Banco General

Management Discussion

First Quarter 2025

General Information

Banco General, S.A. is a corporation established under the laws of Panama. The Bank operates in Panama under a General License issued by the Superintendence of Banks of Panama (SBP), allowing it to conduct banking business with local and foreign clients. The Bank has a network of representative offices in Colombia, Guatemala, El Salvador, and Peru, and conducts banking business in Costa Rica, through its subsidiary, Banco General (Costa Rica), S.A. All references to “we”, “us”, “our”, the “Bank” or “Banco General” denote 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 interim financial statements, as of March 31, 2025. Certain figures (including percentages) in this document have been rounded.

The Bank prepares its consolidated financial statements in compliance 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

The Bank's gross loan portfolio increased by US$700.3 million, or 5.7%, from US$12,178.6 million on March 31, 2024, to US$12,878.9 million, as of March 31, 2025. During this period, the Bank’s consumer loan portfolio increased by 13.0%, from US$2,025.1 million to US$2,288.2 million; the residential mortgage portfolio decreased by 2.4%, from US$4,800.6 million to US$4,683.2 million; the corporate loan portfolio, comprising both local and regional corporate clients, increased by 11.5%, from US$4,870.2 million to US$5,427.8 million; and other loans (comprising pledge loans, overdrafts, and financial leases) decreased by 0.6% from US$482.7 million to US$479.7 million. The Bank’s local corporate loan portfolio increased by 10.8%, from US$3,376.0 million to US$3,740.7 million, and the Bank’s regional corporate loan portfolio increased by 12.9%, from US$1,494.2 million to US$1,687.1 million. Meanwhile, the Bank’s total investment portfolio, primarily made up of investment-grade liquid fixed-income investments, as well as the local and regional corporate fixed-income portfolio, increased by 3.6%, from US$5,109.5 million, to US$5,292.9 million.

Total Liabilities

The Bank’s total deposits increased by US$760.1 million, or 5.8%, from US$13,132.2 million on March 31, 2024, to US$13,892.3 million, as of March 31, 2025. During this period, time deposits increased by US$768.8 million, or 13.6%, from US$5,640.8 million to US$6,409.6 million, representing 46.1% of total deposits, with an average remaining life of 14 months, and 63.8% of them having original maturities of one year or more. Savings accounts decreased by US$34.1 million, or 0.7%, from US$4,737.0 million to US$4,702.9 million, representing 33.9% of total deposits. Demand deposits increased by US$25.5 million, or 0.9%, from US$2,754.4 million to US$2,779.9 million, representing 20.0% of total deposits.

The Bank's total borrowings and placements decreased by US$136.1 million, or 11.3%, from US$1,201.5 million in March 31, 2025 to US$1,065.4 million in March 31, 2024.

Equity

As of March 31, 2025, the Bank's equity increased by US$279.5 million, or 9.3%, from US$3,014.7 million on March 31, 2024, to US$3,294.2 million, mainly driven by: (i) an increase in retained earnings of US$194.8 million, and (ii) an increase in capital reserves of US$77.5 million (primarily due to an increase in the valuation of the investment portfolio); and the Bank’s equity to total assets ratio increased to 16.67%, as compared to 16.17% as of March 31, 2024.

Liquidity and Funding Sources

The Bank's Assets and Liabilities Committee (ALCO) is responsible for establishing policies relating to the management of the Bank's assets and liabilities. These policies aim 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 ensures that sufficient liquidity is available to honor deposit withdrawals, meet payments upon the maturity of other liabilities, extend loans or other forms of credit, and address the Bank's working capital needs.

The 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, it historically maintains 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 financing (representing 6.47% of total liabilities as of March 31, 2025); and (iv) low levels of short-term institutional liabilities, which together provide a stable asset and liability structure.

As of March 31, 2025, primary liquidity amounted to 28.16%, comprising cash, bank deposits and liquid investment-grade fixed-income investments, as a percentage of total deposits and borrowings (excluding perpetual bonds). The Bank's total primary liquidity has an average credit rating of AA, with 56.4% of investments rated AAA and 80.1% rated A- or higher. These liquid assets represented 40.89% of total deposits and 20.75% of total assets.

In addition to our internal liquidity limits, the Bank must comply with liquidity ratios 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 term of less than 186 days to be considered liquid assets. The loan installments and maturities can only represent up to 30% of the total liquid assets used in this ratio. As of March 31, 2025, the Bank maintained a regulatory liquidity of 42.79%.

A. Loan Portfolio

The Bank's loan portfolio is well-diversified among client segments and a wide variety of products. As of March 31, 2025, total gross loans amounted to US$12,878.9 million, comprising: (i) 54.2% retail loans (36.4% residential loans and 17.8% consumer loans), (ii) 42.1% corporate loans (29.0% local corporate loans and 13.1% foreign corporate loans), and (iii) 3.7% other loans (which include pledge loans, overdrafts, and financial leases).

To minimize the risk of credit losses, the Bank emphasizes 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 March 31, 2025, 67.1% of all loans were secured, with (i) 56.9% secured by real estate, and (ii) 10.2% secured by deposits and other pledged assets. The Bank's robust underwriting policies and the security interests held as collateral have contributed to historically low gross and net write-off levels, which have averaged 0.49% and 0.10% of total loans, respectively, over the past two years ended March 31, 2025.

As of March 31, 2025, 85.4% of the Bank's loan portfolio consisted of local borrowers (individuals and corporations) based in Panama, while 14.6% consisted of regional clients based primarily in Costa Rica, El Salvador, Guatemala, Mexico, Colombia, and Peru, including clients of our universal banking subsidiary in Costa Rica, Banco General (Costa Rica), S.A., which operates 8 branches. Furthermore, 99.9% of the Bank's loans were denominated in US dollars, the legal tender in Panama.

The following table summarizes the composition of the loan portfolio by type of loan as of March 31, 2025, and 2024, and December 31, 2024, 2023, and 2022, respectively:

	As of March 31			As of December 31		
	2025	**2024**	**(%) Change**	**2024**	**2023**	**2022**
	(in thousands of U.S. dollars, except for percentages)					
Local loans						
Commercial	522,755	285,600	83.0%	516,577	327,705	371,731
Interim construction loans	291,846	261,296	11.7%	293,808	265,160	286,742
Lines of credit	1,138,901	1,020,711	11.6%	1,163,943	1,019,344	935,698
Residential mortgage loans	4,549,883	4,654,626	(2.3%)	4,574,596	4,659,178	4,634,457
Commercial mortgage loans	1,787,153	1,808,407	(1.2%)	1,773,622	1,785,136	1,878,588
Personal loans, auto loans and credit cards	2,276,142	2,016,375	12.9%	2,203,922	1,963,721	1,801,740
Pledge loans and overdrafts	321,265	337,174	(4.7%)	328,492	329,659	315,459
Leasing	112,019	97,151	15.3%	110,162	91,931	73,634
Total local loans	**10,999,964**	**10,481,340**	**4.9%**	**10,965,122**	**10,441,835**	**10,298,049**
Foreign loans						
Commercial	938,373	840,569	11.6%	881,397	788,221	682,780
Lines of credit	613,144	516,560	18.7%	580,764	399,792	314,033
Residential mortgage loans	133,273	145,997	(8.7%)	135,832	148,074	163,069
Commercial mortgage loans	135,633	137,023	(1.0%)	140,403	139,405	164,735
Personal loans, auto loans and credit cards	12,076	8,758	37.9%	11,937	8,088	7,805
Pledge loans and overdrafts	46,399	48,361	(4.1%)	46,817	49,546	59,725
Total foreign loans	**1,878,898**	**1,697,268**	**10.7%**	**1,797,149**	**1,533,126**	**1,392,146**
Total loans	**12,878,862**	**12,178,609**	**5.7%**	**12,762,272**	**11,974,961**	**11,690,196**
Less:						
Allowance for loan losses	362,107	395,090	(8.3%)	364,918	394,787	432,999
Unearned commissions	42,958	39,388	9.1%	41,596	38,961	38,496
Total loans, net	**12,473,797**	**11,744,131**	**6.2%**	**12,355,757**	**11,541,213**	**11,218,700**

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 exceeding past due limits established by the SBP (91 days or more past due for all types of loans, except for mortgage loans and overdrafts, which have limits of 121 and 31 days or more, respectively); or (ii) a deterioration in the debtor's financial condition that places the loan's collection at risk, such as reduced payment capacity, weakened collateral, or other adverse factors known to the Bank (e.g. fraud, death of the debtor, insolvency, or bankruptcy).

The following table presents non accrual loans according to loan type as of March 31, 2025, and 2024, and December 31, 2024, 2023, and 2022, respectively:

	As of March 31			As of December 31		
	2025	**2024**	**(%) Change**	**2024**	**2023**	**2022**
	(in thousands of U.S. dollars, except for percentages)					
Non accrual loans						
Commercial	1,084	736	47.2%	3,469	873	1,347
Interim construction loans	7,487	-	100.0%	7,586	-	1,002
Lines of credit	5,396	7,186	(24.9%)	5,662	5,729	6,096
Residential mortgage loans	159,858	179,704	(11.0%)	166,745	186,546	200,761
Commercial mortgage loans	43,928	40,387	8.8%	40,937	39,457	36,781
Personal loans, auto loans and credit cards	37,294	30,129	23.8%	32,722	25,952	30,441
Pledge loans and overdrafts	165	222	(25.9%)	153	157	826
Leasing	22	164	(86.8%)	1	81	535
Total non accrual loans	**255,232**	**258,529**	**(1.3%)**	**257,274**	**258,795**	**277,789**
Total loans	12,878,862	12,178,609		12,762,272	11,974,961	11,690,196
Allowance for loan losses	362,107	395,090		364,918	394,787	432,999
Non accrual loans / total loans	1.98%	2.12%		2.02%	2.16%	2.38%
Allowance for loans losses / non accrual loans	141.87%	152.82%		141.84%	152.55%	155.87%

As of March 31, 2025, non accrual loans decreased to US$255.2 million, compared to US$258.5 million on March 31, 2024. The decrease was mainly attributable to a US$19.8 million decrease in the residential mortgage non accrual balance from US$179.7 million to US$159.9 million, offset by: (i) a US$9.3 million increase in the corporate and other loans non accrual balance from US$48.7 million to US$58.0 million, and (ii) a US$7.2 million increase in the consumer non accrual balance from US$30.1 million to US$37.3 million.

Non accrual loans, represented 1.98% of total loans as of March 31, 2025, compared to 2.12% as of March 31, 2024. The Bank's coverage of allowance for loan losses was 141.87% of non accrual loans, as compared to 152.82% as of March 31, 2024.

Past Due Loans

The Bank classifies the loans as past due if: (i) interest and principal payments are 91 days or more past due during the life of the loan, and (ii) all amounts due are unpaid 31 days after the final maturity date of the loan.

The following table presents past due loans, according to loan type as of March 31, 2025, and 2024, and December 31, 2024, 2023, and 2022, respectively:

	As of March 31			As of December 31		
	2025	**2024**	**(%) Change**	**2024**	**2023**	**2022**
	(in thousands of U.S. dollars, except for percentages)					
Past due loans						
Commercial	1,084	886	22.3%	3,469	1,043	1,347
Interim construction loans	7,560	-	100.0%	7,586	-	1,002
Lines of credit	5,405	7,342	(26.4%)	6,426	5,729	6,244
Residential mortgage loans	205,662	230,215	(10.7%)	214,598	233,429	237,114
Commercial mortgage loans	43,908	40,496	8.4%	41,475	37,996	36,856
Personal loans, auto loans and credit cards	36,674	29,961	22.4%	32,523	25,787	30,341
Pledge loans and overdrafts	132	222	(40.7%)	148	157	922
Leasing	148	190	(21.8%)	-	143	543
Total past due loans	**300,574**	**309,312**	**(2.8%)**	**306,224**	**304,284**	**314,370**
Total loans	12,878,862	12,178,609		12,762,272	11,974,961	11,690,196
Allowance for loan losses	362,107	395,090		364,918	394,787	432,999
Past due loans / total loans	2.33%	2.54%		2.40%	2.54%	2.69%
Allowance for loan losses / past due loans	120.47%	127.73%		119.17%	129.74%	137.74%

As of March 31, 2025, past due loans decreased to US$300.6 million, compared to US$309.3 million as of March 31, 2024. The decrease was mainly attributable to a US$24.5 million decrease in the past due balance of residential mortgage loans from US$230.2 million to US$205.7 million, offset by: (i) a US$9.1 million increase in the corporate and other loans past due balance from US$49.1 million to US$58.2 million, and (ii) a US$6.7 million increase in the consumer past due balance from US$30.0 million to US$36.7 million.

Past due loans represented 2.33% of total loans as of March 31, 2025, compared to 2.54% as of March 31, 2024. The Bank's coverage of allowance for loan losses was 120.47% of past due loans, compared to 127.73% as of March 31, 2024.

Allowance for Loan Losses

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

The allowance for loan losses at amortized cost is determined based on expected credit losses (ECL), using 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 classifies financial assets into three stages of impairment, applicable from the date of origination or acquisition:

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 a 12-months period as of the reporting date, if 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 remaining lifetime probability of default (LTPD) of the asset. 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 over 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 March 31, 2025, and December 31, 2024:

	March 31, 2025			December 31, 2024			(%) Change	
	Loans	Allowance	%	Loans	Allowance	%	Loans	Allowance
	(in thousands of U.S. dollars, except for percentages)							
Stage 1	11,036,109	83,807	0.76%	10,924,287	88,759	0.81%	1.0%	(5.6%)
Stage 2	1,577,567	220,913	14.00%	1,573,821	220,845	14.03%	0.2%	0.0%
Stage 3	265,186	57,387	21.64%	264,164	55,314	20.94%	0.4%	3.7%
Total	**12,878,862**	**362,107**	**2.81%**	**12,762,272**	**364,918**	**2.86%**	**0.9%**	**(0.8%)**

As of March 31, 2025, the allowance for loan losses decreased to US$362.1 million, or 2.81% of the total loan portfolio, from US$364.9 million, or 2.86% of the total loan portfolio, as of March 31, 2024. Additionally, during this period:

Stage 1 loan balance increased US$111.8 million to US$11,036.1 million, and the allowance decreased from US$88.8 million (0.81% of stage 1 loans) to US$83.8 million (0.76% of stage 1 loans). Stage 2 loan balance increased from US$1,573.8 million to US$1,577.6 million, and the allowance increased from US$220.8 million (14.03% of stage 2 loans) to US$220.9 million (14.00% of stage 2 loans). Stage 3 loan balance increased from US$264.2 million to US$265.2 million and the allowance increased from US$55.3 million (20.94% of stage 3 loans) to US$57.4 million (21.64% of stage 3 loans).

As of March 31, 2025, the Bank's restructured loans decreased to US$722.4 million from US$742.6 million as of December 31, 2024. Additionally, of the total restructured loans, US$417.2 million or 57.8%, are current with their contractual payments. Furthermore, US$596.2 million or 82.5%, of restructured loans were secured by real estate.

The following table presents the breakdown of the allowance for loans losses as of March 31, 2025, and 2024, and December 31, 2024, 2023, and 2022:

	As of March 31			As of December 31		
	2025	2024	(%) Change	2024	2023	2022
	(in thousands of U.S. dollars, except for percentages)					
Allowance at the beginning of period	**364,918**	**394,787**	**(7.6%)**	**394,787**	**432,999**	**467,706**
Provision (reversal) for loan losses, net	7,823	943	729.7%	(16,489)	(40,138)	(42,396)
Write-offs:						
Commercial	-	217	(100.0%)	303	563	318
Interim construction loans	-	-	0.0%	-	1,028	129
Lines of credit	240	10	2381.5%	13	44	583
Residential mortgage loans	725	1,400	(48.2%)	4,928	4,600	2,260
Commercial mortgage loans	279	95	194.4%	280	288	1,366
Personal, auto loans and credit cards	18,391	10,380	77.2%	56,142	40,925	26,495
Pledge loans and overdrafts	38	38	1.7%	202	140	350
Leasing	-	-	0.0%	14	52	22
Total write-offs	**19,674**	**12,139**	**62.1%**	**61,881**	**47,640**	**31,523**
Recoveries	9,040	11,499	(21.4%)	48,501	49,565	39,212
Allowance at the end of period	**362,107**	**395,090**	**(8.3%)**	**364,918**	**394,787**	**432,999**
Total loans	12,878,862	12,178,609		12,762,272	11,974,961	11,690,196
Allowance for loan losses / total loans	2.81%	3.24%		2.86%	3.30%	3.70%
Write-offs / total loans (1)	0.61%	0.40%		0.48%	0.40%	0.27%
Net write-offs / total loans (1)	0.33%	0.02%		0.10%	(0.02%)	(0.07%)

(1) Percentages are annualized.

For the three months ended on March 31, 2025, total write-offs amounted to US$19.7 million (0.61% of total loans, annualized), as compared to US$12.1 million (0.40% of total loans, annualized) for the same period in the previous year, while net write-offs amounted to US$10.6 million (0.33% of total loans, annualized).

B. Capital Resources

A cornerstone of the Bank’s financial strategy is its 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, the Bank’s rating is higher on a stand-alone basis, but currently constrained by Panama´s sovereign rating.

Panamanian regulatory capital requirements to risk-weighted assets (RWA) are comprised of: (i) regulatory primary capital (CET 1) of 4.50%, (ii) total primary capital of 6.00%, and (iii) total capital of 8.00%. Furthermore, agreement 5-2023, issued by the SBP on October 10, 2023, mandates that in addition to the abovementioned capital requirements, 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 March 31, 2025, the Bank had total capital of US$3,631.8 million, 3.0 times the SBP required regulatory capital. The ratio of total capital to RWA was 25.47%, comprised solely of primary capital, which increased by US$283.1 million, or 8.5%, compared to March 31, 2024, and total risk-weighted assets of US$14,257.9 million. Total risk-weighted assets include: US$12,749.4 million of credit RWA, US$706.7 million of market RWA, and US$801.7 million of operational RWA.

Agreement 4-2013 issued by the SBP requires that all banks maintain a countercyclical dynamic reserve of at least 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 March 31, 2025, the Bank´s dynamic reserve balance was US$157.7 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 March 31, 2025, all 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 March 31, 2025, and 2024, and December 31, 2024, 2023, and 2022:

	As of March 31		As of December 31		
	2025	**2024**	**2024**	**2023**	**2022**
	(in thousands of U.S. dollars, except for percentages)				
Regulatory primary capital					
Common shares	500,000	500,000	500,000	500,000	500,000
Legal reserve	206,899	197,646	205,261	193,643	190,917
Other items comprehensive income	(86,977)	(164,441)	(120,335)	(163,678)	(279,368)
Retained earnings	2,655,794	2,461,030	2,568,313	2,376,751	2,150,471
Less: Regulatory adjustments	43,867	45,453	44,263	46,021	48,638
Total regulatory primary capital - CET 1	**3,231,849**	**2,948,782**	**3,108,975**	**2,860,694**	**2,513,381**
Additional primary capital (Tier 1)					
Subordinated perpetual bonds	400,000	400,000	400,000	400,000	400,000
Total additional primary capital	**400,000**	**400,000**	**400,000**	**400,000**	**400,000**
Total primary capital	**3,631,849**	**3,348,782**	**3,508,975**	**3,260,694**	**2,913,381**
Total capital	**3,631,849**	**3,348,782**	**3,508,975**	**3,260,694**	**2,913,381**
Credit risk-weighted assets	12,749,423	12,214,727	12,673,282	12,045,910	11,258,810
Market risk-weighted assets	706,740	759,100	608,972	641,963	657,676
Operational risk-weighted assets	801,738	739,960	815,598	763,010	739,859
Risk-weighted assets	**14,257,900**	**13,713,786**	**14,097,851**	**13,450,883**	**12,656,345**
Capital ratios					
Total regulatory primary capital ratio	**22.67%**	**21.50%**	**22.05%**	**21.27%**	**19.86%**
Total primary capital ratio	**25.47%**	**24.42%**	**24.89%**	**24.24%**	**23.02%**
Total capital ratio	**25.47%**	**24.42%**	**24.89%**	**24.24%**	**23.02%**

The Bank's capital 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 three months ended on March 31, 2025, and 2024.

The following table presents the Bank's principal consolidated results of operations for the three months ended on March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Net interest and commission income	**228,733**	**217,250**	**5.3%**
Total provisions, net	**8,280**	**959**	**763.2%**
Other Income (expenses):			
Fees and other commissions	109,040	96,340	13.2%
Insurances premiums, net	12,636	11,503	9.9%
Gain (Loss) on financial instruments, net	(566)	3,344	n/a
Other Income, net	14,757	10,120	45.8%
Commission expenses and other expenses	(44,931)	(42,350)	6.1%
Total other income, net	**90,936**	**78,956**	**15.2%**
General and administrative expenses	92,400	84,843	8.9%
Equity participation in associates	3,519	4,339	(18.9%)
Net income before income tax	**222,508**	**214,743**	**3.6%**
Income tax, net	26,918	25,403	6.0%
Net Income	**195,590**	**189,340**	**3.3%**

For the three months ended March 31, 2025, the Bank's net income amounted to US$195.6 million, representing an increase of US$6.3 million, or 3.3%, compared to US$189.3 million for the same period last year. The annualized return on average equity (ROAE) and return on average assets (ROAA), were 23.95% and 3.98%, respectively, compared to 25.31% and 4.06% for the same period last year. 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 rate and margin information for the three months ended on March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Total interest and commission income	332,361	309,322	7.4%
Total interest expenses	103,627	92,072	12.6%
Net interest and commission income	**228,733**	**217,250**	**5.3%**
Average interest-earning assets	18,128,687	17,087,786	6.1%
Average interest-bearing liabilities	13,292,023	12,545,566	5.9%
Net interest margin (1)(4)	5.05%	5.09%	
Average interest rate earned (2)(4)	7.33%	7.24%	
Average interest rate paid (3)(4)	3.12%	2.94%	

(1) Net interest and commission income (before provisions for possible loan losses) as a percentage of average total interest earning assets for the indicated period. (2) Total interest and commission income divided by average interest earning assets. (3) Total interest expenses divided by average interest bearing liabilities. (4) Percentages are annualized.

Net interest and commission income increased by 5.3% for the three months ended on March 31, 2025, compared to 2024. This growth was driven by a 6.1% increase in average interest-earning assets and a 9 basis point increase in the average interest rate earned on these assets, partially offset by a 5.9% increase in average interest-bearing liabilities and a 18 basis point increase in the average interest rate paid. As a result, the net interest margin decreased by 4 basis points, from 5.09% in 2024 to 5.05% in 2025.

Total Interest and Commission Income

The following table presents information as to the Bank's total interest and commission income for the three months ended on March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Total interest and commission income	**332,361**	**309,322**	**7.4%**
Average interest-earning assets:			
Deposits with banks	329,889	291,624	13.1%
Investments and other financial assets, net	5,318,482	5,112,061	4.0%
Loans, net	12,480,316	11,684,101	6.8%
Total	**18,128,687**	**17,087,786**	**6.1%**
Average interest rate earned: [1]			
Deposits with banks	3.96%	5.19%	
Investments and other financial assets, net	5.11%	5.15%	
Loans, net	8.37%	8.21%	
Total	**7.33%**	**7.24%**	

(1) Percentages are annualized.

For the three months ended on March 31, 2025, our diversified loan portfolio represented 68.8% of the Bank's total average interest earning assets and generated 78.6% of the total interest and commissions income.

Total interest and commission income increased by US$23.0 million, or 7.4%, for the three months ended on March 31, 2025, and was the result of a 9 basis points increase in the average interest rate earned, and a US$1,040.9 million, or 6.1%, increase in average interest-earning assets.

The 9 basis points increase in the average interest rate earned on interest-earning assets was primarily due to an increase of 16 basis points on the average interest rate earned on net loans, offset by: (i) a 4 basis points decrease on the average interest rate earned on investments and other financial assets, and (ii) a 123 basis points decrease on the average interest rate earned on deposits with banks.

The increase in the average interest-earning assets was due to: (i) a US$796.2 million increase, or 6.8%, in net loans, (ii) an increase of US$206.4 million, or 4.0%, in investments and other financial assets, and (iii) an increase of US$38.3 million, or 13.1%, in deposits with banks.

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 earned during the three months ended on March 31, 2025:

	First Quarter 2025/2024 Increase (Decrease)		
	By volume	By rate	Net change
	(in thousands of U.S. dollars)		
Deposits with banks	496	(1,016)	(519)
Investments and other financial assets, net	2,659	(616)	2,043
Loans, net	16,334	5,182	21,515
Net Change	**19,489**	**3,551**	**23,039**

The increase of US$1,040.9 million in average interest-earning assets for the three months ended March 31, 2025, resulted in an increase of US$19.5 million in interest and commission income for the period, while the increase in the average rate earned on interest-earning assets, from 7.24% to 7.33%, resulted in an increase of US$3.6 million in interest and commission income as compared to the same period in 2024.

Total Interest Expenses

The following table presents information as to the Bank's total interest expenses for the three months ended on March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Total interest expenses	**103,627**	**92,072**	**12.6%**
Average interest-bearing liabilties:			
Savings and other deposits	5,762,776	5,771,177	(0.1%)
Time deposits	6,314,081	5,555,831	13.6%
Borrowings and placements [1]	1,215,165	1,218,558	(0.3%)
Total	**13,292,023**	**12,545,566**	**5.9%**
Average interest rate paid: [2]			
Savings and other deposits	1.13%	1.14%	
Time deposits	4.65%	4.37%	
Borrowings and placements	4.60%	4.87%	
Total	**3.12%**	**2.94%**	

[1] Includes Repos and Perpetual Bonds. [2] Percentages are annualized.

The Bank's total interest expenses is mainly attributable to interest paid on deposits, which represented 86.5% of total interest expense for the three months ended on March 31, 2025, compared to 83.9% for the same period last year.

Total interest expense increased by US$11.6 million, or 12.6%, for the three months ended on March 31, 2025, and was result of an 18 basis points increase in the average interest rate paid on interest-bearing liabilities, and a 5.9% increase in average interest-bearing liabilities.

The increase in the average interest rate paid was mainly attributable to an increase of 28 basis points on the average interest rate paid on time deposits, offset by a decrease of 27 basis points in the average interest rate paid on borrowings and placements.

The increase in the average interest-bearing liabilities was mainly due to an increase of 13.6% or US$758.3 million, in time deposits.

The following table sets forth 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 three months ended on March 31, 2025:

	First Quarter 2025/2024 Increase (Decrease)		
	By volume	By rate	Net change
	(in thousands of U.S. dollars)		
Savings and other deposits	(24)	(158)	(182)
Time deposits	8,293	4,295	12,588
Borrowings and placements	(41)	(809)	(850)
Net change	**8,227**	**3,328**	**11,555**

The increase of US$746.5 million in interest-bearing liabilities for the three months ended March 31, 2025, resulted in an increase of US$8.2 million in interest expense for the period, while the increase in the average rate paid on interest-bearing liabilities of 18 basis points, from 2.94% to 3.12%, resulted in an increase of US$3.3 million in interest expense, as compared to the same period in 2024.

Provision for Loan Losses

The following table presents the Bank's allowance for loan losses, net of write-offs and recoveries included in the Bank's results of operations for the three months ended March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Allowance for loan losses at the beginning of period	**364,918**	**394,787**	**(7.6%)**
Provision for loan losses, net	7,823	943	729.7%
Write-offs	19,674	12,139	62.1%
Recoveries	9,040	11,499	(21.4%)
Allowance for loan losses at the end of period	**362,107**	**395,090**	**(8.3%)**
Total loans	12,878,862	12,178,609	
Provision for loan losses, net / total loans (1)	0.24%	0.03%	
Write-offs / total loans (1)	0.61%	0.40%	
Net write-offs / total loans (1)	0.33%	0.02%	
Allowance / total loans	2.81%	3.24%	

(1) Percentages are annualized.

For the three months ended March 31, 2025, the provision charged to expenses, net of recoveries was US$7.8 million, as compared to US$0.9 million in the same period in 2024.

Write-offs increased by US$7.5 million from US$12.1 million on March 31, 2024 (0.40% of total loans, annualized), to US$19.7 million on March 31, 2025 (0.61% of total loans, annualized), while recoveries decreased by US$2.5 million, from US$11.5 million on March 31, 2024, to US$9.0 million on March 31, 2025.

Consequently, the allowance for loan losses decreased US$33.0 million, or 8.3%, from US$395.1 million (3.24% of total loans), to US$362.1 million (2.81% of total loans).

Other Income, Net

The following table presents the information as to the Bank's fees, commission and other income, net for the three months ended on March 31, 2025, and 2024:

	For the Three Months Ended March 31		
	2025	2024	(%) Change
	(in thousands of U.S. dollars, except for percentages)		
Fees and commission income, net	64,109	53,989	18.7%
Insurance premiums, net	12,636	11,503	9.9%
Gain (Loss) on financial instruments, net	(566)	3,344	n/a
Other income, net	14,757	10,120	45.8%
Total of other income, net	**90,936**	**78,956**	**15.2%**

The 15.2% increase in total other income, net for the three months ended on March 31, 2025, primarily reflects the following factors:

Fees and Commission Income, Net

The 18.7% increase in fees and commission income, net of commission expenses and other expenses for the three months ended on March 31, 2025, resulted primarily from a 11.9% increase in commissions and fees related to credit and debit card operations, as a result of higher transaction volumes. The total number of credit and debit cards issued by the Bank increased by 11.1% from a year ago, while transactions for the three months ended on March 31, 2025 increased by 10.6% to 92.0 million.

Insurance Premiums, Net

Net insurance premiums increased by 9.9% for the three months ended on March 31, 2025, as compared to the same period in 2024, mainly due to an increase in insurance premiums of 12.8%.

Gain (Loss) on Financial Instruments, Net

Gain (loss) on financial instruments, net for the three months ended on March 31, 2025, resulted in a net loss of US$0.6 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

For the three months ended March 31, 2025, other income, net increased by US$4.6 million or 45.8%, compared to the same period in 2024, primarily due to: (i) an increase on the Bank´s pension fund returns, (ii) FX gains mainly as a product of international wire transfers, and (iii) an increase in certain mobile and online banking revenues.

General and Administrative Expenses

The following table presents the Bank’s principal general and administrative expenses for the three months ended on March 31, 2025, and 2024 respectively:

	For the Three Months Ended March 31		
	2025	**2024**	**(%) Change**
	(in thousands of U.S. dollars)		
Salaries and other employee expenses	51,995	48,800	6.5%
Depreciation and amortization expenses	10,063	8,541	17.8%
Premises and equipment expenses	9,896	8,888	11.3%
Other expenses	20,446	18,614	9.8%
Total	**92,400**	**84,843**	**8.9%**

The 8.9% increase in general and administrative expenses for the three months ended on March 31, 2025, primarily reflects the following factors:

Salaries and Other Employee Expenses

For the three months ended March 31, 2025, salaries and other employee expenses represented 56.3% of total general and administrative expenses, as compared to 57.5% for the same period in 2024. The 6.5% increase in salaries and other employee expenses was attributable to a combination of a moderate increase in salaries and a 3.6% increase in the number of employees.

Depreciation and Amortization Expenses

Total depreciation and amortization expense increased by US$1.5 million, or 17.8%, for the three months ended on March 31, 2025, as compared to the same period in 2024, mainly due to an increase in investments in hardware and software as the Bank continues to develop its technological capabilities.

Premises and Equipment Expenses

Premises and equipment expenses increased by US$1.0 million, or 11.3%, for the three months ended on March 31, 2025, as compared to the same period in 2024, mainly due to an increase in technological expenses associated with software licenses and subscriptions.

Other Expenses

Other expenses increased by US$1.8 million, or 9.8%, for the three months ended on March 31, 2025, as compared to the same period in 2024, mainly due to professional services.

Taxes

Net income tax amounted to US$26.9 million for the three months ended on March 31, 2025 (US$25.9 million in estimated income tax and US$1.0 million in deferred income tax). The US$1.5 million increase in net income tax, was primarily driven by a higher taxable income in comparison to the same period in 2024.

Operational Efficiency

The Bank's operational efficiency ratio was 28.59% for the three months ended March 31, 2025, as compared to 28.23% for the same period in 2024, mainly as a result of: (i) an increase of 7.5% or US$90.6 million, in operating income, and (ii) an increase of 9.0% or US$7.6 million, in the Bank’s general and administrative expenses.

BANCO GENERAL, S.A. & Subsidiaries
Consolidated Income Statement
For the three months ended

	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
	(in thousands of U.S. dollars)				
Total interest and commission income	332,361	334,536	327,044	322,570	309,322
Total interest expenses	103,627	102,826	98,600	94,144	92,072
Net interest and commission income	**228,733**	**231,709**	**228,444**	**228,425**	**217,250**
Total provisions (reversal) , net	8,280	(391)	(12,692)	(1,308)	959
Net interest and commission income after provisions	**220,453**	**232,100**	**241,136**	**229,733**	**216,290**
Other Income (expenses):					
Fees and other commissions	109,040	111,899	101,597	101,993	96,340
Insurance premiums, net	12,636	13,310	12,429	12,187	11,503
Gain (Loss) on financial instruments, net	(566)	(3,019)	(3,504)	(7,237)	3,344
Other income, net	14,757	14,440	13,550	13,642	10,120
Commission expenses and other expenses	(44,931)	(47,214)	(41,629)	(41,396)	(42,350)
Total other income, net	**90,936**	**89,417**	**82,443**	**79,189**	**78,956**
General and administrative expenses	92,400	99,259	90,133	87,555	84,843
Equity participation in associates	3,519	3,080	3,673	3,816	4,339
Net income before income tax	**222,508**	**225,338**	**237,118**	**225,184**	**214,743**
Income tax, estimated	25,879	24,598	29,813	29,260	25,638
Income tax, deferred	1,039	2,774	5,285	712	(234)
Income tax, net	**26,918**	**27,372**	**35,098**	**29,971**	**25,403**
Net income	**195,590**	**197,966**	**202,019**	**195,212**	**189,340**

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

	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
	(in thousands of U.S. dollars)				
Assets					
Cash and deposits with banks	659,542	528,508	661,575	737,848	554,861
Investments and other financial assets, net	5,292,926	5,347,769	5,318,451	4,929,526	5,109,527
Loans	12,878,862	12,762,272	12,535,405	12,417,110	12,178,609
Allowance for possible loans losses	(362,107)	(364,918)	(372,502)	(393,110)	(395,090)
Unearned comissions	(42,958)	(41,596)	(40,780)	(39,982)	(39,388)
Investments in associates	33,529	30,071	34,963	32,645	30,503
Other assets	1,299,195	1,185,392	1,324,188	1,152,488	1,199,475
Total assets	**19,758,989**	**19,447,499**	**19,461,299**	**18,836,526**	**18,638,497**
Liabilities and shareholder's equity					
Total deposits	13,892,338	13,740,865	13,371,460	13,193,767	13,132,175
Borrowings and placements	665,432	793,176	731,105	740,287	801,468
Perpetual bonds	400,000	400,000	400,000	400,000	400,000
Other liabilities	1,507,012	1,340,800	1,636,566	1,380,543	1,290,199
Total liabilities	**16,464,781**	**16,274,840**	**16,139,131**	**15,714,597**	**15,623,842**
Shareholder's equity	**3,294,207**	**3,172,659**	**3,322,168**	**3,121,929**	**3,014,655**
Total liabilities and shareholder's equity	**19,758,989**	**19,447,499**	**19,461,299**	**18,836,526**	**18,638,497**
Operational data (in units)					
Number of customers [(1)]	1,902,674	1,870,164	1,841,600	1,810,151	1,768,764
% active customers in digital channels [(1)] [(2)]	83.6%	83.4%	83.0%	82.7%	82.5%
Number of employees [(3)]	5,170	5,089	5,065	4,994	4,991
Number of branches [(4)]	82	82	80	80	80
Number of ATMs [(4)]	620	624	620	625	636
Assets under management (in US$ million) [(5)]	17,057	16,423	15,566	15,024	14,837

[(1)] Only considers BG clients. [(2)] Active customers in digital channels (as a percentage of total customers) 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
As of and for the three months ended

	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
Profitability and efficiency:					
Net Interest Margin (1) (2)	5.05%	5.17%	5.21%	5.31%	5.09%
Return on average assets (1) (3)	3.98%	4.05%	4.23%	4.17%	4.06%
Return on average equity (1) (3)	23.95%	23.86%	24.86%	25.38%	25.31%
Efficiency ratio (4)	28.59%	30.62%	28.65%	28.11%	28.23%
Operating expenses / average total assets (1) (3)	1.88%	2.03%	1.89%	1.87%	1.82%
Other income / operating income (5)	29.10%	29.45%	28.06%	28.38%	27.61%
Liquidity:					
Primary Liquidity / total deposits and obligations (6)	28.16%	27.74%	28.95%	27.87%	27.94%
Regulatory Liquidity / qualified deposits	42.79%	42.16%	41.84%	40.59%	40.84%
Net Loans/ client deposits (7)	90.22%	89.98%	90.77%	90.88%	89.48%
Capital:					
Total regulatory primary capital ratio (CET 1) (8)	22.67%	22.05%	23.09%	21.99%	21.50%
Total primary capital ratio (8)	25.47%	24.89%	25.93%	24.87%	24.42%
Total Capital Ratio (8)	25.47%	24.89%	25.93%	24.87%	24.42%
Equity / assets	16.67%	16.31%	17.07%	16.57%	16.17%
Asset quality:					
Non accrual loans / total loans (9)	1.98%	2.02%	2.02%	2.08%	2.12%
Past due loans / total loans (10)	2.33%	2.40%	2.41%	2.45%	2.54%
Allowance for loan losses / total loans	2.81%	2.86%	2.97%	3.17%	3.24%
Allowance for loan losses / non accrual loans (9)	141.87%	141.84%	147.08%	152.50%	152.82%
Allowance for loan losses / past due loans (10)	120.47%	119.17%	123.11%	129.27%	127.73%
Write-offs / total loans (1)	0.61%	0.49%	0.64%	0.46%	0.40%
Net write-offs / total loans (1)	0.33%	0.16%	0.21%	0.04%	0.02%

(1) Percentages are annualized. (2) 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. (3) Percentages have been calculated using monthly averages. (4) 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. (5) 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. (6) 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. (7) Client deposits exclude interbank deposits. (8) Capital ratios as a percentage of risk weighted assets. (9) 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. (10) Past due loans: all loans past due 91+ days on interest and/or principal payments and all loans past due 31 days post maturity.