



**ANNUAL REPORT AND  
SUSTAINABILITY REPORT 2023  
MULTI FINANCIAL GROUP**



Photo: courtesy of the Panamá Canal.

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# MESSAGE FROM OUR COUNTRY MANAGER

As a signatory of the United Nations Global Compact since 2003, we have been committed to sustainable development, increasing our activity in environmental, social, and corporate governance initiatives.

In 2023, our Board of Directors approved the actions for the new sustainability strategy for 2023-2025, resulting from a comprehensive consultation with our stakeholders. This strategy establishes goals and performance indicators in the ESG dimensions and highlights three main lines of action: Environment, Social Development, and Ethics and Organizational Culture. As an integral part of this development, we formed the Sustainability Forum as a guiding body to ensure our ongoing commitment and integrated Sustainability Management for the management and execution of CSR-related issues and ESG criteria. We also approved the Corporate Sustainability Policy and the Human Rights Commitment Manifesto as guidelines for our actions.

On the environmental front, we are proud to share that we developed the Climate Risk Management Manual, which allowed us to conduct the first portfolio analysis concerning physical risk based on data provided by the Ministry of the Environment. Our recycling program has shown significant progress, diverting 71% more recyclable materials from landfills than in 2022. We also reduced our electricity consumption by 17% compared to the previous year.

Another significant milestone was the reactivation of the MultiVolunteer program, where our employees dedicated more than 800 hours, thus fostering collaboration and solidarity, contributing significantly to the work environment and sense of belonging. As strategic allies of FundeSteam through its Steam Girls 360° program, focused on reducing the digital gender gap, we provided support through mentoring to 20 teenage girls to stimulate STEAM skills. In addition, for the first time, we took the Forum "Anteroom to the Future: Great Decisions 2024" to Chiriqui, where we had the participation of more than 300 key actors to address the challenges facing the country and the agricultural sector.

We have made new commitments regarding our organizational culture and ethics by joining the U.N. Gender Parity Initiative (GPI) and the U.N. Women's Empowerment Principles (WEPs). These commitments reflect our strong determination to promote gender equality, emphasize pay equity, and increase the representation of women in leadership roles.

On the economic front, the trust placed in us by our more than one hundred thousand customers is reflected in the remarkable growth of our deposit portfolio, together with the maintenance of solid leadership and an outstanding market share in key sectors such as the automotive, agricultural, and construction industries. We also reaffirm our commitment to transparent and sustainable financial management, as evidenced by the solid ratings awarded by the rating agencies.

In addition, we strengthened our understanding of our customers' needs, maintaining a trajectory of continuous improvement since 2020. In the last quarter of 2023, we achieved a relational Net Promoter Score (NPS) of 40%, reflecting our customers' satisfaction with our services. Likewise, 8 out of 10 suppliers actively recommend Multibank as a client, supporting our reputation and market reliability. We have observed continuous growth in the insurance field, which led us to implement the recommendation indicator in Multibank Seguros.

To improve the experience of customers, suppliers, and employees, we invested in new technologies that boost the organization's operational efficiency, fostering innovation and digital process automation. This initiative resulted in the successful execution of more than 70 technological requirements by December 2023, with a total investment of USD 5.8 million.

We plan to go further this year, strengthening ties with our main stakeholders, implementing strategic alliances, and deepening the sustainable growth of both Multibank and the entire Multibank Group community we impact. With a focus on innovation and adaptability, we are poised to meet the challenges and seize the opportunities ahead in 2024.

We sincerely thank our customers, employees, suppliers, partners, and management, whose commitment drives us toward a better future.

I appreciate your support in this journey towards a more prosperous Panama!

**Gerardo Ulloa**  
Country Manager of Multibank



# OUR COMMITMENTS

Based on the three pillars of sustainability: people, environment, and economy, we are committed to:

**Strengthen our sustainability management through a business model aligned with ESG criteria in the different ecosystems of the organization.**

**Work with our stakeholders and respond to their expectations to generate shared value, social cohesion, and a culture of organizational sustainability.**

**Promote integral excellence beyond regulatory guidelines, to be a benchmark for good social, environmental, economic, and good governance practices, including processes for measuring and socializing our financial and non-financial performance based on the criteria of integrity, ethics, and transparency.**

**To provide investment options that contribute to sustainability and constructing a better country.**

**Promote innovation through differentiating experiences framed in the best service and accompany our different stakeholders in transitioning to a sustainable economy.**

# MULTI FINANCIAL GROUP IN FIGURES

BRANCHES

19

LOAN CENTERS

1

AUTOMATIC TELLER MACHINES

49

CORRESPONDENT BANKS

17

REPRESENTATION OFFICE

1  
IN  
COLOMBIA

SUPPLIERS

560

CUSTOMERS

109,726

DIRECT EMPLOYEES

WOMEN: 644,  
MEN: 397

TOTAL 1,041

(includes permanent and temporary workers)

USD MILLION DOLLARS

4,931

TOTAL ASSETS

3,642

GROSS LOAN  
PORTFOLIO

3,333

CUSTOMER DEPOSITS

9.3

NET INCOME

390

EQUITY

0.2%

ROAA\*

2.5%

ROAE\*\*

324,708,990

ECONOMIC VALUE GENERATED

5,813,493

PAYMENTS TO SUPPLIERS

80,850.28

ENVIRONMENTAL AND SOCIAL INVESTMENTS

This indicator reflects how the resources generated (VEG) are distributed among stakeholders (VED).

236,432,549

OPERATING COSTS

45,863,061

SALARIES AND EMPLOYEE BENEFITS

2,305,432

INCOME TAX

295,808,143  
ECONOMIC VALUE DISTRIBUTED

\*Average of total assets for December 2022 and December 2023  
\*\* Average of total equity for December 2022 and December 2023

Branches, loan centers, ATMs, banking correspondents, and representative offices correspond to the principal subsidiary, Multibank Inc.

**Digital channels**  
• Online Banking  
• Mobile banking

**Social Networking**  
• Web: [www.multibank.com.pa](http://www.multibank.com.pa)  
• I.G.: @Multibankpanama  
• X: @MultibankPanama

• Facebook: Multibank Panama  
• LinkedIn: Multibank Panama  
• Call center: 800-3500 (from abroad +507 217 - 5400)  
• WhatsApp: +507 6448-3500

# ABOUT THIS REPORT

This sustainability report provides a comprehensive overview of our environmental, social, and corporate governance performance and reflects our commitment to the 10 Principles of the United Nations Global Compact.

This document advances our contribution to achieve the Sustainable Development Goals.

To prepare this report, we used GRI and SASB standards and the UNEP FI Principles for Responsible Banking framework to facilitate reading and comparison with previous versions.

As part of our commitment to transparency, we publish this annual sustainability report, which includes detailed information about our environmental, social, and corporate governance initiatives. This report is available to the public to ensure transparency. For the first year, this document represents an integrated report consolidating UNEP FI's Annual Report, Sustainability Report, and Responsible Banking Principles Report.

The Board of Directors of Multi Financial Group approved this report.

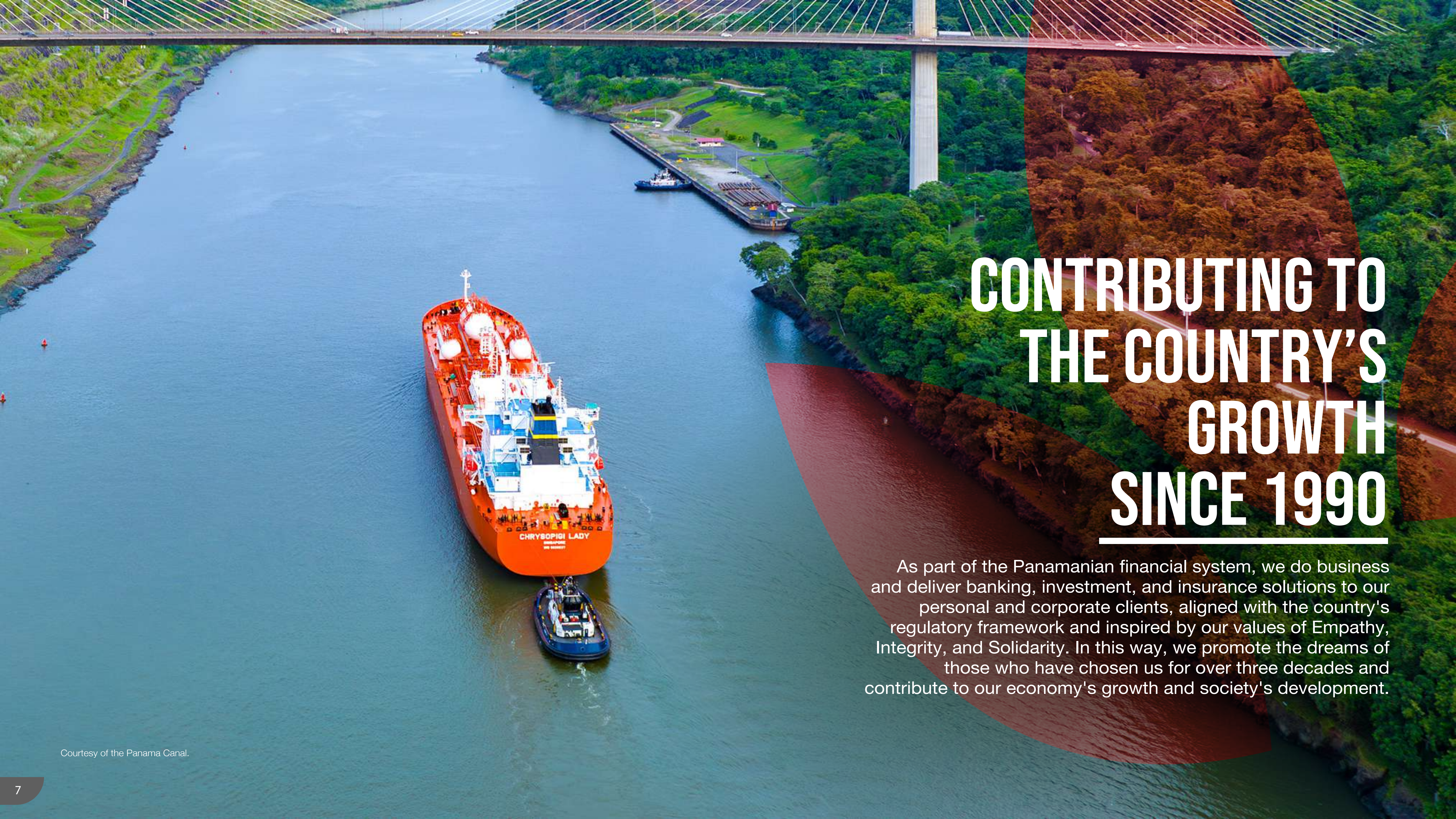
The data collected corresponds to January 1 and December 31, 2023.

## INFORMATION PERIMETER FOR THE PURPOSES OF THIS REPORT IS REFERRED TO AS

- Multibank to Multibank Inc., which includes the subsidiaries Multibank Seguros. The legal structure of this report describes Multi Securities and other companies.
- Group or MFG to Multi Financial Group, Inc. as the holding company of Multibank Inc. and subsidiaries.
- Grupo Aval to Grupo Aval Acciones y Valores, S. A., to financial conglomerate domiciled in the Republic of Colombia.
- MB Seguros to Multibank Seguros.



For questions or suggestions, please get in touch with Gina Rodriguez, Sustainability Manager through the mailbox [sostenibilidad@multibank.com.pa](mailto:sostenibilidad@multibank.com.pa) or to +507 294-3500 (ext. 1114).



# CONTRIBUTING TO THE COUNTRY'S GROWTH SINCE 1990

As part of the Panamanian financial system, we do business and deliver banking, investment, and insurance solutions to our personal and corporate clients, aligned with the country's regulatory framework and inspired by our values of Empathy, Integrity, and Solidarity. In this way, we promote the dreams of those who have chosen us for over three decades and contribute to our economy's growth and society's development.

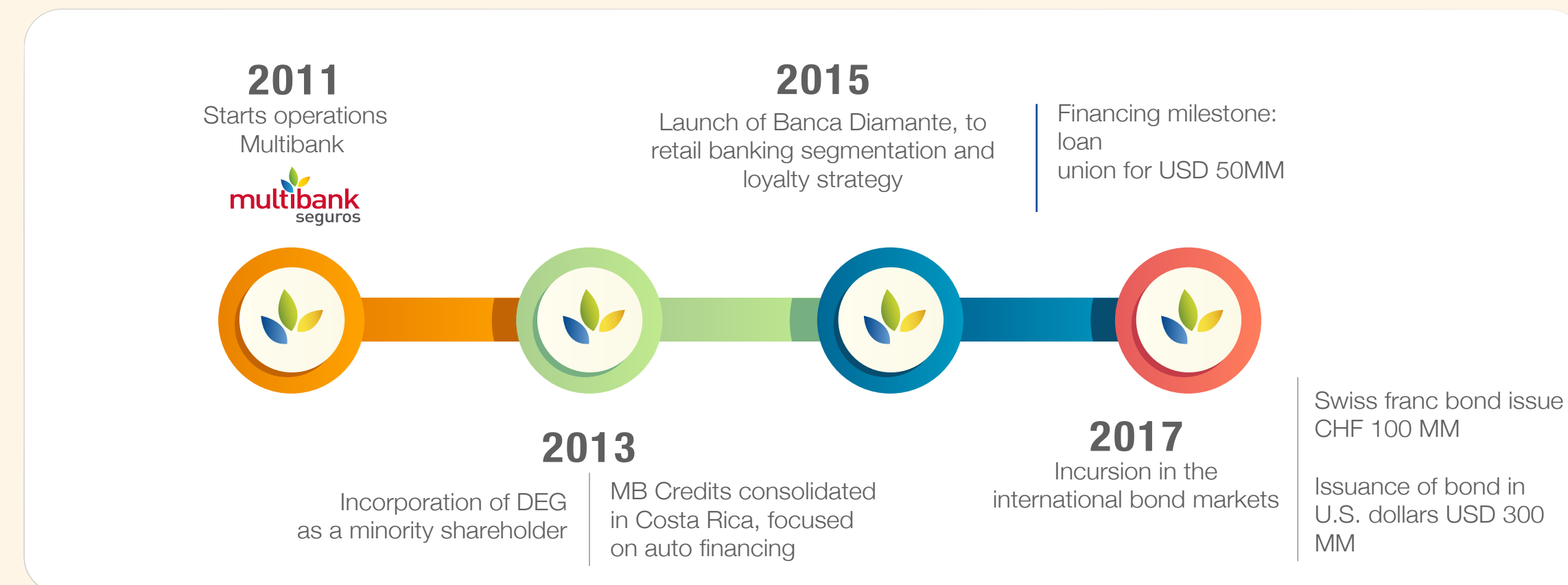
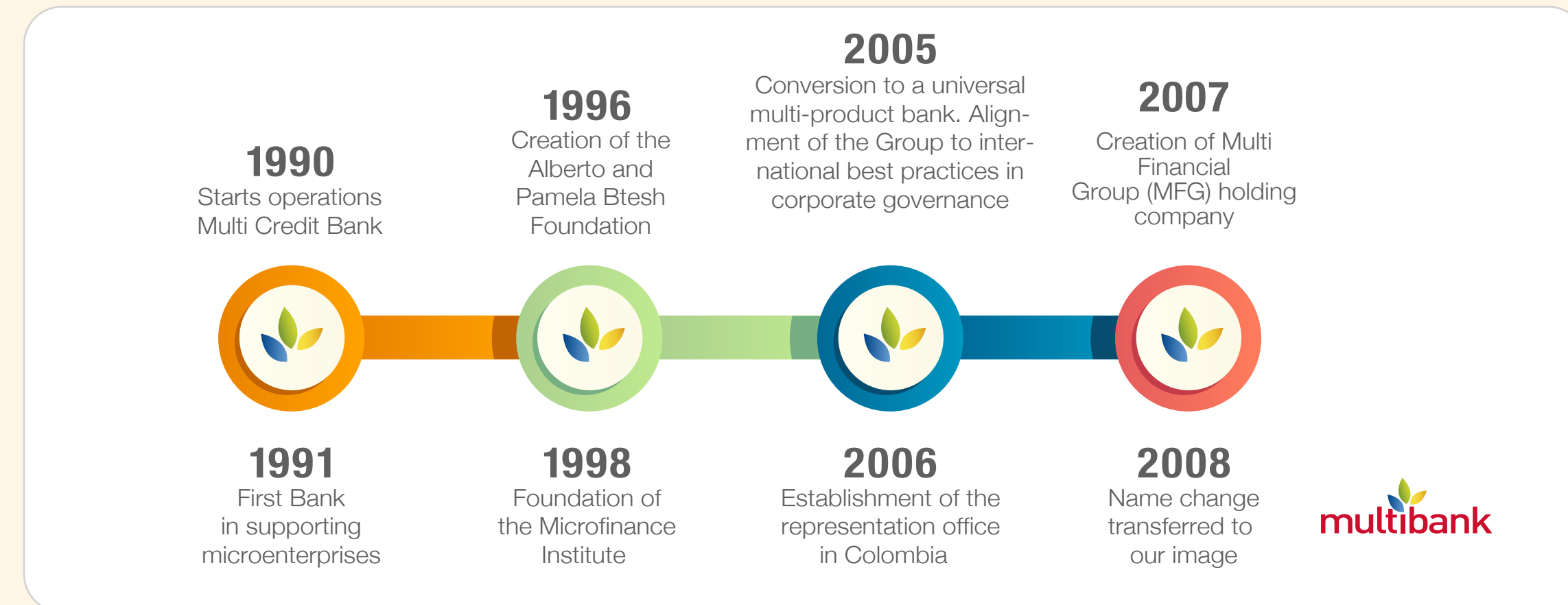
## WE ARE MULTI FINANCIAL GROUP, INC.

Our financial group was founded in 2007 and incorporated under the laws of the Republic of Panama. It began operations on November 12 of the same year through Public Deed No. 27,702.

In May 2020, the purchase and sale of 99.57% of the Group's shares was formalized by Grupo AVAL (based in Colombia) through its subsidiary Leasing Bogotá, S.A. Panamá. Leasing Bogotá, S.A. Panamá is wholly owned by Banco de Bogotá, S.A., an authorized bank in the Republic of Colombia, in turn, a subsidiary of Grupo AVAL Acciones y Valores, S.A., an entity domiciled in the Republic of Colombia.

As of September 2021, BAC Holding International Corp. (formerly Leasing Bogotá, S.A. Panama) spun off the shares of Multi Financial Group, Inc. to Multi Financial Holding Inc., an entity created under the laws of the Republic of Panama, through Public Deed No.5,469 of September 29, 2021.

For this reason, the Group offers various financial services, mainly corporate, investment, mortgage, and consumer banking, as well as insurance, factoring, leasing, and real estate services.



### Multibank

Our history began in Panama in 1990, and we have grown steadily since then. **Today, we are Panama's sixth-largest private equity bank by total assets.** Our organic growth and solvency have allowed us to achieve solid risk ratings, which set us apart in the Panamanian banking sector.

Since our beginnings, we have stood out as a pioneer, versatile company continuously growing and permanently offering personalized and professional service. **To this end, we have products and services that meet the market's needs and serve our people, promoting dreams that improve their quality of life.**

### Multi Securities

We began operations on May 18, 2004, and are focused on providing competitive financial advisory services that broaden the range of financial solutions and alternatives for clients seeking profitable cash surpluses or resources for capital investment.

We have a broad financial portfolio in the local and international markets, which we access through prestigious counterparties worldwide.

### Multibank Insurance

**Our vision is to be Multibank's clients' insurance company of choice.** Approved by Resolution CTS-03 of the Ministry of Commerce and Industries on October 12, 2010, we opened our doors to the national market in January 2011.

Currently, we offer insurance for individuals and companies with the coverage that fits the needs of our clients:

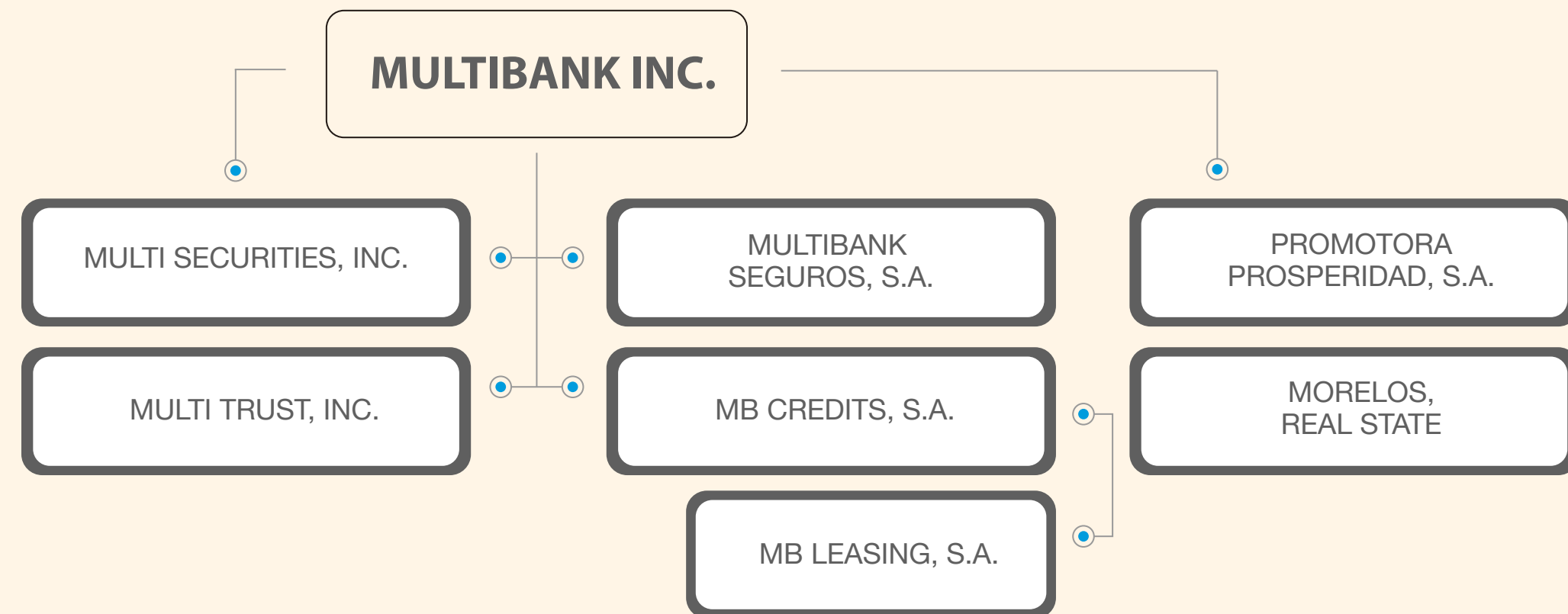
- General
- Personal
- Technicians
- Miscellaneous and finance



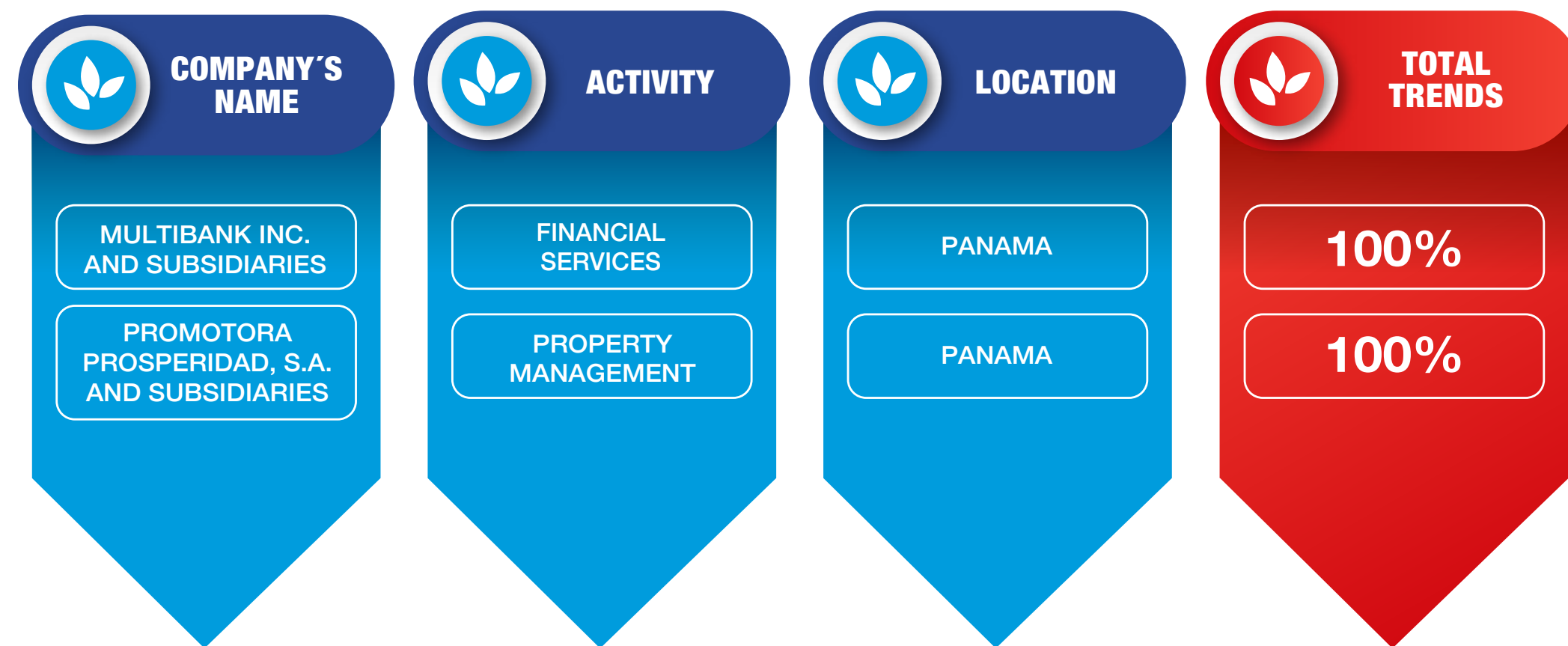


## OUR LEGAL STRUCTURE

MULTI FINANCIAL BANKING GROUP, INC. LEGAL STRUCTURE



MULTI FINANCIAL GROUP (MFG) IS THE OWNER OF THE TOTAL SHAREHOLDING IN THE FOLLOWING SUBSIDIARY COMPANIES:



### Our organizational purpose: promote people's dreams

We are dedicated to serving our people to encourage their dreams and improve their quality of life, framing our actions in the values of Empathy, Integrity, and Solidarity.

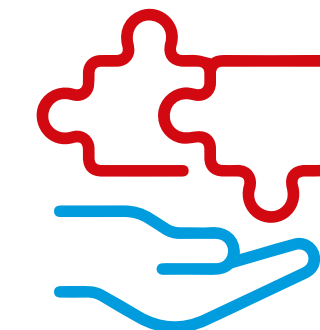
We are motivated to meet organizational challenges and accompany our employees, customers, suppliers, and partners to achieve their goals. We work passionately to contribute to the development of thousands of people, companies, and industries and thus strengthen Panama's growth.

We are confident that our organizational culture and Code of Ethics and Conduct add value to our services, reaffirm our employees' sense of belonging, and generate greater profits for our shareholders.

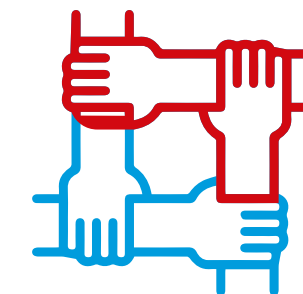
### THE VALUES THAT INSPIRE OUR ORGANIZATIONAL CULTURE



Empathy



Integrity



Solidarity

*With our operation, we seek to deliver financial solutions that make life easier*

Our main activity focuses on investment business through a wide range of financial services, which are detailed below:



# PRODUCTS AND SERVICES

## MULTIBANK

| BANK                    | PRODUCTS  | CATEGORY  | SERVICES   |
|-------------------------|---|---|--|
| <b>PERSONAL BANKING</b> | SAVINGS ACCOUNT   | <ul style="list-style-type: none"> <li>Regular</li> <li>MultiSavings Plus</li> <li>Diamond Plus</li> <li>Multiplan</li> <li>Navibank</li> <li>Multikids</li> <li>Time deposit</li> <li>Personal</li> <li>Cars</li> <li>Mortgage</li> <li>Pledges</li> </ul> | <ul style="list-style-type: none"> <li>Online and mobile banking</li> <li>ATM</li> <li>Virtual Branch</li> <li>Call center</li> <li>Chat</li> <li>Branches</li> <li>Multi benefit Program</li> </ul> |
|                         | LOANS   |   |  |
|                         | CREDIT CARDS<br>DEBIT CARDS<br>REPOSSESSED<br>GOODS                     |   |  |
| <b>DIAMOND BANKING</b>  | SAVINGS ACCOUNT<br>CHECKING ACCOUNT<br>TIME DEPOSIT<br>CREDIT CARD      | <ul style="list-style-type: none"> <li>Mastercard</li> <li>Diamond Banking</li> <li>Personal</li> <li>Cars</li> <li>Mortgage</li> <li>Leasing</li> <li>Factoring</li> <li>Long and medium-term personal loans</li> </ul>                                    | <ul style="list-style-type: none"> <li>Balance purchase</li> <li>Multi-assistance</li> <li>Redemption of points</li> </ul>   |
|                         | LOANS   |   |  |
|                         | COMMERCIAL FACILITIES   |   |  |
| <b>WEALTH BANKING</b>   | SAVINGS ACCOUNTS<br>CREDIT CARD<br>INVESTMENTS<br>COMMERCIAL FACILITIES | <ul style="list-style-type: none"> <li>Savings account</li> <li>Time deposit</li> <li>Money Market Patrimonial</li> <li>Visa Infinite</li> <li>Pledges</li> <li>Mutual funds</li> <li>Fixed income</li> <li>Equities</li> </ul>                             | <ul style="list-style-type: none"> <li>Online Banking</li> <li>Mobile banking</li> <li>Branches</li> <li>ATM</li> </ul>  |

## BUSINESS BANKING (COMMERCIAL, CORPORATE, AGRICULTURE AND LIVESTOCK, CONSTRUCTION)

|                  |   |   |
|------------------|---|---|
| DEPOSIT ACCOUNTS | <ul style="list-style-type: none"> <li>Checking account</li> <li>Current account in Euros</li> <li>Time deposit</li> <li>Time deposit in Euros</li> </ul>   | <ul style="list-style-type: none"> <li>Drafts and transfers</li> <li>Foreign currency service</li> <li>Cashier's checks and certificates</li> <li>Letters of credit</li> <li>Trusts</li> <li>ATM</li> <li>E-Commerce</li> <li>Online Banking</li> </ul> |
| CREDIT CARD      |   |   |
| FINANCING        |   |   |
| CASH MANAGEMENT  | <ul style="list-style-type: none"> <li>CORPORATE VISA</li> <li>Commercial loans</li> <li>Lines of credit and payment to suppliers</li> <li>Construction Interim</li> <li>Factoring</li> <li>Leasing</li> <li>Financing structured</li> <li>Vehicle fleet financing</li> <li>Transfers</li> <li>International</li> <li>ACH Payments</li> <li>ACH Collections</li> <li>Spreadsheet</li> <li>Night deposits</li> </ul> |   |
| SAVINGS ACCOUNTS | <ul style="list-style-type: none"> <li>Savings account</li> <li>Business Checking Account</li> <li>Current account in foreign currency</li> <li>Time deposit</li> </ul>   | <ul style="list-style-type: none"> <li>Drafts and transfers</li> <li>Investments</li> <li>E-Commerce</li> <li>Foreign currency service</li> <li>Cashier's checks and certificates</li> <li>Online Banking</li> </ul>                                    |
| CREDIT CARD      |   |   |
| TRANSPORT        |   |   |
|                  | <ul style="list-style-type: none"> <li>CORPORATE VISA</li> <li>Corporate line of credit</li> <li>Pledged line of credit</li> <li>Forfaiting or bill discounting</li> <li>Corporate loan</li> </ul>  |   |

## MULTI SECURITIES

|                   |   |   |   |
|-------------------|---|---|---|
| <b>INVESTMENT</b> | INVESTMENT ACCOUNTS                                     | <ul style="list-style-type: none"> <li>Individuals</li> <li>Legal entities</li> </ul> | <ul style="list-style-type: none"> <li>Online Banking</li> <li>Mobile banking</li> <li>Branches</li> <li>ATM</li> </ul> |
|                   | MULTITRADER<br>MULTIPROSPERITY FIXED INCOME FUND (MFIF) |   |   |

## MB SEGUROS

|                  |                                      |   |   |
|------------------|--------------------------------------|---|---|
| <b>PERSONS</b>   | STAFF<br>HOME<br>AUTO<br>EMBARKATION | <ul style="list-style-type: none"> <li>Term life insurance</li> <li>Personal accident insurance</li> <li>Fire insurance</li> <li>Residential multi-risk</li> <li>Automobile insurance</li> <li>Marine hull insurance</li> </ul>   | <ul style="list-style-type: none"> <li>Online Banking</li> <li>Mobile banking</li> <li>Branches</li> <li>ATM</li> </ul> |
|                  |                                      |   |   |
| <b>AUTOS</b>     | AUTOMOBILE                           | <ul style="list-style-type: none"> <li>Automobile insurance</li> <li>Compulsory third-party liability insurance</li> </ul>  | <ul style="list-style-type: none"> <li>Online Banking</li> <li>Mobile banking</li> <li>Branches</li> <li>ATM</li> </ul> |
|                  |                                      |   |   |
| <b>COMPANIES</b> | COMPANIES                            | <ul style="list-style-type: none"> <li>Fire insurance</li> <li>Theft insurance</li> <li>Commercial Multi-Risk Insurance</li> <li>Group insurance of personal accidents</li> <li>Group life insurance</li> <li>Miscellaneous risk insurance</li> <li>Bail</li> <li>Electronic equipment insurance</li> <li>Heavy equipment insurance</li> <li>Machinery Breakdown Insurance</li> <li>Transportation insurance</li> </ul> | <ul style="list-style-type: none"> <li>Online Banking</li> <li>Mobile banking</li> <li>Branches</li> <li>ATM</li> </ul> |
|                  | ELECTRONICS                          |   |   |
|                  | TRANSPORT                            |   |   |

## LOCATIONS IN PANAMA

### Multi Financial Group, Inc. Multibank

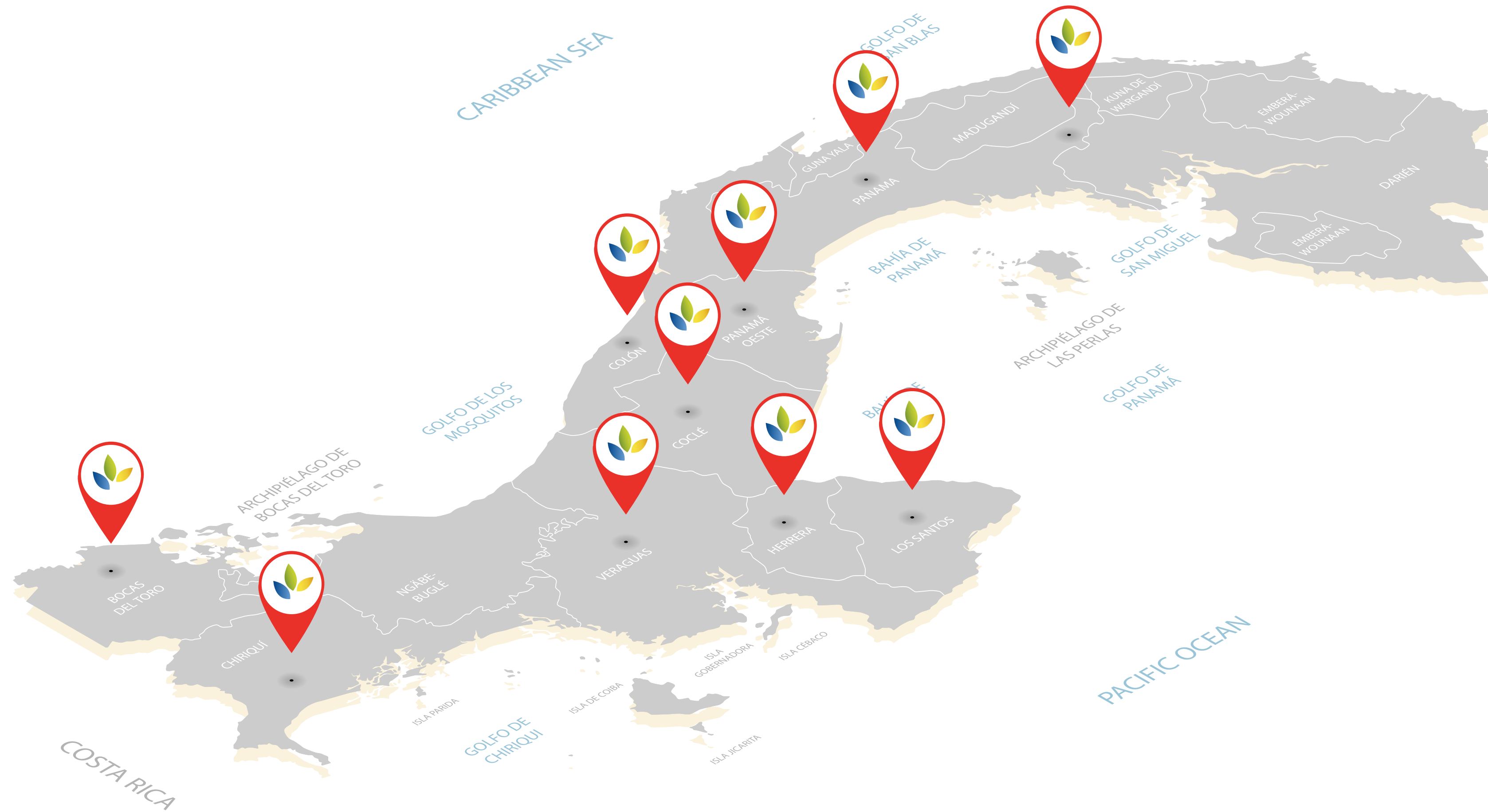
Our main office is at Via España, Edificio Prosperidad, #127, Panama, Republic of Panama.

### Multi Securities

We are located at Edificio Multibank 50, 1st floor, 50th Street corner with 78th Street, San Francisco, Panama, Republic of Panama.

### Multibank Insurance

We are located at Avenida Simón Bolívar (Transistmica), West 63rd Street. Panama, Republic of Panama.



## OUR MANAGEMENT IS RECOGNIZED IN THE REGION:

FORBES MAGAZINE TOP 10 COMPANIES IN PANAMA WITH OUTSTANDING CORPORATE IMAGE

SUMMA MAGAZINE 2023. WE WERE RECOGNISED IN DIFFERENT COUNTRIES IN CENTRAL AMERICA AND THE DOMINICAN REPUBLIC.

NO. 18 IN PANAMA COMPANIES WITH THE BEST CORPORATE REPUTATION

LEADER OF THE RANKING OF 100 EXECUTIVES WITH THE HIGHEST PROFESSIONAL ETHICS

NO. 16 COMPANIES WITH THE BEST ORGANISATIONAL CLIMATE

LEADER IN THE REGION'S 350TH RANKING

NO. 9 IN PANAMA COMPANIES WITH BEST ORGANISATIONAL CULTURE

NO. 16 IN PANAMA MORE DIVERSE, EQUITABLE, AND INCLUSIVE COMPANIES

NO. 30 IN PANAMA COMPANIES WITH THE BEST HUMAN TALENT

NO. 14 IN PANAMA COMPANIES WITH THE BEST CUSTOMER SERVICE

LATAM AWARDS  
FINANCIAL INSTITUTIONS  
BOND DEAL OF THE YEAR.

## WE LEAD WITH INTEGRITY AND TRANSPARENCY

The main objective of our governance practices is to enhance internal management and generate value for all our shareholders, executives, customers, employees, suppliers, and the community in general. Inspired by diversity and gender equality, with transparency and adherence to our values, we ensure that our decisions are aligned as a Group.

Our corporate governance also establishes policies and processes for identifying, assessing, and managing risks.



**“A STRONG GOVERNANCE STRUCTURE ALLOWS US TO ANTICIPATE AND ADDRESS RISKS PROACTIVELY, TO PROTECT THE DIFFERENT STAKEHOLDERS WITH WHOM WE INTERACT”.**

For this reason, we adhere to international best practices based on essential principles of transparency, fairness, and personal and corporate responsibility:

None of our local executives are on the Board of Directors of the bank or MFG.

We have clear guidelines for the rotation of independent directors and external auditors.

We conduct exhaustive self-evaluation processes for the Board of Directors and the Committees.

We present results on individual and consolidated basis.

Independent directors lead prevention and control committees, such as the Audit, Risk, and Compliance Committees.

We maintain several independent directors. The number exceeds the minimum requirements established by regulation.

We have a strong female representation on the Board of Directors, which exceeds the minimum required by regulations.

We have a Corporate Governance area dedicated to overseeing best governance practices.

We have a work plan for the Board of Directors and an annual calendar of committee and meeting sessions managed by the Corporate Governance area.

All components of our corporate governance structure are available to the public through our website.

An Ethics Hotline is available for our internal and external stakeholders to submit complaints.

As transparency, integrity, and good Corporate Governance guide our actions, we ensure disclosure of relevant information. All Corporate Governance and Compliance policies and procedures are reviewed and approved by the Board of Directors:

- Corporate Governance Manual and its annexes.
- Regulations of the Shareholders' Meeting.
- Shareholder's meeting regulations
- Board of Directors and Committees bylaws
- Selection and Hiring of External and Independent Directors Policy
- Hiring and Evaluating External Auditors Policy
- Dividend Payment Policy.
- Code of Ethics and Conduct.
- Conflict of Interest Policy.
- Multibank Group Business Relationship Admission Policy Manual.
- Foreign Customer Policy.
- Prevention Manual.
- Donations and Sponsorship Policy.
- Gift and Invitation Policy.
- Ethics Line Policy

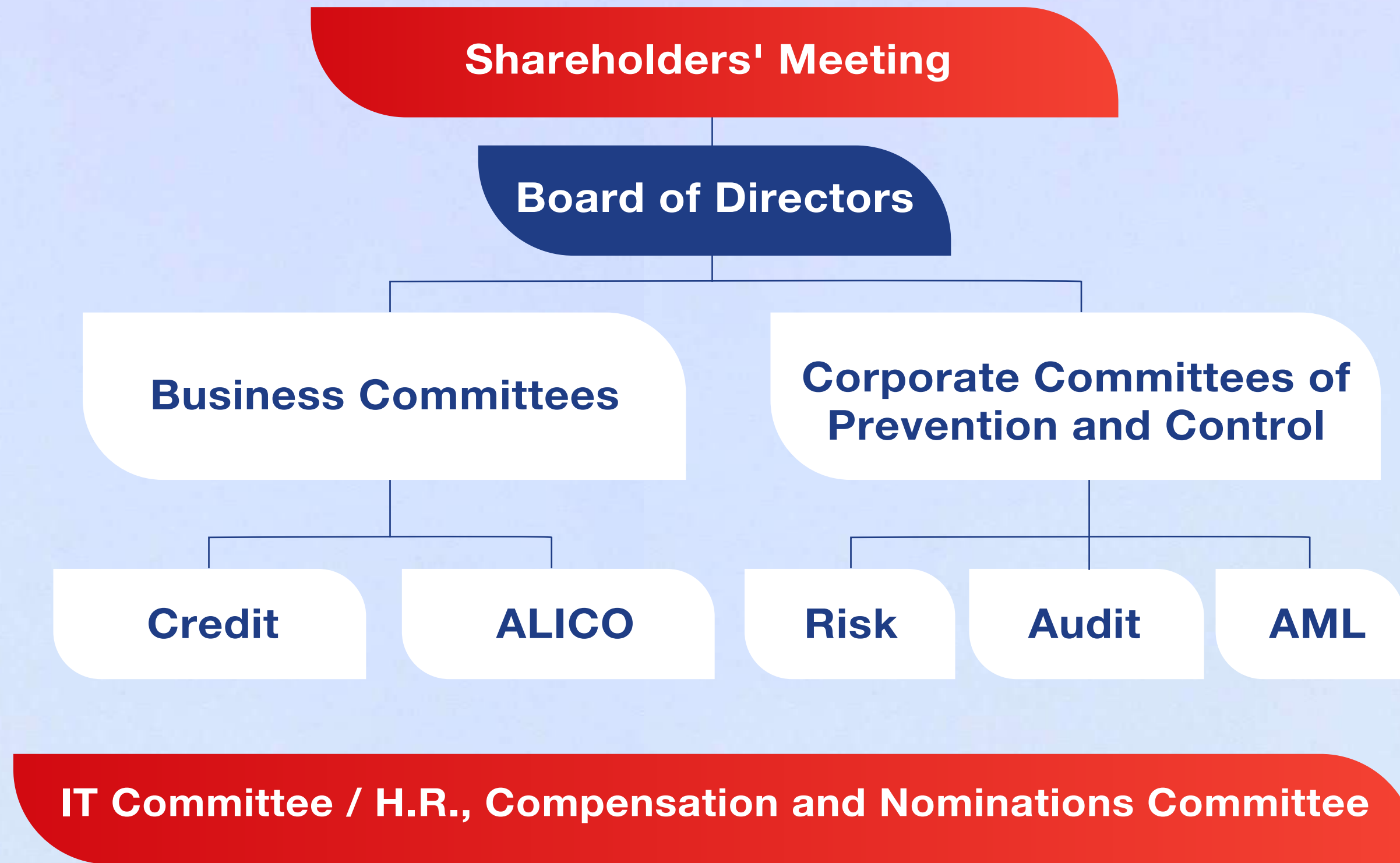


**MFG HAS AN INDEPENDENT CORPORATE GOVERNANCE TEAM WITH THE NECESSARY HIERARCHY TO ENSURE EFFECTIVE AND SAFE GOVERNANCE”.**



# GENERAL STRUCTURE

The hierarchical position of our corporate governance administrative bodies is as follows.



By these guidelines and in strict compliance with the regulations established by the Superintendency of Banks of Panama, we have seven committees that support the functions of the Board of Directors: Credit, ALICO, Risks, Audit, AML, Technology and Human Resources, Compensation, and Denominations.

If you would like to learn more about Corporate Governance

[CLICK HERE](#) 



# BOARD OF DIRECTORS

**Multi Financial Group, Inc. Board of Directors is integrated for six (6) members, all professionals with extensive experience and an outstanding track record. Two members are women, which aligns with our values of gender equity and equality.**

**Alfredo Botta Espinosa**  
**Director - President**

Business administrator from Universidad de Los Andes, Bogotá, with postgraduate studies in Business Administration from London Guildhall University.

**Germán Salazar Castro**  
**Director - Vice President**

Economist from Pontificia Universidad Javeriana, Bogotá, with postgraduate studies in Banking Credit and Finance from Chemical Bank and New York University.

**Á. Cecilia Gásperi de Henríquez**  
**Independent Director - Secretary**

She has a degree in Business Administration from Universidad Santa María La Salle. Antigua de Panamá (USMA) has more than 40 years of experience in the insurance and reinsurance sector.

**Álvaro de Jesús Velásquez Cock**  
**Independent Director Treasure**

Economist from Universidad de Antioquia, and a master degree in Economics from the University of London and a Ph.D. in Economics from the University of Antioquia.

**Ana María Cuellar de Jaramillo**  
**Independent Director**

Public accountant. Active member of the Boards of Directors of Banco de Bogotá, Megalínea, Brío de Colombia S.A., Concentrados S.A., and Crump América S.A.

**Carlos Arcesio Paz Bautista**  
**Director**

Business Administrator from Universidad EAFIT, specializing in Marketing from ICESI - EAFIT.

# SELECTION: DIRECTIVE TEAM

The selection of our directors is critical to ensuring success and integrity of our operations. That is why our leaders have a solid professional background, are committed to our values, and have a deep understanding of the economic and regulatory environment. Experience, key attributes, and competencies define the director profile.

#### Experience and track record

Previous and accredited as an "external or independent" director on other boards and as an entrepreneur, executive, or professional within the jurisdiction of the contracting bank or subsidiary.

Knowledge of strategic areas for the organization and the local and international regulatory and economic environment.

#### Key attributes

- Willingness to attend and actively participate in meetings and committees.
- Ability to lead and work in a team.
- Proper management of its image and commitment to the Group's culture and values.
- Participation in training and updating programs.
- Maintaining knowledge of the economic and financial environment.

#### Incompatibilities and disqualifications

- Absence of conflicts of interest.
- Not be involved in serious crimes or have a criminal record.
- Not having legal impediments to exercise the position.
- Not being responsible for the forced liquidation of a financial entity.
- Integrity, ethics, and transparency in all its actions.

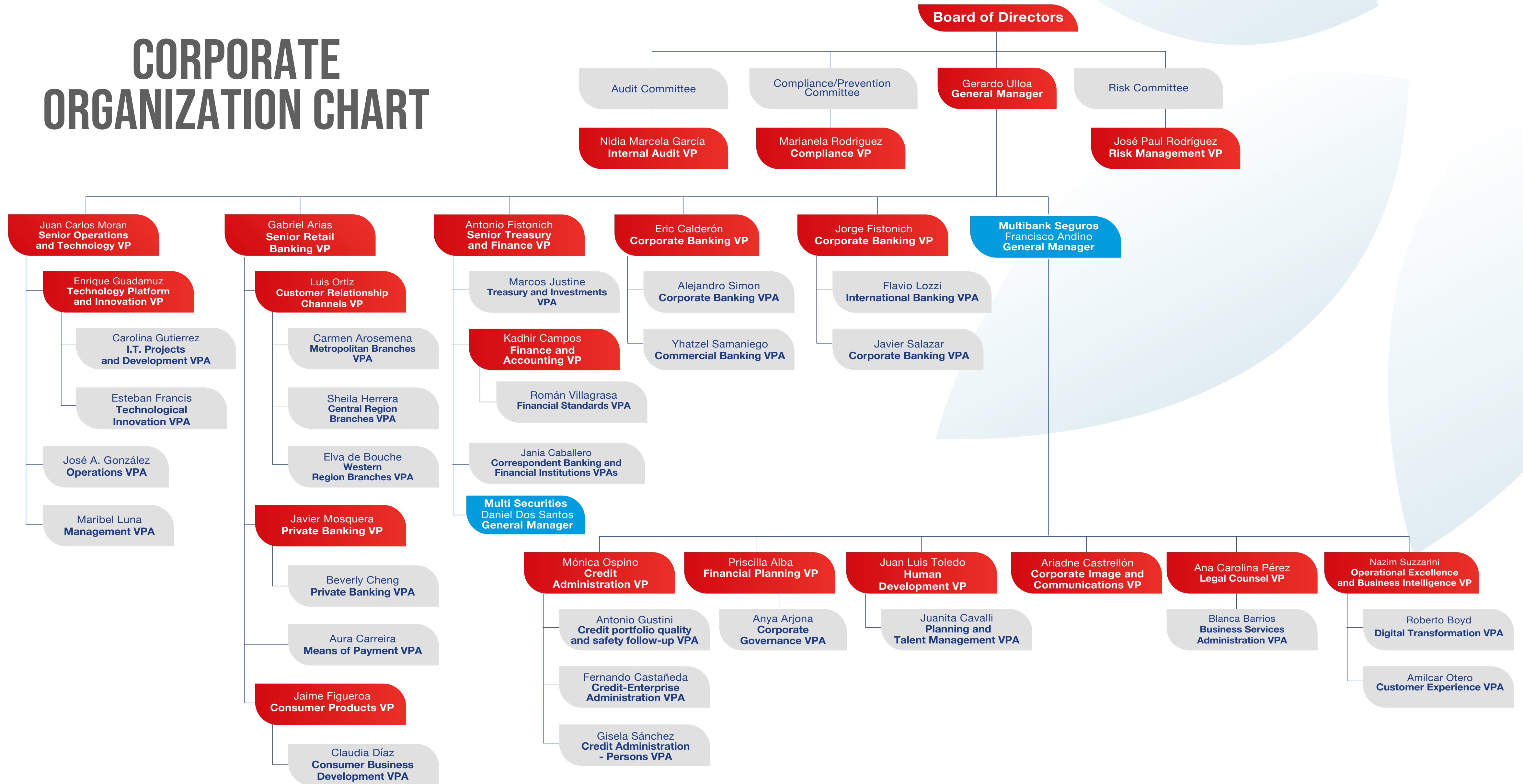
#### Competencies

- Leadership.
- Communication.
- Interpersonal relationships.
- Focus on results.
- Adaptability.
- Strategic and analytical thinking.
- Teamwork.
- Problem-solving skills.

#### Values

Alignment with the values of Empathy, Integrity, and Solidarity established by MFG.

# CORPORATE ORGANIZATION CHART







## WE BUILD TRUSTING RELATIONSHIPS

Our ethical principles and values characterize our company in all interactions. **Our Code of Ethics and Conduct** applies to relationships with employees, customers, managers, suppliers, and third parties. Thus, to establish and maintain relationships based on trust and transparency, we act with integrity, honesty, responsibility, reliability, and compliance with the legal framework.

**MULTIBANK'S ETHICS HOTLINE IS THE ONLINE PLATFORM THAT ALLOWS US TO PREVENT IRREGULAR SITUATIONS**

**WE GUARANTEE THE CONFIDENTIALITY OF INFORMATION PROVIDED AND PROTECT THE IDENTITY OF WHISTLEBLOWERS, REAFFIRMING OUR COMMITMENT TO BUSINESS ETHICS AND ACCOUNTABILITY.**

FOR MORE INFORMATION AND TO LEARN MORE ABOUT THE ETHICAL LINE.

**CLICK HERE** 

**WE WORK WITH INTEGRITY, ETHICS AND TRANSPARENCY**

Our policies about corruption and prevention of money laundering, terrorist financing, and arms proliferation are based on a zero-tolerance approach to such crimes. This structured and strategic management pillar upholds integrity, ethics, and transparency in the Group's activities and operations.

Likewise, as part of Grupo AVAL, we align ourselves with the ABAC Policy against bribery and corruption, which prohibits any improper payment or benefit from obtaining or maintaining a commercial advantage. We are vigilant of any irregularities that may involve our employees and have a direct channel for filing formal complaints, where employees and stakeholders can report suspicious activities confidentially.

In the Group, we abide by the best international practices and standards, among them the laws and agreements of the Superintendency of Banks of Panama, the Superintendency of Insurance of Panama, the Fiscal Transparency laws (FATCA and CRS), the FATF 40 Recommendations, the Sarbanes Oxley Act, the Basel and Wolfsberg Principles and the Foreign Corrupt Practices Act (FCPA). We manage the Anti-Corruption and ML/TFTP/FPADM Prevention program through the ISO 37001 Specialist (Anti-Bribery Management Specialist) and Anti-Money Laundering Certified Associate (AMLC) certifications.

Annually, we train all employees, committee members, and members of the Board of Directors on the Anti-Corruption Policy and Prevention of ML/FT/FPADM and the Code of Ethics and Conduct. These training spaces are continuous and specialized, according to the areas that manage sensitive processes and have direct contact with customers, suppliers, and third parties. In addition, every month, 100% of new employees and outsourcing suppliers receive them.

Additionally, we conduct corruption awareness and information campaigns on ML/FT/ATF/MFATF issues for customers, suppliers, and third-party intermediaries through mass mailings, websites, and social networks.

**IN 2023, WE STRENGTHENED OUR PREVENTION CULTURE IN THIS WAY:**

- Induction for new employees
- Monitoring and due diligence for the first line of defense
- Specialized training for compliance personnel
- Information capsules for all Staff
- Annual regulatory training for all staff
- Board of Directors training

**100%** of employees, Committee members, and Boards of Directors.

**100%** of new employees and *outsourcing* providers.

**RECEIVED TRAINING ON THE GUIDELINES OF THE ANTI-CORRUPTION POLICY, ML/FT/ATF/AMLF PREVENTION, AND THE CODE OF ETHICS. ETHICS AND CONDUCT**

Also, this year, we conducted the annual evaluation of the corruption culture through a survey aimed at employees responsible for critical processes. 15% of the relevant collaborators took the survey. The results exceeded the established awareness goal, reaching 94%. It places us within the group of subsidiaries with high anti-corruption awareness and culture. Based on the results, we identified opportunities for improvement, strengthened our knowledge, and promoted ethical practices.

Prohibited behaviors associated with corruption, such as bribery, falsifying expenses, irregular contracting, and fraudulent accounting, will be sanctioned, and the corresponding legal, disciplinary, and administrative measures will be applied in line with due process.

*No cases, fines, or sanctions related to corruption, money laundering, or terrorist financing have been identified during 2023. Therefore, no legal proceedings have been initiated. "*

In a global context of organized crime, new technologies, and cybercrime, more significant regulatory requirements focusing on prevention are on the horizon. To meet these challenges, we are constantly reviewing and strengthening our prevention system, adopting international best practices, prioritizing strict compliance with regulations, and maintaining a rigorous internal control environment. Moreover, we are migrating towards more efficient and effective prevention and detection tools, fostering a culture of compliance through continuous staff training, and developing human talent in the Compliance teams.



**WE RESPECT THE LAWS AND ADHERE TO THE HIGHEST STANDARDS**

Because the Group's diverse economic activities occur in different environments, multiple entities and laws regulate our operations.

**REGULATORY IMPACTS**

| COUNTRY                  | REGULATORY CONTEXT   | MAIN REGULATORY IMPACTS  |
|--------------------------|--|--|
| <p><b>PANAMA</b></p>     | <ul style="list-style-type: none"> <li>• Banking Law</li> <li>• Insurance and Reinsurance Law</li> <li>• Securities Law</li> <li>• Trusteeship Law</li> <li>• Financial Leasing Law</li> </ul> | <p><b>Banking Regulation:</b></p> <ul style="list-style-type: none"> <li>• Modifications to risk asset and counterparty weighting and new requirements for shareholder integrity and corporate governance.</li> <li>• Adjustments to the dynamic provision, the catalog of warning signals in suspicious transactions, and the capital conservation buffer implementation.</li> <li>• Agreement No. 04-2023, dated June 13, 2023, which was added to Agreement No. 07-2015 related to the Catalog of Warning Signals for the Detection of Suspicious Operations about Money Laundering.</li> </ul> <p><b>Insurance and Reinsurance Regulation:</b></p> <ul style="list-style-type: none"> <li>• New regulations on company risk rating, IFRS adoption, and capital requirement adjustment.</li> <li>• Provisions on the risk rating of companies (Agreement No. 01 of March 15, 2023).</li> </ul> <p><b>Securities Regulation:</b></p> <ul style="list-style-type: none"> <li>• Update of the list of jurisdictions recognized by IOSCO (Technical Committee of the International Organization of Securities Commissions).</li> <li>• Modifications to securities registration requirements and fees, new regulations for self-regulated organizations, and adjustments to securities maturity dates and requirements for investment companies are also proposed.</li> </ul> |
| <p><b>COSTA RICA</b></p> | <ul style="list-style-type: none"> <li>• Code of Commerce (Capital reserve)</li> </ul>   | <p>Compliance with the Commercial Code regarding the capital reserve (5% of net income for each year).</p>   |

For more information, see Annex 1, which provides the regulatory context in which the Banking Group operates and a summary of the main regulatory impacts in the markets where we operate.

**WE GUARANTEE FINANCIAL SUSTAINABILITY**

**Risk Management**

The main objective of risk management is to mitigate the potential losses to which the Group is exposed as a player in the financial industry through an integral preventive management approach that maximizes the risk-return ratio and optimizes the allocation of economic capital.

We have implemented an Integral System for the Administration of Risk Management System (SIAR) is based on policies and procedures that monitor all identified risks. This system has an organizational structure supported by material and financial resources, with a direct reporting line to the Board of Directors through the Risk Committee.

**The primary responsibilities of the Risk Committee, composed of independent directors and executives of the Group, are as follows:**

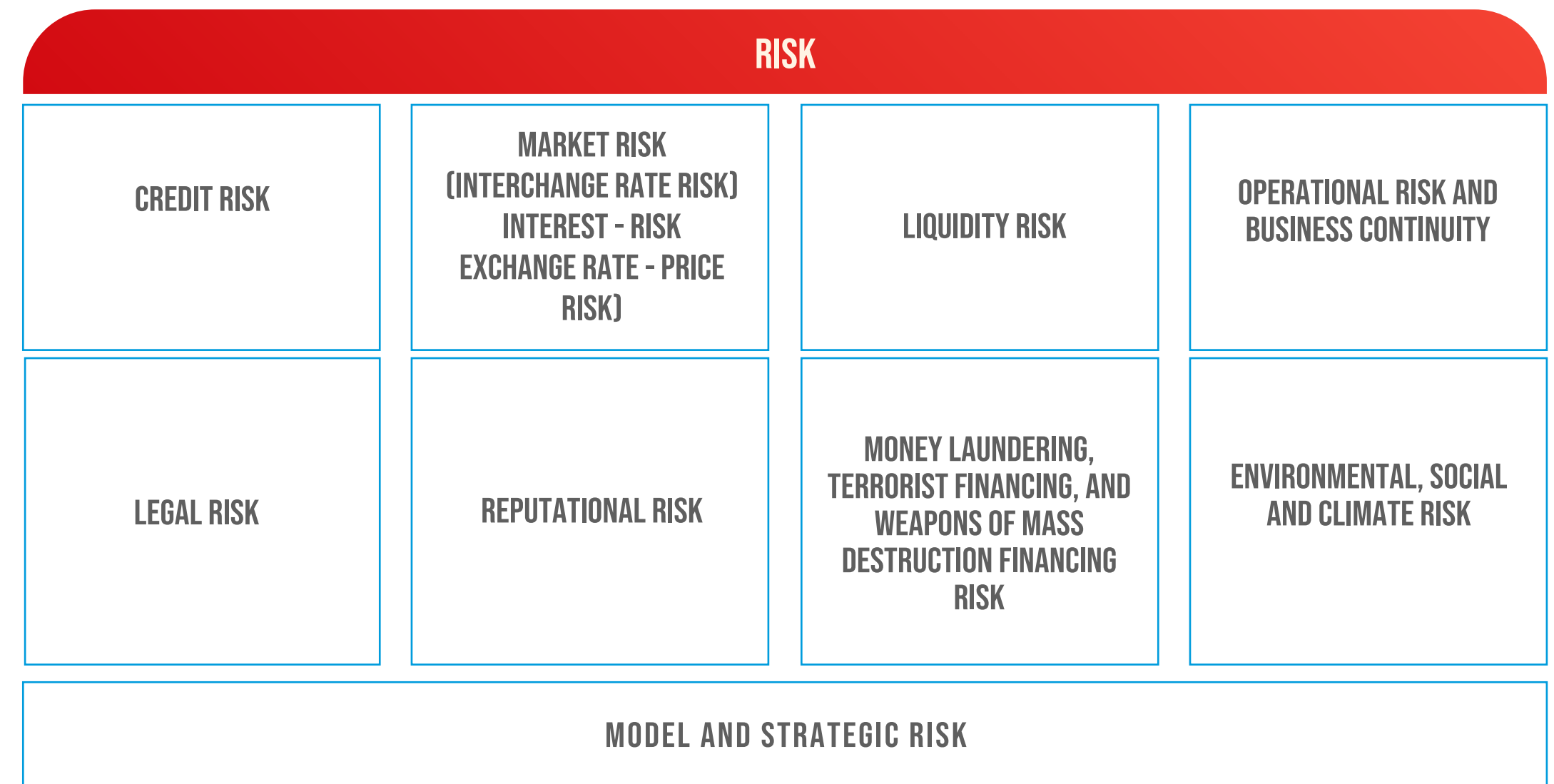
- APPROVING RISK-TAKING STRATEGIES, ENSURING THAT SUCH STRATEGIES HAVE AN ADEQUATE RISK-RETURN RATIO, AND OPTIMIZE THE USE OF ECONOMIC CAPITAL OF THE GROUP.
- TO ENDORSE THE MAXIMUM PERMISSIBLE EXPOSURE LIMITS UNDER THE GROUP'S RISK APPETITE.
- DEVELOP AND PROPOSE POLICIES AND MANAGEMENT FRAMEWORK FOR ALL TYPES OF RISKS.
- ANALYZE THE GROUP'S EXPOSURES TO VARIOUS RISKS AND THEIR INTERRELATIONSHIPS AND SUGGEST MITIGATION STRATEGIES WHEN REQUIRED.
- REPORT TO THE BOARD OF DIRECTORS ABOUT THE PERFORMANCE OF THE GROUP'S RISKS.

**We define four basic principles for Risk Management:**

- THE MANAGEMENT APPROACH IS COMPREHENSIVE, INCORPORATING ALL THE RISKS AND OPERATIONS OF THE GROUP.
- INDIVIDUAL RISK MANAGEMENT IS UNIFORM.
- RISK MANAGEMENT FRAMEWORK BASED ON BEST PRACTICES AND INCORPORATES LESSONS LEARNED.
- THE FUNCTION OF THE RISK UNIT IS INDEPENDENT OF THE BUSINESS.

**IN ADDITION, THE GROUP IS SUBJECT TO THE REGULATIONS OF THE FINANCIAL SYSTEM REGARDING INTRAGROUP RISK CONCENTRATIONS, AMONG OTHERS.**

The Group's Audit Committee oversees compliance with risk management regulations, policies, and procedures and reviews the adequacy of the management framework regarding the organization's risks. Internal Audit supports this Committee by regularly monitoring risk management controls and procedures and reporting the results to the Audit Committee.



For more information, see Annex 2. Principles for Integrated Risk Management of the Banking Group

**VISIT OUR WEBSITE**

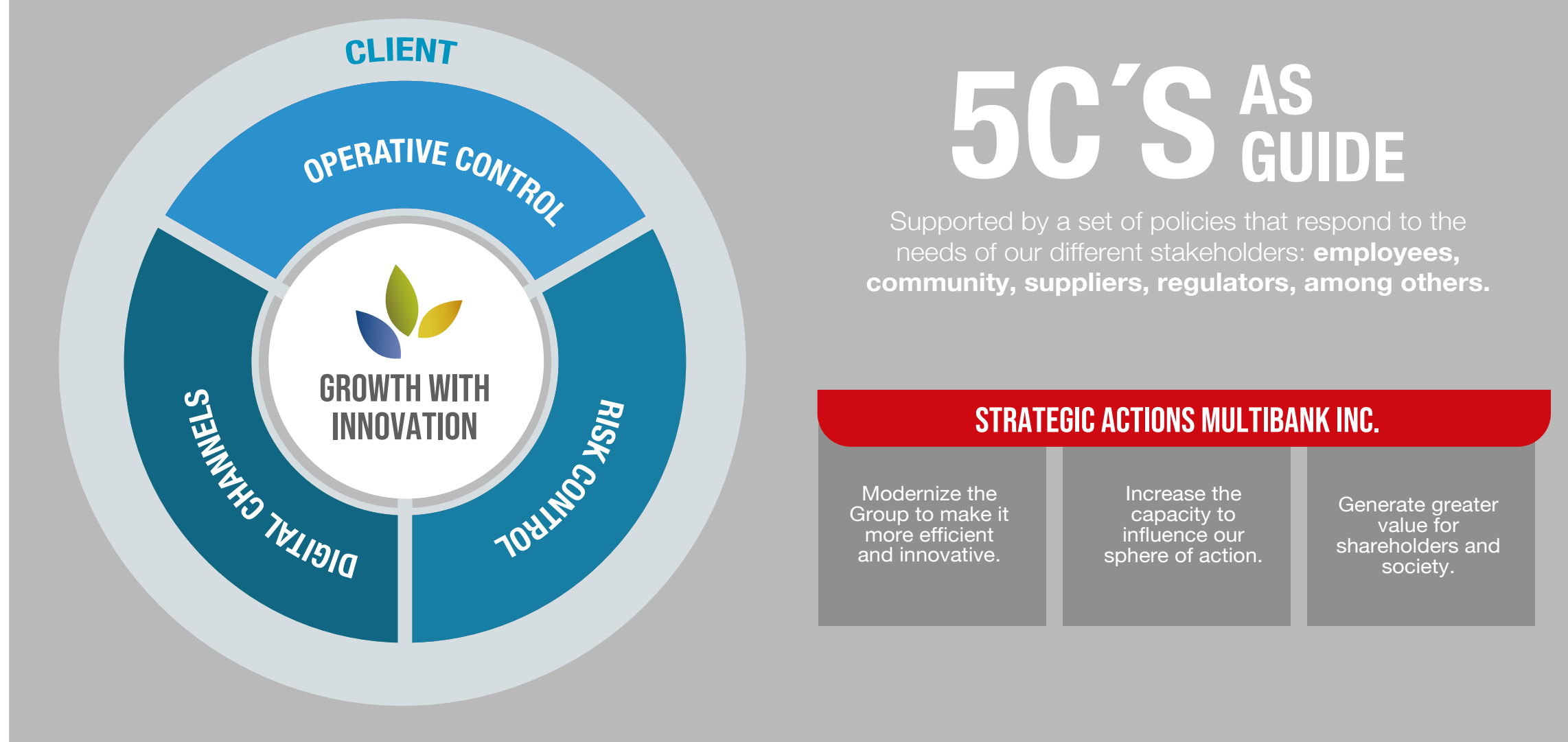


# GENERATING SUSTAINABLE VALUE FOR SOCIETY

We understand that sustainability is fundamental to our business, and we are committed to sustainable development and positively impacting our communities. Our main goal is to generate long-term value for our shareholders, customers, employees, and the communities in which we operate. Therefore, we integrate responsible practices in all areas of our organization.



## SUSTAINABILITY IS CROSS-CUTTING



We align our actions with the 2030 Agenda and the Sustainable Development Goals and prioritize those that coincide with our sustainability principles



For more information

[CLICK HERE](#)

## GLOBAL INITIATIVES WE ARE PART OF



We joined the UNEP FI, United Nations Environment Program Finance Initiative.



We adhered to the Principles of Responsible Banking, the basis of our approach as a sustainable bank that works for the well-being of communities and the environment.

### THESE PRINCIPLES SEEK:

- Strategic alignment with the SDGs and the Paris Agreement.
- Maximizing positive impact and minimizing negative impact on communities and the environment.
- Promoting transparency and dialogue with our stakeholders.
- Collaboration with organizations that promote sustainable and inclusive growth.
- The creation of a leadership model that addresses the challenges of sustainability.
- Accountability to disclose sustainability efforts and achievements.



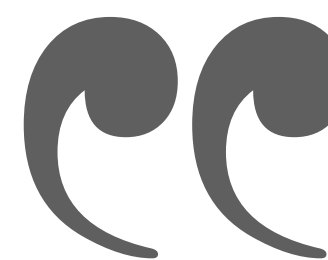
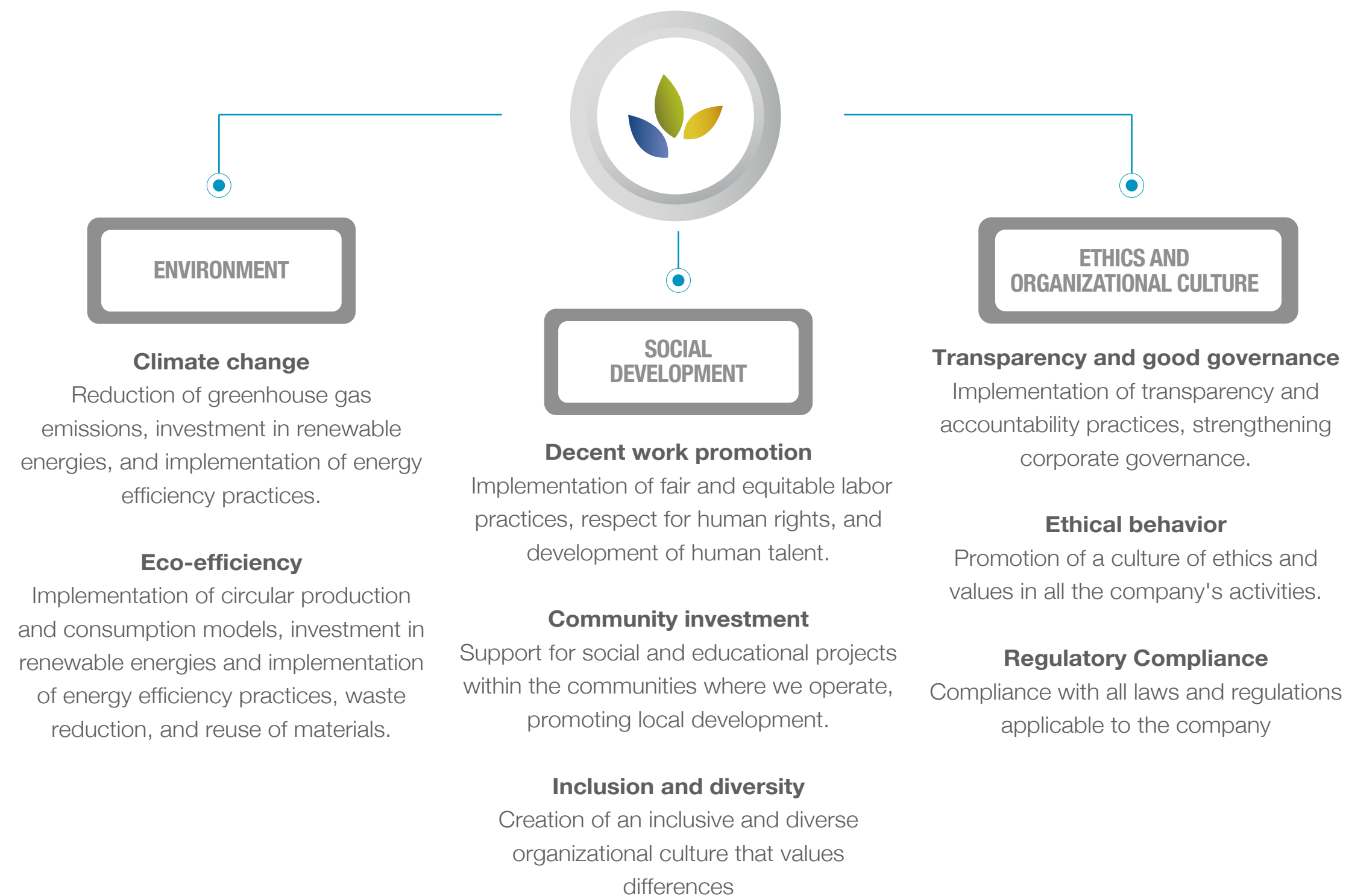
We signed the United Nations Global Compact for human rights, decent and quality work, the environment, and anti-corruption. In this regard, we promote education, gender equality, decent work, innovation, and sustainable communities while taking firm steps in eco-efficiency and climate change.

# SUSTAINABILITY IS PART OF ALL OUR DECISIONS



## WE CHOOSE SUSTAINABILITY AS THE PATH TO THE FUTURE

We know the future is only possible if we decisively address current environmental, social, and governance (ESG) challenges. It means defining, implementing, and consolidating a sustainability strategy that integrates actions in each of these directions:



TODAY, OUR STRATEGY IS MORE COMPREHENSIVE, THANKS TO CONSULTATION WITH THE VARIOUS STAKEHOLDERS WE ENGAGE WITH. IT WAS APPROVED BY THE BOARD OF DIRECTORS IN MAY 2023”.

Learn about our strategy

[CLICK HERE](#)



## OUR MILESTONES IN 2023

### THOUSAND POLLERAS' PARADE

Brand positioning

### SUSTAINABILITY STRATEGY APPROVAL

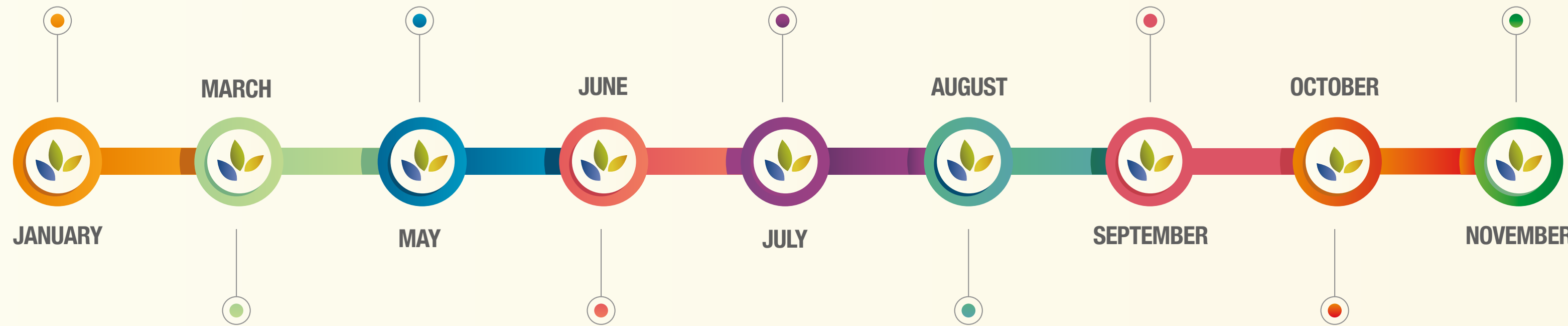
### CORPORATE VOLUNTEERING REACTIVATION

Inactive since 2020

### SUSTAINABILITY FORUM CREATION

### APPROVAL OF CORPORATE SUSTAINABILITY POLICY BY THE BOARD OF DIRECTORS

Manifiesto of Commitment to Human Rights.



### SUSTAINABILITY MANAGEMENT CREATION

### GENDER PARITY INITIATIVE SIGNATURE

### UN WOMEN'S WEPs PRINCIPLES SIGNATURE AND ADOPTION

### DIALOGUE FORUM ON ECONOMIC CHALLENGES

Ahead of the future: significant decisions 2024

## OTHER ACHIEVEMENTS WE HIGHLIGHT

### Creation of the Sustainability Forum, which is responsible for:

- Manage and ensure an adequate decision-making process.
- Establish management and control measures to monitor the strategy.
- Integrate sustainability within all areas of the organization.
- Approval of the Corporate Sustainability Policy and the Human Rights Commitment Manifesto establishes the principles and values for advancing sustainability in the coming years.

### Training and education for all our employees on environmental, social, and corporate governance (ESG) issues:

- You are a worker or a Pro.
- Culture of equality, a winning strategy.
- Panel discussion "Bias-Free Communication, Guide for Inclusive Communication".
- Recycling and circular economy: building a sustainable future.
- We lead with a focus on equality.
- Accountability, let's build our ESG report

### Multibank's management of sustainable finances with a focus on monitoring key indicators:

- Portfolio composition by environmental and social (E&S) rating: we monitor the distribution of credit by E&S risk level.
- Energy efficiency and consumption: we implement measures to reduce energy consumption in the Group's operations.
- Campaigns and environmental awareness: we promote an ecological culture within the organization.
- Gender distribution: we promote gender equality within our workforce.



# MULTIBANK MATERIALITY

**CONTEXTUAL KNOWLEDGE  
+ FOCUS ON RELEVANT ISSUES  
= POSITIVE IMPACT ON  
STAKEHOLDERS**

Sustainability is transversal to our business. It covers the most relevant aspects for the company and its stakeholders, i.e., critical issues affecting the Group's economic, social, and environmental performance.

Our strategy, therefore, takes into account the scenario in which we operate, allowing us to focus our efforts on those issues of greatest significance for all, enabling us to make informed decisions, and requiring us to undertake actions that generate positive impacts.

This is why we identified our material topics based on the organization's context, the expectations of our stakeholders, and sustainability-related risks and opportunities.



### STARTING POINT

We identify and recognize the business context concerning sustainability.

**WHAT IMPACTS DO WE GENERATE?**



### STAKEHOLDERS

We ask ourselves now and in the future.

**WHO DO I IMPACT?  
WHO IMPACTS ME?**



### MATERIALITY

We determine the importance of the topics that the company should report on. Internally, we evaluate and verify relevant aspects, while externally we consult with stakeholders.

## METHODOLOGY FOR THE DEFINITION OF MATERIAL ASPECTS

Below, we share the process for identifying material issues according national and international best practices:

### STAKEHOLDERS APPROACH

Consultations with various stakeholder groups to understand their expectations and information requirements in ESG issues.

### IDENTIFICATION OF MATERIAL ISSUES APPLICABLE TO OUR BUSINESS

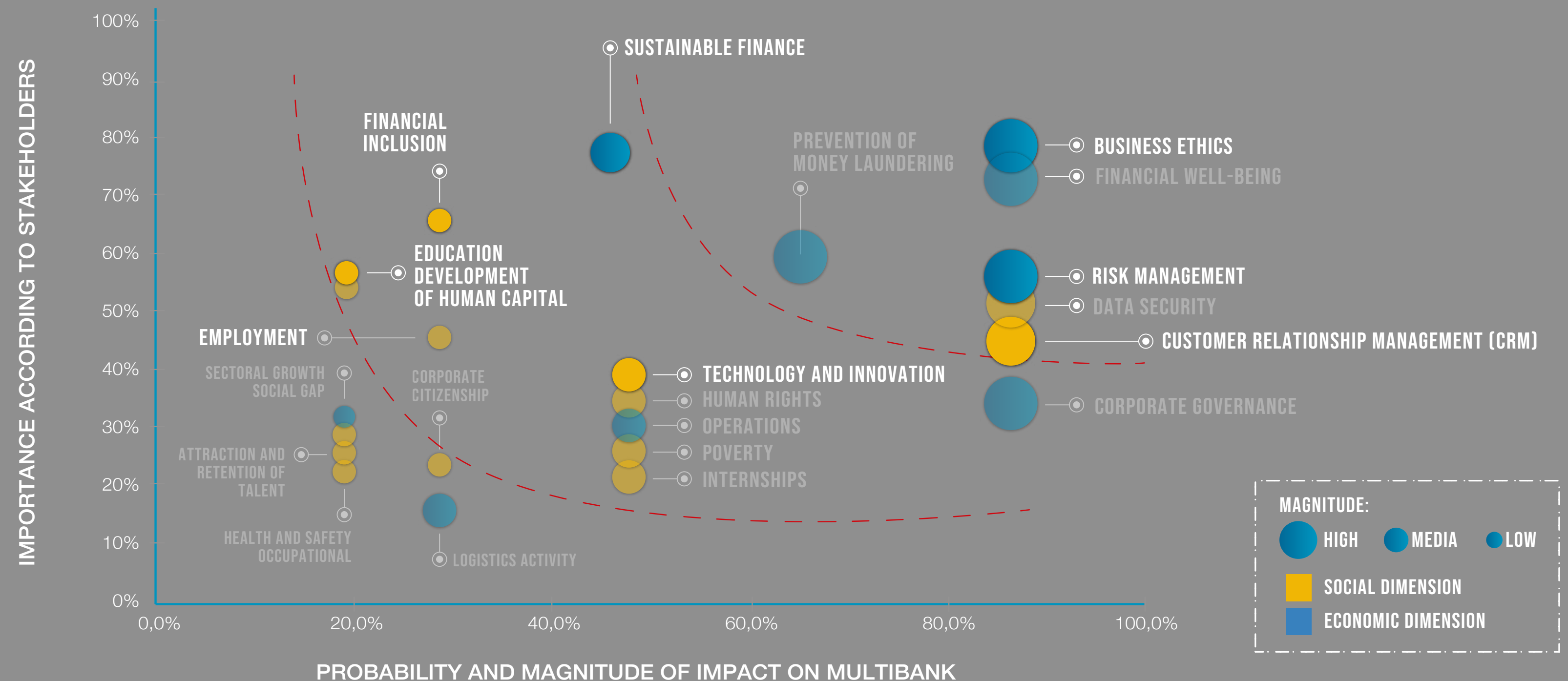
In accordance with the local and international context of the organization, stakeholder expectations, and ESG best practices.

### PRIORITIZATION

9 material items prioritized out of 23 identified

## MATERIALITY MATRIX

Below is a chart showing the importance given by stakeholders to each issue, as well as the likelihood and magnitude of impact on Multibank.



Note: According to the initial research, only two material issues were identified in the environmental dimension: eco-efficiency and climate strategy. Therefore, these issues were not subjected to the prioritization exercise.

**OUR STAKEHOLDERS**

**LONG-TERM RELATIONS TO GROW TOGETHER**

We are convinced that generating shared value and responding to our stakeholders' expectations are the best ingredients in creating trusting, long-term relationships, which are indispensable for achieving the objectives we have set ourselves.

Therefore, our management's success is connected to identifying and classifying our stakeholders' priorities into three levels: high, medium, and low, using a methodology that considers their influence and frequency in our activities.

It allows us to concentrate resources and efforts on the needs and interests of the groups that perceive the most significant impact on the projects we undertake.

**1.**

**Employees.**

The heart of our organization. Their talent, commitment, and well-being are fundamental to success in everything we do

**2.**

**Shareholders/investors.**

Their support drives our growth and development.

**3.**

**Customers.**

Our reason for existing. That's why we offer them high-quality products and services to meet their needs and expectations.

**4.**

**Suppliers and contractors.**

Our strategic partners. We value their experience and contribution to the efficiency and competitiveness of our value chain.

**5.**

**Public institutions.**

Collaboration public-private partnership is a tool for social and economic development

**6.**

**Regulatory agencies.**

We respect and comply with the rules and regulations in force. We seek a relationship of trust with them to ensure a legal framework that promotes competition and transparency.

**7.**

**Allies.**

We joined forces with others to achieve common goals and generate a positive impact on society

**8.**

**Competitors**

They are our incentive for continuous improvement. They motivate us to compete healthily and ethically with the best value proposition for our customers.

**9.**

**Chambers and associations.**

These are the spaces to strengthen the sector and contribute to economic development.

**10.**

**Community/Environment.**

We are responsible for environmental care and the well-being of the communities where we operate.

**11.**

**International Cooperation.**

We are interested in sharing knowledge and best practices and thus contribute to global development.

**12.**

**Media.**

They are key players in maintaining a dialogue open and transparent.

**Collaboration to generate shared value**

Following the purpose that inspires us to "Serve our people by promoting their dreams to improve their quality of life," we collaborate with our stakeholders to generate shared value, social cohesion, and a culture of organizational sustainability.

We have valid interlocutors for each of them and, in this way, we ensure effective, personalized communication that allows continuous improvement through:

**CLIENT SESSIONS**

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**COMPLAINTS AND GRIEVANCE MECHANISMS**

**ASSESSMENT OF OUR CUSTOMERS' RECOMMENDATION LEVEL THROUGH THE INTERNAL NPS TWICE A YEAR.**

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**SUPPLIERS' SURVEYS**

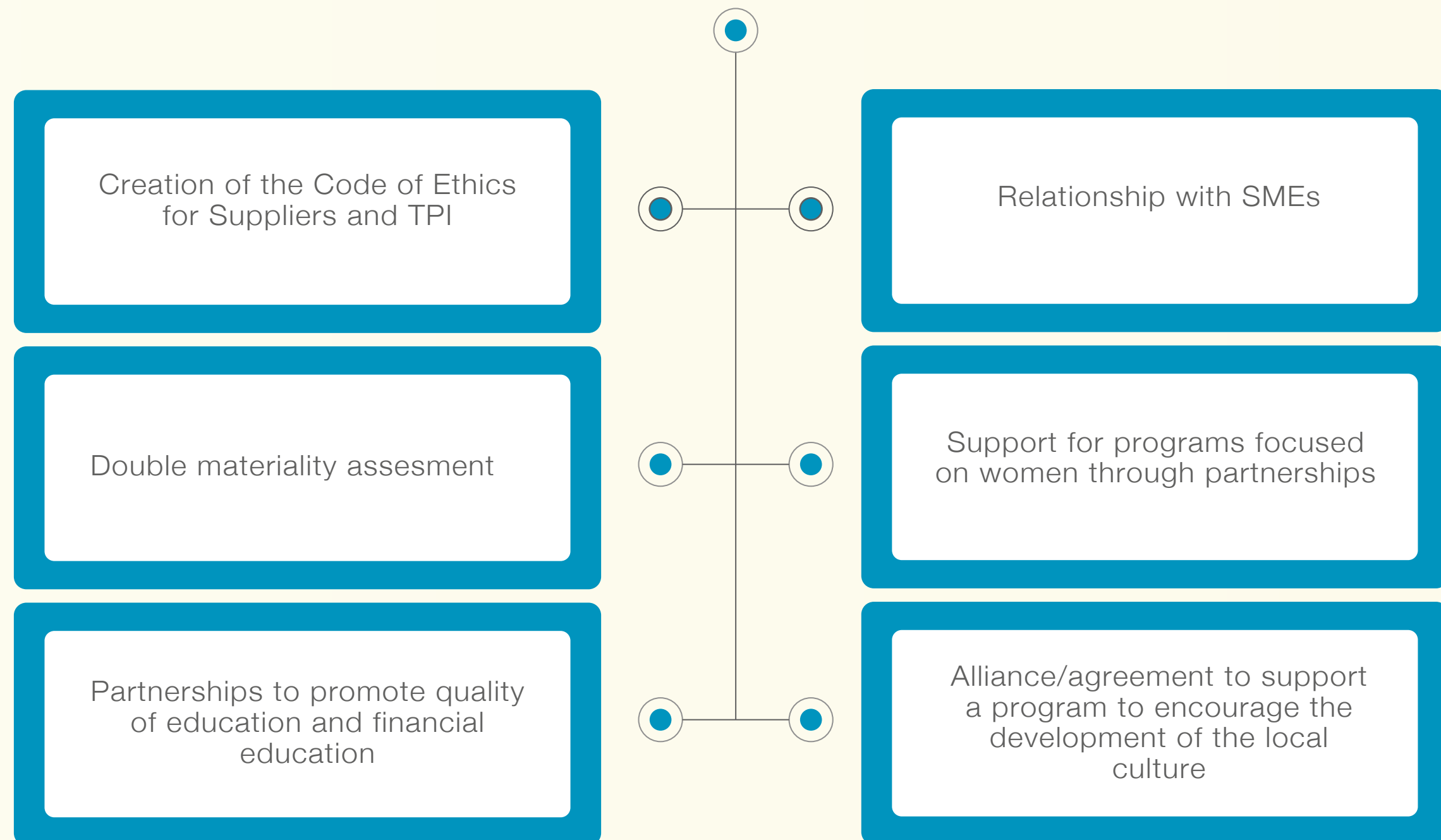
**CALL ANSWERING IN OUR CALL CENTER**

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**PERSONALIZED ATTENTION IN OUR PHYSICAL OFFICES**

## THIS STORY CONTINUES 2024 CHALLENGES

During 2024, we will follow up on the goals established in various key sustainability aspects to stay on track and ensure compliance with our objectives, among which are:



# LOOKING AT THE FUTURE STARTING TODAY

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Our customers are our top priority. That's why we drive their dreams, contribute to improving their quality of life, and work to provide them with an exceptional experience. We aim to understand their needs and expectations thoroughly, offer customized solutions, and maintain open and transparent communication to achieve this.

## WE UNDERSTAND OUR CUSTOMERS TO PROVIDE THEM WITH A BETTER SERVICE

We know the importance of adapting to our customer's preferences and providing them with satisfactory experiences through state-of-the-art technology. During 2023, we progressed in understanding their needs and expectations, digital transformation, and strategic expansion. We want innovation, open, transparent, and accessible communication about our solutions portfolio, and good business practices to be the hallmark of every interaction with us.

In 2023, we demonstrated the soundness of our business and regulatory compliance, which translates into a record of no monetary losses resulting from legal proceedings related to fraud, insider trading, anti-competitive practices, unfair competition, market manipulation, malpractice, or other financial industry laws or regulations.

## WE COMMUNICATE IN A CLOSE AND FRIENDLY MANNER

We have several channels to maintain a smooth and effective communication with our customers.

## WE HANDLE OUR CLIENTS' DATA STRICTLY AND OPERATE UNDER THE PRIVACY POLICY IN THE TERMS AND CONDITIONS INDICATED.

### WWW.MULTIBANK.COM.PA

Through our website, we provide detailed information about our products and services.

### FAIRS AND EVENTS

We participate in regional and sectorial fairs to strengthen our relationships with potential customers and present them with customized solutions.

### TELEMARKETING

We contact potential clients to schedule spaces to present our portfolio through personalized attention and close service.

### REFERRAL CAMPAIGNS

We encourage the recommendation of our products by satisfied customers.

### E-MAIL

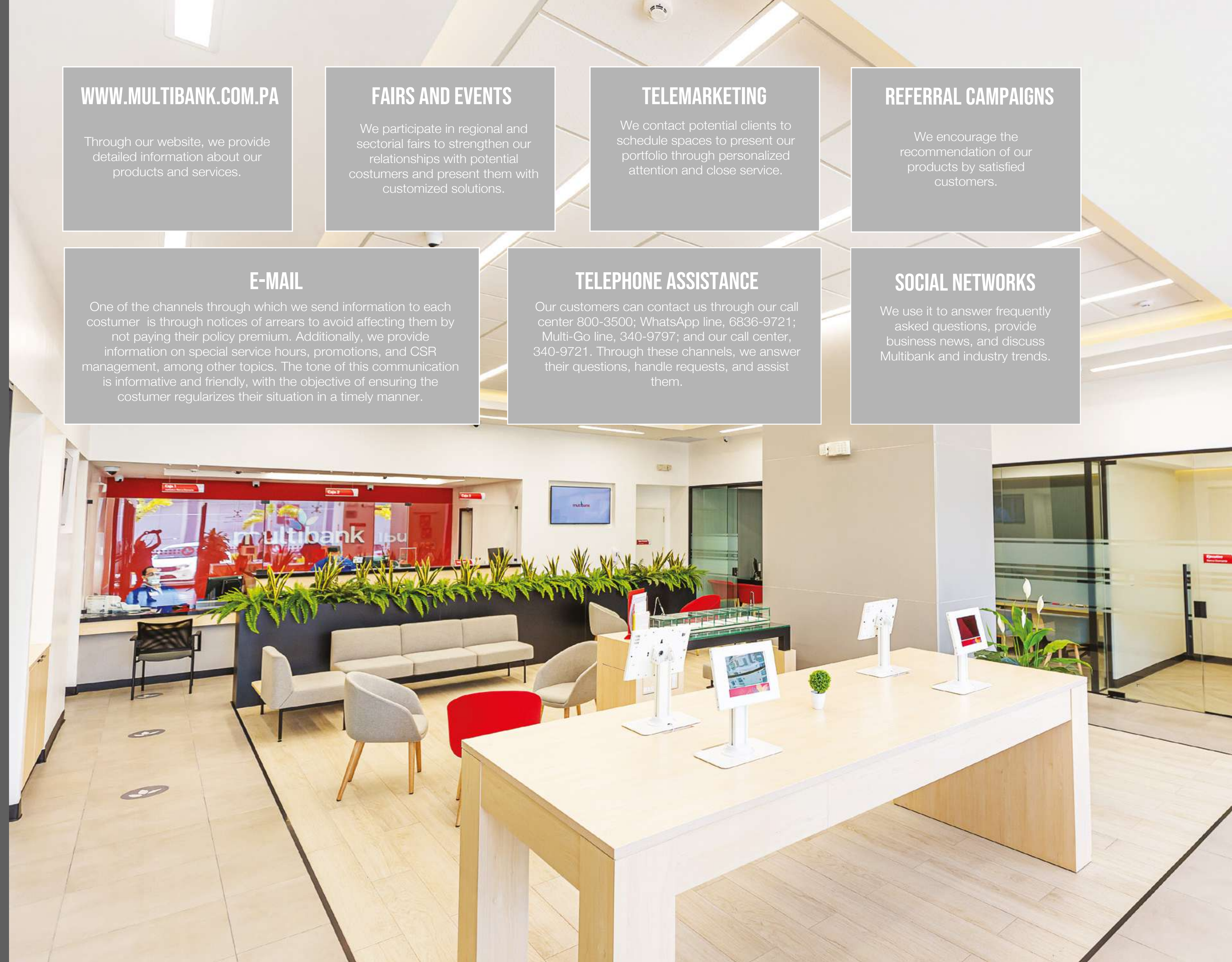
One of the channels through which we send information to each customer is through notices of arrears to avoid affecting them by not paying their policy premium. Additionally, we provide information on special service hours, promotions, and CSR management, among other topics. The tone of this communication is informative and friendly, with the objective of ensuring the customer regularizes their situation in a timely manner.

### TELEPHONE ASSISTANCE

Our customers can contact us through our call center 800-3500; WhatsApp line, 6836-9721; Multi-Go line, 340-9797; and our call center, 340-9721. Through these channels, we answer their questions, handle requests, and assist them.

### SOCIAL NETWORKS

We use it to answer frequently asked questions, provide business news, and discuss Multibank and industry trends.



## WE MONITOR THE EFFECTIVENESS OF OUR COMMUNICATIONS

**Prisma.** This tool allows us to evaluate the performance of targeted communication (e-mails), including openings, bounces, and clicks on links.

**Social networks.** Number of views, interactions, and followers generated by each publication.

## WE ARE DRIVEN BY SERVICE IN OUR GROUP

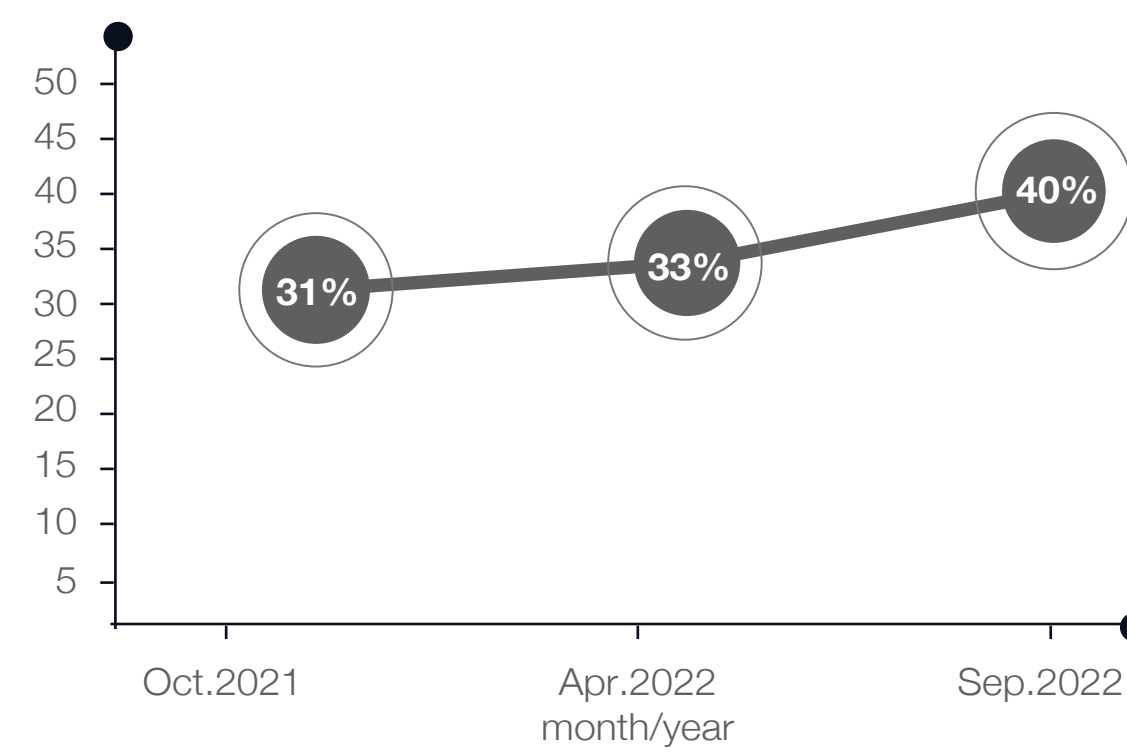
### Customer satisfaction

We conduct transactional satisfaction surveys in branch and online banking (*Net Promoter Score*) both in branch and through online banking. In addition, evaluation of the Relational NPS (biannual), which includes aspects of the brand and non-transactional interactions with our customers and suppliers, to obtain information that allows us to improve our transparency and relationship practices with them.

In 2023, we achieved a Relational Net Promoter Score (NPS) of 40%, representing a 9% increase between October 2021 and September 2022. In other words, a remarkable recovery from its lowest measurement in October 2021 (31%). This indicator not only reflects customer satisfaction but also signifies a firm commitment to continuous improvement and excellence in service.

### CUSTOMER SATISFACTION - NET PROMOTER RELATIONAL SCORE

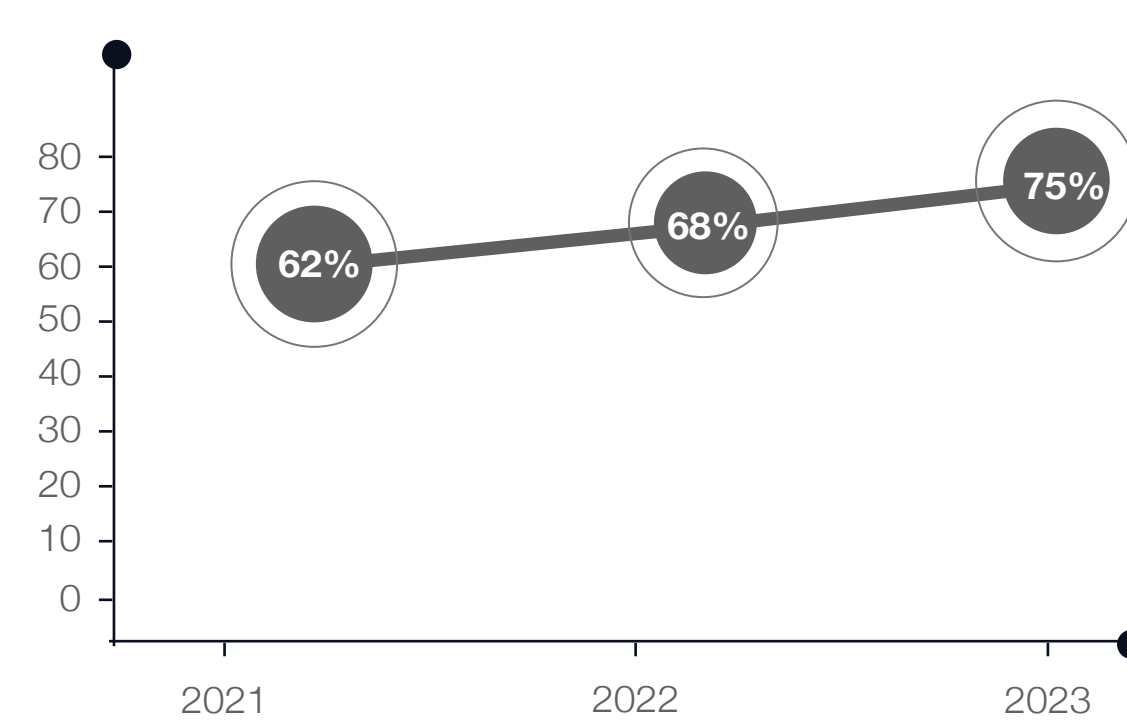
Evolution of the Relational Net Promoter Score



The Diamond segment also experienced an outstanding 75% transactional recommendation rate in 2023, up 13% from 2021 (see chart).

### CUSTOMER SATISFACTION - NET PROMOTER SCORE - TRANSACTIONAL

Transactional NPS evolution in the diamond segment



**THE TRANSACTIONAL RECOMMENDATION INDEX HAS BECOME OUR COMPASS FOR CONTINUOUS IMPROVEMENT."**

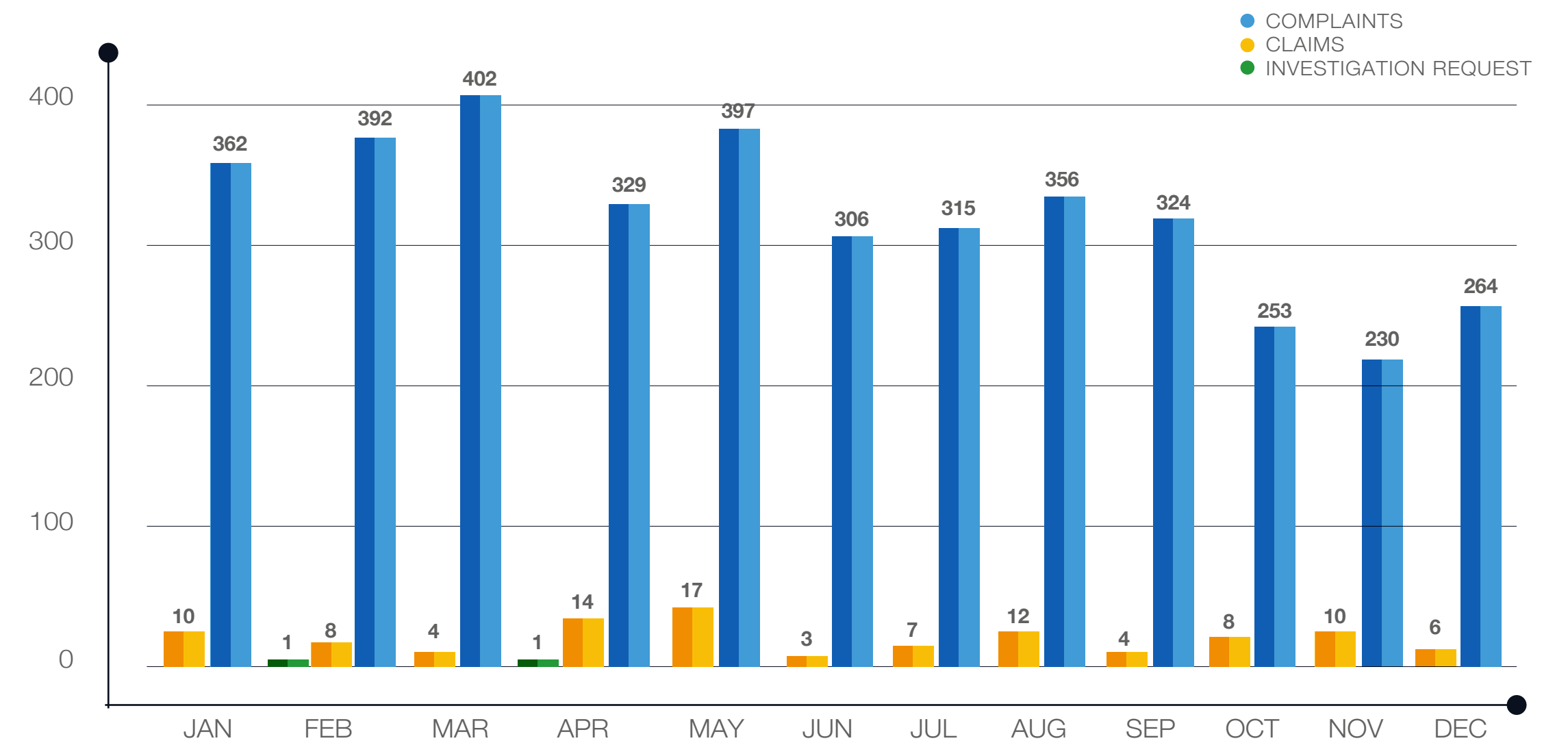
Our presence in the insurance sector continues to grow. For this reason, we successfully implemented the recommendation indicator (NPS) in Multibank Seguros. Initial results reached 61% in three interactions with the insurer: new policies, renewals, and cancellations. However, during the first months 2024, it dropped to 60%, mainly due to the renewal and cancellation processes. These results help us focus on the interactions with the most friction.

## WE RESPOND TO OUR CUSTOMERS' REQUIREMENTS

We have a system in place to handle customer complaints, grievances, and inquiries and work in a manner that includes different areas of the organization to provide a timely and transparent response.

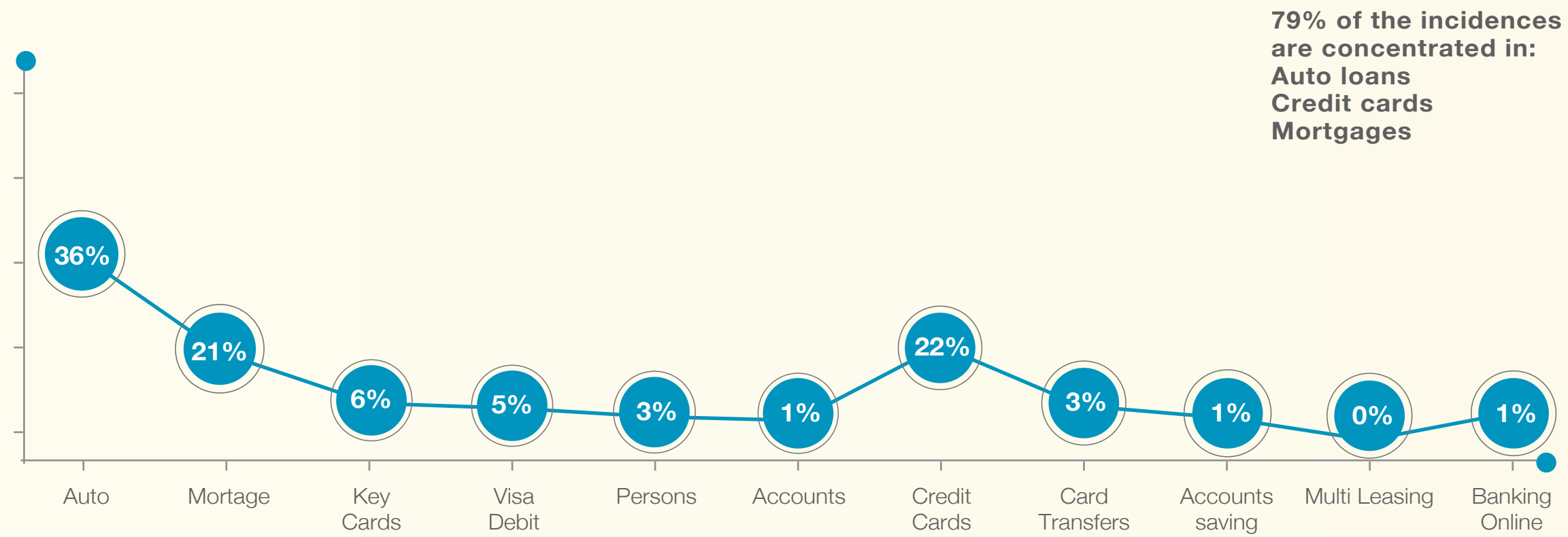
### INCIDENTS RECEIVED FROM JANUARY TO DECEMBER 2023

Diamond Segment Transactional NPS Evolution

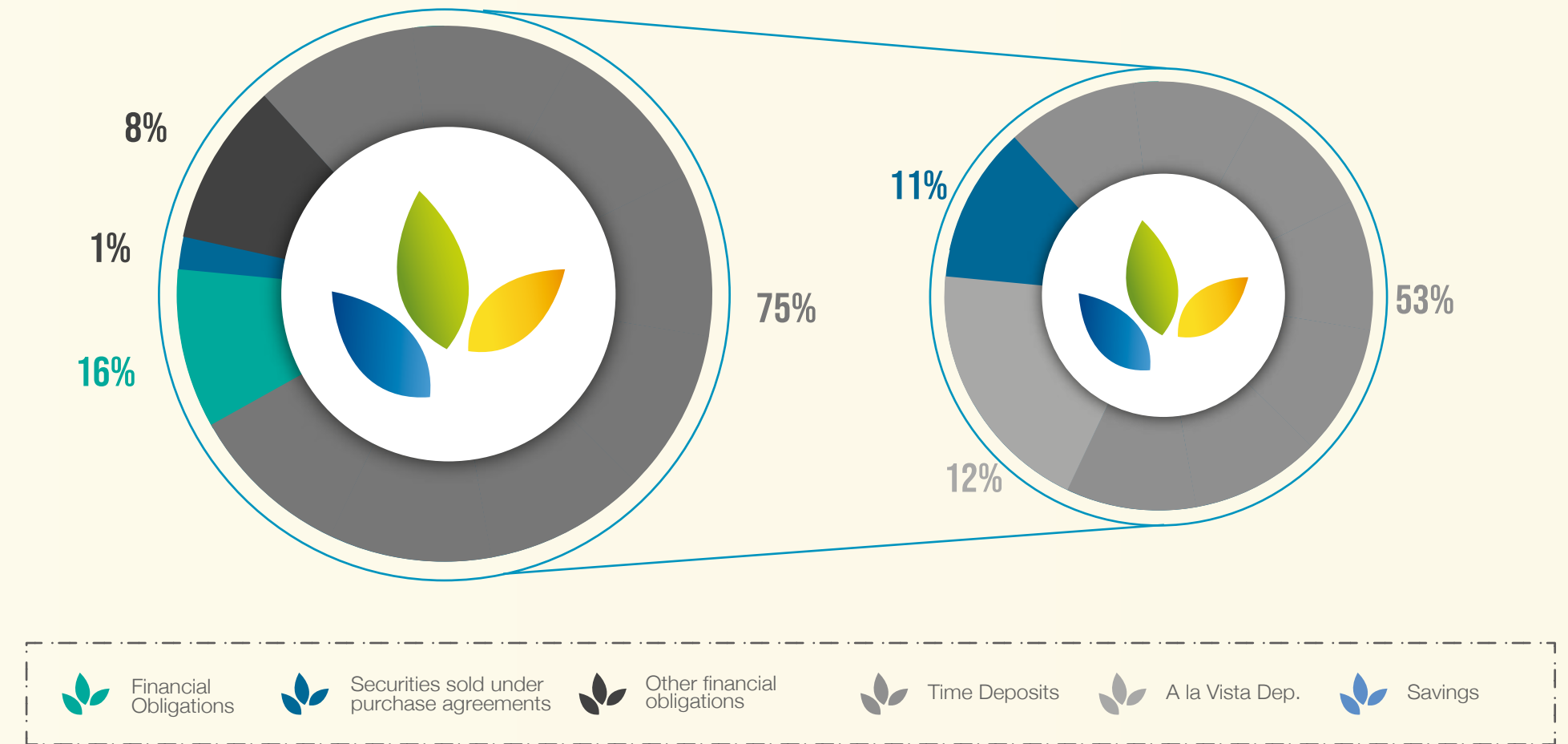


During 2023, 4,035 incidents were received, a decrease of 551 (16%) compared to 2022. The months of March and May reflected increased incidents due to mortgage loan rate adjustments.

## INCIDENTS RECEIVED BY PRODUCT TYPE



## ANCHOR DISTRIBUTION



## A CONSTANTLY EVOLVING ECOSYSTEM

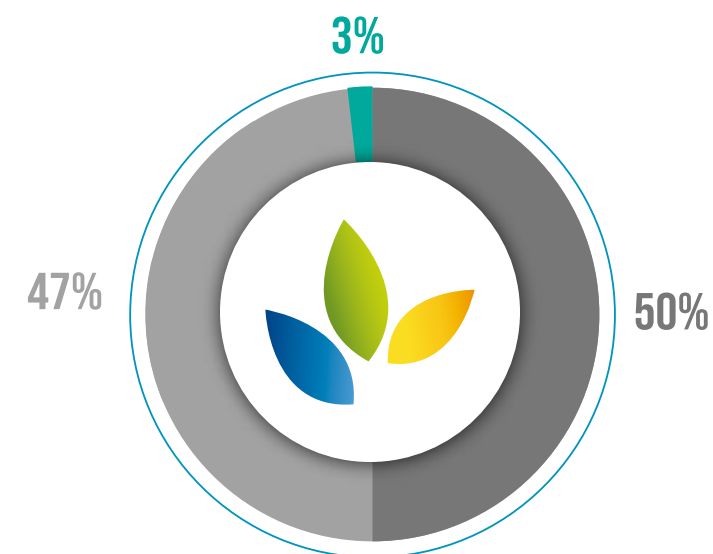
Universal Banking: Multibank, MB Insurance and multi-securities

## Broad diversification of loans and funding

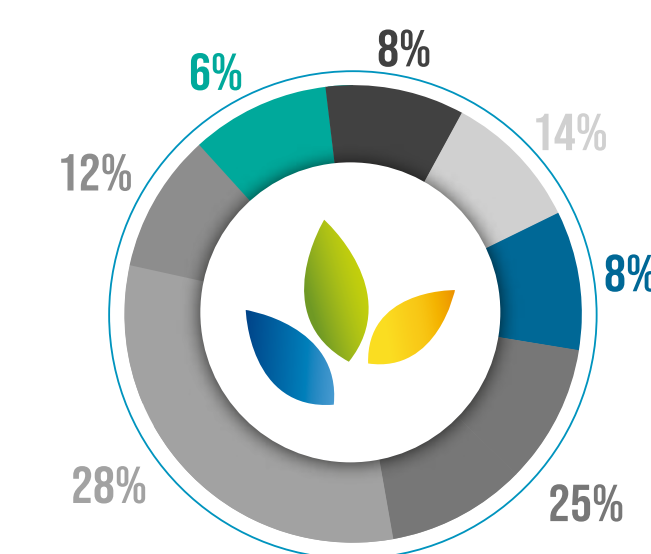
In general terms, Multibank is focused on the individual and corporate client market, with 50% and 47%, respectively, and we have a smaller participation in small business loans (3%).

## LOAN PORTFOLIO (AMORTIZED COST) USD 3,642 MILLION

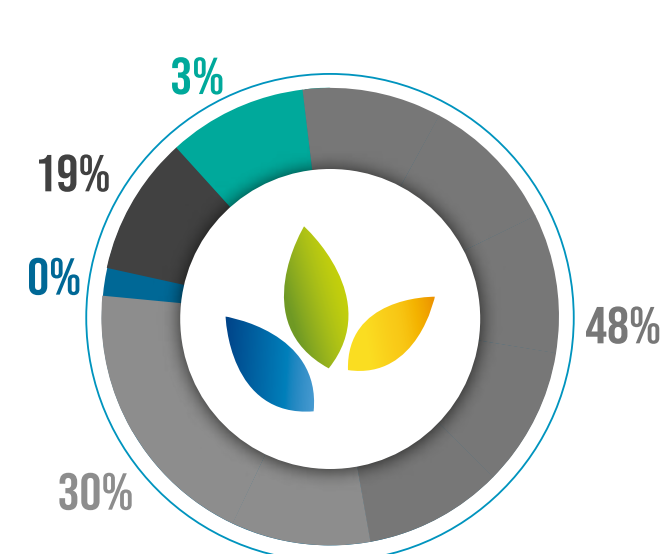
### Loans by Product



### Distribution of Corporate and Small Business Loans



### Distribution of Retail Banking Loans



## PERSONAL BANK

This customer segment is divided into consumer banking and private banking. Below is a summary of the portfolio of liabilities (checking, savings, and DPFs) and assets (loans) in 2023.

| TYPE                   | QUANTITY      | PRODUCT      | 31/12/2023           |
|------------------------|---------------|--------------|----------------------|
| PRIVATE                | 3,450         | CURRENT      | 33,370,356           |
|                        |               | SAVINGS      | 102,955,050          |
|                        |               | DPF          | 761,078,385          |
|                        |               | <b>TOTAL</b> | <b>897,403,791</b>   |
| BRANCHES (CONSUMPTION) | 56,754        | CURRENT      | 51,720,463           |
|                        |               | SAVINGS      | 243,819,258          |
|                        |               | DPF          | 493,392,568          |
|                        |               | <b>TOTAL</b> | <b>788,932,289</b>   |
| <b>GRAND TOTAL</b>     | <b>60,204</b> | <b>TOTAL</b> | <b>1,686,336,081</b> |





MAIN MILESTONES IN THE LIABILITIES PORTFOLIO

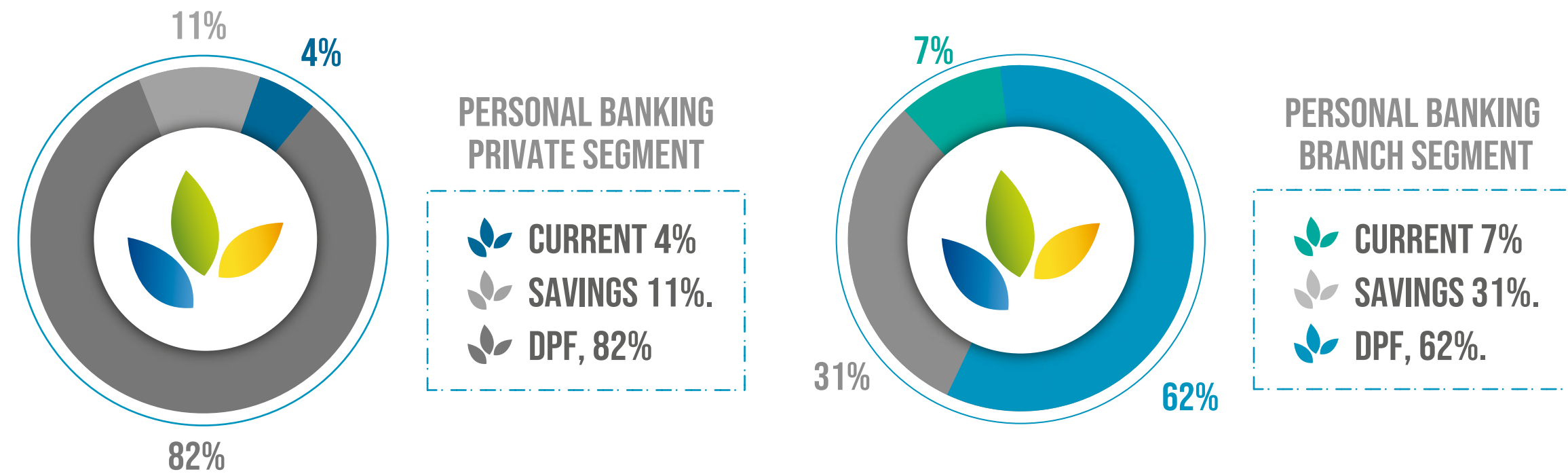
Growth of more than **USD 95 million** in liabilities concerning 2022 (Savings+DPF) in consumer banking, without private banking

**+5,000** new savings accounts, **22%** more than in 2022

The primary growth, which corresponds to the **70%**, was presented in balances coming from FTD (Fixed-term deposits)

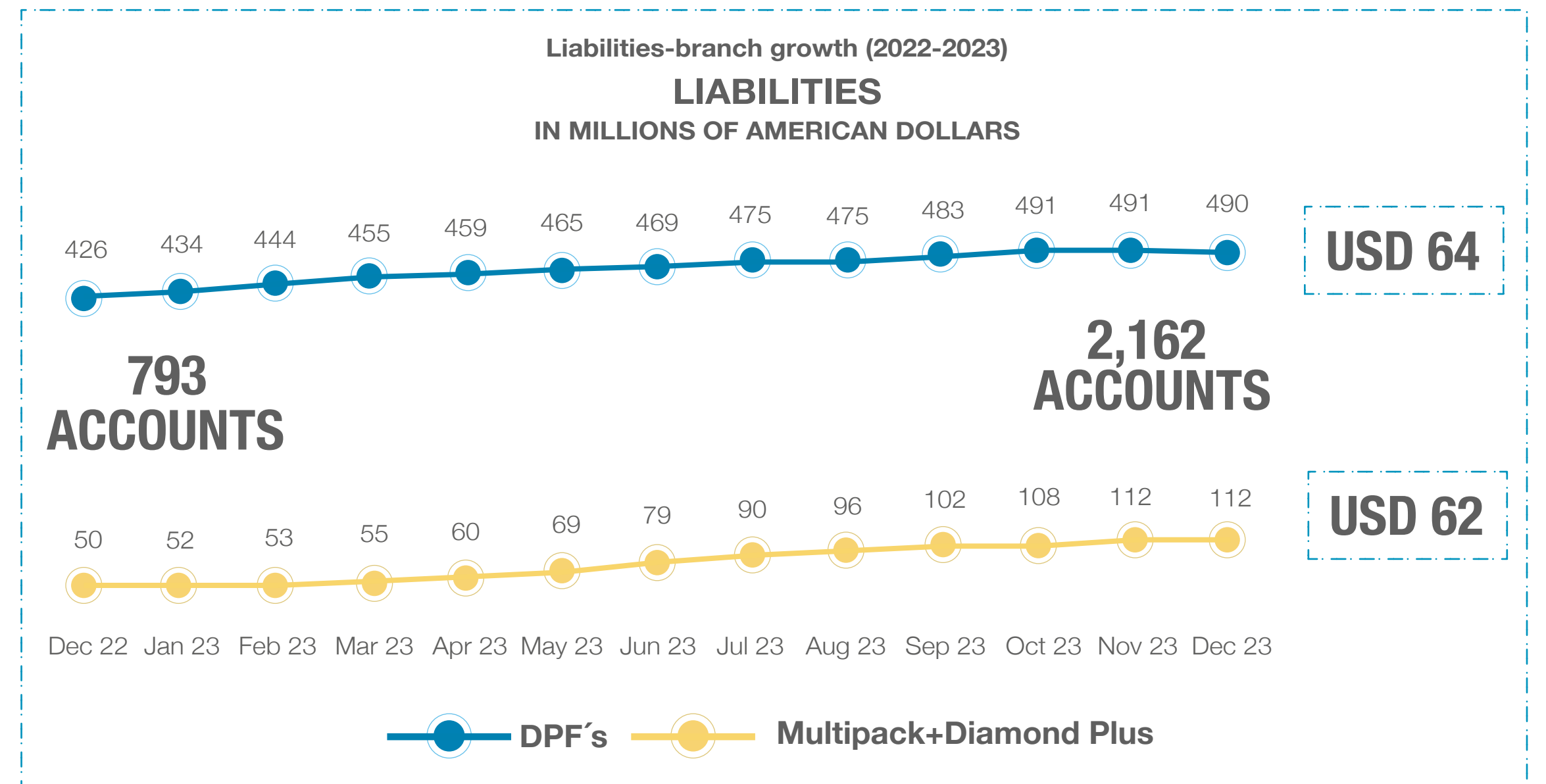
Proximity and deepening of the relationship with our preferred customers

DISTRIBUTION OF PERSONAL BANKING LIABILITIES PORTFOLIO



Our Personal Banking performance during 2023 was favored by the significant increase in FTD associated with the liabilities portfolio. More than 5,000 new savings accounts were the type of product with the highest total balance—the one preferred by customers.

With our strategy focused on attracting liabilities, we achieved an annual increase in consumer banking of USD 95 million, leveraged on the life cycle and segments, the relationship and closeness with high profile clients that represent approximately 5% of our total portfolio, to identify business opportunities, development and growth of the relationship.



In relation to the Diamond Plus Segment, total liabilities grew from USD 426 million in December 2022 to USD 490 million in December 2023, and the total number of accounts increased from 50 to 112.

## ASSETS BANKING INDIVIDUALS

| TYPE OF PRODUCT | NUMBER OF CUSTOMERS | NUMBER OF ACCOUNTS | USD                    | PERCENTAGE    |
|-----------------|---------------------|--------------------|------------------------|---------------|
| AUTO            | 26,731              | 27,192             | \$313,886,260          | 18.4%         |
| MORTGAGES       | 9,417               | 9,574              | \$812,171,129          | 47.7%         |
| PERSONAL LOANS  | 28,447              | 29,308             | \$504,643,692          | 29.6%         |
| OVERDRAFTS      | 131                 | 133                | \$8,712,005            | 0.5%          |
| CREDIT CARD     | 16,998              | 18,220             | \$63,206,920           | 3.7%          |
| <b>TOTAL</b>    | <b>70,116</b>       | <b>84,427</b>      | <b>\$1,702,620,007</b> | <b>100.0%</b> |

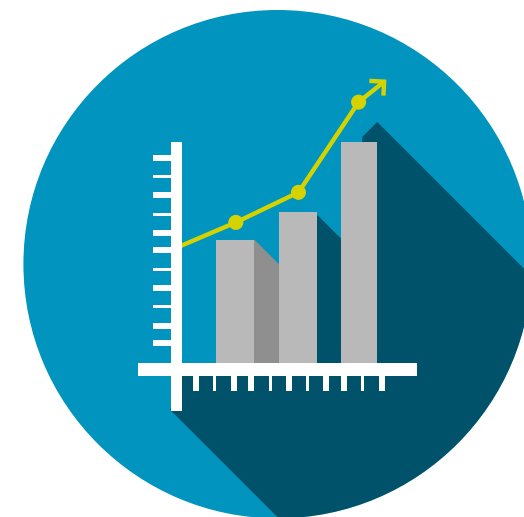
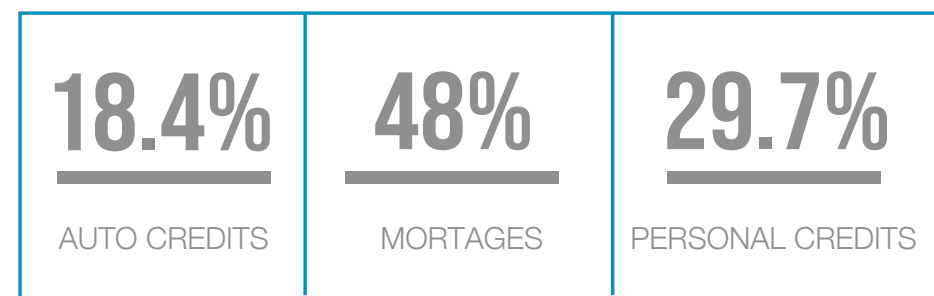
### KEY CREDIT DATA

THE PERFORMANCE OF THE CREDIT PORTFOLIO CLOSED WITH MORE THAN **4,000 NEW CAR LOANS (SALES)**.

IN THE MORTGAGE PRODUCT, **WE FINANCED 300 NEW HOMES (SALES)**, WHICH REPRESENTS A HIGH AVERAGE VALUE PER CUSTOMER AND A CONSIDERABLE POTENTIAL PROFIT MARGIN (CUSTOMERS VERSUS BALANCES).

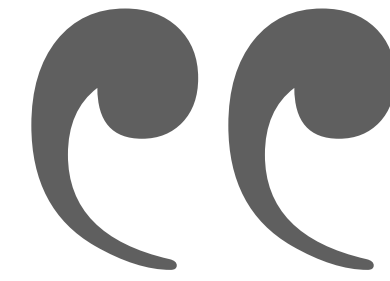
IN THE CREDIT CARD AND PERSONAL LOAN PORTFOLIOS, **WE HAD AN INCREASE OF 4,500 AND 4,793 NEW ACQUISITIONS, RESPECTIVELY**, THE MOST EXTENSIVE CUSTOMER GROWTH BASE, WITH CREDIT CARD PORTFOLIO GROWTH OF OVER 8%.

### MULTIBANK'S MOST REPRESENTATIVE RETAIL PORTFOLIOS IN 2023 WERE:



### Challenge 2024: to grow the credit card portfolio

To this end, we will design innovative attraction and benefit strategies to encourage their continued use. We will also take advantage of digital origination platforms or flows to facilitate the processes of personal loans to private companies and other financial products (use of digital signatures). It will require us to better understand customer behavior in digital environments and implement effective marketing strategies.



*Our challenges are loyalty, innovation in customer acquisition and retention, and the use of emerging digital platforms to maximize the reach and effectiveness of our commercial initiatives.*

## CONSUMER BANKING STRATEGY

Maintain growth in liabilities and further deepen our relationship with high-profile clients based on seven fundamental pillars:

- Accelerate growth in affluent customer segments.
- Develop customized digital solutions
- Optimize digital channels.
- Increase market share in cards.
- Accelerate the placement of insurance
- Offer specific products in niches without presence
- Maintain our positioning and leadership in auto lending.

### Corporate Banking

This bank experienced a slight 8% reduction in 2023 due to the increase in interest rates. Our portfolio is divided into three main sectors: agriculture (24%), Construction (33%), and Commercial (43%).

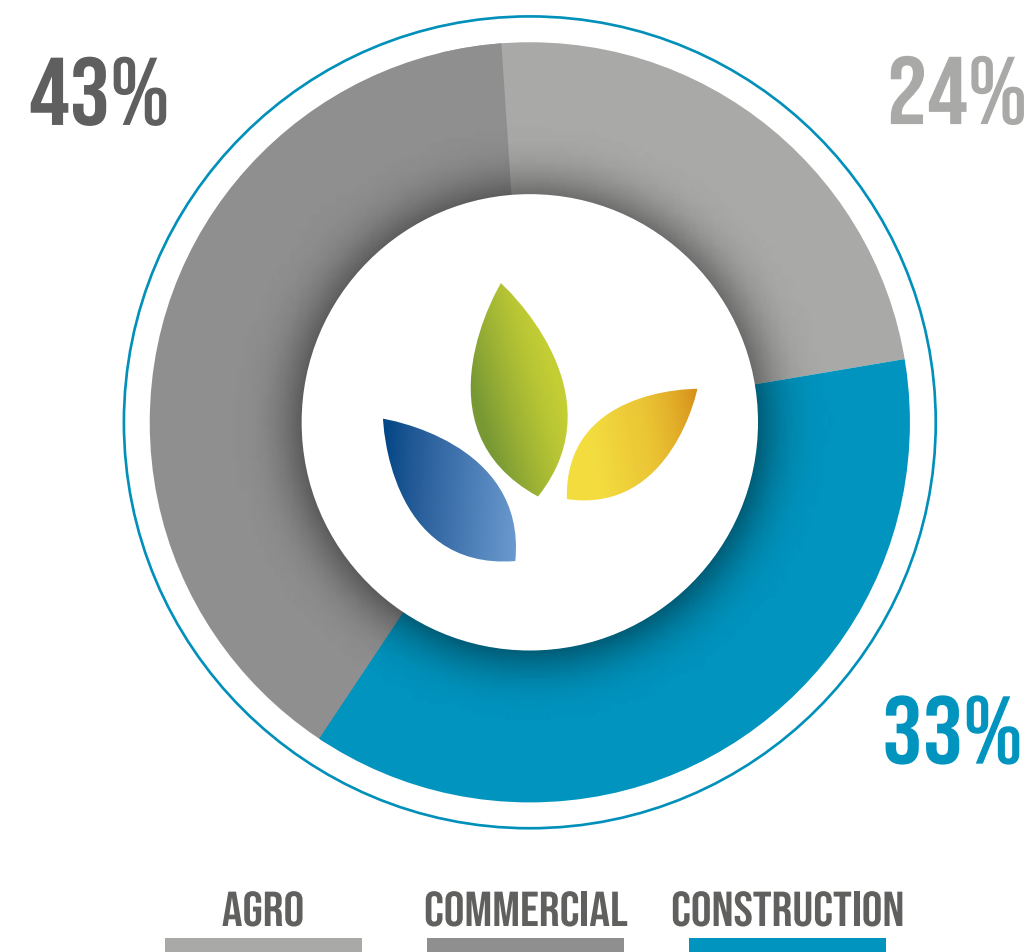
### 2023 Management

During 2023, in the commercial sector, we focused on state projects, the Chinese community, and the health sector. In the agricultural industry, specifically in livestock and agribusiness, and in the construction sector, in projects of social interest.

The agro portfolio is diversified into six items: cattle (41%), chickens (12%), pigs (9%), rice and shrimp (both with 5%), and maize (3%). In the Commercial portfolio, the main categories are services (32%), trade (26%), contractor (10%), leasing and factoring (6%), financial sector (5%), and industry (4%).

#### CORPORATE BANKING PORTFOLIO

| SECTOR                         | AMOUNT (USD MILLIONS) | PERCENTAGE |
|--------------------------------|-----------------------|------------|
| AGRO                           | 297                   | 24%        |
| CONSTRUCTION (SOCIAL INTEREST) | 413                   | 33%        |
| COMMERCIAL                     | 523                   | 43%        |
| <b>TOTAL:</b>                  | <b>1,233</b>          |            |



#### AGRICULTURAL SECTOR

| ITEM                                | AMOUNT (USD MILLIONS) | PERCENTAGE  |
|-------------------------------------|-----------------------|-------------|
| CATTLE (DAIRY, BREEDING, FATTENING) | 121                   | 41%         |
| CHICKENS (FATTENING AND BREEDING)   | 35                    | 12%         |
| SWINE (FATTENING AND BREEDING)      | 27                    | 9%          |
| RICE                                | 14                    | 5%          |
| SHRIMP                              | 14                    | 5%          |
| CORN                                | 10                    | 3%          |
| <b>TOTAL</b>                        | <b>297</b>            | <b>100%</b> |

#### COMERCIAL SECTOR

| ITEM                  | AMOUNT (USD MILLIONS) | PERCENTAGE  |
|-----------------------|-----------------------|-------------|
| SERVICES              | 166                   | 32%         |
| TRADE                 | 137                   | 26%         |
| CONTRACTOR            | 50                    | 10%         |
| LEASING AND FACTORING | 30                    | 6%          |
| FINANCIAL SECTOR      | 27                    | 5%          |
| INDUSTRY              | 23                    | 4%          |
| <b>TOTAL</b>          | <b>523</b>            | <b>100%</b> |

*In 2024, the election period could reduce investments and projects. However, the stability of financing rates will be an opportunity to attract new clients.*

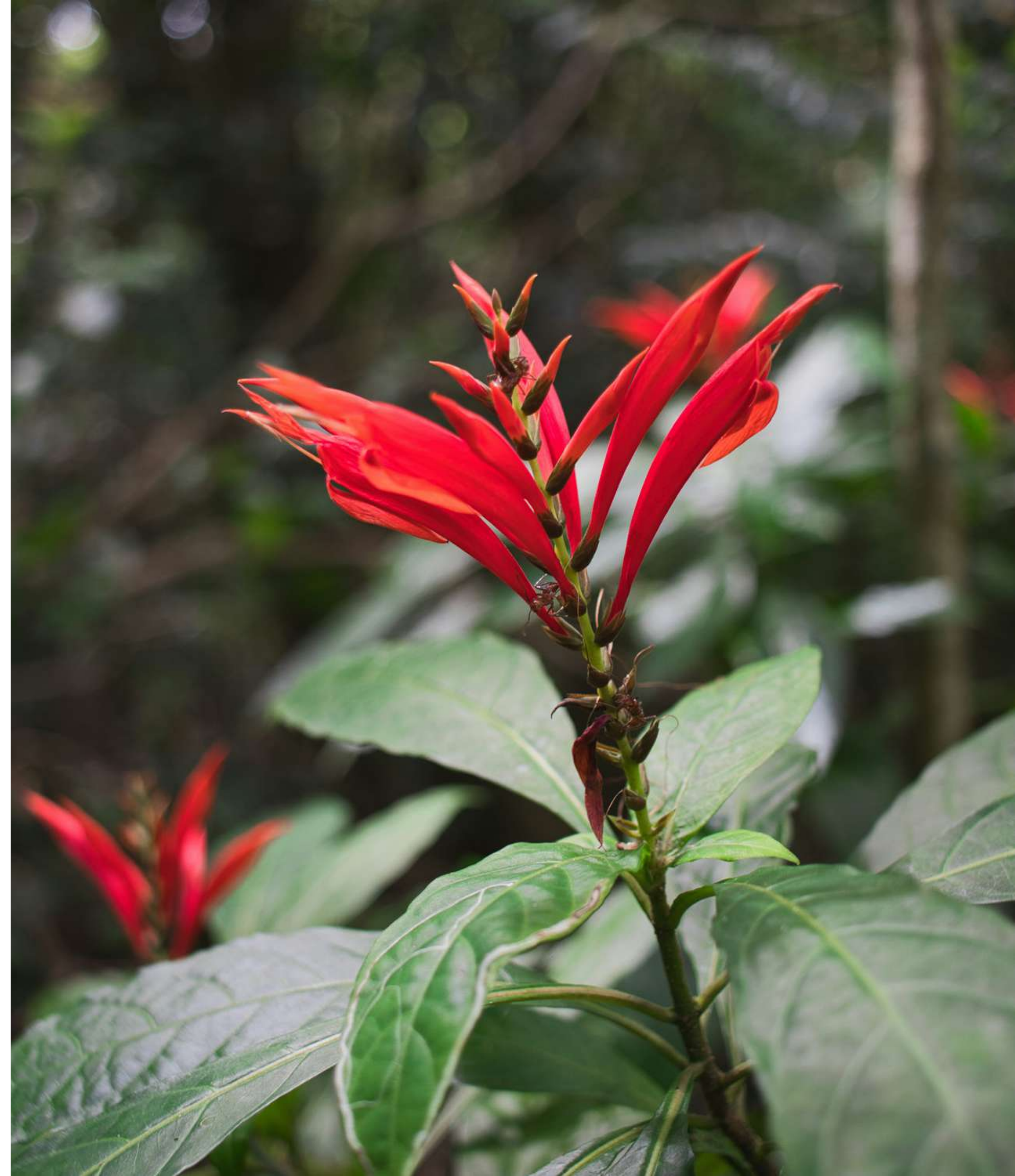
#### SMALL BUSINESS AND RELIEF PROGRAMS

We have a portfolio that promotes small businesses, which has a positive impact on the local economy by facilitating access to capital and stimulating economic growth.

#### SMALL BUSINESS LOANS AND COMMUNITY DEVELOPMENT

| CLOSING DATE | PRODUCT | BALANCE        | NUMBER OF OPERATIONS |
|--------------|---------|----------------|----------------------|
| 21/31/2023   | SME     | 110,646,165.16 | 998                  |

In addition, within the consumer banking portfolio, we have a Relief Program to offer alternatives to customers with credit commitments in a state of delinquency. In 2023, we supported 286 clients with approximately USD 8.9 million in balances.



**CORPORATE AND INTERNATIONAL BANKING**

From our Corporate Banking, we are strategic allies for the growth of Panamanian companies. This segment provides tailor-made solutions for local companies with revenues over USD 15 million. We have a select client base in the retail, energy, food industry, industrial fishing, medical supplies, and equipment sectors, among others. In addition, we maintain our position as a provider of banking services to the leading companies in the Colon Free Trade Zone, which is dedicated to wholesale sales.

Our International Banking offers banking services to companies in Central America, the Caribbean, and South America with annual revenues of over US\$30 million, mainly in the agro-export, food, pharmaceutical, and energy sectors. In addition to companies, we maintain an essential portfolio of wealth clients in the region, mainly through passive and investment products.

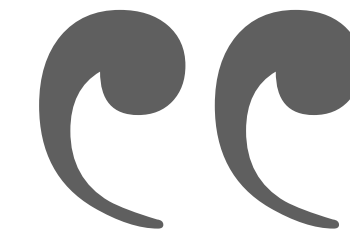
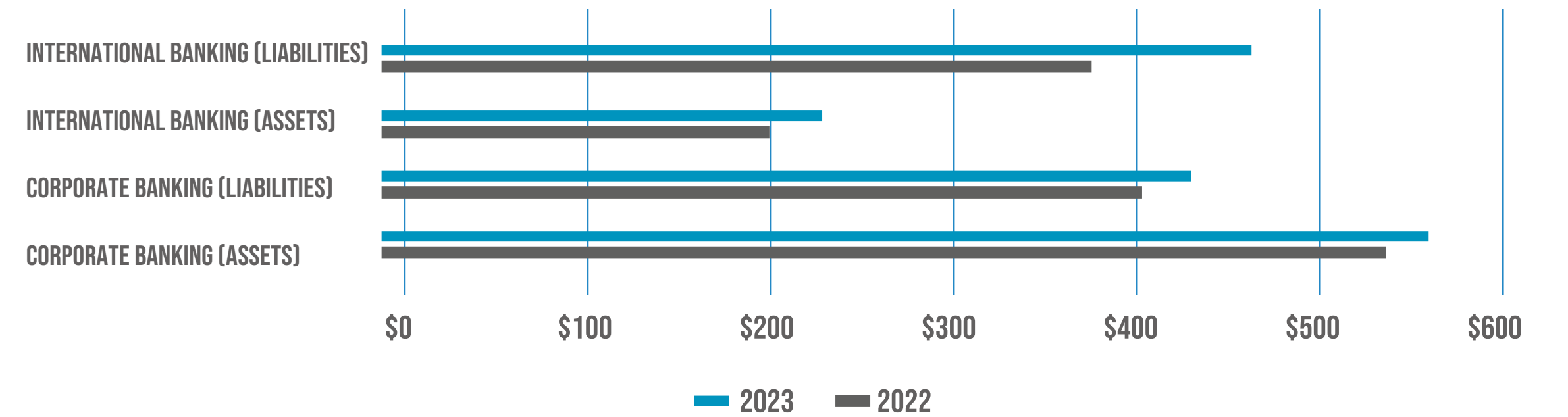
The financing product offering is complemented with "Cash Management" solutions. Through various digital collection solutions, we facilitate the collection of payments for our affiliated businesses and reduce the dispersion of local and international payments through our corporate online banking, always complying with the highest security standards. Our cash management products and services facilitate the management of corporate treasury. We also maintain a dedicated support and after-sales team for our business customers.

**VALUE OF CORPORATE BANKING LOANS**

| INDUSTRIES                                  | CAPITAL BALANCE 31-DEC-23 | PERCENTAGE OF PORTFOLIO |
|---|---------------------------|-------------------------|
| COLON FREE TRADE ZONE                       | 143,140,838               | 31.28%                  |
| REAL ESTATE                                 | 48,739,671                | 10.65%                  |
| RETAIL (GENERAL MERCHANDISE AND AUTO PARTS) | 45,753,883                | 10.00%                  |
| WHOLESALER*                                 | 92,190,897                | 20%                     |
| FISHING                                     | 21,682,280                | 4.74%                   |
| CONTRACTORS                                 | 17,631,556                | 3.85%                   |
| HOSPITALITY                                 | 13,881,893                | 3.03%                   |
| OTHERS                                      | 74,622,891                | 16%                     |
| <b>GRAND TOTAL</b>                          | <b>457,643,909.00</b>     | <b>100%</b>             |

\*"Wholesale" includes food, electronics, general merchandise, medical equipment, consumables, fertilizer, veterinary, drugs and personal care, apparel, and others.

**EVOLUTION OF MULTIBANK CORPORATE CLIENTS (2022 - 2023)**



**DURING 2023, OUR ASSETS ON BEHALF OF CORPORATE CLIENTS INCREASED BY 10%, FROM USD 450 MILLION TO USD 500 MILLION."**

International Banking reported a net growth of USD24.6 million or 12.3% in its loan portfolio for 2023 while increasing its deposit portfolio by USD71 million or 19.1%. The total deposit portfolio at year-end 2023 was USD 445 million.

Corporate Banking performed well in attracting liabilities, with a growth of 11.2%. It closed 2023 with total liabilities of USD449 million, USD30 million in time deposits, and USD15 million in demand deposits.

These results are due to a greater focus on the international market and the implementation of new platforms to streamline processes and services.

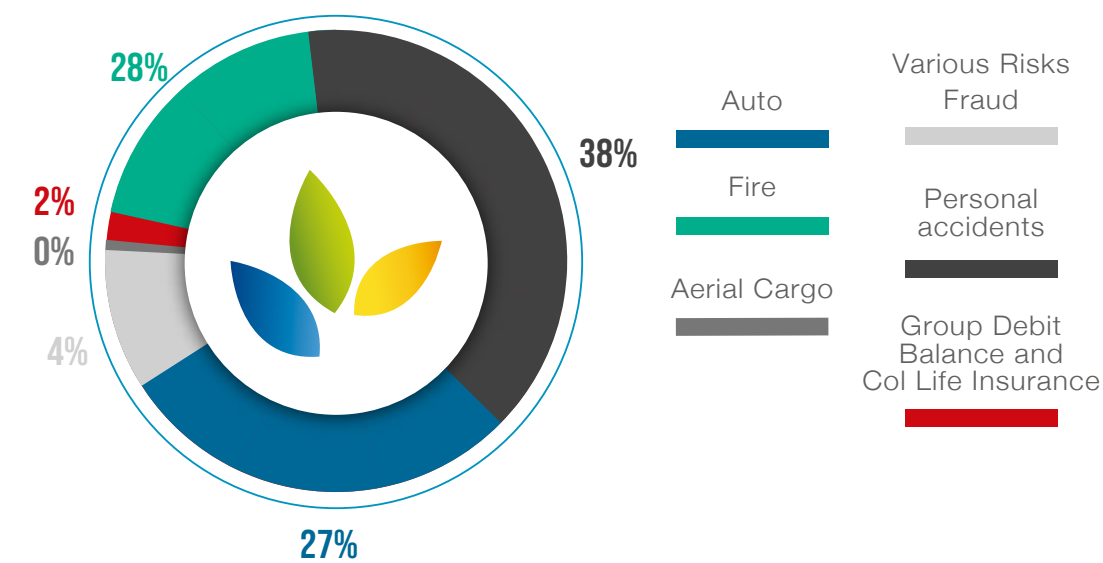
**Multibank Insurance**

Through MB Seguros, we offer various policies with the best coverage for our costumers' tranquility: life insurance, personal accident, auto, home, business, theft, fire, various risks, and bonds, among others.

**INSURANCE POLICIES IN FORCE IN 2023**

| DESCRIPTION                                | POLICIES IN FORCE | PERCENTAGE     |
|--|-------------------|----------------|
| FIRE                                       | 7,992             | 27.94%         |
| AUTO                                       | 7,808             | 27.31%         |
| MISCELLANEOUS RISKS FRAUD                  | 165               | 0.58%          |
| AERIAL HULL                                | 19                | 0.07%          |
| GROUP DEBIT BALANCE AND COL LIFE INSURANCE | 650               | 2.27%          |
| PERSONAL ACCIDENTS                         | 10,712            | 37.82%         |
| MARITIME HULL                              | 62                | 0.22%          |
| OTHER BRANCHES                             | 1,189             | 4.16%          |
| <b>TOTAL</b>                               | <b>28,597</b>     | <b>100.00%</b> |

**INSURANCE PORTFOLIO**



At Multibank Seguros, we apply Group guidelines to comply with Law 81 of 2019 on data processing in legal and regulatory matters. The regulations that could have a more significant operational impact are:

**DRAFT IFRS 17 AGREEMENT**

Affects accounting and financial reporting

**ELECTRONIC INVOICING**

It implies changes in document management and administrative processes.

**2023 Management**

We focused on developing the insurance broker channel and will continue to improve with different initiatives through coming years. In addition, we increased product placement in the company's most profitable lines of business and initiated a digital transformation process with a long-term vision focused on the customer through technology and data analytics.

There was no civil or criminal litigation or fines in 2023. It demonstrates the soundness of our processes and controls, a positive trend we have maintained over the past five years.

M.B. Seguros must comply with the legislation regarding money laundering and terrorist financing (ML/FT) established in Article 2 of Law 10/2010, April 28.



**Personalized insurance communication**

Our approach is to inform our costumers at the time of purchase and every year when renewing the policy. In addition, we provide general and particular conditions of the policy, with all the product's characteristics. We also communicate general customer service lines, schedules, and product specifications through social networks (policies established by the Corporate Image and Communications area).



**WE ARE POSITIONED AMONG THE FIVE INSURERS WITH THE BEST TECHNICAL RESULTS, EXCLUDING HEALTH. WE ARE ALSO ONE OF THE INSURERS WITH THE BEST CLAIMS RATIO IN THE MARKET."**

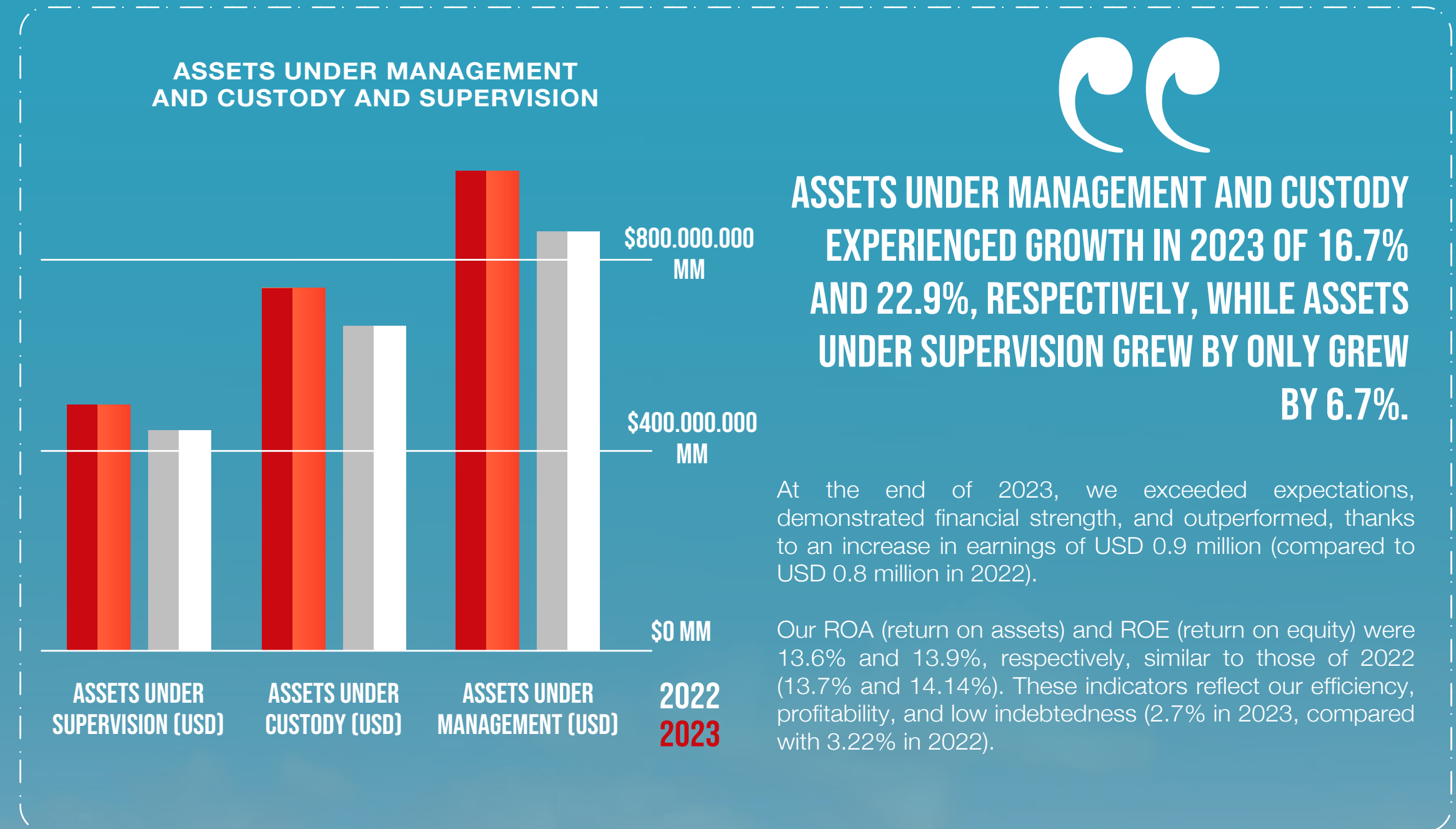
**Multi Securities**

At Multi Securities, we offer investment alternatives and solutions in the financial markets, investment advisory for individual and institutional clients, structuring of securities issues, and portfolio management, including securities brokerage (stocks, bonds, etc.).

Next, we present total assets under management, assets not directly managed (under supervision), and assets protected by our financial institution (under custody).

**TOTAL ASSETS UNDER MANAGEMENT, CUSTODY AND SUPERVISION**

| YEAR | ASSETS UNDER CUSTODY | ASSETS LOW ADMINISTRATION | ASSETS UNDER SUPERVISION |
|------|----------------------|---------------------------|--------------------------|
| 2022 | \$725,901,511        | \$452,267,042             | \$273,634,469            |
| 2023 | \$848,116,640        | \$556,013,955             | \$292,102,685            |



In consortium with Multibank, we won a public tender to manage a segment of the Public Servants' Pension Savings and Capitalization System (SIACAP) portfolio. It is an important milestone for the securities firm, enabling it to manage more than USD 300 million in assets under management (AUM) between 2024 and 2029.

As part of our group's expansion project, we remodeled the new Multi Securities offices at the Multibank 50 building to improve face-to-face customer service

Thanks to our Code of Ethics and Conduct, Multi Securities has not been investigated for consumer complaints, civil litigation, or other legal proceedings related to lack of transparency in information, misleading advertising, or fine print.

#### **Challenges and opportunities in a dynamic environment**

We face a challenging outlook in the short term, so as a priority, we will make a digital channel available to our customers that will allow us to compete in a digitized market.

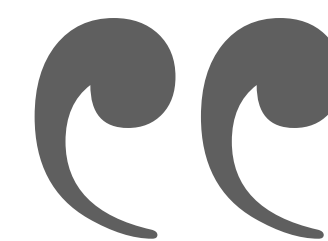
We plan to expand our managed portfolios (AUM - Assets Under Management), especially the Multiprosperity Fixed Income Fund, increase investment trading, and attract new securities issuers.

**The inflationary process in the United States and possible changes in that country's monetary policy are the main challenges we face in the short term.** These variables could generate high interest rates in Panama and negatively affect credit demand and securities issuance. In the medium and long term, the economic slowdown is a potential risk because consumers could reduce their demand for credit, and companies could choose not to finance themselves through the issuance of debt securities due to their high financial cost.

## **POSSIBLE FACTORS AND TRENDS THAT MAY INFLUENCE MULTIBANK'S PERFORMANCE IN 2024**

The support of our parent company will drive our growth with access to new customers and revenue diversification. This integration combines operations, change management, and harmonizing systems and processes to be more efficient.

There are opportunities for growth in three areas associated with economic recovery post-pandemic: credit, deposit gathering, and business generation.



*An external trend is environmental, social, and governance (ESG) sustainability, in that sense, Multibank will continue to apply the U.N.'s Responsible Banking principles, demonstrating our commitment to ISO 14001 certification (environmental management), financial education, and corporate volunteering”*

## WE IMPROVE CUSTOMER EXPERIENCE

### Data protection: peace of mind and confidence

Technology enhances customer experience by providing access to faster, more convenient, personalized services through digital channels such as online banking and mobile applications.

In 2023, we made progress in cybersecurity and consolidated the role of the Data Protection Officer, establishing the necessary controls to guarantee personal data privacy. In this reporting period, there were no legal proceedings for incidents. We handle personal data with the authorization of our customers, never for marketing purposes, unless they explicitly approve it. We ensure compliance with the SOX (Sarbanes-Oxley) law related to transparency of financial reports and offer banking products with solid risk management practices, which allow us to identify, evaluate, and mitigate potential cyber threats.



### RESPONSIBLE USE OF DATA IS PART OF THE TWO APPROACHES OF OUR DATA PROTECTION POLICY, IMPLEMENTED IN 2022

For technologically banked costumers, granting consent is done through online banking and is explicit, voluntary, specific, informed, and unambiguous.

*For technologically unbanked customers or new customers,* we have a personal data authorization form and consent for data processing for specific purposes.

Consent is obtained in credit processes, account openings, and new products. We strictly adhere to Law 81 of March 26, 2019, on data protection, Executive Decree 285 of May 28, 2021, and the specific regulations for the banking sector (Banking Agreement 01-2022 of February 24, 2022).

### DATA COLLECTED AS A RESULT OF OUR OPERATIONS:

#### DEMOGRAPHIC INFORMATION

Gender, age, employment status, country, province, district, township, neighborhood, and specific address.

#### FINANCIAL AND EDUCATIONAL INFORMATION

Income, assets, investments, credit history, education level, etc., and titles obtained.

#### PERSONAL IDENTIFICATION DATA (PII)

Name, age, date, and place of birth, biometric records (prior authorization).

#### ACCOUNT LINKING

We can identify that two or more accounts belong to the same person.





#### USE OF DATA

We share personal information with associated and non-associated third parties only when there is an authorization from the owner, a contract to be fulfilled, or a legitimate interest to share it. We use data to:

- Product offering
- Targeted advertising
- Product management

#### APPROACH TO DATA SECURITY RISK MANAGEMENT

**It is a proactive and holistic approach framed by five principles:**

##### RISK - BASED

A systematic process for identifying and assessing the specific risks we face as an organization, prioritizing those matters with most significant impact.

##### HOLISTIC

We consider a holistic perspective that includes external threats, vulnerabilities, legal environment, competition, emerging technologies, internal data, people, processes, and technology factors.

##### CONTINUOUS IMPROVEMENT

We recognize that information security is a dynamic process that requires evolution. Constant adaptation to new threats and changes in the environment.

#### INTERNATIONAL BEST PRACTICES

We adopt recognized frameworks such as ISO/IEC 27001 (Information Security Management Systems), NIST Cybersecurity Framework (National Institute of Standards and Technology Cybersecurity Framework). (U.S. Federal Financial Institutions Examination and Evaluation Council), FFIEC CST (Federal Financial Institutions Examination and Evaluation Council), FFIEC CST (Federal Financial Institutions Examination and Evaluation in cybersecurity) and the NIST Privacy Framework (privacy framework) for the management of the information security, cybersecurity, and personal data protection.

##### RISK CULTURE

We promote communication, continuous learning in information security across the organization, and proactive identification and mitigation of risks.

##### ARCOP RIGHTS

We offer options for customers to assert their rights of access, rectification, cancellation, opposition, and portability (ARCO) of your data.

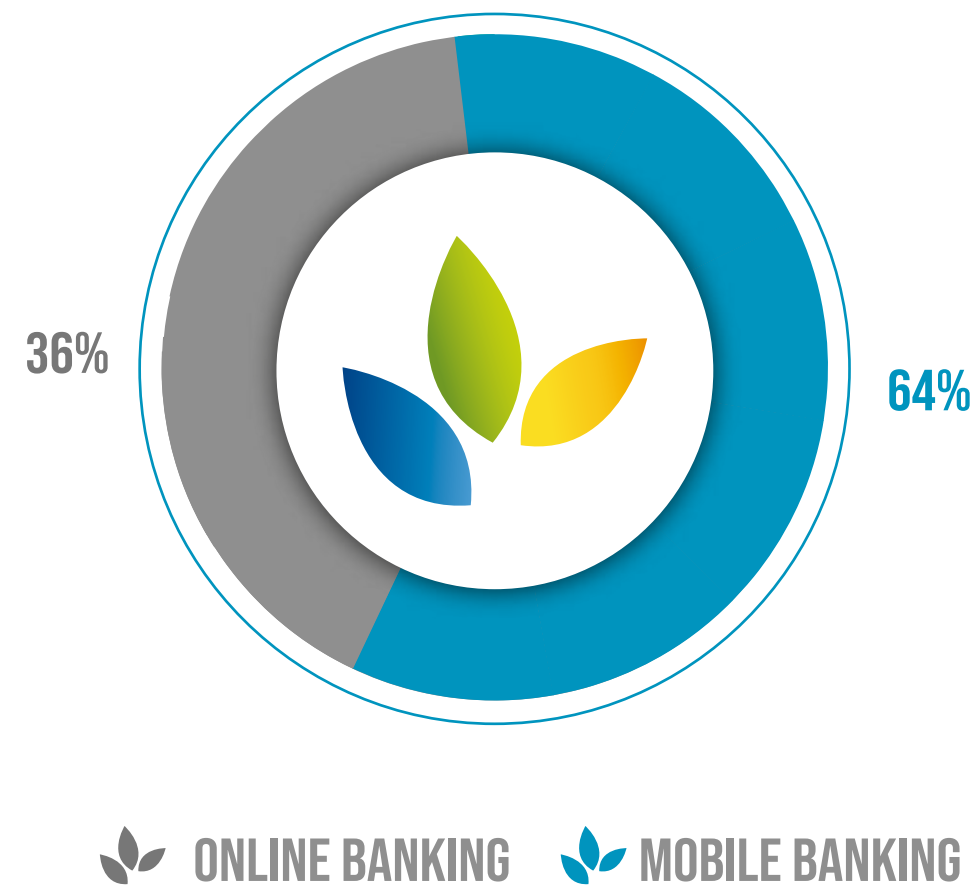
Thanks to these measures, in 2023 we maintained an impeccable record with no cases, fines, or sanctions for corruption. Additionally, no breaches of personal data security, confidentiality, or information integrity were reported.

During this reporting period, 15 complaints were filed with ACODECO (Autoridad de Protección al Consumidor y Defensa de la Competencia) for credit history, with no predominance of issues related to data privacy, sales irregularities, unfair competition, or monopolistic practices. Complaints are discriminated as follows: 5 complaints related to auto loans, 4 complaints related to credit cards, 5 complaints related to mortgage loans, and 1 complaint associated with a personal loan.

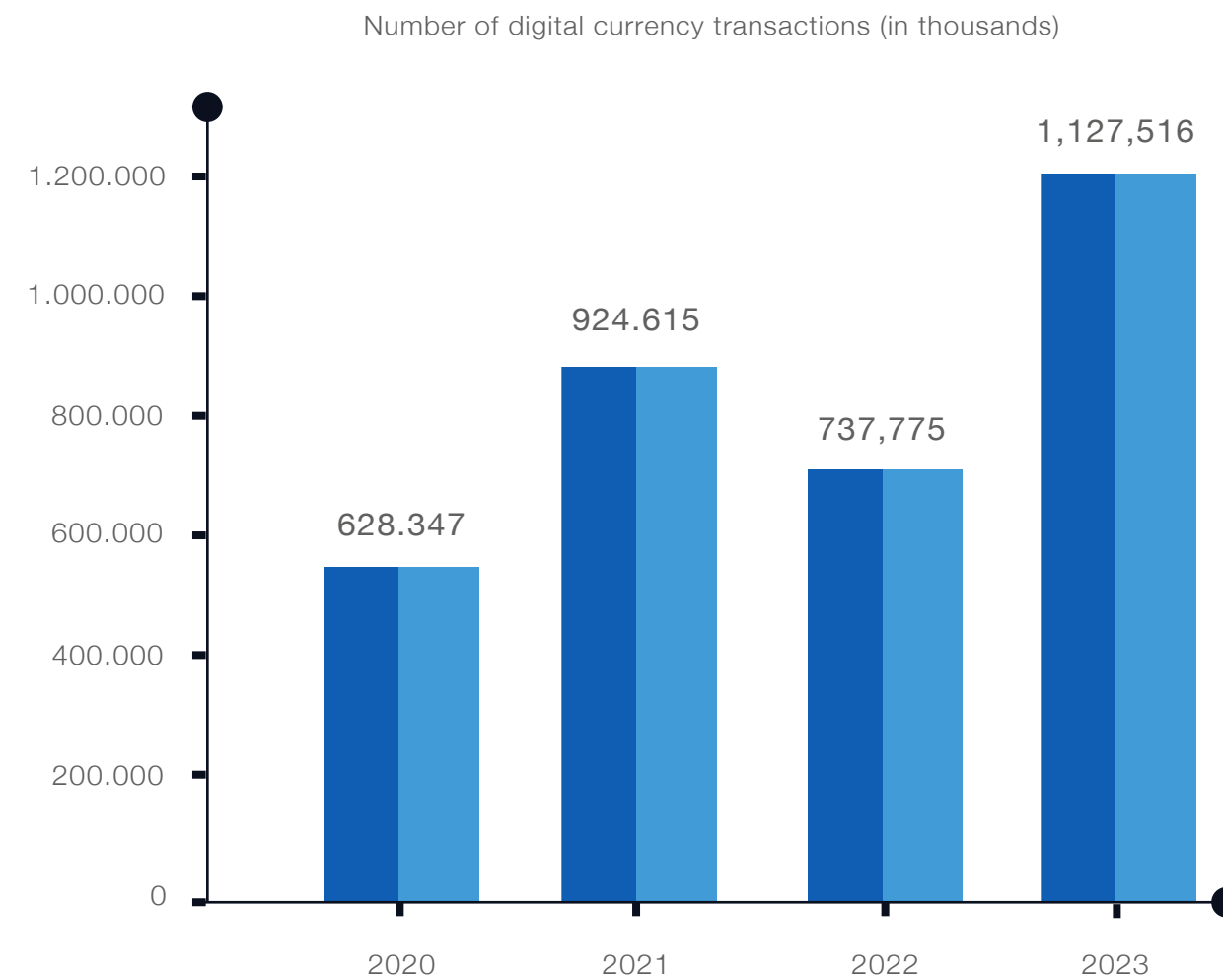
No complaint filed with ACODECO involved monetary or non-monetary compensation. Complaint resolutions were not challenged by our consumers, nor did they lead to ex officio investigations by this entity.

## OUR CUSTOMERS' BEHAVIORS HAVE CHANGED

### DIGITAL TRANSACTIONS BY CHANNEL



### MONETARY TRANSACTIONS DIGITAL PER YEAR



In the area of digitalization, we see a significant shift in our customers' behavior, evident in the use of our mobile application, which represents 64% of digital interactions and 47% increase compared to the last three years. This data underscores the importance of adapting to our customers' preferences and providing them with optimized experiences on mobile devices. Our participation in the ACH Express ecosystem has been fundamental to this growth, facilitating fluid and secure transactions.

### ADVANCES IN TECHNOLOGY FOR EFFICIENCY AND CUSTOMER EXPERIENCE IN 2023

#### We implemented three fundamental projects:

- Digital channel strategy: online platforms, mobile applications, and social networks that strengthen our presence in the market and facilitate interaction.
- Data strategy: analytics solutions that provide deeper insights into the market, customers, and operations.
- Efficiency table strategy: includes process optimization and standardization, cost reduction, productivity improvement, identifying and eliminating bottlenecks, and implementing efficient technologies.

### IMPROVEMENT AND EFFICIENCY INITIATIVES

| INITIATIVE   | SCOPE   |
|--|---|
| FORMS<br>IOC INTERNAL/EXTERNAL                                 | CONFLICT OF INTEREST FORMS FOR INTERNAL AND EXTERNAL USERS.   |
| SIXPRO   | TOOL FOR REGISTERING AND GENERATING THE SOX RISK AND CONTROLS MATRIX FOR MULTIBANK FINANCIAL GROUP. |
| MODIFIED LOANS V.2   | LOAN PROCESS IMPROVEMENTS (MODIFIED BY COVID-19)  |
| IMPROVED CHECK WITHDRAWAL ADMINISTRATION (PROVINCES AND COLON) | AUTOMATION OF THE COLLECTION OF INLAND CHECKS DEPOSITS.   |
| HISTORICAL DATA MIGRATION FOR TRIAD LOANS (LNS) - IFRS PHASE 2 | CREATION OF IFRS LOAN RESERVE MAINTENANCE SCREENS.  |
| RENEWAL OF MULTIBANK'S VIRTUAL UNIVERSITY                      | MIGRATION OF THE MULTIBANK VIRTUAL UNIVERSITY (MOODLE) FROM A PHYSICAL SERVER TO THE CLOUD.         |
| RTP IMPLEMENTATION (ACH ONLINE)                                | PROCESS FOR ONLINE ACH.   |

## WE OPERATE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA

### Approach to integrating ESG factors into credit analysis

The disclosure of ESG (environmental, social, and governance) information is essential for the organization, as it is an issuing agent and a player in the financial industry. Investors want to carefully assess the risks and opportunities arising from ESG matters and allocate capital to companies that are transparent in this regard.

### THE INTEGRATION OF THESE CRITERIA INTO CREDIT ANALYSIS IS SUPPORTED BY THE FOLLOWING PILLARS:

Our commitment to social responsibility and sustainable and economically viable development meets the expectations of our stakeholders with responsible financial services that protect renewable resources.

We promote financial products growth with a positive impact on the environment and/or society, guaranteeing compliance with Multibank's credit policies and environmental and social management standards.

We have an exclusion list that defines the economic activities that are not allowed due to their impact. Under this framework, we define and are committed to protecting natural resources through clear and effective risk management.

We have a framework of structures, principles, and guidelines for the planning, organization, execution, monitoring, control, and continuous improvement of our environmental and social management.

We comply with applicable local legislation, international requirements, treaties, and conventions, ratified in the countries of operation and supported by global investors.

We ensure socio-environmental due diligence. We analyze specific criteria for evaluating each client's ESG risks and opportunities and continuously monitor their performance through our Environmental and Social Risk Analysis System -SARAS.

### THIS FRAMEWORK FOR ACTION INCLUDES:

**Climate Risk Management Manual:** tools for identifying, assessing, and managing climate change-related risks. We have integrated these risks into the overall management, which is detailed in the climate-related risks and opportunities TCFD section.

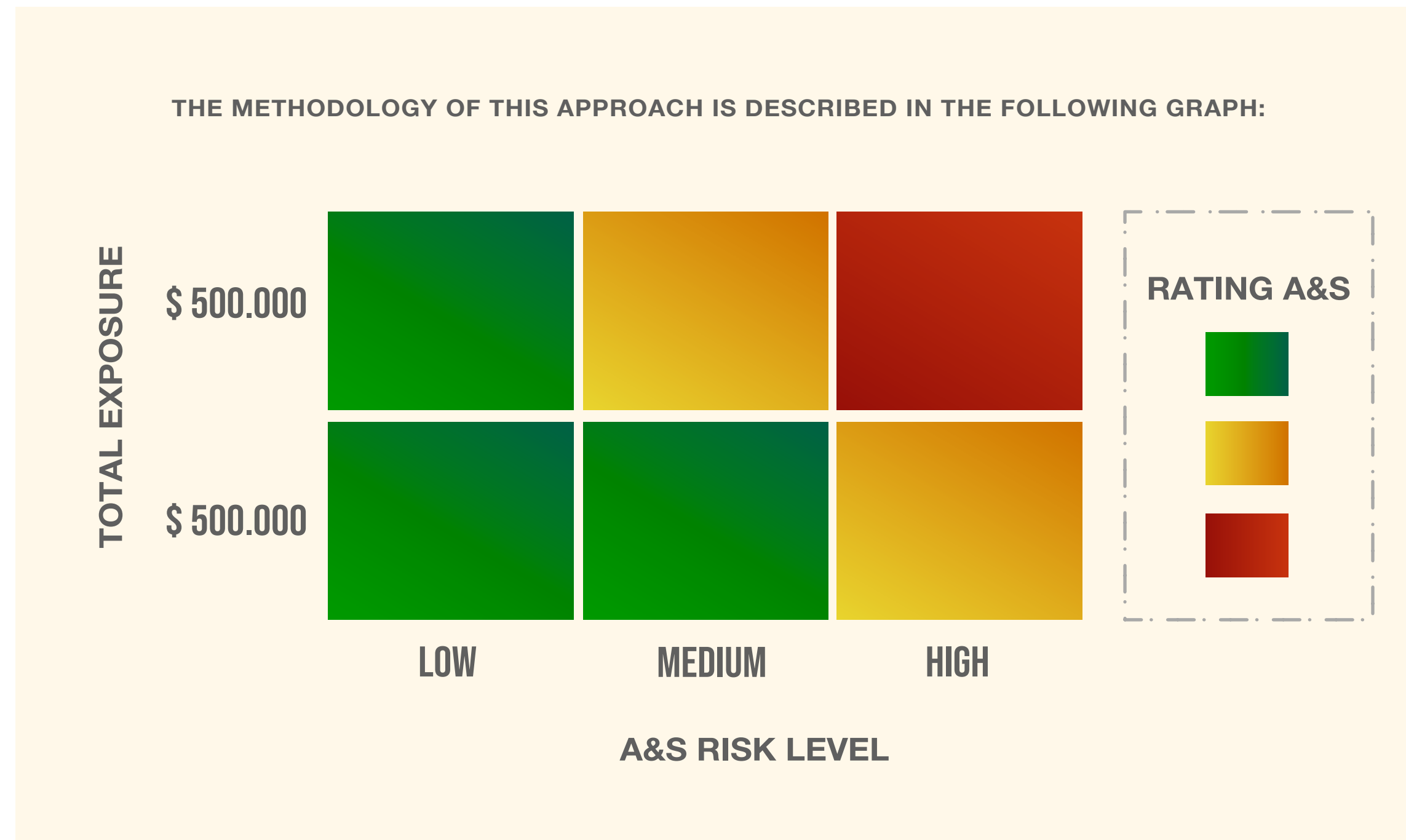
**Environmental and Social Risk Management Policy, Procedure, and Forms:** documents in which we establish the guidelines for managing these risks.

**Integrated Risk System Manual:** a methodology for the identification, evaluation, measurement, monitoring, and control of risks.



## Environmental and Social Risk Analysis System - SARAS

We apply the precautionary principle in environmental and social risk analysis to avoid negative impacts. SARAS allows us to classify customers by their environmental and social risk and impact levels. This classification enables constant monitoring and the application of socio-environmental due diligence to minimize the impact on the ecosystem. The total risk category, together with the environmental and social risk category, determines the E&S rating (1, 2, 3), which defines the bank's due diligence and the client's environmental and social conditions.



SARAS is oriented to monitoring the loan portfolio and credit facilities of our different products of Corporate Banking (Agricultural, Leasing, Factoring, Construction), Corporate Banking, International Banking, and subsidiaries of the Group through the Environmental and Social Risk Analysis System (SARAS).

### Among the aspects evaluated were:

#### Credit purpose and client activities.

We review the type of project or activity to be financed, considering its potential impacts on the environment and communities: on natural habitats and ecosystems, use of inputs and waste generation, effects on communities, occupational health and safety, and environmental control and management measures.

#### Financial status of the company.

We evaluate the customer's financial capacity to meet its credit and environmental obligations.

#### Exclusion list.

Indicates the activities in which the bank does not participate due to the environmental and social risks that may be involved.

#### Regulatory compliance.

We verify compliance with environmental and social standards (including Agreement 8 - 2010) and the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability.

#### Training provided.

For commercial areas to support the process and share updates.

#### Portfolio monitoring.

In terms of activities, portfolio, rating, and gender.

For more information

[CLICK HERE](#)

At **Multibank, Inc.** and its subsidiaries, we support those customers who contribute to maintaining a clean and healthy environment through the following measures:

- Precautionary approach to environmental and social challenges.
- Initiatives to promote greater environmental and social responsibility.
- Development and diffusion of environmentally friendly technologies.
- Understanding or improving the environmental and social risks of its activities.
- Compliance with applicable legislation, occupational health and safety requirements, and applicable treaties and conventions.



**THIS APPROACH ALLOWS US TO REQUIRE COMPLIANCE WITH THE ACTION PLANS DEFINED AS PART OF THE EVALUATIONS. IN THIS WAY, WE ARE COMMITTED TO ENSURING THAT THE PORTFOLIO HAS THE MINIMAL NEGATIVE IMPACT ON THE ENVIRONMENT AND SOCIETY".**

### RATING A&S 1

No due diligence is required; we do not establish any evaluation and only requires formalization and compliance with an environmental and social clause.

### RATING A&S 2

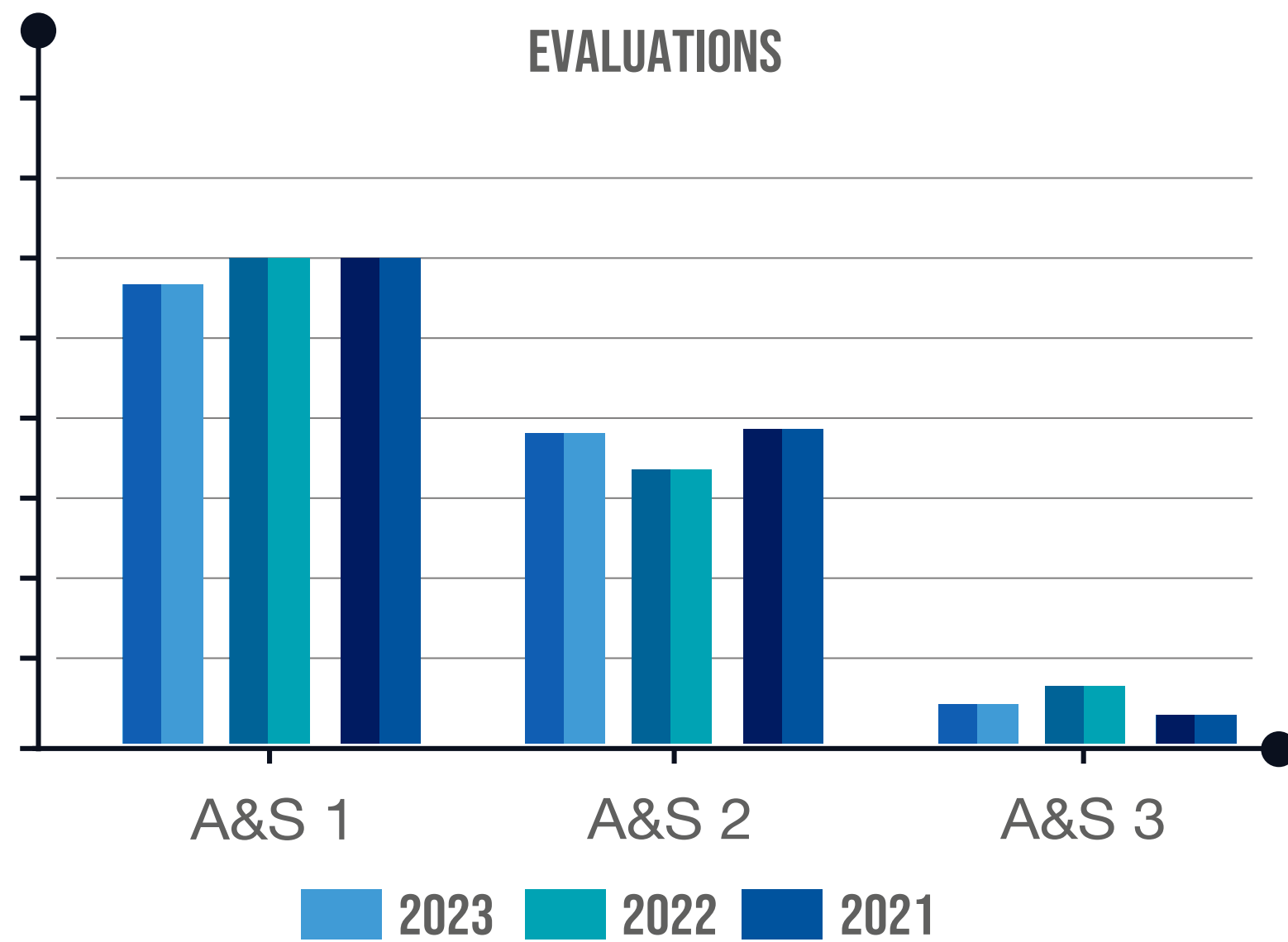
We apply due diligence with a generic environmental and social assessment, E&S compliance, and possibly mitigation measures.

### RATING A&S 3

Due diligence is intensified. Also, the formalization and compliance with the environmental and social clause and mitigation measures are defined.

In addition, an E&S clause has been included in customer contracts to prevent environmental damage and protect the health of employees and communities. It includes requirements such as not carrying out activities on the exclusion list, complying with local, national, and international environmental and social laws, and executing action plans defined in the assessments (covenants).

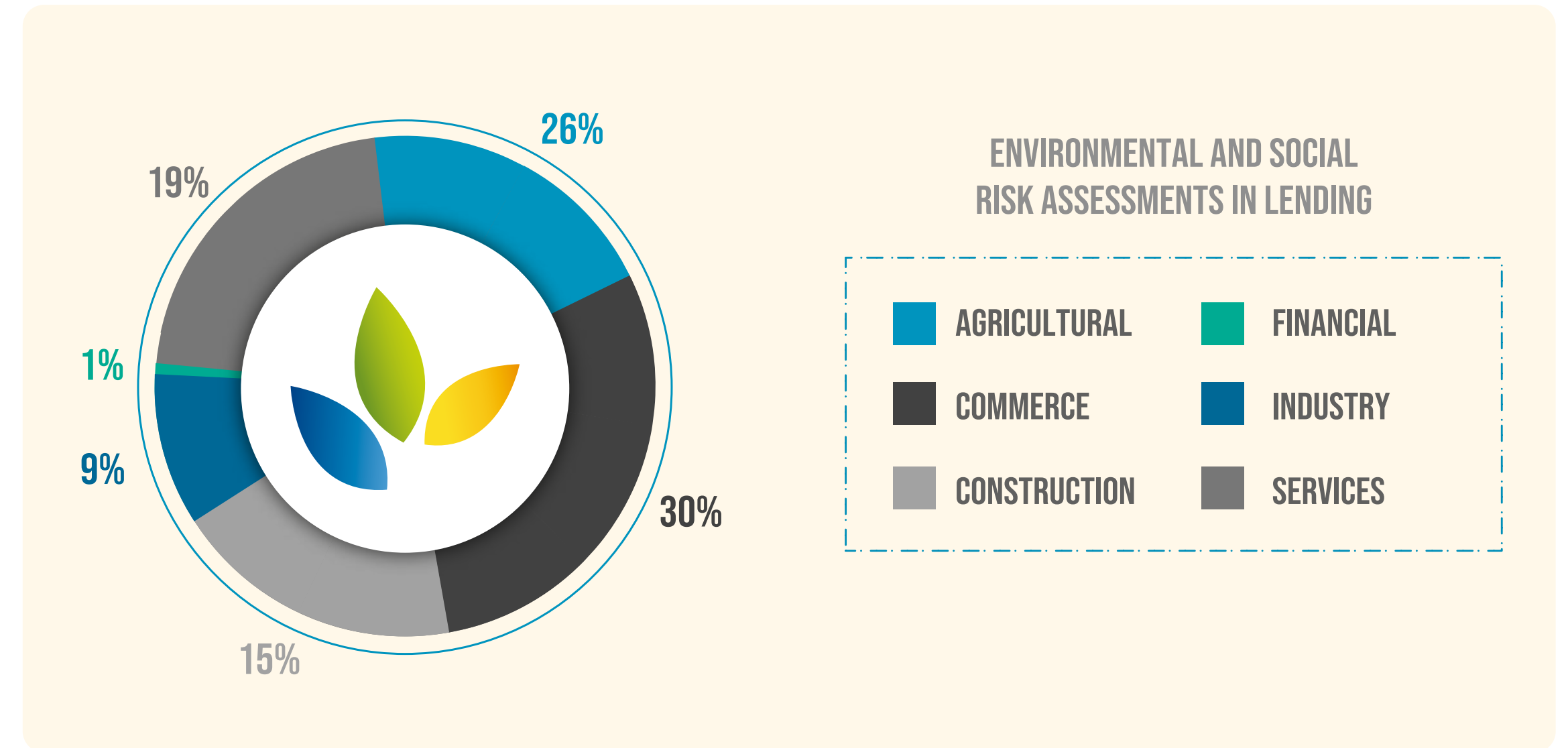
Through SARAS, we have analyzed 1,072 cases (the graphs show the percentage of completed assessments in three areas and the number of assessments per year). The percentage of completed assessments trended upward between 2021 and 2022, followed by a slight decline in 2023.



| A&S 1 | A&S 2 | A&S 3 | TOTAL |
|-------|-------|-------|-------|
| 620   | 410   | 36    | 1072  |

| TOTAL | A&S 1 | A&S 2 | A&S 3 |
|-------|-------|-------|-------|
| 2023  | 58%   | 38%   | 3%    |
| 2022  | 60%   | 35%   | 5%    |
| 2021  | 60%   | 38%   | 2%    |

**DURING THE REPORTING YEAR, ENVIRONMENTAL AND SOCIAL RISKS WERE ANALYZED FOR CREDITS FROM THE FOLLOWING SECTORS:**



Industries related to exploitation of natural resources and production of consumer goods have the highest proportion of E&S assessments:

The Group's Socio-environmental Risk area is constantly being trained in good practices to minimize environmental, social, and climate risks:



The sector with the lowest proportion of E&S evaluations is the financial sector (1%).

- KEEP COMMERCIAL AND CREDIT SUPPORT BANKS UP TO DATE.
- SHARE NEW PRACTICES, THE IMPORTANCE OF THE PROCESS AND THE CONTROL FRAMEWORK.
- UPDATE KNOWLEDGE ON SARAS.
- GUIDE CLIENTS THROUGH RISK MANAGEMENT.
- IDENTIFY THE NECESSARY DOCUMENTS

## TCFD CLIMATE-RELATED RISKS AND OPPORTUNITIES

We must also adjust our business models to recognize that climate change is one of the significant global risks we face and its implications, such as higher operational costs as we transition to low-carbon management. Increasing obligations arising from relationships with multilaterals and regulators require us to be increasingly transparent and disclose climate risk for sustainable growth and long-term business success.

Assessing climate risk is part of the environmental and social due diligence performed on the credit portfolio to align it with the Paris Agreement, reaffirm our commitment to combating climate change, and promote a low-carbon future in our portfolio.

We recognize the existence of the Task Force on Climate-related Financial Disclosures (TCFD) and, in that sense, we adopt methodological processes to keep our stakeholders (customers, investors, shareholders, and employees) informed about climate risk management, which we divide into two types:

### PHYSICAL RISKS

Negative impacts from extreme weather events or gradual climate changes. For the analysis of the company's portfolio in relation to the physical risk of climate change, we use data from the Ministry of the Environment.

### TRANSITION RISKS

Political, technological, market, and reputational changes due to the transition to a low-carbon economy (see challenges for the coming years).

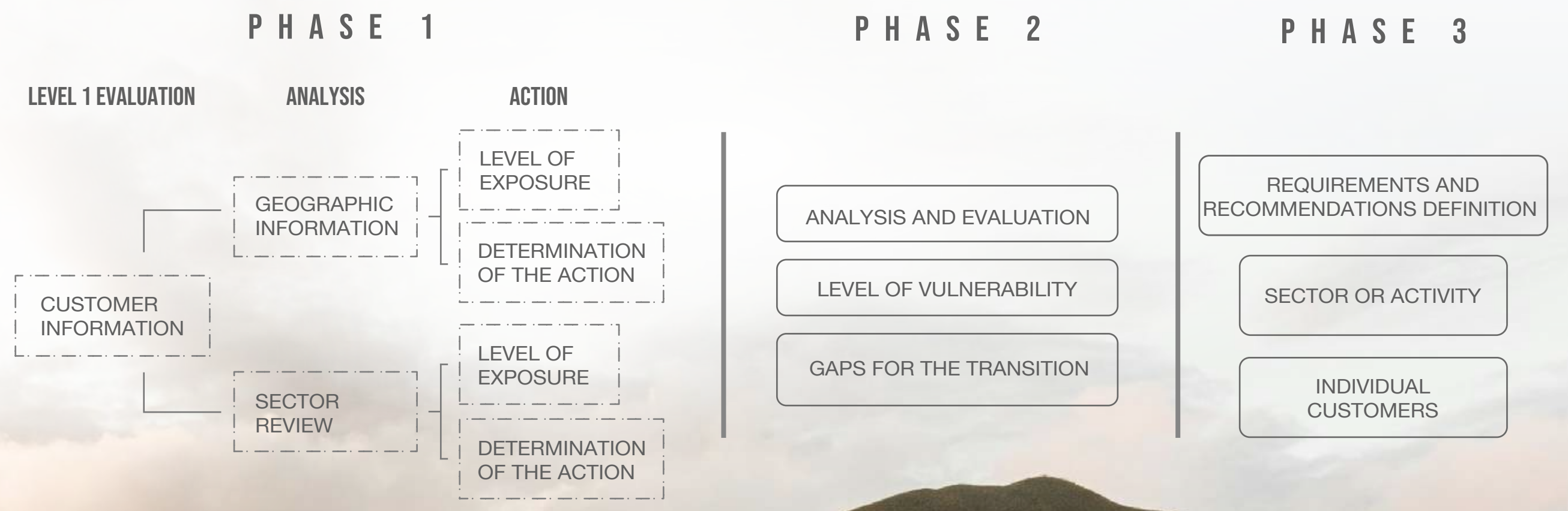
### PROGRESS MADE IN OUR SUSTAINABLE FINANCE MANAGEMENT:

In terms of environmental, social, and climate risk, the Risk Committee reports quarterly to the Board of Directors to channel and manage the approval of policies and processes endorsed by the organization's highest authority.

The Climate Risk Management Manual was approved, which includes procedures for identifying, assessing, and managing climate risks as part of overall management in this area. Now we can focus our efforts on mitigating potential financial, environmental, social, and/or reputational consequences; disclosing climate-related financial risks to guide more informed decision-making on investment, credit, and insurance; and transitioning towards a more sustainable, lower-carbon economy.



**HOW WE MANAGE CLIMATE-RELATED RISKS**



## WE EVALUATE FINANCING SCHEMES THAT PROVIDE INCENTIVES FOR GOOD ENVIRONMENTAL PRACTICES

We recognize that our environmental challenges are critical and require proactive action. Therefore, we contribute from our role as a financial institution in actions to counteract climate change and protect natural capital.

In line with our sustainability strategy, we will evaluate the development of financing schemes that comply with the review and prior approval of the environmental risk analysis and are focused on reducing pollution, caring for nature, and supporting the generation of renewable energy, among other things.

### CHALLENGES FOR THE COMING YEARS

As UNEP FI Principles of Responsible Banking signatories, and after conducting a SASB and TCFD diagnosis at our Head Office, we detected opportunities for improvement by defining medium and long-term objectives and indicators related to climate change at the organizational level and in our portfolio.

CREATE A GOVERNANCE STRUCTURE FOR CLIMATE MANAGEMENT.

SET PORTFOLIO DECARBONIZATION TARGETS UNDER THE GUIDELINES OF OUR PARENT COMPANY

ANALYZE MARKET, REPUTATION AND TECHNOLOGY RISKS BASED ON CLIMATE SCENARIOS (TCFD ADVANCES).

ALIGN WITH THE NEW NATIONAL TAXONOMY ON CLIMATE CHANGE.

CALCULATE CARBON INTENSITY AND VERIFY CARBON FOOTPRINT.

BE AT THE FOREFRONT IN THE SEARCH FOR OPPORTUNITIES, MAINTAIN A POSITIVE ENVIRONMENTAL IMPACT ON SOCIETY, USE THE PERFORMANCE STANDARDS OF THE INTERNATIONAL FINANCE CORPORATION (IFC) AS A FRAME OF REFERENCE, THROUGH NEW PRODUCTS, SERVICES, AND INTERNAL MANAGEMENT.

## WE STRENGTHEN OUR BUSINESS RELATIONSHIPS

At Multibank, we continuously evaluate documentation to keep our supplier portfolio updated. Our objective is to strictly comply with the rules and guarantee that commercial relations are transparent, honest, responsible, and trustworthy and that they remain within the current legal framework.

During 2023, we undertook actions to efficiently and ethically manage relations with our suppliers, including applying "due diligence" through the technological platform that facilitates the exchange of information, strengthens the business relationship, and guarantees a fair process for all participants in our bidding processes. It is part of the strategic pillar of the supply area as the center that channels requests for purchases and contracting of goods and services in the Group.

### Procurement System Integration

This project seeks to improve supplier management with benefits that translate into reduced time and effort spent on invoice and payment management, as well as greater transparency and tracking of approvals.

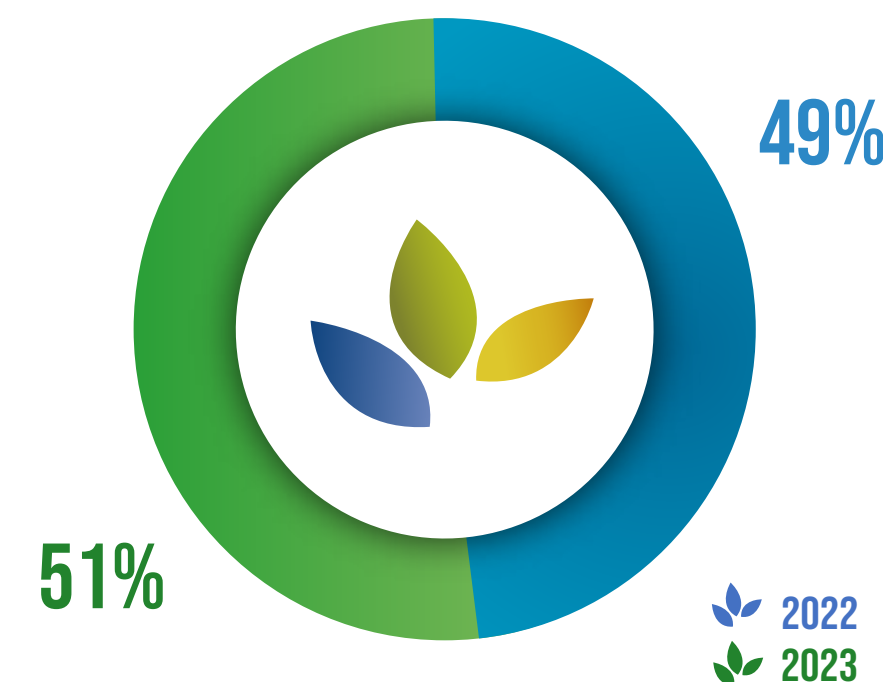
### PURCHASES FROM LOCAL SUPPLIERS YEARS 2022 AND 2023

|  | 2022 \$       | 2023 \$       |
|--|---------------|---------------|
| GOODS AND SERVICES VALUE OF PURCHASES        | 26,671,759.39 | 24,352,932.7  |
| LOCAL SUPPLIERS VALUE OF PURCHASES           | 21,685,584.54 | 20,490,899.58 |
| PERCENTAGE OF PURCHASES FROM LOCAL SUPPLIERS | 81%           | 84%           |

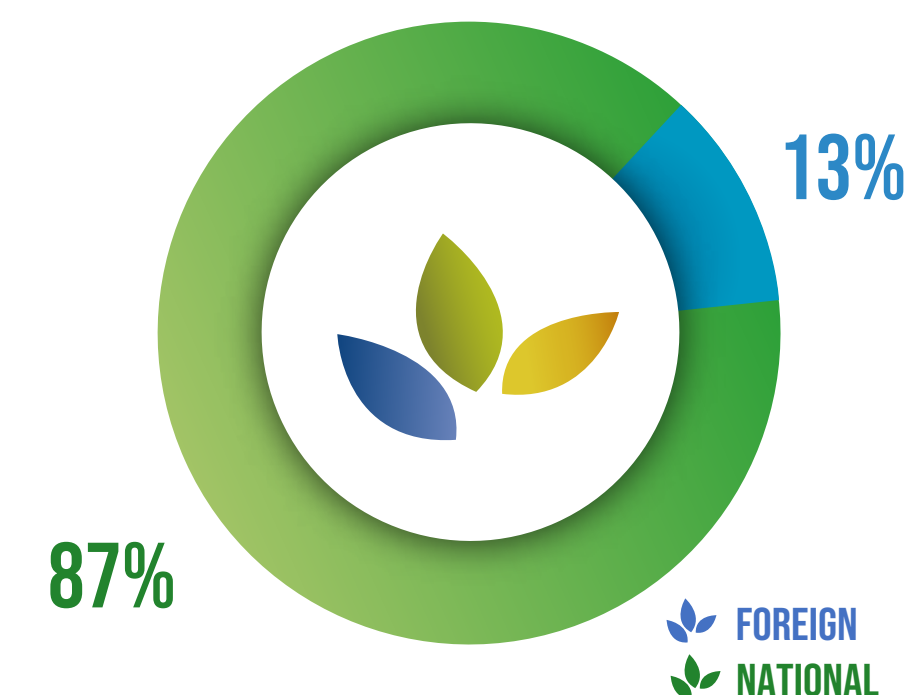
### TYPE OF SUPPLIERS 2023

| SUPPLIERS  | QUANTITY |
|------------|----------|
| FOREIGNERS | 72       |
| NATIONAL   | 488      |
| TOTAL      | 560      |

### PURCHASES FROM LOCAL SUPPLIERS



### TYPE OF SUPPLIERS



Although monetary amounts in total purchases decreased by 8.7% between 2022 and 2023, the outlook for the value of transactions with our local suppliers is positive, increasing by 3.45 percentage points.

As part of our culture of continuous improvement, we launched the supplier Net Promoter Score measurement, achieving a score of 72%, which demonstrates our commitment to satisfying all stakeholders.

In 2024, we will implement new strategies and documents in our processes, such as the inclusion of the Sustainable Procurement Policy and an Ethics Code for Suppliers. These will be developed with a global vision, innovative ideas, and the standardization of concepts to be incorporated into our internal regulatory framework.





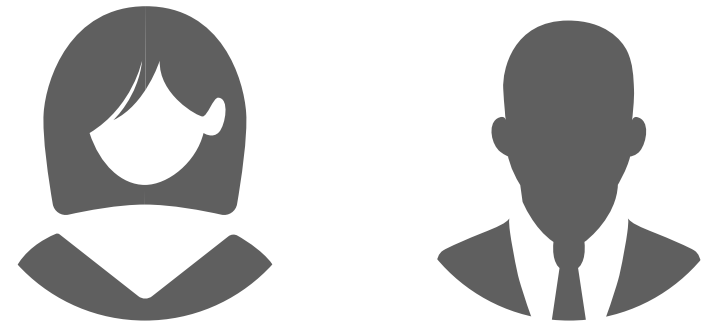
# PEOPLE ARE THE HEART OF OUR ORGANIZATION

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Human beings are at the center of everything we do in our business. Some of the challenges we have set ourselves are to guarantee decent employment for our employees and their families in a work environment that promotes health, well-being, and self-care; to respect human rights and create transparent relationships with them based on business ethics, and to contribute to social development and the preservation of the environment through corporate citizenship.

## WE ATTRACT THE BEST TALENT AND STRENGTHEN THE PROFESSIONAL DEVELOPMENT OF OUR EMPLOYEES

### DISTRIBUTION BY GENDER Employees 2023 DISTRIBUTION BY GENDER



**WOMEN**  
**644**  
**62%**

**TOTAL NUMBER OF EMPLOYEES**  
**1,041**

**MEN**  
**397**  
**38%**

|                        |     |
|------------------------|-----|
| LESS THAN 30 YEARS OLD | 18% |
| ON 31 AND 40 YEARS OLD | 38% |
| ON 41 AND 50 YEARS     | 31% |
| MORE THAN 50 YEARS     | 14% |
| <b>TOTAL 100%</b>      |     |

AVERAGE AGE 40 YEARS

### DISTRIBUTION BY GENDER AND LEVEL

|  | 2022  |     | 2023  |     | TOTAL EMPLOYEES BY LEVEL AND YEAR |       |
|--|-------|-----|-------|-----|-----------------------------------|-------|
|  | WOMEN | MEN | WOMEN | MEN | 2022                              | 2023  |
| TOTAL EMPLOYEES MFG (DECEMBER 31)      | 697   | 435 | 644   | 397 | 1,132                             | 1,041 |
| MANAGEMENT 1 EXECUTIVE VICE PRESIDENTS | 8     | 13  | 6     | 15  | 21                                | 21    |
| MANAGEMENT 2 ASSISTANT VICE PRESIDENTS | 15    | 19  | 20    | 15  | 34                                | 35    |
| MANAGEMENT 3 MIDDLE MANAGEMENT         | 132   | 71  | 123   | 70  | 203                               | 193   |
| TECHNICIAN POSITIONS                   | 248   | 168 | 232   | 155 | 416                               | 387   |
| ADMINISTRATIVE AND OTHER POSITIONS     | 294   | 164 | 263   | 142 | 458                               | 405   |

### Salary indicators by gender

We recognize the importance of a fair wage policy as an integral part of our commitment to sustainability and corporate responsibility. This is why we guarantee competitive salaries and equitable working conditions.

| USDS  | 2022   |        | 2023   |        |
|---|--------|--------|--------|--------|
|   | WOMEN  | MEN    | WOMEN  | MEN    |
| MINIMUM WAGE PAID AT MULTIBANK                      | 700.00 | 700.00 | 700.00 | 700.00 |
| MINIMUM WAGE PAID IN PANAMA IN THE FINANCIAL SECTOR | 636.82 | 636.82 | 636.82 | 636.82 |

OUR MINIMUM WAGE IS 10%

**HIGHER**  
THAN THE ONE DEFINED BY LAW

### WAGE DIFFERENTIAL (USDS)

|   | 2022      |           | 2023      |           |
|---|-----------|-----------|-----------|-----------|
|   | WOMEN     | MEN       | WOMEN     | MEN       |
| MANAGEMENT POSITIONS 1 (EXECUTIVE - VICE PRESIDENTS)          | 11,444.14 | 12,026.00 | 11,429.69 | 12,018.40 |
| MANAGEMENT POSITIONS 2 (ASSISTANT VICE PRESIDENTS)            | 6,958.29  | 7,623.74  | 6,847.77  | 8,074.67  |
| MANAGEMENT POSITIONS 3 (MIDDLE MANAGEMENT)                    | 3,607.14  | 4,047.37  | 3,661.25  | 4,266.47  |
| TECHNICIAN POSITIONS (PROFESSIONAL EXPERT)                    | 1,888.49  | 2,145.58  | 1,896.64  | 2,183.92  |
| ADMINISTRATIVE AND OTHER POSITIONS (ASSISTANTS AND AUXILIARY) | 997.80    | 965.24    | 1,007.86  | 981.00    |

The salary gap between men and women at different levels is due to work experience and tenure.

### EMPLOYEE TURNOVER

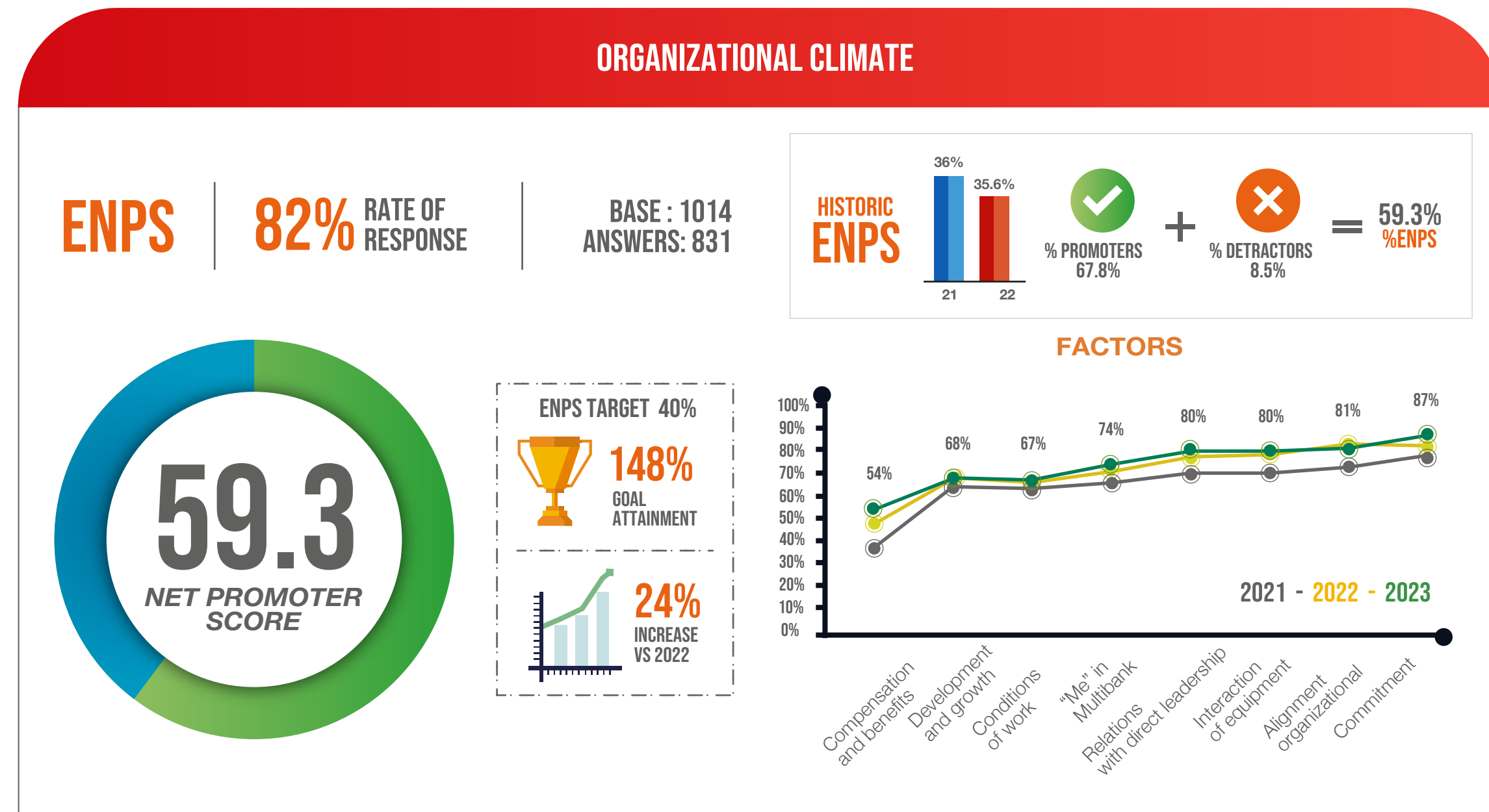
|                         | 2022 | 2023 |
|-------------------------|------|------|
| UNDER 30 YEARS          | 28   | 37   |
| BETWEEN 30 AND 50 YEARS | 72   | 107  |
| OVER 50 YEARS           | 8    | 21   |
| FEMALE                  | 62   | 108  |
| MALE                    | 46   | 57   |



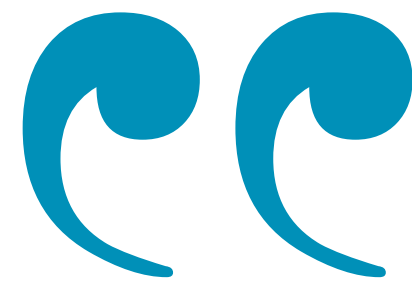
Multibank, Inc.'s turnover rate is 11.7%".

**Talent development and attraction**

To achieve long-term success, we develop and attract the best talent. In 2023, we focused on strengthening our professional development policies and , as well as improving the employee experience. We prioritize personal and professional growth through the Internal Leadership Program, which aims to empower our leaders at all levels of the organization.



THANKS TO THE TEAMWORK BETWEEN HUMAN DEVELOPMENT AND THE ORGANIZATION'S LEADERS, WE INCREASED OUR EMPLOYEE RECOMMENDATION RATE (ENPS) FROM 35.6% IN 2022 TO 59.3% IN 2023. THE ACTION PLANS WE WORKED ON DURING THE YEAR FOCUSED ON IMPROVING LEADERSHIP, INTEGRATION, TEAMWORK, AND BENEFITS.



*By 2023, we will have completed nearly 40,000 hours of new skills and knowledge training, aiming to be at the forefront of the market and our customers”.*

| HOURS OF TRAINING BY GENDER AND LEVEL | 2022          |               | 2023          |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | WOMEN         | MEN           | WOMEN         | MEN           |
| MANAGEMENT POSITIONS                  | 6,495         | 4,312         | 7,480         | 3,954         |
| TECHNICIAN POSITIONS                  | 8,845         | 5,743         | 6,012         | 5,617         |
| ADMINISTRATIVE AND OTHER POSITIONS    | 7,540         | 3,481         | 7,273         | 2,836         |
| <b>TOTAL TRAINING HOURS</b>           | <b>22,880</b> | <b>13,536</b> | <b>20,765</b> | <b>12,407</b> |

Additionally, our Compensation and Recognition Policy is based on the achievement of individual goals, ensuring fairness and transparency in each employee's compensation. Moreover, through our digitization strategies and process improvements, we have simplified certain administrative tasks, from requesting letters and credit products to managing internal training through workflows that now allow us to streamline these processes.



## Diversity, inclusion, and well-being

Diversity is the essence of progress. We believe in a diverse and inclusive corporate culture in which everyone feels valued and has the opportunity to develop their potential. For this reason, we created the "Breaking Barriers and Opening Doors" campaign to raise awareness about the importance of integrating people with different abilities.

Additionally, through awareness sessions and job fairs, we attract talent and strengthen our commitment to equal opportunities and respect for each employee's individuality. In terms of gender equality, we signed the Gender Parity Initiative (GPI) and the UN Women's WEPs Principles, demonstrating our conviction in equal opportunities for men and women.

*" In accordance with our Recruitment and Selection Policy, we consider each applicant without discriminating based on gender, race, religion, political affiliation, physical disability, or any other condition that may affect their participation. "*

We have taken concrete actions to create an inclusive work environment, among which we highlight:

- We created a site on our intranet where we share helpful information and resources for our employees with disabilities.
- In collaboration with Mitradel, we developed informative capsules to facilitate reception of resumes from people with disabilities and promote their integration into our company.
- We train all staff about equality and inclusion to increase awareness and respect for individual differences.

## 7 EMPLOYEES WITH DISABILITIES

*"We believe in creating a diverse and inclusive corporate culture, where everyone feels valued and has the opportunity to fulfill their potential."*



3



4



## STRATEGIES THAT STRENGTHEN INCLUSION AND WELL-BEING

### Food vouchers.

This benefit applies after one year of service with the company, aiming to improve quality of life by facilitating access not only to food but also to medication and other essential products.

### Remote work and flexible schedules.

To balance work and personal life, we implemented telecommuting in the areas where feasible. We also adopted flexible schedules in response to our employees' needs, fostering a work environment with greater well-being and productivity.

### Preferential interest rates for mortgage loans

Through this benefit, employees can access loans with interest rates below market rates. In 2023, 8 loans with preferential interest rates were granted (4 for women and 4 for men).

We also offer other benefits designed to promote well-being, such as: life and health insurance, parking, cafeteria, bonuses for childbirth, marriage, family bereavement, completion of studies, uniforms, financing for computers, cell phones, and eyeglasses, day off for birthdays, "Tu Day (day off granted by the bank)," Saturdays off, recreational and sports activities, breastfeeding room, salary advances, Christmas savings, special interest rates and discounts in stores.

We also identified challenges in terms of commitment and a sense of belonging to the organization. Therefore, in 2024, we will work with the different teams to execute action plans that will allow us to achieve same results throughout the organization in the most outstanding areas during 2023.

*In 2023, we granted 16 maternity leaves, 14 of our employees used the maternity ward, and 22 received economic benefits for childbirth.*

## OCCUPATIONAL HEALTH AND SAFETY

*"We are pleased to report no occupational accidents last year."*

At Multibank, we prioritize all our employees' occupational health and safety. We intensified initiatives to prevent occupational hazards and implemented a detailed manual with protocols to identify, evaluate, and mitigate risks inherent in various work tasks.

We have a Health and Safety Committee and facilitate access to high-quality medical services, to ensure a safe and healthy work environment. These services include psychological, nutritional, and general medical care through our health entity, Multiclínica, where employees can access both in-person and virtual care. We also provide special ergonomic chairs for those employees who require them due to medical diagnosis.

Similarly, to create a more comfortable and productive environment for our employees, the plans and specifications for design and construction of administrative offices and branch offices specify that the gypsum partition walls must include internal acoustic insulation, such as mineral fiber or rockwood. In addition, the use of mineral fiber-suspended ceilings is foreseen in most cases, and installing carpets in meeting rooms is considered to improve acoustics.

Throughout 2023, we continued to take meaningful steps towards establishing sustainable labor practices, with occupational safety being a cornerstone. This reflects our commitment to the well-being of our employees and a more equitable present for all.

## RESPECT FOR HUMAN RIGHTS IS INTEGRAL TO ALL OUR OPERATIONS

In 2023, we advanced the implementation of measures to assess and mitigate any adverse impact in this regard and adopted a comprehensive and proactive approach to managing these issues throughout our value chain and in our relationships with stakeholders. Although we do not include specific clauses, our contracts are designed within the Panamanian regulatory framework, which promotes and protects human rights in investments, financing, and commercial relationships.

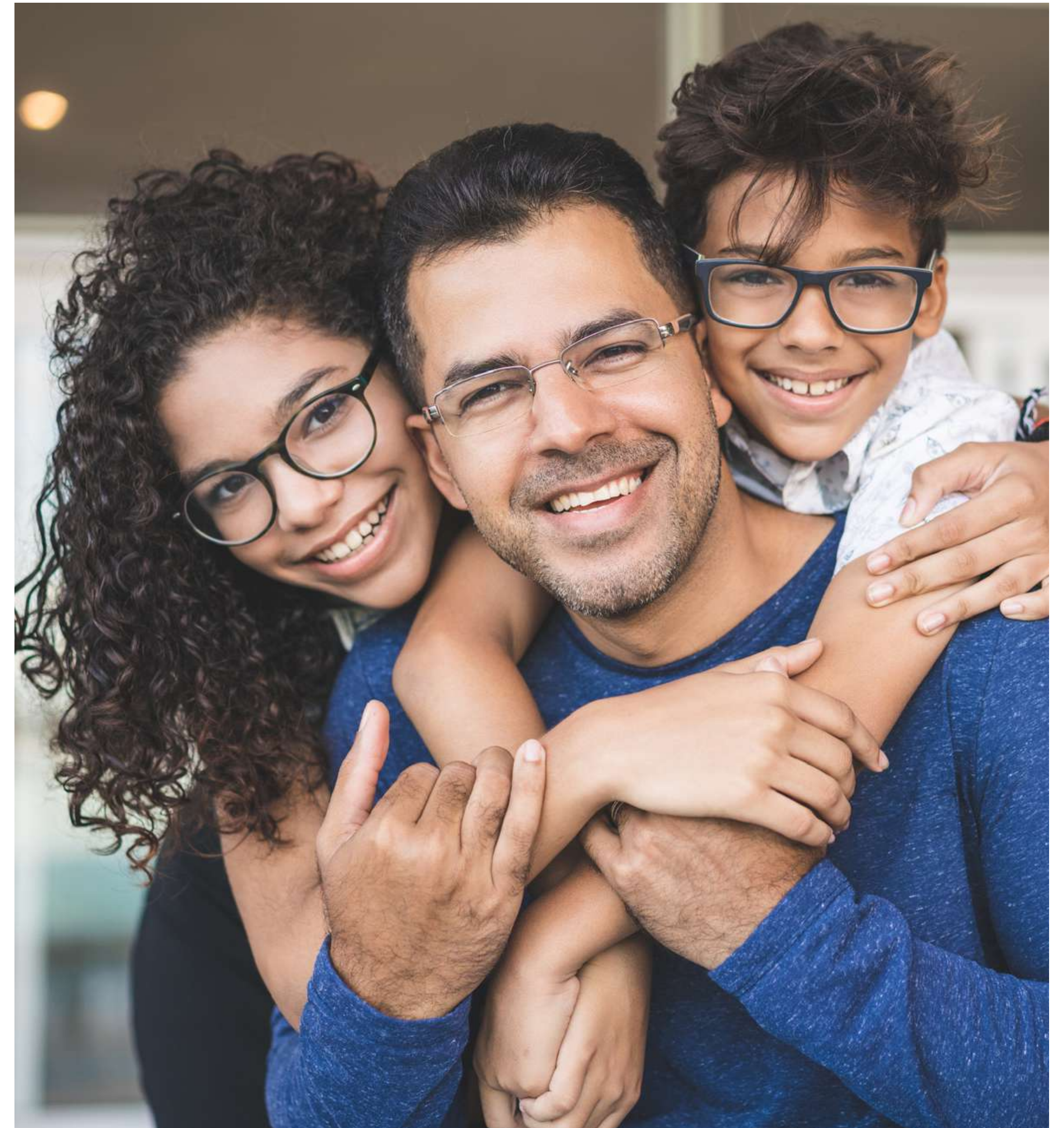
We reached a significant milestone by training 100% of our Corporate Security personnel in adopting and applying the United Nations Guiding Principles on Business and Human Rights. We have extended this practice to other organizations that provide external security services. This initiative not only covers security personnel but also those who have direct contact with customers and suppliers. We aim to promote greater awareness of human rights implications and ensure compliance with principles of dignity, equality, and justice in all our activities.

*Human Rights Commitment Manifesto In this document, we express our commitment to respect, protect, fulfill, and remediate human rights in all our operations, aligned with the Universal Declaration of Human Rights and other relevant international conventions.*

[CLICK HERE](#) 



*During 2023, we confirmed that no procedures were identified that harm or interfere with freedom of association and collective bargaining, as well as child and forced labor, in our operations and our relationship with our suppliers".*



## WE ARE COMMITTED TO SUSTAINABLE DEVELOPMENT

Corporate citizenship is integral to our vision and commitment to sustainable development, corporate social responsibility, and community well-being. From our corporate strategy, we focus on three key elements: a holistic approach to citizen action toward effective decision-making and long-term planning; executive leadership that exemplifies these values and promotes an organizational culture based on social responsibility and ethics; and active engagement with the local community, collaborating and allocating resources to address social and environmental challenges.

### THE FOCUS OF OUR ACTIONS



#### **Socially responsible investment**

We collaborate with social organizations, supporting projects and programs that address local needs and promote community well-being. We develop a series of initiatives that cover different areas, such as promoting education, health, entrepreneurship, social inclusion, gender equality, and economic development.



#### **Active community involvement**

We encourage our employees' participation in volunteering and community service activities, promoting civic engagement, and solidarity through actions such as donating time and skills, and collaborating with non-profit organizations.



#### **Strategic alliances**

We forged alliances with community, government, and non-profit organizations to address social challenges and promote sustainable development, based on dialogue, collaboration, and sharing knowledge and resources to maximize positive community impact.

[CLICK HERE](#) 

### ACTIONS DEVELOPED IN 2023

**SUPPORT TO FUNDESTEAM TO ENCOURAGE GIRLS' AND YOUNG WOMEN'S INTEREST IN STEAM EDUCATION.**

**PARTICIPATION IN THE LATIN AMERICAN LABORATORY FOR CITIZEN ACTION TO PROMOTE FAIRER AND MORE INCLUSIVE SOCIETIES.**

**ORGANIZATION OF THE FORUM "ANTESALA AL FUTURO PARA GENERAR PROPUESTAS QUE CONTRIBUYAN AL DESARROLLO ECONÓMICO Y SOCIAL DE PANAMÁ"**

**"EL BUEN TENEDOR" PROGRAM IMPLEMENTATION, TO RECOGNIZE THE WORK OF THE PANAMANIAN GASTRONOMIC CHAIN AND OFFER FINANCIAL EDUCATION TO SAN FELIPE NERI MARKET VENDORS.**

**SUPPORT THE NIGHT OF WONDERS OF THE PANAMANIAN JEWISH LADIES WIZO TO RAISE FUNDS FOR SOCIAL ACTION PROGRAMS.**

**"VITAL VOICES BOOTCAMP", SPONSORSHIP TO PROMOTES FEMALE ENTREPRENEURSHIP AND WHOSE FUNDS ARE INVESTED IN THE "LAS CLARAS" PROGRAM TO SUPPORT TEENAGE MOTHERS TO COMPLETE THEIR HIGH SCHOOL STUDIES.**



## VOLUNTEERING 2023

“

THROUGH 9  
ACTIVITIES,  
THEY DONATED

11% OF OUR

EMPLOYEES PARTICIPATED IN THE

MULTI-VOLUNTEER

PROGRAM IN 2023.

863

HOURS OF  
THEIR TIME

Thanks to partnerships and teamwork, we developed actions within the sustainability strategy's lines of action after the MultiVolunteers program was reactivated.



Volunteer reactivation as part of the Bank's anniversary, through a roundtable discussion.

**Do you have the attitude of a worker or a pro?**

- Integration, awareness, and training workshop expedition 4x4
- Support for the Food Bank of Panama.
- Costa del Este boardwalk beach cleanup
- Pilando ando program support

The 1st General Assembly of MultiVolunteers was held on December 5, World Volunteer Day. With this event, we closed the year by presenting a summary of actions, achievements, and impacts; we made special recognitions, presented projections for the next period, and shared with joy and gratitude the achievements of a work we have given our heart.



Participation in the first Blue Friday of Fundación Pro Niños de Darién.

- Christmas gift program for Darien children.
- Support to Fundesteam through the Steam Girls 360° program.

## OUR RESULTS

REGISTERED  
VOLUNTEERS

241

ACTIVE  
VOLUNTEERS

112

INVESTMENT IN USD

16,082.45

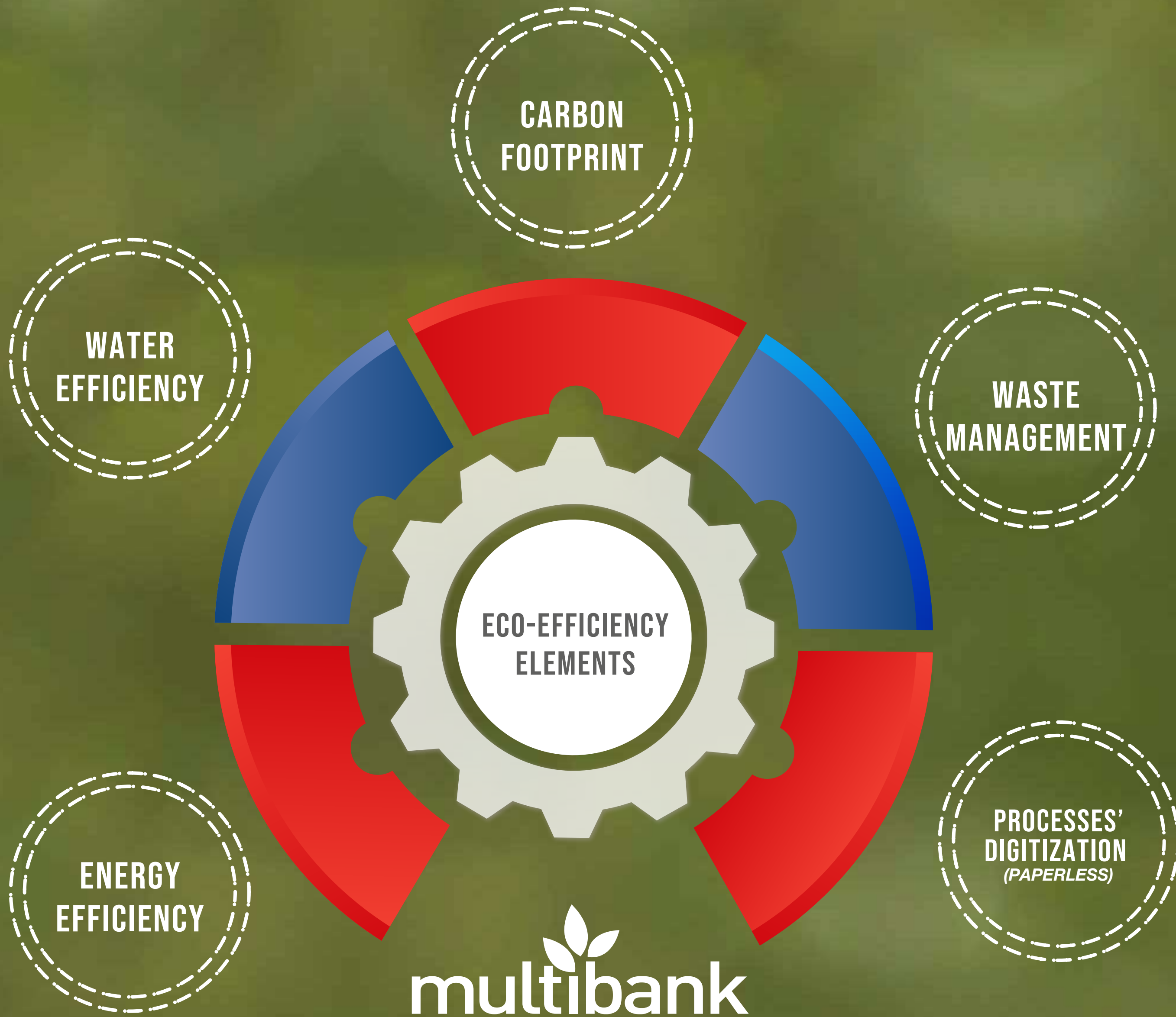
At Multibank, we believe economic growth should be inclusive. We aim to catalyze change by promoting societal well-being and financial progress. Our goal is to contribute to building a future where everyone can prosper and have greater access to the opportunities offered by our constantly evolving society.



# ECO-EFFICIENT GROWTH

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As part of our sustainability strategy, we implemented best practices in eco-efficiency. We took steps related to climate change in our portfolio, considering the current and foreseeable impacts and the preventive and protective measures we must consider in the Group's different activities.



**ECO-EFFICIENCY MANAGEMENT RESULTS**

**Paper use:**

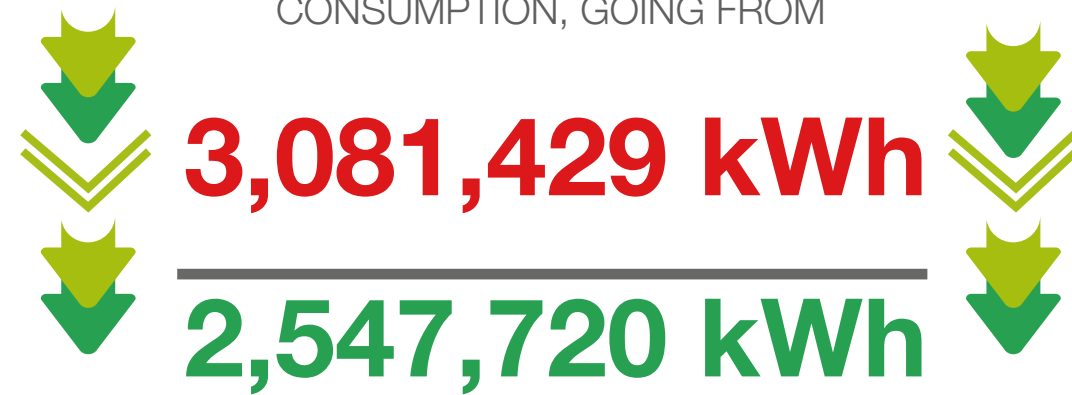
Given the nature of our operations, paper is one of the most used resources. That's why we have launched reduction initiatives, achieving a significant 26% decrease in its consumption in 2023 compared to the previous year.

During this period, we used 5,918 reams of paper, compared to 8,027 in 2022. We are also making progress in digitalizing processes and running internal and external campaigns to further reduce the use of this resource.

During 2023, we invested in acquiring software (MS365) for process digitalization, which reduces paper usage. This initiative is part of the 26% paper savings we achieved in the period.

### Power consumption

BY 2023, WE ACHIEVED A 17% REDUCTION IN ENERGY CONSUMPTION, GOING FROM



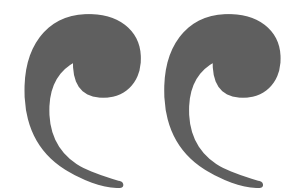
This amount was possible thanks to using photovoltaic panels and implementing energy-saving campaigns. We have 403 solar panels and 83 motion sensors at the Via España branch (Head Office). In 2024, we will promote solar energy usage with the new phase of installing of 383 580-watts solar panels in our Head Office, covering an area of 990 m2. This project represents an investment of USD 120,000, with the capacity to generate approximately 11,750 kWh on average per month.

| SELF GENERATION OF ENERGY | UNITS | 2023      | 2022      |
|---------------------------|-------|-----------|-----------|
| FROM PHOTOVOLTAIC PANELS  | KW    | 11,826.00 | 11,114.00 |

### Solid waste

We manage the solid waste we generate through a program of source separation, recycling, and proper disposal, aiming to give new use to wastes that can be reincorporated into different productive cycles.

By the end of 2023, we recycled 2.8 tons of materials, including paper, cardboard, plastic, glass, electronics, tetra brick, and newspaper.



Among the goals we have set for 2024, we aim to use 4,000 kg of recyclable materials and reduce by 5% the amount of recyclable material we use. Our paper consumption decreased by 3%, our energy consumption by 3%, and our water consumption by 3%".

**Recycling program.** We promote efficient and responsible waste management through best practices for collecting recyclable materials and disposing of alkaline batteries. In addition to the recycling center at our headquarters, we have set up additional points on several floors for a more significant response from our employees. In this way, we diverted 2,879.25 kilos from the ordinary landfill, 71% more than in 2022 (1,679 kilos).

| DESCRIPTION  | KG               | %           |
|--------------|------------------|-------------|
| PAPER        | 1.355,71         | 46,9%       |
| CARDBOARD    | 1.005,88         | 34,8%       |
| CANS         | 4,10             | 0,1%        |
| TETRA PACK   | 1,00             | 0,0%        |
| NEWSPAPERS   | -                | 0,0%        |
| BATTERIES    | 11,52            | 0,4%        |
| GLASS        | 6,01             | 0,2%        |
| ELECTRONICS  | 285,60           | 9,9%        |
| PLASTIC      | 220,94           | 7,6%        |
| <b>TOTAL</b> | <b>2.890,771</b> | <b>100%</b> |

### Furniture and Equipment Reuse, Utilization, and Sale

We implement circular economy practices repurpose furniture and equipment that can be reused due to their conditions. This includes: 6 computers, 5 adding machines, 4 coffee makers, 34 UPS batteries, 3 office chairs, 9 desks, 2 credenzas, 1 overhead cabinet, 2 file cabinets, 7 pedestals, 1 safe and 1 television. In addition, we sold internally 110 computers, which, due to their condition, could have second uses.

### Water resource management

During the reporting period, water consumption increased 17% over the previous period, from 22,017 m3 to 26,668 m3. The increase is due to the gradual return of our employees to the offices (post-pandemic).

### FUEL CONSUMPTION

| CONSUMPTION OF CONVENTIONAL FUELS | UNITS  | 2023     | 2022     |
|-----------------------------------|--------|----------|----------|
| GASOLINE                          | LITERS | 5,022.38 | 7,253.32 |
| DIESEL / GASOLINE                 | LITERS | 5,481.10 | 8,744.24 |

In 2022, we experienced higher fuel consumption due to power supply interruptions in different areas of the country, necessitating the operation of power plants and, therefore, higher diesel consumption. Similarly, in 2023, there was a decrease in the vehicle fleet and land trips in the previous year.

### Climate Change and Emissions Management

Undoubtedly, we are already experiencing climate change, and we must act comprehensively to mitigate its impacts and adapt to the new reality of a more challenging climate and more extreme changes between seasons.

Aware of the importance of mitigating our operations' environmental impact, we assume the responsibility of evaluating and understanding the scope of our actions in climate matters; therefore, in 2023, we moved forward with the GHG emissions reports 1 and 2, whose detailed information is presented below.

| 2023         |              |                        |
|--------------|--------------|------------------------|
| SCOPE 1      | 17.53        | T CO2 EQ / YEAR        |
| SCOPE 2      | 0.26         | T CO2 EQ / YEAR        |
| <b>TOTAL</b> | <b>17,79</b> | <b>T CO2 EQ / YEAR</b> |

Our carbon footprint calculation results allow us to identify critical areas for improvement and outline key initiatives that will enable us to move towards a low-emissions operation. Among the challenges we have set for ourselves are implementing a constant emission monitoring scheme and establishing reduction targets. The calculation was based on the Ministry of the Environment's Corporate RTH tool.

### Biodiversity protection and conservation

One of the challenges we face as a species is protecting, conserving, and safeguarding the planet. This matter is becoming increasingly relevant when it comes to our financial, environmental, and social analyses. Therefore, in our Environmental and Social Risk Policy, we declare that we do not participate or get involved in activities related to:

- Production or trade of any product or activity considered by international regulations or conventions, including, without limitation, legislation or conventions related to the protection of biodiversity resources.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) regulates trade in animals or products of endangered species of flora and fauna.
- Commercial logging operations or purchase of timber cutting equipment for use in humid tropical rainforest regions; production or trade of timber or other forest products other than from sustainably managed forests.
- Net trawling in marine environments using nets over 2.5 km in length.
- Activities involving introducing genetically modified organisms into the natural environment without the respective authorization of the competent authority.
- Activities in areas protected by national law or international conventions, adjacent or upstream territories, sites of scientific interest, habitats of rare or endangered species, and primary or native forests of ecological importance.



# FINANCIAL PERFORMANCE

### Economic Environment

The performance of the Panamanian economy during 2023 was robust, which is positive given the complex global economic environment. This is due to restricted financial conditions stemming from increased international interest rates, which has had an impact on the weakening of world economic activity. Additionally, prolonged conflict between Russia and Ukraine, geopolitical tensions, and adverse effects of climate change have further impacted global economic dynamics.

We also note that this growth maintains the trend observed from 2022 onwards, following recovery from 2021. The economic caused by protests and street closures that between October and November 2023 due to the mining issue impacted the results of the fourth quarter, and this is observed in the real Gross Domestic Product of the fourth quarter, which showed a growth rate of 3.3%.

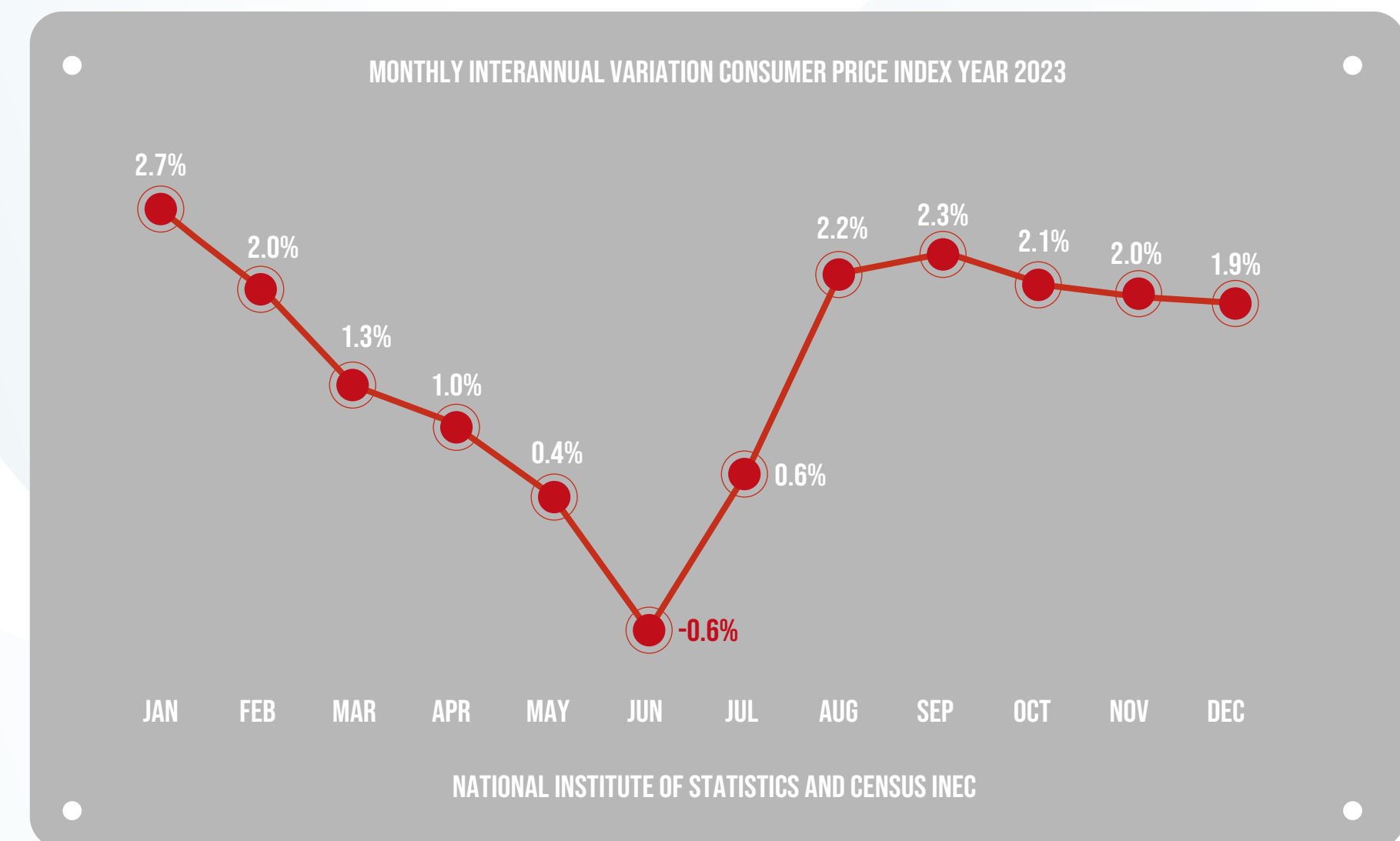
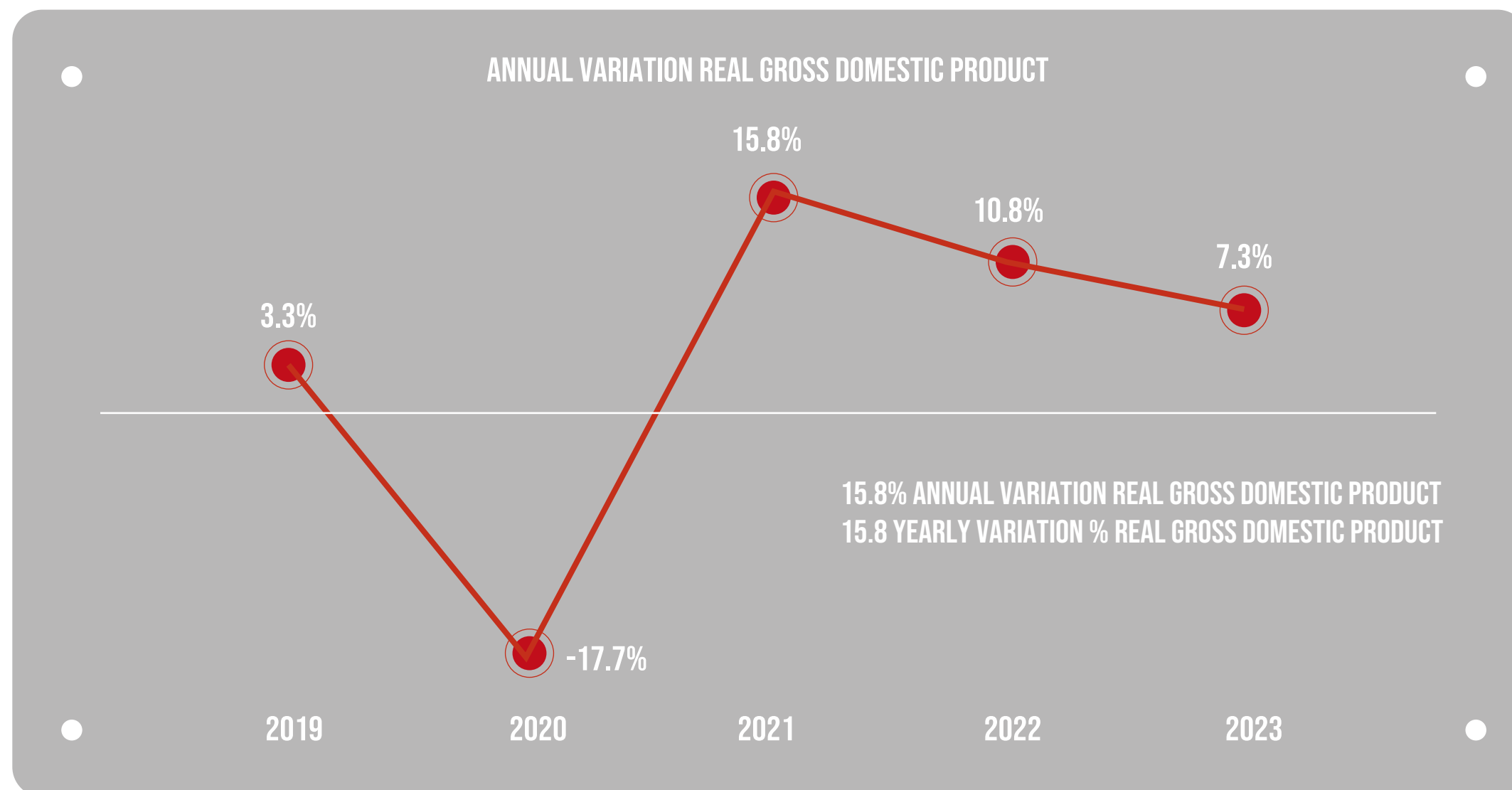
The National Institute of Statistics and Census (INEC by its acronym in Spanish) reported that the Gross Domestic Product (GDP) in chained volume measures with reference year 2018 grew by 7.3% during 2023. GDP reached USD 78,823.4 million for the estimated period, corresponding to an increase of USD 5,374.1 million.

The domestic economy's activities that performed positively during 2023 are construction, commercial activities, transportation, manufacturing industries, financial services, electricity, real estate and business, arts, entertainment and recreation, and other services.

Among the activities that generated positive added value through international trade included: the Panama Canal, with an increase in toll revenues, air transportation, re-exports from the Colon Trade Zone, and banana exports in the agricultural sector. Meanwhile, revenues generated by mining and quarrying activities related to the export of copper and its concentrates decreased.

According to reports dated December 2023, the World Bank, the Economic Commission for Latin America and the Caribbean<sup>1</sup> (ECLAC), the World Bank, and the International Monetary Fund<sup>1</sup> project real growth rates for the year 2024 of 4.6%, 4.2%, and 4.0%, respectively. These figures are among the highest in Latin America and the Caribbean.

On the other hand, it is essential to highlight that Panama maintains a sovereign risk rating, with a December 2023 cut-off date. According to S&P Global Ratings, Panama is rated BBB with a stable outlook, while Fitch Ratings assigns a BBB- rating with a negative outlook. Moody's rates Panama at Baa2 with a negative outlook.



1. On March 3, 2024, the International Monetary Fund lowered Panama's growth forecast 2024 to 2.5%.

2. On March 28, 2024, Fitch Ratings downgraded the Republic of Panama's sovereign debt rating to BB+ with a stable outlook.

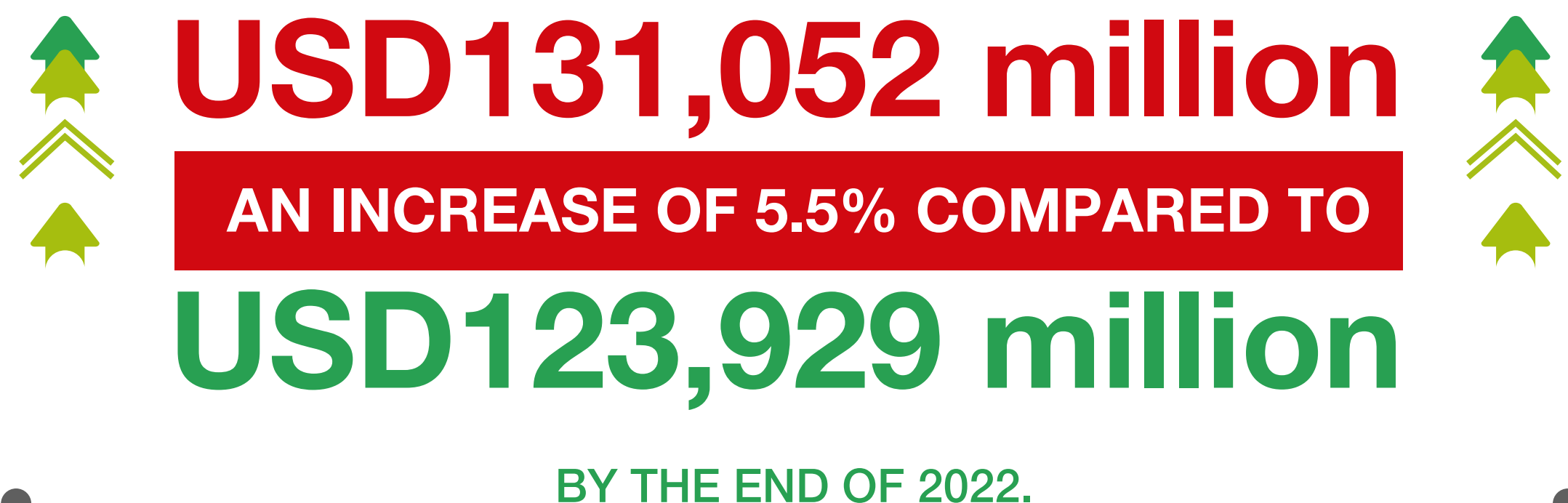
Global general and core inflation have continued to decline since the peaks of 2022. Moderating energy and food price inflation, slowing consumer demand for goods, and recovering global supply chains exerted significant downward pressure on goods inflation. However, inflation remains above target in most advanced economies, and about half of the emerging and developing countries with inflation targets.

INEC reports that the National Urban CPI for December 2023-22 presented a year-on-year variation of 1.9%. It notes that the groups that experienced increases were: housing, water, electricity, and gas by 9.9%; education 3.7%; miscellaneous goods and services 3.6%; food and non-alcoholic beverages 2.4%; alcoholic beverages and tobacco 2.3%; restaurants and hotels 2.1%; health 1.3%; and transportation 1.1%.

It adds that the groups that registered decreases were: clothing and footwear, down 1.7%; furniture, household goods, and articles for ordinary household maintenance, down 1.1%; communications; and recreation and culture, down 0.5%.

## MANAGEMENT OF PANAMA'S BANKING SYSTEM

### THE BALANCE SHEET OF THE NATIONAL BANKING SYSTEM RECORDED AT THE END OF DECEMBER 2023 TOTAL ASSETS



This performance was primarily driven by the growth of the gross loan portfolio both locally and internationally, which reached a total of USD 82,588 million, with a variation of 5.3% compared to 2022. In the case of local loans, they registered an increase of 3.6% as of December 2023 compared to the end of the previous year, driven by the sectors with the highest participation, such as industry (8.0%), commerce (4.6%), personal consumption (4.5%), mortgage (3.9%) and agriculture and livestock (0.7%).

These groups offset the decline in another relevant sector, such as construction, whose loans decreased by 1.3% over the year. Finally, the domestic consumer credit portfolio comprises credit cards, personal loans, and auto loans.

The growth of the National Banking System's assets was also favored by the increase in gross investments in securities, reaching USD 27,276 million reflecting a variation of 10.8%.

Meanwhile, net liquid assets experienced a 1.7% decline in 2023, registering a balance of USD 15,956 million.

Total deposits collected registered a balance of USD 92,249 million, which reflects an increase of 6.9% compared to the end of 2022. Liabilities presented a balance of USD 20,727 million, a decrease of 2.2% in the same period. Local deposits of the National Banking System represented 70.2% of the total deposits. They remained stable compared to year-end 2022, with an increase of 3.7%. Official local deposits increased 9.4%, while local deposits from individuals increased 2.7%.

The National Banking System's equity level increased by 9.5% compared to the end of 2022, reaching a total of USD 13,854 million in December 2023, with a capital adequacy indicator of 15.12%.

In terms of net income, the National Banking System in 2023 reached USD 2,196 million, marking a 40.1% increase compared to 2022. The return on average assets (ROAA) for the National Banking System in 2023 was 1.7%, while the return on average equity (ROAE) registered a level of 16.6%.

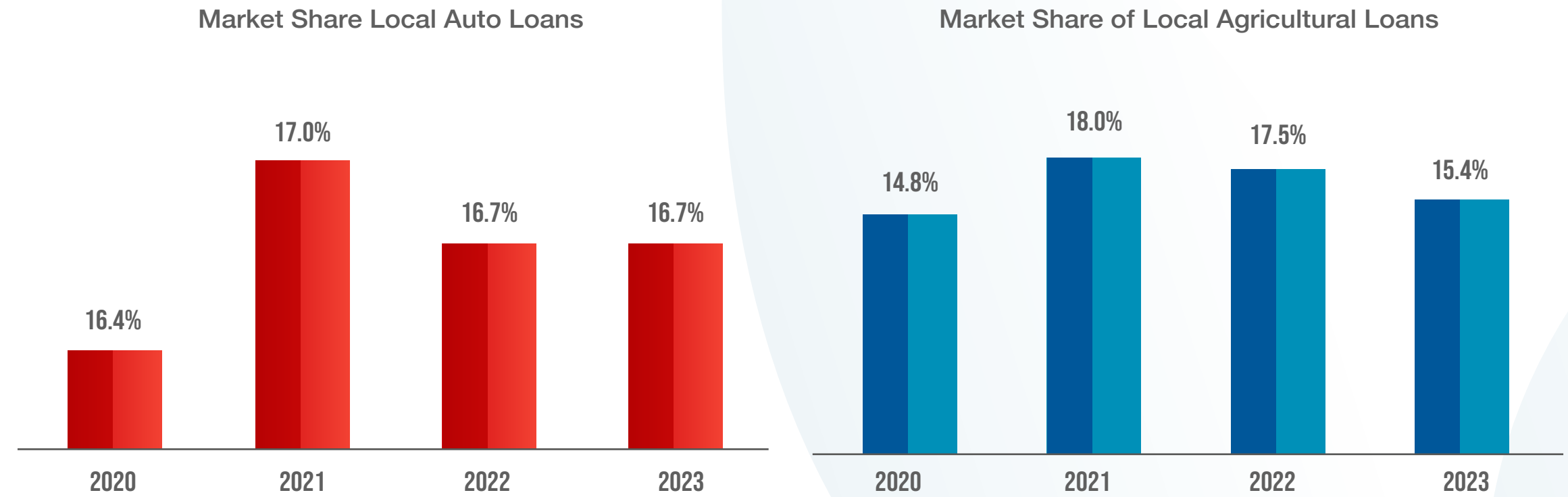
Regarding loan portfolio quality indicators, non-performing loans represented 1.77% of the National Banking System's total loan portfolio, and past-due balances or arrears for more than 90 days represented 2.57%.

Due to internally generated equity through net sector income, the National Banking System shows high levels of capitalization, reflected in a regulatory capital adequacy ratio of 15.12% as of December 31, 2023, significantly exceeding the minimum required by banking legislation.

**Market Share**

At year-end 2023, Multibank achieved a market share of 5.5% of the System's gross local loan portfolio within the Panamanian Banking. We ranked as the second largest provider of auto loans, holding a market share of 16.7%; the third largest provider of agricultural loans, with a market share of 15.4%; the fourth largest provider of construction loans, with a market share of 9.9%, and the sixth most prominent provider of commercial loans, with a market share of 6.1%.

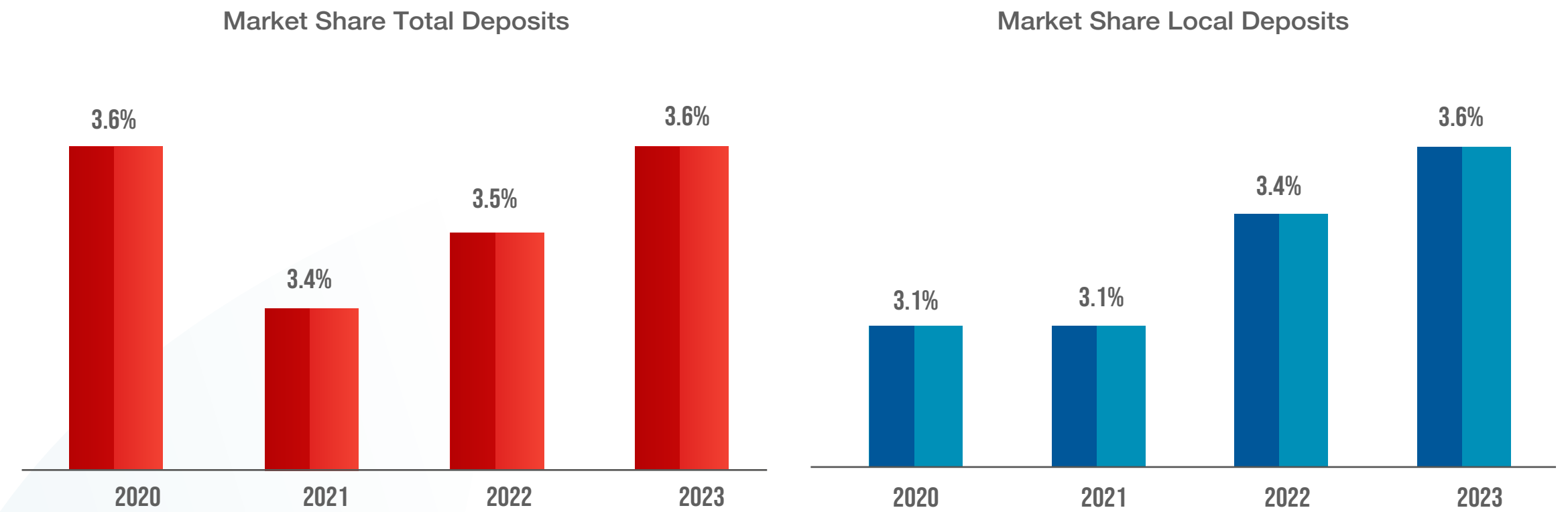
**MAIN MARKET SHARE FIGURES**



Source: Superintendency of Bank of Panama

MULTIBANK MAINTAINS A MARKET SHARE OF 3.6% IN BOTH TOTAL AND LOCAL DEPOSITS AS OF DECEMBER 2023.

**MAIN MARKET SHARE FIGURES**



Source: Superintendency of Bank of Panama

**OUR RISK RATINGS**

The following ratings reflect our company's financial strength, good operating performance, and competitive position in the market.

MULTI FINANCIAL GROUP INC. RATINGS ARE IN EFFECT AS OF DECEMBER 31, 2023.

**MULTIBANK INC.**

|   | LONG TERM | PERSPECTIVE | SHORT TERM |
|---|-----------|-------------|------------|
| <i>FITCH RATINGS - INTERNATIONAL RATING</i> | BB+       | STABLE      | B          |
| <i>MOODY'S - INTERNATIONAL RATING</i>       | BA1       | STABLE      | NP         |
| <i>FITCH RATINGS - LOCAL RATING</i>         | AA (PAN)  | STABLE      | F1+(PAN)   |

**MULTIBANK INSURANCE**

|                      | FINANCIAL STRENGTH<br>NATIONAL SCALE | PERSPECTIVE |
|----------------------|--------------------------------------|-------------|
| <i>FITCH RATINGS</i> | AA (PAN)                             | STABLE      |

FOR MORE INFORMATION DETAILED 2023



Our good risk ratings and our participation within Grupo AVAL and Banco de Bogotá give us access to financing on favorable terms and bolster our confidence in the future. Therefore, we will continue working to maintain and enhance these ratings, foster growth, and create value for our stakeholders.



**FINANCIAL PERFORMANCE, SOLVENCY AND EFFICIENCY ANALYSIS  
MULTI FINANCIAL GROUP, INC. AND SUBSIDIARIES**

| <b>USD MILLION</b>                         | <b>DEC 23</b> | <b>DEC 22</b> | <b>DEC 22-23 %</b> |
|--|---------------|---------------|--------------------|
| <b>BALANCE SHEET AVAILABLE</b>             |               |               |                    |
| CORPORATE                                  | 184           | 220           | -16.5%             |
| SMALL COMPANY                              | 1,832         | 1,951         | -6.1%              |
| RETAIL BANKING                             | 111           | 105           | 5.7%               |
| PERSONAL BANKING                           | 1,699         | 1,668         | 1.9%               |
| <b>LOANS</b>                               | <b>3,642</b>  | <b>3,724</b>  | <b>-2.2%</b>       |
| PROVISIONS                                 | 65            | 71            | -8.3%              |
| <b>NET PORTFOLIO</b>                       | <b>3,577</b>  | <b>3,653</b>  | <b>-2.1%</b>       |
| INVESTMENTS                                | 877           | 923           | -5.0%              |
| OTHER ASSETS                               | 294           | 335           | -12.2%             |
| <b>TOTAL ASSETS</b>                        | <b>4,931</b>  | <b>5,131</b>  | <b>-3.9%</b>       |
| <b>CUSTOMER DEPOSITS</b>                   | <b>3,333</b>  | <b>3,026</b>  | <b>10.1%</b>       |
| ANOTHER ANCHORAGE                          | 1,090         | 1,622         | -32.8%             |
| OTHER LIABILITIES                          | 119           | 122           | -2.5%              |
| <b>TOTAL LIABILITIES</b>                   | <b>4,542</b>  | <b>4,771</b>  | <b>-4.8%</b>       |
| <b>TOTAL EQUITY</b>                        | <b>390</b>    | <b>361</b>    | <b>8.1%</b>        |
| <b>TOTAL LIABILITIES + EQUITY</b>          | <b>4,931</b>  | <b>5,131</b>  | <b>-3.9%</b>       |
| <b>STATEMENT OF INCOME</b>                 |               |               |                    |
| INTEREST INCOME                            | 285           | 254           | 12.4%              |
| INTEREST EXPENSE                           | 209           | 148           | 41.5%              |
| <b>INTEREST AND COMMISSION INCOME, NET</b> | <b>76</b>     | <b>106</b>    | <b>-28.3%</b>      |
| PORTFOLIO PROVISIONING                     | 21            | 23            | -8.9%              |
| PROVISION IN OTHER ACCOUNTS RECEIVABLE     | 0.04          | 0.1           | -61.5%             |
| OTHER PROVISIONS                           | -1.2          | -0.3          | 329.2%             |
| GENERAL AND ADMINISTRATIVE EXPENSES        | 84            | 87            | -3.1%              |
| OTHER INCOME                               | 40            | 38            | 5.2%               |
| <b>PRE-TAX PROFIT</b>                      | <b>13</b>     | <b>34</b>     | <b>-62.8%</b>      |
| INCOME TAXES                               | -2            | -4            | -46.1%             |
| <b>NET INCOME</b>                          | <b>9</b>      | <b>30</b>     | <b>-68.6%</b>      |

Multi Financial Group, Inc. (MFG) reported consolidated assets for USD 4,931 million, maintaining a stable level compared to the end of 2022 (USD 5,131 million). The loan portfolio (accrued interest and unearned discounted fees) showed a balance of USD 3,642 million at the end of 2023. The increase in the portfolios of personal loans (USD 15.3 million), auto loans (USD 13.5 million), and small business loans (USD 5.9 million) partially mitigated the decrease in corporate loans.

At year-end 2023, MFG's asset quality indicators remained at adequate levels, with a ratio of past-due loans to total loans of 2.3% and reserve coverage (allowance for loan losses to past-due loans) of 77%. Considering dynamic provisioning and excess reserves recorded in equity accounts, reserve coverage stood at 143% at year-end 2023.

Customer deposits are MFG's main source of funding, representing 75% and totaling USD 3,333 million at the end of 2023, excluding accrued interest. Of total deposits, 70% correspond to fixed-term deposits, 14% savings deposits, and 16% demand deposits. At the end of 2023, total funding was USD 4,422 million, where deposits showed a growth of 10.1% compared 2022.

MFG's net equity closed at US\$390 million at the end of 2023, showing an 8.1% increase over 2022 (US\$361 million in 2022), driven primarily by a US\$13.7 million increase in Retained earnings and 20% (US\$18 million) reduction in unrealized losses on valuation of investments at fair value through other comprehensive income.

The subordinated notes total USD 33 million and have maturities between 2032 and 2033; these issuances qualify as part of Tier 2 Capital. In the samethis Context, the Capital Adequacy Ratio remains strong, reaching 12.51% at year-end 2023, amply significantly and consistently exceeding the regulatory minimum of 8%.

In terms of performance during 2023, revenues grew driven by interest earned on Loans and Deposits in Banks, which reduced the impact of the increase in financial expenses as a result of the scenario of rate increases by the Federal Reserve. The excellent credit risk management performance can be seen in the 9% reduction in Provision Expenses due to lower requirements. In addition, the Bank's administrative management, through initiatives to improve processes, efficiencies, and expense control, contributed to the results by reducing General and Administrative Expenses of USD 2.6 million.

Regarding profitability indicators, MFG recorded a return on average assets of 0.2% and a return on average equity of 2.5% for 2023.

Liquid assets, composed of cash, bank deposits in banks, and investments of in the governments of the United States U.S. government and its Agencies and the Republic of Panama, totaled USD 901 million at the close of 2023, maintaining a liquidity index reported by Multibank Inc. (Parent Bank) to the regulatory entity, under the parameters of Agreement No. 4-2008 of 50.07%, significantly exceeding amply complying with the minimum requirement of 30%.

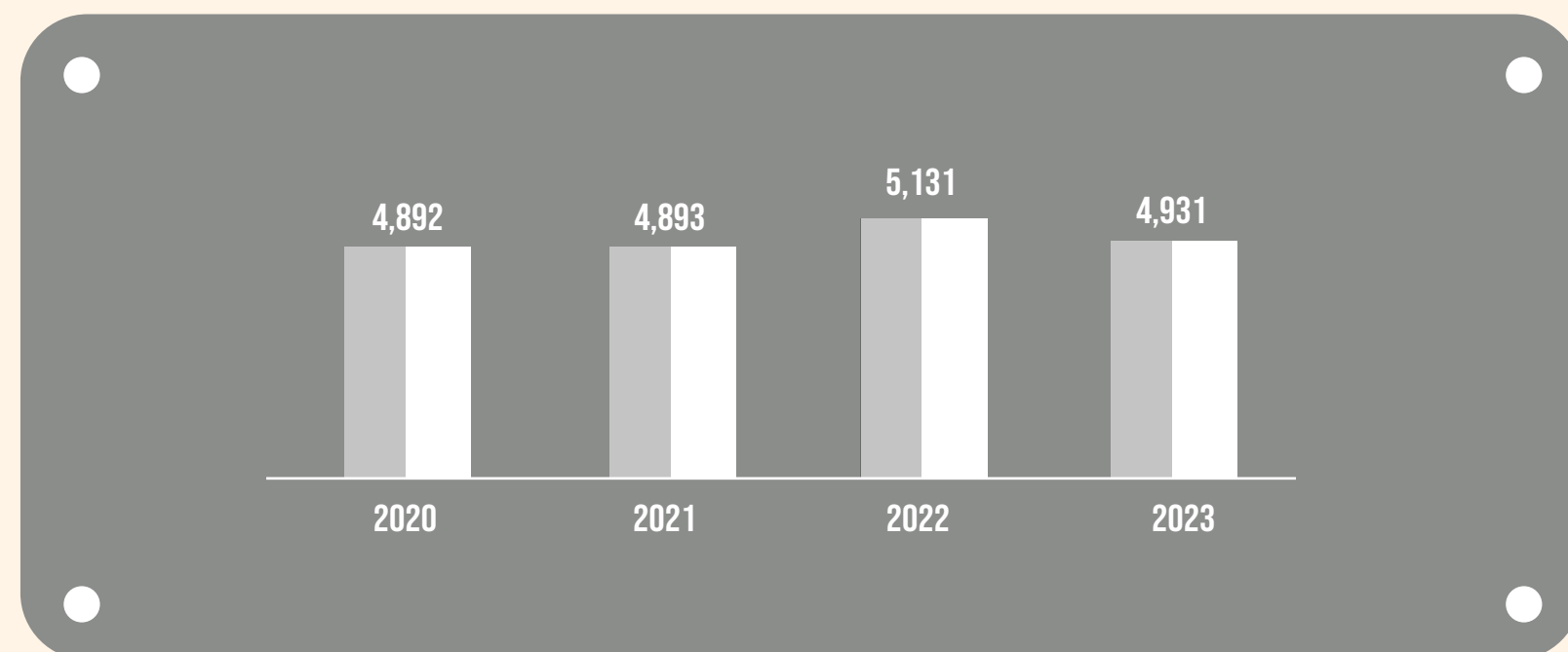
**MB INSURANCE**  
CONTRIBUTED A NET PROFIT OF

**\$6.9 BILLION USD**

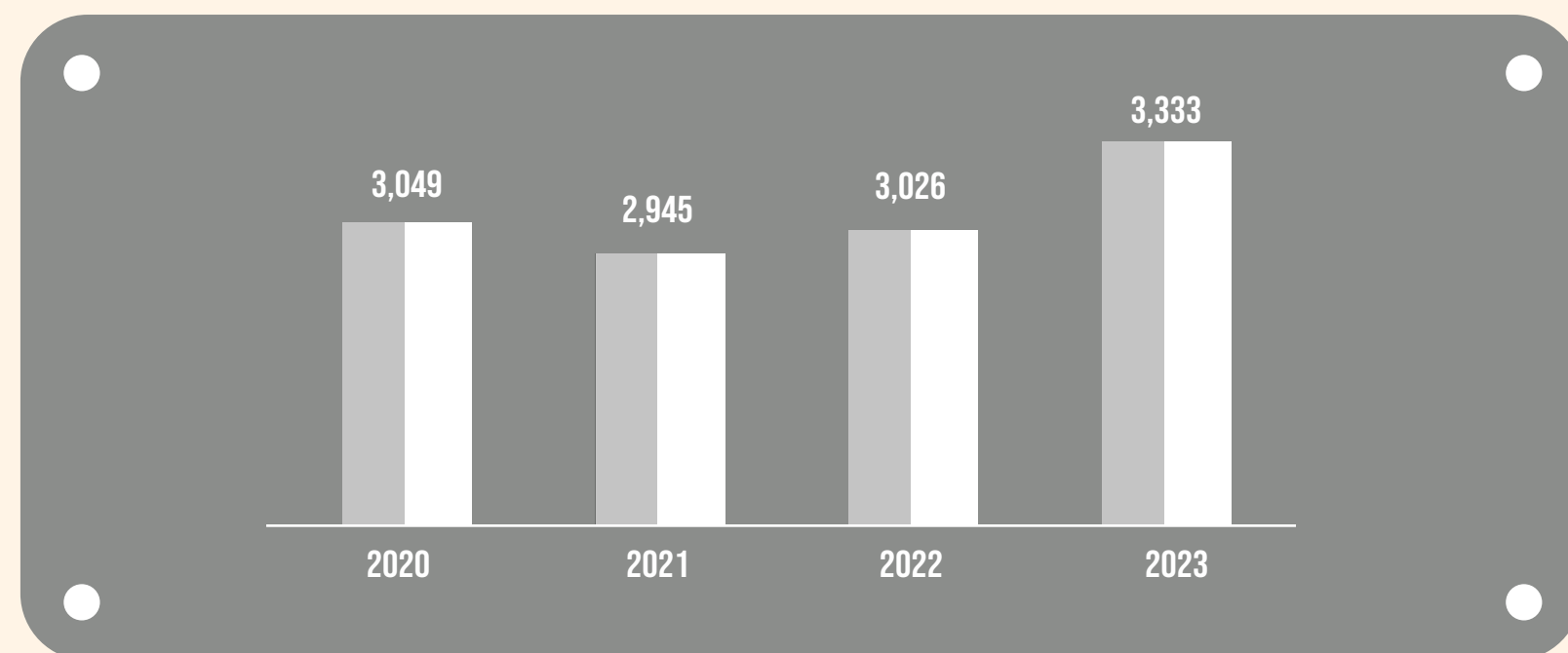
**WITH A 23%**  
GROWTH COMPARED TO THE  
**PREVIOUS PERIOD.**

**LIKEWISE, THERE WAS A 4% INCREASE IN UNDERWRITTEN PREMIUMS COMPARED TO 2022. THE INSURANCE COMPANY CONTRIBUTED NEARLY 80% OF THE BANK'S PROFIT.**

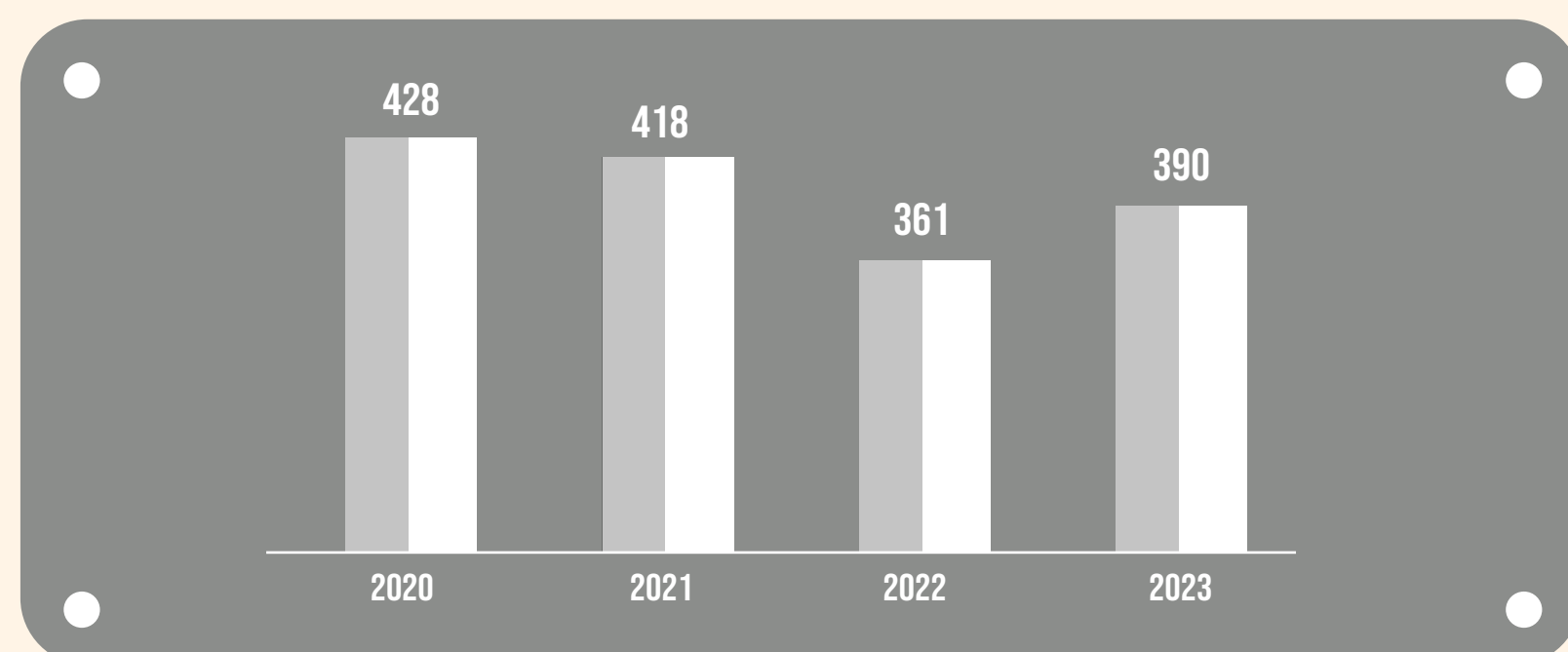
**MAIN FINANCIAL FIGURES TOTAL ASSETS USD MM**



**CUSTOMER DEPOSITS USD MM**



**EQUITY USD MM**

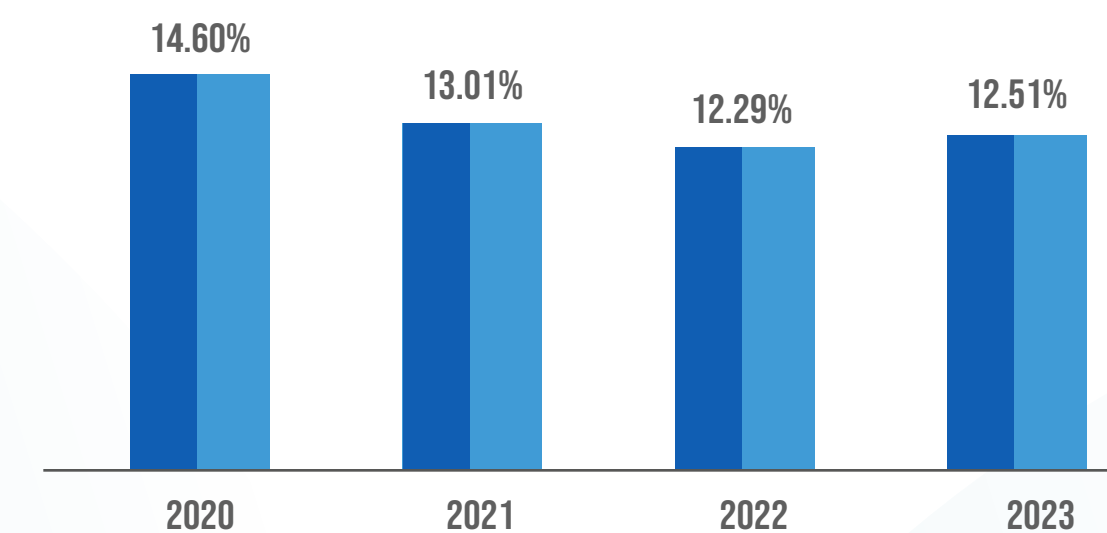


**Capital adequacy**

The Banking Group's policy is to maintain a solid capital base that can support the future development of investment and credit businesses within the market, with adequate levels of return on shareholders' equity and the capital adequacy required by regulators.

Based on Agreement No. 001-2015, modified by Agreement No. 013-2015 and No. 003-2016, modified by Agreement No. 008-2016, issued by the Superintendency of Banks of Panama, MFG maintains regulatory capital adequacy that significantly exceeds the required minimum of 8% as of December 31, 2023.

**CAPITAL ADEQUACY RATIO**



SOURCES: FINANCIAL STATEMENTS

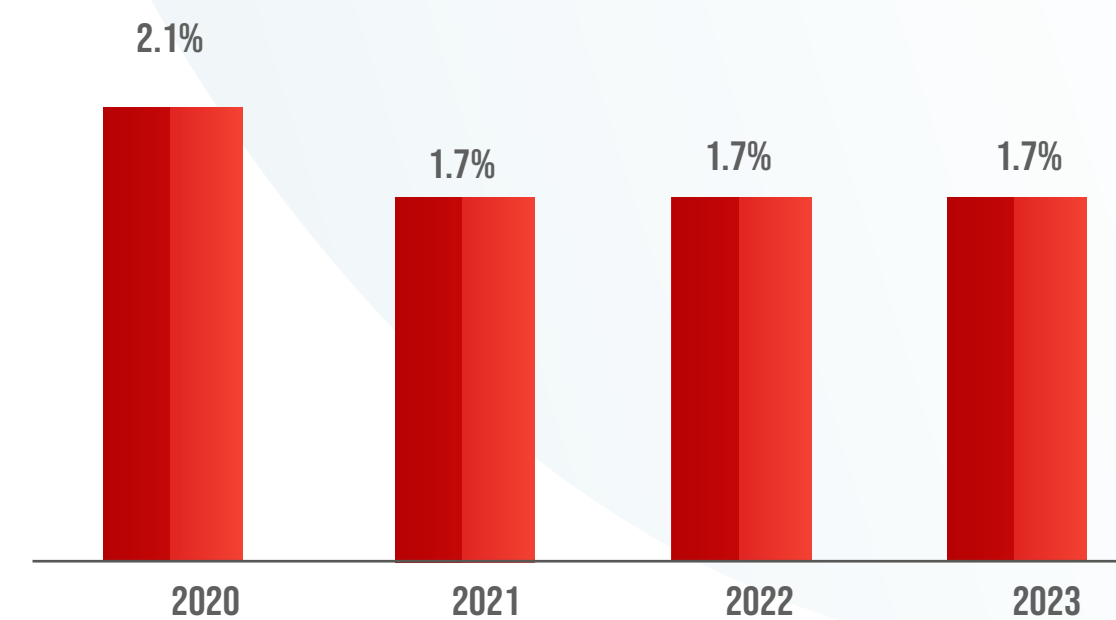
**Efficiency**

Regarding operational efficiency for the year 2023, the bank's efforts were focused on increasing revenue, which was reflected in a 12% increase in interest income compared to 2022. The rise in profit from financial instruments, along with insurance premiums and commissions, allowed Other Income to grow by 5%.

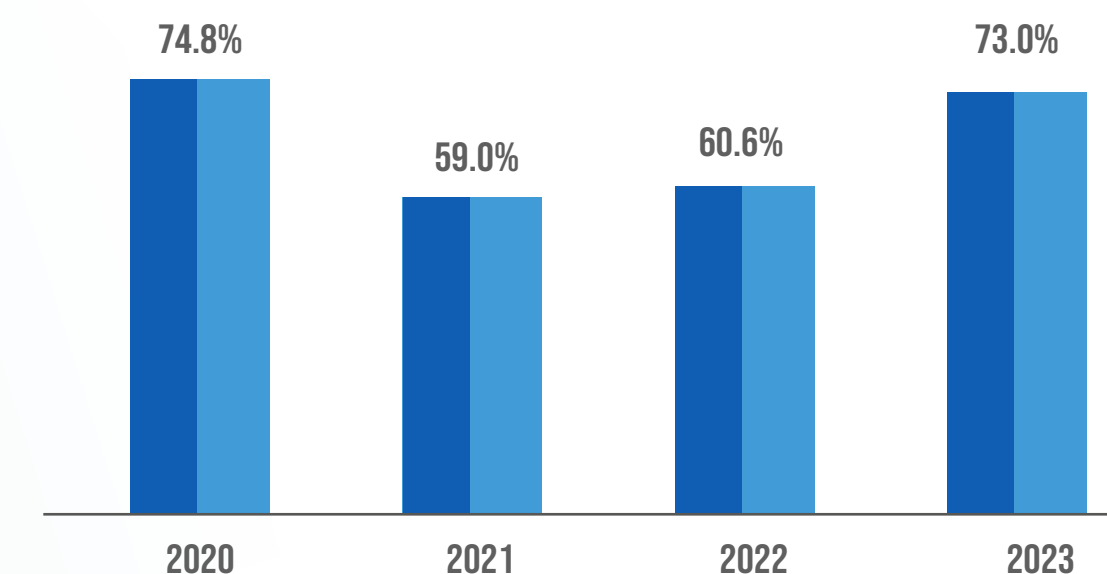
The increase in income allowed the absorption of the rise in financial expenses, derived from the payment of interest on customer deposits and financial obligations. On the expense side, the focus was primarily on efficiencies stemming from process improvements and cost reduction initiatives. The actions taken by the bank's management have enabled the efficiency to be maintained at around 73%, despite the post-pandemic economic situation in the country and the significant increase in rates in international markets.

**KEY EFFICIENCY FIGURES**

**General and administrative expenses to total assets**



**Operational efficiency**



SOURCES: FINANCIAL STATEMENTS

# ASG TABLE

*It includes the management of indicators related to standards and indicators: GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board).*



| INDICATOR | INDICATOR DESCRIPTION | LOCATION IN ASG REPORT | STANDAR PAGE |  |
|-----------|-----------------------|------------------------|--------------|--|
|-----------|-----------------------|------------------------|--------------|--|

|          |   |   |               |     |
|----------|---|---|---------------|-----|
| GRI 2-2  | Entities included in the organization’s sustainability reporting            | About this report   | 6             | GRI |
|          |   | Multifinancial Group in figures   | 5             | GRI |
| GRI 2-3  | Reporting period, frequency, and contact point                              | About this report   | 6             | GRI |
|          |   | Financial performance   | 61            | GRI |
| GRI 2-6  | Activities, value chain, and other business relationships                   | Financial performance   | 61            | GRI |
|          |   | Looking at the future starting today  | 29            | GRI |
|          |   | A constantly evolving ecosystem.  | 31            | GRI |
|          |   | Personal Banking, Business Banking, Corporate Banking, MB Seguros and Multi Securities: An Evolving Ecosystem/Insurance: Moving Ahead with Pace firm: achievements and prospects on the horizon | 43            | GRI |
| GRI 2-7  | Employees   | People are the heart of our organization  | 5, 49, 50, 51 | GRI |
| GRI 2-9  | Governance structure and composition  | About us  | 9             | GRI |
|          |   | We lead with integrity and transparency   | 12, 13        | GRI |
|          |   | Board of Directors  | 14            | GRI |
| GRI 2-10 | Nomination and selection of the highest governance body                     | Directive team  | 15            | GRI |
| GRI 2-11 | Chair of the highest governing body   | Board of Directors  | 14            | GRI |
| GRI 2-12 | Role of the highest governance body in overseeing the management of impacts | About us/Corporate Values   | 9             | GRI |
|          |   | Corporate governance/general structure  | 13            | GRI |
| GRI 2-13 | Delegation of responsibility for managing impacts                           | Board of Directors  | 14            | GRI |
| GRI 2-14 | Role of the highest governance body in sustainability reporting             | Board of Directors  | 6, 14         | GRI |
| GRI 2-15 | Conflicts of interest   | Business ethics   | 18            | GRI |
| GRI 2-17 | Collective knowledge of the highest governance body                         | Directive team  | 15            | GRI |
| GRI 2-22 | Statement on sustainable development strategy                               | Risk management   | 20            | GRI |
|          |   | Generating sustainable value for society  | 21            | GRI |
|          |   | We operate with environmental, social and governance criteria   | 43            | GRI |

| INDICATOR | INDICATOR DESCRIPTION                               | LOCATION IN ASG REPORT  | STANDAR PAGE |     |
|-----------|---|---|--------------|-----|
| GRI 2-24  | Embedding policy commitments                        | Our commitments   | 4            | GRI |
|           |   | We build relationships of trust   | 17           | GRI |
| GRI 2-23  | Policy commitments                                  | We have been accompanying the country's growth since 1990.  | 8, 9         | GRI |
|           |   | We build relationships of trust   | 17           | GRI |
|           |   | Risk management   | 20           | GRI |
|           |   | We evaluate financing schemes that encourage good environmental practices.  | 48           | GRI |
| GRI 2-26  | Mechanisms for seeking advice and raising concerns  | We build trusting relationships   | 17           | GRI |
| GRI 2-28  | Membership associations                             | Generating sustainable value for society  | 22           | GRI |
| GRI 2-29  | Approach to Stakeholder Engagement                  | Generating sustainable value for society  | 27           | GRI |
|           |   | Our customers' behaviors have changed. Digitalization and customer experience                                     | 42           | GRI |
| GRI 3-1   | Process to determine material topics                | Risk management   | 20           | GRI |
|           |   | Generating sustainable value for society  | 23, 25, 26   | GRI |
|           |   | Respect for human rights is integral to all our operations.   | 54           | GRI |
|           |   | We operate with environmental, social and governance criteria   | 43           | GRI |
|           |   | We strengthen our business relationships  | 48           | GRI |
| GRI 3-2   | List of material topics                             | Generating sustainable value for society  | 26           | GRI |
| GRI 3-3   | Management of material topics                       | Risk management   | 20           | GRI |
|           |   | A constantly evolving ecosystem. Universal Banking: Multibank, MB Seguros, and Multi Securities. Personal Banking | 32           | GRI |
|           |   | Looking to the future starting today  | 40           | GRI |
|           |   | Looking to the future starting today  | 44           | GRI |
|           |   | Our customers' behaviors have changed   | 42           | GRI |
|           |   | Working to slow down climate change   | 46           | GRI |
|           |   | We operate with environmental, social and governance criteria   | 48           | GRI |
|           |   | We build trusting relationships   | 18           | GRI |
| GRI 201-1 | Direct economic value generated and distributed     | Multifinancial Group in figures   | 5            | GRI |
| GRI 204-1 | Proportion of spending on local suppliers           | We strengthen our business relationships  | 48           | GRI |
| GRI 205-1 | Operations assessed for risks related to corruption | We work with integrity, ethics and transparency   | 18           | GRI |
|           |   | We guarantee financial sustainability   | 20           | GRI |
|           |   | We look to the future today   | 43           | GRI |

| INDICATOR   | INDICATOR DESCRIPTION  | LOCATION IN ASG REPORT   | STANDAR              | PAGE       |
|-------------|--|--|----------------------|------------|
| GRI 205-1   | Operations assessed for corruption-related risks.  | Improving customer experience  | 40                   | GRI        |
| GRI 205-2   | Communication and training on anti-corruption policies and procedures  | We work with integrity, ethics and transparency  | 18                   | GRI        |
| GRI 301-1   | Materials used by weight or volume   | Eco-efficient growth   | 50                   | GRI        |
| GRI 302-1   | Energy consumption within the organization   | Eco-efficient growth   | 50                   | GRI        |
| GRI 302-4   | Reduction of energy consumption  | Eco-efficient growth   | 50                   | GRI        |
| GRI 303-5   | Water consumption  | Eco-efficient growth   | 50                   | GRI        |
| GRI 305-1   | Direct (Scope 1) GHG emissions   | Eco-efficient growth   | 50                   | GRI        |
| GRI 305-2   | Indirect (Scope 2) GHG emissions from energy generation  | Eco-efficient growth   | 50                   | GRI        |
| GRI 306-2   | Management of significant waste-related impacts  | Eco-efficient growth   | 50                   | GRI        |
| GRI 405-1   | Diversity of governance bodies and employees   | Board of Directors   | 14                   | GRI        |
| GRI 408-1   | Operations and suppliers at significant risk for incidents of child labor  | Respect for human rights is integral to all our operations.  | 54                   | GRI        |
| GRI 412-3   | Investment contracts with human rights clauses (%)   | Respect for human rights is present in all our operations.   | 54                   | GRI        |
| GRI 413-1   | Operations with local community engagement, impact assessments, and development programs   | We are committed to sustainable development.   | 56                   | GRI        |
| GRI 418-1   | substantiated complaints concerning breaches of customer privacy and loss of customer data   | Approach to data security risk management  | 41                   | GRI        |
| GRI FS-1    | Policies with specific environmental and social aspects applied to the lines of business   | We operate with environmental, social and governance criteria  | 43                   | GRI        |
| GRI FS-2    | Procedures for assessing and screening environmental and social risks in business lines  | Environmental and Social Risk Analysis System -SARAS   | 44                   | GRI        |
| GRI FS-4    | Process(es) for improving staff competency to implement environmental and social policies and procedures applied to business lines | We evaluate financing schemes that encourage good practices.   | 48                   | GRI        |
| GRI FS-6    | Percentage of portfolio for business lines by specific region, size (E.G. micro/sme/large) and by sector                           | We look to the future today  | 34, 36, 37           | GRI        |
| GRI FS-9    | Coverage and frequency of audits to assess the implementation of environmental and social policies and risk assessment procedures. | We evaluate financing schemes that encourage good environmental practices.   | 48                   | GRI        |
| GRI FS-15   | Policies for the fair design and sale of financial products and services.  | Looking to the future starting today<br>We evaluate financing schemes that encourage good environmental practices. | 34, 35, 36, 39<br>48 | GRI<br>GRI |
| FN-AC-000.A | Total assets under management AUM  | Looking to the future starting today   | 37                   | SASB       |
| FN-AC-000.B | Total assets under custody and supervision   | Looking to the future starting today   | 38                   | SASB       |

| INDICATOR | INDICATOR DESCRIPTION | LOCATION IN ASG REPORT | STANDAR PAGE |
|-----------|-----------------------|------------------------|--------------|
|-----------|-----------------------|------------------------|--------------|

|               |  |   |        |      |
|---------------|--|---|--------|------|
| FN-CB-000.B   | (1) number and (2) value of loans by segment: (a) personal, (b) small businesses; and (c) corporate  | Looking to the future starting today.                         | 33, 37 | SASB |
| FN-IN-000.A   | Number of policies in force by segment: (1) property and casualty, (2) life, (3) reinsurance underwritten  | Looking to the future starting today.                         | 37     | SASB |
| FN-AC-270a.1  | (1) Number and (2) a percentage of covered employees with a history of investigations related to investments, consumer complaints, private civil litigation, or other proceedings. regulatory  | Looking to the future starting today.                         | 39     | SASB |
| FN-AC-270a.2  | The total amount of monetary losses as a result of legal proceedings related to marketing and communication of information related to financial products to new and existing customers   | Looking to the future starting today.                         | 39     | SASB |
| FN-AC-270a.3  | Description of the approach to inform customers about products and services.   | Improving customer experience                                 | 40     | SASB |
| FN-AC-510a.1  | The total monetary losses due to legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice, or other related industry laws or regulations.  | Looking to the future starting today.                         | 39     | SASB |
| FN-AC-510a.2  | Description of Policies and Whistleblower Discussions and Procedures   | Looking to the future starting today.                         | 39     | SASB |
| FN-CB-510a.1  | The total monetary losses due to legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice, or other related financial industry laws or regulations.  | Looking to the future starting today                          | 30     | SASB |
| FN-CB-510a.2  | Description of whistleblower policies and procedures   | We lead with integrity and transparency                       | 12     | SASB |
| FN-CB-510a.2  | Description of whistleblower policies and procedures   | We build trusting relationships                               | 17     | SASB |
| FN-IN-270a.4  | Description of the approach to informing customers about products and services.  | Looking to the future starting today                          | 37, 41 | SASB |
| FN-CB-230a.1  | (1) number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of data holders, (4) number of data breaches, (5) number of data breaches, (6) number of data breaches, (7) number of data breaches. affected accounts | Improving customer experience                                 | 40     | SASB |
| FN-CB-230a.2. | Description of the approach to identify and address data security risks.   | Improving customer experience                                 | 41     | SASB |
| FN-CF-230a.3  | Description of the approach to identify and address data security risks.   | Improving customer experience                                 | 41     | SASB |
| FN-CB-410a.1  | Commercial and industrial credit exposure by sector  | We operate with environmental, social and governance criteria | 43     | SASB |

| INDICATOR    | INDICATOR DESCRIPTION   | LOCATION IN ASG REPORT   | STANDAR | PAGE |
|--------------|---|--|---------|------|
| FN-CB-410a.2 | Description of the approach incorporating environmental, social, and corporate governance (ESG) factors into credit analysis.   | We operate with environmental, social and governance criteria              | 43      | SASB |
| FN-AC-410a.2 | Description of the approach incorporating environmental, social, and corporate governance (ESG) factors into investment or wealth management processes and strategies.  | We evaluate financing schemes that encourage good environmental practices. | 48      | SASB |
| FN-CB-240a.1 | (1) number and (2) amount of outstanding qualified loans for programs designed to promote small business and community development  | Looking to the future starting today                                       | 35      | SASB |
| FN-CF-220a.1 | Number of account holders whose information is used for secondary purposes  | Improving customer experience  | 40      | SASB |
| FN-CF-220a.2 | Total amount of monetary losses as a result of legal proceedings related to customer privacy  | Improving customer experience  | 40      | SASB |
| FN-CF-270a.4 | (1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage of them with monetary or non-monetary redress, (3) percentage of them contested by the consumer, (4) percentage of them that ended in an investigation by the CFPB. | Improving customer experience  | 41      | SASB |
| FN-CF-270a.5 | Total amount of monetary losses as a result of legal proceedings related to the sale and maintenance of products  | Improving customer experience  | 41      | SASB |



# ANNEXES |

## ANNEX 1

### Regulatory Context in which the Banking Group operates and Summary of Main Regulatory Impacts in the Markets where the Group has a Presence.

#### Regulatory Context

Multi Financial Group, Inc., as a financial group, engages in various economic activities developed in different environments and are subject to multiple regulatory entities and laws regulating these activities. Below is a summary of each of them:

#### Banking Law of the Republic of Panama

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks of Panama, in accordance with the legislation established by Executive Decree No. 52 of April 30, 2008. This decree adopts the Sole Text of Decree Law 9 of February 26, 1998, modified by Decree Law 2 of February 22, 2009. This decree established the banking regime in Panama and created the Superintendency of Banks of Panama and the rules that govern it.

#### Insurance and Reinsurance Law

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

#### Securities Law

Brokerage operations in Panama are regulated by The Superintendency of the Securities Market in accordance with the legislation established in Decree Law No. 1 of July 8, 1999, amended by Law No. 67 of September 1, 2011.

Securities Brokerage Firms' operations are in the process of adapting to Agreement No.4-2011, modified in specific provisions by Agreement No.8-2013, issued by the Superintendence of the Securities Market, which indicates that Securities Brokerage Firms must comply with capital adequacy rules and their modalities.

#### Trust Law

The Superintendency of Banks of Panama regulates trust operations in Panama in accordance with the legislation outlined in Law No. 1 of January 5, 1984, amended by Law 21 of May 10, 2017, which establishes the rules for the regulation and supervision of trustees and the trust business.

#### Financial Leasing Law

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

#### Regulation in the Republic of Costa Rica

A capital reserve must be established to comply with Article 143 of the Costa Rican Commercial Code, which specifies that 5% of each year's net income must be allocated to the reserve until it reaches the equivalent of 20% of each company's capital stock.

#### Summary of main regulatory impacts in the markets where the Banking Group is present

##### Banking regulation

During 2023, the Superintendency of Banks of Panama enacted Agreement No. 01-2023 of February 14, 2023, which amended Agreement No. 03-2016 regarding establishing standards for determining assets weighted by credit risk and counterparty risk. This Agreement modified specific provisions related to category 1 assets, weighted at 0%.

Additionally, the banking regulator issued Agreement No. 02-2023 dated March 28, 2023, by which Article 3-A was added to Agreement No. 05-2011 to include provisions related to the integrity of shareholders, members of the Board of Directors,

Senior Management and Key Personnel within the banking entities. This Banking Agreement also modified the responsibilities of a bank's Board of Directors and the corporate governance requirements for bank shareholders.

Agreement No. 03-2023, published on June 6, 2023, modified Article 37 related to the amount of the dynamic provision within Agreement No. 04-2013.

Additionally, Agreement No. 04-2023 of June 13, 2023, was published, which added to Agreement No. 07-2015 related to the Catalog of Warning Signals for the Detection of Suspicious Operations on Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, Article 10-A related to alerts related to legal persons that were authorized by Law No. 242 of 2021 to carry out activities related to the manufacture of Medical Cannabis Derivatives and Scientific Research of Medical Cannabis.

Agreement No. 05-2023 of October 10, 2023, was published, establishing the rules for the capital conservation buffer.

#### **Insurance and Reinsurance Regulation**

Agreement No. 01 of 2023 of March 15, 2023, was published, whereby provisions on the Risk Rating of Companies were issued.

The Superintendence of Insurance and Reinsurance of Panama is also expected to publish an Agreement establishing provisions for adopting and applying IFRS applicable to insurance and reinsurance and related operations, as well as the solvency capital requirement, solvency margin, and minimum required liquidity.

#### **Securities Regulation**

The Superintendence of Securities Market published Agreement No. 1-2023 of January 25, 2023, through which it subrogated Agreement No. 5-2013 related to the jurisdictions recognized by the Technical Committee of the International Organization of Securities Commissions (IOSCO) and issued provisions related to the subject.

Additionally, this Superintendency published Agreement No. 2-2023 of February 15, 2023, which modified Agreements related to documentation to be provided for registration of securities with the Superintendency, registration fees, payment of registration fees, fees for supervision of registered securities, among other matters.

Additionally, the Securities Market Superintendency issued Agreement No. 3- 2023, dated March 15, 2023, which modified certain agreements regarding the obligation of information and registration of self-regulated organizations, the calculation of the fee of the central securities depositories, and the forms to be completed by self-regulated organizations.

Agreement No. 4-2023 was issued on March 29, 2023. It modified the matter related to the maturity dates or payment terms of the series of registered securities. Agreement No. 5-2023 modified the provision that states the documents that must be provided with the application to operate as an investment manager of retirement and pension funds.

Another agreement published was Agreement No. 6-2023 of July 5, 2023, which modified provisions related to the registration requirements for self-administered investment companies, prospectuses, and valuation of positions in options, futures, or derivatives, among other matters.

## ANNEX 2

### Principles for the Comprehensive Risk Management of the Banking Group

The main objective of risk management is to mitigate the potential losses to which the Group is exposed as a participant in the financial industry through an integral preventive management approach that maximizes the risk/return ratio and optimizes the allocation of economic capital.

The Group has an Integrated Risk Management System (SIAR) which bases are supported by policies and procedures that monitor each identified risk. It has also provided the System with an organizational structure with material and financial resources, and a direct reporting line to the Board of Directors through the Risk Committee.

The Risk Committee, composed of independent directors and executives of the Group, has the following main responsibilities:

- Approve risk-taking strategies, ensuring that such strategies represent an appropriate risk/return ratio and optimize the use of the Group's economic capital.
- Approve the maximum permissible exposure limits, reflecting the Group's risk appetite.
- Approve policies, and management framework for all types of risks.
- Analyze the Group's exposures to various risks and their interrelationship and suggest mitigation strategies when necessary.
- Report to the Board of Directors on the behavior of the Group's risks.

The Banking Group has defined four basic principles for Risk Management, which are detailed below:

- The management approach must be comprehensive, incorporating all risks and its subsidiaries.
- Individual risk management must be uniform.
- The risk management framework should be based on international best practices and incorporate lessons learned.
- The risk unit must be independent of the business.

In addition, the Group is subject to regulations issued by the financial system regulators regarding intra-group risk concentrations, among others. Furthermore, the Group also has a practice of applying international standards.

The Group's Audit Committee oversees how management monitors compliance with risk management regulations, policies, and procedures and reviews whether the risk management framework is appropriate for the risks faced by the Group. Internal Audit assists this Committee in its oversight role. Internal Audit conducts periodic reviews of risk management controls and procedures, the results are reported to the Audit Committee.

The main risks identified by the Group are described below:

#### Credit Risk

The Bank may incur losses and reduce the value of its assets due to its debtors' failure to perform on time or imperfect compliance with the terms agreed in the loan agreements.

To manage this risk, the Group has a management framework whose main elements include:

- **Risk Appetite:** Aims to define the qualitative and quantitative aspects directly linked to the entity's overall strategy. These are generally articulated through control limits that may vary throughout the year based on banking business's needs, the Group's appetite, and economic conditions.
- **Risk analysis or pre-approval:** Conducted independently from the business, which objectives, besides identifying, evaluating, and quantifying risk proposals, are to determine their impact on the Group's credit and ensure that the price of proposed transactions covers the cost of the risk assumed.
- **Control areas:** Responsible for validating that proposals are in line with the Group's policies and limits, obtaining the required approval according to the level of risk assumed, and complying with the conditions agreed in the approval at the time of settlement of the transaction.
- **Approval delegations:** The approval process is conducted at different levels, considering approval limits for each level. No officer has delegation with a single signature.
- **Monitoring:** A portfolio management process focused on monitoring risk trends to anticipate any signs of portfolio deterioration proactively.

### **Market Risk**

It refers to the risk that the value of a financial asset at MFG may decrease due to changes in interest rates, currency exchange rates, stock prices, or the impact of other economic variables beyond MFG's control. The objective of market risk management is to monitor and control risk exposures, ensuring they remain within acceptable parameters by optimizing the return on risk.

Risk management policies establish compliance with limits for each financial instrument and foreign currency exposure, as well as limits on the maximum amount of loss amount that would necessitate closing the positions causing such losses.

### ***Market Risk Management***

MFG's investment policies provide compliance with limits by the total amount of the investment portfolio, individual limits by type of asset, by institution, by issuer and/or issue, and maximum terms.

In addition, MFG has established maximum limits for market risk losses in its investment portfolio that may result from movements in interest rates, credit risk, and fluctuations in the market values of investments. The policies and structure of exposure limits for investments outlined in the Corporate Market Risk Policy are established and approved by MFG's Board of Directors based on the recommendations from the Asset and Liability Committee (ALICO) and the Risk Committee, which take into consideration the portfolio and the assets that comprise it.

Currently, the Bank Group's investment policy does not contemplate proprietary investments in the foreign exchange or commodities markets.

The composition and analysis of each type of market risk is presented in detail below:

- ***Exchange rate risk***  
Foreign exchange risk is the risk that the value of a financial instrument fluctuates due to changes in exchange rates, and other financial variables, as well as market participants' reactions to political and economic events.

The sensitivity analysis for exchange rate risk involves measuring the foreign currency position in terms of the functional currency. The analysis aims to determine how much the position in the functional currency would represent over the currency to which it would be translated and, therefore, the exchange rate risk.

- ***Interest rate risk***  
The risk is that future cash flows and the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's net interest margin may vary as a result of unanticipated movements. To mitigate this risk, the Comprehensive Risk Management Department has set limits on the interest rate sensitivities that can be assumed by the Bank, which are approved by the Board of Directors. Compliance with these limits is monitored by the Assets and Liabilities Committee (ALICO) and the Risk Committee.

For interest rate risk management, MFG has defined limits to monitor the sensitivity in financial assets and liabilities. The impact of interest rate changes by category is estimated under the assumption of an increase of 200 basis points (bps) in the short term, 300 bps in the medium term, and 150 bps in the long term in financial assets and liabilities.

- **Price risk**  
The price risk refers to the risk that the value of a financial instrument will fluctuates due to changes in market prices, regardless of whether these changes are caused by specific factors relating to the particular instrument or its issuer or by factors affecting all securities traded in the market.

MFG is exposed to price risk on instruments classified as fair value through profit or loss and investments at fair value through other comprehensive income. MFG diversifies its portfolio according to established limits to manage the price risk arising from investments.

### Liquidity Risk

Liquidity risk is defined as the difficulty MFG may encounter in meeting all obligations associated with its financial liabilities that need to be settled through cash payment or other financial assets. Liquidity risk can be affected by various causes, such as unexpected withdrawals of funds, deterioration in the quality of the loan portfolio, reduction in the value of investments, excessive concentration of liabilities in a particular source, mismatch between assets and liabilities, lack of liquidity of assets, or the funding of long-term assets with short-term liabilities. MFG manages its resources to honor its liabilities as they mature under normal conditions.

### Liquidity Risk Management

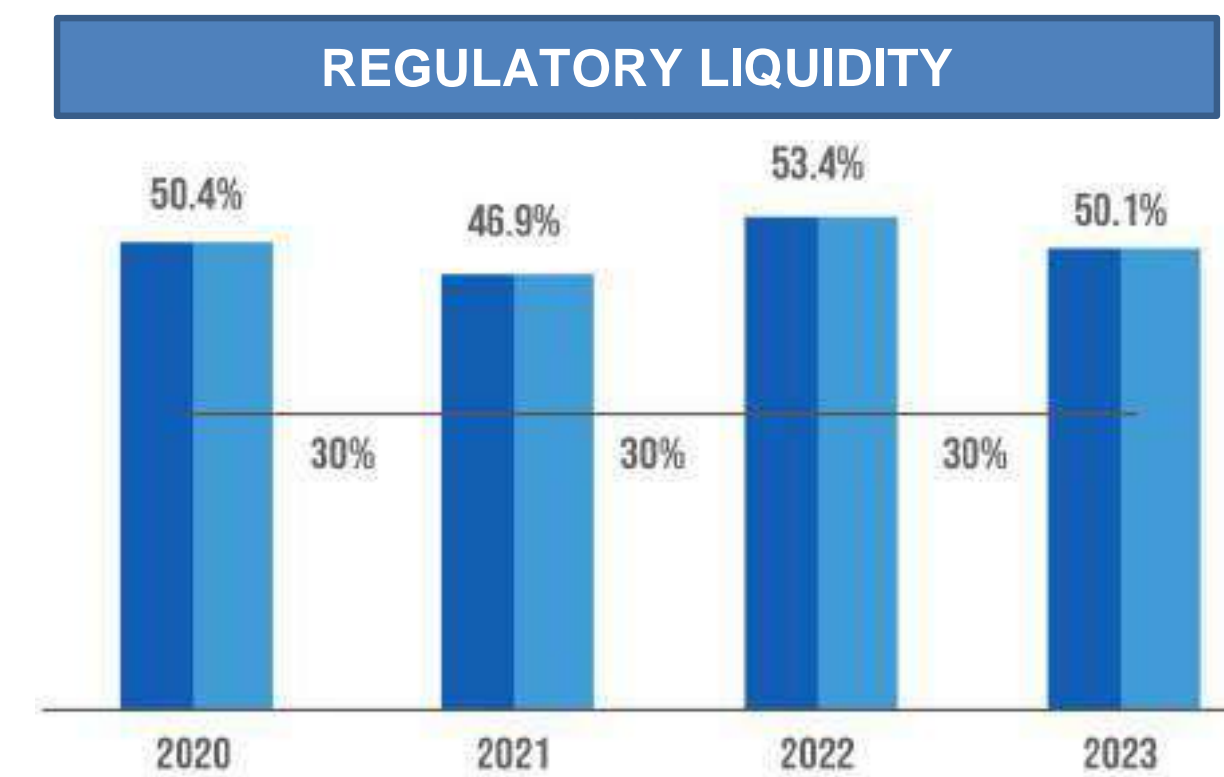
Risk management policies establish liquidity limits determining the portion of MFG's assets that must be held in highly liquid instruments, funding composition limits, leverage level, and term limits. In addition, liquidity funds, which consist primarily of cash funds, bank deposits, and the investment portfolio (liquid investments), are monitored concerning the amount of customer and bank deposits. MFG is exposed to daily calls on its available funds as a result of withdrawals on its demand deposits and

savings, maturities of time deposits and debentures, and disbursements of loans, guarantees, commitments, and operating expenses.

Liquidity is monitored daily by MFG's treasury department and periodically by the Risk Management area (Market and Liquidity). Stress tests are performed under scenarios contemplating normal or more severe conditions to determine the Group's ability to handle crises using available liquidity levels. All liquidity management policies and procedures are subject to review by the Risk Committee and the Assets and Liabilities Committee (ALICO) and approval by the Board of Directors.

### Liquidity Risk Exposure

MFG's critical measure for liquidity risk management is the ratio of net liquid assets to customer deposits. Banking Regulation in Panama requires general license banks to maintain at all times a minimum balance of liquid assets, as defined in Agreement No. 004-2008 of the Superintendency of Banks of Panama, of not less than 30% of their deposits; however, as a result of the strict liquidity policies for the coverage of its passive operations, the Bank's liquidity based on this standard as of December 31, 2023 was 50.07% (2022: 53.44%).



## Operational Risk and Business Continuity

Operating risk is present in all companies, regardless of the sector in which they operate; for Multi Financial Group, Inc., this risk includes contracting goods and services, making disbursements for these contracts, paying interest on third-party funds, salary payments, hiring professional services, covering general expenses, investing in fixed assets essential for its operations and objectives.

All entities operating within the financial industry are exposed to risks that can lead to losses or diminish their ability to generate profits, and some of these losses derive from operational risk.

Multi Financial Group, Inc. views operational risk as incidents or events resulting from its activities, each with an underlying cause that must be identified. Controlling the causes significantly reduces the impact of events.

The integrated Operational Risk methodology implemented in MFG allows identifying risks in areas, generating analyses in which risks are prioritized according to their inherent risk, linking risks to processes, incorporating the effect of controls, and establishing residual risk.

This methodology involves all. Areas of the entity, integrating operational risk management into their daily work, and collaborating on the identification, quantification, control, and follow-up.

Operational risk management within the areas is carried out through the Operational Risk Coordinators, who, with the advice of Operational Risk Management, ensure proper risk management, promoting risk alert identification, control execution, and implementation of mitigation plans. They report to the Risk Unit all loss events and incidents that have materialized in their areas. At the same time, these coordinators are responsible for permeating management knowledge to all members of their area.

The matrix approach relies on two ways of managing operational risk: a qualitative "ex-ante" approach (identifying risks before events occur) and a qualitative "ex-ante" approach (identifying risks before events occur).

The operational risk management framework is based on the following principles:

- Identify operational risk inherent in all MFG activities, products, and processes.
- Measure and assess operational risk objectively, continuously, and consistently with regulatory standards.
- Monitor operational risk exposures, implement control procedures, improve internal knowledge, and mitigate losses.
- Establish mitigation measures to eliminate or minimize operational risk.
- Generate periodic reports on exposure and its level of control for senior management and area.

Promote a risk management culture that increases understanding, awareness, and action among employees. This includes promoting efficiency and effective control.

### *Business Continuity Management*

Business continuity is the ability of an organization's ability to survive and continue operations under various risks that could disrupt normal business activities. Continuity management encompasses a detailed set of actions that describe the procedures, systems, and resources needed to resume operations within a reasonable timeframe in case of disruptions caused by internal or external factors.

Business Continuity Management has been applying continuous improvement of the methodology with the objective of aligning with internationally accepted best practices such as ISO 22301:2019 to ensure that Multi Financial Group, Inc. is prepared to respond to emergencies, recover from them, and mitigate the impacts caused, allowing the continuity of operations and critical services for customer service.

#### Specific Objectives:

- Develop continuity plans tailored to potential risks that could disrupt the operations of the Financial Group.
- Develop a culture of continuity management within the organization through communication, awareness, and employee training on respective plans.
- Continuous improvement of the Integrated Continuity Management System (IACS) by recording and monitoring preventive, corrective, and improvement actions.
- Achieve a level of incident preparedness that ensures it can adequately protect the integrity of the Bank's people and assets by performing good crisis management.
- Ensure prompt restoration of operations affected by an event.
- Minimize decisions to be made in case of contingency to avoid making mistakes.
- Enable efficient recovery of critical processes/functions and business areas following a disaster affecting building facilities.

#### Legal Risk

It is defined as the possibility of an economic loss derived from non-compliance with applicable legal and administrative provisions, issuance of unfavorable administrative and judicial resolutions, application of fines or sanctions about any of the operations that the MFG Group carries out, processes or activities such as errors in legal opinions, contracts, bonds or any legal document that does not allow the enforceability of a right or the legal impossibility of executing a contract due to failures in the legal instrumentation. This type of risk is considered part of operational risk, as established in Agreement No. 011-2018 of the Superintendency of Banks of Panama.

Recognizing the operations conducted by the different companies of the Group may leads to events that could produce adverse legal consequences for MFG, jeopardizing its assets. This includes the possibility of legal challenges resulting from improper credit arrangements, labor disputes involving MFG employees, or disputes with suppliers.

MFG is exposed to the possibility of obtaining resolutions against it when it appears in judicial or administrative proceedings. This reality makes managing legal risk through an integral management system imperative.

In accordance with the Legal Risk Management Model defined for this organization, the management of legal risk aims to ensure that activities within MFG companies adhere to regulatory frameworks. This is done to reduce the uncertainty of unfavorable administrative and judicial rulings, and provisions are created to safeguard MFG's assets.

The management of this type of risk has a two-pronged approach:

- Mitigate the risk of unfavorable resolutions or the application of fines or penalties for non-compliance with applicable regulations.
- Build a culture of prevention by controlling and reducing legal risks derived from operations and avoiding, for example, contracts with unfavorable clauses for MFG.

#### Reputational Risk

Reputational risk is the possibility that negative publicity relating to any of MFG's members' conduct, business practices, or associations, whether true or not, will adversely affect its revenues, operations, or clientele or require litigation or other costly defense measures. Accordingly, reputational risk is inherent in any activity undertaken or relationship maintained by an MFG member. Successful management is inextricably linked to all other risks, primarily legal, compliance, and operational.

Reputational risk can be difficult to assess or quantify, and a situation perceived as a problem or misinformation can be as damaging as a real problem. Key elements of reputational risk management for MFG include implementing policies, procedures, and practices to reduce the occurrence of reputational risk, identification, monitoring, control, and resolution of reputational risk events, and management of negative publicity, as well as regular and timely reporting to the Board of Directors.



### **Risk of Money Laundering, Financing of Terrorism, and Financing of Weapons of Mass Destruction Proliferation**

The principles established for the Integrated Risk Management of the Banking Group concerning the Risk of Money Laundering, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction are based on the best practices and international standards established by organizations such as:

- FATF 40 Recommendations
- The Basel Principles
- Wolfsberg Group
- Rules and regulations of the different markets where MFG has a presence

The Banking Group has a Compliance Department for the Prevention of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction (ML/FT/FPADM) led by the Compliance Officer, who has extensive knowledge in banking operations, risk management, and technological systems. The Compliance Officer is supported by the Corporate Governance structure of the Banking Group, reporting directly to the Money Laundering Prevention Committee and the Board of Directors.

The Compliance Department aims to ensure compliance with the regulations in force regarding the Prevention of Money Laundering (ML/FT/FPADM) to mitigate the legal and reputational risks that could result in sanctions or damage to the company's reputation. By carrying out risk-based management and developing a culture of compliance among all members of the Banking Group, we seek to prevent, detect, and report in a timely manner any suspicious ML/FT/CTF/CTFAML operation.

To manage our comprehensive risk model, we focus on the following fundamental aspects:

- Self-assessment of the risk inherent to the operation of the Banking Group, according to the different risk-generating factors such as customers,

products, services we offer, jurisdictions where we operate, and the channels used.

- Establish policies, procedures, and controls that mitigate the risks inherent and associated with the institution's activity. This will keep Senior Management and the Board of Directors informed at all times of the residual risk of the operation for their knowledge and decision-making.  
Decisions.
- Definition of the risk profiles of each customer, reinforcing due diligence and approval levels for those risks presented as higher.
- Risk-based approach in executing the responsibilities assigned to the institution's three lines of defense for ML/FT/FPADM risk prevention.
- Risk-based internal audits for the evaluation of the compliance program.

In this sense, BC/FT/FPADM Risk Management in MFG is based on matrix management of information:

1. The operational management of ML/FT/FPADM prevention is conducted through the Vice-Presidency of Compliance, which oversees the entire process of designing Policies and Procedures, establishing controls, reviewing news events, transactional monitoring, analyzing alerts, and preparing reports and Suspicious Transaction Reports (STR).
2. The strategic management of ML/TF/TFTPDM prevention through the evaluation of the operational management of ML/TF/TFTPDM prevention, compliance with the legislative framework, identification of ML/TF/TFTPDM risks, their assessment, applied controls and determination of the residual ML/TF/TFTPDM risk to which MFG is exposed, among other activities aimed at the prevention of Reputational Risk.

It is an ongoing management plan periodically presented to the Compliance Committee and the Board of Directors. The plan seeks to manage in a timely manner the risks associated with the Prevention Program and reduce any legal, reputational, or sanction impact.

### Environmental, Social, and Climate Risks

Since 2012, we have implemented Environmental and Social Risk Management, known in the organization as SARAS, which attends to review the loan portfolio, where less than 5% of the portfolio has turned out to be high risk. The methodology also responds to three of the ten principles of the UN Global Compact, specifically those associated with the environment, not only to comply with their primary responsibilities as signatories of the pact but because we believe in sowing success in the long term.

Of the three principles identified as binding on the environmental and social risk management process, Principle 7 states that "Businesses should maintain a precautionary approach to environmental challenges." The term "precautionary approach" states that where there are threats of serious or irreversible damage, lack of complete scientific certainty should not be used to postpone effective measures to prevent environmental degradation. The 8th Principle, adopted in the methodology, is embedded in the process since we self-regulate by establishing in our control framework the policies and procedures that support the management process, and the 9th Principle, which refers to promoting the use of environmentally friendly technologies, is applied directly in meeting the needs of our customers and even in the strategies of Multibank and Subsidiaries when using photovoltaic cells to provide clean energy.

In summary, with climate change being one of the significant global risks and having financial implications for the sector, from higher operational costs as it transitions to low carbon management, business models must also be adjusted. Increased obligations arising from relationships with Multilaterals and even regulators land on the need to be increasingly transparent and disclose climate risk for sustainable growth and long-term business success. That said, assessing Climate Risk through the regular management process (identify, quantify, and mitigate them) is part of the Environmental and Social Due Diligence performed on the credit portfolio, seeking to align it as much as possible with the Paris Agreement and reaffirm our commitment to combat climate change and promote a sustainable future with low carbon indexes in our portfolio.

Multibank acknowledges the existence of the Task Force on Climate-related Financial Disclosures (TCFD) and proceeds to adopt methodological processes to keep our stakeholders informed.

The company's stakeholders (customers, investors, shareholders, and collaborators) on the climate risk management process, which we divide into two types of risks, as follows:

- Physical Risks are those related to the physical impacts of climate change and driven by specific extreme weather events, e.g., hurricanes, floods, wildfires, or droughts, or others that are chronic and associated with long-term changes in weather patterns, such as continued increases in temperatures, rising sea levels and longer and more frequent heat waves. Physical risks can have sudden and significant financial impacts if they affect operations, transportation, supply chains, or the safety of employees or customers.
- Transitional Risks are those risks inherent in the transition to a low-carbon economy. These include risks associated with evolving climate-related policies, regulations, and disclosure requirements around greenhouse gas (GHG) emissions, net zero carbon emissions initiatives, carbon tax policies, energy and fuel costs, and policies of national or global energy companies. Transition risks can have a direct and ongoing financial impact and affect an organization's reputation.

The credit portfolio of the Corporate Banking, Corporate, Construction, Agricultural, International Banking, and group subsidiaries is monitored through the Environmental and Social Risk Analysis System (SARAS). This system helps us classify costumers based on their level of risk and environmental and social impact. The System provides a risk classification that allows us to monitor them and apply socio-environmental due diligence to minimize their impact on their ecosystem.

In this way, the Banking Group is committed to ensuring that its portfolio of clients and investments have a minimum negative impact on the environment and society, based primarily on the economic activities or sector in which each of its debtors operates. Additionally, the Banking Group's growth will be at the forefront in the search for opportunities while maintaining a positive environmental impact on society, having as a frame of reference the Performance Standards of the International Finance Corporation (IFC) through new products, services, and internal management.

# ANNEX 3: PRINCIPLES FOR RESPONSIBLE BANKING

REPORTING AND SELF-ASSESSMENT  
JUNE 2024



# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and / or off-balance sheet) or by disclosing the number of customers and clients served.

Multibank Inc., the principal subsidiary of Multi Financial Group, is constituted under the laws of the Republic of Panama.

It began operations in July 1990 under a general license granted by the Superintendencia de Bancos de Panamá (*Superintendencia de Bancos de Panamá. SBP, for its acronym in spanish*). **This license** allows you to conduct banking business in Panama or abroad and to carry out other activities that the Superintendency authorizes.

We have more than 30 years of experience offering banking products, designed to meet the needs of our customers.

### Links and references

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 5, 9, 11*

### Group Ownership Share Structure

MULTI FINANCIAL GROUP (MFG) IS THE OWNER OF THE TOTAL SHAREHOLDING IN THE FOLLOWING SUBSIDIARY COMPANIES:



## Multi Financial Group, Inc. Structure



### Our Purpose

We serve our people, promoting their dreams to improve their quality of life.

### Our Values

Empathy, Integrity, and Solidarity.

Our headquarters is located at: Via España, Prosperidad Building #127, Panama City, PO Box No. 0823-05267, Republic of Panama.

We are a universal bank that offers a wide range of financial solutions and has an important position in the Panamanian financial market. At the end of 2023, we managed the following segments and products:

- Personal Banking
- Diamond Banking
- Wealth Management
- Corporate Banking
- International Banking

Additionally:

- Multibank Insurance
- Multisecurities

We offer financial services in the following sectors and segments.

| Sectors |  | Segments |   |
|---------|--|----------|---|
|         | Industrial<br>Commercial<br>Construction<br>Agricultural |          | Consumption<br>PYMES<br>Commercial<br>International |

To facilitate access to our products and services, we have:

- 19 branches
- 45 ATMs
- 1 loan center
- 17 banking correspondents
- 1 representative office

**Multibank in figures**

- Costumers 109,726
- Employees 1,041
- Total Assets 4,924,243,318
- Liabilities 4,540,217,243
- Net Equity 384,026,075
- Net Income 8,685,281
- CSR Investment 80,850.28

| LOCAL_EXT     | # OPERATIONS | %      |
|---------------|--------------|--------|
| PANAMA        | 87,130       | 99.8%  |
| INTERNATIONAL | 211          | 0.2%   |
| QUANTITY      | 87,341       | 100.0% |

|   |  |
|---|--|
|   |  |
| <p><b>Strategy alignment</b></p> <p><b>Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?</b></p> <p><input checked="" type="checkbox"/> Yes<br/><input type="checkbox"/> No</p> <p>Please describe how your bank has aligned and / or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p><b>Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?</b></p> <p><input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights<br/><input type="checkbox"/> International Labour Organization fundamental conventions<br/><input checked="" type="checkbox"/> UN Global Compact<br/><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples<br/><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: <u>Multilaterales (Ecobusiness Fund, Proparco, IFC, BID, BCIE, BNP, DEG, EBF, entre otras)</u><br/><input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: --<br/>-----<br/><input type="checkbox"/> None of the above</p> |  |
| <p>Multibank is signatory of the Global Compact since 2003. During the 2023 period, was approved the new Sustainability Strategy (2023-2025), after consulting various stakeholders. This strategy is based on the identification of material issues, stakeholder consultations and the integration of a Sustainability area within the organization's structure.</p>   | <p><i>Links and references</i></p> <p><i>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 23, 24, 31, 42, 52, 56.</i></p> |



Sustainable management at Multibank focuses on three pillars: Environment, Social Development, and Ethics and Organizational Culture, with goals and performance indicators in the Environmental, Social, and Corporate Governance (ESG) dimensions.

Starting from the third quarter of 2023, the execution of the strategy began with a primary focus on alignment, awareness, and training within the organization, as well as topics related to eco-efficiency. Some of the milestones achieved were:

- Creation of the Sustainability Management Department.
- Approval of the Sustainability Strategy by the Board of Directors (May 2023).
- Reactivation of corporate volunteering.
- Signing and adherence to the Gender Parity Initiative (GPI).
- Signing and adherence to the UN Women's WEPs Principles.
- Formation of the Sustainability Forum.
- Approval by the Board of Directors of the Corporate Sustainability Policy and the Human Rights Commitment Manifesto.
- Approval of the Climate-Related Risk Management Manual.

We also conducted 8 workshops on human rights, gender equality, unbiased communication, accountability, and transparency, among other topics. We reactivated the recycling program and carried out an internal eco-efficiency campaign, achieving a 17% savings in energy consumption.

The Integrated Management and Sustainability Report 2023 represents the result of an incipient, but joint effort with a view to implement best practices using the Global Compact Principles and the Agenda 2030, Global Reporting Initiative, Sustainable Finance Protocol of the Panama Banking Association, ISO26000, Guiding Principles on Business and Human Rights and the Sustainability Accounting Standards Board as a reference framework.

### **Efficiency, customer experience, and digitalization**

During 2023, we consolidated and expanded our understanding of our client's needs, maintaining a trajectory of constant evolution dating back to 2020. This period has been specially rewarding, as we achieved a relational *Net Promoter Score* (NPS) of 40%; which represents a recovery from its lowest measurement in October 2021 (31%). This indicator not

Also:

[https://www.multibank.com.pa/sites/default/files/po-politica\\_corporativa\\_de\\_sostenibilidad\\_mfg.pdf](https://www.multibank.com.pa/sites/default/files/po-politica_corporativa_de_sostenibilidad_mfg.pdf)

[https://www.multibank.com.pa/sites/default/files/multibank\\_-\\_manifiesto\\_de\\_compromiso\\_con\\_los\\_derechos\\_humanos\\_0.pdf](https://www.multibank.com.pa/sites/default/files/multibank_-_manifiesto_de_compromiso_con_los_derechos_humanos_0.pdf)

only reflects the satisfaction of our customers, but also represents a strong commitment to continuous improvement and service excellence.

In terms of digitization, more customers are choosing to use our digital channels, which translates into a remarkable 53% increase compared to 2022. 64% of these digital interactions take place through our mobile app. Our participation in the ACH Express ecosystem has been instrumental in this growth, facilitating seamless and secure transactions.

In 2023, we executed more than 70 technology projects with a total investment of USD 5.8 million.

Each activity is linked to Sustainable Development Goals 4, 5, 8, 9, 10, 11, 13, 16 and 17.

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

The materiality analysis conducted in 2022 led to the 2023 strategy approval. Multibank prioritized 23 material issues within the social and economic governance dimensions. 9 matters stood out and were reported in the Integrated Sustainability Report 2023.

These matters are addressed transversally within the organization, initially permeating internally through a process of awareness, training, and alignment to ensure long-term sustainability. Special attention is paid to stakeholders and all financial and non-financial accountability processes.

#### *Links and references*

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 25, 26, 32, 34*

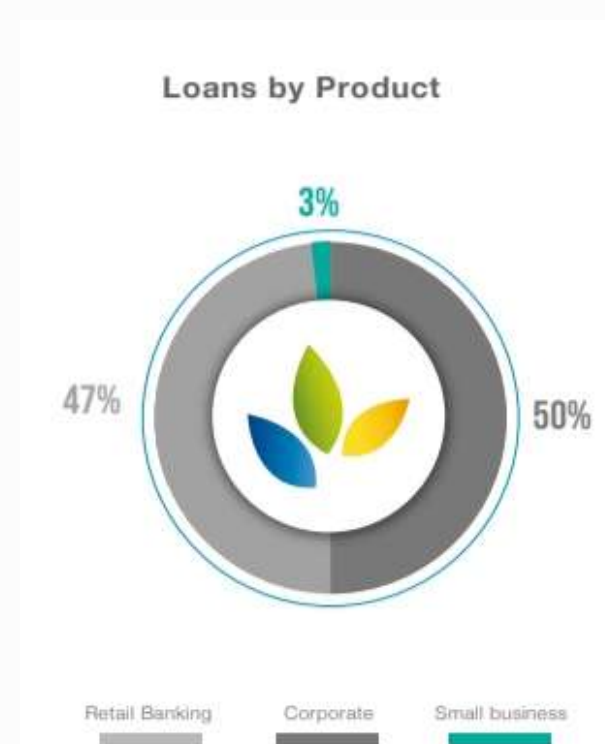
<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

Therefore, it is important to note that, given our portfolio's responsibilities, the Climate Risk Management Manual was approved, and a double materiality study is planned for MFG by 2024.

**Promoting the country's economic development**

We have a broad and diversified loan portfolio, whose balance as of December 31, 2023, was USDMM 3,641.7, distributed as follows:



**Agricultural and Construction Sector**

At year-end 2023, Multibank achieved a market share of 5.5% of the Panamanian Banking System's gross local loan portfolio. We were the second largest provider of auto loans, with a market share of 16.7%, the third largest provider of agricultural loans, with a market share of 15.4%, the fourth largest provider of construction loans, with a market share of 9.9%, and the sixth largest provider of commercial loans, with a market share of 6.1%.

| Year | Sector       | Balance |
|------|--------------|---------|
| 2021 | Agricultural | 286.9   |
|      | Construction | 529.8   |
| 2022 | Agricultural | 289.0   |
|      | Construction | 565.6   |

|      |              |       |
|------|--------------|-------|
| 2023 | Agricultural | 270.6 |
|      | Construction | 511.2 |

During 2023, Multibank granted 96 loans to the construction sector and 606 loans to the agricultural sector.

**Support for small and medium-sized enterprises**

At Multibank, we provide support to small and medium-sized companies to which we offer our portfolio of products/services and advise them according to their needs, including:

- Commercial loans
- Lines of credit and payment to suppliers
- Construction interim loans
- Factoring
- Structured financing
- Vehicle fleet financing

**Home loans - SME's**

We have more than 385 operations at the end of 2023, for a total portfolio of USDMM 44.9 MM:

| ENDER                  | AMOUNT OF LOANS | NCE                  |             |
|------------------------|-----------------|----------------------|-------------|
| F                      | 194             | 21,174,531.33        | 47.12%      |
| M                      | 191             | 23,767,135.06        | 52.88%      |
| <b>TOTAL</b>           | <b>385</b>      | <b>44,942,666.39</b> | <b>100%</b> |
| <b>Total Portfolio</b> |                 | <b>3,641,709,911</b> |             |

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope  
i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and / or  
ii) by products & services and by types of customers for consumer and retail banking portfolios.

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Loan portfolio analysis:

| Type               | Sector              | Balance        | Gender  | %      |
|--------------------|---------------------|----------------|---------|--------|
| Business           | 15 - COMMERCIAL     | 543,571,659.20 | Female  | 2.53%  |
|                    | 15 - COMMERCIAL     |                | Male    | 10.13% |
|                    | 15 - COMMERCIAL     |                | Company | 87.34% |
|                    | 16 - CONSTRUCTION   | 419,637,937.37 | Female  | 0.02%  |
|                    | 16 - CONSTRUCTION   |                | Male    | 0.00%  |
|                    | 16 - CONSTRUCTION   |                | Company | 99.98% |
|                    | 10 - CORPORATE      | 463,290,348.29 | Female  | 1.01%  |
|                    | 10 - CORPORATE      |                | Male    | 0.71%  |
|                    | 10 - CORPORATE      |                | Company | 98.28% |
|                    | 30 - INTERNATIONAL  | 218,311,140.70 | Female  | 0.22%  |
|                    | 30 - INTERNATIONAL  |                | Male    | 1.97%  |
|                    | 30 - INTERNATIONAL  |                | Company | 97.81% |
|                    | 98 - AGRICULTURAL   | 285,407,890.39 | Female  | 3.10%  |
|                    | 98 - AGRICULTURAL   |                | Male    | 22.04% |
|                    | 98 - AGRICULTURAL   |                | Company | 74.86% |
|                    | 28 - SMALL BUSINESS | 9,422,522.60   | Female  | 11.10% |
|                    | 28 - SMALL BUSINESS |                | Male    | 28.82% |
|                    | 28 - SMALL BUSINESS |                | Company | 60.07% |
| 51 - CORRESPONDENT | 2,749,709.66        | Female         | 0.00%   |        |
| 51 - CORRESPONDENT |                     | Male           | 0.00%   |        |
| 51 - CORRESPONDENT |                     | Company        | 100.00% |        |
| Personal           | 21 - MORTGAGE       | 818,722,384.49 | Female  | 48.82% |
|                    | 21 - MORTGAGE       |                | Male    | 51.08% |
|                    | 21 - MORTGAGE       |                | Company | 0.10%  |
|                    | 20 - PERSONAL       | 503,802,553.35 | Female  | 36.38% |
|                    | 20 - PERSONAL       |                | Male    | 59.98% |
|                    | 20 - PERSONAL       |                | Company | 3.64%  |
|                    | 22 - AUTO           | 317,309,389.27 | Female  | 54.29% |
|                    | 22 - AUTO           |                | Male    | 45.71% |
|                    | 22 - AUTO           |                | Company | 0.00%  |

Links and references

For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 32, 33, 34, 35, 36, 63

|  |                   |               |         |        |  |
|--|-------------------|---------------|---------|--------|--|
|  | 25 – CREDIT CARDS | 59,434,375.81 | Female  | 35.56% |  |
|  | 25 - CREDIT CARDS |               | Male    | 61.71% |  |
|  | 25 - CREDIT CARDS |               | Company | 2.73%  |  |

**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and / or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

According to the analysis conducted by the Ministry of Environment, Panama's challenges are oriented to:

- Water
- Agriculture and Livestock
- Energy
- Adaptation / Insurance
- Transportation
- Waste
- Construction
- Forestry
- Information and Communication Technology

According to the research exercise (materiality and strategy), for the environmental dimension, Multibank identified only two material issues for the financial sector: eco-efficiency and climate strategy. Consequently, the prioritization exercise did not include the prioritization exercise. Hence, during 2023, although there was an environmental pillar of action, the focus was directed to eco-efficiency issues. This entails a commitment to measuring the carbon footprint and scope of emissions 1 and 2.

During 2023, we also conducted a SASB and TCFD diagnosis for all subsidiaries of our Head Office (Banco de Bogotá), which has allowed us to define KPIs for 2024 aligned with progress in terms of fem.

**Links and references**

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 24, 25, 26.*

*Also:*

[https://www.multibank.com.pa/sites/default/files/po-politica\\_corporativa\\_de\\_sostenibilidad\\_mfg.pdf](https://www.multibank.com.pa/sites/default/files/po-politica_corporativa_de_sostenibilidad_mfg.pdf)

<https://www.multibank.com.pa/es/institucional/criterios-asg/manual-de-gesti%C3%B3n-del-riesgo>

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



|  |   |
|--|---|
| <p>The year 2023 served as the base year for approving the strategy and initiating a process of alignment, awareness, and training within the organization. Some of these steps resulted in the approval of a "Corporate Sustainability Policy" and the "Climate Risk Management Manual".</p>  |   |
| <p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.</p>  |   |
| <p>According to the results of the strategy, the main material topics are segmented as follows:</p> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Eco-efficiency</li> <li>• Climate change</li> </ul> <p><b>Society</b></p> <ul style="list-style-type: none"> <li>• Education</li> <li>• Financial inclusion</li> <li>• Customer relationship management</li> <li>• Technology and innovation</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Sustainable finance</li> <li>• Leadership and awareness</li> </ul> <p>Three action pillars were defined, and the Integrated Sustainability Report details them: Environment, Social Development, Ethics, and Organizational Culture (based on ESG criteria).</p> <p>It is essential to note that when the strategy was approved in the second quarter and then followed by its execution in the second half of 2023, emphasis was placed on specific initiatives by pillar of action (highlighted above). In the Environmental area, the focus was on eco-efficiency within the organization: energy savings (-17%), identification of emission sources (for the calculation of emissions - scope 1 and 2), recycling, paperless, etc.</p> | <p><i>Links and references</i></p> <p><i>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 23, 24, 59, 60.</i></p> |

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

|   |   |
|---|---|
| <p>In <i>Social</i> matters, we managed alliances and support for initiatives that promote education, women's entrepreneurship, youth leadership, and other initiatives that allow us to get in touch and communicate with our stakeholders, especially with employees and the community. Regarding customers, NPS initiatives were maintained with significant results. In technology and innovation, over 70 requirements were executed with an investment of USD 5.8 million, mostly directed towards tools that make life easier for the customer, strengthening cybersecurity measures, and complying with local and international regulations.</p> <p>Finally, in <i>Governance</i>, an ESG awareness and training process was carried out (over 1,000 hours with the participation of more than 1,000 employees), which will be extended to include the Board of Directors in 2024 period. In addition, in business ethics, policies and regulations were created and adjusted, as well as a Sustainability Committee.</p>   |   |
| <p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and / or quantitative indicators and / or proxies of the social, economic, and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and / or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p> |   |
| <p>During 2023, we focused on aligning, training, and raising awareness about ESG topics within the organization, emphasizing eco-efficiency through the proper use of resources, which was reflected in our balance sheet. Other gender-related initiatives included our adherence to the</p>  | <p><i>Links and references</i></p> <p><i>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 24, 52, 55, 57.</i></p> |

Gender Parity Initiative and UN WEPs. These commitments will propel us forward to impact our staff, our customers, and our value chain.

We promote female entrepreneurship and development, seeking to provide valuable opportunities for their economic growth. According to portfolio management, women's delinquency rate is lower.

| Gender | Balance* | %    |
|--------|----------|------|
| M      | 766      | 54%  |
| F      | 662      | 46%  |
| Total  | 1428     | 100% |

\* Balance in millions of dollars. Figures for delinquency rates by gender.

*Portfolio quality*

| Portfolio quality      | Balance                 | %           |
|------------------------|-------------------------|-------------|
| <b>Current</b>         | 3,520,939,261.23        | 97%         |
| <b>Defaulted</b>       | 36,155,502.32           | 1%          |
| <b>Past Due</b>        | 84,615,147.57           | 2%          |
| <b>Total Portfolio</b> | <b>3,641,709,911.12</b> | <b>100%</b> |

In 2023, Multibank granted 96 loans in the construction sector and 606 in the agricultural sector.

Also:

[https://www.fundesteam.org/programa\\_steam\\_girls\\_360.html](https://www.fundesteam.org/programa_steam_girls_360.html)

<https://vocesvitalspanama.org/>

<https://www.multibank.com.pa/es/institucional/criterios-asg-social>

### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

|                          |   |                                      |                             |
|--------------------------|---|--------------------------------------|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Performance measurement: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |

### Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

The impact areas identified in the bank remain the same as those reported for the 2022 period: eco-efficiency (both within the organization and our portfolio), education, technology/innovation, relationships with stakeholders, leadership, and awareness, green solutions offering at the portfolio level for the agricultural and construction sectors.

As mentioned above, during the research exercise (materiality and strategy), only two material issues were identified for the financial sector within the environmental dimension: eco-efficiency and climate strategy. Therefore, these topics were not submitted to the prioritization exercise. Even so, important steps were taken by Risk Management to advance climate change issues, and we gave relevance to Eco-efficiency.

The Environmental and Social Management System is responsible for indicating the criteria, factors, principles, and guidelines required for administering socio-environmental risks and managing them, as well as establishing duties in accordance with planning and environmental requirements.

In terms of sustainable finance, it constitutes economic support for an action or project aimed at reducing the impact of activities on the environment. Meanwhile, green products are a management tool to produce and create solutions where, on one hand, we are committed to the sustainable development of society, aligned with our purpose: "We serve our people, driving their dreams to improve their quality

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

of life. "On the other hand, they become marketing strategies that generate a competitive advantage for Multibank, with the aspiration of being recognized as a green or sustainable bank.

**Levels and intensity**

- Financing was granted.
- Regular training activities are conducted for clients on best practices to minimize or avoid environmental and social risks.
- To continue to be one of the main competitors in the Panamanian agricultural sector.
- Ratify our commitment to our multilateral allies, through the delivery of annual reports in which environmental, social and sustainability progress and actions must be reported.
- Multibank has been a subscriber to the Panama Sustainable Finance Protocol since 2018.
- Multibank is a member of the Sustainability Commission of the Panama Banking Association.

| <i>Low Risk Category</i>  | <i>Medium Risk Category</i>   | <i>High Risk Category</i>  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Retail trade</li> <li>• Wholesale trade</li> <li>• Hotels and restaurants</li> <li>• Real estate activities</li> <li>• Public administration and defense</li> <li>• Education</li> <li>• Health and social services</li> <li>• Transportation, storage, and communications</li> <li>• Financial institutions</li> <li>• Training activities</li> </ul> | <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Livestock</li> <li>• Pig farming</li> <li>• Poultry</li> <li>• Fishing</li> <li>• Construction</li> <li>• Oil palm</li> <li>• Resort</li> <li>• Agrochemical Sales</li> </ul> | <ul style="list-style-type: none"> <li>• Mining and quarrying</li> <li>• Manufacturing industries</li> <li>• Electricity, gas, and water supply</li> <li>• Hydroelectric</li> <li>• Petroleum and petroleum products</li> <li>• Timber extraction</li> <li>• Forestry</li> </ul> |

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication

- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

As mentioned in section 2.1, as result of the materiality analysis and the sustainability strategy, 23 material topics were prioritized in the social and economic governance dimensions, of which 9 stood out and have been reported in the 2023 Integrated Sustainability Report, including environmental criteria.

Some of the KPIs worked by pillar of action were:

### Environment (eco-efficiency)

Manage (measure, reduce, and compensate) impacts on waste, energy, and emissions and reactivate the recycling program.

- Consumption of reams of paper (#)
- Energy consumption (kWh)
- Inventory of GHG emissions scopes 1 and 2, using RTH Corporate
- Recycling (#)

### Links and references

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 24, 43, 46, 54, 55, 56, 57, 59, 60.*

*Also:*

*<https://www.multibank.com.pa/es/institucional/criterios-asg/manual-de-gesti%C3%B3n-del-riesgo>*

*<https://www.multibank.com.pa/es/institucional/criterios-asg-social>*

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the ODSs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

- Climate risk and opportunity analysis

**Social development.**

Promote and support initiatives related to education, inclusion, culture, well-being, and civic action through partnerships. Identify and manage technological and innovation improvements to make our customers' lives easier.

- Alliances and / or initiatives in favor of education and / or promotion of female entrepreneurship (#).
- Execution of improvements in innovation, technology, and customer experience processes (#).
- Enabling new communication channels for sustainability management and socialization of the channels.
- Alliances and / or commitments on gender issues (#)
- Reactivation of corporate volunteering (#)
- Participation in activities that promote the country's culture (#)

**Governance**

Strengthen ethical behavior and transparency in relations among employees, customers, and business partners through training, awareness, and ESG alignment within the organization.

- Creation of a module on the digital training platform for promotion and training on new organizational values.
- Accountability through an integrated ESG report.
- Development of sustainability and human rights policies/guidelines.
- Establishment of the sustainability governance body.
- Training and awareness-raising on ESG within the organization (#)
- ESG initiative or event for customers and other stakeholders

Our management promotes best practices and recognized frameworks: Global Compact Principles, GRI, Responsible Banking Principles, Agenda 2030, ISO 26000 and Guiding Principles on Business and Human Rights.



**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and / or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

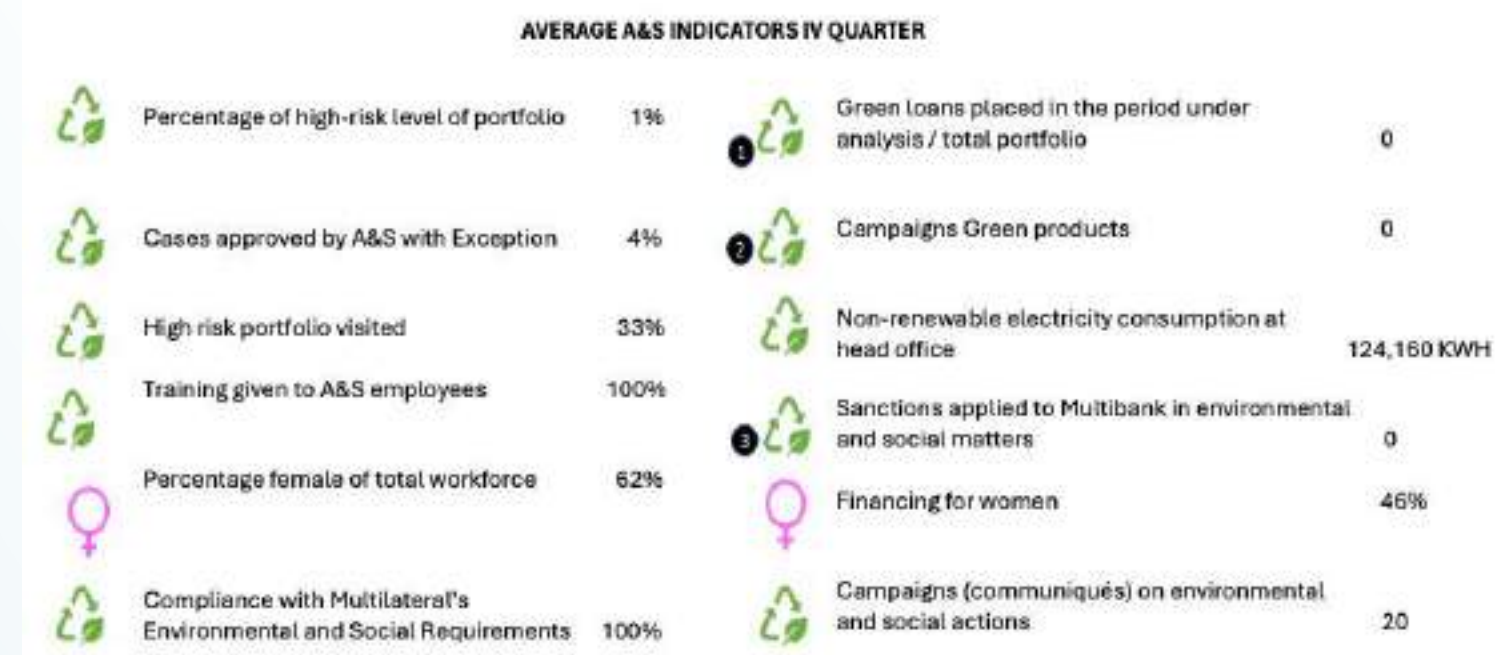
| Impact area                       | Indicator code | Response   |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
|-----------------------------------|----------------|--|------------------|--|--|---------|-----------------------------------|-----------------|---------|------|-----------------|--------|----------|-----------------|-------------------|--------|----------|----------|
| Climate change mitigation         | ...            | <table border="1"> <thead> <tr> <th colspan="3">2023</th> </tr> </thead> <tbody> <tr> <td>SCOPE 1</td> <td>17.53</td> <td>T CO2 EQ / YEAR</td> </tr> <tr> <td>SCOPE 2</td> <td>0.26</td> <td>T CO2 EQ / YEAR</td> </tr> <tr> <td>TOTAL</td> <td>17,79</td> <td>T CO2 EQ / YEAR</td> </tr> </tbody> </table>  | 2023             |  |  | SCOPE 1 | 17.53                             | T CO2 EQ / YEAR | SCOPE 2 | 0.26 | T CO2 EQ / YEAR | TOTAL  | 17,79    | T CO2 EQ / YEAR |                   |        |          |          |
|                                   | 2023           |  |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| SCOPE 1                           | 17.53          | T CO2 EQ / YEAR  |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| SCOPE 2                           | 0.26           | T CO2 EQ / YEAR  |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| TOTAL                             | 17,79          | T CO2 EQ / YEAR  |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| ...                               | ...            | <table border="1"> <thead> <tr> <th colspan="4">FUEL CONSUMPTION</th> </tr> <tr> <th>CONSUMPTION OF CONVENTIONAL FUELS</th> <th>UNITS</th> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>GASOLINE</td> <td>LITERS</td> <td>5,022.38</td> <td>7,253.32</td> </tr> <tr> <td>DIESEL / GASOLINE</td> <td>LITERS</td> <td>5,481.10</td> <td>8,744.24</td> </tr> </tbody> </table> | FUEL CONSUMPTION |  |  |         | CONSUMPTION OF CONVENTIONAL FUELS | UNITS           | 2023    | 2022 | GASOLINE        | LITERS | 5,022.38 | 7,253.32        | DIESEL / GASOLINE | LITERS | 5,481.10 | 8,744.24 |
| FUEL CONSUMPTION                  |                |  |                  |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| CONSUMPTION OF CONVENTIONAL FUELS | UNITS          | 2023   | 2022             |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| GASOLINE                          | LITERS         | 5,022.38   | 7,253.32         |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |
| DIESEL / GASOLINE                 | LITERS         | 5,481.10   | 8,744.24         |  |  |         |                                   |                 |         |      |                 |        |          |                 |                   |        |          |          |

| Impact area                  | Indicator code | Response  |
|------------------------------|----------------|---|
| Financial health & inclusion | 46%            | Female default rates are lower compared males.  |
|                              | 45.5%          | Female participation in the consumer banking portfolio, which also includes the categories of males and businesses. |
|                              | 62%            | of our workforce are women, while 38% are men.  |

In case you have identified other and / or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

### Environmental and Social Risk Management Indicators

Multibank reaffirms its faithful compliance with the contracts, commitments, and initiatives subscribed to through monitoring, where data is collected and elaborated to allow the follow-up of factors related to environmental and social issues.



### Links and references

For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 43, 44, 45, 46, 48.

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

### Response

As mentioned in the above information, the sustainability strategy has focused on 3 main lines of action (Environment, Social Development, Ethics, and Organizational Culture), through which we have been able to influence issues related to citizen action, education, women's entrepreneurship, human rights, among others. As a result of the SASB and TCFD diagnosis carried out during 2023, we have defined KPIs for the 2024 period that allow us to measure our management much better through our different key audiences.

### Links and references

For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 43, 44, 45, 46, 48.

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

### Environmental and Social Risk Management Indicators

Multibank reaffirms compliance with the contracts, commitments, and initiatives subscribed through monitoring, data collection, and reports prepared to allow the follow-up of factors related to environmental and social criteria.



**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

*Response*

#### Sustainability and CSR

##### Environment (Eco-efficiency)

- Paper reams consumption\_(#) - Acquisition of software for processes digitalization (MS365), which reduces paper usage. Automation of 86% of customer-facing

*Links and references*

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 6, 24, 43, 51, 52, 54, 55, 57, 59, 60.*

transactions or operations has been achieved. There was a 26% reduction in paper reams consumption (2023 - 5,918 vs. 8,027 - 2022).

- Energy consumption (kWh) — The Head Office building (Via España) has 403 solar panels and 83 motion sensors, which resulted in energy savings (kW) of 17% (-536,154). A new phase of installation of 383 panels of 580watts is planned for 2024 in the same tower, covering an area of 990m2, with an estimated investment of USD 120,000 and the capacity to generate 11750 kW monthly average.
- Recycling (#) - 2,879 kg (paper, cardboard, electronics, plastic, aluminum, glass and discarded alkaline batteries).
- Analysis of climate risks and opportunities.

#### Social development.

- Alliances and / or initiatives in favor of education and / or promotion of female entrepreneurship - 4 activities: support to Voces Vitales Bootcamp (entrepreneurship, education, and female inclusion), Steam Girls 360° of FundeSteam (gender), Latin American Citizen Action Laboratory (citizen action and youth leadership), Pilando Ando program of Fundación Ayudinga and Panama Canal (mentoring for young people).
- Execution of improvements in innovation, technology, and customer experience processes (#) - more than 70 requirements executed. Investment of USD 5.8 million.
- Enabling new communication channels for sustainability management and socialization of these - quarterly newsletter on sustainability management (for customers and suppliers) and new mailbox sostenibilidad@multibank.com.pa.
- Gender alliances and / or commitments (#) - 2: adherence to the Gender Parity Initiative (GPI) and UN WEPs.
- Reactivation of corporate volunteering (#) - 241 registered volunteers, 112 active volunteers, 9 activities implemented in the last four-month period, and 863 volunteer hours.
- Participation in activities that promote the country's culture - Desfile de las Mil Polleras 2023.

#### Governance

- Creation of a module on a digital training platform for promotion and training on new organizational values - implemented in the first four months of 2023.
- Accountability through an integrated ESG report - executed as of April 30, 2024.

Also:












<https://www.multibank.com.pa/es/institucional/criterios-asg-social>

[https://www.multibank.com.pa/sites/default/files/politica\\_corporativa\\_de\\_sostenibilidad\\_mfg.pdf](https://www.multibank.com.pa/sites/default/files/politica_corporativa_de_sostenibilidad_mfg.pdf)

- Develop sustainability and HR policies/guidelines - Corporate Sustainability Policy and Human Rights Commitment Manifesto, both of which were approved by the Board of Directors in November.
- Formation of the sustainability governance body - Start-up in September 2023.
- ESG training and awareness-raising within the organization (#) - 1,161 hours of training and participation of more than 1,000 employees.
- ESG initiative or event for customers and other stakeholders - *Antesala al Futuro Forum* with the participation of more than 900 customers, entrepreneurs, partners, and members of associations/trade associations.

We give proper follow-up to our environmental and social risk indicators, addressing aspects related to these matters. This process contributes to compliance with the contracts, commitments, and initiatives subscribed to by Multibank and its stakeholders.

**AVERAGE A&S INDICATORS IV QUARTER**

|  |      |  |             |
|--|------|--|-------------|
|  Percentage of high-risk level of portfolio                             | 1%   |  Green loans placed in the period under analysis / total portfolio    | 0           |
|  Cases approved by A&S with Exception                                 | 4%   |  Campaigns Green products   | 0           |
|  High risk portfolio visited  | 33%  |  Non-renewable electricity consumption at head office               | 124,160 KWH |
|  Training given to A&S employees                                      | 100% |  Sanctions applied to Multibank in environmental and social matters | 0           |
|  Percentage female of total workforce                                 | 62%  |  Financing for women  | 46%         |
|  Compliance with Multilateral's Environmental and Social Requirements | 100% |  Campaigns (communiqués) on environmental and social actions        | 20          |

Additionally, the Climate-Related Risks Manual was created to identify current or potential negative impacts that may arise from climate change or efforts to mitigate climate change, understanding that these impacts generate, among other aspects, economic and financial consequences for an entity or organization.

As signatories of the United Nations Global Compact, we also report our management through the corresponding platform. This year, for the first time, we have prepared an Integrated

Sustainability Report that includes the MFG management corporate report (submitted to the Superintendencia de Bancos de Panamá), the ESG report, and the Principles for Responsible Banking (UNEP FI) report. In addition to the GRI standards, we incorporate SASB indicators.

| <b>Self-assessment summary</b>  |   |   |   |
|---|---|---|---|
| Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your... |   |   |   |
|   | ... first area of most significant impact: ...<br><i>(please name it)</i>                           | ... second area of most significant impact: ...<br><i>(please name it)</i>                          | <i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i> |
| Alignment   | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                  |
| Baseline  | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No                  |
| SMART targets   | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No                  |
| Action plan   | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No                  |

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

### Response

Coordinated by our Head Office (Banco de Bogotá), a "SASB and TCFD Diagnosis" was conducted for all subsidiaries to create a roadmap and alignment starting from 2024. It allowed us to establish SMART objectives that will be presented in the next report.













In the previous section (d. Action plan) the management of 2023 is detailed with specific initiatives and some of the goals achieved.

### Environmental and Social Risk Management Indicators

Multibank reaffirms compliance with contracts, commitments, and subscribed initiatives through monitoring. Data collected, and reports prepared to allow tracking of factors related to environmental and social criteria.

### Links and references

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 43, 44, 45, 46, 48.*

| AVERAGE A&S INDICATORS IV QUARTER  |      |  |             |
|--|------|--|-------------|
|  Percentage of high-risk level of portfolio                           | 1%   |  Green loans placed in the period under analysis / total portfolio  | 0           |
|  Cases approved by A&S with Exception                                 | 4%   |  Campaigns Green products   | 0           |
|  High risk portfolio visited  | 33%  |  Non-renewable electricity consumption at head office               | 124,160 KWH |
|  Training given to A&S employees                                      | 100% |  Sanctions applied to Multibank in environmental and social matters | 0           |
|  Percentage female of total workforce                                 | 62%  |  Financing for women  | 46%         |
|  Compliance with Multilateral's Environmental and Social Requirements | 100% |  Campaigns (communiqués) on environmental and social actions        | 20          |



## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

Describe how your bank has worked with and / or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

We have the following policies, manuals, guidelines:

- Climate-Related Risk Management Manual.
- Environmental and Social Risk Policy
- Corporate Sustainability Policy

#### Links and references

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 30, 31.*

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Aimed at sustainable development, we periodically train customers and employees based on updates and regulations on environmental and social issues. This applies especially to employees in commercial areas, who receive periodic training on SGAS (*anti-bribery management system, for its acronym in Spanish*) guidelines and tools and on environmental and social qualification forms.

Regarding the creation of sustainable financing and product development, we have offered personal loans and car loans, based on credit policies, with special conditions for sustainable funding: solar panels, acquisition of energy-saving and efficiency equipment, purchase of hybrid and electric vehicles with features that meet the criteria established to be considered green.

For the second consecutive year, we held the annual #FutureON event, whose main objective was:

- Promote efficiency through initiatives such as the recycling program.
- Emphasizing the importance of applying the Principles for Responsible Banking (PRB of UNEP-FI) and how each area contributes to their compliance, especially the impact on the organization. We shared successful experiences of how we advise and provide products aligned with sustainable solutions, such as a case of **Agricultural Banking**, where a client dedicated to the production, processing, and commercialization of poultry products received financing for the purchase of solar panels that were installed in the chicken processing area (a 50% saving in electricity consumption was evidenced).
- Discussing good practices like women's banking and the roles organizations should develop and promote to favor alignment.

As part of monitoring and following up on financing activities, periodic visits are made to projects/customers to verify compliance with good practices and laws. These visits identify business opportunities and provide recommendations to promote sustainable practices.

Over the course of 2023, we have consolidated and expanded our understanding of our customer's needs, maintaining a trajectory of constant evolution dating back to 2020. This period has been particularly gratifying, as we achieved a relational Net Promoter Score (NPS) of 40%, representing a recovery from its lowest measurement in October 2021 (31%). This indicator not

Also:

<https://www.multibank.com.pa/es/institucional/criterios-asg-gobernanza/gestion-integral-de-riesgo>

<https://www.multibank.com.pa/es/institucional/criterios-asg/manual-de-gesti%C3%B3n-del-riesgo>

|   |  |
|---|--|
| <p>only reflects the satisfaction of our customers but also represents a firm commitment to continuous improvement and service excellence.</p> <p>In summary, 2023 has been a period of remarkable achievement in terms of customer understanding, digital efficiency, and strategic expansion. We are committed to continue innovating and exceeding our customers' expectations in every interaction and in every aspect of our business.</p>   |  |
| <p><b>3.2 Business opportunities</b></p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and / or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and / or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p> |  |
| <p>We have identified business opportunities in the construction sector, in interim construction projects, as well as in the Corporate Banking segment, and we continue to promote the agricultural sector.</p> <p>In the management of the consumer and business area, sustainable personal loans have been granted, such as: financing of solar panels, loans for hybrid and electric cars, credit cards with special benefits to finance energy-efficient products and ensuring that they meet the criteria to be categorized as sustainable.</p>  | <p><i>Links and references</i></p> <p><i>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 32, 35, 44, 45, 62.</i></p> |

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

In 2022, stakeholders review was conducted to manage the consultation process aimed at identifying the organization's material topics through the stakeholders' context and thus establishing a sustainability strategy with goals and performance indicators across ESG dimensions (environmental, social, governance/economic).

As part of the methodology, a system for mapping, prioritizing, and engaging Multibank's stakeholders was designed. This included surveys, a workshop, and interviews with selected and distributed groups. The results are evidenced through the materiality map and the strategy based

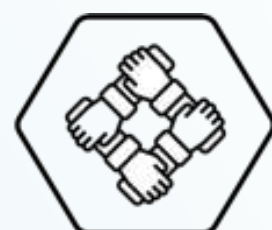
#### *Links and references*

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 3, 4, 22, 23, 25, 26, 27, 31, 43, 46, 48, 54, 64.*

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

|  |  |
|--|--|
| <p>on ESG (G) criteria. The objectives, KPIs, and actions of the strategy are detailed in sections 2.1 and 2.2.</p> <p>In 2023, two new communication channels were created for key audiences to inform about the organization's sustainability management and as platforms to report incidents or provide recommendations. In addition, as part of the organizational culture, we maintain consultation mechanisms through the relational Net Promoter Score (NPS), which allows us to consolidate and expand our understanding of the needs of our customers (internal and external). During this period, we achieved a 40% NPS, reflecting not only customer satisfaction but also a strong commitment to continuous improvement and service excellence. Furthermore, the transactional recommendation indicator has become our compass for constant improvement, guiding us to pursue excellence in all aspects of our operations.</p> <p>Looking ahead to 2024, we plan to conduct a double materiality study to strengthen our current strategy and gain clearer insights into both our financial and non-financial matters.</p> |  |
|--|--|

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Our Corporate Governance structure seeks to define the roles and align the decisions made within the Group. We have an independent and hierarchical Corporate Governance area that ensures efficient and safe governance.

The formal structure of Corporate Governance is maintained:

#### *Links and references*

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 13, 14, 16, 24.*



Also:

<https://www.multibank.com.pa/es/institucional/buen-gobierno-corporativo>

[https://www.multibank.com.pa/sites/default/files/politica\\_corporativa\\_de\\_sostenibilidad\\_mfg.pdf](https://www.multibank.com.pa/sites/default/files/politica_corporativa_de_sostenibilidad_mfg.pdf)

In the reporting period, the Sustainability and CSR Forum was established (convening for the first time in September 2023) as an internal advisory and consultative body, without executive functions but with the responsibility to provide information, recommendations, and proposals to the Board of Directors within its scope of action. Its main focus is on issues related to the sustainable development of the business, with particular emphasis on monitoring sustainable performance in the environmental, social, and governance dimensions. The forum aims to define the sustainability strategy and integrate it into operational and administrative processes, as well as to coordinate, promote, and supervise initiatives related to sustainability and CSR across Multibank Inc. and its subsidiaries. This ensures that the organization operates ethically, responsibly, and sustainably, considering not only its financial objectives but also its impact on the environment and society at large.

The forum is chaired by the Vice President of Corporate Image and Communication and comprises eleven (11) members of senior management (including the Bank's Country Manager), along with four (4) permanent guests (including the General Managers of Multisecurities and Multibank Seguros). Currently, it reports to the Risk Committee. However, a re-evaluation is planned after the SASB ( sustainability accounting standards) and TCFD (Task Force on Climate-related Financial Disclosures) diagnosis of our Head Office (Banco de Bogotá) and the creation of the roadmap

|  |   |
|--|---|
| <p>aligning all subsidiaries, a reassessment is planned for it to report directly to the Board of Directors. The Sustainability and CSR Forum meets quarterly according to its statutes.</p> <p>In addition, to reinforce our commitment to PRB, we can reference some developed guidelines and their revisions:</p> <ul style="list-style-type: none"> <li>• Corporate Sustainability Policy and Human Rights Commitment Manifesto.</li> <li>• Climate-Related Risk Management Handbook</li> <li>• Environmental and Social Risk Management Policy and Procedure</li> </ul> <p>The objective is to enhance the organization's resilience to current ESG challenges, ensuring that our clients' and investments' portfolios minimize negative environmental impacts. This approach is primarily tailored to the economic activities and sectors in which each debtor operates.</p> <p>Throughout this growth process, our organization will prioritize identifying opportunities to sustain a positive environmental impact.</p> |   |
| <p><b>5.2 Promoting a culture of responsible banking:</b><br/>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>   |   |
| <p>Our purpose and values are the cornerstones of our management philosophy, demonstrating our organizational commitments and responsibilities.</p> <p>Some of the actions implemented during 2023 to promote a responsible culture are:</p> <p><b>ESG Training</b></p> <ul style="list-style-type: none"> <li>• Eight (8) workshops, lectures, and / or webinars on gender equality and inclusion, bias-free communication, human rights, recycling and circular economy, and accountability.</li> </ul>  | <p><i>Links and references</i></p> <p><i>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 6, 18, 22, 24, 39, 48, 50, 51, 52, 54, 60.</i></p> |



- These thematic rounds impacted more than 1,000 participants for approximately 1,545 hours.
- Training and integral development of 36,944 hours of training (12,803 men and 24,141 women).
- 2nd edition of the #FutureOn event, topics shared: Our Environment; Scope of the Principles of Responsible Banking and benefits of being a member of UNEP-FI; Women's Banking and its impact and how organizations should act to promote alignment.
- Eight (8) webinars were held At the 10th edition of the #RiskOn event, ten (10) years of resilience learning from the past, preparing for the future, for the entire organization:
  1. Structural Balance Sheet Risk Management - the case of Silicon Valley Bank
  2. The financial industry under the prism of supplier cyber risk
  3. Taxonomy and climate change
  4. Cybersecurity, a challenge for banking and the banking customer.
  5. Integrating climate risk into the risk management process of credit institutions.
  6. Global financial conditions and their impact on Latin America How can risk managers keep their entities one step ahead?
  7. IFRS for sustainability and climate risks Why should we care?
  8. Credit Risk Management, best practices for a resilient portfolio.
- Some commercial banks received annual training on environmental and social risks, including sensitization and updating the SARAS process, with 58 employees participating.

#### Eco-efficiency

- Internal 3R campaign
- Recycling program (glass, paper, cardboard, electronics, aluminum, tetra brick, plastic, and discarded alkaline batteries), a total of 2,879 kg.
- Energy savings achieved 17% savings through campaigns and solar panel usage.
- 26% reduction in paper consumption (2023 - 5,918 reams vs. 8,027 reams - 2022).

#### Equality, diversity and inclusion

- Adherence to the Gender Parity Initiative (GPI) and UN WEPs.

Also:

[https://www.multibank.com.pa/sites/default/files/multibank\\_-\\_manifiesto\\_de\\_compromiso\\_con\\_los\\_derechos\\_humanos\\_0.pdf](https://www.multibank.com.pa/sites/default/files/multibank_-_manifiesto_de_compromiso_con_los_derechos_humanos_0.pdf)

[https://www.multibank.com.pa/sites/default/files/politica\\_corporativa\\_de\\_sostenibilidad\\_mfg.pdf](https://www.multibank.com.pa/sites/default/files/politica_corporativa_de_sostenibilidad_mfg.pdf)

<https://www.multibank.com.pa/es/institucional/criterios-asg/saras>

<https://www.multibank.com.pa/sites/default/files/politicacorporativadediversidadeinclusiongrupoaval.pdf>

- Internal campaign for awareness and labor inclusion "Rompiendo Barreras y Abriendo Puertas" (Breaking Barriers and Opening Doors).
- HRWeek #DHContigo, through which we promote well-being, life-work balance, equality, and integral health.
- Inclusion of gender and human rights
- in the Corporate Sustainability Policy.

Our human talent

Our workforce consisted of 1,041 employees, 62% women and 38% men, maintaining a consistent trend from previous years. The largest group of employees falls within the 31-40 age range (38%). In our highest governing body (Board of Directors), the composition is 37% women and 63% men, exceeding the parity range required by law.

Wage gap

Based on our Salary Policy, we offer fair and competitive salaries that ensure the recruitment and retention of the best talent.

**Minimum wage ratio**

| USD\$   | 2022   |        | 2023   |        |
|---|--------|--------|--------|--------|
|   | WOMEN  | MEN    | WOMEN  | MEN    |
| MINIMUM WAGE PAID AT MULTIBANK                      | 700.00 | 700.00 | 700.00 | 700.00 |
| MINIMUM WAGE PAID IN PANAMA IN THE FINANCIAL SECTOR | 636.82 | 636.82 | 636.82 | 636.82 |

## Wage gap

| WAGE DIFFERENTIAL (US\$)                                      | 2022      |           | 2023      |           |
|---|-----------|-----------|-----------|-----------|
|   | WOMEN     | MEN       | WOMEN     | MEN       |
| MANAGEMENT POSITIONS 1 (EXECUTIVE - VICE PRESIDENTS)          | 11,444.14 | 12,026.00 | 11,429.69 | 12,018.40 |
| MANAGEMENT POSITIONS 2 (ASSISTANT VICE PRESIDENTS)            | 6,958.29  | 7,623.74  | 6,847.77  | 8,074.67  |
| MANAGEMENT POSITIONS 3 (MIDDLE MANAGEMENT)                    | 3,607.14  | 4,047.37  | 3,661.25  | 4,266.47  |
| TECHNICIAN POSITIONS (PROFESSIONAL EXPERT)                    | 1,888.49  | 2,145.58  | 1,896.64  | 2,183.92  |
| ADMINISTRATIVE AND OTHER POSITIONS (ASSISTANTS AND AUXILIARY) | 997.80    | 965.24    | 1,007.86  | 981.00    |

According to our guidelines, the minimum salary defined for our organization is equal for all employees, regardless of race, sex, ideology, etc. This aligns with the objective of our Salary Increase Policy: "To ensure a fair and competitive compensation, aligned with the values, culture and organizational goals, avoiding salary discrimination". Any salary difference reflected in the "gap" table is solely due to factors of work experience and / or seniority.

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

At Multibank, we have developed and implemented policies and procedures, such as our Environmental and Social Risk Management System (*SARAS, for its acronym in Spanish*), based on analyzing environmental and social risks within the credit process. In addition, facilities granted are classified into rating levels 1, 2, with high-risk facilities undergoing regular monitoring.

In this Social and Environmental Risk Analysis (SARAS) process, we consider essential factors:

- Purpose of loans.
- Clients' business activities.
- Financial status of the company.
- Exclusion list, detailing activities where the bank does not engage due to potential environmental and social risks.
- Regulatory compliance, Agreement 8 - 2010, including the Corporation's Environmental and Social Sustainability Performance Standards.
- Training sessions for commercial areas to support the process and share updates.
- Portfolio monitoring concerning activities, portfolio composition, ratings, gender considerations, among others.

During the credit approval review, costumers are required to complete forms where environmental and social impacts are analyzed, such as:

- Natural habitat
- Consumables and Waste
- Health and Safety
- Community impacts
- Knowledge of the position of your human resources
- Control measures
- Environmental management of the different facilities
- Verifying that clients have policies and procedures in place to protect the environment

### *Links and references*

*For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, pages 12, 18, 30, 40, 43, 44, 45, 46, 48.*

*Also:*

*<https://www.multibank.com.pa/es/institucional/criterios-asg/saras>*

**Action Plans 2024 (based on SASB and TCFD)**

- Manage and report litigation losses related to antitrust, anti-competitive behavior, and market manipulation.
- Create a governance structure for climate management.
- Monitoring, regular communication, and reporting scheme.
- Report data on financial education, SME lending, and community development.
- Analyze market, reputation, and technology risks based on climate scenarios.
- Consider exposure to technology and market regulatory changes for the main economic activities in the portfolio.
- Analyze potential damage to assets and exposure of the portfolio to geographically identified threats.
- Identify credit exposure to physical and transition risks by sector.
- Assess the environmental impact of climate products/services and financing.

**Self-assessment summary**

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

#### Response

We extracted quantitative information on the business from the Audited Financial Statements. This is the first year in which an Integrated Sustainability Report (submitted to the regulatory body) has been prepared and SASB indicators have been incorporated (also for the first time). Therefore, the recommendation (consultancy) has been not to submit the process to external verification, this decision aims to facilitate the smooth integration of these new associated processes.

#### Links and references

<https://www.multibank.com.pa/es/personas/informes-financieros>

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)

|  |   |
|--|---|
| <input type="checkbox"/> TCFD<br><input type="checkbox"/> Other: ....  |   |
| <p><i>Response</i></p> <p>The Sustainability Report ratifies our commitment to the United Nations Global Compact Principles and the Sustainable Development Goals (SDGs). Additionally, we work on non-financial statements using the GRI methodology. It is essential to point out that for this period, we have developed an integrated report that includes the Sustainability Report (ESG), the Corporate Report (regulatory document submitted to the Superintendencia de Bancos de Panamá detailing organizational management), and the PRB report. For the first time, we have also incorporated SASB indicators into our reporting framework.</p>  | <p><i>Links and references</i></p> <p>For more information, see the Annual Report and Sustainability Report 2023 Multi Financial Group, page 6.</p> |
| <p><b>6.3 Outlook</b></p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.</p>  |   |
| <p>Regarding the impact analysis, goal setting (referred as "2024 Action Plans" in section 5.3), and governance structure, 2023 was a year of internal ordering, analysis, and alignment that enabled us to define the objectives and KPIs for the 2024 period.</p> <p>Some of the initiatives planned for the next period include:</p> <ul style="list-style-type: none"> <li>• Double materiality study.</li> <li>• Creation and Dissemination of a Supplier Code of Ethics.</li> <li>• Inclusion of ESG clauses in supplier contracts and purchase orders.</li> <li>• Review and update internal CSR and Recycling policies.</li> <li>• Analysis of climate risks and opportunities.</li> </ul> | <p><i>Links and references</i></p>  |

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

- Action plan designed to reduce and mitigate climate risks, and leverage climate opportunities by 2025.
- GHG emissions inventory scope 1 and 2, using Corporate RTH (Mi Ambiente).
- Internal eco-efficiency campaign.

We have an ESG roadmap instructed by our Head Office (Banco de Bogotá), with significant challenges for 2024 - 2025. In 2023, we also initiated a strategic review and consultancy process led by Boston Consulting Group (BCG). These outcomes will enable us to redefine some aspects regarding structure, profitability, business objectives, technology, and design, among other relevant topics.



## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |   |   |
|---|---|
| <input type="checkbox"/> Embedding PRB oversight into governance  | <input type="checkbox"/> Customer engagement                        |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                                      | <input type="checkbox"/> Stakeholder engagement                     |
| <input checked="" type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability                          |
| <input type="checkbox"/> Conducting an impact analysis  | <input type="checkbox"/> Data quality                               |
| <input type="checkbox"/> Assessing negative environmental and social impacts                              | <input type="checkbox"/> Access to resources                        |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies                       | <input type="checkbox"/> Reporting                                  |
| <input checked="" type="checkbox"/> Setting targets   | <input checked="" type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...   | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

# Annex

We produced a set of indicators for climate mitigation and financial health & inclusion impact areas. These indicators will support your reporting and showing progress against PRB implementation. Banks are expected to set targets that address at least two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging that banks are in different stages of implementation and on different maturity levels and, therefore, might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below. Banks can choose to use the Theory of Change internally. This theory of change has been used to structure the requirements for setting SMART targets using relevant indicators.<sup>16</sup> The Theory of Change shows the pathway to impact and considers the relationship between inputs, actions, outputs, and outcomes to achieve impact. The Theory of Change for climate mitigation can be found [here](#), and the Theory of Change for financial health and inclusion can be found [here](#).

**How to use:** Both practice (action, outcome, and output) and impact performance must be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows us to identify metrics and set targets that align with a bank's maturity. The indicators below are connected to a bank's impact and can be considered steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels, respectively) are connected to portfolio composition and financial targets<sup>17</sup> (highlighted in **green**) or to client engagement<sup>18</sup> targets (highlighted in **blue**), which enable your overall target. Suppose your bank has prioritized climate mitigation and / or financial health & inclusion as (one of) your most significant impact areas. In that case, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.<sup>19</sup> Once you have set the target, you can use the indicators as guidance for your action plan as well as define Key Performance Indicators (KPIs), which you can then use to measure progress against the set targets.

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<sup>16</sup> It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

<sup>17</sup> Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with ODSs and / or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

<sup>18</sup> Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>19</sup> You might not be able to report on all indicators and / or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
  
- For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and / or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

| Impact area                  | Practice <sup>20</sup> (pathway to impact) |  |   |                      |   |   |                       |  |  | Impact <sup>21</sup> |  |   |
|------------------------------|--|--|---|----------------------|---|---|-----------------------|--|--|----------------------|--|---|
|                              | 1. Action indicators                       |  |   | 2. Output indicators |   |   | 3. Outcome indicators |  |  | 4. Impact indicators |  |   |
|                              | Code                                       | Indicator  | Response options & metrics  | Code                 | Indicator   | Response options & metrics  | Code                  | Indicator  | Response options & metrics   | Code                 | Indicator  | Response options & metrics  |
| A. Climate change mitigation | A.1.1                                      | <b>Climate strategy:</b><br>Does your bank have a climate strategy in place? | Yes / In progress / No<br><br>In progress. Throughout 2023, we advanced in developing and approving the Climate-Related Risk Management Manual. | A.2.1                | <b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)? | Yes / Setting it up / No;<br><br><i>If yes:</i><br><br>Please specify for which clients (types of clients, sectors, geography, number of clients etc.)<br><br>Setting it up.<br><br>Currently, in our Agricultural Banking portfolio we finance projects associated with business models with less impact on the environment such as: solar panels, | A.3.1                 | <b>Financial volume of green assets/low-carbon technologies:</b><br>How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies? | Over the past few years we have financed renewable energies through credits for solar panels and biodigesters, primarily for agricultural and livestock customers. Additionally, we have issued commercial loans to encourage the financing of green vehicles (electric and hybrid), and launched credit card promotions for consumer customers to purchase energy-efficient appliances. | A.4.1                | <b>Reduction of GHG emissions:</b><br>how much have the GHG emissions financed been reduced? | % over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>22</sup><br><br>To date, we have not measured the GHG emissions financed. Currently, we have established 2023 as the baseline year for measuring GHG scopes 1 and 2. We aim to achieve this indicator in the medium term, in alignment with the guidelines established by our Head Office (Banco de Bogotá), through |

<sup>20</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>21</sup> Impact: the actual impact of the bank's portfolio

<sup>22</sup> If possible and / or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

|              |   |  |              |   |   |              |  |   |              |  |   |
|--------------|---|--|--------------|---|---|--------------|--|---|--------------|--|---|
|              |   |  |              |   | biodigesters, among others.   |              |  |   |              |  | a Decarbonization Policy.   |
| <b>A.1.2</b> | <b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when? | Yes / In progress / No;<br><br>If yes:<br><br>- please specify: to become <b>net zero by when?</b><br><br>- <b>Emissions baseline / base year:</b> What is the emissions baseline / base year for your target?<br><br>- <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?<br><br>In progress. We aspire to achieve Net Zero status once we reach the necessary level of maturity to fulfill our inherent commitments in the medium term. | <b>A.2.2</b> | <b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and / or investment portfolio? | Total GHG emissions or CO <sub>2</sub> e<br><br>(please also disclose what is excluded for now and why)<br><br>To date, we have not measured the GHG emissions financed. Currently, we have established 2023 as the baseline year for measuring GHG scopes 1 and 2. We aim to achieve this indicator in the medium term, in alignment with the guidelines established by our Head Office (Banco de Bogotá), through a Decarbonization Policy. | <b>A.3.2</b> | <b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive sectors and activities <sup>23</sup> ? How much does your bank invest in transition finance <sup>24</sup> ? | bln/mn USD or local currency, and / or % of portfolio<br><br>To date, we have not measured the GHG emissions financed. Currently, we have established 2023 as the baseline year for measuring GHG scopes 1 and 2. We aim to achieve this indicator in the medium term, in alignment with the guidelines established by our Head Office (Banco de Bogotá), through a Decarbonization Policy. | <b>A.4.2</b> | <b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)? | % of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)<br><br>In progress |

<sup>23</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>24</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

|  |   |   |  |   |  |  |
|--|---|---|--|---|--|--|
|  | <p><b>A.1.3</b> <b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?</p> | <p>Yes / In progress / No</p> <p>No.</p> <p>This is a task to be pursued once we can advance and achieve a level of maturity aligned with these criteria. We believe this commitment can be realized in the medium to long term.</p>  | <p><b>A.2.3</b> <b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?</p>   | <p>Please specify which sector (<i>depending on the sector and / or chosen metric</i>): kg of CO<sub>2</sub>e/ kWh, CO<sub>2</sub>e / m<sup>2</sup>;</p> <p>kg of CO<sub>2</sub>e/USD invested, or kg of CO<sub>2</sub>e/revenue or profit</p> <p>Not yet measured.</p> |  |  |
|  | <p><b>A.1.4</b> <b>Portfolio analysis:</b> Has your bank analysed (parts of) its lending and / or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?</p>  | <p>Yes / In progress / No;</p> <p><i>If yes:</i></p> <p>please specify which parts of the lending and investment portfolio you have analysed</p> <p>To date, financed GHG emissions are not measured (Scope 3). We aspire to achieve this indicator in the medium term and in accordance with what is established by our Head Office (Banco de Bogotá), through a Decarbonization Policy.</p> | <p><b>A.2.4</b> <b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with a transition plan in place?</p> | <p>%</p> <p><i>(denominator: financed emissions in scope of the target set)</i></p> <p>We aim to achieve this indicator in the medium term, in alignment with the decarbonization goals set by our parent company, Banco de Bogotá.</p>                                 |  |  |

|                     |                |   |   |                |  |   |                |  |              |       |  |              |
|---------------------|----------------|---|---|----------------|--|---|----------------|--|--------------|-------|--|--------------|
|                     | <b>A.1.5</b>   | <b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)? | Yes / In progress / No;<br><br>Please specify which ones, and what financial volume and / or % of the portfolio they account for<br><br>In progress.          |                |  |   |                |  |              |       |  |              |
| B. Financial health | <b>B.1.1</b> * | # of products and services in the portfolio with a focus on financial health  | 4   | <b>B.2.1</b> * | # of individuals supported with dedicated and effective financial and / or digital education initiatives | For the 2024 period, we intend to incorporate specific financial education initiatives into our sustainability strategy for customers and other stakeholders. | <b>B.3.1</b> * | % of individuals with a good and / or very good level of financial skills                  | In progress. | B.4.1 | % of customers with a high level of financial health                                       | In progress. |
|                     | <b>B.1.2</b> * | % of relevant employees supported with effective training on financial inclusion, responsible credit and / or financial health  | For the 2024 period, we intend to incorporate specific financial education initiatives into our sustainability strategy for customers and other stakeholders. | <b>B.2.2</b> * | % of customers actively using the online/mobile banking platform/tools                                   | 22.71%  | <b>B.3.2</b>   | % of customers who use the bank's services to create a financial action plan with the bank | 25%          | B.4.2 | % of customers for which spending exceeded 90% of inflows for more than 6 months last year | In progress  |
|                     | <b>B.1.3</b>   | # of partnerships active to achieve financial health and inclusion targets  | Not managed during 2023.  |                |  |   | <b>B.3.3</b>   | % of customers using overdraft regularly   | 0.19%        | B.4.3 | % of customers that feel confident about their financial situation in the next 12 months   | In progress  |

|                        |        |  |   |       |  |   |  |  |   |  |  |         |
|------------------------|--------|--|---|-------|--|---|--|--|---|--|--|---------|
|                        |        |  |   |       |  | B.3.4   | % of customers with a non-performing loan  | 4.07%  | B.4.4   | % of customers with products connected to long-term saving and investment plans                                | 9%   |         |
|                        |        |  |   |       |  | B.3.5   | % of customers showing an increase or stable amounts in savings, deposit and / or investment account balances, quarter on quarter. | 80%  | B.4.5   | % of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense | In progress  |         |
| C. Financial Inclusion | C.1.1* | # of products and services in the portfolio with a focus on financial inclusion  | % of clients who have personal loans (M, F)<br><br>F: 40.5%<br>M: 59.3%   | C.2.1 | # of individuals supported with dedicated and effective financial and / or digital education initiatives | For the 2024 period, we intend to incorporate specific financial education initiatives into our sustainability strategy for customers and other stakeholders. | C.3.1*   | % of individuals with a good and / or very good level of financial skills  | This indicator will be measurable in the medium term. | C.4.1  | % of customers with 2 or more active financial products, from different categories, with the bank. | 17.19 % |
|                        | C.1.2* | % of relevant employees supported with effective training on financial inclusion, responsible credit and / or financial health | For the 2024 period, we intend to incorporate specific financial education initiatives into our sustainability strategy for customers and other stakeholders. | C.2.2 | % of customers with effective access to a basic banking product  | 58.76%  | C.3.2  | % of customers supported with dedicated customer journey/advisory services | 70%   |  |  |         |



|  |       |  |                          |       |                              |                 |            |  |        |  |  |  |
|--|-------|--|--------------------------|-------|------------------------------|-----------------|------------|--|--------|--|--|--|
|  | C.1.3 | # of partnerships active to achieve financial health and inclusion targets | Not managed during 2023. | C.2.3 | # of new customers per month | 1,105 per month | C.3.3<br>* | % of customers actively using the online/mobile banking platform/tools | 22.71% |  |  |  |
|--|-------|--|--------------------------|-------|------------------------------|-----------------|------------|--|--------|--|--|--|