



REPÚBLICA DE PANAMÁ
— GOBIERNO NACIONAL —

**MINISTERIO DE
ECONOMÍA Y FINANZAS**

Public Financing Directorate

Quarterly Report
Situation, Evolution and Risk of Public Financing of the Republic of Panama
March 2024

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1. EXECUTIVE SUMMARY: GENERAL PERFORMANCE OF THE PUBLIC DEBT

At the end of the first quarter of 2024, the balance of public debt amounted to USD49.8 billion, which represents an increase of USD2.7 billion (5.84%) compared to the balance registered at the end of December 2023.

During the first quarter of 2024, three Global Bonds were issued in the international market, maturing in 2031 for an amount of USD1.1 billion, with a coupon of 7.50%, the Global Bond 2038 for an amount of USD1.3 billion with a coupon of 8.00% and the Global Bond 2057 for an amount of USD750 million with a coupon of 7.875%. This operation is part of the MEF's Financing Strategy for the State's General Budget for fiscal year 2024.

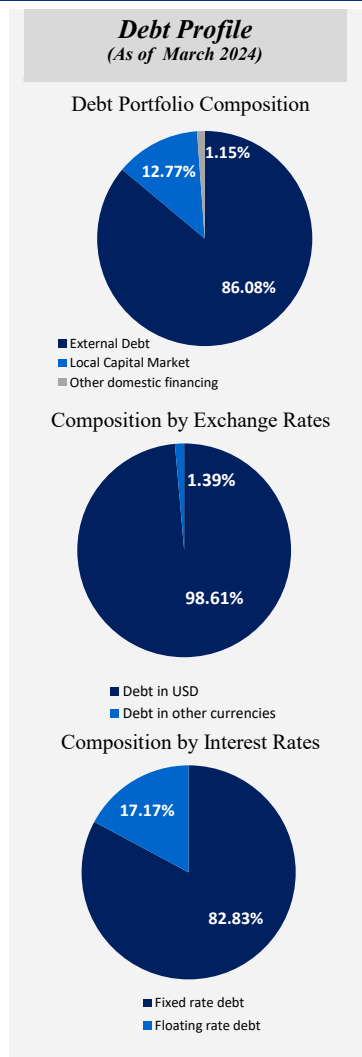
Multilateral Organizations disbursed USD60.90 million during the first quarter of the year 2024, of which USD30.05 million corresponds to the loan contracted with the Development Bank of Latin America and the Caribbean (CAF), corresponding to the Program to Sanitation of the City and Bay of Panama, second module of the wastewater treatment plant and the National Investment Programme for Road Network Infrastructure; USD28.65 million correspond to various loans contracted with the Inter-American Development Bank (IADB), including the program to The Fiscal Intelligence Programme to increase the quality of spending in Panama; and the Programme for the Improvement of IDAAN's Operational Management in the Metropolitan Area of Panama; USD2.21 million corresponds to the loan contracted with the International Bank for Reconstruction and Development (IBRD), corresponding to the Support Program for the national indigenous peoples' development plan.

The weighted average cost of the Republic's portfolio at the end of March 2024 was 5.31%, reflecting an increase of nineteen (19) basis points (bps) compared to the end of December 2023.

The average maturity indicator of total debt (ATM) as of March 2024 was 13.67 years, increasing by 0.02 years when compared to December 2023.

At the end of March 2024, the external debt represented 86.08% of the total debt, while the internal debt was 13.92%.

On the other hand, 82.83% of the composition of the public debt portfolio is contracted at a fixed rate and 17.17% at a variable rate.

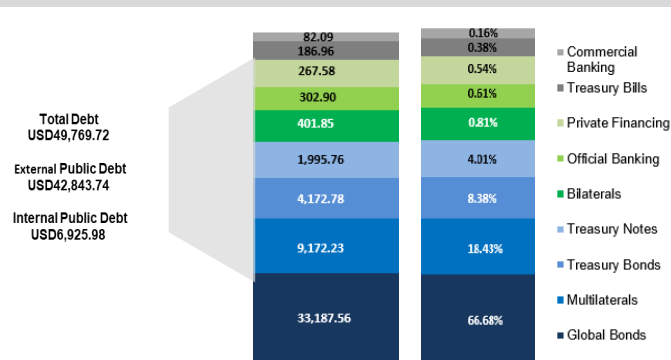


Public Debt, Net Indebtedness, US\$MM (As of March 31, 2024)

Detail	Amount (in millions)
Gross Financing - Increase in Public Debt	5,859.85
Financing by public creditors	1,456.67
Multilateral / Bilateral	955.57
Financing of Official Banks	500.00
Financing by private creditors	4,404.28
Commercial Banking	-
Treasury Bills	298.41
Treasury Notes	205.87
Global Bonds	3,200.00
Treasury Bonds	700.00
Private Financing	-
Amortization - Decrease of Public Debt	3,103.22
Financing by public creditors	1,290.03
Financing of Official Banks	500.00
Multilateral / Bilateral	790.03
Financing by private creditors	1,813.18
Global Bonds	138.90
Treasury Bills	298.41
Treasury Notes	748.50
Suppliers	-
Private Financing	133.33
Commercial Banking	86.03
Treasury Bonds	408.00
Currency Exchange Variation	-6.29
Net Change in Total Public Debt	2,751.34

Source: MEF/ Public Financing Directorate

Public Debt, Balance by Creditor, US\$MM (As of March 31, 2024)



Source: MEF/ Public Financing Directorate

Weighted Average Cost of Public Debt

Concept	Weighted Average Cost		Quarterly Change	Annual Change
	31-Mar-23	31-Dec-23		
External Public Debt	4.85%	5.27%	5.48%	0.22%
Internal Public Debt	3.82%	4.28%	4.27%	-0.01%
Total Public Debt	4.68%	5.12%	5.31%	0.63%

Source: MEF/ Public Financing Directorate

Approximately 66.68% of the public debt portfolio is composed by Global Bonds, which corresponds to USD33.3 billion; followed by funds from Multilateral Organizations, which represent 18.43% of the portfolio, that is, USD9.3 billion.

2. PUBLIC DEBT SITUATION

2.1 Movements of the Period

The total public debt service corresponding to the first quarter of 2024 amounted to **USD1.24** billion, of which USD214.35 million correspond to internal debt payments and USD1.03 billion to external debt payments.

Within the external debt service for the first quarter of 2024, USD258.33 million were allocated to the payment of **principal** on loans with Multilateral Organizations, among which USD123.20 million was to the **IDB**; USD62.40 million to the International Monetary Fund (**IMF**); USD48.89 million to **CAF**; USD21.06 million to **IBRD**; USD2.34 million to the OPEC Fund for International Development (**OFID**); and USD0.44 million to the European Investment Bank (**EIB**). Additionally, **interest** payments of USD605.81 million were made corresponding to the **Global Bonds** 2024 - 4.00%, 2025 - 3.75%, 2026 - 7.125%, 2027 - 8.875%, 2028 - 3.875%, 2029 - 9.375%, 2030 - 3.16%, 2032 - 2.252%, 2033 - 3.298%, 2035 - 6.40%, 2036 - 6.70%, 2036 - 6.875%, 2054 - 6.853%, 2056 - 4.50%, 2060 - 3.87% and 2063 - 4.05%.

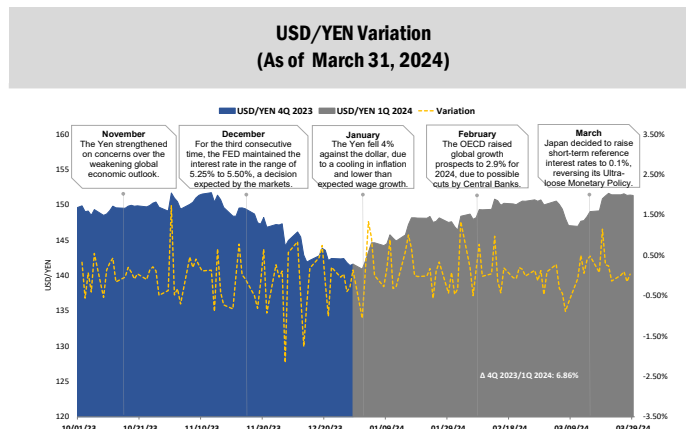
On the other hand, principal payments on loans with Commercial Banking totaled USD13.51 million, corresponding to Line 1 of the Panama Metro.

Regarding internal debt servicing during the first quarter of 2024, payment was made to **principal** of Treasury Bills for USD173.45 million. In addition, payments were made for **interest** on Treasury Bonds 2033 - 6.375% and 2034 - 5.20% for USD40.86 million.

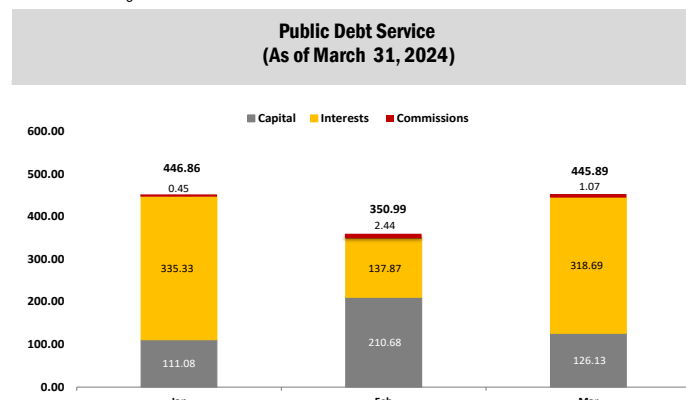
Regarding the exchange rate variation, the dollar appreciated 6.86% against the Japanese Yen and 1.26% against the Special Drawing Rights (SDR)¹, compared to the end of December 2023. The above is mainly due to: **i**) the Monetary Policy of the United States Federal Reserve (FED) of maintaining interest rates in the range between 5.25% to 5.50%; and **ii**) global geopolitical uncertainty. On the other hand, Japan changed its ultra-easy Monetary Policy, deciding to raise borrowing costs with the aim of boosting the local currency. The exchange rate variation had an effect on the Republic's external loan portfolio, reducing the balance of public debt by USD30.65 million at the end of the first quarter of 2024.

Public debt by sector, US\$MM (As of March 31, 2024)		
Creditor	Balance	Percentage
Total	49,769.72	100.00%
Central Government	49,756.19	99.97%
Decentralized institutions	13.53	0.03%
EXTERNAL PUBLIC DEBT	42,834.02	86.06%
Central Government	42,834.02	86.06%
Public Creditors	9,564.37	19.22%
Multilateral	9,162.52	18.41%
Bilateral	401.85	0.81%
Private Creditors	33,269.65	66.84%
International Bonds	33,187.56	66.68%
Commercial Banking	82.09	0.16%
INTERNAL PUBLIC DEBT	6,922.17	13.91%
Central Government	6,922.17	13.91%
Public Creditors	300.00	0.60%
Financing of Official Banks	300.00	0.60%
Private Creditors	6,622.17	13.31%
Treasury Bills	186.96	0.38%
Treasury Notes	1,995.76	4.01%
Treasury Bonds	4,172.78	8.38%
Private Financing	266.67	0.54%
EXTERNAL PUBLIC DEBT	9.72	0.02%
Decentralized institutions	9.72	0.02%
Public Creditors	9.72	0.02%
Multilateral	9.72	0.02%
Bilateral	0.00	0.00%
INTERNAL PUBLIC DEBT	3.81	0.01%
Decentralized institutions	3.81	0.01%
Public Creditors	2.90	0.01%
Financing of Official Banks	2.90	0.01%
Private Creditors	0.91	0.01%
Suppliers	0.00	0.00%
Private Financing	0.91	0.01%

Source: MEF/ Public Financing Directorate



Source: Bloomberg



Source: MEF/ Public Financing Directorate

(1) Special Drawing Rights (SDR): International reserve asset created by the IMF. The value of the SDR is made up of a basket of five currencies: the US dollar, the euro, the Chinese renminbi (RMB), the Japanese yen, and the British pound

2. PUBLIC DEBT SITUATION

2.2 Negotiation and Contracting of Loans

As of the end of the first quarter of 2024, the Republic of Panama, through the Ministry of Economy and Finance, has three (3) credit operations in the process of negotiation. The Comprehensive Electromobility and Increased Resilience Project of the Public Transportation Infrastructure of Panama City, through Transporte Masivo de Panama, S.A. (TMPSA/MiBUS), for a total of USD38.0 million, of which, (a) one operation comes from the E-Mobility Fund Program for Sustainable Cities in Latin America and the Caribbean for USD18.0 million, under the figure of co-financing (IDB/GCF) and (b) the other with funds from the **IDB** Ordinary Capital for USD20.0 million. With the Andean Development Corporation—**CAF**, we have one (1) operation to be financed: Panama Educational Access, Relevance and Inclusion Program (PAPIE), for USD70.0 million.

Program / Project	Creditors			Executor
	IDB	IBRD	CAF	
Operations for Investment in Negotiation Process (in million of USD)				
Comprehensive Electromobility Project and Increase Resilience of the Public Transportation Infrastructure of Panama City (IDB Ordinary Capital Funds)	20.00		-	MiBus / MOP
Comprehensive Electromobility Project and Increase Resilience of Public Transportation Infrastructure in Panama City (E-Mobility Funds Program for Sustainable Cities in Latin America and the Caribbean) (BD/GCF) ¹	18.00		-	MiBus / MOP
Panama Educational Access, Relevance, and Inclusion Program (PAPIE).	-		70.00	MEDUCA
Total Operations in the Negotiation Process	38.00	-	70.00	108.00

⁽¹⁾ Esta operación está acompañada con una donación de USD9.0 millones de GCF.
Source: MEF / Public Financing Directorate. Note: GCF: Green Climate Fund. (for its acronym in English)

2. PUBLIC DEBT SITUATION

2.2 Negotiation and Contracting of Loans

During this quarterly period, four (4) investment loan contracts went into effect, three (3) of them financed by the Interamerican Development Bank (IDB): (i) “Creation and Development of the Panama Guarantee Fund”, by de sum of USD150.0 million, (ii) “Support for the Digital Transformation of the Judicial Branch of Panama”, for the sum USD30.0 million, (iii) “Program to Promote Research and Innovation for Productivity”, for the sum of USD25.0 million and a final operation “Consolidation Project of the Public Finance Management Information System of Panama” financed by the International Bank for Reconstruction and Development (IBRD), for the sum of USD40.0 million.

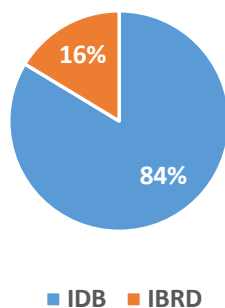
These operations were focused on the following sectors: The Economic Sector equivalent to 39% and the Technology Sector with 61%.

Program / Project	Creditors		Executor	Sector
	IDB	IBRD		
Endorsed Contracts for Investment				
Creation and Development of the Panama Guarantee Fund.	150.0	-	MEF	Económico
Support for the Digital Transition of the Judicial Branch of Panama ¹	30.0		Órgano Judicial	Technology
Research and Innovation Promotion Program for Productivity ¹	25.0		SENACYT	Technology
Project to Strengthen Public Financial Management of Panama.	-	40.0	MEF	Technology
Total Formalized Operations (in million of USD)	205.0	40.0	245.0	

¹ These two IDB operations are structure under a figure known as the framework of the agreement for the establishment of a Conditional Credit Line for Investment Project (CCLIP). Source: MEF / Directorate of Public Financing.

INVESTMENT FINANCING BY CREDITORS
(USD 245.00 Million)
As of March 31, 2024

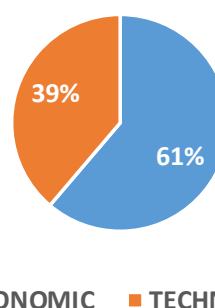
Investment Operations Formalized (endorsed) by Creditors



Source: MEF / Public Financing Directorate

INVESTMENT FINANCING BY SECTOR
(USD 245.0 Million)
As of March 31, 2024

Investment Operations Formalized (endorsed) by Sector



Source: MEF / Public Financing Directorate

2. PUBLIC DEBT SITUATION

2.3 International Technical Cooperation

I. Bilateral Cooperation with International Financial Institutions (IFIs):

During the first quarter of 2024, eleven (11) Non-Refundable Technical Cooperations (NRTC), sponsored by the IFIs, were managed for a total amount of up to USD2.68 million to contribute to the strengthening of government technical capacities in sectors such as : transportation, finance, environment, education and culture detailed in the attached table.

In this period, the International Development Reconstruction Bank (IBRD) approved two (2) NRTC, for the total amount of up to USD0.36 million supporting the financial, labor and social welfare sectors.

II. Bilateral Cooperation with Japan International Cooperation Agency (JICA):

In relation to the JICA Knowledge Co-Creation Program (KCCP), between the months of January and March, two calls for courses were held:

Course Name	Institution	Course Date
1. Comprehensive Management for Disaster Risk Reduction for Latin America	MEF/ SINAPROC	Phase I: from 20 de may to 14 june 2024 (virtual). Fase II: from 17 june to 12 july 2024, presencial en Japón.
2. Basics of Solid Waste Management	AAUD/ Alcaldía de Panamá	13 de may to 20 de june 2024

The former scholarship holders of the KCCP Program of the Maritime Authority of Panama (AMP), and the Technological University of Panama (UTP), presented the Action Plans and shared their experiences acquired from the courses on Development and Sustainable Planning of Ports and Port Maintenance Planning, respectively.

Within the framework of the Japanese Volunteer Program, five (5) new applications were received, one (1) specialist in Environmental Education and Communications for the Pro Eco Azuero Foundation; one (1) specialist in Culinary Arts for the Specialized Higher Technical Institute (ITSE) and the Ministry of Education (MEDUCA), submitted three (3) forms to request mathematics (2) and physics (1) advisors.

Non-Reimbursable Technical Cooperations From January to March 2024 (in millon USD)		
APPROVED		
Project Name	Institution	BIRF
1. Preparation of Diagnosis and Roadmap for the Implementation of Risk-Based Supervision.	SIACAP	0.03
2. Technical Assistance for Strengthening the Social Registry, the Adaptive Social Protection System and Early Childhood.	MIDES	0.33
Total (in millon USD)		0.36

Non-Reimbursable Technical Cooperations From January to March 2024 (in millon USD)				
MANAGED				
Project Name	Institution	IADB	CAF	BIRF
1. Reduction of Coastal Pollution in Parita Bay in Panama.	MIAMBIENTE	0.10		
2. Sustainable Rural Development Model for the Altitudinal Corridor of Gualaca, "Green Corridor of Panama".		0.14		
3. Preparation of Public-Private Partnership (PPP) Projects for the Development of Efficient and Sustainable Infrastructure.	MOP	0.02		
4. Strengthening the Agricultural Sector.	IDIAP	0.50		
5. Support for the Strengthening of the Social Protection System of Panama and Community Modalities of Early Childhood Care.	MIDES	0.25		
6. Knowledge Exchange to Support Semiconductor Value Chains in Panama and Costa Rica.	UTP	0.02		
7. Support the National Secretariat of Public-Private Partnerships (SNAPP) and the Different Actors of the PPP Regime in Institutional Strengthening, through the Development of Technical Capacities in PPP matters.	SNAPP	0.04		
8. Development of the Feasibility Study for the San Miguelito Metrocable and Corresponding Supervision.	MPSA		0.68	
9. Development of Mass Transportation Projects in Panama City - Extension of the Panama Metro Line and San Miguelito Aerial Cable, in Phase I, the "Mobility Survey" will be carried out.		0.40		
10. Technical and Legal Assistance, Support to the National Secretariat of Public-Private Partnerships (SNAPP) in the Review, Verification and Analysis process in all Phases of the First PPP Projects in Panama.	SNAPP		0.20	
11. Technical Assistance for Strengthening the Social Registry, the Adaptive Social Protection System and Early Childhood.	MIDES			0.33
Total (in millon USD)		1.47	0.88	0.33

3. FINANCIAL PERFORMANCE OF LOANS IN DISBURSEMENT PERIOD

For the first quarter of 2024, social investment projects were disbursed a total of USD45.36 million of the Loan Contracts signed by the Republic of Panama, corresponding to the Central Government and the Decentralized Institutions, highlighting Panama Sanitation projects (MINSAs-PSP), Fiscal Intelligence (MEF), Indigenous Peoples (MINGOB) and Improvement of the Operational Management of the IDAAN (IDAAN), among others.

Disbursement of Loans by Creditor Accumulated as March 31th, 2024

CENTRAL GOVERNMENT		
CREDIT AND PROJECTS	AMOUNT (IN MILLIONS OF USD)	
	MODIFIED BUDGET 2024	ACCUMULATED I TRIMESTER FISCAL TERM 2024
SUB TOTAL	265.92	20.55
SPANISH AGENCY FOR INTERNATIONAL DEVELOPMENT COOPERATION (AECID)	7.46	0.00
Sanitation of the Arraiján and Chorrera Districts	5.43	
Universal Energy Access / FONPRODE	2.03	
CENTRAL AMERICAN BANK OF ECONOMIC INTEGRATION (CABEI)	15.00	0.00
Sanitation of the Arraiján and Chorrera Districts	15.00	
Digital Voucher	0.00	
INTER-AMERICAN DEVELOPMENT BANK (IDB)	108.76	3.54
Innovation in School Infrastructure	0.00	
Sanitation of the Bay - Chinese Fund	7.83	
Sanitation of the Bay	3.13	
Inclusion and Social Development Program	2.07	
Program for Strengthening Comprehensive Health Networks	1.71	
Sanitation of the Arraiján and Chorrera Districts	1.52	1.52
Support for Populations Affected by the Coronavirus	0.00	
Conservation and Management of Cultural and Natural Patrimony	9.99	
Improve the Efficiency and Quality of the Education Sector	16.00	
Conservation and Management of Cultural and Natural Patrimony	3.67	
Support for the Development of Territorial Connectivity in the Central Region	3.21	
Human Capital	7.67	
Universal Access to Energy	2.82	
Support for Digital Transformation	21.56	
Immediate Public Health Response to Contain and Control the Coronavirus	1.13	
Sustainable and Inclusive Agricultural Innovation	11.66	
Fiscal Intelligence to Increase the Quality of Expenditure in Panama	9.80	2.02
Inclusion and Social Development Program II	4.99	
INTERNATIONAL BANK OF RECONSTRUCTION AND DEVELOPMENT (IBRD)	14.91	2.21
Indigenous peoples	9.81	2.21
COVID-19 emergency	0.00	
Additional Funding for Covid-19 Emergency Response project	5.10	
EUROPEAN INVESTMENT BANK (EIB)	0.85	0.00
Water Treatment Project	0.00	
Water Treatment Project - Chorrera	0.85	
DEVELOPMENT BANK OF LATIN AMERICA (CAF)	118.94	14.80
Educational Infrastructure	9.95	
Sanitation of the Panama Bay - Stage II Wastewater Treatment Plant Module	14.12	6.70
Wastewater Management for Burunga and Arraiján Cabecera	12.73	8.10
Project of the Superior Technical Institute of the East (ITSE)	0.00	
Burunga and Arraiján Wastewater	12.55	
Sanitation Burunga and Arraiján	2.40	
Panama Bilingual	55.70	
Road Network Structure	8.72	
Covid Emergency	2.77	
DECENTRALIZED INSTITUTIONS		
CREDIT AND PROJECTS	AMOUNT (IN MILLIONS OF USD)	
	MODIFIED BUDGET 2024	ACCUMULATED I TRIMESTER FISCAL TERM 2024
SUB TOTAL	\$128.40	\$24.81
CENTRAL AMERICAN BANK OF ECONOMIC INTEGRATION (CABEI)	\$8.43	\$0.00
Gorgas Campus Phase I	8.43	
INTER-AMERICAN DEVELOPMENT BANK (IDB)	\$78.34	\$24.81
IDAAN Clean Water and Sanitation Multiphase Investment Program	\$0.00	
Innovation for Social Inclusion and Productivity	\$0.00	
Panama Online Program	\$0.00	
Improvement to the Operative Management of IDAAN	\$42.65	23.00
Customs Logistics Integration	\$8.00	
Comprehensive Urban Development of Cities with a Tourist Vocation	\$5.00	
Social Inclusion of People with Disabilities	\$4.87	1.81
Digital Panama	\$13.70	
Research and Innovation for productivity	\$4.12	
DEVELOPMENT BANK FOR LATIN AMERICAN (CAF)	\$41.63	\$0.00
National Aqueducts and Sewerage Program (PAYSAN)	\$0.0	
FACINET Renewal	\$15.0	
Inadeh	\$7.0	
ITSE Phase II	\$15.0	
Research and Production Center in Agriculture and Controlled Environment	\$4.6	
GRAN TOTAL	\$394.32	\$45.36

It should be noted that during January to March of 2023, disbursements were registered with reserves approved as of December 2023 (expired terms) for USD17.35 million, of which USD15.54 million were allocated to the Territorial Connectivity Project (MOP), and USD1.81 million to the Social Inclusion Project for People with Disabilities (SENADIS).

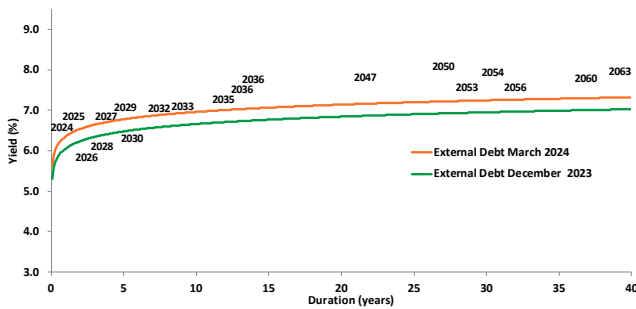
4. PERFORMANCE OF THE CAPITAL MARKET

4.1 International Debt Market

At the end of the first quarter of 2024, the yields of the Global Bonds of the Republic of Panama registered an increase of 28 basis points (bps) on average, compared to the end of 2023.

In addition to the above, the yields of the US Treasury Bonds also showed an increase in their yields of 34 bps on average, if we compare it with December 2023. This increase was mainly due to the continued upward trend in the U.S. economy and expectations of a possible interest rate cut by the Federal Reserve.

**External Yield Curve
(December 2023 to March 2024)**



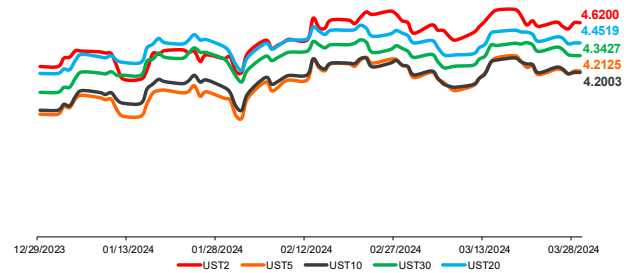
Fuente: Bloomberg

In the first quarter of 2024, Panama ventured into the international capital markets through the issuance of sovereign bonds for an amount of USD3.1 billion as part of the financing strategy for the General State Budget for fiscal year 2024. Of particular note in this transaction is the issuance of the Global Bond maturing in 2038 for an amount of USD1.2 billion with a coupon of 8.00%, the issuance of the Global Bond maturing in 2031 for an amount of USD1.1 billion with a coupon of 7.5% and the issuance of the Global Bond maturing in 2057 for an amount of USD750 billion with a coupon of 7.875%.

On the other hand, the Dollar Index (DXY)⁽³⁾ registered a decrease of 3.11% against a basket of the main currencies, the foregoing is mainly attributed to i) the Federal Reserve (FED) keeping interest rates at a benchmark range of 5.25% - 5.50%, in its first monetary policy meeting of the year and ii) economic data showed that the U.S. economy remains stable, so the FED could keep interest rates higher for longer or reduce interest rate cut expectations.

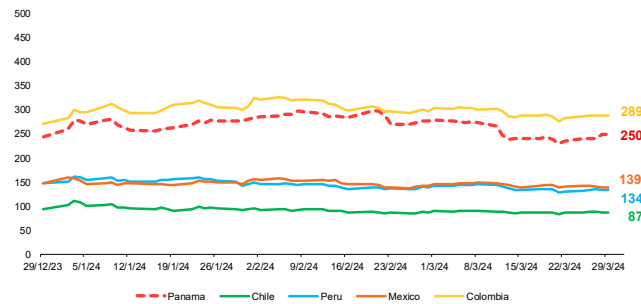
In mid-March, the Bank of Japan raised short-term benchmark rates to 0.1%, marking the first interest rate hike in 17 years and ending an era of ultra-loose monetary policy.

**Evolution of UST (2, 5, 10, 20 y 30 years)
(January - March 2024)**



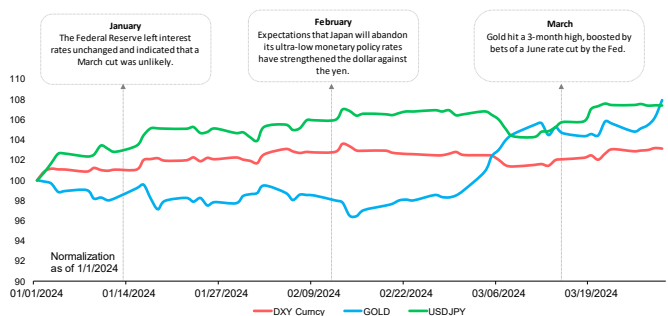
Fuente: Bloomberg

**G-Spread⁽¹⁾ International Bonds 10 years-Panama and Latin American Peers
(As of March 31, 2024)**



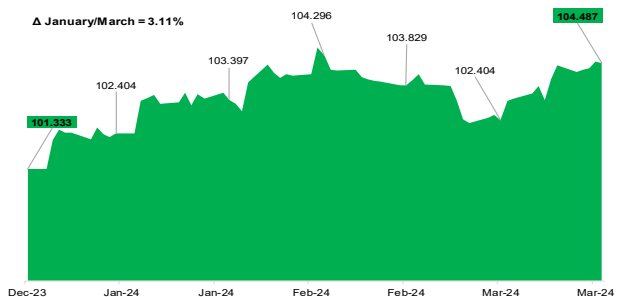
Fuente: Bloomberg

**Normalization⁽²⁾ of the Performance of the Safe Haven Assets
(January - March de 2024)**



Fuente: Bloomberg

**Performance of Dollar Index (DXY)⁽³⁾
(January - March 2024)**



Fuente: Bloomberg

1/ G-Spread: Interpolated differential between the performance of the instrument and the active curve of US Treasury Bonds.

2/ NORMALIZATION: is a formula through which values measured in different scales are adjusted based on a common scale, in this case applying a common factor of 100 from a specific date for all indices.

3/ The dollar index (DXY) is an index that measures the value of the dollar in relation to the currencies of its main trading partners. The weighing is as follows Euro (EUR) 57.6%, Yen (JPY) 13.6%, Great Britain.

4. CAPITAL MARKET PERFORMANCE

4.2 Domestic Debt Market Primary Market

During the first quarter of 2024, started the annual Treasury Bill Auction Program began. In this sense, the first auction of the year was held in February, in which bids for USD89.2 million were received and USD30.0 million were awarded.

For the month of March, USD32.0 million were awarded and bids for USD89.2 million were received. Both auctions were set for a term of twelve (12) months. The auction for the month of February was awarded at a Weighted Average Price (WAP) of 94.17% and Weighted Average Yield (WAY) of 6.12%, while the auction for the month of March was awarded at a WAP of 94.25% and WAY of 6.03. %

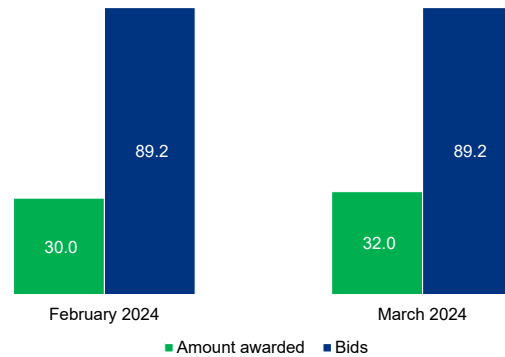
Secondary Market

The United States Federal Reserve (FED) held two committee meetings during the month of January and March 2024. The FED Committee unanimously decided to maintain its reference rates in the range of 5.25%-5.50% in both meetings, noting that indicators suggest that economic activity has been expanding at a solid pace, with moderate employment growth and low unemployment rates, but inflation that remains high. The FED also noted that they will carefully evaluate the upcoming data, the evolution of the outlook and the balance of risks.

The yield curve of the Republic of Panama’s local securities registered an average decrease of 20 basis points (bps) when compared to the previous quarter, as well as a decrease in the risk perception (EMBIG) in the month of March, reflecting a slight recovery in the prices of the Republic’s Treasury bonds and notes, amid a contour of high rates for longer.

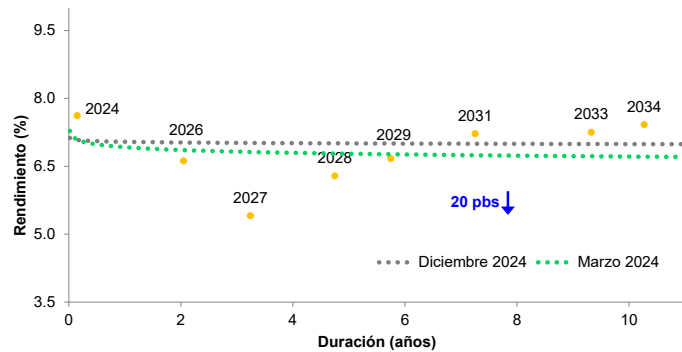
On the other hand, the average accumulated amount of the securities of the Republic in custody through the i-Link platform, during the first quarter of the year was USD1.55 billion, the same amount as the quarter immediately preceding. In this sense, the 2026 Treasury Note stands out with an average amount in the custody of USD648.8 million, together with the 2031 Treasury Bond with an average amount in custody of USD334.3 million.

12-Month Treasury Bill Auction (in USD million)



Source: MEF / Directorate of Public Financing

Local Curve Yield as of March 31, 2024



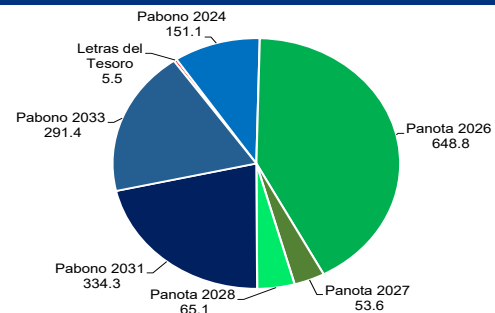
Source: MEF / Directorate of Public Financing

Prices and Yield for Local Notes and Bonds as of March 31, 2024

Domestic Securities	Coupon	Outstanding (USD million)	Issue Price			Issue Yield				
			Mar-23	Dec-23	Mar-24	Mar-23	Dec-23	Mar-24		
Pabono 2024	4.950%	1,088.0	99.62	99.6	99.1	99.6	5.00	5.31	7.28	7.62
Panota 2026	3.750%	1,325.0	99.85	96.5	93.3	94.6	3.78	5.01	6.96	6.62
Panota 2027	2.850%	464.9	100.00	90.1	87.5	92.5	2.85	5.50	6.95	5.41
Panota 2028	6.500%	205.9	100.00	0.0	99.6	100.8	6.50	0.00	6.60	6.29
Pabono 2029	3.000%	421.4	100.00	88.3	83.7	82.8	3.00	5.08	6.32	6.67
Pabono 2031	3.362%	1,250.0	100.00	82.5	77.5	78.5	3.36	6.09	7.32	7.22
Pabono 2033	6.375%	700.0	98.78	0.0	93.7	94.1	6.54	0.00	7.30	7.25
Pabono 2034	5.200%	713.4	100.00	95.3	84.4	84.3	5.20	5.77	7.36	7.42
Total		6,168.54								

Source: MEF / Directorate of Public Financing

Custody through Euroclear i-link as of March 31, 2024



Source: MEF / Directorate of Public Financing

4. CAPITAL MARKET PERFORMANCE

4.2 Domestic Debt Market

For the first quarter of 2024, the accumulated traded value of treasury notes and bonds traded in the secondary market reached USD116.6 million, representing 8.5% of the total transactions carried out on the Latin American Stock Exchange (LATINEX). The debt securities with the highest amount traded in the secondary market during this quarter correspond to the 2033 Treasury Bond with an amount of USD62.9 million and the 2026 Treasury Note with an amount of USD32.7 million, both titles were issued in Euroclearable format.

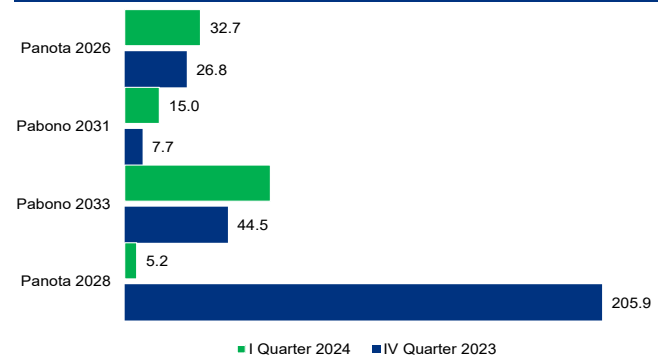
Domestic Public Debt Market Makers Program

Regarding the performance of the participants of the Market Makers Program, for the first quarter of the year, Citivalores, Prival Securities and Valores Banistmo stand out as the participants with the highest amount traded for securities of the Republic in the secondary market, with an amount of USD102.6, USD65.3 and USD22.3 million, respectively.

Through Ministerial Resolution No.004-2024 of March 14, 2024, the ranking of the Participants of the Internal Public Debt Market Makers Program was issued, in which the brokers were designated as Market Makers and Candidates to Market Makers valid for the second-two months of 2024. In this sense, the performance of the Program participants were evaluated during the months of January and February 2024, in relation to the amounts and times quoted on the screen, as well as the amount traded in the secondary market for local instruments of the Republic.

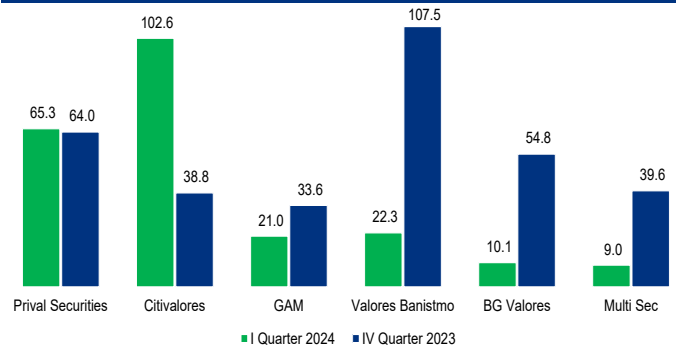
As result of the evaluation, the brokers designated as Market Makers for the second quarter of 2024, which include the months of March and April 2024, correspond to: Citivalores, S.A. and Prival Securities Inc. While, Valores Banistmo, S.A., Geneva Asset Management, Multisecurities Inc., BG Valores, S.A., Mercantil Servicios de Inversión, S.A., and MMG Bank Corp., were designated as Candidates to Market Makers for the two-month period in reference.

Secondary Market traded amount as of March 31, 2024 (in USD million)



Source: MEF / Directorate of Public Financing

Market Makers Program performance Traded amount at the secondary market (in USD million)



Source: MEF / Directorate of Public Financing

Ranking of Market Maker Program Valid to first two-month of 2024

Market Makers



Candidates to Market Makers



Source: MEF / Directorate of Public Financing

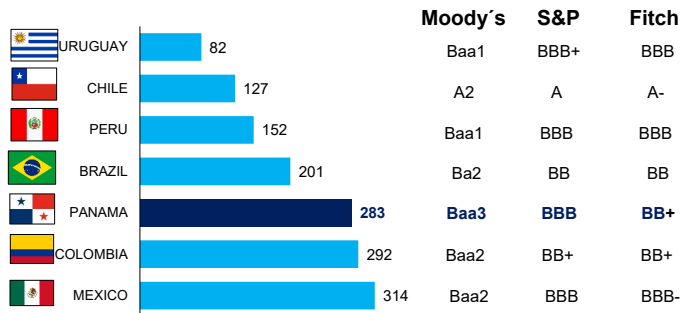
5. ANALYSIS OF THE FINANCIAL RISK OF PUBLIC DEBT

5.1 Credit Risk

In its latest evaluation of Panama, the risk rating agency Fitch Ratings updated the rating downward to “BB+” from “BBB-” with a stable outlook. In its report, the rating agency highlighted that Panama maintains favorable growth prospects and that Panama's economic performance was better than expected in recent years.

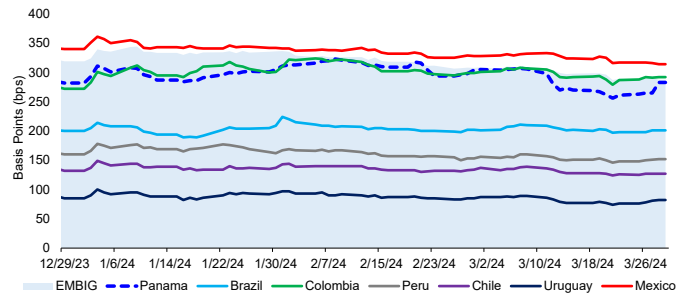
The Stable outlook reflects the country's economic growth potential and the conditions of good access to the external financing market, supported by a dynamic economy based on services, with investment as the main driver of growth.

Risk Rating of Panama and Latin American Countries VS EMBIG¹ (as of March 31, 2024)



Source: Bloomberg

EMBIG of Panama and Latin American Countries (as of March 31, 2024)



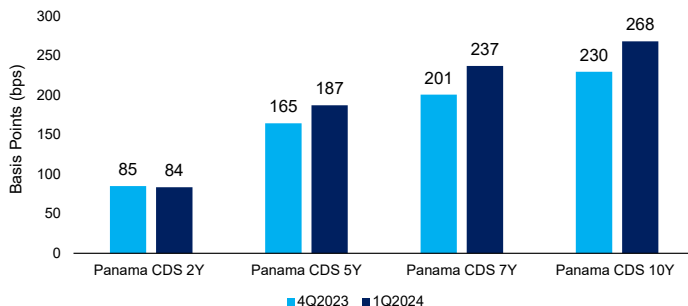
Source: Bloomberg

At the end of the first quarter of 2024, the main sovereign risk indicators registered a slight increase compared to the end of the previous quarter, mainly due to the volatility associated with different geopolitical events, including the uncertainty about when the United States Federal Reserve (FED) would begin to reduce the reference interest rate (5.25-5.50).

The Republic's EMBIG sovereign risk indicator stood at 283 bps at the end of March 2024, registering an increase of only 1 bp when compared to the end of December 2023 (282), positioning itself above Latin American countries such as Brazil (201 bps), Peru (152 bps) and Chile (127 bps) and below Colombia (292) and Mexico (314 bps).

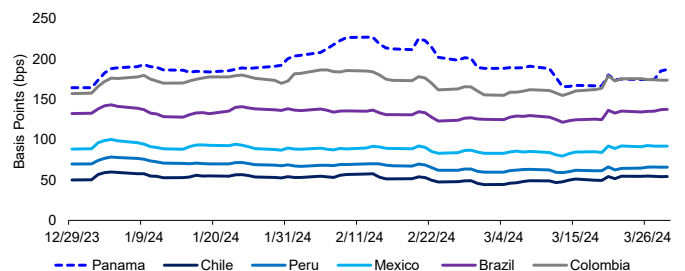
In turn, the Republic of Panama's 5-year Credit Default Swaps (CDS)² as of March 31, 2024, increased slightly by 3bps compared to the end of December 2023, standing at 187 bps, while the Republic of Panama's 10-year CDS increased by 38 bps compared to the end of December 2023. When comparing the 5-year Credit Default Swaps (CDS) with the region, the Republic's CDS was quoted 133 bps higher than Chile (54 bps), 121 bps above Peru (66 bps), 95 bps above of Mexico (92 bps), more than Brazil (138 bps) by 49 bps and above Colombia (174 bps) by 13 bps.

Evolution of Credit Default Swaps (CDS) of 2 years, 5 years, 7 years and 10 years (as of March 31, 2024)



Source: Bloomberg

Credit Default Swaps (CDS) of 5 years of Panama and Latin American Countries (as of March 31, 2024)



Source: Bloomberg

^{1/} EMBIG (Emerging Markets Bonds Index) measures the differential of the financial returns of the country's public debt instruments with respect to the US benchmark securities, considered as “risk-free” assets.

^{2/} Credit Default Swaps (CDS), are derivative instruments that provide a hedge against the issuer's default risk and imply a premium paid by the investor, thus reflecting the market's perception of the solvency of the debt instruments.

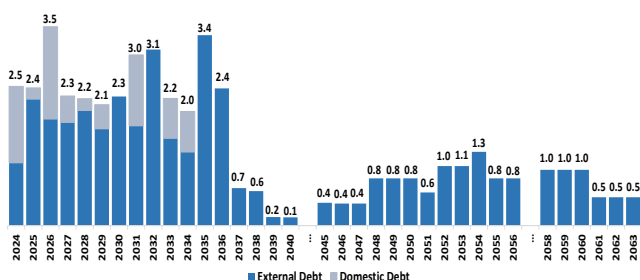
5. ANALYSIS OF THE FINANCIAL RISKS OF PUBLIC DEBT

5.2 Refinancing and Market Risks

For the first quarter of 2024, the Republic of Panama has maintained favorable credit, refinancing and market risk indicators on its debt portfolio due to: **i)** solid medium-term growth prospects; **ii)** the strategic asset of the Panama Canal; **iii)** the development of logistics activity; **iv)** a high GDP per capita; **v)** low inflation; and **vi)** macro financial stability anchored in its dollarization.

As of March 31, 2024, the amount of fixed rate debt amounted to USD41.22 billion, which represents 82.83% of the total debt, while the amount of variable rate debt reached USD8.55 billion, representing the 17.17% of the total debt.

Amortization profile of public debt in US\$ billions (As of March 31, 2024)



Source: MEF/ Public Financing Directorate

The weighted average cost (CPP) of total debt increased 19 basis points (bps), going from 5.12% in December 2023 to 5.31% at the end of March 2024, after the FED decided to keep the Monetary Policy unchanged the level of the interest rate (5.25% - 5.50%), as the market expected. The Committee will evaluate macroeconomic data, the evolution of the outlook and the balance of risks, to determine future adjustments to the federal funds rate. The above has directly impacted the contracting of new loans at variable rates (LIBOR/SOFR) with Multilateral Organizations.

The average maturity of the total debt increased to 13.67 years at the end of March 2024, compared to the 13.65 years recorded as of December 2023, as a result of the long-term issues of the 2057 Global Bonds (USD750 million); 2031 (USD1.10 billion); and 2038 (USD1.25 billion). Similarly, the average time for re-fixing the total debt went from 12.41 years in December 2023, to 12.60 years in March 2024.

In turn, the behavior of the foreign exchange market positively impacted the balance of Panamanian debt, reducing it by USD30.65 million, due to the strengthening of the United States dollar (USD) against other currencies.

The debt contracted in USD increased from 98.33% in December 2023 to 98.61% in March 2024. Consequently, the exposure in foreign currency decreased from 1.67% to 1.39%, which reduced the exchange rate risk to minimum levels.

Main risk indicators of public debt (As of March 31, 2024)

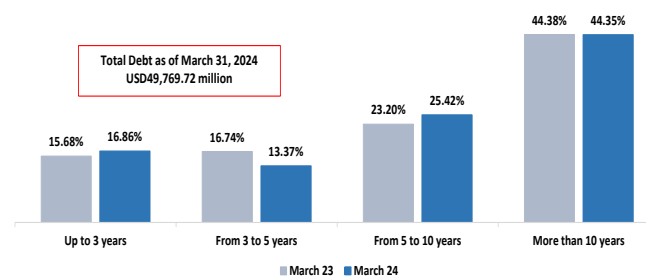
Indicator	mar-23	dec-22	mar-24
Refinancing Risk			
External Debt Average Time Maturity (years)	15.74	15.22	15.13
Domestic Debt Average Time Maturity (years)	4.19	4.75	4.60
Total Debt Average Time Maturity (years)	13.88	13.65	13.67
Market Risk			
External Debt Average Time Re-fixing (years)	14.33	13.76	13.90
Internal Debt Average Time Re-fixing (years)	4.19	4.75	4.60
Total Debt Average Time Re-fixing ⁽¹⁾ (years)	12.69	12.41	12.60
Debt % in fixed rate ⁽²⁾	81.35%	81.41%	82.83%
Currency Risk			
Debt % in USD ⁽²⁾	98.38%	98.33%	98.61%

(1) The average time in which all flows of principal payments debt portfolio will be subject to a new interest rate. If all debt were contracted at fixed rates, then the average re-fixing time would equal the average maturity.

(2) Before interest rates and/or currency swaps.

Source: MEF/ Public Financing Directorate

Accumulated Public Debt Maturities (As of March 31, 2024)



Source: MEF/ Public Financing Directorate

Executed Interest Rates and/or Currency Swaps (Swaps) (As of March 31, 2024)

FIXED RATE SWAP						
Projects	Swap Outstanding (in million of)	Base rate	Fixed rate	Implementation date	Effective date	Maturity years
Metro of Panama Project	6.7	3-Month Libor	1.5290%	sep-2012	mar-2013	0.2
Metro of Panama Project	6.7	3-Month Libor	2.1100%	feb-2014	mar-2014	0.2
Metro of Panama Project	107.4	6-Month Libor	2.3245% ⁽¹⁾	abr-2012	jul-2012	5.4
Metro of Panama Project	36.7	6-Month Libor	2.9250%	dic-2013	ene-2014	5.4
Swap de Flujo de Caja Escalonado ⁽²⁾	363.9			ago-2022	sep-2022	4.5
TOTAL	521.5					
FIXED CURRENCY SWAP						
Projects	Swap Outstanding (in million of Yen)	Base rate (in Yen)	Fixed rate (in Yen)	Implementation date	Effective date	Maturity years
Panama City and Panama Bay Sanitation	8,154.07	100.00	100.00 ⁽³⁾	sep-2013	dic-2013	8.3

(1) The fixed rate is a weighted average of three coverages with different counterparties.

(2) In August 2022, a transaction called "Step Cash Flow Swap" was executed, which reduces the interest payable on the bonds in the year 2022 for an amount of US\$363.9 million and increases the interest during the period 2024 - 2026, in order to optimize the payment of interest in the fiscal year 2022 of these Global Bonds.

(3) Coverage affects only repayment of principal on Stage I of the loan. The state will pay 3.16% on the notional amount in USD. Interest rates do not include spreads.

Source: MEF/ Public Financing Directorate

Total Public Debt and Transactions of the period, USDMM (As of March 31, 2024)

Creditor	Balance 31-Dec-23	Disbursements and Capitalizations	Amortizations	Interest and Commissions	Total	Exchange Variation	Adjustments and Price Discounts	Balance 31-Mar-24
Subtotal of Public Debt	47,025.35	3,187.56	447.89	795.86	1,243.74	-30.65	35.35	49,769.72
Public Creditors	10,107.65	60.90	260.92	147.03	407.95	-30.65	0.00	9,876.98
Private Creditors	36,917.70	3,126.66	186.97	648.82	835.79	0.00	35.35	39,892.74
EXTERNAL PUBLIC DEBT	39,987.92	3,129.15	274.43	754.95	1,029.39	-30.65	31.76	42,843.74
Public Creditors	9,804.75	60.90	260.92	147.03	407.95	-30.65	0.00	9,574.08
Multilateral	9,374.45	60.90	258.33	146.75	405.07	-4.80	0.00	9,172.23
IMF	379.16	0.00	62.40	4.96	67.36	-4.71	0.00	312.04
EIB	58.17	0.00	0.44	0.22	0.66	0.00	0.00	57.74
IDB	4,374.96	28.65	123.20	77.93	201.13	-0.09	0.00	4,280.32
IBRD	1,717.28	2.21	21.06	29.28	50.34	0.00	0.00	1,698.43
CAF	2,285.16	30.05	48.89	33.22	82.11	0.00	0.00	2,266.32
BCIE	411.26	0.00	0.00	0.42	0.42	0.00	0.00	411.26
OFD	148.46	0.00	2.34	0.72	3.06	0.00	0.00	146.13
Bilateral	430.29	0.00	2.59	0.29	2.88	-25.86	0.00	401.85
Direct Loans of Government	419.42	0.00	1.48	0.12	1.60	-25.79	0.00	392.16
Banks with Official Warranty	10.87	0.00	1.11	0.17	1.28	-0.07	0.00	9.69
Private Creditors	30,183.17	3,068.24	13.51	607.92	621.43	0.00	31.76	33,269.66
Commercial Banking	95.61	0.00	13.51	0.56	14.07	0.00	0.00	82.09
International Bonds	30,087.56	3,068.24	0.00	607.36	607.36	0.00	31.76	33,187.56
Global 2033 - 3.298%	1,000.00	0.00	0.00	16.49	16.49	0.00	0.00	1,000.00
Global 2056 - 4.50 %	2,500.00	0.00	0.00	56.25	56.25	0.00	0.00	2,500.00
Global 2032 - 2.252%	2,500.00	0.00	0.00	28.15	28.15	0.00	0.00	2,500.00
Global 2063 - 4.5%	1,500.00	0.00	0.00	33.75	33.75	0.00	0.00	1,500.00
Global 2054 - 6.853%	1,400.00	0.00	0.00	47.97	47.97	0.00	0.00	1,400.00
Global 2024 - 4.00%	352.13	0.00	0.00	7.04	7.04	0.00	0.00	352.13
Global 2025 - 3.75%	1,250.00	0.00	0.00	23.44	23.44	0.00	0.00	1,250.00
Global 2026 - 7.13%	980.00	0.00	0.00	34.91	34.91	0.00	0.00	980.00
Global 2027 - 8.88%	975.00	0.00	0.00	43.27	43.27	0.00	0.00	975.00
Global 2028 - 3.875%	1,253.99	0.00	0.00	24.30	24.30	0.00	0.00	1,253.99
Global 2029 - 9.38%	951.43	0.00	0.00	44.60	44.60	0.00	0.00	951.43
Global 2034 - 8.13%	172.84	0.00	0.00	0.00	0.00	0.00	0.00	172.84
Global 2036 - 6.70%	2,033.89	0.00	0.00	68.14	68.14	0.00	0.00	2,033.89
Global 2036 - 6.875%	1,000.00	0.00	0.00	22.34	22.34	0.00	0.00	1,000.00
Global 2047 - 4.50%	1,168.29	0.00	0.00	0.00	0.00	0.00	0.00	1,168.29
Global 2050 - 4.50%	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00
Global 2030 - 3.16%	1,550.00	0.00	0.00	24.49	24.49	0.00	0.00	1,550.00
Global 2060 - 3.87%	2,950.00	0.00	0.00	57.08	57.08	0.00	0.00	2,950.00
Global 2035 - 6.40%	2,300.00	0.00	0.00	73.60	73.60	0.00	0.00	2,300.00
Global 2053 - 4.30%	1,750.00	0.00	0.00	0.00	0.00	0.00	0.00	1,750.00
Global 2031 7.5%	0.00	1,099.99	0.00	0.55	0.55	0.00	0.01	1,100.00
Global 2038 - 8%	0.00	1,249.99	0.00	0.63	0.63	0.00	0.01	1,250.00
Global 2057 - 7.875%	0.00	718.27	0.00	0.38	0.38	0.00	31.73	750.00
INTERNAL PUBLIC DEBT	7,037.44	58.41	173.45	40.90	214.35	0.00	3.59	6,925.98
Public Creditors	302.90	0.00	0.00	0.00	0.00	0.00	0.00	302.90
Financing of Official Banks	302.90	0.00	0.00	0.00	0.00	0.00	0.00	302.90
Private Creditors	6,734.53	58.41	173.45	40.90	214.35	0.00	3.59	6,623.08
Treasury Bonds	4,172.78	0.00	0.00	40.86	40.86	0.00	0.00	4,172.78
Treasury Notes	1,995.76	0.00	0.00	0.00	0.00	0.00	0.00	1,995.76
Treasury Bills	298.41	58.41	173.45	0.04	173.49	0.00	3.59	186.96
Private Financing	267.58	0.00	0.00	0.00	0.00	0.00	0.00	267.58

Note: Excludes government sources and inter-institutional funding.

Source: MEF/ Dirección de Financiamiento Público

Public Debt of Central Government , USDMM, (As of March 2024)

Creditor	Balance 31-Mar-24
CENTRAL GOVERNMENT TOTAL	49,756.19
EXTERNAL PUBLIC DEBT	42,834.02
CENTRAL GOVERNMENT	42,834.02
Long Term	42,834.02
International Bonds	33,187.56
Loans	9,646.46
INTERNAL PUBLIC DEBT	6,922.17
CENTRAL GOVERNMENT	6,922.17
Short Term	186.96
Treasury Bills	186.96
Long Term	6,735.21
Treasury Bonds	4,172.78
Treasury Notes	1,995.76
Loans	566.67
Notes:	
Guaranteed Public Debt	13.53

Excludes the balance of government sources and inter-institutional financing.
Source: MEF/ Public Financing Directorate

Public Debt, weighted average cost, USDMM, (As of March 2024)

According to Funding Sources	Balance As of March 31, 2024	Weighted Average Cost 2024
TOTAL DEBT	49,769.72	5.31%
Average interest rates below 3.00%	704.75	1.44%
Bilateral	401.85	0.37%
Official Banks	302.90	2.87%
Average interest rates from 3.00% to 6.00%	40,075.55	5.06%
Private Financing	267.58	3.24%
EIB	57.74	3.49%
Treasury Notes	1,995.76	3.82%
Commercial Banking	82.09	4.19%
Treasury Bonds	4,172.78	4.56%
IMF	312.04	5.20%
Global Bonds	33,187.56	5.22%
Average interest rates upper 6.00%	8,989.42	6.75%
IBRD	1,698.43	6.19%
Treasury Bills	186.96	6.22%
IBD	4,280.32	6.36%
OFID	146.13	6.49%
CAF	2,266.32	7.73%
CABEI	411.26	8.03%
Weighted Average Cost per type of debt	49,769.72	5.31%
Internal Public Debt	6,925.98	4.27%
External Public Debt	42,843.74	5.48%

Source: MEF/ Public Financing Directorate.

Average Duration (years) USDMM (As of March 2024)

Financial Entity	Balance As of March 31, 2024	Weighted Average Duration 2024
TOTAL DEBT	49,769.72	8.87
Low Interest Rates Risk (< 1)	186.96	0.41
Treasury Bills	186.96	0.41
Medium Interest Rate Risk (1 to 5)	2,960.38	2.23
Official Banking	267.58	1.20
Private Financing	312.05	1.26
IMF	1,995.76	2.39
Treasury Notes	302.90	2.55
Official Banks	82.09	3.97
High Interest Rate Risk (> 5)	46,622.38	9.33
Treasury Bonds	4,172.78	4.94
OFID	146.13	5.11
IBRD	2,266.32	6.76
Bilateral	1,698.43	7.07
CAF	4,280.32	7.90
IBD	411.26	8.91
EIB	33,187.56	10.26
CABEI	57.73	10.60
Global Bonds	401.85	18.90

Source: MEF/ Public Financing Directorate.

Public Debt, Monthly payments, USDMM, (January - March 2024)

Detail	January	February	March	Total
TOTAL	446.86	350.99	445.89	1,243.74
Capital	111.08	210.68	126.13	447.89
Interest/Commissions	335.78	140.31	319.76	795.85
EXTERNAL DEBT	373.50	279.71	376.18	1,029.39
Capital	78.58	139.42	56.44	274.44
Interest/Commissions	294.92	140.29	319.74	754.95
CENTRAL GOVERNMENT	373.50	279.71	376.18	1,029.39
Capital	78.58	139.42	56.43	274.44
Interest/Commissions	294.92	140.29	319.74	754.95
DESCENTRALIZED	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	0.00
Interest/Commissions	0.00	0.00	0.00	0.00
INTERNAL DEBT	73.36	71.28	69.72	214.36
Capital	32.50	71.25	69.70	173.45
Interest/Commissions	40.86	0.03	0.02	40.91
CENTRAL GOVERNMENT	73.36	71.28	69.72	214.36
Capital	32.50	71.25	69.70	173.45
Interest/Commissions	40.86	0.03	0.02	40.91
VARIOUS OBLIGATIONS	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	0.00
Interest/Commissions	0.00	0.00	0.00	0.00
TREASURY INSTRUMENTS	73.36	71.28	69.72	214.36
Capital	32.50	71.25	69.70	173.45
Price Premium	40.86	0.03	0.02	40.91
DESCENTRALIZED	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	0.00
Interest/Commissions	0.00	0.00	0.00	0.00

Source: MEF/ Public Financing Directorate.

Public Debt, Interest Rates, USDMM (As of March 2024)

Concept	Balance	Percentage
Interest Rates from 3% to 6%	23,956.27	48.13%
Interest Rates from 6% to 9%	20,925.42	42.04%
Concessional Interest Rates (below 3%)	3,936.61	7.91%
Interest Rates higher than 9%	951.42	1.92%
Total	49,769.72	100.00%

Source: MEF/ Public Financing Directorate.