Superintendencia de Bancos de Panamá

Banking Activity Report

March 2025

Table of Contents

Executive Summary

As of the end of March 2025, Panama's banking system continues to demonstrate sound operational and financial performance, reflecting the institutions' ability to adapt and prudential management. Financial strength metrics show that institutions have maintained liquidity and solvency indicators above regulatory minimums and have taken advantage of the dynamic credit portfolio to strengthen their funding base, despite an environment of tight financial margins and high funding costs.

I. Liquidity and Solvency: The statutory liquidity ratio stood at around 52.4%, while the Liquidity Coverage Ratio (LCR) remained above regulatory requirements, thanks to diversified maturity management and high asset quality. The Capital Adequacy Ratio (CAR) averaged 15.3%, almost double the regulatory minimum of 8%, demonstrating an adequate capital buffer capable of absorbing financial shocks and mitigating structural risks.

II. Balance Sheet: At the IBC, net assets amounted to USD 157,128.1 million (+5.5% year-on-year), driven by an expansion of the net credit portfolio of USD 8,582.2 million (+9.6%) and an investment portfolio that, after internal strengthening, reached USD 34,127.5 million. Net liquid assets adjusted slightly to USD 17,597.5 million (–1.1%) to prioritize financing the productive portfolio. In parallel, the SBN recorded net assets of USD 139,110.3 million (+5.3%), with a net credit portfolio that grew USD 6,496.7 million (+7.9%) and an increase of USD 874.8 million (+3.1%) in investments in securities, while liquid assets decreased marginally to USD 14,267.0 million (–0.2%).

III. Income Statement: In the first quarter, the IBC reported a net income of USD 682.5 million (–17.1%). At the SBN, quarterly net income reached USD 609.5 million (+2.5%), driven by a 3.6% increase in interest income, despite a 10.2% increase in operating expenses and a 6.3% decrease in the net interest margin.

IV. Credit: The SBN's gross domestic credit portfolio totaled USD 64.25 billion (+4.7%), with the Commerce (+5.5%) and Personal Consumption (+4.4%) segments standing out. The IBC's non-performing credit portfolio improved to 2.14% of the total, and delinquency fell to 1.64%, with provision coverage of 103.1%, maintaining preventive levels to support potential impairments.

V. Deposits: The IBC accumulated deposits of USD 111,189.8 million (+4.5%), with a 2.0% growth in domestic deposits and an 8.6% growth in foreign deposits, while the SBN reported USD 96,796.4 million (+3.7%), driven by an 8.2% increase in domestic retail deposits and a 7.9% increase in foreign deposits. This diversified funding base reinforces liquidity stability and mitigates refinancing risk.

VI. Conclusions: The Panamanian banking system demonstrates resilience and a solid financial position, with an appropriate balance between profitability, liquidity, and solvency, even in an environment of high volatility and geopolitical tensions. Maintaining dynamic maturity management, reinforcing liability diversification, optimizing operating margins, and strengthening the capacity to respond to potential adjustments in global monetary policy are critical factors for preserving the stability and competitiveness of the sector in the medium and long term. The SBP will continue to monitor the effects of the environment on market liquidity and solvency, in order to maintain the stability of the financial system in the current situation.

A. Liquidity

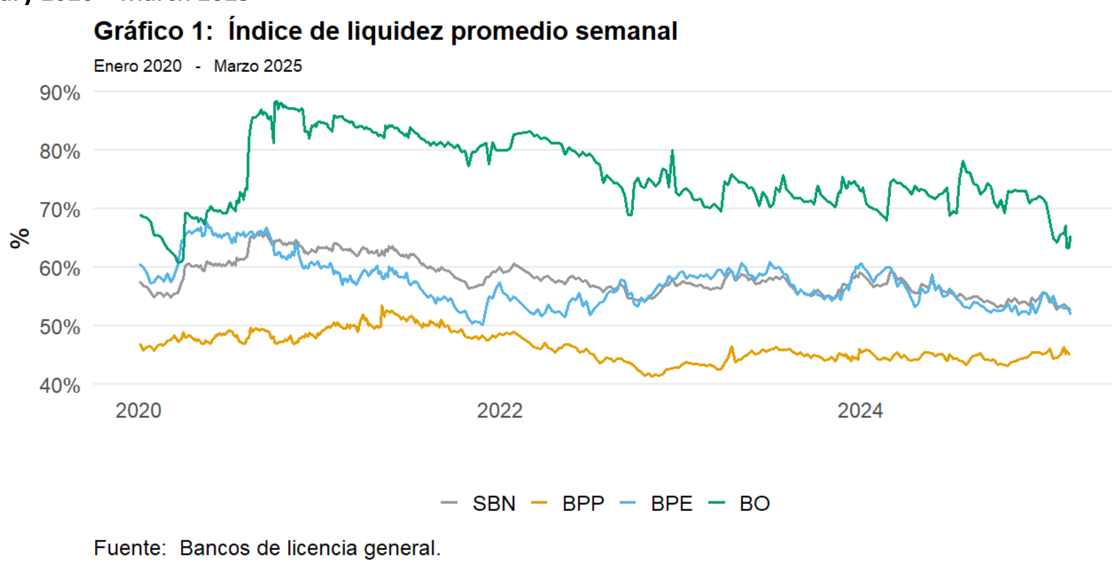
At the close of the first quarter of 2025, the Panamanian banking sector demonstrated a solid operating position, evidenced by an average liquidity ratio of 52.41%, a figure that exceeds the minimums established by regulation.

The system's banks have historically maintained robust liquidity buffers, supported by constant access to both core and wholesale deposits, which remain key components of their funding structure. Although wholesale deposits offer cost advantages, they also present inherent volatility risks in periods of economic uncertainty, highlighting the need for diversified and proactive liability management. The strength of retail deposits reduces exposure to the volatility typical of wholesale deposits but requires banks to maintain a strong relationship with their customer base and carefully manage them.

Currently, the banking system comfortably meets the Liquidity Coverage Ratio (LCR) requirements, with an average above the regulated level. This level of compliance strengthens the sector's ability to cope with potential financial market tensions. Although interest rates have begun to decline, alleviating some of the pressures on funding costs, it will be crucial for banks to adjust their strategies to capitalize on this environment of monetary easing in developed countries, maintaining prudent management that allows them 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 its operational sustainability and responsiveness in the medium and long term.

Graph 1: Weekly Average Liquidity Ratio
January 2020 – March 2025



Source: General license banks.

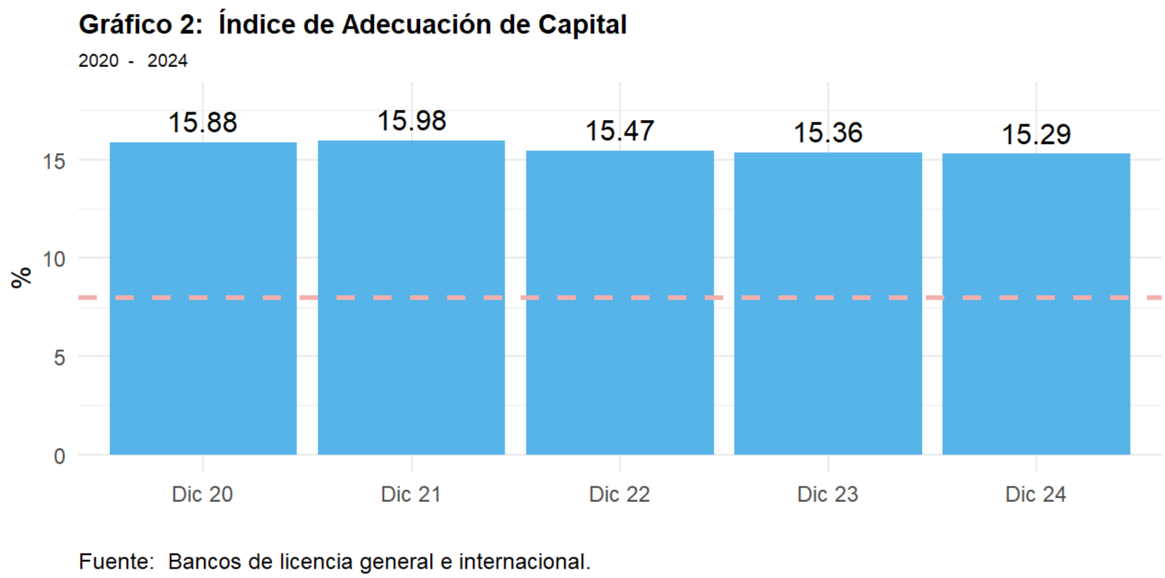
B. Solvency

The Capital Adequacy Ratio (CAR) of banks operating within Panama's International Banking Center (IBC) 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 IBC 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.

In conclusion, while IBC 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 - 2025



Source: General and international license banks.

C. Balance Sheet

- **International Banking Center**

At the end of March 2025, the International Banking Centre (IBC) recorded net assets of USD 157,128.1 million, equivalent to a year-over-year increase of USD 8,224.5 million (+5.52%). This growth reflects the continued strategy of increasing productive assets and comprehensive financial risk management, which has strengthened solvency and broadened the funding base.

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

ACCOUNTS	2024	2025	Var. Mar 25 / Mar 24	
	March	March	Absolute	%
NET LIQUID ASSETS	17,799.7	17,597.5	-202.3	-1.1%
NET CREDIT PORTFOLIO	89,064.5	97,646.7	8,582.2	9.6%
Domestic	59,362.0	62,324.6	2,962.6	5.0%
Foreign	29,702.5	35,322.1	5,619.6	18.9%
NET INVESTMENTS IN SECURITIES	33,863.5	34,127.5	263.9	0.8%
OTHER ASSETS	8,175.7	7,756.3	-419.4	-5.1%
TOTAL NET ASSETS	**148,903.6**	**157,128.1**	**8,224.5**	**5.5%**
Deposits	106,373.9	111,189.8	4,815.9	4.5%
Domestic	65,977.4	67,310.0	1,332.6	2.0%
Foreign	40,396.5	43,879.7	3,483.3	8.6%
OBLIGATIONS	20,397.4	22,415.5	2,018.0	9.9%
OTHER LIABILITIES	4,358.3	4,802.4	444.1	10.2%
CAPITAL	17,774.0	18,720.4	946.5	5.3%
LIABILITIES AND CAPITAL, TOTAL	**148,903.6**	**157,128.1**	**8,224.5**	**5.5%**

Source: General and International License banks.

In terms of liquidity, net liquid assets experienced a slight decline of -1.14%, reaching USD 17,597.5 million. This adjustment is due, in part, to the prioritization of resources toward the expansion of the credit portfolio and investment in higher-yielding assets, which has occurred without undermining regulatory liquidity thresholds.

The net credit portfolio emerged as the main catalyst for asset growth, registering an increase of USD 8,582.2 million (+9.6%), reaching USD 97,646.7 million. This performance was largely due to international dynamics: the foreign portfolio expanded by USD 5,619.6 million (+18.9%), reaching USD 35,322.1 million, demonstrating effective geographic diversification and the acquisition of corporate and wholesale segments. At the same time, the domestic portfolio showed solid growth of USD 2,962.6 million (+5.0%), reaching USD 62,324.6 million, supported by demand for commercial and consumer credit, which reinforces its structural stability and contributes to optimizing the portfolio's risk-return profile.

The net investment portfolio grew by USD 263.9 million (+0.8%), reaching USD 34,127.5 million at the end of the period. This performance was primarily due to strong investment momentum in local instruments, which increased by USD 1,234.8 million (+11.3%) to USD 12,155.4 million, resulting from a shift toward domestic fixed-income instruments. In contrast, the foreign portfolio experienced a 4.2% correction, reflecting adjustments in exposure to international markets in the face of more volatile interest rate conditions. Additionally, other assets decreased by USD 419.4 million (-5.1%) to USD 7,756.3 million, as part of a balance sheet optimization process aimed at improving capital efficiency and balance sheet liquidity.

On the liabilities side, deposits remained the primary source of funding, with a balance of USD 111,189.8 million, after growing by USD 4,815.9 million (+4.53%). Of this total, domestic deposits increased by USD 1,332.6 million (+2.02%) to USD 67,310.0 million, while foreign deposits expanded by USD 3,483.3 million (+8.62%) to USD 43,879.7 million. Financial obligations increased by USD 2,018.0 million (+9.89%) to USD 22,415.5 million, and other liabilities grew by USD 444.1 million (+10.19%) to USD 4,802.4 million, reflecting controlled leverage through wholesale funding and increasing counterparty diversification. This funding mix, with deposits as a pillar and a moderate increase in wholesale funds, has helped maintain solid liquidity metrics (legal liquidity and LCR within regulatory requirements) and mitigate refinancing risk, although the dynamism of wholesale funding will require monitoring in the face of potential cost pressures in market stress scenarios.

The March 2025 results confirm IBC's ability to balance profitability, liquidity, and solvency in an environment of high volatility and potential adjustments in global monetary policy. Maintaining dynamic maturity management, adequate liability diversification, and a robust capital buffer will be key to preserving institutional resilience and maximizing value for depositors and investors.

- **National Banking System**

At the close of the first quarter of 2025, the National Banking System (SBN) recorded total net assets of USD 139,110.3 million, implying a year-on-year growth of USD 7,062.9 million (+5.3%) compared to USD 132,047.4 million in March 2024. This progress was mainly based on the expansion of the net credit portfolio, which increased USD 6,496.7 million (+7.9%), totaling USD 88,307.6 million, thanks to a balanced performance between the domestic portfolio, which grew USD 2,963.1 million (+5.0%), and the external portfolio, which rose USD 3,533.6 million (+15.7%). Investments in net securities also contributed to the growth, increasing by USD 874.8 million (3.1%) to USD 29,043.4 million, while other assets decreased by USD 281.2 million (–3.6%) to USD 7,492.3 million. Meanwhile, net liquid assets registered a slight decline of 0.2%, reaching USD 14,267.0 million, reflecting a strategic liquidity readjustment toward higher-yielding assets.

On the liabilities side, deposits totaled USD 96,796.4 million, after growing to USD 3,431.7 million (3.7%) year-over-year, with an increase of 1.9% in domestic deposits (+USD 1,267.8 million) and 7.9% in foreign deposits (+USD 2,163.9 million). Financial obligations increased by USD 1,947.6 million (9.6%), to USD 22,221.5 million, while other liabilities grew by USD 465.6 million (11.2%), to USD 4,606.5 million. Equity strengthened by USD 1,217.9 million (8.5%), reaching USD 15,485.9 million.

Overall, this performance reflected efficient resource management and funding diversification, although the performance of global financial conditions requires constant monitoring to ensure a balanced and resilient balance sheet in the face of possible changes in market conditions.

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

ACCOUNTS	2024 March	2025 March	Var. Mar. 25 / Mar. 24	
			Absolute	%
NET LIQUID ASSETS	14,294.4	14,267.0	-27.4	-0.2%
NET CREDIT PORTFOLIO	81,810.9	88,307.6	6,496.7	7.9%
Domestic	59,362.0	62,325.1	2,963.1	5.0%
Foreign	22,448.9	25,982.5	3,533.6	15.7%
INVESTMENTS IN NET ASSETS	28,168.6	29,043.4	874.8	3.1%
OTHER ASSETS	7,773.5	7,492.3	-281.2	-3.6%
TOTAL NET ASSETS	**132,047.4**	**139,110.3**	**7,062.9**	**5.3%**
Deposits	93,364.7	96,796.4	3,431.7	3.7%
Domestic	65,868.6	67,136.4	1,267.8	1.9%
Foreign	27,496.2	29,660.1	2,163.9	7.9%
OBLIGATIONS	20,273.8	22,221.5	1,947.6	9.6%
OTHER LIABILITIES	4,140.9	4,606.5	465.6	11.2%
CAPITAL	14,267.9	15,485.9	1,217.9	8.5%
LIABILITIES AND CAPITAL, TOTAL	**132,047.4**	**139,110.3**	**7,062.9**	**5.3%**

Source: General License banks.

D. Income Statement

○ International Banking Center (IBC)

At the end of March 2025, the International Banking Centre (IBC) accumulated first-quarter profits of USD 682.5 million, representing a year-on-year contraction of 17.1% (–USD 140.9 million) compared to USD 823.3 million in January–March 2024. Interest income grew 2.6% to USD 2,216.9 million, driven by a 4.9% increase in income from loans (USD 1,699.0 million) and a 6.5% increase in the investment portfolio (USD 324.4 million), although deposit income decreased 18.5% to USD 175.5 million. However, higher funding costs increased interest paid by 6.6% to USD 1,277.8 million, and fees on liabilities grew by 38.1%, putting pressure on the net interest margin, which fell by 6.6% to USD 810.3 million.

Other operating income totaled USD 795.0 million, a 5.9% year-over-year drop, significantly impacted by the 35.8% drop in dividends (USD 205.9 million) and, to a lesser extent, by the decline in rentals and other items. In contrast, service fees grew by 19.3% to USD 360.8 million, and foreign exchange operations expanded by 39.5% to USD 5.8 million.

In terms of expenses, trading costs rose 8.8% to USD 1,406.6 million, in line with the increase in interest paid and commissions, while administrative and general expenses grew 4.2% and 8.8%, respectively, to USD 345.2 million and USD 260.6 million. Thus, profit before provisions stood at USD 812.9 million (–14.0%), and provisions for impaired loans increased 7.3% to USD 130.4 million, reflecting a preventive focus on covering expected losses.

Looking to the medium term, diversification of revenue sources, strict expense control, and continued strengthening of provisions will be crucial to preserving asset quality in the context of high interest rates and high market volatility. Likewise, periodic stress tests, maintaining Basel III liquidity ratios and robust operational and counterparty risk management will be important pillars to ensure financial soundness and the ability to maintain the resilience of the entities..

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

ACCOUNTS	2024 March	2025 March	Var. Mar 25 / Mar 24	
			Absolute	%
C. Net interest income	867.2	810.3	-56.9	-6.6%
D. Other income	844.5	795.0	-49.6	-5.9%
E. Operating income	1,711.7	1,605.2	-106.4	-6.2%
F. General Expenses	766.8	792.4	25.6	3.3%
G. Profit before provisions	944.9	812.9	-132.0	-14.0%
H. Bad debt	121.6	130.4	8.8	7.3%
I. Profit for the period	**823.3**	**682.5**	**-140.8**	**-17.1%**

Source: General License banks.

- **National Banking System**

At the end of March 2025, the National Banking System (SBN) recorded net profits of USD 609.5 million in the first quarter, equivalent to a 2.5% year-over-year increase (USD +14.7 million) compared to the USD 594.9 million obtained in January–March 2024. This result was supported by a 3.6% increase in interest income, which rose from USD 1,944.2 million to USD 2,014.6 million, driven primarily by a strengthening of the credit portfolio (+5.3%, to USD 1,577.0

million) and solid investment performance (+6.6%, to USD 286.9 million), despite a 15.8% drop in deposit income (USD 141.6 million).

Operating expenses amounted to USD 1,288.6 million, an increase of 10.2% (+USD 118.9 million), in line with the 7.7% rise in interest paid (to USD 1,166.2 million) and the notable 41.0% growth in service fees (USD 122.4 million). As a result, net interest income decreased 6.3% to USD 726.1 million.

In other operating income, NBS totaled USD 697.0 million, an increase of 6.7% (+USD 44.0 million), driven by a 20.4% increase in fees (USD 346.6 million) and a 46.1% increase in foreign exchange operations (USD 5.0 million), as well as a 12.2% increase in dividends (USD 202.2 million), while other income declined 21.1%. General expenses decreased 2.2% to USD 693.6 million, thanks to expense control that moderated increases in administrative expenses (+4.3%) and general expenses (+8.8%), in addition to a sharp 44.3% reduction in other expenses.

These dynamics allowed profit before provisions to rise 1.5% to USD 729.5 million. Provisions for impaired loans, reflected in bad debts, fell 2.9% to USD 120.0 million, strengthening preventive coverage against potential losses and leaving final net income at the aforementioned USD 609.5 million.

Looking ahead to the medium term, diversifying revenue sources, continuing to optimize the cost structure, and maintaining an adequate provisioning policy will be crucial to sustaining profitability.

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

ACCOUNTS	2024 March	2025 March	Var. Mar 25 / Mar 24 Absolute	%
C. Net interest income	774.5	726.1	-48.5	-6.3%
D. Other income	653.0	697.0	44.0	6.7%
E. Operating income	1,427.6	1,423.1	-4.5	-0.3%
F. General Expenses	709.2	693.6	-15.6	-2.2%
G. Profit before provisions	718.3	729.5	11.1	1.5%
H. Bad debt	123.5	120.0	-3.5	-2.9%
I. Profit for the period	**594.9**	**609.5**	**14.7**	**2.5%**

Source: General License banks.

E. Profitability indicators

Regarding profitability indicators, at the end of March 2025, a further contraction was recorded in the key ratios, reflecting an environment of increasingly tight financial margins and high funding costs. Return on Assets (ROA) stood at 1.78%, below the 2.26% observed in March 2024, representing a decrease of 0.48 percentage points. Similarly, Return on Equity (ROE) fell to 14.96% from 18.98% in the same month last year, a decrease of 4.02 percentage points. Net Interest Income (NII) also declined, standing at 2.60% compared to 2.80% in March 2024, a decrease of 0.20 percentage points.

Although most entities have managed to maintain acceptable profitability levels through operational efficiencies and partial diversification of non-interest income, the compression in net income underscores the need to optimize asset and liability management. It is critical to adopt dynamic pricing strategies, prioritize business lines with more resilient margins, such as corporate banking and transactional services, and accelerate the digitalization of channels to reduce operating costs.

F. Credit

As of March 31, 2025, the National Banking System's (SBN) gross domestic credit portfolio totaled USD 64,250 million, representing a year-over-year growth of 4.7% (USD 2.869 billion). This increase is primarily due to the dynamic demand for financing in the commercial and personal consumption sectors, consistent with the expansion of economic activity in the first half of the year, close to 5% year-over-year, according to the Monthly Economic Activity Index (IMAE).

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

Sector	2024 February	2025 February	Δ absolute USD	Δ relative %
TOTAL	**61,380**	**64,250**	**2,869**	**4.7%**
Public sector	**1,486**	**2,256**	**771**	**51.9%**
Private sector	**59,895**	**61,993**	**2,099**	**3.5%**
Financial and insurance act.	1,883	2,089	206	10.9%
Agriculture	534	593	59	11.0%
Livestock	1,303	1,289	-13	-1.0%
Fishing	104	84	-20	-19.7%
Mining and Quarrying	40	42	2	4.0%
Commerce	12,574	13,267	693	5.5%
Industry	4,027	4,196	169	4.2%
Mortgage	20,736	21,223	487	2.4%
Construction	4,895	4,811	-84	-1.7%
Personal Consumption	13,799	14,400	601	4.4%

Source: General License banks SBP data

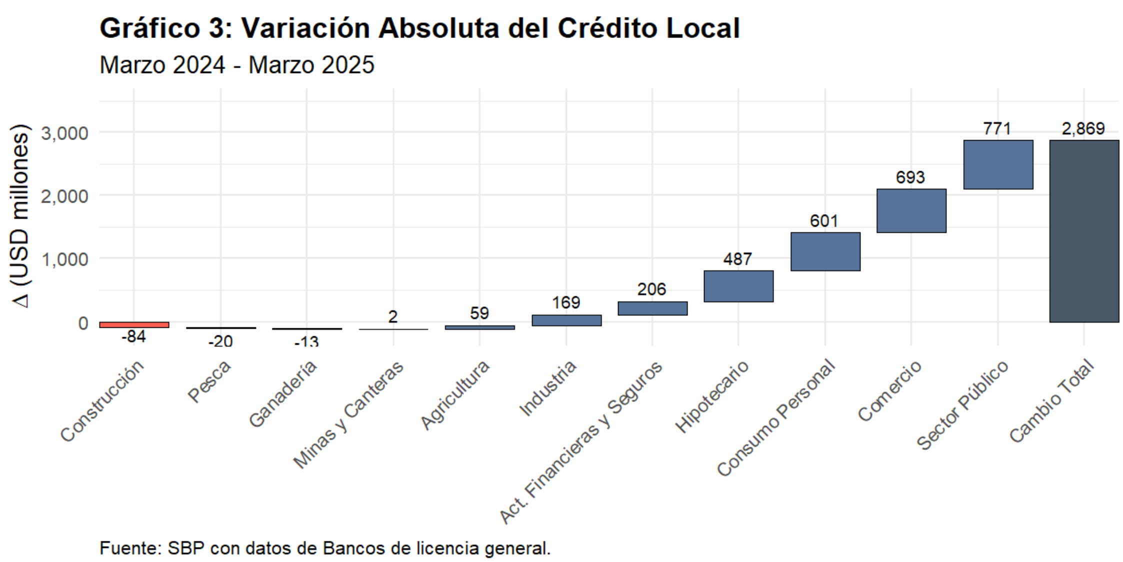
This growth was primarily driven by the dynamism in Commerce (+5.5%) and Personal Consumption (+4.4%), as well as notable advances in Agriculture (+11.0%) and Financial Activities and Insurance (+10.9%).

In the mortgage section, the portfolio reached USD 21.223 billion at the end of March 2025, a year-over-year increase of 2.3% (USD 487 million) from USD 20.736 billion in March 2024. The non-residential segment remained virtually stable, with a 0.3% growth to USD 2.499 billion. Meanwhile, residential credit advanced 2.6% to USD 18.724 billion, compared to the 5.2% recorded a year earlier, reflecting a moderation in housing demand. Within this segment, the prime portfolio led the advance, rising 4.9% to USD 9.408 billion, while the non-prime component grew 0.5% to USD 9.316 billion.

It is worth noting that the banking system has adopted a proactive stance in managing its terms and conditions, materializing in the restructuring of approximately USD 1.639 billion in mortgage loan balances over the last two years. Thanks to adjustments in terms, grace periods, and customized payment schemes, the risk of portfolio deterioration has been mitigated, while preserving borrowers' financial capacity.

However, some sectors experienced significant contractions: Fishing decreased 19.7% (USD 20 million) due to adverse weather conditions and limitations in the export market; Livestock fell 1.0% (USD 13 million), and Construction fell 1.7% (USD 84 million), highlighting the challenges still present in the reactivation of the real estate and infrastructure sectors.

Graph 3: Absolute variation of domestic credit
March 2024 - March 2025



Source: General License banks SBP data

At the end of March 2025, new credit disbursements in Panama totaled USD 6,147 million, representing a year-over-year increase of USD 410 million (+7%) compared to the USD 5,737 million recorded in the same period of 2024. This increase was driven by demand in the corporate and mortgage segments and supported by a macroeconomic environment that has been showing signs of improvement despite the more challenging external environment.

Although the performance of the credit balance has been favorable so far, the rise in risk premiums and long-term external interest rates will likely lead to a downward adjustment in portfolio performance, something that has already begun to manifest in the disbursement of new loans.

Faced with this scenario, financial institutions must strengthen their loan origination processes, refine their risk segmentation models, and diversify their commercial channels, with the aim of preserving the system's solvency and reducing exposure to potential asset impairments in a global environment characterized by high uncertainty.

As of March 31, 2025, the IBC's non-performing loans accounted for 2.14% of the total, improving 0.22 percentage points compared to 2.36% in March 2024. Non-performing loans fell to 1.64%, a 0.27 percentage drop from 1.91% year-over-year, reflecting more robust recovery processes and more rigorous monitoring of at-risk loans. Meanwhile, provision coverage for non-performing loans reached 103.14% (105.49% a year ago), maintaining a comfortable cushion to absorb expected losses and reinforcing a preventive approach to risk management.

Regarding economic activity, default rates have remained within their historical averages, with the exception of the construction sector, which registered a significant increase in delinquency, attributed to specific events that are currently being monitored.

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 credit portfolio. To maintain credit quality over the medium term, it is essential to strengthen portfolio management in higher-risk sectors. A prudent approach to 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 macroeconomic environment and credit conditions will continue to be key factors in maintaining these positive dynamics. Prudent credit risk management, including the implementation of responsible lending policies, stronger rating parameters, and adequate provisions, will strengthen the financial system's resilience to potential portfolio deteriorations. At the same time, rigorous supervision, based on adverse scenario analysis and periodic stress tests, will strengthen investor and depositor confidence. This comprehensive approach will not only protect the quality of banking assets but also create a stable framework that fosters sustainable economic growth in a global environment marked by increased external uncertainty

G. Deposits

- **International Banking Center (IBC)**

At the end of March 2025, Panama's International Banking Center (IBC) recorded a deposit balance of USD 111,189.8 million, equivalent to a year-over-year change of +4.5% (+USD 4,815.9 million). This increase was due, on the one hand, to a +2.0% growth in domestic deposits, which rose from USD 65,977.4 million to USD 67,310.0 million (+USD 1,332.6 million), driven by robust deposit collection in the domestic retail segment and efficient short-term rollover; and, on the other hand, to an +8.6% increase in foreign deposits, which climbed from USD 40,396.5 million to USD 43,879.7 million (+USD 3,483.3 million), contributing approximately 72.3% of total liability growth.

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

Accounts	2024 March	2025 March	Var. Mar 25 / Mar 24 Absolute	%
TOTAL DEPOSITS	**106,373.9**	**111,189.8**	**4,815.88**	**4.5%**
Domestic	**65,977.4**	**67,310.0**	**1,332.60**	**2.0%**
Government	14,655.0	11,915.5	-2,739.52	-18.7%
Customer	48,298.6	52,272.6	3,974.03	8.2%
Banks	3,023.9	3,122.0	98.09	3.2%
Foreign	**40,396.5**	**43,879.7**	**3,483.28**	**8.6%**
Government	303.1	272.8	-30.37	-10.0%
Customers	30,974.2	34,626.6	3,652.34	11.8%
Banks	9,119.1	8,980.4	-138.70	-1.5%

Source: General and International License banks.

At the domestic level, internal deposits totaled USD 67,310.0 million, reflecting a year-over-year increase of USD 1,332.6 million (2.0%) compared to USD 65,977.4 million in March 2024. This growth was due to the differentiated performance of its subcomponents: domestic official deposits contracted 18.7%, to USD 11,915.5 million (–USD 2,739.5 million), while local individual deposits increased 8.2%, reaching USD 52,272.6 million (+USD 3,974.0 million). Additionally, the balance of local banks experienced a rebound of 3.2%, to USD 3,122.0 million (+USD 98.1 million), contributing more modestly to the overall performance.

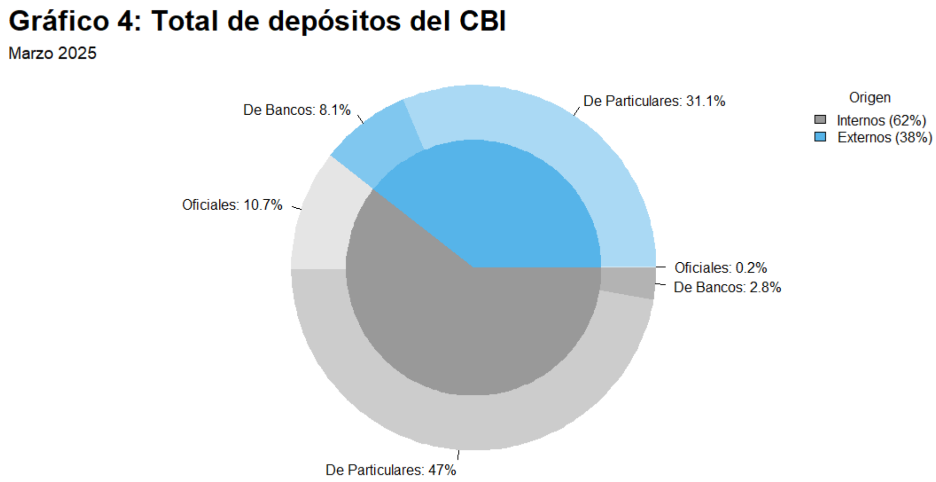
Panama's IBC foreign deposits reached USD 43,879.7 million in March 2025, representing a year-over-year increase of USD 3,483.3 million (8.6%). This segment accounted for approximately 72% of total deposit growth, driven primarily by deposits from foreign individuals, which totaled USD 34,626.6 million after increasing 11.8% (+USD 3,652.3 million). In contrast, deposits from foreign banks decreased 1.5% (–USD 138.7 million), to USD 8,980.4 million, and foreign official deposits decreased 10.0% (–USD 30.4 million), to USD 272.8 million.

The heavy dependence on external flows, which represent 38% of total deposits, underscores the need to diversify funding sources and maintain continuous monitoring of interbank credit lines and the conditions for accessing international financing. In a volatile global environment without its own central bank, the sustainability of these liabilities becomes especially important for the stability of the Panamanian banking system.

Given this scenario, it is essential to have a comprehensive legal and regulatory framework that guarantees the acquisition of long-term resources. The adoption of policies aimed at consolidating legal certainty, actively diversifying sources of external funding, and strengthening preventive supervision mechanisms is essential to mitigate the risks associated with international market volatility.

In summary, at the end of March 2025, Panama's IBC presents a solid base of domestic deposits, led by local individuals (USD 52,272.6 million), complemented by a significant volume of foreign deposits (USD 34,626.6 million from individuals and USD 8,980.4 million from banks). This liability profile requires balanced management, and a diversification strategy aimed at preserving the confidence of clients and investors, as well as strengthening the resilience and financial stability of the banking center in the medium and long term.

Graph 4: Total Deposits of the IBC
March 2025



Source: General license banks.

- **National Banking System (NBS)**

As of the end of March 2025, the National Banking System (NBS) of Panama recorded a deposit balance of USD 96,796 million, reflecting a year-over-year growth of 3.7% (USD 3,432 million). This result aligns with the positive performance observed in the International Banking Center (IBC) and highlights continued confidence in the Panamanian banking system, despite a regional environment characterized by macroeconomic challenges.

Domestic deposits totaled USD 67,136 million, following an increase of USD 1,268 million (1.9%) compared to March 2024. This growth was largely driven by individual deposits, which rose 8.2% to USD 52,273 million (USD +3,974 million). Meanwhile, domestic official deposits contracted 18.7%, to USD 11,915 million (–USD 2,740 million), while local bank deposits posted a slight uptick of 1.1%, reaching USD 2,948 million (USD +33 million).

In the external segment, deposits amounted to USD 29,660 million, representing year-over-year growth of USD 2,164 million (7.9%). This dynamism was mainly driven by a 12.2% increase in foreign individual deposits, which totaled USD 20,940 million (USD +2,280 million). In contrast, foreign bank deposits declined 1.0%, to USD 8,505 million (–USD 87 million), and external official deposits dropped 12.1%, to USD 215 million (–USD 30 million).

The concentration of external flows—now accounting for 30.6% of total deposits—underscores the importance of diversifying funding sources and maintaining continuous monitoring of international financing conditions. In a country without its own central bank, the sustainability of these liabilities is particularly relevant for systemic stability. In this context, it is essential to have a strong legal and regulatory framework that reinforces legal certainty and promotes policies for funding diversification, as well as preventive supervisory mechanisms that help mitigate risks associated with international market volatility and preserve the financial strength of the NBS over the medium and long term.

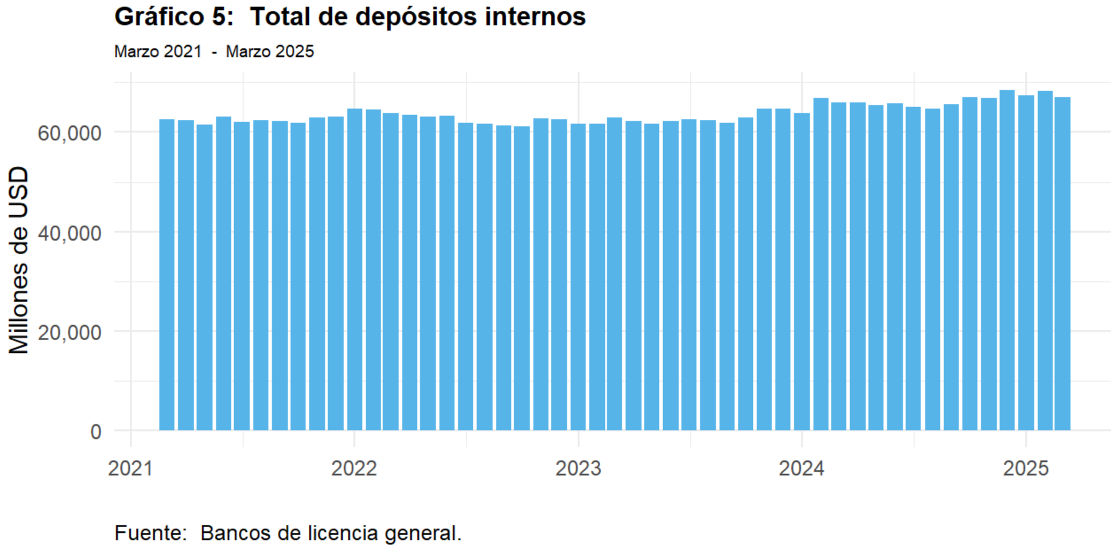
Table 7: National Banking System
Total Deposits
(In millions of USD)

Accounts	2024 March	2025 March	Var. Feb. 25 / Feb 24 Absolute	%
TOTAL DEPOSITS	**93,365**	**96,796**	**3,432**	**3.7%**
Domestic	**65,869**	**67,136**	**1,268**	**1.9%**
Government	14,655	11,915	-2,740	-18.7%
Customers	48,299	52,273	3,974	8.2%
Banks	2,915	2,948	33	1.1%
Foreign	**27,496**	**29,660**	**2,164**	**7.9%**
Government	245	215	-30	-12.1%
Customer	18,660	20,940	2,280	12.2%
Banks	8,592	8,505	-87	-1.0%

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 5: Total domestic Deposits
March 2021 – March 2025



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.

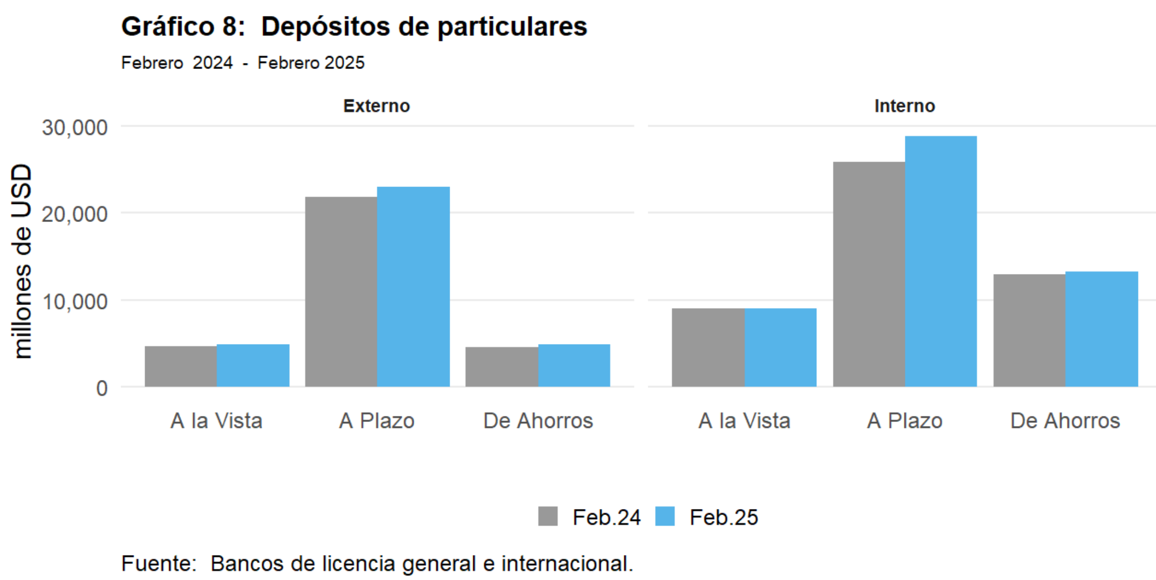
As noted in previous reports, time deposits have become the main driver of deposit growth in the banking sector, recording year-over-year growth of 9.6% in the domestic segment (from USD 13,615.5 million in March 2024 to USD 14,925.6 million in March 2025) and 13.6% in the external segment (from USD 26,459.4 million to USD 30,059.5 million). These instruments contribute to funding stability but also entail a higher financial cost, which may exert downward pressure on net interest margins if not combined with an active strategy that channels resources into timely credit placements and risk-adjusted profitable segments. At the same time, current renewal rates provide an opportunity to stagger maturities and configure a term profile that strengthens liquidity and minimizes concentration risk, thereby optimizing the marginal cost of funding through dynamic interest rate management.

As for demand deposits, the domestic segment grew 15.8%, rising from USD 2,632.4 million to USD 3,048.1 million, while the external segment increased 2.5%, from USD 8,908.1 million to USD 9,130.7 million, reflecting demand for operational liquidity. Meanwhile, domestic savings deposits rose 23.0%, reaching USD 2,966.1 million (up from USD 2,411.8 million), and external savings deposits grew 1.2%, to USD 13,082.3 million (from USD 12,931.1 million), showing a gradual diversification of low-cost, low-risk funding sources.

This composition of term, demand, and savings deposits underscores the importance of continuously monitoring the maturity structure and market conditions—especially in light of potential adjustments to international rates that could slow time deposit growth and shift flows toward liquid instruments.

A proactive management approach that leverages staggered maturities and promotes deposit diversification will help mitigate refinancing risk, sustain adequate liquidity levels, and reinforce the financial stability of Panama's banking system.

Graph 6: Customer Deposits
February 2024 – February 025



Source: General and International license banks.

Panama's International Banking Center maintains the confidence of its depositors thanks to an increasingly diversified funding structure. The current liability profile combines low-cost funds with exposure to international interest rates, which requires active maturity management to optimize the marginal cost of funding and mitigate concentration and liquidity risks. Looking ahead, it will be important to rigorously monitor international capital flows and adjust fundraising strategies in the face of potential interest rate fluctuations. This proactive approach will be crucial to preserving the strength, stability, and competitiveness of the banking sector in the medium and long term.

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