Banking Activity Report

June 2022

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Executive Summary

At the end of the first half of 2022, the International Banking Center (IBC) continued to show high liquidity and solvency ratios. The intermediation levels of the group of banks increased, which has allowed an improvement in profitability.

At the end of the month, the liquidity of the Banking System reached 57.9%, which easily exceeds the regulatory minimums. The banks that make up the IBC have strong funding, consisting of deposits, which gives great stability to their source of financing. Historically, funding diversification, deposit stability, and efficient use of hedging have contributed to mitigating liquidity risk. Regarding solvency ratios, the capital adequacy ratio on risk-weighted assets was 15.46% at the end of the 1Q2022 (the most recent data available). Currently, all banks running operations satisfactorily comply with the new bank capital regulatory standards.

The assets of the International Banking Center as of June 2022 totaled USD 137.30 billion, an USD 8.33 billion rise versus June 2021, a year-on-year increase of 6.5%, which was the result of growths in the net loan portfolio (12.3%) and the securities portfolio (13.8%) that keeps growing but at a slower pace. On the liquid assets' side, although they fell short (-15.8%), the banking system has high-quality instruments fully available to face stressed financial market conditions.

The banks' total loan portfolio continued with positive figures and recorded an increase in its nominal value, reporting a hike of USD 8.77 billion or a 12.3% growth annually. In this context, the portfolio reached USD 79.91 billion. The sustained increase in the loan portfolio responds to the boost given by entities to the placement of productive loans and preferential interest rate mortgages. On the performance of the external loan portfolio, it increased by 34.8%.

The domestic loan portfolio to June 2022 recorded a total of USD 56.59 billion, a USD 2.37 billion or 4.4% increase. At the sector level, the loan performance has had a significant improvement compared to that of June 2021. Regarding new domestic loans granted during the first half of 2022, it reached 57.4% higher than that of June 2021, but loans still are under the influence of a comparison base effect.

Most recently, banking assets quality has improved, driven by the economic recovery, the elevated level of collateral protecting banks' portfolios, and their provisioning levels. Nonperforming loans were at levels like pre-pandemic ones at the end of the first half. This would be consistent with the debtors' strong payment culture, with which banks have traditionally had a history of low nonperforming assets and loan losses. However, it is foreseeable that at the removal of the financial relief program, the nonperforming loans ratios will weaken, but we expect them to remain manageable. As of June 2022, the National Banking System (NBS) recorded a delinquency ratio of 4.4%, of which 1.7% represents loans with arrears of 30+ days and 2.7% for loans with arrears of over 90+ days.

The modified [loan] portfolio as of June 2022 totaled USD 4.72 billion. The issuance of prudential regulations encouraged banks to reach agreements with their clients, with which, as of the second half of the year, there is an important shifting towards the unmodified [loan] portfolio. This represented USD 9 billion or 68% less than that of June 2021.

At the end of the first half of 2022, the banks that make up the IBC obtained profits for USD 946.6 million, which is equivalent to a USD 340 million increase and a growth of over 56% compared to the first half of 2021 (January to June), which shows a boost in profits obtained by banks, however, this is still asymmetrical. The lower deterioration and performance of the loan portfolio income explains the drifting of credit institutions profits. Portfolio income benefitted by the better performance of a great share of margins, the extraordinary income by a banking group, and the lower provisioning expenses. It is noteworthy to explain that margin increase is in part because of consumer loans, which are more onerous, increasingly have a greater weighting in the balance sheet of entities, and the greater share of available deposits, whose cost is cheaper.

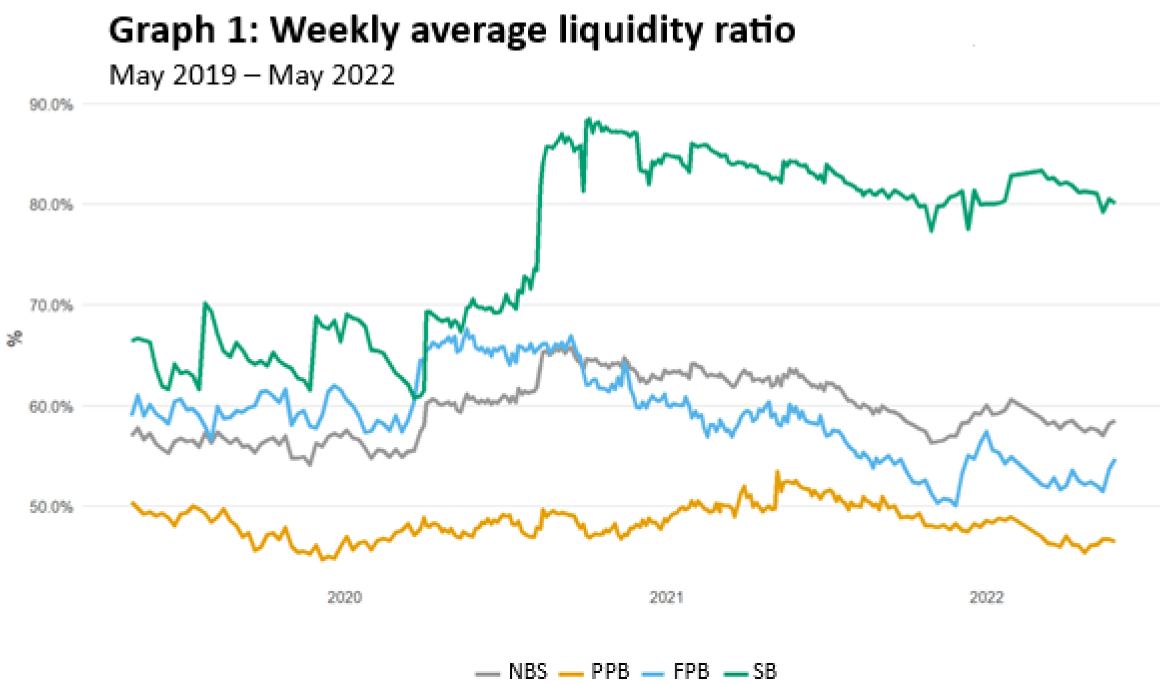
As of June 2022, the deposits of the International Banking Center increased by 3.7% versus June 2021. This difference responds to increases in both domestic and external deposits. Notably, deposits account for a greater share of funding for the entire system and finance its loan operations, which results in low dependence on funding market debt issuances. The high participation of depositors in bank funding represents a stable source of financing that has allowed the expansion of long-term loans under favorable financing conditions, both for households and companies, with limited risks.

Bottom line, the Panamanian financial system has continued to show resilience and an overall solid position. However, given the impairment of the domestic and global macro financial context (due to increasing inflationary pressures and geopolitical tension) and the exhaustion of financial relief measures, they could imply prospective impairment risks in credit quality. We expect that loan losses and nonperforming assets will increase as the financial relief programs end. Currently, the SBP closely follows these ratios and their evolution.

A. Liquidity

As of June 2022, the liquidity of the Banking System reached 57.9%, which easily exceeds the regulatory minimums. The domestic banking system has recorded a more well-heeled liquidity position since March 2020 (**see Graph 1**), because of the accumulation of short-term assets in a high uncertainty context, which responds to the comprehensive strategy of caring for the quality of assets, provisioning, and expanding liquidity, guided by prudential principles promoted by the Superintendency.

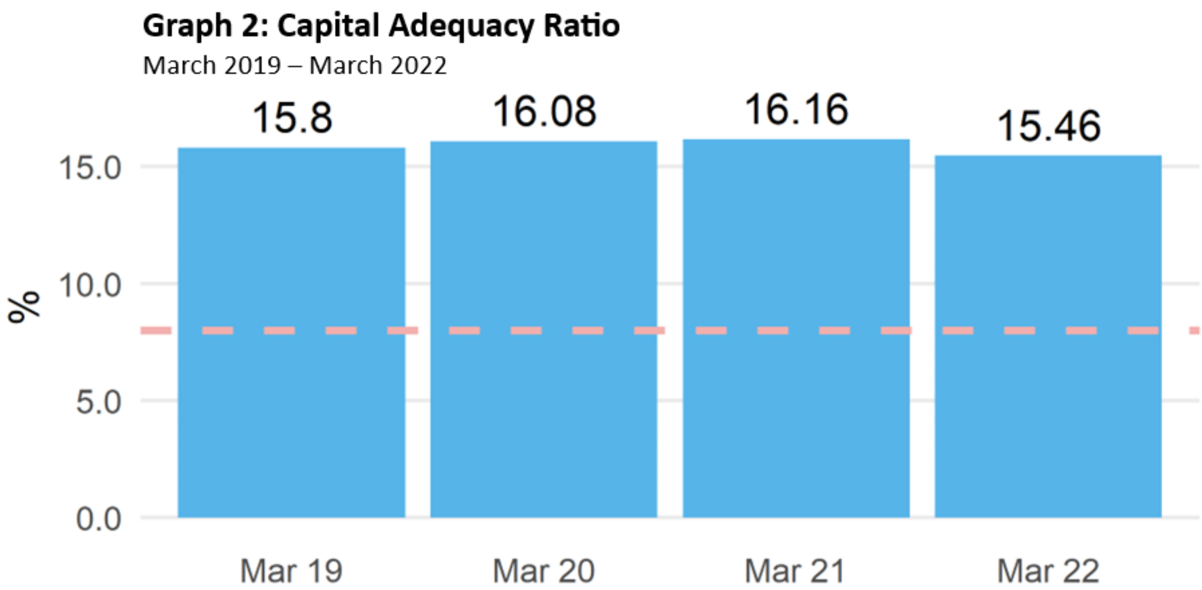
In relation to liquidity to date, although there has been certain decrease in ratios versus the levels reached in 2021, the financial system maintains adequate liquidity ratios at the aggregate level, with sufficient resources to meet its short-term financing needs and which, in turn, will make it easier to resume credit growth. The decreases recorded reflect greater loan disbursement.



Source: General License Banks

B. Solvency

At the end of the 1Q2022, the International Banking Center's aggregate solvency ratios remained high. The capital adequacy ratio on risk-weighted assets (RWA) was 15.46% at the end of the 1Q2022 (**see Graph 2**), almost double the regulatory minimum of 8%. The capital compliance of the group of banks did not record significant changes compared to the 4Q2021. Currently, all banks running operations satisfactorily comply with the new bank capital regulatory standards.



Source: General and International License Banks

C. Income Statement

At the end of the first half of 2022, the banks that make up the IBC obtained profits for USD 946.6 million, which is equivalent to a USD 340 million increase and a growth of over 56% compared to the first half of 2021 (January to June), which shows a boost in the profits obtained by banks. A significant decrease in preventive estimates for credit risks, lower interest expenses, higher results from intermediation and other income, particularly those related to the financial services provision influenced the results of the first half of 2022. The extraordinary income from a banking group favored these results. Remarkably, gross profits during the period responded significantly to the increase in other income (+36.1%) and net interest income (+14.6%) in its portfolio interest income (+3.5%), deposits income (+27.8%), and securities (+9.5%) components. In addition, income from financial services provision (commissions) increased up to 7.7% during this period.

General expenses amounted to USD 1.46 billion, a year-on-year growth of 27.2%. This increase responds, in part, to digitalization, innovation, and sustainability initiatives undertaken by banks, which, although they will save costs, entail high initial investments.

Even though provisions for USD 310.3 million were set, they decreased by 26%, when compared with that of June 2021. We estimate that provisioning expenses should remain above pre-pandemic levels, as banks continue to write off exposures to borrowers that were unable to resume payments in the context of COVID-19. In addition, the new stress scenarios in Europe and the global monetary policy standardization processes required prudent behavior and careful risk monitoring, which could evolve and lead to new stress scenarios.

Table 1: International Banking Center
Accumulated Income Statement
(In millions of USD)

International Banking Center	Jan.-Jun. 2021	Jan.-Jun. 2022	Difference %	Difference USD
Net interest income	1,125.0	1,289.7	14.6%	164.6
Other income	1,044.2	1,421.6	36.1%	377.4
Operating income	*2,169.2*	*2,711.3*	*25.0%*	*542.1*
General expenses	*1,143.0*	*1,454.3*	*27.2%*	*311.3*
Profit before provisions	1,026.3	1,257.0	22.5%	230.7
Provisioning expenses	419.6	310.3	-26.0%	-109.3
Profit for the period	**606.6**	**946.7**	**56.0%**	**340.0**

Source: General and International License banks.

The National Banking System recorded accumulated net profits, as of June 2022, of USD 739.7 million, 41.5% more than that of June 2021. Like what happened in the IBC, greater credit activity and lower provisioning had a positive impact on the sector's profits.

Table 2: National Banking System
Accumulated Income Statement
(In millions of USD)

National Banking System	Jan.-Jun. 2021	Jan.-Jun. 2022	Difference %	Difference USD
Net interest income	1,070.2	1,203.8	12.5%	133.7
Other income	914.8	1,179.7	29.0%	264.9
Operating income	*1,985.0*	*2,383.5*	*20.1%*	*398.5*
General expenses	*1,042.8*	*1,342.5*	*28.7%*	*299.7*
Profit before provisions	942.2	1,041.0	10.5%	98.8
Provisioning expenses	419.2	301.2	-28.1%	-118.0
Profit for the period	**523.0**	**739.7**	**41.5%**	**216.8**

Source: General license banks.

We expect that banks in the system will continue with cost control and operational efficiency strategies. Currently, IBC efficiency levels are around 54%.

D. Profitability indicators

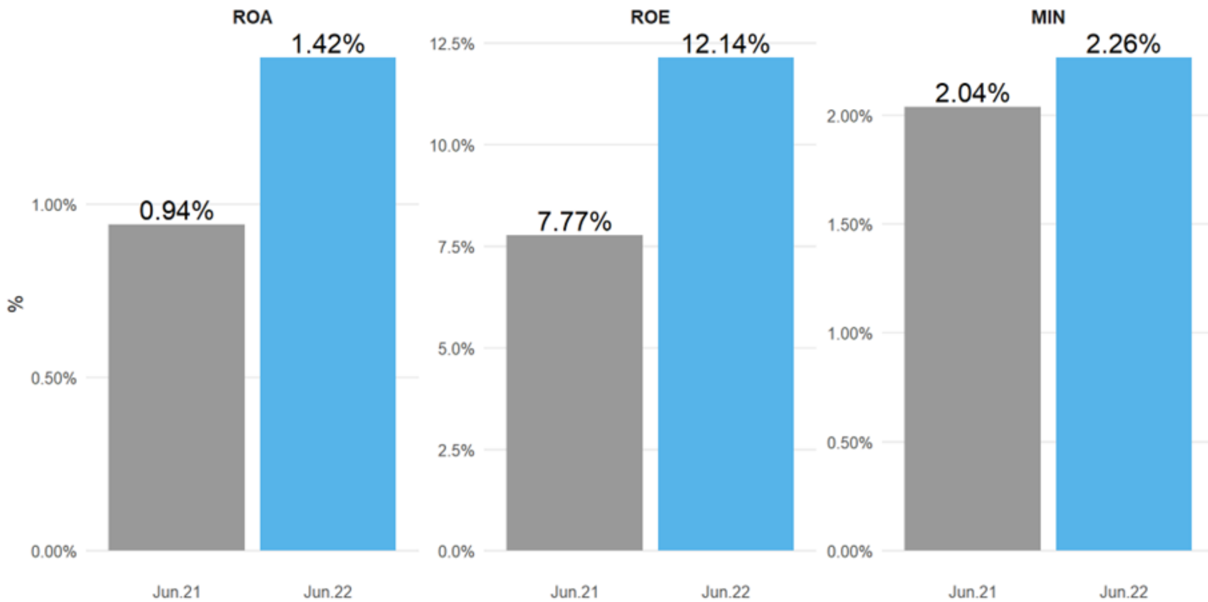
At the end of the first half of 2022, the profitability indicators of the group of banks were at positive levels and above those recorded in the same period of 2021 (**see Graph 3**). In the accumulated through June, the total IBC results reached 1.42% (ROA) and 12.14% (ROE); i.e., a 0.48 bp and 4.37 bp growth, respectively. This increase occurred in a context of higher income from financial intermediation and financial services provision, among others.

Regarding the intermediation margin, it stood at 2.26 bp, 0.22 bp more than a year ago. It is noteworthy to explain that margin increase is in part because of consumer loans, which are more onerous, increasingly have a greater weighting in the balance sheet of entities, as well as the greater share of available deposits whose cost is cheaper.

Although this result is positive, it is asymmetrical among credit entities, and challenges are yet to face, among which are to finish recognizing the impairment of modified loans, maintaining the capitalization of profits to continue having capital strength, and continuing with the process of phasing out temporary regulatory flexibilities.

Graph 3: Profitability Indicators - IBC

June 2021 – June 2022



Source: General and International License banks

E. Balance Sheet

The assets of the International Banking Center, as of June 2022, totaled USD 137.30 billion, an USD 8.33 billion rise versus June 2021, a year-on-year increase of 6.5%, which was the result of a growth in the net loan portfolio (12.3%) and the securities portfolio (13.8%) that keeps growing but at a slower pace. On the liquid assets' side, although they fell short (-15.8%), the banking system has high-quality instruments fully available to face stressed financial market conditions.

At the end of the first half of 2022, the banks' portfolio saw a significant boost in its nominal value, reporting a hike of USD 8.77 billion or a 12.3% growth annually. In this context, the portfolio reached USD 79.91 billion. The sustained increase in the loan portfolio responds to the boost given by entities to the placement of productive loans and preferential interest rate mortgages. On the performance of the external loan portfolio, it increased by 34.8%.

The securities portfolio recorded a year-on-year growth of USD 3.55 billion (13.8% y/y). To date, the investment portfolio's brief period mitigates the volatility effects of the financial markets. However, given that corporate bonds and "other non-government securities" account for a significant share of liquid resources, and could be less liquid in volatile periods, the SBP will be monitoring them closely.

Regarding the sources of bank financing, IBC deposits, at the end of the first half of 2022, totaled USD 98.83 billion, a year-on-year rise of USD 3.53 billion, which represent 81% of total funding base, which provides great stability to its funding sources and has allowed the IBC to mitigate external shocks and reduce its exposure to global financial stress conditions. Foreign deposits have maintained the upward trend of recent months and account for 30% of total deposits. It is understandable that the stability of deposit-taking by both domestic and external depositors have remained confident on the stability of the banking system. Notably, during the first half of 2022, deposits increased by 3.7%, compared to the 12.3% growth of the net loan portfolio, with which we expect that, in the medium-term, they will return to the pre-pandemic trend in which loan grew at a slightly higher rate than that of deposits.

Panamanian banks' debt (including subordinated debt) represents around 15%, where Obligations, for their part, presented increases of 32.8% versus June 2021. It is worth noting that, although bank deposits are on a record high and are the core component of the loan portfolio, the income collected by these instruments is more focused on investments in physical assets and capital goods, the integration of working capital, the refinancing of liabilities, and the integration of capital contributions in controlled or related ventures.

Table 3: International Banking Center
Balance Sheet
(In millions of USD)

Breakdown	**2021**	**2022**	**Jun. 22/Jun. 21 Difference**	
	June	**June**	**Total**	**%**
Liquid assets	25,063.1	21,105.3	-3,957.9	-15.8%
Net loan portfolio	71,135.8	79,904.8	8,769.0	12.3%
Domestic	*52,146.2*	*54,300.6*	*2,154.5*	*4.1%*
External	*18,989.6*	*25,604.1*	*6,614.6*	*34.8%*
Securities	25,821.9	29,376.9	3,555.0	13.8%
Other assets	6,953.1	6,908.0	-45.1	-0.6%
Total Assets	**128,973.9**	**137,294.9**	**8,321.1**	**6.5%**
Deposits	95,300.5	98,824.4	3,523.9	3.7%
Domestic	*63,185.6*	*63,235.7*	*50.0*	*0.1%*
External	*32,114.9*	*35,588.7*	*3,473.8*	*10.8%*
Obligations	14,337.0	19,034.3	4,697.3	32.8%
Other liabilities	3,698.3	3,893.5	195.2	5.3%
Capital	15,638.0	15,542.7	-95.3	-0.6%

Source: General and International License banks

The assets of the National Banking System (general license banks only) totaled USD 120.54 billion, USD 5.58 billion or 4.8% more than that of June 2021. The net loan portfolio of the National Banking System showed a USD 6.57 billion (10.0%) increase amounting to USD 72.37 billion. Net external loans grew 32.3%, while the domestic portfolio had a performance of 4.1%. On the other hand, total deposits placed in the NBS amounted USD 85.91 billion, a 1.0% rise, which is the result of customer deposits.

Table 4: National Banking System
Balance Sheet
(In millions of USD)

Breakdown	2021	2022	Jun. 22/Jun. 21 Difference	
	June	June	Total	June
Liquid assets	20,308.5	17,247.6	-3,060.9	-15.1%
Net loan portfolio	65,803.7	72,367.2	6,563.4	10.0%
Domestic	*52,146.2*	*54,303.2*	*2,157.0*	*4.1%*
External	*13,657.5*	*18,063.9*	*4,406.4*	*32.3%*
Securities	22,157.2	24,368.1	2,210.8	10.0%
Other assets	6,698.0	6,555.9	-142.1	-2.1%
Total Assets	**114,967.4**	**120,538.7**	**5,571.3**	**4.8%**
Deposits	85,030.6	85,901.0	870.5	1.0%
Domestic	*63,100.6*	*63,054.5*	*-46.1*	*-0.1%*
External	*21,930.0*	*22,846.5*	*916.5*	*4.2%*
Obligations	14,200.7	18,936.2	4,735.5	33.3%
Other liabilities	3,530.0	3,725.9	195.9	5.6%
Capital	12,206.2	11,975.5	-230.7	-1.9%

Source: General License banks

F. Loans

As of June 2022, the domestic loan portfolio amounted to USD 56.59 billion, a USD 2.37 billion or 4.4% increase. At the sector level, the loan performance has had a significant improvement compared to that of June 2021. This would be a sign that banks continue to move in their risk appetite, maintaining a path of profitable growth, while developing and implementing expansion initiatives for certain lines of business.

At the end of the first half of 2022, the loans for nonfinancial business activities increased to USD 11.37 [billion] or 8.4% y/y. As for the corporate portfolio, overall, all productive activities showed positive performances, except for loans to Mining and quarrying (-8.3%) and Construction (-9.4%).

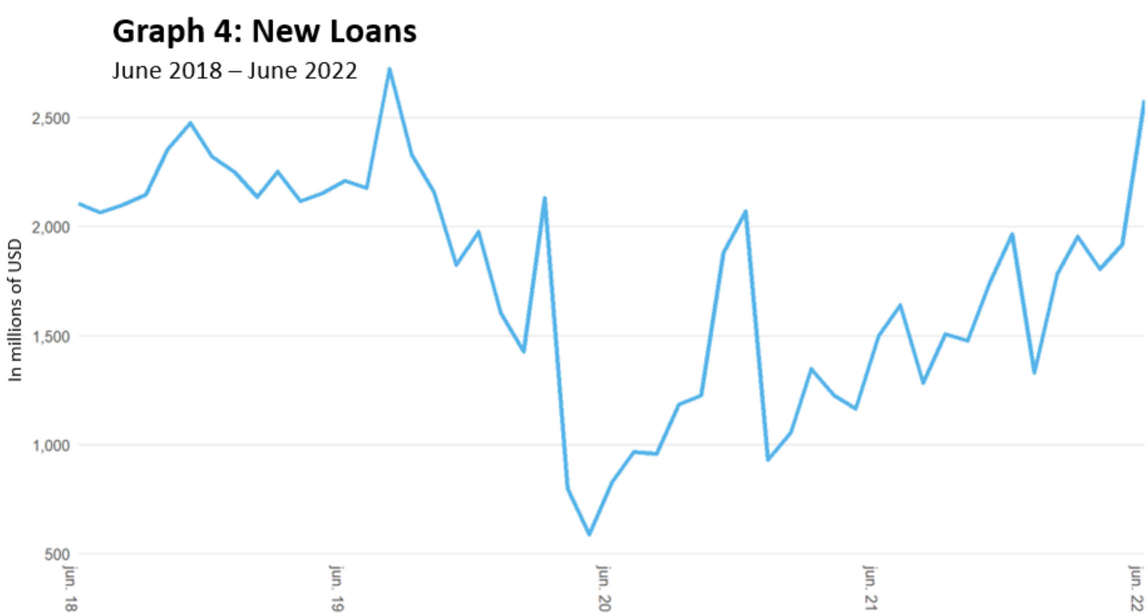
The balance of household loans grew by 4.8% until the first half of 2022 (4.8%) because of the behavior of loans for home purchases, whose balance is above pre-pandemic levels. In June 2022, the balance of loans for this purpose increased a year-on-year rate of 5.5%, being higher than that of the previous quarter. For household loans, the data for the 2Q2022 shows the continuation of the expansionary trend.

Table 5: National Banking System
Balance of domestic loan portfolio by economic sectors
(In millions of USD)

Sector	2021 June	2022 June	Jun. 22/Jun. 21 Difference Total	%
TOTAL	**54,226.0**	**56,590.0**	**2,364.0**	**4.4%**
Public sector	**1,436.00**	**1,470.00**	**34.00**	**2.4%**
Private sector	**52,790.00**	**55,120.00**	**2,330.00**	**4.4%**
Financial & insurance activities	*1,254.0*	*1,383.0*	*128.0*	*10.2%*
Agriculture	*415.0*	*467.0*	*52.0*	*12.6%*
Livestock	1,359.0	1,401.0	42.0	3.1%
Fishing	86.0	87.0	1.0	0.7%
Mining & Quarrying	57.0	52.0	-5.0	-8.3%
Commerce	10,477.0	11,362.0	885.0	8.4%
Industry	*2,717.0*	*3,155.0*	*437.0*	*16.1%*
Mortgages	*18,396.0*	*19,204.0*	*808.0*	*4.4%*
Construction	5,555.0	5,035.0	-520.0	-9.4%
Personal consumption	12,474.0	12,975.0	501.0	4.0%

Source: General License banks

The flow of new loans to the domestic component granted during the first half of 2022 was 57.4%, higher than that granted in the same period a year earlier, but it continues under the influence of a comparison base effect. The advance of monthly data in the 2Q2022 shows even a greater increase with respect to the previous quarter, confirming the expansion of placements. The data shows that financial system disbursements have already reached pre-pandemic levels (**see Graph 4**).



Source: General License Banks

As for new loans, the commercial sector is one of the activities that grew the most during the first half of 2022. On the other hand, consumer portfolio continues to provide new credit cards and personal and car loans.

In relation to data on granting new residential mortgage loans (including new and second-hand homes), approximately 68% of new loans correspond to the preferential [interest rate] segment.

The foregoing implies that the performance of the housing market relies heavily on the subsidy regime. It is worth noting that from the balance perspective, the largest component of the portfolio corresponds to non-preferential loans (54.2% of the total housing mortgage portfolio).

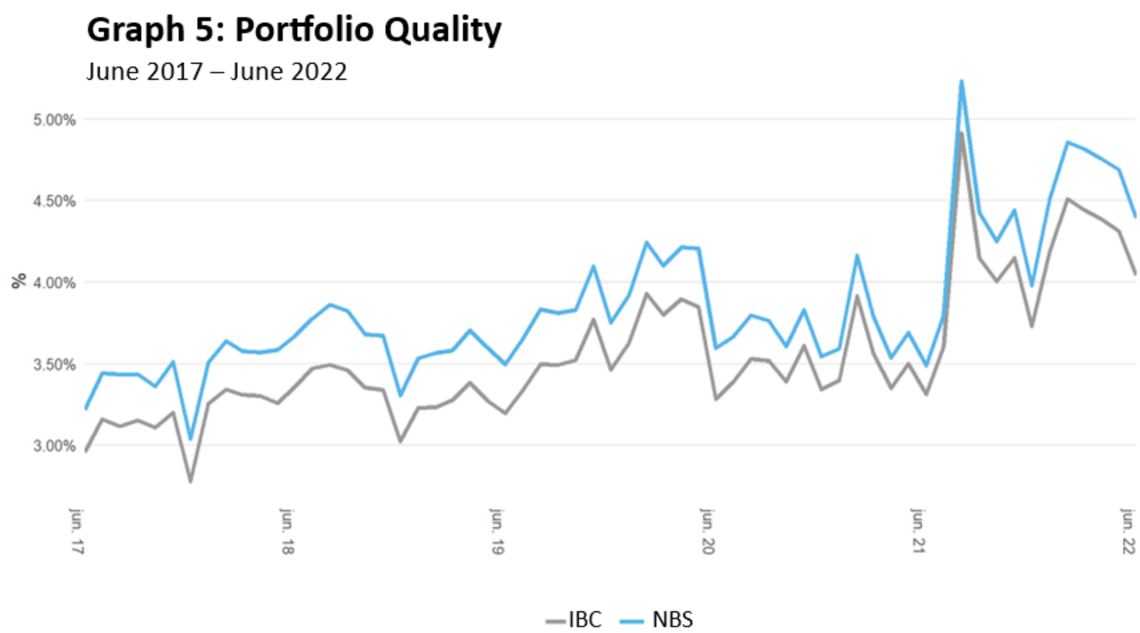
Table 6: National Banking System
New domestic loans by sectors and activities
(In millions of USD)

Sectors	2021	2021	Jun. 22/Jun. 21 Difference	
	June	June	Total	%
Public entity	99.4	596.9	497.4	500.2%
Financial companies	329.9	683.3	353.4	107.1%
Agriculture (incl. forestry)	*89.1*	*147.5*	*58.4*	*65.5%*
Livestock	*254.8*	*396.6*	*141.8*	*55.7%*
Fishing	18.0	13.1	-4.9	-27.1%
Mining & Quarrying	5.7	9.8	4.1	71.3%
Commerce (incl. Services)	3,162.4	5,434.8	2,272.3	71.9%
Industry	1,009.6	1,236.5	226.9	22.5%
Mortgages	*813.5*	*995.4*	*181.9*	*22.4%*
Construction	*531.8*	*749.1*	*217.3*	*40.9%*
Personal consumption	912.0	1,112.5	200.5	22.0%
TOTAL	**7,226.4**	**11,375.4**	**4,149.0**	**57.4%**

Source: General License banks

G. Credit Risk

At the end of June 2022, the delinquency ratio for the IBC is 4%, while for the NBS is 4.4% (**see Graph 5**). We observe a stable performance before and during the pandemic which, in certain way, is because of regulatory changes that permitted financial [relief] measures where bearing conditions were not applicable to the impaired categories, and which are gradually returning to normal.



Source: General License Banks

Breaking down the delinquency of the portfolio by its main activities, we observe a similar trend over the surveyed periods that comprise June 2020 to June 2022. For the months between June and August 2021, there is an increase in terms of portfolio quality ratio, in part this was due to the application of Article 4 of Rule 2-2021, which dictates the general conditions to restore modified loans according to Rule 4-2013.

In **Graph 6**, nonperforming loans were at levels like pre-pandemic ones at the end of the first half. This would be consistent with the debtors' strong payment culture, with which banks have traditionally had a history of low nonperforming assets and loan losses. However, it is foreseeable that at the removal of the financial relief program, the nonperforming loans ratios will weaken and could show future increases, but we expect them to remain manageable. As of June 2022, the NBS recorded a delinquency ratio of 1.7% and overdue loans of 2.7%.

Graph 6: Portfolio Quality: Nonperforming and Delinquent

June 2017 – June 2022

Source: General License Banks

For the Household sector, made up of Mortgages and Personal Consumption, as of the end of the first half of 2022, the delinquency ratio is 7.5% and 6.7%, respectively. While for Agricultural activities, the delinquency is 7.9%; Construction, which has also been one of the most affected sectors during this period, has a delinquency [rate] of 5.1%; meanwhile, Commerce has a default rate of 3.5%.

Despite the better aggregate performance of loan quality for the first half of 2022, the impairment of the domestic and global macro financial context (due to increasing inflationary pressures and geopolitical tension) and the exhaustion of financial relief measures could imply prospective impairment risks in credit quality. We expect that loan losses and nonperforming assets will increase as the financial relief programs end. Currently, the SBP closely follows these ratios and their evolution.

H. Performance of the Modified Portfolio of the National Banking System

The modified [loan] portfolio as of June 2022 totaled USD 4.72 billion. The issuance of prudential regulations encouraged banks to reach agreements with their clients, with which, as of the second half of the year, there is an important shifting towards the unmodified [loan] portfolio. This represented USD 9 billion or 68% less than that of June 2021. The sectors with the greatest shifting towards the regular portfolio under Rule 4-2013 are the household segment and the real estate sector.

On the other hand, in the context of the classification established by Board of Directors' General Resolution SBP-GJD-0003-2021, as of the end of the 1Q2022, the portfolios that could entail the greatest risk would be the modified doubtful and modified loss that together amount to USD 1.09 billion. All these performances connect to the improvement in monthly installments, however, the portfolio classified in this category is still higher and could entail greater provisioning.

Table 7: Modified loans of the National Banking System by Economic Activity
(In millions of USD)

Sectors	2021 June	2022 June	Total Diff.	% Diff.
Mortgages	6,675	2,320	-4,355	-65%
Consumer	2,888	1,172	-1,716	-59%
Construction	2,011	438	-1,573	-78%
Services	1,788	480	-1,308	-73%
Commerce	876	182	-694	-79%
Industry	213	32	-181	-85%
Others	255	90	-165	-65%
Total	**14,706**	**4,714**	**-9,992**	**-68%**

Source: General License Banks

I. Deposits

The performance of the deposits of the International Banking Center increased by 3.7% during the first six months of the year versus 2021. This difference responds to increases in both domestic and external deposits, having in common that both respond in a relevant manner to customer deposits growth. Deposits represent 83% of the total funding base during 2021 and have historically remained at similar levels.

Remarkably, deposits account for a greater share of funding for the entire system and finance its loan operations, which results in low dependence on funding market debt issuances. The high participation of customer deposits in bank funding represents a stable source of financing that has allowed the expansion of long-term loans under favorable financing conditions, both for households and companies, with limited risks.

The deposits placed in the market, as of the first half of 2022, recorded a total of USD 98.83 billion, USD 3.53 billion more than that of June 2021 (**see Table 8**). If we focus on the domestic deposits analysis, as of June 2022, there is an increase of USD 63.24 billion or 0.1% versus June 2021. On the other hand, external deposits recorded an increase of USD 3.48 billion, amounting to USD 35.59 billion. It is worth noting that the increase in global inflation, as well as the expectation that major central banks will fix interest rate hikes in the future, in addition to exchange rate uncertainty, have affected the demand for domestic financial assets and liabilities in the past.

Table 8: International Banking Center
Total Deposits
(In millions of USD)

	2021	2022	Jun. 22/Jun. 21 Difference.	
	June	June	Total	%
Total Deposits	**95,301.0**	**98,824.0**	**3,524.0**	**3.7%**
Domestic	**63,186.0**	**63,236.0**	**50.0**	**0.1%**
Government	*12,474.0*	*11,884.0*	*(590.0)*	*-4.7%*
Customer	*47,117.0*	*47,994.0*	*878.0*	*1.9%*
Banks	3,595.0	3,357.0	(238.0)	-6.6%
External	**32,115.0**	**35,589.0**	**3,474.0**	**10.8%**
Government	*165.0*	*428.0*	*263.0*	*158.9%*
Customer	*24,375.0*	*28,054.0*	*3,679.0*	*15.1%*
Banks	7,574.0	7,107.0	(468.0)	-6.2%

Source: General and International License banks.

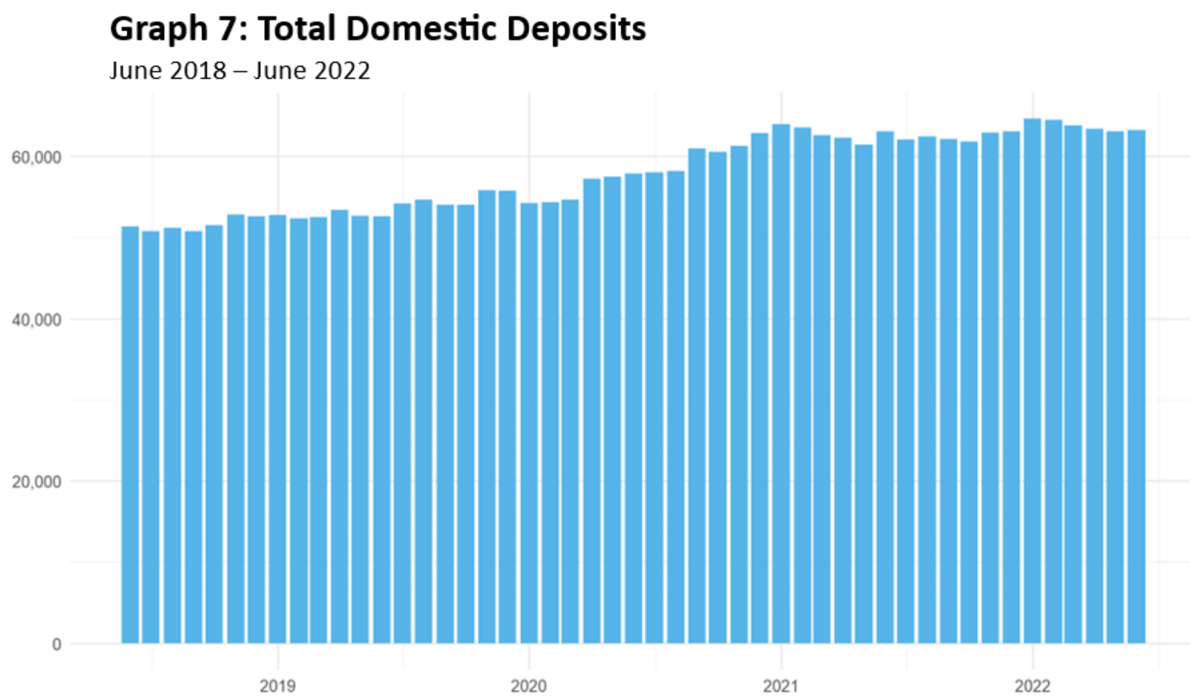
In the case of the banks of the National Banking System, there is a trend like that of the IBC, recording a balance of USD 85.91 billion, a 1.0% increase versus June 2021, driven by external deposits and remarking that domestically only customer deposits maintained an increase compared to June 2021 (**see Table 9**).

Table 9: National Banking System
Total Deposits
(In millions of USD)

Accounts	2021	2022	Jun. 22/Jun. 21 Difference.	
	June	June	Total	%
Total Deposits	**85,031.0**	**85,901.0**	**870.0**	**1.0%**
Domestic	**63,101.0**	**63,055.0**	**-46.0**	**-0.1%**
Government	*12,474.0*	*11,884.0*	*(590.0)*	*-4.7%*
Customer	*47,117.0*	*47,994.0*	*878.0*	*1.9%*
Banks	3,510.0	3,176.0	(334.0)	-9.5%
External	**21,930.0**	**22,847.0**	**917.0**	**4.2%**
Government	*165.0*	*426.0*	*261.0*	*157.6%*
Customer	*14,709.0*	*15,803.0*	*1,094.0*	*7.4%*
Banks	7,056.0	6,617.0	(438.0)	-6.2%

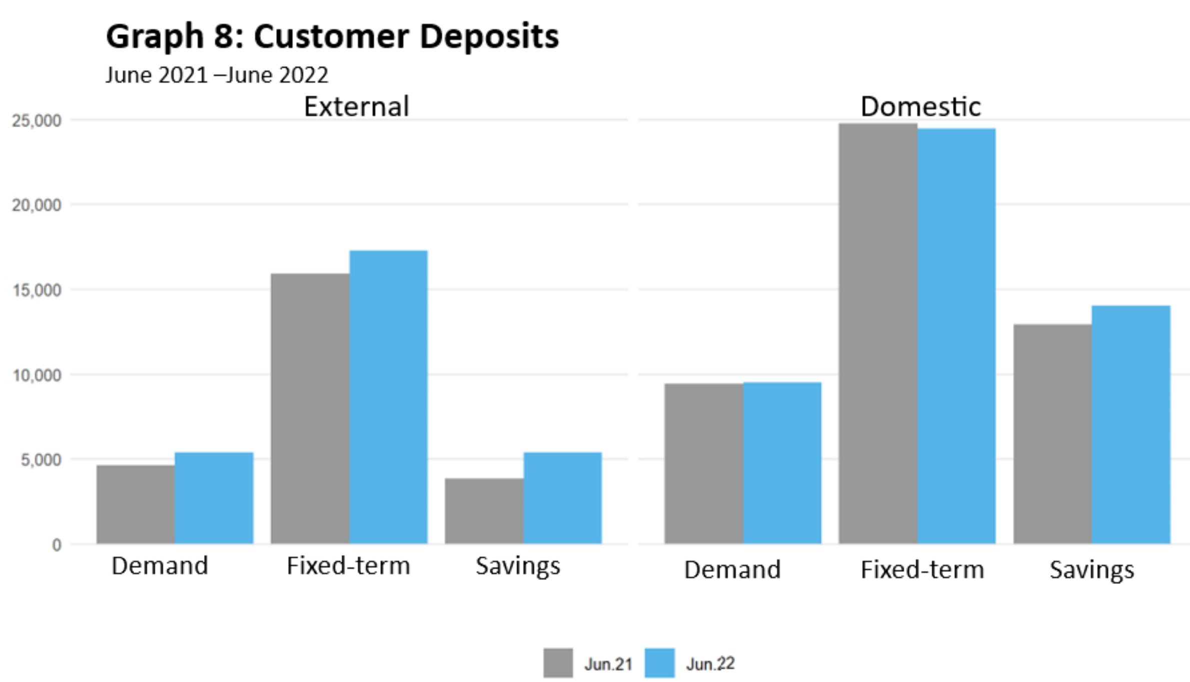
Source: General License banks.

The structure of the IBC deposits is based on collecting customers and corporate deposits, and the remaining are interbank positions. Remarkably, domestic deposits of the National Banking System account for 74.1% of total NBS deposits. To date, customer deposits have shown resilience and there are no short-term reductions that could indicate that there could be a situation that exposes the group of banks. **Graph 7** shows the evolution of domestic deposit balances.



Source: General license banks.

Regarding the structure of customer liabilities by maturity, fixed-term deposits continue to be the most important savings instrument. In the Banking Center, as of June 2022, domestic customer fixed-term deposits amounted to USD 24.46 billion, followed by savings rising to USD 14.02 billion, and demand deposits totaling USD 9.52 billion.



Source: General and International license banks.

Domestic customer deposits kept in the financial system increased during the surveyed period, as follows: demand deposits (+0.9%) and savings deposits (+8.4%). In this way, we continue to record a rearrangement of bank deposits, as immediate demand deposits increased since depositors sought to have greater availability and liquidity of their resources. The reactivation of economic activity, which favored a greater flow of income from the sale of goods and services, as well as the substitution of part of term resources, could explain the increase observed in the performance of demand deposits.

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