Superintendencia de Bancos de Panamá

Banking Activity Report

July 2025

Table of Contents

A. Liquidity 4
B. Solvency 5
C. Income statement 6
D. Profitability Indicators 8
E. Balance sheet 9
F. Credit 12
G. Deposits 15
H. Active and passive rates as of July 2025 20
I. Investments in securities 22
J. Glossary 23

Executive Summary

As of the close of July 2025, the Panamanian banking system continues to exhibit a solid financial position, supported by prudent risk management, adequate solvency and liquidity levels, and positive operating performance, despite a complex international environment. Although signs of moderation are observed in the profitability indicators of the International Banking Center (IBC), credit expansion and stable funding reinforce the system's resilience.

I. **Liquidity and Solvency**: The banking system maintains robust liquidity indicators, with an average Legal Liquidity Ratio of 54.79%, significantly above the minimum regulatory requirement. Sustained compliance with the Liquidity Coverage Ratio (LCR) strengthens the sector's capacity to withstand scenarios of financial stress. The Capital Adequacy Ratio (CAR) of the International Banking Center (IBC) stood at 15.71%, significantly exceeding the minimum requirement of 8%, providing an adequate buffer to absorb financial shocks and ensure the system's operational continuity.

II. **Statement of Financial Position:** The International Banking Center registered year-on-year growth of 6.73% in its total net assets, reaching USD 157,807.8 million. This expansion was primarily driven by the dynamism of the net credit portfolio, which increased 8.01% to USD 99,476.2 million, led by the external credit portfolio (+17.6%), consolidating its position as the main driver of growth. The diversification of liabilities reinforces structural stability: deposits grew 7.48% and financial obligations 9.72% (USD 1,944 million), while investments in securities contributed positively with growth of 3.42%. The deposit-to-asset ratio stood at 71.7%, with external deposits accounting for 40%, which necessitates active management of funding and interest rate risks.

III. **Profitability and Operating Results** IBC's accumulated profits reached USD 1,716.9 million, reflecting a year-over-year decrease of 7.7%, primarily attributed to the compression of the net interest margin (-3.2%), higher operating costs (+6.3%), and a reduction in dividend income. Profitability indicators show moderation: ROA 1.93% (vs. 2.19% in 2024), ROE 16.16% (vs. 17.89%), and NIM 2.64% (vs. 2.83%). In contrast, the National Banking System (NBS) maintained its profitability with a net profit of USD 1,532.6 million (+1.7%), boosted by growth in other income (commissions +10.5%, foreign exchange transactions +41.4%) and the containment of general expenses (-1.7%).

IV. **Credit Activity**: Regarding the NBS's local lending activity, the gross credit portfolio reached USD 64,592.2 million (+2.8%), with notable growth in trade (+7.7%) and personal consumption (+4.8%). Credit portfolio quality remains stable with moderate levels of non-performing loans (past-due portfolio at 2.28% and delinquency at 1.45%), and while loan loss provisioning decreased, it remains high, above 90%. The flow of new loans shows recovery, with a monthly increase of 12.3% and a cumulative total from January to July of USD 15,236.6 million (+4.8%).

V. **Deposits and Funding Composition:** Deposits continue to be the main source of funding, with a total balance in the IBC of USD 113,126.1 million (+7.48%). Growth was significantly driven by the external component (+12.63%), especially deposits from non-resident individuals (+17.05%). In terms of product type, the increase in time deposits stands out in both the domestic (+12.55%) and international (+19.14%) segments, reinforcing the stability of funding but putting pressure on financial costs. Time deposits from individuals represented 96.5% of total net growth, consolidating their position as the main component of the increase in bank funding, although with a significant impact on structural costs.

VI. **Conclusion:** The Panamanian banking system maintains a resilient stance in the face of more volatile external conditions and pressures on margins. Its strong capital and liquidity provide absorption capacity in the face of adverse scenarios. However, the current environment demands prioritizing operational efficiency, strengthening asset and liability management, diversifying revenue streams, and mitigating risks associated with increasing concentration of external funding and rising financial costs. The Superintendency of Banks will continue with a risk-based supervisory approach, closely monitoring margin trends, portfolio quality, and capital adequacy, with the aim of preserving financial stability and supporting sustainable growth in the sector.

A. Liquidity

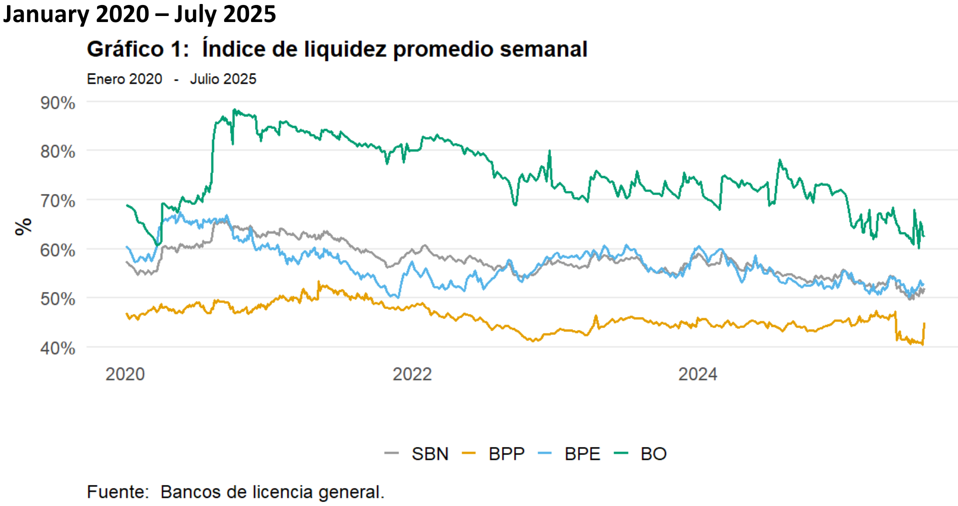
As of the close of July 2025, the Panamanian banking system registered an average Legal Liquidity Ratio of 54.79%, significantly above the minimum regulatory requirement. This level of slack demonstrates a solid structural liquidity position and supports the system's capacity to absorb short-term shocks, guaranteeing operational continuity and the sector's functional stability.

The system's banks have historically maintained robust liquidity buffers, supported by consistent access to both structural and wholesale deposits, which remain key components of their funding structure. While institutional deposits offer cost advantages, they also present inherent volatility risks during 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 strong relationships with their customer base and exercise careful management.

The strength of retail deposits reduces exposure to the volatility typical of wholesale deposits but requires banks to maintain a solid relationship with their customer base and exercise careful management. The banking system maintains sustained compliance with the Liquidity Coverage Ratio (LCR), with levels consistently above the minimum regulatory threshold. This performance reflects sound liquidity risk management and strengthens the sector's capacity to withstand stressful scenarios in financial markets, contributing to the preservation of systemic stability.

The system's resilience to potential external shocks will depend on its ability to maintain these liquidity buffers at optimal levels, thus ensuring its operational sustainability and effective response capacity in the medium and long term. Diversified and proactive liability management, combined with continuous monitoring of liquidity indicators, will be fundamental to preserving this strength in a constantly evolving financial environment.

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



Source: General license banks.

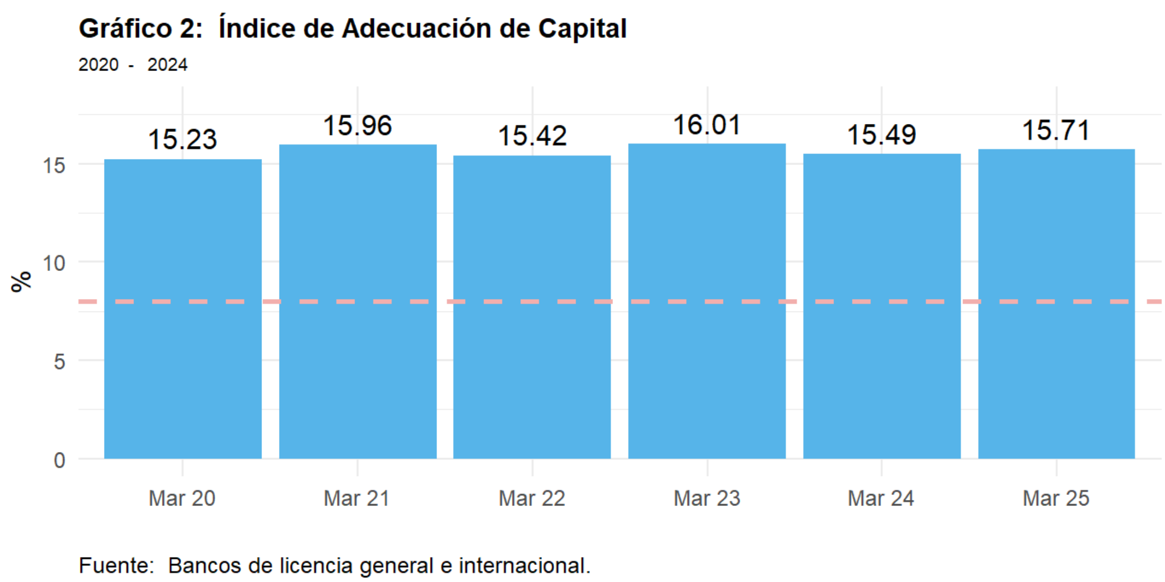
B. Solvency

The Capital Adequacy Ratio (CAR) of banks operating in Panama's International Banking Center (IBC) has maintained adequate solvency levels, consistently above the regulatory minimum of 8%. The most recent data shows that the risk-adjusted CAR stood at 15.71% (**see Graph 2**), which not only comfortably exceeds the regulatory threshold but also reflects a robust capacity to absorb financial shocks in a volatile economic environment. This level of capitalization provides an adequate buffer to mitigate unexpected losses, supporting the stability of the banking system.

The evolution of the CAR in recent years shows a stable trend, with fluctuations within a narrow range, indicating prudent capital management by IBC institutions. This stability is particularly relevant in the context of global and local macroeconomic pressures, where the ability to maintain adequate capital levels is crucial to preserving market confidence and financial resilience.

In conclusion, while IBC banks have demonstrated a solid capacity to maintain adequate capital levels, evolving financial and macroeconomic risks will require active and prudent management to preserve system stability. The institutions' ability to adapt to changes in the regulatory and economic environment will be a determining factor in their future performance.

Graph 2: Capital Adequacy Ratio
2020 – 2024



Source: General and international license banks.

C. Income statement

- **International Banking Center**

As of the end of July 2025, the International Banking Center (IBC) recorded accumulated net income of USD 1,716.9 million, representing a year-on-year decrease of 7.7% (-USD 143.8 million). This change reflects a moderation in earnings generation, explained by a lower net interest margin and operating costs. Nevertheless, the system maintains a positive and consistent level of profitability in historical terms.

Table 1: National Banking System
Cumulative Income Statement
(In millions of USD)

ACCOUNTS	2024	2025	Var. July 25 / July 24	
	July	July	Absolute	%
Net interest income	2,050.4	1,985.8	-64.6	-3.2%
Other income	2,025.1	2,066.8	41.7	2.1%
Operating income	4,075.5	4,052.6	-22.9	-0.6%
General expenses	1,903.7	2,023.9	120.2	6.3%
Profit before provisions	2,171.8	2,028.7	-143.1	-6.6%
Bad debt	311.2	311.9	0.7	0.2%
Profit for the period	**1,860.7**	**1,716.9**	**-143.8**	**-7.7%**

Source: General and International License banks.

Interest income totaled USD 5,283.2 million (+3.0%), driven primarily by growth in loans (+5.1%) and investments (+6.8%). This performance occurred within the context of prudent risk management, with a loan loss provisioning burden reflecting credit caution. In contrast, declines were observed in income from deposits (-17.9%), leases (-21.6%), and other minor items (-5.0%), indicating lower returns on liquid assets.

Operating costs amounted to USD 3,297.4 million (+7.1%), due to increases in both interests paid (+7.1%) and fees (+7.2%). As a result, net interest income decreased by 3.2% to USD 1,985.8 million, reflecting the pressure of higher liability costs relative to the rate of asset repricing.

Other income totaled USD 2,066.8 million (+2.1%), driven by increases in service fees (+9.6%) and foreign exchange transactions (+32.7%), which partially offset the decline in dividends (-12.1%).

Net operating income decreased slightly (-0.6%) to USD 4,052.6 million, while general expenses increased 6.3% (USD 2,023.9 million), fueled by higher administrative (+5.0%), general (+10.1%), and other expenses (+5.0%). Consequently, profit before provisions was USD 2,028.7 million (6.6%).

Provisions for loan losses (bad accounts) remained practically unchanged, with a slight increase of 0.2%, totaling USD 311.9 million. Overall, net income for the period was USD 1,716.9 million, reflecting a 7.7% year-over-year decline. This result does not represent a loss, but rather a reduction compared to the profit made in the same period of the previous year.

The performance from January to July 2025 confirms that IBC's profitability is facing pressure from compressed interest margins and increased structural spending. The sustainability of these results will depend on the system's ability to:

- Optimize operational efficiency and contain spending growth.
- Diversify its revenue streams, reducing dependence on the financial cycle.
- Actively manage funding in the context of high global interest rates and regional competition for liquidity.
- Preserve the quality of the credit portfolio through prudential provisions aligned with IFRS and forward-looking risk management practices.

- **National Banking System**

As of the end of July 2025, the National Banking System (NBS) reported accumulated net income of USD 1,532.6 million, representing a year-on-year increase of 1.7% (+USD 25.9 million). This performance confirms the stability of bank profitability in a context characterized by tight margins, higher funding costs, and a competitive liquidity environment.

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

ACCOUNTS	2024	2025	Var. July 25 / July 24	
	July	July	Absolute	%
Net interest income	1,828.3	1,783.3	-44.9	-2.5%
Other income	1,771.4	1,796.6	25.2	1.4%
Operating income	3,599.7	3,580.0	-19.7	-0.5%
General expenses	1,784.9	1,753.7	-31.2	-1.7%
Profit before provisions	1,814.7	1,826.2	11.5	0.6%
Bad debt	308.0	293.6	-14.4	-4.7%
Profit for the period	**1,506.8**	**1,532.6**	**25.9**	**1.7%**

Source: General License banks.

Interest income grew 3.0%, reaching USD 4,761.9 million, driven by higher income from loans (+4.5%) and investments (+6.9%). However, there were declines in income from deposits (-16.5%), leasing (–4.2%), and other items (–9.5%), reflecting a less favorable environment for liquid assets.

Operating costs totaled USD 2,978.6 million (+6.6%), driven by an increase in interest paid (+6.5%) and fees (+7.3%). As a result, net interest income decreased by 2.5% to USD 1,783.3 million, in line with the margin compression resulting from higher cost of liabilities relative to the rate of asset revaluation.

Non-recurring income showed slight growth of 1.4%, reaching USD 1,796.6 million. This result is explained by higher commission income (+10.5%).

Net operating income decreased by 0.5%, closing at USD 3,580.0 million. On the expense side, general expenses decreased by 1.7% to USD 1,753.7 million. Consequently, profit before provisions grew slightly by 0.6%, reaching USD 1,826.2 million.

Provisions for credit portfolio losses (bad accounts) decreased by 4.7% to USD 293.6 million, reflecting a controlled level of credit risk. As a result, net income for the period reached USD 1,532.6 million, consolidating year-over-year growth of 1.7%.

SBN's profitability remains resilient, supported by:

• Sustained growth in the credit portfolio and investments.
• Diversification of income towards fees and other non-recurring income.
• Containment of structural expenses, particularly due to the decrease in other expenses.

Looking ahead, it will be crucial to strengthen credit risk management, optimize operational efficiency, and ensure competitive funding conditions in the context of high global interest rates and liquidity pressures in the region.

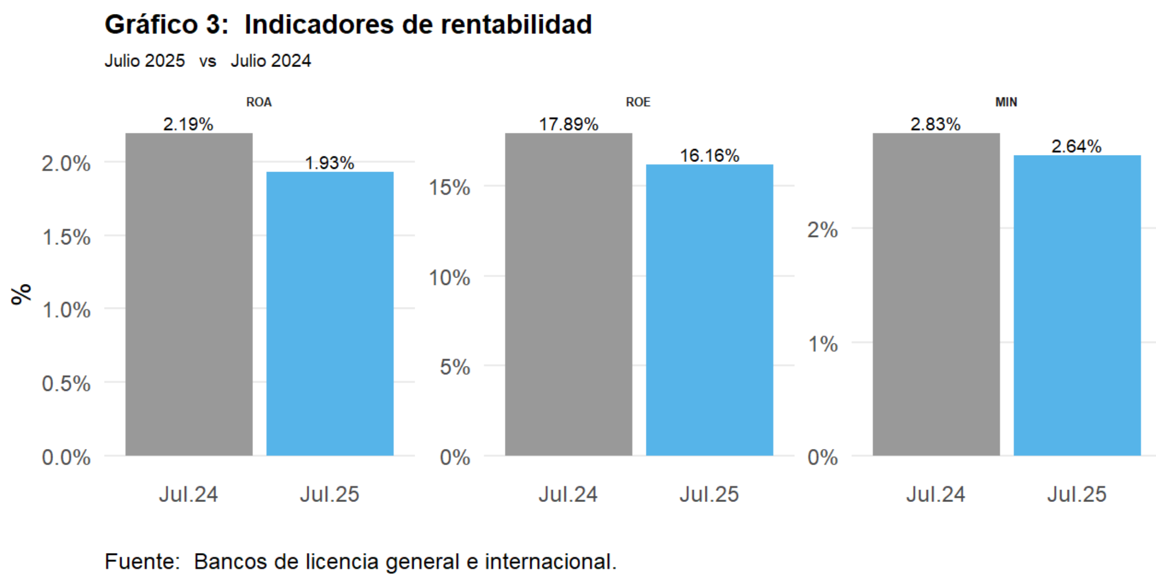
D. Profitability indicators

As of the end of July 2025, the main profitability indicators of the International Banking Center continued to show signs of moderation, in line with an environment of tighter margins and higher funding costs.

Return on Assets (ROA) stood at 1.93%, down from 2.19% in the same period of 2024, representing a drop of 26 basis points. Similarly, Return on Equity (ROE) fell to 16.16%, compared to 17.89% the previous year, equivalent to a contraction of 173 basis points. Meanwhile, the Net Interest Margin (NIM) decreased from 2.83% to 2.64%, reflecting a compression of 19 basis points.

Despite this adjustment, many institutions have managed to maintain acceptable levels of profitability through the diversification of non-financial income and greater operational efficiency. However, the decline in NIM reinforces the need to optimize asset and liability management, implement more dynamic pricing strategies, and accelerate digital transformation to contain the growth of structural spending and preserve the system's competitiveness.

Graph 3: Profitability indicator
July 2025 – July 2024



Source: General License banks SBP data

E. Balance sheet

- **International Banking Center (IBC)**

As of the close of July 2025, Panama's International Banking Center (IBC) recorded total net assets of USD 157,807.8 million, representing a year-over-year increase of USD 9,956.4 million (+6.73%). This growth reflects the continued implementation of a strategy focused on expanding productive assets and optimizing balance sheet utilization in an environment of regional competition for liquidity and more demanding international financial conditions. The observed performance suggests efficient resource allocation and prudent balance sheet management, contributing to the preservation of strong solvency metrics and leverage levels consistent with a moderate risk profile.

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

ACCOUNTS	2024	2025	Var. July 25 / July 24	
	July	July	Absolute	%
NET LIQUID ASSETS	15,796.6	16,801.4	1,004.8	6.4%
NET CREDIT PORTFOLIO	92,095.2	99,476.2	7,381.1	8.0%
Domestic	60,826.7	62,707.1	1,880.4	3.1%
Foreign	31,268.5	36,769.1	5,500.6	17.6%
NET INVESTMENTS IN SECURITIES	32,537.5	33,650.9	1,113.3	3.4%
OTHER ASSETS	7,422.1	7,879.3	457.1	6.2%
TOTAL NET ASSETS	**147,851.4**	**157,807.8**	**9,956.4**	**6.7%**
Deposits	105,254.7	113,126.1	7,871.5	7.5%
Domestic	65,061.0	67,855.4	2,794.4	4.3%
Foreign	40,193.7	45,270.7	5,077.1	12.6%
OBLIGATIONS	20,005.4	21,949.7	1,944.3	9.7%
OTHER LIABILITIES	4,350.7	4,538.0	187.3	4.3%
CAPITAL	18,240.6	18,194.0	-46.7	-0.3%
LIABILITIES AND CAPITAL, TOTAL	**147,851.4**	**157,807.8**	**9,956.4**	**6.7%**

Source: General and International License banks.

In terms of liquidity, net liquid assets reached USD 16,801.4 million, a year-over-year increase of USD 1,004.8 million (+6.36%). This growth reflects a balance sheet strategy aimed at maintaining adequate liquidity levels without sacrificing profitability, while preserving minimum regulatory coverage. The composition of domestic and foreign assets remained stable, with a focus on high-quality, low-risk liquid instruments.

The net credit portfolio solidified its position as the main driver of asset expansion, increasing by USD 7,381.1 million (+8.01%) to USD 99,476.2 million. This growth was led by the foreign segment, which increased by USD 5,514.1 million (+17.49%), while the domestic portfolio registered more moderate growth of USD 1,746.7 million (+2.78%), in line with the performance of the domestic economy. This dynamic reflects increased activity in regional intermediation and greater selectivity in local loan origination.

The net investment portfolio in securities reached USD 33,650.9 million, an increase of USD 1,113.3 million (+3.42%). This expansion reflects a prudent reconfiguration of treasury positions, with a bias towards liquid, low-risk instruments in a still volatile environment. Meanwhile, other assets grew by 6.16%, reaching USD 7,879.3 million, driven by higher balances of fiscal and operating assets, both domestic and foreign.

On the liabilities side, deposits continued to be the main source of funding, totaling USD 113,126.1 million (+7.48%). Within this category, domestic deposits grew by USD 2,794.4 million (+4.30%), while external deposits increased by USD 5,077.1 million (+12.63%), reaffirming the attractiveness of IBC as a regional destination for capital, particularly from corporate and equity sources. It is worth noting that the deposit-total-assets ratio, at 71.7%, reflects a broad and stable funding base. However, the growing share of external deposits, which now represent 40.0% of the total, introduces greater exposure to potential shocks and the volatility of cross-border capital flows. In this context, it is essential to monitor the stability, geographic concentration, and cost structure of these resources to mitigate risks associated with a possible sudden reversal of funds.

Financial obligations increased to USD 21,949.7 million (+9.72%), reflecting a funding diversification strategy, particularly through external wholesale debt, which grew by 11.9%. In the context of high interest rates, this increase implies greater sensitivity to interest rate risk, making it crucial to actively manage the maturity and interest rate structure of the asset portfolio.

Net worth stood at USD 18,194.0 million, a slight decrease of USD 46.7 million (-0.26%). This change is explained by accounting reclassifications, lower gains on available-for-sale investments, and a year-over-year decrease in net income for the period (10.86%). Nevertheless, solvency indicators remain within prudent ranges and consistent with the aggregate risk exposure.

The results for July 2025 confirm IBC's structural strength and its ability to adapt to a challenging international financial environment. Balanced growth in productive assets, coupled with a diversified funding structure and a solid capital framework, allows for a stable outlook. However, the following will be crucial:

- Properly managing credit and concentration risks arising from the accelerated expansion of the external credit portfolio.
- Maintaining competitive funding conditions and actively managing funding and interest rate risks associated with increased reliance on external deposits and wholesale obligations in a high-interest-rate environment.
- Preserving credit quality, especially considering potential signs of economic slowdown in the region.
- Actively monitoring leverage levels and ensuring that the capital base evolves in line with risk exposure, strengthening the system's capacity to absorb losses and preserve its capital strength.

F. Credit

As of the end of July 2025, the gross local loan portfolio of the National Banking System (NBS) totaled USD 64,592.2 million, registering year-on-year growth of 2.8% (USD +1,746.7 million). This performance, while positive, reflects moderation compared to the pace observed in previous months, suggesting a loss of dynamism in lending activity. This slowdown could be linked to more restrained demand and the lingering effects of the lockdowns that occurred in the second quarter, even though these have now ended.

Table 4: National Banking System
Domestic Credit
(In millions of USD)

Sector	2025 July	2025 July	Δ absolute USD	Δ relative %
TOTAL	**62,845.5**	**64,592.2**	**1,746.7**	**2.8%**
Public sector	**1,953.4**	**2,185.4**	**232.0**	**11.9%**
Private sector	**60,892.1**	**62,406.7**	**1,514.6**	**2.5%**
Financial and insurance act.	2,161.3	2,036.9	-124.5	-5.8%
Agriculture	542.1	591.9	49.8	9.2%
Livestock	1,302.0	1,299.0	-3.0	-0.2%
Fishing	93.9	84.8	-9.1	-9.7%
Mining and Quarrying	40.3	40.2	-0.1	-0.3%
Commerce	12,834.4	13,818.3	983.9	7.7%
Industry	4,050.7	4,028.3	-22.4	-0.6%
Mortgage	20,988.2	21,321.5	333.3	1.6%
Construction	4,931.1	4,564.8	-366.3	-7.4%
Personal Consumption	13,948.2	14,621.1	673.0	4.8%

Source: General License banks

As of the end of July 2025, the gross local loan portfolio of the National Banking System (SBN) totaled USD 64,592.2 million, registering year-on-year growth of 2.8% (USD +1,746.7 million). This performance, while positive, shows moderation compared to the pace of previous months, suggesting a loss of momentum in lending, associated with more restrained demand and factors of uncertainty in the local environment.

The public sector maintained a solid pace of expansion, with an increase of 11.9% (USD +232.0 million), reflecting greater execution of spending and investment financed by general-license banks.

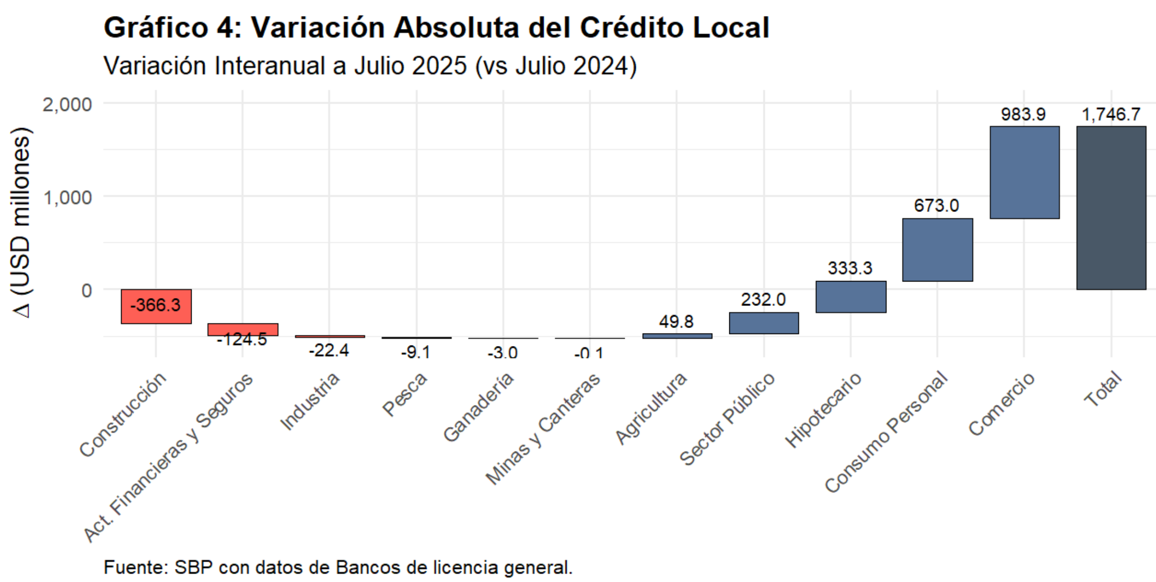
From a sectoral perspective, agricultural credit led relative growth, with an increase of 9.2% (USD +49.8 million), driven by favorable market conditions and public support programs. In absolute terms, the retail sector accounted for the largest share of the increase, with growth of USD 983.9 million (7.7%), in line with the recovery of domestic demand and faster inventory turnover.

Positive performance was also observed in personal consumer loans, which increased by USD 673.0 million (4.8%), and in the mortgage segment, with growth of USD 333.3 million (1.6%), reflecting some resilience in housing finance. In contrast, the industrial sector registered a slight contraction of 0.6% (USD -22.4 million).

On the other hand, the construction loan portfolio decreased by 7.4% (USD -366.3 million), affected by lower execution of private projects and a still challenging environment for new investments. Declines were also observed in fishing (-9.7%), financial and insurance activities (-5.8%), livestock (-0.2%), and mining and quarrying (-0.3%), reflecting persistent weaknesses or limited specialization in these segments.

In terms of concentration, the four most relevant sectors—mortgages, personal consumption, commerce, and industry—represent approximately 82% of the total domestic loan portfolio, reinforcing the importance of monitoring their performance considering potential changes in macroeconomic, regulatory, or market conditions.

Graph 3: Absolute variation of domestic credit
Interannual Variation July 2025 (vs July 2024)



Source: General License banks SBP data

- **New Loans:**

As of the end of July 2025, the National Banking System (NBS) showed signs of operational resilience, with a recovery in monthly new credit disbursements, despite a macroeconomic environment characterized by increased uncertainty and sectoral disruptions in the second quarter. The volume of new loans increased by USD 238.6 million year-on-year (+12.3%), compared to the same month of the previous year, reflecting a moderate recovery in financing demand, as well as the system's willingness to maintain credit intermediation.

Table 5: New loans granted by the SBN
(In millions of USD)

Activities	2024	2025	Variation July 2025/2024		Cum. Jan.-Jul. 2024	Cum. Jan.-Jul. 2025	Variation Jan-Jul. 2025/2024	
	July	July	Abs.	%	Abs.	%	Abs.	%
Public sector	50.7	23.0	-27.7	-54.6%	1,032.5	10440.2	407.7	39.5%
Financial companies	146.5	122.6	-23.8	-16.3%	1,107.7	925.5	-182.2	-16.4%
Agriculture (including forest)	16.8	17.6	0.8	4.7%	183.5	155.2	-28.3	-15.4%
Livestock	40.8	49.1	8.3	20.2%	317.4	330.0	12.6	4.0%
Fishing	1.9	0.4	-1.5	-80.1%	21.7	20.4	-1.2	-5.8%
Mines and quarries	.4	0.3	0.0	-6.7%	2.8	6.7	3.9	138.7%
Commerce (including services)	887.1	1,114.0	226.9	25.6%	6,079.9	7,106.7	1,026.8	16.9%
Industry	244.6	282.4	37.8	15.5%	1,601.0	1,374.4	-226.6	-14.2%
Mortgage	183.1	138.0	-45.0	-24.6%	1,204.3	978.0	-226.3	-18.8%
Construction	167.4	150.6	-16.8	-10.0%	1,237.8	1,137.8	-100.0	-8.1%
Personal consumption	200.7	280.3	79.7	39.7%	1,743.5	1,716.7	18.2	1.0%
Total	**1939.8**	**2,178.4**	**238.6**	**12.3%**	**14,532.21**	**15,236.6**	**704.5**	**4.8%**

Source: General License banks SBP data

Monthly growth was primarily driven by the trade and services sector, which contributed USD 226.9 million (+25.6%), followed by personal consumer credit, which expanded by USD 79.7 million (+39.7%), in line with the recovery of private spending. Other sectors, such as livestock (+20.2%) and industry (+15.5%), also registered positive increases, albeit smaller. Conversely, contractions were observed in segments such as mortgage lending (-24.6%) and financing to public entities (-54.6%).

In cumulative terms (January–July 2025), the National Banking System (SBN) channeled USD 15,236.6 million in new loans, an increase of USD 704.5 million (+4.8%) compared to the same period of the previous year. This expansion was almost entirely driven by increased activity in the commercial and services sector (+USD 1,026.8 million) and by greater execution of public projects (+USD 407.7 million), while the remaining sectors experienced more restrained or contractionary growth. Sectors such as industry (-USD 226.6 million), the mortgage portfolio (-USD 226.3 million), and private financial activities (-USD 182.2 million) showed contractions. In particular, the decline in construction and housing loans poses a risk to long-term growth, given the context of higher interest rates, more stringent financing conditions, and credit caution.

In general, the recent evolution of new credit confirms the resilience of the Panamanian banking system, albeit with a marked orientation toward consumer, commercial, and public finance loans. To consolidate this emerging recovery, it will be crucial to foster greater sectoral diversification of credit, accompanied by policies that encourage productive investment, formal housing, and long-term business financing, all under a sound risk management approach. This will allow credit growth not only to be sustainable but also to contribute in a balanced way to the country's economic development and financial stability.

- **Credit Risk:**

At the close of July 2025, the non-performing credit portfolio of the National Banking System stood at 2.28% of the total, reflecting a slight improvement compared to the 2.33% recorded in the same month of the previous year. Consistently, the delinquency rate decreased to 1.45%, 21 basis points below the level observed in July 2024. These results point to a moderate containment of arrears, in line with improved credit risk management and more stable payment conditions in some segments.

However, the ratio of accounting provisions to non-performing loans fell to 93.12%, from 103.28% recorded a year earlier. This decrease could indicate an improvement in the quality of the non-performing loan portfolio, which in turn would have reduced the need for additional provisions.

Looking ahead to the second half of the year, preserving portfolio quality will require differentiated risk management, particularly in sectors with high cyclical sensitivity. Maintaining conservative lending practices, strengthening early warning mechanisms, and ensuring adequate provisioning levels will be key. Intensive supervision, supported by adverse macroeconomic scenarios, will help protect the solvency of the banking system and guarantee prudent credit allocation to preserve the resilience of the Panamanian financial system.

G. Deposits

- **International Banking Center (IBC)**

As of the close of July 2025, the International Banking Center (IBC) recorded a total deposit balance of USD 113,126.1 million, representing a year-over-year expansion of 7.48% (USD +7,871.5 million). This growth was primarily driven by the external segment, which accounted for 64% of the net increase, reaffirming the structural role of international funding in the Panamanian banking model.

Table 7: International Banking Center
Total Deposits
(In millions of USD)

Accounts	2024 July	2025 July	Var. July 25 / July 24 Absolute	%
TOTAL DEPOSITS	**105,254.7**	**113,126.1**	**7,871.5**	**7.5%**
Domestic	**65,061.0**	**67,855.4**	**2,794.4**	**4.3%**
Government	12,837.7	11,672.9	-1,164.8	-9.1%
Customer	49,307.1	53,100.1	3,793.0	7.7%
Banks	2,916.3	3,082.4	166.2	5.7%
Foreign	**40,193.7**	**45,270.7**	**5,077.1**	**12.6%**
Government	263.1	235.7	-27.4	-10.4%
Customers	30,699.6	35,933.1	5,233.5	17.0%
Banks	9,230.9	9,101.9	-129.0	-1.4%

Source: General and International License banks.

In both segments, the sustained growth of deposits from individuals stood out, with increases of 7.69% among residents (USD +3,793.0 million) and 17.05% among non-residents (USD +5,233.5 million). This performance strengthens the center's structural funding base and reflects persistent confidence from both households and businesses, local and foreign, in the soundness, stability, and reputation of the Panamanian Central Bank.

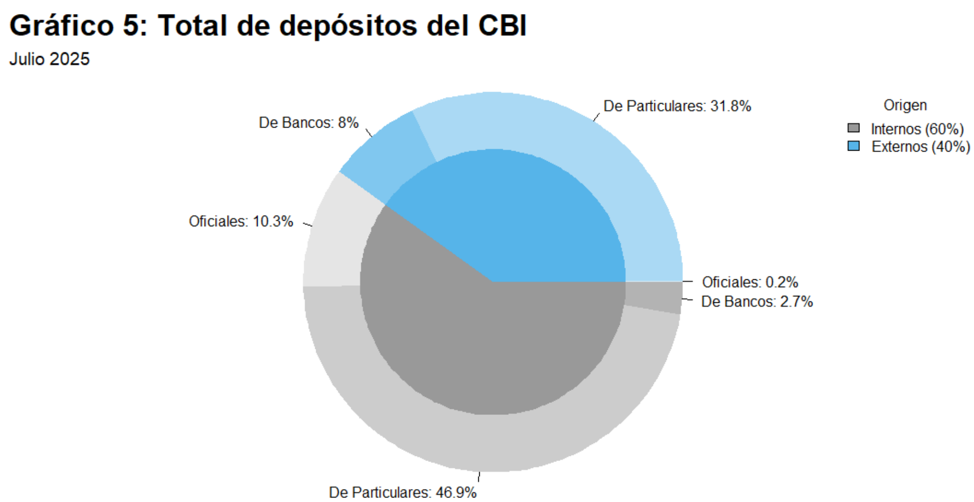
Domestic deposits totaled USD 67,855.4 million (+4.30%), driven by growth in deposits from individuals and banks. Local individual deposits grew 7.69%, with a focus on time deposits (+12.55%) and savings deposits (+0.97%), reaching a total of USD 53,100.1 million. It is worth noting that this domestic funding is the cornerstone of local credit. The ratio of domestic loans to domestic deposits stands at 95.2% (64,592.2 / 67,855.4), indicating that virtually all locally raised funds are reinvested in the national economy. Meanwhile, deposits in domestic banks increased by 5.7% (USD +166.2 million). In contrast, official domestic deposits decreased by 9.07%, to USD 11,672.9 million, reflecting a weaker public sector presence in the international banking center.

External deposits totaled USD 45,270.7 million, with annual growth of 12.63% (USD +5,077.1 million). This increase was driven by deposits from non-resident individuals, which rose by 17.05% to reach USD 35,933.1 million, primarily fueled by time deposits (+19.14%) and savings deposits (+13.17%). This behavior reinforces the attractiveness of the IBC as a regional financial center for capital preservation. In contrast, foreign bank deposits decreased by 1.40%, while official external deposits fell by 10.42% to USD 235.7 million. It is worth noting that the ratio of External Loan Portfolio to External Deposits is 81.8% (USD 37,039.0 / USD 45,270.7), suggesting that while a large portion of external funds is channeled into regional credit, a remainder is still allocated to other liquid assets or international investments, demonstrating prudent risk management.

The growth in external deposits occurred in parallel with a 17.49% increase in the external credit portfolio, equivalent to USD 5,514.1 million. This correlation reaffirms the IBC's role as a regional intermediary; efficiently channeling resources obtained from abroad toward financing operations in neighboring economies.

Currently, external funding represents approximately 40% of total deposits, reinforcing its structural weight in IBC's liability profile. This exposure underscores the need to maintain prudential strategies to mitigate risks associated with external liquidity conditions, shifts in confidence, or geopolitical tensions.

Graph 5: Total Deposits of the IBC
July 2025

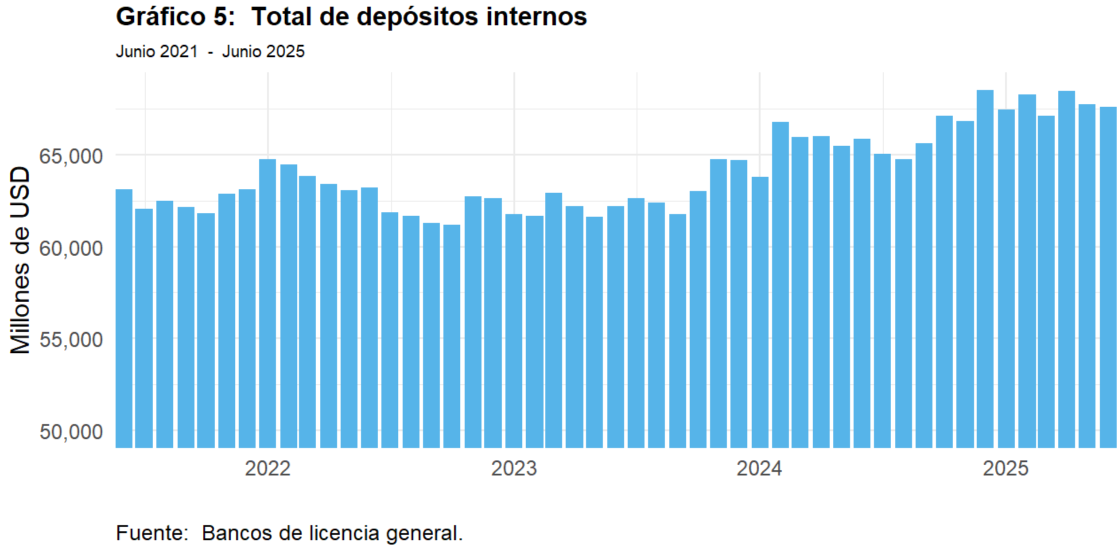


Source: General license banks.

From a financial stability perspective, the growth of the deposit base reflects sustained confidence from both local and international depositors. However, risks associated with global volatility, monetary tightening in advanced economies, and potential regulatory adjustments persist. In this context, preserving the resilience of the IBC will require strengthening institutional credibility, reinforcing prudential supervision, and consolidating regulatory frameworks that allow for the effective management of counterparty concentration, funding costs, and maturity profiles.

Graph 5 shows the evolution of the IBC's domestic deposit balance over time, reflecting stable depositor behavior. The deposit base from individuals not only demonstrates confidence in the banking sector but also plays a key role in maintaining its liquidity. A broad and stable base allows institutions to manage their short-term obligations more efficiently and support longer-term financing and investment operations.

Graph 6: Total domestic Deposits
July 2021 – July 2025



Source: General License banks.

The recent evolution of the deposit structure confirms the solidity of the National Banking System (NBS) in terms of funding. At the end of July 2025, domestic deposits from individuals represented 78.26% of total domestic deposits, reflecting a sustained preference among residents for local banks as a source of liquidity and savings. This composition favors a more stable funding profile and reduces the system's exposure to risks arising from adverse conditions in international markets.

Term deposits continue to consolidate their position as the main vehicle for deposits. Year-over-year, they grew 13.2% in the domestic segment (+USD 3,594.3 million) and 19.5% in the external segment (+USD 4,225.0 million), reinforcing their role as a pillar of structural stability.

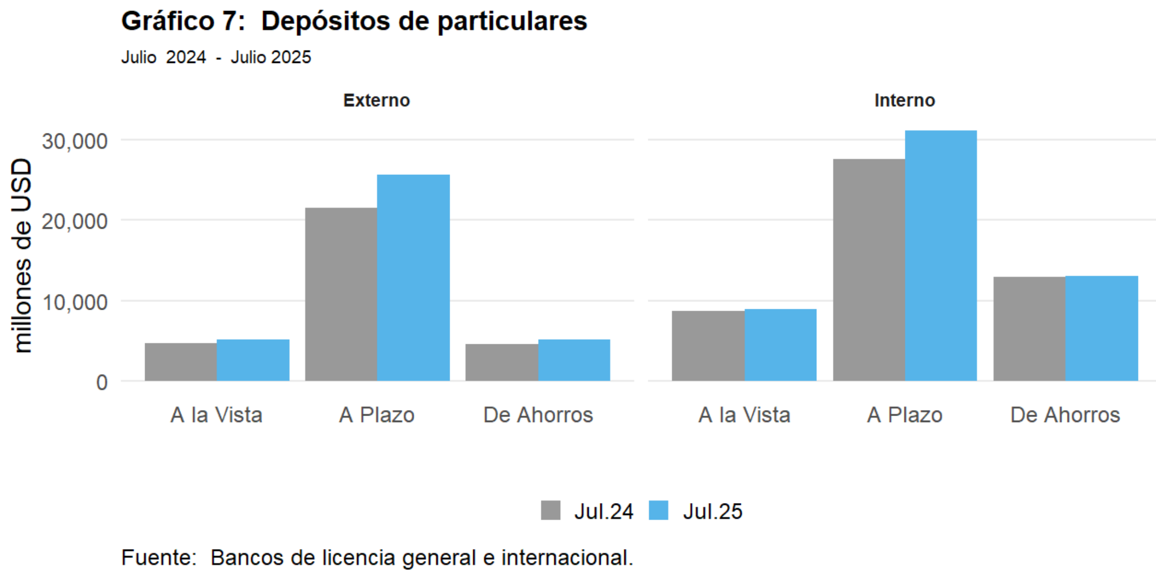
Retail time deposits accounted for 96.5% of the total net growth in deposits in the central region (USD 7,594.3 million out of a total of USD 7,871.5 million), consolidating their position as the main driver of increased bank funding, albeit with a significant impact on financial costs. This trend, combined with the increase in external liabilities (+9.72%), suggests structural upward pressure on funding costs that will compromise margins if not accompanied by effective asset repricing.

Demand deposits showed a differentiated dynamic. In the domestic segment, they grew slightly by 0.9% (+USD 78.6 million), while in the external segment they increased by 11.12% (+USD 516.6 million), suggesting stable demand for highly liquid instruments, both for operational and treasury purposes.

Savings deposits, meanwhile, maintained a positive performance. Domestic deposits grew by 0.97% (+USD 125.7 million) and external deposits by 13.17% (+USD 594.9 million), which points to a growing share of this type of instrument within the funding portfolio, notable for their lower relative cost and stability.

The current composition of term, demand, and savings instruments allows CBI to maintain a relatively diversified and balanced funding structure. In the context of global monetary normalization and increased competition for liquidity, this configuration mitigates maturity mismatch risks and allows for more efficient management of the marginal cost of liabilities.

Graph 7: Customer Deposits
July 2024 – July 2025



Source: General and International license banks.

Moving forward, active management of the funding structure, based on maturity staggering, counterparty diversification, and pricing optimization, will be key to preserving structural liquidity, sustaining risk-adjusted profitability, and strengthening the resilience of local banks.

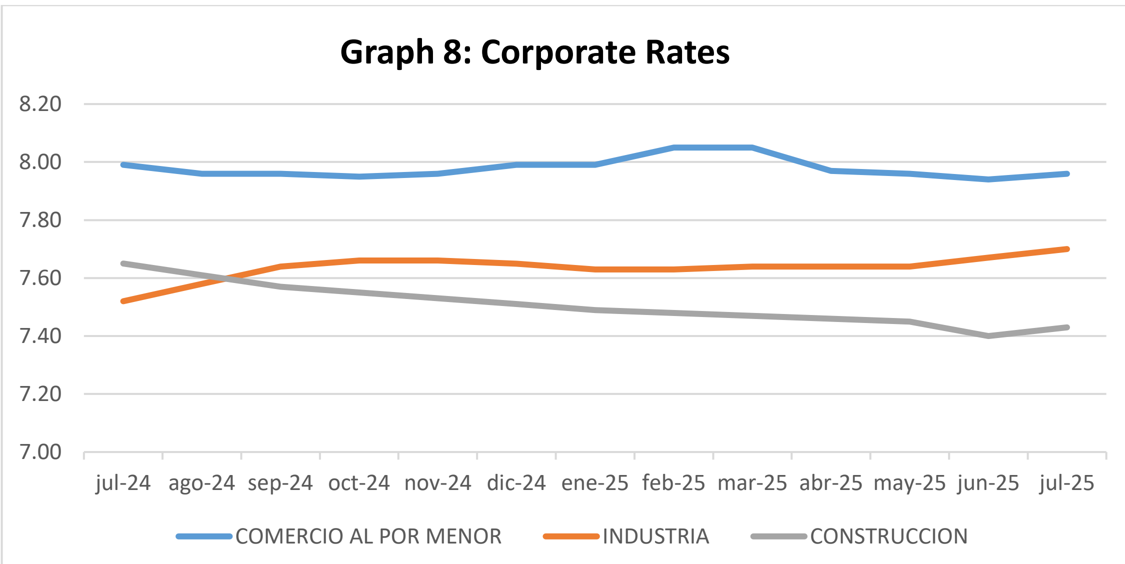
The current composition of term, demand, and savings instruments allows CBI to maintain a relatively diversified and balanced funding structure. Going forward, active management of this structure will be crucial. This involves not only managing the deposit mix but also optimizing the marginal cost between deposits (83.7% of total funding) and liabilities (the remaining 16.3%), which have grown at a faster pace. Maturity staggering, counterparty diversification, and pricing optimization will be fundamental to preserving structural liquidity, sustaining risk-adjusted profitability, and strengthening CBI's resilience to potential fluctuations in global interest rates.

H. Active and Passive Rates as of July 2025

For the period between July 2024 and July 2025, a stable interest rate environment is observed for both credits and deposits.

- **Corporate Rates**

During this period, minimal variations were observed in the average active rates for the corporate sector. In this regard, small increases were noted in the rates for industry and construction, but without exceeding the average ranges for the period under review. This is aimed at boosting the country's business sector, which is the main driver of job creation and, consequently, the economy.

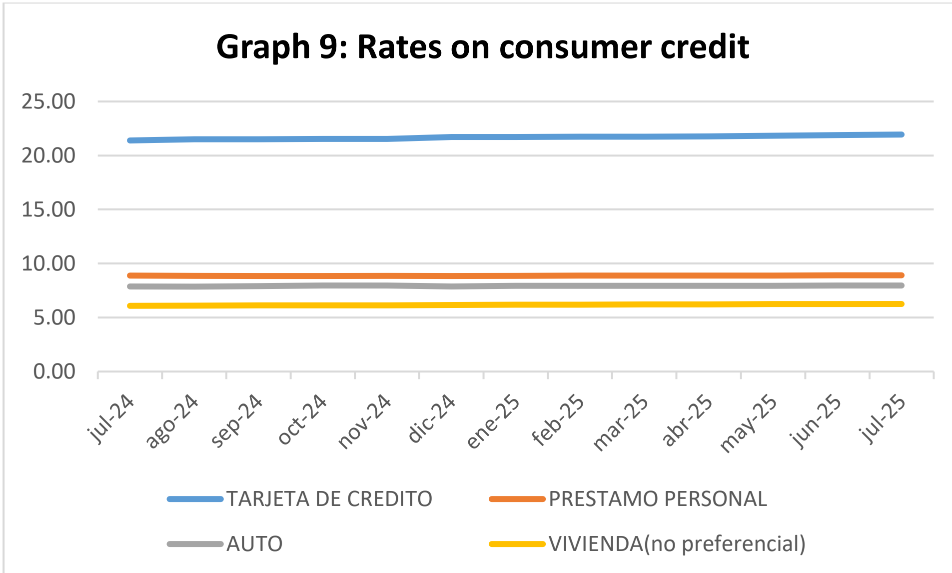


RETAIL – INDUSTRY – CONSTRUCTION

Source: General license banks.

- **Consumer Rates**

Regarding consumer rates, these continue to reflect stability. The stability of these rates generates a level of confidence among users since the monthly payments on their transactions do not experience constant increases.



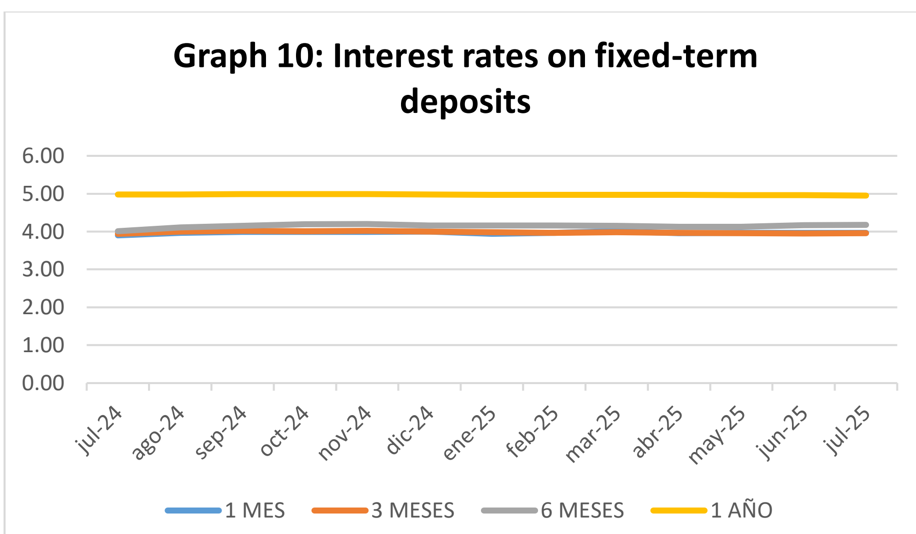
CREDIT CARD **PERSONAL LOAN**
AUTOMOBILE **HOUSING (no preferential)**

Source: General license banks.

- **Fixed-Term Deposit Rates**

For fixed-term deposit rates, no significant variations were observed during the evaluated period.

It should be noted that fixed-term deposits with maturities of up to one year are the banking product with the highest supply and demand in the Panamanian market. In July 2025, the average rate on fixed-term deposits with a one-year maturity was 4.95%, very similar to the rate for the same period of the previous year.



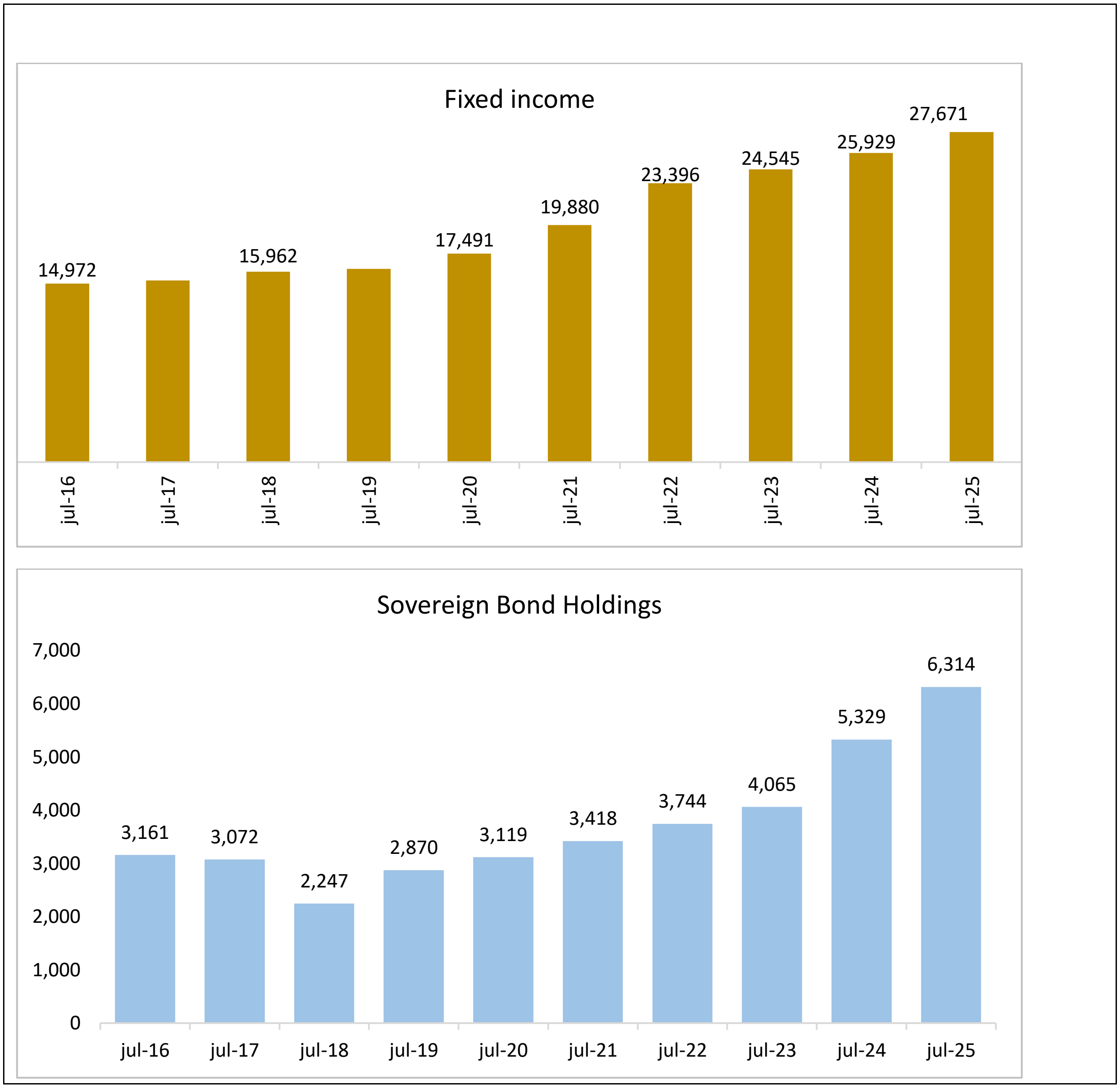
1 MONTH **3 MONTHS** **6 MONYHS** **1 YEAR**

Source: General license banks.

I. Investments in Securities:

The securities portfolio is a product or instrument that has evolved significantly over the last ten years, as evidenced by its average double-digit growth. Previously, interbank loans were the next largest asset after the loan portfolio; however, over time, the securities portfolio has far surpassed this volume, simply because securities contribute substantial returns to the portfolio. Currently, the securities portfolio amounts to thirty-three billion dollars. Sixty-two percent of the total securities portfolio originates from foreign sources, while 38% consists of local instruments.

Graph 11: Evolution of the Securities Portfolio



Source: General and International license banks.

Regarding portfolio diversification, it is observed that 80% of the securities are fixed-income instruments, reflecting a significant level of holdings, primarily in government and corporate bonds. The graph shows that sovereign bond holdings have grown significantly since 2018. The greatest risk reflected in the portfolio's performance occurred in 2021, when, due to market volatility caused by the pandemic, our banking center experienced an unrealized loss of approximately two billion on its securities holdings.

J. Glossary of terms

Acronym	Definition	Description
IBC	International Banking Center	A group of banks with general and international licenses operating in Panama and conducting both local and cross-border activities.
NBS	National Banking System	Includes banks operating with a general license in Panama, primarily focused on domestic operations.
SBP	Superintendencia de Bancos de Panamá	Regulatory and supervisory authority of the banking market in Panama.
CAR	Capital Adequacy Ratio	Indicator that measures the solvency of banks in relation to their risk-weighted assets.
LCR	Liquidity Coverage Ratio	Regulatory ratio that ensures that entities have sufficient liquid assets to cover net cash outflows for 30 days.
ROA	Return on Assets	Profitability indicator that measures net income in relation to total assets.
ROE	Return on Equity	Profitability indicator that measures net income in relation to equity.
NII	Net Interest Income	Difference between interest income and interest costs, in relation to earning assets.
NIIF	International Financial Reporting Standards	Accounting framework used to prepare the financial statements. The document mentions risk management under the expected loss approach.
USD	United States Dollar	US dollars, the currency used in the report figures.
p. b.	Basic points	Unit equal to 0.01%, used to describe small percentage changes (e.g., interest rates or profitability).

Superintendencia
de Bancos de Panamá

www.superbancos.gob.pa