 million to US$1,602.6 million. The Bank's total investment portfolio primarily made up of investment-grade liquid fixed-income investments and the local and regional corporate fixed-income portfolio increased by 4.3%, from US$5,124.9 million on December 31, 2023, to US$5,347.8 million on December 31, 2024.

Total Liabilities

The Bank's total deposits increased by US$506.2 million, or 3.8% from US$13,234.7 million on December 31, 2023, to US$13,740.9 million on December 31, 2024. During this period, time deposits increased by US$729.2 million, or 13.3% from US$5,471.8 million to US$6,201.0 million, representing 45.1% of total deposits, with an average remaining life of 14 months, and 65.5% having original maturities of one year or more. Savings accounts decreased by US$131.6 million, or 2.7%, from US$4,885.6 million to US$4,754.0 million, representing 34.6% of total deposits. Demand deposits decreased by US$91.3 million, or 3.2%, from US$2,877.2 million to US$2,785.9 million, representing 20.3% of total deposits.

The Bank's total borrowings and placements decreased by US$67.4 million, or 5.3%, from US$1,260.6 million on December 31, 2023 to US$1,193.2 million on December 31, 2024.

Equity

The Bank's equity increased by US$245.4 million, or 8.4%, from US$2,927.3 million on December 31, 2023, to US$3,172.7 million on December 31, 2024, mainly driven by an increase in retained earnings of US$191.6 million, and an increase of capital reserves of US$43.3 million (mainly due to an increase in the valuation of the investment portfolio). The Bank's equity to total assets ratio increased to 16.31% on December 31, 2024, versus 15.63% on December 31, 2023.

Liquidity and Funding Sources

The Bank's Assets and Liabilities Committee ("ALCO") is responsible for developing policies relating to the management of the Bank's assets and liabilities that enables us to maintain interest rate, market, maturity, liquidity, and foreign exchange exposures, within the Bank's approved limits while maximizing the return on shareholders' equity.

The Bank's asset and liability management policy seeks to ensure that sufficient liquidity is available to honor withdrawals of deposits, to make payments upon maturity of other liabilities, to extend loans or other forms of credit, and to meet the Bank's working capital needs.

Our Treasury Department is responsible for managing the Bank's liquidity and funding positions, as well as executing the Bank's investment strategy. The Bank's policies require high absolute levels of liquidity composed of high-quality liquid assets, a key pillar of the Bank's financial strategy.

Consistent with the Bank's conservative financial policies, we have historically maintained high levels of liquidity in investment-grade liquid investments, which are complemented by: (i) an adequate asset and liability maturity structure, (ii) a diversified and stable deposit base, (iii) access to multiple sources of financings (representing 7.33% of total liabilities); and (iv) low levels of short-term institutional liabilities; all of which give us a stable asset and liability structure.

Primary liquidity amounted to 27.74% on December 31, 2024, comprised of cash, bank deposits and liquid investment-grade fixed-income investments, divided by total deposits and borrowings (excluding perpetual bonds). The Bank's total primary liquidity's average credit rating improved from AA- on December 31, 2023 to AA pm December31, 2024, of which 62.5% are AAA rated investments. As of December 31, 2024, these liquid assets represented 29.34% of total deposits and 20.73% of total assets.

In addition to our internal liquidity limits, the Bank must comply with liquidity rules established by the SBP, which require banks to have liquid assets of no less than 30% of qualified deposits, with maturities of less than 186 days, excluding deposits from subsidiaries and pledged deposits. For the calculation of this ratio, the SBP allows for all loan installments and maturities classified as standard with a remaining term of less than 186 days to be considered liquid assets. The loan installments and maturities can only account up to 30% of the total liquid assets used in this ratio. As of December 31, 2024, the Bank maintained a regulatory liquidity of 42.16%.

A. Loan Portfolio

The Bank's loan portfolio is well diversified among client's segments and a wide variety of products. As of December 31, 2024, total gross loans amounted to US$12,762.3 million comprised by: (i) 54.3% retail loans (36.9% residential loans and 17.4% consumer loans), (ii) 41.9% corporate loans (29.4% local corporate loans and 12.5% foreign corporate loans), and (iii) 3.8% other loans (which includes pledge loans, overdrafts, and financial leases).

To minimize the risk of credit losses, the Bank emphasizes on granting loans secured by collateral, particularly single-family residences, other properties, and deposits, in addition to applying strict underwriting guidelines and "know your customer" policies. As of December 31, 2024, 67.8% of all loans were secured by residential or commercial properties, deposits, or other assets; 57.7% of all loans were secured by first lien mortgages on land and improvements, and 10.1% of all loans were backed by pledged deposits and other assets. The Bank's robust underwriting policies and security interests held as collateral, has resulted in historically low gross and net write-off levels, averaging 0.45% and 0.04% of total loans, respectively, over the last two years ending on December 31, 2024.

As of December 31, 2024, 85.9% of the Bank's loan portfolio was comprised of local borrowers (individuals and corporations) based in Panama, and 14.1% was comprised of regional clients based primarily in Costa Rica, Colombia, Guatemala, El Salvador, Peru, and Mexico, including clients of our universal banking subsidiary in Costa Rica, Banco General (Costa Rica), S.A., which has 8 branches. As of December 31, 2024, 99.9% of the Bank's loans were denominated in US dollars, which is the legal tender in Panama.

The following table summarizes the composition of the loan portfolio by type of loan as of December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Local loans					
Commercial	516,577	327,705	371,731	57.6%	(11.8%)
Interim construction loans	293,808	265,160	286,742	10.8%	(7.5%)
Lines of credit	1,163,943	1,019,344	935,698	14.2%	8.9%
Residential mortgage loans	4,574,596	4,659,178	4,634,457	(1.8%)	0.5%
Commercial mortgage loans	1,773,622	1,785,136	1,878,588	(0.6%)	(5.0%)
Personal loans, auto loans and credit cards	2,203,922	1,963,721	1,801,740	12.2%	9.0%
Pledge loans and overdrafts	328,492	329,659	315,459	(0.4%)	4.5%
Leasing	110,162	91,931	73,634	19.8%	24.8%
Total local loans	**10,965,122**	**10,441,835**	**10,298,049**	**5.0%**	**1.4%**
Foreign loans					
Commercial	881,397	788,221	682,780	11.8%	15.4%
Lines of credit	580,764	399,792	314,033	45.3%	27.3%
Residential mortgage loans	135,832	148,074	163,069	(8.3%)	(9.2%)
Commercial mortgage loans	140,403	139,405	164,735	0.7%	(15.4%)
Personal loans, auto loans and credit cards	11,937	8,088	7,805	47.6%	3.6%
Pledge loans and overdrafts	46,817	49,546	59,725	(5.5%)	(17.0%)
Total foreign loans	**1,797,149**	**1,533,126**	**1,392,146**	**17.2%**	**10.1%**
Total loans	**12,762,272**	**11,974,961**	**11,690,196**	**6.6%**	**2.4%**
Less:					
Allowance for loan losses	364,918	394,787	432,999	(7.6%)	(8.8%)
Unearned commissions	41,596	38,961	38,496	6.8%	1.2%
Total loans, net	**12,355,757**	**11,541,213**	**11,218,700**	**7.1%**	**2.9%**

Non Accrual Loans

Regulation issued by the SBP requires the classification of loans with a non accrual status if any of the following conditions exist: (i) principal and interest payments exceed past due limits established by the SBP (91 days or more of principal and/or interest payments past due for all types of loans, except for mortgage loans and overdrafts which have a limit of 121 and 31 days, respectively); or (ii) the debtor's financial condition has been adversely affected (including: deterioration of the payment capacity, collateral weakness, or other factors known to us, such as fraud, death of the debtor, insolvency or bankruptcy) in a manner that places the repayment of the loan at risk.

The following table presents non accrual loans according to loan type as of December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Non accrual loans					
Commercial	3,469	873	1,347	297.4%	(35.2%)
Interim construction loans	7,586	-	1,002	100.0%	(100.0%)
Lines of credit	5,662	5,729	6,096	(1.2%)	(6.0%)
Residential mortgage loans	166,745	186,546	200,761	(10.6%)	(7.1%)
Commercial mortgage loans	40,937	39,457	36,781	3.8%	7.3%
Personal loans, auto loans and credit cards	32,722	25,952	30,441	26.1%	(14.7%)
Pledge loans and overdrafts	153	157	826	(2.8%)	(80.9%)
Leasing	1	81	535	(98.5%)	(84.8%)
Total non accrual loans	**257,274**	**258,795**	**277,789**	**(0.6%)**	**(6.8%)**
Total loans	12,762,272	11,974,961	11,690,196		
Allowance for loan losses	364,918	394,787	432,999		
Non accrual loans / total loans	2.02%	2.16%	2.38%		
Allowance for loans losses / non accrual loans	141.84%	152.55%	155.87%		

Non accrual loans decreased to US$257.3 million as of December 31, 2024, compared to US$258.8 million as of December 31, 2023. These changes in non accrual loans are mainly attributable to a decrease of US$19.8 million in the residential mortgage non accrual balance from US$186.5 million to US$166.7 million; offset by (i) a US$11.6 million increase in the corporate and other loans non accrual balance from US$46.3 million to US$57.9 million; and (ii) an increase of US$6.7 million in consumer non accrual balance from US$26.0 million to US$32.7 million.

Non accrual loans calculated in accordance with SBP regulations represented 2.02% of total loans as of December 31, 2024, compared to 2.16% as of December 31, 2023. The Bank’s coverage of allowance for loan losses was 141.84% of non accrual loans.

Past Due Loans

The Bank classifies the loans in its portfolio, as past due if: (i) during the life of the loan, scheduled interest and/or principal payments are past due by 91 days or more; and (ii) at the final maturity of the loan, all amounts due are not paid after 31 days of the final maturity date.

The following table presents past due loans, according to loan type as of December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Past due loans					
Commercial	3,469	1,043	1,347	232.6%	(22.6%)
Interim construction loans	7,586	-	1,002	100.0%	(100.0%)
Lines of credit	6,426	5,729	6,244	12.2%	(8.3%)
Residential mortgage loans	214,598	233,429	237,114	(8.1%)	(1.6%)
Commercial mortgage loans	41,475	37,996	36,856	9.2%	3.1%
Personal loans, auto loans and credit cards	32,523	25,787	30,341	26.1%	(15.0%)
Pledge loans and overdrafts	148	157	922	(6.3%)	(82.9%)
Leasing	-	143	543	(100.0%)	(73.6%)
Total past due loans	**306,224**	**304,284**	**314,370**	**0.6%**	**(3.2%)**
Total loans	12,762,272	11,974,961	11,690,196		
Allowance for loan losses	364,918	394,787	432,999		
Past due loans / total loans	2.40%	2.54%	2.69%		
Allowance for loan losses / past due loans	119.17%	129.74%	137.74%		

Past due loans increased to US$306.2 million as of December 31, 2024, compared to US$304.3 million as of December 31, 2023. The increase in past due loans is mainly attributable to: (i) an increase of US$14.0 million in the past due balance of corporate and other loans from US$45.1 million to US$59.1 million, and (ii) a US$6.7 million increase in the balance of past due consumer loans from US$25.8 million to US$32.5 million; offset by a decrease of US$18.8 million in the past due balance of residential mortgage loans from US$233.4 million to US$214.6 million.

Past due loans represented 2.40% of total loans as of December 31, 2024, compared to 2.54% as of December 31, 2023. The Bank's coverage of allowance for loan losses was 119.17% of past due loans.

Allowance for Loan Losses

To maintain the allowance for loan losses at required levels, provisions for loan losses are accounted for as charges on income and added to the allowance and any subsequent write-offs are applied against this allowance.

The allowance for loan losses at amortized cost consists of expected credit losses (ECL) based on the loans' credit risk rating and the mechanisms used to determine the loans' probability of default depending on the impairment stage assigned to each loan. The ECL model is determined by grouping loans with similar credit risk characteristics, and segmented methodologies for "Consumer Banking" and "Corporate Banking". Both methodologies consist of probability of default, loss given default, and exposure to default estimates.

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

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

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

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

The following table presents the breakdown of the allowance for loan losses under IFRS 9 parameters as of December 31, 2024:

	As of December 31, 2024			As of December 31, 2023			(%) Change	
	Loans	Allowance	%	Loans	Allowance	%	Loans	Allowance
	(in thousands of U.S. dollars, except for percentages)							
Stage 1	10,924,287	88,759	0.81%	10,068,716	132,012	1.31%	8.5%	(32.8%)
Stage 2	1,573,821	220,845	14.03%	1,643,698	208,039	12.66%	(4.3%)	6.2%
Stage 3	264,164	55,314	20.94%	262,547	54,736	20.85%	0.6%	1.1%
Total	**12,762,272**	**364,918**	**2.86%**	**11,974,961**	**394,787**	**3.30%**	**6.6%**	**(7.6%)**

As of December 31, 2024, the allowance for loan losses decreased to US$364.9 million, or 2.86%, of the total loan portfolio, from US$394.8 million, or 3.30%, of the total loan portfolio, as of December 31, 2023.

Stage 1 loans increased US$855.6 million to US$10,924.3 and the allowance level decreased from US$132.0 million (1.31% of Stage 1 loans) on December 31, 2023, to US$88.8 million (0.81% of Stage 1 loans) on December 31, 2024. The amount of loans in Stage 2 decreased from US$1,643.7 million to US$1,573.8 million, and the allowance level increased from US$208.0 million (12.66% of Stage 2 loans) to US$220.8 million (14.03% of Stage 2 loans). The amount of loans in Stage 3 increased from US$262.5 million to US$264.2 million and the allowance level increased from US$54.7 million (20.85% of Stage 3 loans) to US$55.3 million (20.94% of Stage 3 loans).

As of December 31, 2024, the Bank's total restructured loans amounted to US$742.6 million (December 31, 2023: US$844.9 million). Moreover, from the total restructured loans, US$430.7 million, or 58.0%, are current with their contractual payments. Furthermore, as of December 31, 2024, US$616.2 million, or 83.0%, of restructured loans were backed by mortgage collateral (December 31, 2023: US$733.9 million, or 86.9%).

The following table presents the breakdown of the allowance for loans losses as of as of December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Allowance at the beginning of period	**394,787**	**432,999**	**467,706**	**(8.8%)**	**(7.4%)**
Provision (reversal) for loan losses, net	(16,489)	(40,138)	(42,396)	(58.9%)	(5.3%)
Write-offs:					
Commercial	303	563	318	(46.2%)	77.0%
Interim construction loans	-	1,028	129	(100.0%)	699.6%
Lines of credit	13	44	583	(71.0%)	(92.5%)
Residential mortgage loans	4,928	4,600	2,260	7.1%	103.5%
Commercial mortgage loans	280	288	1,366	(2.9%)	(78.9%)
Personal, auto loans and credit cards	56,142	40,925	26,495	37.2%	54.5%
Auto loans	2,047	2,403	2,422	(14.8%)	(0.8%)
Personal loans	33,321	23,728	11,341	40.4%	109.2%
Credit cards	20,774	14,794	12,732	40.4%	16.2%
Pledge loans and overdrafts	202	140	350	44.5%	(60.1%)
Leasing	14	52	22	(72.8%)	143.1%
Total write-offs	**61,881**	**47,640**	**31,523**	**29.9%**	**51.1%**
Recoveries	48,501	49,565	39,212	(2.1%)	26.4%
Allowance at the end of period	**364,918**	**394,787**	**432,999**	**(7.6%)**	**(8.8%)**
Total loans	12,762,272	11,974,961	11,690,196		
Allowance for loan losses / total loans	2.86%	3.30%	3.70%		
Write-offs / total loans	0.48%	0.40%	0.27%		
Net write-offs / total loans	0.10%	(0.02%)	(0.07%)		

For the year ended December 31, 2024, total write-offs amounted to US$61.9 million (0.48% of total loans), as compared to US$47.6 million (0.40% of total loans) for the same period in 2023, while net write-offs amounted to US$13.4 million (0.10% of total loans).

B. Capital Resources

One of the cornerstones of our financial strategy is our strong capital position, which exceeds local and international regulatory requirements contained in the Basel Accords, and has supported our investment grade ratings since 1997, currently holding the following ratings: BBB by Standard & Poor’s, BBB- by Fitch Ratings, and Baa3 by Moody’s. The Bank’s rating by Standard & Poor’s and Fitch Ratings are one notch above Panama’s sovereign rating, and in the case of Moody’s, our rating is higher on a stand-alone basis, but currently constrained by Panama´s sovereign rating.

The regulatory primary capital (CET 1) requirement to risk-weighted assets (RWA) is 4.5%, total primary capital to RWA of 6.0%, and of total capital to RWA of 8.0%. Furthermore, agreement 5-2023, issued by the SBP on October 10, 2023, mandates that in addition to the abovementioned regulatory primary capital 4.50%, all general license banks must maintain an additional capital conservation buffer, comprised of regulatory primary capital to RWA of 2.50%. The SBP has adopted a gradual application of the capital conservation buffer as shown below:

Regulatory Capital Requirement		Regulatory Capital + Additional Capital Conservation Buffer (Starting)		
		1-jul-2024	1-jul-2025	1-jul-2026
Total regulatory primary capital	4.50%	5.00%	5.75%	7.00%
Total primary capital	6.00%	6.50%	7.25%	8.50%
Total capital	8.00%	8.50%	9.25%	10.50%

As of December 31, 2024, the Bank has a total capital of US$3,509.0 million, or 2.9 times the SBP required regulatory capital. The ratio of total capital to risk-weighted assets ("RWA") was 24.89%, based entirely of primary capital, which increased US$248.3 million compared to December 31, 2023, and total risk-weighted assets of US$14,097.9 million. Total risk-weighted assets include: US$12,673.3 million of credit and investment risk RWA, US$609.0 million of market risk RWA and US$815.6 million of operational risk RWA.

In addition to the above-mentioned regulatory capital adequacy requirements, Agreement 4-2013 issued by the SBP requires that all banks maintain a countercyclical dynamic reserve of not less than 1.25% and no more than 2.50% of the risk-weighted loans classified as standard loans. The dynamic reserve is presented as part of the legal reserves in the equity section of the Bank's financial statements. As of December 31, 2024, the Bank´s dynamic reserve balance was US$156.8 million.

The Bank's subsidiaries General de Seguros, S.A., BG Valores, S.A., ProFuturo Administradora de Fondos de Pensiones y Cesantía, S.A., BG Trust, Inc., Banco General (Costa Rica), S.A., Banco General (Overseas), Inc., and Commercial Re Overseas, Ltd. are all subject to minimum capital requirements stipulated by their corresponding regulators including but not limited to the SBP, the Superintendence of Insurance and Reinsurance of Panama, the Superintendence of Capital Markets of Panama, the General Superintendency of Financial Entities of Costa Rica (SUGEF), the Monetary Authority of the Cayman Islands (CIMA), the British Virgin Islands Financial Services Commission, and others. As of December 31, 2024, all the subsidiaries of the Bank complied with the minimum capital requirements applicable according to their respective regulation.

The following table presents information regarding the Bank's capital levels as of December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Regulatory primary capital					
Common shares	500,000	500,000	500,000	0.0%	0.0%
Legal reserve	205,261	193,643	190,917	6.0%	1.4%
Other items comprehensive income	(120,335)	(163,678)	(279,368)	(26.5%)	(41.4%)
Retained earnings	2,568,313	2,376,751	2,150,471	8.1%	10.5%
Less: Regulatory adjustments	44,263	46,021	48,638	(3.8%)	(5.4%)
Total regulatory primary capital - CET 1	**3,108,975**	**2,860,694**	**2,513,381**	**8.7%**	**13.8%**
Additional primary capital (Tier 1)					
Subordinated perpetual bonds	400,000	400,000	400,000	0.0%	0.0%
Total additional primary capital	**400,000**	**400,000**	**400,000**	**0.0%**	**0.0%**
Total primary capital	**3,508,975**	**3,260,694**	**2,913,381**	**7.6%**	**11.9%**
Total capital	**3,508,975**	**3,260,694**	**2,913,381**	**7.6%**	**11.9%**
Credit risk-weighted assets	12,673,282	12,045,910	11,258,810	5.2%	7.0%
Market risk-weighted assets	608,972	641,963	657,676	(5.1%)	(2.4%)
Operational risk-weighted assets	815,598	763,010	739,859	6.9%	3.1%
Risk-weighted assets	**14,097,851**	**13,450,883**	**12,656,345**	**4.8%**	**6.3%**
Capital ratios					
Total regulatory primary capital ratio	**22.05%**	**21.27%**	**19.86%**		
Total primary capital ratio	**24.89%**	**24.24%**	**23.02%**		
Total capital ratio	**24.89%**	**24.24%**	**23.02%**		

The Bank’s level of capitalization reflects the Board of Director’s commitment to maintaining a strong capital base to support depositors and enable us to support growth opportunities and weather unexpected adverse events.

C. Results of Operations for the years ended on December 31, 2024, 2023, and 2022.

The following table presents the Bank´s principal consolidated results of operations for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Net interest and commission income	**905,828**	**838,599**	**716,843**	**8.0%**	**17.0%**
Total Provisions (reversal), net	**(13,431)**	**(42,265)**	**(34,683)**	**(68.2%)**	**21.9%**
Other Income (expenses):					
Fees and other commissions	411,828	353,110	313,279	16.6%	12.7%
Insurances premiums, net	49,429	41,624	38,516	18.8%	8.1%
Gain (Loss) on financial instruments, net	(10,416)	(46,978)	(94,685)	(77.8%)	(50.4%)
Other Income, net	51,752	52,018	28,471	(0.5%)	82.7%
Commission expenses and other expenses	(172,589)	(158,157)	(110,891)	9.1%	42.6%
Total other income, net	**330,005**	**241,616**	**174,690**	**36.6%**	**38.3%**
General and administrative expenses	(361,791)	(341,937)	(326,005)	5.8%	4.9%
Equity participation in associates	14,908	14,509	15,137	2.8%	(4.1%)
Net income before income tax	**902,382**	**795,053**	**615,348**	**13.5%**	**29.2%**
Income tax, net	(117,845)	(114,337)	(77,091)	3.1%	48.3%
Net Income	**784,537**	**680,716**	**538,256**	**15.3%**	**26.5%**

For the year ended December 31, 2024, the Bank's net income was US$784.5 million, which represents an increase of US$103.8 million, or 15.3%, compared to US$680.7 million for the same period in 2023. Return on average equity (ROAE) and return on average assets (ROAA), were 24.82% and 4.13%, respectively, compared to 24.28% and 3.71% for the same period 2023. These results were mainly due to the following factors:

Net Interest and Commission Income

The following table presents the Bank’s net interest and commission income and related average interest rates and margin information for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Total interest and commission income	1,293,471	1,159,228	981,120	11.6%	18.2%
Total interest expenses	(387,643)	(320,629)	(264,276)	20.9%	21.3%
Net interest and commission income	**905,828**	**838,599**	**716,843**	**8.0%**	**17.0%**
Average interest-earning assets	17,444,925	16,729,806	16,928,522	4.3%	(1.2%)
Average interest-bearing liabilities	12,711,925	12,401,655	12,888,830	2.5%	(3.8%)
Net interest margin (1)	5.19%	5.01%	4.23%		
Average interest rate earned (2)	7.41%	6.93%	5.80%		
Average interest rate paid (3)	3.05%	2.59%	2.05%		

(1) Net interest and commission income (before provisions for possible loan losses) as a percentage of average total interest-earning assets. (2) Total interest and commission income divided by average interest-earning assets. (3) Total interest expenses divided by average interest-bearing liabilities.

Net interest and commission income increased by 8.0% for the year ended December 31, 2024, compared to 2023. This growth was driven by a 4.3% increase in average interest-earning assets and a 48 basis points increase in the average rate earned on these assets, partially offset by 2.5% increase in average interest-bearing liabilities and a 46 basis points increase in the average rate paid on these liabilities. As a result, the net interest margin increased 18 basis points, from 5.01% in 2023 to 5.19% in 2024.

Total Interest and Commission Income

The following table presents information as to the Bank's total interest and commission income for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Total interest and commission income	**1,293,471**	**1,159,228**	**981,120**	**11.6%**	**18.2%**
Average interest-earning assets:					
Deposits with banks	308,566	317,579	428,538	(2.8%)	(25.9%)
Investments and other financial assets, net	5,168,360	5,108,572	5,633,491	1.2%	(9.3%)
Loans, net	11,967,998	11,303,656	10,866,494	5.9%	4.0%
Total	**17,444,925**	**16,729,806**	**16,928,522**	**4.3%**	**(1.2%)**
Average interest rate earned:					
Deposits with banks	5.03%	3.84%	1.43%		
Investments and other financial assets, net	5.14%	4.77%	3.23%		
Loans, net	8.46%	7.99%	7.30%		
Total	**7.41%**	**6.93%**	**5.80%**		

For the year ended on December 31, 2024, our diversified loan portfolio represented 68.6% of the Bank's total average interest earning assets and generated 78.3% of the total interest and commissions income.

Total interest and commission income increased by US$134.3 million, or 11.6%, for the year ended on December 31, 2024, and was the result of a 48 basis points increase of the average interest rate, and 4.3% increase in average interest-earning assets.

The 48 basis points increase of the average interest rate earned on interest-earning assets was primarily due to: (i) a 47 basis points increase of the average interest rate received on net loans, and (ii) a 37 basis points increase of the average interest rate received on investments and other financial assets.

The 4.3% increase in the average interest-earning assets was mainly due to a US$664.3 million, or 5.9% increase in net loans.

The following table presents the effect of changes in the Bank's interest and commission income as a result of changes in: (i) the average volume of interest earning assets and (ii) the average interest rate during the year ended on December 31, 2024:

	2023/2024			2022/2023		
	By volume	By rate	Net change	By volume	By rate	Net change
	(in thousands of U.S. dollars)					
Deposits with banks	(346)	3,683	3,337	(1,592)	7,638	6,046
Investments and other financial assets, net	2,849	19,348	22,197	(16,947)	78,516	61,569
Loans, net	53,106	55,603	108,710	31,907	78,586	110,493
Net Change	**55,609**	**78,634**	**134,243**	**13,368**	**164,740**	**178,108**

As compared to the same period in 2023, the increase in the average rate earned, from 6.93% to 7.41%, for the year ended on December 31, 2024, resulted in an increase of US$78.6 million in interest and commission income; and the increase of US$55.6 million in interest and commission income from volume, was primarily the result of a higher volume of average net loans.

Total Interest Expenses

The following table presents information as to the Bank's total interest expenses for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Total interest expenses	**387,643**	**320,629**	**264,276**	**20.9%**	**21.3%**
Average interest-bearing liabilties:					
Savings and other deposits	5,688,967	5,793,986	6,060,955	(1.8%)	(4.4%)
Time deposits	5,848,334	5,358,134	5,486,674	9.1%	(2.3%)
Borrowings and placements (1)	1,174,624	1,249,536	1,341,202	(6.0%)	(6.8%)
Total	**12,711,925**	**12,401,655**	**12,888,830**	**2.5%**	**(3.8%)**
Average interest rate paid:					
Savings and other deposits	1.13%	1.00%	0.64%		
Time deposits	4.58%	3.80%	3.07%		
Borrowings and placements	4.71%	4.73%	4.26%		
Total	**3.05%**	**2.59%**	**2.05%**		

(1) Includes repos and perpetual bonds.

The Bank's total interest expenses are mainly attributable to interest paid on deposits, which represented 85.7% of the total interest expense for the year ended on December 31, 2024, as compared to 81.6% for the same period in 2023.

Total interest expense increased by US$67.0 million, or 20.9% for the year ended on December 31, 2024, and was result of a 46 basis points increase in the average interest rate paid on interest bearing liabilities, and a 2.5% increase in average interest-bearing liabilities.

The 46 basis points increase in the average interest rate paid was mainly attributable to: (i) a 78 basis points increase on the average interest rate paid on time deposits, and (ii) a 13 basis points increase on the average interest rate paid on savings and other deposits.

The 2.5% increase in the average interest-bearing liabilities was mainly due to a US$490.2 million, or 9.1% increase in average time deposits; offset by: (i) a 1.8% decrease in average savings and other deposits, and (ii) 6.0% decrease in borrowings and placements.

The following table presents the effect of changes in the Bank's total interest expense as a result of changes in: (i) the average volume of interest-bearing liabilities, and (ii) the average interest rate paid during the year ended on December 31, 2024:

	2023/2024			2022/2023		
	By volume	By rate	Net change	By volume	By rate	Net change
	(in thousands of U.S. dollars)					
Savings and other deposits	(1,053)	7,313	6,260	(1,711)	20,988	19,278
Time deposits	18,614	45,885	64,499	(3,944)	39,042	35,098
Borrowings and placements [1]	(3,541)	(204)	(3,744)	(3,901)	5,878	1,977
Net change	**14,020**	**52,994**	**67,014**	**(9,556)**	**65,908**	**56,352**

[1] Includes repos and perpetual bonds.

As compared to the same period in 2023, the increase in the average interest rate paid, from 2.59% to 3.05%, resulted in an increase of US$53.0 million on interest expense, while the increase of US$310.3 million in average interest-bearing liabilities, resulted in an increase of US$14.0 million on interest expense.

Provision for Loan Losses

The following table presents the Bank's allowance for loan losses, net of write-offs included in the Bank's results of operations for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Allowance for loan losses at the beginning of period	**394,787**	**432,999**	**467,706**	**(8.8%)**	**(7.4%)**
Provision (reversal) for loan losses, net	(16,489)	(40,138)	(42,396)	(58.9%)	(5.3%)
Write-offs	61,881	47,640	31,523	29.9%	51.1%
Recoveries	48,501	49,565	39,212	(2.1%)	26.4%
Allowance for loan losses at the end of period	**364,918**	**394,787**	**432,999**	**(7.6%)**	**(8.8%)**
Total loans	12,762,272	11,974,961	11,690,196		
Provision (reversal) for loan losses, net / total loans	(0.13%)	(0.34%)	(0.36%)		
Write-offs / total loans	0.48%	0.40%	0.27%		
Net write-offs / total loans	0.10%	(0.02%)	(0.07%)		
Allowance / total loans	2.86%	3.30%	3.70%		

For the year ended December 31, 2024, the provision charged to expenses, net of recoveries recorded a net release of reserves of US$16.5 million, as compared to a net release of US$40.1 million for the same period in 2023. The net release of reserves was the result of the continuous improvement in the quality of our loan portfolio, which resulted in a lower reserve requirement.

For the year ended December 31, 2024, write-offs increased by US$14.2 million, from US$47.6 million in 2023 (0.40% of total loans) to US$61.9 million in 2024 (0.48% of total loans), while recoveries decreased by US$1.1 million from US$49.6 million in 2023 to US$48.5 million in 2024.

The allowance for loan losses decreased by US$29.9 million, from US$394.8 million, or 3.30% of total loans on December 31, 2023, to US$364.9 million, or 2.86% of total loans on December 31, 2024.

Other Income, Net

The following table presents the information as to the Bank's fees, commission and other income, net for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Fees and commission income, net	239,240	194,953	202,388	22.7%	(3.7%)
Insurance premiums, net	49,429	41,624	38,516	18.8%	8.1%
Gain (loss) on financial instruments, net	(10,416)	(46,978)	(94,685)	(77.8%)	(50.4%)
Other income, net	51,752	52,018	28,471	(0.5%)	82.7%
Total of other income, net	**330,005**	**241,616**	**174,690**	**36.6%**	**38.3%**

The 36.6% increase in total other income, net for the year ended on December 31, 2024, primarily reflects the following factors:

Fees and Commission Income, Net

The 22.7% increase in fees and commission income, net of commission expenses and other expenses for the year ended on December 31, 2024, was mainly due to an increase of 15.4% in fees and commission income as a result of higher debit and credit card transaction volume. The total number of credit and debit cards issued by the Bank increased by 13.2%, meanwhile the total number of credit and debit card transactions increased by 17.2% from 306.3 million in 2023 to 358.8 million in the same period of 2024.

Insurance Premiums, Net

Net insurance premiums increased by 18.8% for the year ended on December 31, 2024, as compared to the same period in 2023, mainly due to an increase in insurance premiums of 17.3%.

Gain (loss) on Financial Instruments, Net

Gain (loss) on financial instruments, net for the year ended on December 31, 2024, resulted in a net loss of US$10.4 million, mainly as a result of realized losses from securities with accumulated losses in other comprehensive income, offset by realized and unrealized gains in securities categorized as fair value through profit and loss.

Other Income, Net

Other income, net decreased by US$0.3 million, in the year ended on December 31, 2024, primarily due to an extraordinary income obtained during 2023 from the sale of fixed assets.

General and Administrative Expenses

The following table presents the Bank's principal general and administrative expenses for the years ended December 31, 2024, 2023, and 2022, respectively:

	As of December 31			(%) Change	
	2024	2023	2022	2023/2024	2022/2023
	(in thousands of U.S. dollars, except for percentages)				
Salaries and other employee expenses	202,828	189,660	170,971	6.9%	10.9%
Depreciation and amortization expenses	37,686	37,166	30,651	1.4%	21.3%
Premises and equipment expenses	38,003	34,596	29,965	9.8%	15.5%
Other expenses	83,274	80,514	94,419	3.4%	(14.7%)
Total	**361,791**	**341,937**	**326,005**	**5.8%**	**4.9%**

The 5.8% increase in general and administrative expenses for the year ended on December 31, 2024, primarily reflects the following factors:

Salaries and Other Employee Expenses

For the year ended December 31, 2024, salaries and other employee expenses represented 56.1% of total general and administrative expenses, as compared to 55.5% for the same period in 2023. The 6.9% increase in salaries and other employee expenses was attributable to a moderate increase in salaries and a 2.1% increase in the number of employees.

Depreciation and Amortization Expenses

Total depreciation and amortization expense increased by US$0.5 million, or 1.4%, for the year ended on December 31, 2024, mainly due to the extraordinary amortization of a technological asset, during 2023.

Premises and Equipment Expenses

Premises and equipment expenses increased by US$3.4 million, or 9.8%, for the year ended on December 31, 2024, as compared to the same period in 2023, mainly due to an increase in technological expenses associated with software licenses and subscriptions.

Other Expenses

Other expenses increased by US$2.8 million, or 3.4%, for the year ended on December 31, 2024, mainly due to the increase in professional and legal services.

Taxes

Net income tax amounted to US$117.8 million for the year ended on December 31, 2024 (US$109.3 million in estimated income tax and US$8.5 million in deferred income tax). The US$3.5 million increase in net income tax was primarily driven by a higher taxable income.

Operational Efficiency

The Bank's operational efficiency ratio was 28.93% for the year ended on December 31, 2024, as compared to 31.23% for the same period in 2023, mainly as a result of: (i) a US$156.0 million increase, or 14.3%, in operating income, and (ii) a US$1.9 million, or 5.8%, increase in the Bank's general and administrative expenses.

BANCO GENERAL, S.A. & Subsidiaries
Consolidated Income Statement
For the years ended December 31

	2024	2023	2022	2021	2020
	(in thousands of U.S. dollars)				
Total interest and commission income	1,293,471	1,159,228	981,120	915,487	994,471
Total interest expenses	(387,643)	(320,629)	(264,276)	(279,046)	(331,732)
Net interest and commission income	**905,828**	**838,599**	**716,843**	**636,441**	**662,739**
Total provisions (reversal), net	(13,431)	(42,265)	(34,683)	152,251	283,992
Net interest and commission income after provisions	**919,259**	**880,864**	**751,526**	**484,191**	**378,747**
Other Income (expenses):					
Fees and other commissions	411,828	353,110	313,279	256,690	204,466
Insurance premiums, net	49,429	41,624	38,516	32,688	35,593
Gain (Loss) on financial instruments, net	(10,416)	(46,978)	(94,685)	8,346	19,252
Other income, net	51,752	52,018	28,471	29,230	30,439
Commission expenses and other expenses	(172,589)	(158,157)	(110,891)	(92,081)	(78,686)
Total other income, net	**330,005**	**241,616**	**174,690**	**234,872**	**211,063**
General and administrative expenses	361,791	341,937	326,005	296,869	290,239
Equity participation in associates	14,908	14,509	15,137	10,833	7,329
Net income before income tax	**902,382**	**795,053**	**615,348**	**433,026**	**306,900**
Income tax, estimated	109,309	105,369	71,250	43,654	40,307
Income tax, deferred	8,536	8,968	5,841	(18,815)	(54,567)
Income tax, net	**117,845**	**114,337**	**77,091**	**24,839**	**(14,260)**
Net income	**784,537**	**680,716**	**538,256**	**408,187**	**321,160**

BANCO GENERAL, S.A. & Subsidiaries
Consolidated Balance Sheet
As of December 31

	2024	2023	2022	2021	2020
	(in thousands of U.S. dollars, except for percentages)				
Assets					
Cash and deposits with banks	528,508	809,845	657,810	645,454	800,585
Investments and other financial assets, net	5,347,769	5,124,922	5,249,921	6,175,130	5,624,784
Loans	12,762,272	11,974,961	11,690,196	11,297,779	11,444,423
Minus:					
Allowance for possible loans losses	(364,918)	(394,787)	(432,999)	(467,706)	(383,795)
Unearned comissions	(41,596)	(38,961)	(38,496)	(36,092)	(37,045)
Net loans	12,355,757	11,541,213	11,218,700	10,793,981	11,023,583
Investments in associates	30,071	30,112	29,917	25,021	21,686
Other assets	1,185,392	1,225,515	1,250,384	1,142,412	1,146,145
Total assets	**19,447,499**	**18,731,607**	**18,406,731**	**18,781,998**	**18,616,783**
Liabilities and shareholder's equity					
Total deposits	13,740,865	13,234,652	13,166,642	13,800,612	13,449,536
Borrowings and placements	793,176	860,648	1,000,511	893,646	1,076,469
Perpetual bonds	400,000	400,000	400,000	400,000	217,680
Other liabilities	1,340,800	1,308,960	1,260,962	996,692	1,239,887
Total liabilities	**16,274,840**	**15,804,260**	**15,828,114**	**16,090,949**	**15,983,572**
Shareholder's equity	**3,172,659**	**2,927,347**	**2,578,617**	**2,691,048**	**2,633,211**
Total liabilities and shareholder's equity	**19,447,499**	**18,731,607**	**18,406,731**	**18,781,998**	**18,616,783**
Operational data (in units)					
Number of customers	1,880,615	1,737,887	1,603,641	1,402,139	1,200,346
Number of customers affiliated in digital channels (1)	1,685,722	1,569,219	1,405,814	1,192,418	957,082
% active customers in digital channels (2)	83.7%	81.8%	79.1%	73.9%	63.9%
Number of employees (3)	5,089	4,983	4,674	4,510	4,554
Number of branches (4)	82	80	80	82	83
Number of ATMs (4)	624	637	637	633	638
Assets under management (in US$ million) (5)	16,423	14,447	12,752	12,140	11,300

(1) Only considers BG clients. (2) Active customers in digital channels (as a percentage of total clients) represents clients who transact/visit our online banking or mobile application during the last month. (3) Total number of permanent full-time employees for BG & Subsidiaries at the end of the period. (4) Total number of branches and ATMs in Panama and Costa Rica. (5) Assets under management at BG Valores.

BANCO GENERAL, S.A. & Subsidiaries
Financial Ratios
For the years ended December 31

	2024	2023	2022	2021	2020
Profitability and efficiency:					
Net Interest Margin (1)	5.19%	5.01%	4.23%	3.70%	3.79%
Return on average assets (2)	4.13%	3.71%	2.90%	2.17%	1.68%
Return on average equity (2)	24.82%	24.28%	21.21%	15.25%	12.30%
Efficiency ratio (3)	28.93%	31.23%	35.96%	33.65%	32.94%
Operating expenses / average total assets (2)	1.90%	1.86%	1.76%	1.58%	1.51%
Other income / operating income (4)	28.40%	27.82%	27.93%	25.82%	21.38%
Liquidity:					
Primary Liquidity / total deposits and obligations (5)	27.74%	29.58%	29.75%	35.25%	29.40%
Regulatory Liquidity / qualified deposits	42.16%	41.83%	39.04%	44.84%	40.45%
Net Loans/ client deposits (6)	89.98%	87.26%	85.22%	78.23%	82.00%
Capital:					
Total regulatory primary capital ratio (CET 1) (7)	22.05%	21.27%	19.86%	19.75%	19.12%
Total primary capital ratio (7)	24.89%	24.24%	23.02%	22.75%	20.74%
Total Capital Ratio (7)	24.89%	24.24%	23.02%	22.75%	20.74%
Equity / assets	16.31%	15.63%	14.01%	14.33%	14.14%
Asset quality:					
Non accrual loans / total loans (8)	2.02%	2.16%	2.38%	3.01%	1.46%
Past due loans / total loans (9)	2.40%	2.54%	2.69%	3.37%	1.54%
Allowance for loan losses / total loans	2.86%	3.30%	3.70%	4.14%	3.35%
Allowance for loan losses / non accrual loans (8)	141.84%	152.55%	155.87%	137.75%	230.33%
Allowance for loan losses / past due loans (9)	119.17%	129.74%	137.74%	122.72%	218.01%
Write-offs / total loans	0.48%	0.40%	0.27%	0.23%	0.11%
Net write-offs / total loans	0.10%	(0.02%)	(0.07%)	0.01%	0.54%

(1) Net interest margin refers to net interest and commission income divided by average interest-earning assets. Average interest-earning assets are determined on average monthly balances. (2) Percentages have been calculated using monthly averages. (3) Efficiency is defined as general and administrative expenses divided by the sum of net interest, commission income, other income, net, and equity participation in associates. (4) Other income corresponds to the sum of fees and other commissions, insurance premiums, net, and other income, net; while operating income corresponds to the sum of income from interest and commissions, fees and other commissions, insurance premiums, net and other income, net. (5) Primary liquidity is comprised of: (a) cash and deposits with banks, and (b) high quality (investment grade) fixed income securities, including repos, fixed income mutual funds, treasury bills, negotiable CDs, commercial paper, corporate and sovereign bonds, MBS, CMOs and ABS. (6) Client deposits exclude interbank deposits. (7) Capital ratios as a percentage of risk weighted assets. (8) Non accrual loans: all loans past due 91+ days on interest and/or principal payments, residential mortgages past due 121+ days, and overdrafts past due +31 days. (9) Past due loans: all loans past due 91+ days on interest and/or principal payments and all loans past due 31 days post maturity.