



**Superintendencia**  
de Bancos de Panamá

## **Banking Activity Report**

**February 2025**

## Table of Contents

<b>A. Liquidity.....</b>	<b>4</b>
<b>B. Solvency .....</b>	<b>5</b>
<b>C. Balance sheet.....</b>	<b>6</b>
<b>D. Income Statemen.....</b>	<b>9</b>
<b>E. Profitability Indicators .....</b>	<b>11</b>
<b>F. Credit.....</b>	<b>12</b>
<b>G. Deposits.....</b>	<b>14</b>

## Executive Summary

As of the end of February 2025, Panama's banking system continues to demonstrate sound operational and financial performance, reflecting the institutions' ability to adapt and manage prudently, both within the International Banking Center (IBC) and the National Banking System (NBS). In recent months, local banks have maintained strong solvency and liquidity indicators, consistently exceeding regulatory minimums. Likewise, the credit portfolio—the sector's main asset—continues to show positive growth, with the consumer and commerce segments standing out for their resilient dynamism. In addition, the sustained increase in deposits strengthens the sector's funding base. Below is a brief summary in this regard:

**I. Liquidity and Solvency:** Banks have maintained an adequate liquidity position, as evidenced by an average legal liquidity ratio of 53.12% and full compliance with the Liquidity Coverage Ratio (LCR). Meanwhile, the Capital Adequacy Ratio (CAR) stood at 15.29%, well above the regulatory minimum of 8%, indicating a solid capacity to absorb financial shocks.

**II. Balance Sheet:** In the IBC, net assets reached USD 155,707 million, reflecting year-on-year growth of 4.1%. This increase was primarily driven by a 7.7% rise in the net loan portfolio, particularly in the external portion (+12.3%). Additionally, investments in securities grew by 5.3%, while liquid assets decreased by 10.3%, signaling a reallocation toward productive assets. Similarly, the NBS reported total assets of USD 139,553 million (5.09% growth), reflecting efficient and diversified resource management.

**III. Income Statement:** As of February 2025, the IBC reported net income of USD 464 million, down 24.4% from USD 614 million in 2024, mainly due to a 12.9% drop in other income and a 9.0% decline in net interest income. Notably, dividend income fell by 48.6%, attributed to the non-consolidation of revenues from regional subsidiaries.

**IV. Credit:** The local credit portfolio of the National Banking System reached USD 64,326 million at the end of February 2025, reflecting year-on-year growth of 5.1% (+USD 3,099.7 million). This increase was primarily driven by the dynamism in the Commerce (+8.1%) and Personal Consumption (+3.5%) segments, indicating higher demand for financing in key sectors, as well as a significant increase in credit to the Public Sector (+59.0%). Regarding credit quality, risk management has remained stable. The non-performing loan ratio stood at 2.23%, while the delinquency rate fell to 1.43% (down 0.20 percentage points year-on-year). Moreover, the provision coverage ratio reached 102.63%, demonstrating that, despite the growth in lending activity, institutions have maintained adequate levels of reserves to absorb potential asset quality deterioration.

**V. Deposits:** The IBC posted 2.9% growth in its deposit base, reaching USD 110,198 million, with external deposits—up 4.1% acting as a key component of the funding structure. In the NBS, total deposits amounted to USD 97,976 million (a 4.1% increase), driven by growth in individual deposits, reflecting public confidence in the system and diversified resource mobilization. The consolidation of these deposit bases is essential to mitigating risks associated with international volatility, particularly in a country without a central bank.

**VI. Conclusions:** The Panamanian financial system has continued to exhibit resilience and an overall strong position, underpinned by a solid and resilient structure that has enabled the IBC to preserve financial stability—even in the face of a challenging local and global macro-financial environment. For this reason, the SBP will continue to closely monitor how market liquidity and solvency respond to external conditions, with the goal of preserving financial system stability amid the current context.

## A. Liquidity

During February 2025, Panama's banking sector demonstrated a strong operational position, evidenced by an average liquidity ratio of 53.12%, exceeding the minimum regulatory requirements.

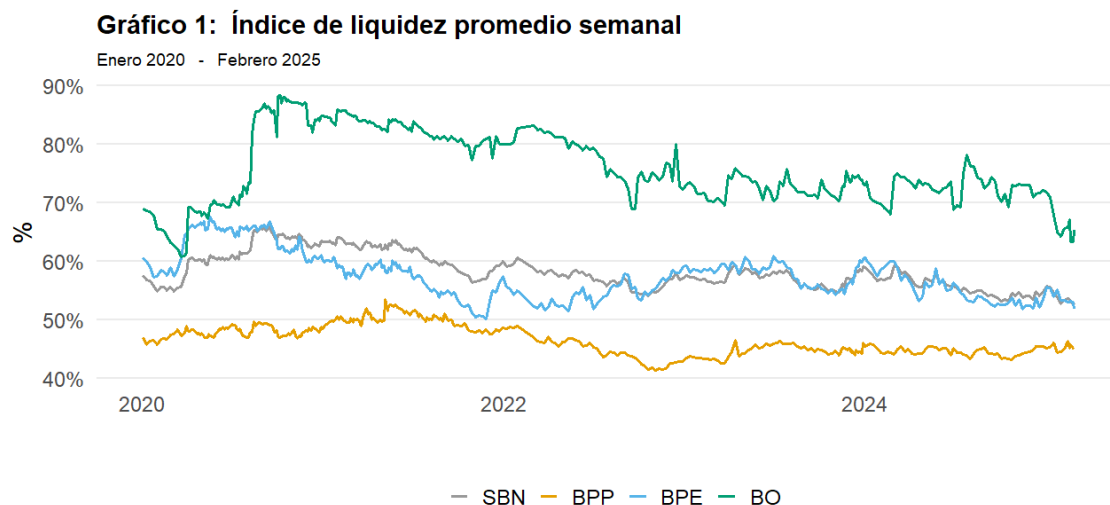
Banks in the system have historically maintained robust liquidity buffers, supported by steady access to both core and wholesale deposits, which remain key components of their funding structure. While wholesale deposits offer cost advantages, they also pose inherent volatility risks during periods of economic uncertainty, highlighting the need for a diversified and proactive liability management approach. The strength of retail deposits reduces exposure to the volatility associated with wholesale funding but requires banks to maintain strong customer relationships and careful management.

Entities operating within the International Banking Center (IBC) are subject to regulatory provisions aligned with Basel III standards. Specifically, the Liquidity Risk Indicator, designed to assess funding capacity under a 30-day stress scenario, shows that Panamanian banks maintain levels above the minimum requirements thanks to prudent management of asset and liability maturities, a diversified funding structure, and high asset quality. Furthermore, compliance with Basel III requirements provides the banking system with a robust capital structure, allowing not only effective short-term liquidity management but also mitigating the risk of structural imbalances amid global volatility.

Currently, the banking system comfortably meets the Liquidity Coverage Ratio (LCR) requirements, with an average level exceeding the regulatory threshold. This level of compliance reinforces the sector's capacity to withstand potential financial market tensions. Although interest rates have begun to decline, easing some funding cost pressures, banks must adjust their strategies to capitalize on this monetary easing environment in developed economies while maintaining prudent management to ensure healthy financial margins and adequate liquidity.

The system's resilience to potential external shocks will depend on its ability to maintain these liquidity buffers at optimal levels, ensuring operational sustainability and responsiveness over the medium and long term.

**Graph 1: Weekly Average Liquidity Ratio**  
January 2020 – February 2025



Fuente: Bancos de licencia general.

Source: General license banks.

## B. Solvency

The Capital Adequacy Ratio (CAR) of banks operating within Panama's International Banking Center (CBI) has maintained adequate solvency levels, consistently remaining above the regulatory minimum of 8%. The risk-adjusted CAR stood at 15.29% (see Graph 2), which comfortably exceeds the regulatory threshold and reflects a robust capacity to absorb financial shocks in a volatile economic environment. This level of capitalization provides a sufficient buffer to mitigate unexpected losses, thereby supporting the stability of the banking system.

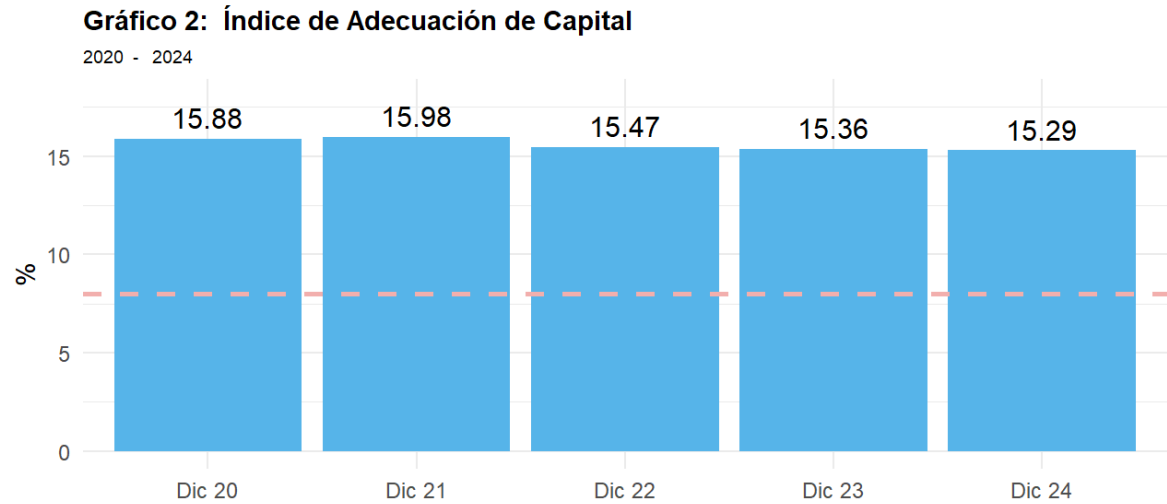
CAR's evolution in recent years has shown a stable trend, fluctuating within a narrow range (15.36% - 15.98%), indicating prudent capital management by CBI institutions. This stability is particularly significant in the face of global and domestic macroeconomic pressures, where maintaining adequate capital levels is crucial to preserving market confidence and financial resilience.

Looking ahead, proactive risk-weighted asset (RWA) management and the implementation of dynamic capitalization strategies will be essential to sustaining solvency in an uncertain environment. Additionally, CBI banks must remain vigilant to external risks, including changes in global macroeconomic conditions and financial market volatility. These factors could impact capital stability, particularly if adverse scenarios materialize within the local real economy. Continuous risk monitoring and the adoption of preventive measures will therefore be critical to ensuring the sustainability of capitalization levels and the solvency of the banking system in the medium and long term.

In conclusion, while CBI banks have demonstrated a strong ability to maintain adequate capital levels, the evolution of financial and macroeconomic risks will require active and prudent

management to safeguard system stability. The ability of institutions to adapt to regulatory and economic changes will be a key determinant of their future performance.

**Graph 2: Capital Adequacy Ratio  
2020 - 2024**



Fuente: Bancos de licencia general e internacional.

Source: General and international license banks.

**C. Balance Sheet**

At the end of February 2025, the International Banking Centre (IBC) recorded robust growth in its balance sheet structure, reaching total net assets of USD 155,707 million, representing a year-over-year expansion of USD 6,144 million or 4.1%. This growth is the result of a strategy aimed at optimizing returns on productive assets, supported by an efficient allocation of capital and prudent financial risk management, which has strengthened the solidity of its capital structure and improved its funding base.

**Table 1:** International Banking Center  
Balance Sheet  
(In millions of USD)

ACCOUNTS	2024	2024	Var. Feb 25 / Feb 24	
	February	February	Absolute	%
<b>NET LIQUID ASSETS</b>	<b>20,045</b>	<b>17,988</b>	<b>-2,057</b>	<b>-10.3%</b>
NET CREDIT PORTFOLIO	88,819	95,663	6,844	7.7%
Domestic	57,193	60,465	3,272	5.7%
Foreign	29,356	32,976	3,620	12.3%
NET INVESTMENTS IN SECURITIES	32,590	34,331	1,740	5.3%
OTHER ASSETS	8,109	7,726	-384	-4.7%
<b>TOTAL NET ASSETS</b>	<b>149,564</b>	<b>155,707</b>	<b>6,144</b>	<b>4.1%</b>
Deposits	107,064	110,198	3,134	2.9%
Domestic	66,798	68,272	1,474	2.2%
Foreign	40,266	41,926	1,660	4.1%
OBLIGATIONS	20,508	22,180	1,672	8.2%
OTHER LIABILITIES	4,264	4,549	285	6.7%
CAPITAL	17,727	18,780	1,053	5.9%
<b>LIABILITIES AND CAPITAL, TOTAL</b>	<b>149,564</b>	<b>155,707</b>	<b>6,144</b>	<b>4.1%</b>

Source: General and International License banks.

The main driver of this expansion was the net credit portfolio, which recorded a USD 6,844 million (7.7% year-over-year) increase totaling USD 95,663 million. Within this segment, the external credit portfolio recorded a remarkable growth of USD 3,658 million (12.3%), reaching USD 33,268 million, which represents a geographic diversification strategy in the placement of credit assets. Meanwhile, the domestic loan portfolio maintained solid growth of USD 3,186 million (5.4%), reaching USD 62,395 million, consolidating itself as the key structural component of the credit portfolio. However, greater exposure to external markets introduces additional regulatory and macroeconomic risks, which require continuous monitoring and appropriate mitigation strategies.

From the perspective of the balance sheet composition, net investments in securities grew by USD 1,740 million (5.3%), reaching USD 34,331 million, reflecting a capital allocation strategy focused on optimizing risk-adjusted returns. In contrast, net liquid assets decreased by USD 2,057 million (10.3%), reaching USD 17,998 million, which may indicate a reallocation of resources toward more productive assets. Nevertheless, this reduction in liquidity requires careful management to mitigate potential financial shocks and maintain a balanced risk profile in the current market environment.

In the liabilities segment, deposits continue to be the main source of funding for the CBI, reaching USD 110,198 million, with a USD 3,134 million (2.95%) year-over-year growth. Within this category, domestic deposits grew by USD 1,474 million (2.2%), while foreign deposits



expanded by USD 1,660 million (4.1%), demonstrating a diversified funding strategy. In line with the funding strategy, financial obligations increased by USD 1,672 million (8.2%), reaching USD 22,180 million, reflecting greater leverage through wholesale funding. This increase in financial liabilities could be the result of a cost-optimization strategy in an environment of continuously adjusting interest rates.

The equity of the CBI recorded a USD 1,053 million (5.9%) growth, reaching USD 18,780 million, slightly exceeding the total asset expansion rate (4.1%). This capital strengthening improves solvency indicators and reinforces the banking system's capacity to absorb adverse financial shocks, ensuring greater long-term stability. The strong equity position also reflects a prudent risk management policy, aligned with international regulatory standards and best practices in the financial sector.

From a macroeconomic perspective, the global environment continues to be characterized by a slowdown in economic growth and the possibility of monetary policy adjustments by the U.S. Federal Reserve (FED). These factors could generate pressures on funding costs, affect interest rate competitiveness, and present additional challenges for raising funds in international markets. Maintaining a flexible funding strategy and active risk management will be key to preserving stability and profitability in an environment of financial volatility and changing market conditions.

In general terms, CBI's performance in February 2025 reaffirms its capacity to efficiently manage its balance sheet, maintaining a focus on profitability without compromising financial stability. However, the ongoing assessment of the global outlook and the implementation of adjustment strategies will be fundamental to mitigating emerging risks and capitalizing on opportunities within an evolving market environment.

- **National Banking System**

Regarding the National Banking System (SBN), total assets reached USD 139,553 million in February 2025, representing an increase of USD 6,758 million or 5.09% compared to the same month of the previous year. This growth reflects a continued expansion in the asset structure, primarily driven by an increase in the net credit portfolio, which grew by 8.07% (USD 6,585 million), reaching USD 88,147 million. Within this, the external segment registered a significant increase of 15.20% (USD 3,398 million), while the domestic segment grew by 5.38% (USD 3,186 million), consolidating itself as the most relevant component of SBN's assets.

Meanwhile, net investments in securities grew by 6.66% (USD 1,834 million), reaching USD 29,387 million, while net liquid assets decreased by 9.01% (USD 1,443 million), standing at USD 14,581 million. This variation could reflect a strategy of maintaining liquidity in balance with allocation toward more productive and higher-yielding assets. Furthermore, other assets experienced a 2.83% decrease (USD 217 million), showing strategic adjustments in the composition of the balance sheet.

In general terms, this growth in total assets underscores an efficient management of SBN's resources, with a focus on expanding productive assets and diversifying income sources. However, it will be important to monitor the evolution of other assets, given their impact on the balance sheet structure and their possible relation to adjustments in the investment and funding strategy of the banking sector.

**Table 2:** National Banking System  
Balance Sheet  
(In millions of USD)

ACCOUNTS	2024 February	2025 February	Var. Feb. 25 / Feb. 24	
			Absolute	%
<b>NET LIQUID ASSETS</b>	<b>16,025</b>	<b>14,581</b>	<b>-1,443</b>	<b>-9.01%</b>
NET CREDIT PORTFOLIO	81,563	88,147	6,585	8.07%
Internal	59,209	62,396	3,186	5.38%
External	22,353	25,752	3,398	15.20%
INVESTMENTS IN NET ASSETS	27,553	29,387	1,834	6.66%
OTHER ASSETS	7,654	7,437	-217	-2.83%
<b>TOTAL NET ASSETS</b>	<b>132,794</b>	<b>139,553</b>	<b>6,758</b>	<b>5.09%</b>
Deposits	94,088	97,976	3,888	4.13%
Internal	66,689	68,098	1,409	2.11%
External	27,399	29,878	2,479	9.05%
OBLIGATIONS	20,412	21,802	1,389	6.81%
OTHER LIABILITIES	4,072	4,371	299	7.35%
CAPITAL	14,222	15,404	1,182	8.31%
<b>LIABILITIES AND CAPITAL, TOTAL</b>	<b>132,794</b>	<b>139,553</b>	<b>6,758</b>	<b>5.09%</b>

Source: General License banks.

#### D. Income Statement

##### ○ International Banking Center (IBC)

As of February 2025, the International Banking Center (IBC) recorded profits of USD 464 million, representing a year-over-year increase of 24.4% compared to the same period of 2024 (reaching at that time USD 614 million). This decline is primarily explained by a 12.9% drop in other incomes and a 9% reduction in net interest income. Dividend income fell 48.6%, from USD 269.3 million to USD 138.5 million. This decrease is due to the fact that revenue from regional subsidiaries under local consolidation was not recorded at the end of the reporting period.

From the brokerage perspective, despite a slight increase in interest income (2.4% year-over-year), operating expenses have increased more rapidly (10.0%), driven primarily by higher interest and commissions, which put pressure on brokerage margins. The 6.6% increase in interest paid reflects a still high-interest rate environment and competition for funding through renewals. These factors have resulted in a decrease in net interest income from USD 571 million to USD 520 million (–9.0%).

Earnings before provisions decreased 21.2% to USD 538 million. Meanwhile, bad debts (provisions created against impaired portfolios) increased by 7.7% (from 68 to 74), reflecting more cautious credit risk management and, overall, resulting in a profit for the period of USD 464 million.

In the medium and long term, optimizing the funding structure and diversifying sources of income will be key to sustaining profitability. Controlling general expenses and investing in technology (both to improve operational efficiency and to enhance cybersecurity) will continue to be crucial elements for the competitiveness and financial stability of the banking system. Likewise, a prudent provisioning policy is expected to continue strengthening the system’s risk profile in the face of potential asset quality deterioration.

**Table 3: National Banking System**  
Cumulative Income Statement  
(In millions of USD)

ACCOUNTS	2024	2025	Var. Jan 25 / Jan 24	
	February	February	Absolute	%
C. Net interest income	571.0	519.6	-51.4	-9.0%
D. Other income	596.2	519.3	-76.9	-12.9%
E. Operating income	1,167.2	1,038.9	-128.3	-11.0%
F. General Expenses	485.1	501.4	16.3	3.4%
G. Profit before provisions	682.1	537.5	-144.6	-21.2%
H. Bad debt	68.4	73.7	5.3	7.7%
<b>I. Profit for the period</b>	<b>613.7</b>	<b>463.8</b>	<b>-149.9</b>	<b>-24.4%</b>

Source: General License banks.

#### ○ National Banking System

At the closing of February 2025, the National Banking System (NBS) reported net profits of USD 413.4 million, marking a year-over-year decrease of 0.4% compared to the same month in 2024. This performance was affected by a -8.4% decline in net interest income (to USD 464.8 million), while other income rose by 11.5% (reaching USD 477 million).

General expenses increased by 0.7%, standing at USD 455.7 million—evidence of the pressure of operating costs associated with investments in technological transformation and cybersecurity, although with efficient management that mitigates major impacts.

A notable highlight is the evolution of pre-provision profits, which grew by 0.7% and amounted to USD 486.1 million, highlighting the system's ability to maintain operating profitability. On the other hand, bad debts (provisions) increased 7.9% to USD 72.7 million, reflecting a more preventive approach to credit risks in a volatile economic context.

Looking ahead, the NBS will need to deepen its diversification of income sources and strengthen asset quality indicators, while maintaining a digitalization strategy that enables agile responses to shift in the economic and regulatory landscape. Strengthening the cost structure and consolidating larger and better-capitalized players will also be key factors in preserving financial stability and competitiveness in a constantly evolving market. In summary, each institution's ability to adapt to a challenging environment, manage risks effectively, and capitalize on innovation-driven opportunities will be crucial for the banking sector's performance and resilience over the medium and long term.

**Table 4: National Banking System**  
Cumulative Income Statement  
(In millions of USD)

ACCOUNTS	2024	2025	Var. Feb 25 / Feb 24	
	February	February	Absolute	%
C. Net interest income	507.4	464.8	-42.6	-8.4%
D. Other income	427.9	477.0	49.1	11.5%
E. Operating income	935.2	941.8	6.5	0.7%
F. General Expenses	452.7	455.7	3.0	0.7%
G. Profit before provisions	482.6	486.1	3.5	0.7%
H. Bad debt	67.4	72.7	5.3	7.9%
<b>I. Profit for the period</b>	<b>415.2</b>	<b>413.4</b>	<b>-1.8</b>	<b>-0.4%</b>

Source: General License banks.

## E. Profitability indicators

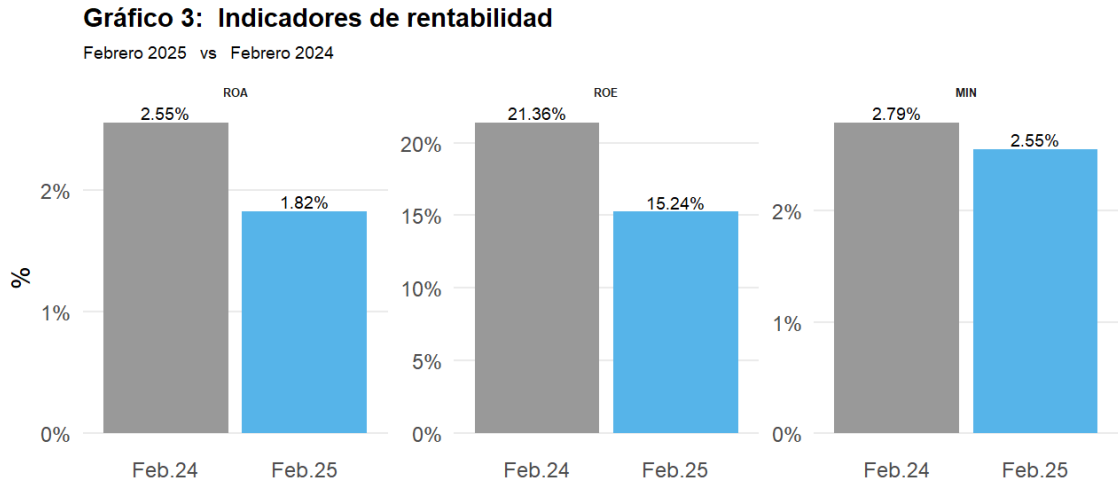
In terms of profitability indicators, a slight decline is observed across the main ratios, reflecting a tighter margin environment and persistently high funding costs. As of February 2025, the Return on Equity (ROE) stood at 15.24%, representing an interannual decrease of 6.12 percentage points compared to 21.36% of February 2024. Similarly, the Return on Assets (ROA) reached 1.82%, showing a slight contraction of 0.73 percentage points from the 2.55% recorded in the previous year.

The Net Interest Margin (NIM) also experienced a decline, standing at 2.55% in February 2025, down from 2.79% in the same month of 2024 a 0.24 percentage. This trend confirms the ongoing pressure on financial margins, stemming from factors such as competition in lending and deposit rates to retain depositors, the cost of funding in the face of customer migration to higher-yielding instruments, and the lag in asset repricing in a scenario of possible monetary

easing. These factors, taken together, expose vulnerabilities in the management of maturity mismatches and the elasticity of the deposit base.

Despite this performance, most entities have managed to maintain profitability levels aligned with adequate standards, relying on operational efficiencies and a partial diversification of non-interest income. However, the compression in the MIN suggests the possibility of optimizing asset and liability management, with an emphasis on mitigating the risk of rate and term mismatches. In an environment where depositors are more sensitive to market rates, it is critical to strengthen dynamic pricing strategies, prioritize business lines with resilient margins—such as corporate banking or transactional services—and accelerate the digitalization of channels to reduce costs. Going forward, supervision should assess not only financial soundness indicators but also the ability of entities to maintain sufficient operating margins in a prolonged scenario of restrictive monetary policies or a downward transition.

**Graph 3: Profitability Indicators**  
**February 2025 vs. February 2024**



Fuente: Bancos de licencia general e internacional.

Source: General and international license banks.

**F. Credit**

As of the end of February 2025, the gross domestic credit portfolio of the National Banking System reached a balance of USD 64,326 million, representing a 5.1% (or +USD 3,099.7 million) interannual increase. This growth is largely due to increased demand for financing from the commercial and personal consumption sectors, as well as an environment that has allowed banks to expand their credit offerings.

**Table 5: Domestic Credit - National Banking System**  
(In millions of USD)

Sector	2024 February	2025 February	Δ absolute USD	Δ relative %
<b>TOTAL</b>	<b>61,226</b>	<b>64,326</b>	<b>3,099.7</b>	<b>5.1%</b>
<b>Public sector</b>	<b>1,548</b>	<b>2,461</b>	<b>913.4</b>	<b>59.0%</b>
<b>Private sector</b>	<b>59,678</b>	<b>61,864</b>	<b>2,186.3</b>	<b>3.7%</b>
Financial and insurance act.	2,006	2,135	128.7	6.4%
Agriculture	497	597	99.8	20.1%
Livestock	1,301	1,298	-3.5	-0.3%
Fishing	115	83	-32.1	-27.9%
Mining and Quarrying	58	41	-16.3	-28.2%
Commerce	12,217	13,212	995.6	8.1%
Industry	3,942	4,107	165.5	4.2%
Mortgage	20,691	21,173	482.8	2.3%
Construction	4,997	4,877	-119.8	-2.4%
Personal Consumption	13,856	14,341	485.6	3.5%

Source: General License banks SBP data

This growth was primarily driven by the dynamism in the Commerce (+8.1%) and Personal Consumption (+3.5%) segments, reflecting improved demand in these key sectors of the credit portfolio. Likewise, lending to the Public Sector showed a notable increase of 59.0%, evidencing increased demand for financing from government entities.

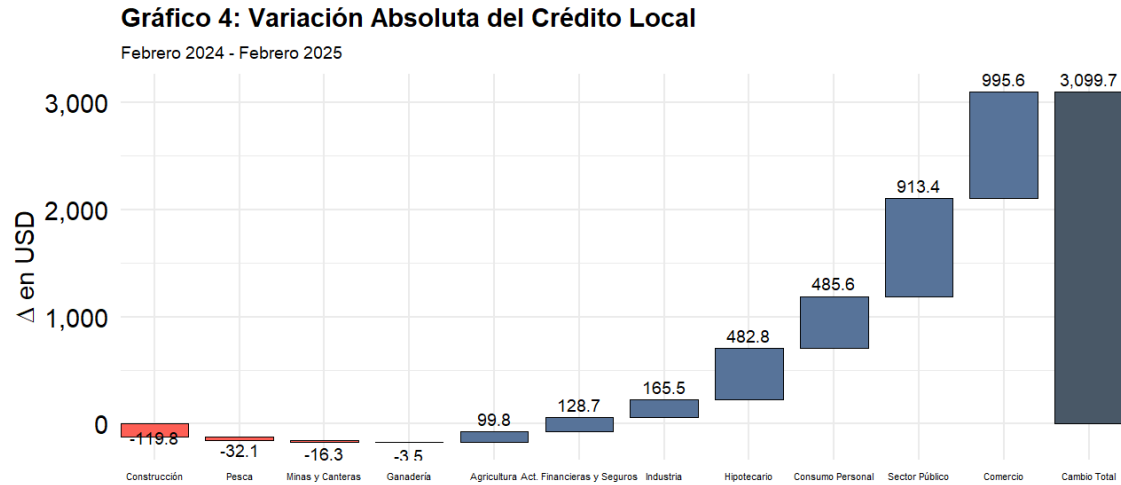
However, some sectors registered contractions. Fishing saw a 27.9% decrease (USD 32.1 million), affected by adverse weather conditions and structural limitations specific to the sector. Similarly, Mining and Quarrying fell 28.2% (USD 16.3 million), and Livestock fell 0.3% (USD 3.5 million). The Construction segment also showed a negative variation of 2.4% (USD 119.8 million), reflecting the persistent challenges in the reactivation of the real estate and infrastructure sectors.

This growth in the credit portfolio is due to a combination of factors, including gradual improvements in financing conditions, increased business confidence, and a macroeconomic environment that, although moderate, has provided room for expansion in lending activity.

In terms of new disbursements, the growth of new loans in Panama until February 2025 presents an expansion (+49% year-on-year), significantly led by the Public Entities segment (a year-on-year growth of +1,452%, which represents an increase of USD 672 million), which accounts for 79% of the total increase. This dynamism in the public sector contrasts with contractions in areas such as Construction (-23%), Industry (-9%), and Mortgage (-3%), suggesting a temporary reorientation of credit flows. On the other hand, smaller-scale but high-potential sectors—Agriculture (+104%) and Fisheries (+424%)—record significant progress, although their aggregate impact remains limited by their reduced initial base. In parallel, Personal Consumption (+29%) and Commerce (+23%) reflect resilience, supported by domestic demand.

In this context, it is important for financial institutions to strengthen their origination capabilities, optimize risk segmentation, and diversify their commercial strategy to safeguard the system's solvency and mitigate potential deterioration in asset quality in a global environment of high uncertainty.

**Graph 4: Absolute variation of domestic credit**  
**February 2024 vs. February 2025**



Fuente: SBP con datos de Bancos de licencia general.

Source: General License banks SBP data

As of February 2025, the past-due credit portfolio of the International Banking Center (IBC) stood at 2.18% of total loans, marking an improvement of 0.22 percentage points (p.p.) compared to the 2.40% reported in February 2024. At the same time, the delinquency rate declined to 1.51%, down by 0.34 p.p. from 1.85% in the previous year. These improvements contribute to stronger recovery capacity and more efficient management of non-performing loans. Meanwhile, the provision coverage ratio over past-due loans reached 104.15%, reflecting the system's solid capacity to absorb expected losses and reinforcing a preventive approach to risk management.

In the domestic component of the credit portfolio, delinquency indicators showed improvement, in line with the favorable trend previously noted for the IBC's total portfolio. The combined ratio of past-due and delinquent loans stood at 5.3% in February, down from 5.9% recorded in the same month of the previous year. As shown in Chart 5, during certain months of the analyzed period, this indicator exceeded 6%, highlighting a recent positive trend in asset quality. Furthermore, a higher proportion of credit default continues to be observed in loans extended to households compared to those directed to the corporate segment, reflecting structural differences inherent to the risk profile of each group.

### Graph 5: SBN portfolio's quality indicators

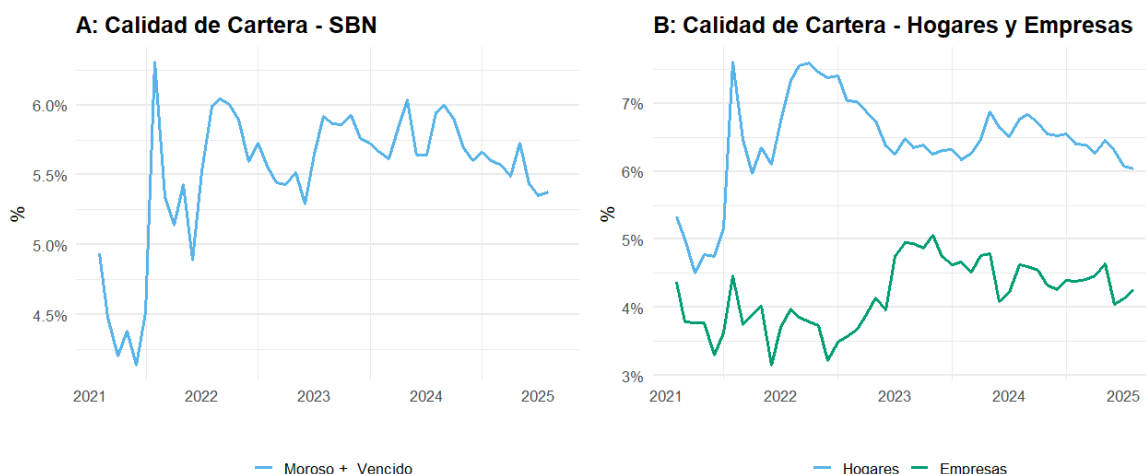
February 2021 vs. February 2025

A: Portfolio's quality – SBN

B: Portfolio's quality – Housing and Companies

### Gráfico 5: Indicadores de calidad de cartera del SBN

Febrero 2021 - Febrero 2025



Fuente: Bancos de licencia general.

Source: General License banks SBP data

Despite the lower economic dynamism recorded in 2024, the delinquent portfolio showed signs of improvement in payment performance. A relevant aspect is that less than 20% of delinquent loans migrate into the past-due category (i.e., with delays exceeding 90 days), indicating a certain level of resilience in debtor payment behavior. By economic activity, default ratios have remained within their historical averages, except for the construction sector, which has shown a significant increase in delinquency, attributed to specific events currently under monitoring.

This increase in coverage is aligned with the regulatory requirements established by the SBP, which promote the recognition of expected credit losses under a forward-looking approach, considering both macroeconomic scenarios and the full life cycle of loans. These positive results reflect the implementation of more robust risk management practices, the effective application of loan restructuring strategies, and the partial recovery of the payment capacity of some large clients, despite the less dynamic economic environment. However, significant risks persist in sectors with continued deterioration, which increases the vulnerability of the loan portfolio. To maintain credit quality over the medium term, it is essential to strengthen portfolio management in higher-risk sectors. A prudent approach in the corporate and household segments will be key to preserving the stability and soundness of the banking system, especially in a global context characterized by high economic uncertainty.

The economic environment and credit conditions will continue to be decisive in sustaining these positive trends. Consolidating responsible financing policies, along with rigorous oversight, will not only strengthen confidence in the financial system but also boost economic growth.



## G. Deposits

- **International Banking Center (IBC)**

Panama's International Banking Center (IBC) recorded a year-on-year growth of 2.9% in bank funding as of February 2025, reaching a total deposit balance of USD 110,198 million. This result was driven by two key components: on one hand, a 2.2% increase in domestic deposits (USD 68,271.8 million), mainly boosted by local individuals, which offset contractions in the official and banking segments; on the other hand, a stronger 4.1% increase in foreign deposits (USD 41,926.2 million), which accounted for 53% of the absolute growth (USD 1,659.9 million), reinforcing the IBC's position as a strategic regional liquidity hub for international players.

**Table 6:** International Banking Center  
Total Deposits  
(In millions of USD)

Accounts	2024	2025	Var. Feb 24 / Feb 23	
	February	February	Absolute	%
<b>TOTAL DEPOSITS</b>	<b>107,064.3</b>	<b>110,198.0</b>	<b>3,133.7</b>	<b>2.9%</b>
<b>Domestic</b>	<b>66,797.9</b>	<b>68,271.8</b>	<b>1,473.9</b>	<b>2.2%</b>
Government	15,517.0	13,177.4	-2,339.6	-15.1%
Customer	48,027.9	52,007.4	3,979.6	8.3%
Banks	3,253.0	3,087.0	-166.0	-5.1%
<b>Foreign</b>	<b>40,266.4</b>	<b>41,926.2</b>	<b>1,659.9</b>	<b>4.1%</b>
Government	339.8	292.6	-47.2	-13.9%
Customers	31,040.2	32,778.9	1,738.7	5.6%
Banks	8,886.4	8,854.8	-31.6	-0.4%

Source: General and International License banks.

At the domestic level, internal deposits recorded an increase of USD 1,473.9 million compared to the same month of the previous year. This increase breaks down into a 15.1% decrease in domestic official deposits, which stood at USD 13,177.4 million; an 8.3% increase in individual deposits, which reached USD 52,007.4 million; and a 5.1% contraction in deposits from local banks, totaling USD 3,087.0 million—reflecting a negative contribution to the overall variation in domestic deposits.

Foreign deposits at Panama's International Banking Center (IBC) reached USD 41,926.2 million in February 2025, accounting for 53% of the absolute increase in funding (USD 1,659.9 million). Foreign deposits contributed significantly to total growth, representing 53% of the absolute increase (USD 1,659.9 million). This performance was primarily driven by foreign individual deposits (+USD 1,738.7 million, +5.6%), with particularly strong growth in savings deposits (+8.1%) and demand deposits (+5.6%). This trend highlights the continued confidence of international investors in the IBC as a platform for geographic portfolio diversification, underscoring its strategic role in international liquidity management, especially for countries in the region. On the other hand, deposits from

foreign banks saw a slight decline of 0.4%, standing at USD 8,854.8 million. Despite this drop in the foreign banking segment, external deposits remain a key funding source for the IBC.

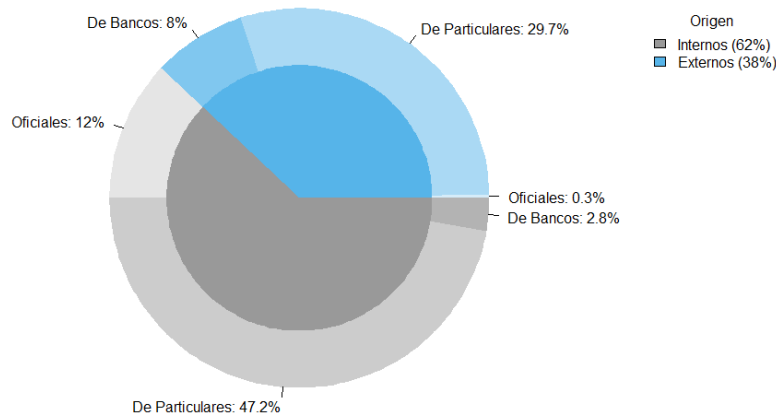
It is worth noting that the contribution of foreign deposits to the absolute increase in total deposits (USD 1,659.9 million, equivalent to 53% of total growth of USD 3,133.7 million) underscores the importance of this segment in the IBC's funding structure. These funds mainly come from interbank financing and credit lines granted by international financial institutions, highlighting the need to assess their sustainability and long-term dependence. This is particularly relevant in a country like Panama, which operates without a central bank. The above highlights the importance of maintaining a solid and diversified funding base, since the absence of monetary institutions increases the dependence on international capital flows as a support for the system's liquidity.

In this context, a reliable legal environment, backed by a stable regulatory framework and the careful adoption of new provisions, stands as a fundamental pillar to guarantee the sustained capture and retention of these flows, thus reinforcing stability and confidence in the financial system. The implementation of continuous monitoring, accompanied by policies that strengthen legal certainty and promote the diversification of external funding sources, will be decisive to mitigate risks associated with the volatility of international markets. In addition, these measures will help ensure the sustainability of the banking system in the medium and long term, allowing Panama to consolidate its position as a competitive and reliable financial center in a global environment characterized by high uncertainty and changing commercial and financial dynamics.

Summarizing, it is concluded that, at the end of February 2025, the composition of the Panama CBI deposits shows a solid basis of internal deposits, particularly individuals (USD 52,007.4 million), complemented by significant external deposits (USD 32,778.9 million in particular and USD 8,854.8 million banks). This profile reflects a level of confidence sustained in the banking system, while highlighting the relevance of maintaining balanced liabilities and adequate diversification of financing sources. Likewise, constant monitoring of the macroeconomic and regulatory environment is essential to identify the need for adjustments in the funding and risk management, with the aim of mitigating negative impacts and preserving the financial stability of the entities and the CBI.

**Graph 6: Total Deposits of the IBC**  
**February 2025**

**Gráfico 6: Total de depósitos del CBI**  
Febrero 2025



Source: General license banks.

- **National Banking System (NBS)**

Panama’s National Banking System (NBS) has demonstrated solid performance in February 2025, aligning with the positive trends observed in the International Banking Center (IBC). During this period, total deposit volume reached USD 97,976 million, reflecting a year-on-year growth of 4.1%. This increase underscores the sustained confidence in the Panamanian banking system despite challenging macroeconomic conditions in the region.

Domestic deposits grew by 2.1% year-on-year, reaching USD 68,098 million. This growth was primarily driven by an 8.3% increase in domestic individual deposits, which amounted to USD 52,007 million. However, domestic official deposits recorded a -15.1% decrease, totaling USD 13,177 million, while domestic bank deposits showed a contraction of -7.4%, reaching USD 2,913 million.

External deposits exhibited more dynamic growth, increasing by 9.0% year-over-year to reach USD 29,878 million. This performance was driven primarily by a 12.8% increase in deposits from external individuals, which totaled USD 21,272 million, and a 1.2% increase in deposits from foreign banks, which reached USD 8,371 million. However, external official deposits declined by -15.1%, amounting to USD 235 million, which may reflect an adjustment in the liquidity strategies of foreign official entities. Looking ahead, the stability and growth of the National Banking System (SBN) are expected to continue supporting the

credit position of Panama’s banking system, strengthening its role as a key player in the regional financial area. Nevertheless, ongoing monitoring of international capital flows and the risks associated with deposit concentration—both external and domestic—will be necessary to safeguard the system’s stability.

**Table 7: National Banking System**

Total Deposits  
(In millions of USD)

Accounts	2024	2025	Var. Feb. 25 / Feb 24	
	February	February	Absolute	%
<b>TOTAL DEPOSITS</b>	<b>94,088</b>	<b>97,976</b>	<b>3,888</b>	<b>4.1%</b>
<b>Domestic</b>	<b>66,689</b>	<b>68,098</b>	<b>1,409</b>	<b>2.1%</b>
Government	15,517	13,177	-2,340	-15.1%
Customers	48,028	52,007	3,980	8.3%
Banks	3,145	2,913	-231	-7.4%
<b>Foreign</b>	<b>27,399</b>	<b>29,878</b>	<b>2,479</b>	<b>9.0%</b>
Government	277	235	-42	-15.1%
Customer	18,852	21,272	2,420	12.8%
Banks	8,270	8,371	101	1.2%

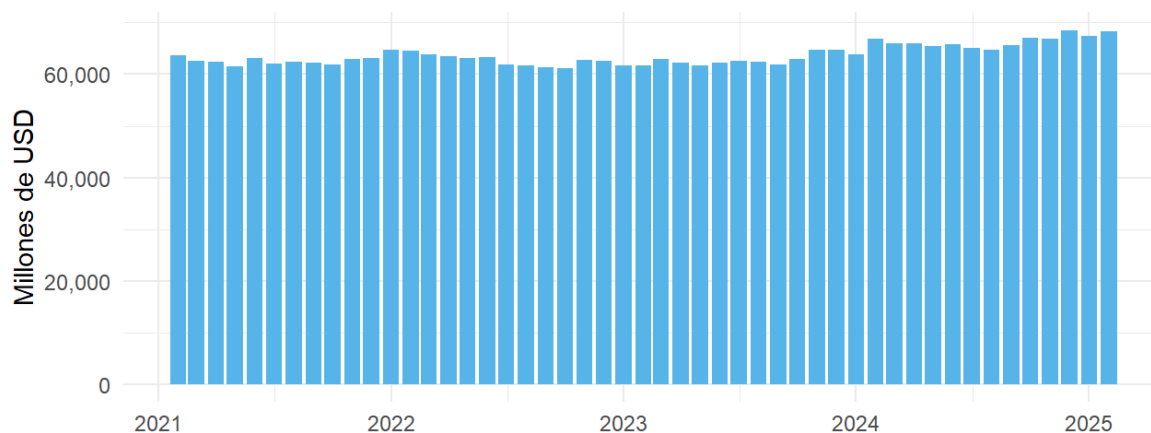
Source: General License banks.

**Graph 6** illustrates the evolution of the balance of domestic deposits over time, highlighting key trends and depositors’ behavior patterns. The base of individual deposits not only underscores trust in the National Banking System (NBS) but also plays a crucial role in the system’s liquidity. A broad and stable deposit base allows banks to more efficiently manage their short-term obligations and facilitate long-term investments.

**Graph 7: Total domestic Deposits**  
February 2021 – February 2025

**Gráfico 7: Total de depósitos internos**

Febrero 2021 - Febrero 2025



Fuente: Bancos de licencia general.

Source: General and International license banks.

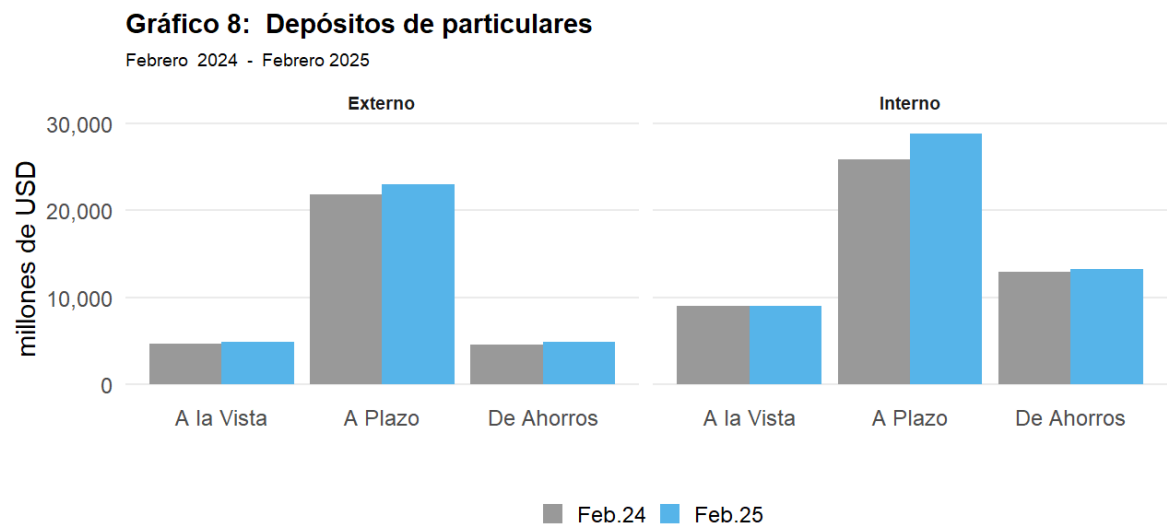
With greater deposit stability, financial institutions can better plan their growth and expansion strategies, as well as offer more attractive and diversified financial products to their customers. This high proportion of domestic deposits underscores residents' confidence in the national banking system and their willingness to keep their savings and financial resources within the country. Such confidence is a positive indicator of the public's perception of the NBS's soundness and stability.

As noted in previous reports, time deposits have consolidated as the main source of funding within the banking sector, posting year-over-year growth of 14.5% in the domestic segment and 5.1% in the external segment, positioning them as the primary source of stable funding. It is worth noting that these instruments entail a higher financial cost for the system, which could exert downward pressure on net interest margins if not managed with an active strategy that prioritizes timely credit placement in segments with adequate risk-adjusted returns. However, current renewal rates also present an opportunity to structure maturities through a laddered term scheme, thereby strengthening liquidity levels and building a funding base that anticipates scenarios of increased competition for resources. This approach would not only help mitigate refinancing risk by avoiding critical concentrations but also optimize the marginal cost of funding through dynamic rate management.

As for savings deposits, domestic and external segments increased by 2.56% and 8.1%, respectively, reflecting a diversification of low-risk funding sources. In contrast, domestic demand deposits remained unchanged, while external demand deposits grew by 5.6%, driven by international operational liquidity. A potential adjustment in international interest rates could slow the growth of time deposits and redirect flows toward more liquid instruments, highlighting the importance of monitoring deposit stability.

In general, Panama's banking system continues to benefit from depositors' confidence, supported by a diversified funding base. Moving forward, it will be important to closely monitor international capital flows and adjust deposit-taking strategies in a potentially shifting interest rate environment. This approach will be key to ensuring the system's medium- and long-term stability and competitiveness.

**Graph 8: Total domestic Deposits**  
**February 2024 – February 025**



Fuente: Bancos de licencia general e internacional.

Source: General and International license banks.



Superintendencia  
de Bancos de Panamá



[www.superbancos.gob.pa](http://www.superbancos.gob.pa)