



Banking Activity Report

September 2025

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Executive Summary

As of the close of the 2025 third quarter, the IBC continues to demonstrate solid structural resilience, supported by steady balance sheet growth, stable funding, and robust prudential indicators. Although margins have come under pressure, profitability remains resilient, underpinned by effective risk management and geographic diversification, which together enhance the overall stability of the system.

- I. **Liquidity and Solvency:** By the end of September, banks operating in the IBC maintained ample liquidity and solvency buffers. As of the third quarter of 2025, the Legal Liquidity Ratio stood at 52.5%, alongside sustained compliance with the Liquidity Coverage Ratio (LCR). Liability diversification and structural liquidity buffers continue to support the system's capacity to absorb external shocks. The most recent Capital Adequacy Ratio (CAR) reached 15.78%, reflecting a sound capital position aligned with Basel standards and fully compliant with regulatory requirements.
- II. **Balance Sheet Structure:** Total assets of the IBC reached USD 158,793.7 million, representing a year-over-year increase of 4.7%. Asset expansion was primarily driven by growth in the net loan portfolio (+6.1%), particularly external loans (+14.9%). Deposits increased by 6.1%, with a rising external share, which accounted for 40.6% of total deposits. Net investments grew by 3.8%, with a bias toward domestic instruments.
- III. **Profitability and Operating Results:** Cumulative net income of the IBC amounted to USD 2,228.7 million, reflecting a year-over-year decline of -2.4%. Net interest margin compression (-1.7%) and higher operating expenses (+4.9%) weighed on results. Return on Assets (ROA) stood at 1.9%, Return on Equity (ROE) at 15.9%, and the Net Interest Margin (NIM) at 2.6%, indicating tighter margins, albeit still solid by comparative standards. The National Banking System (NBS) reported net income of USD 1,983.7 million (+5.3%), supported by improved operating efficiency and lower credit impairment. Net interest income declined by 1.1%, while other non-recurring income increased by 2.2%. General expenses decreased by 2.8
- IV. **Credit Activity:** The loan portfolio remains the most significant asset on the balance sheet, accounting for 63% of total assets. The IBC has demonstrated a high degree of maturity in credit risk management, particularly in the context of the current global economic volatility and a domestic economy in gradual recovery. Domestic lending reached USD 64,610 million, reflecting moderate growth of 1.21% compared to the same period of the previous year. In contrast, the segment that has sustained strong and consistent growth for more than two years is lending to international markets, mainly across Latin America. This segment has maintained double-digit growth, reaching 14.76% by the end of the third quarter.

V. **Deposits and Funding Composition:** Total deposits amounted to USD 113,851.9 million, representing a year-over-year increase of 6.1%. External deposits led to growth (+10.6%) and accounted for 40.6% of total deposits. Term deposits explained 83.3% of the net increase, consolidating their role as the primary structural source of funding. Demand deposits (+21.6% externally) and savings deposits (+17.2% externally) also exhibited strong momentum, reflecting a growing preference for liquid and secure instruments. This diversified funding profile mitigates maturity mismatch risks, although it continues to exert upward pressure on funding costs and intermediation margins.

VI. **Conclusion:** The IBC continues to exhibit solid fundamentals in terms of liquidity, capitalization, and profitability. Nevertheless, key challenges remain, including margin pressure, rising operating costs, and increased reliance on external funding. Strengthening operating efficiency, advancing Asset and Liability Management (ALM) strategies, closely monitoring asset quality, and preserving structural resilience under potential stress scenarios remain essential to sustaining financial stability.

A. Liquidity

As of the close of the 2025 third quarter, the Panamanian banking system recorded an average Legal Liquidity Ratio of 52.5%, well above the minimum regulatory requirement of 30%. This level of headroom evidences a strong structural liquidity position and supports the system's capacity to absorb short-term shocks, ensuring operational continuity and functional stability across the sector.

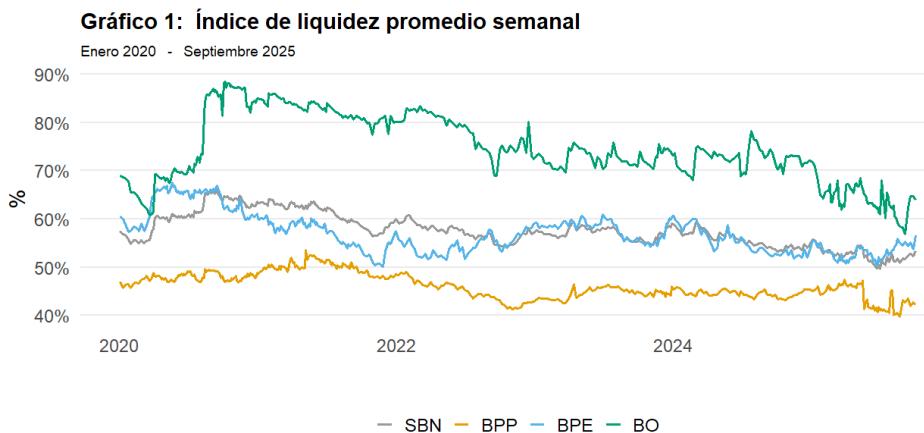
Banks within the system have historically maintained robust liquidity buffers, supported by sustained access to both structural (retail) and wholesale deposits, which remain key components of their funding structure. While institutional deposits offer cost advantages, they also entail inherent volatility risks during periods of economic uncertainty, underscoring the importance of diversified and proactive liability management. The strength of retail deposits mitigates exposure to the volatility typically associated with wholesale funding but requires banks to maintain strong customer relationships and prudent management practices. In this context, the stronger momentum in external funding grew by 10.63% (from USD 41,727.8 million to USD 46,163.6 million; an increase of USD 4,435.8 million), compared to internal funding growth of 3.15% (from USD 65,624.1 million to USD 67,688.3 million; USD 2,064.2 million)—highlights the IBC's increasing reliance on cross-border funding sources. This trend reinforces the need for more sophisticated liability management frameworks aimed at mitigating risks related to capital flow volatility, geographic concentration, and sensitivity to international financial conditions.

The banking system continues to demonstrate sustained compliance with the Liquidity Coverage Ratio (LCR), with levels consistently above the minimum regulatory threshold. This performance reflects sound liquidity risk management practices and strengthens the sector's ability to withstand stress scenarios in financial markets, thereby contributing to overall systemic stability.

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

Graph 1: Weekly Average Liquidity Ratio

January 2020 – September 2025



Fuente: Bancos de licencia general.

Source: General license banks.

B. Solvency

The Capital Adequacy Ratio (CAR) of banks operating within Panama's International Banking Center (IBC) has remained at sound levels, consistently above the minimum regulatory requirement of 8%. The most recent data indicate that the risk-adjusted CAR stood at 15.78% (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, thereby supporting the stability of the banking system.

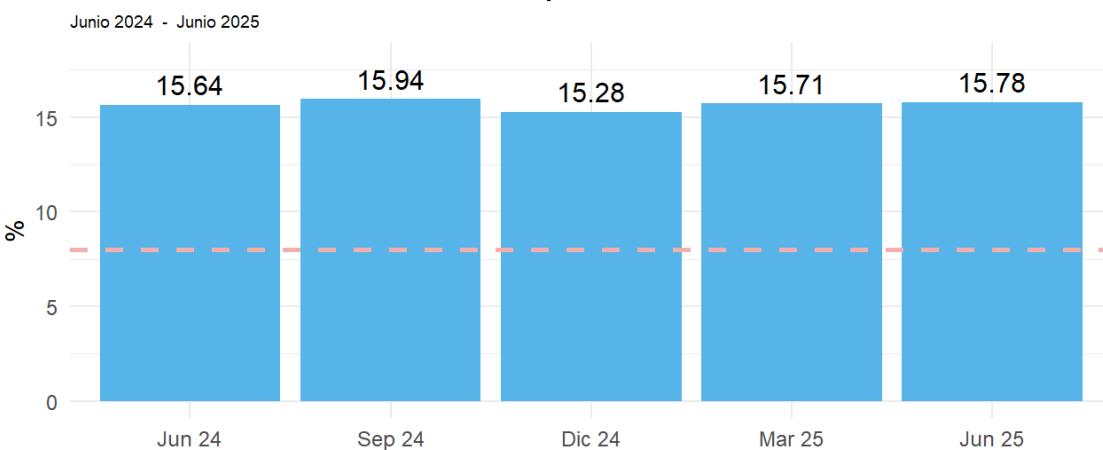
The evolution of the CAR in recent years shows a stable trend, with fluctuations contained within a narrow range, indicating prudent capital management by IBC institutions. This stability is particularly relevant amid global and domestic macroeconomic pressures, where the ability to sustain adequate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

In conclusion, while IBC banks have demonstrated a solid capacity to maintain adequate capital levels, the evolving financial and macroeconomic risk landscape will require continued active and prudent capital management to preserve system stability. To further strengthen capital solvency, it is essential for institutions to maintain comprehensive monitoring frameworks that encompass not only the CAR, but also the quality of regulatory capital—distinguishing between Tier 1 and Tier 2—and the ability to generate earnings that organically reinforce capital. This assessment becomes increasingly relevant in light of the year-over-year contraction recorded in net income. The capacity of institutions to adapt to changes in the regulatory and economic environment will be a key determinant of their future performance.

Graph 2: Capital Adequacy Ratio

June 2024 – June 2025

Gráfico 2: Índice de Adecuación de Capital



Fuente: Bancos de licencia general e internacional.

Source: General and international license banks.

C. Income statement

- International Banking Center

Based on updated data as of September 2025, the International Banking Center (IBC) recorded cumulative net income of USD 2,228.7 million, representing a year-over-year decline of 2.4% (–USD 54.7 million). This moderation in profitability is mainly attributable to net interest margin compression and a persistent increase in operating expenses, amid heightened competition for liquidity and ongoing monetary normalization. Despite this, the system continues to post solid profitability in absolute terms, with levels that remain above several regional benchmarks.

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

ACCOUNTS	2024	2025	Var. Jan-Sept 25 / Jan - Sept 24	
	Jan - Sept	Jan - Sept	Absolute	%
Net interest income	2,623.8	2,578.6	-45.2	-1.7%
Other income	2,541.3	2,647.3	106.0	4.2%
Operating income	5,165.1	5,225.9	60.8	1.2%
General expenses	2,471.4	2,593.6	122.2	4.9%
Profit before provisions	2,693.7	2,632.3	-61.4	-2.3%
Bad debt	410.3	403.5	-6.7	-1.6%
Profit for the period	2,283.4	2,228.7	-54.7	-2.4%

Source: General and International License banks.

Interest income totaled USD 6,832.7 million from January to September 2025, reflecting growth of 3.2% (+USD 210.2 million) compared to the same period of the previous year. This performance was driven primarily by loan growth (+5.0%) and higher yields on investments (+7.6%). In contrast, significant declines were observed in income from deposits (–17.0%), leasing (–21.2%), and other items (–8.8%), reflecting lower returns on certain liquid assets and a portfolio reallocation toward higher-yielding instruments.

On the expense side, interest paid and commissions increased by 6.4%, reaching USD 4,254.2 million, mainly due to higher interest expense (+6.3%) and commissions (+7.0%). This dynamic led to a 1.7% decline in net interest income (–USD 45.2 million), which stood at USD 2,578.6 million, evidencing pressure on intermediation margins driven by higher funding costs.

Other income showed relatively stronger performance, increasing by 4.2% to USD 2,647.3 million. This result was supported by a 9.7% increase in commissions (USD 1,038.9 million), while income classified under “other” also rose by 6.3%. However, dividend income from subsidiaries declined by 5.9% (–USD 42.9 million), partially offsetting gains in other lines.

Net operating income reached USD 5,225.9 million (+1.2%). Nevertheless, this growth was offset by a 4.9% increase in general expenses, which totaled USD 2,593.6 million. The strongest growth was observed in general expenses (+7.7%) and administrative expenses (+4.5%), while depreciation and other expenses increased at a more moderate pace (+1.1% and +3.2%, respectively).

As a result, profit before provisions declined by 2.3% (–USD 61.4 million) to USD 2,632.3 million. Loan loss provisions amounted to USD 403.6 million, representing a slight decrease of 1.6%, which may reflect a more stable assessment of credit risks, albeit within a still demanding environment.

Net income for the period stood at USD 2,228.8 million, confirming a mild but persistent trend toward moderation in system profitability. While absolute levels remain solid, narrower margins and rising structural costs continue to pose challenges for banks.

- **National Banking System**

As of September 2025, the National Banking System (NBS) reported cumulative net income of USD 1,983.7 million, representing year-over-year growth of 5.3% (+USD 99.9 million). This performance consolidates the recovery and resilience of the banking system, despite operating in an environment characterized by tighter financial margins, higher funding costs, and more demanding liquidity conditions at the regional level.

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

ACCOUNTS	2024	2025	Var. Jan-Sep 25 / Sep 24	
	Jan-Sep	Jan-Sep	Absolute	%
Net interest income	2,339.2	2,312.5	-26.7	-1.1%
Other income	2,251.5	2,300.2	48.7	2.2%
Operating income	4,590.6	4,612.7	22.0	0.5%
General expenses	2,317.5	2,253.0	-64.5	-2.8%
Profit before provisions	2,273.2	2,359.7	86.5	3.8%
Bad debt	389.3	375.9	-13.3	-3.4%
Profit for the period	1,883.9	1,983.7	99.8	5.3%

Source: General License banks.

Interest income totaled USD 6,146.7 million, reflecting a 2.9% increase compared to 2024. This growth was driven primarily by loan income, which rose 4.2% to USD 4,820.7 million, and by a 7.8% increase in investment income, which reached USD 881.2 million. However, notable declines were recorded in other components of financial income, including deposit income (–16.0%) and income from leasing and other items (–5.8% and –14.5%, respectively). This combination points to a reconfiguration of the portfolio toward higher-yielding assets, alongside lower returns on more liquid or lower-risk instruments.

Operating expenses reached USD 3,834.3 million, representing a year-over-year increase of 5.5%. Interest expense rose by 5.4% and was the main contributor to this increase, reflecting higher funding costs in a high international interest rate environment. Commissions also increased by 7.1%, reinforcing the trend toward greater transactional activity. As a result, net interest income declined by 1.1% to USD 2,312.5 million.

Non-financial income grew by 2.2%, totaling USD 2,300.2 million. This performance was driven by a 10.5% increase in commissions, which reached USD 994.5 million, as well as strong growth in foreign exchange operations and dividends, which rose by 39.3% and 14.0%, respectively. These gains helped offset a 17.6% decline in other miscellaneous income, which represented a contraction of more than USD 130 million compared to the previous year. Net operating income totaled USD 4,612.7 million, reflecting modest growth of 0.5%.

In contrast, general expenses declined by 2.8%, totaling USD 2,253.0 million, partly influenced by potentially non-recurring factors. As a result, profit before provisions increased by 3.8% to USD 2,359.7 million, consolidating a tangible improvement in operating efficiency.

Finally, loan loss provisions declined by 3.4% to USD 375.9 million, suggesting a controlled credit risk environment and the continuation of sound prudential policies by financial institutions. This reduction, combined with higher operating income and expense containment, supported the achievement of robust net income by the end of the third quarter.

In conclusion, as of the third quarter, aggregate bank profitability shows differentiated behavior across segments. The NBS increased its net income to USD 1,983.7 million (+5.3% year-over-year), supported by improved efficiency and lower cost of risk, while the IBC moderated its results to USD 2,228.7 million (-2.4%), affected by margin compression and higher expense pressures. This asymmetry highlights qualitatively different profitability drivers across both segments.

The performance observed through September 2025 allows for a favorable outlook in absolute terms for year-end results, provided financial stability conditions and prudent risk management are maintained. Looking ahead to year-end, the sustainability of results will depend on the system's ability to:

- Optimize operating efficiency by containing the growth of non-financial expenses.
- Further diversify income sources, particularly in the face of a potential slowdown in the regional financial cycle.
- Actively manage the funding structure in a high-rate environment and amid international competition for liquidity.
- Maintain robust prudential standards aligned with IFRS and Basel III, with emphasis on countercyclical provisioning and forward-looking credit risk management.

D. Profitability indicators

Based on data as of September 2025, the main profitability indicators of the International Banking Center (IBC) continued to show signs of moderation, consistent with an environment characterized by tighter margins, higher funding costs, and more cautious credit growth. Return on Assets (ROA) stood at 1.9%, below the 2.1% recorded in the same period of the previous year, representing a decline of 20 basis points. Similarly, Return on Equity (ROE) decreased from 17.1% to 15.9%, reflecting a contraction of 120 basis points.

Net Interest Margin (NIM) declined from 2.8% to 2.6%, confirming margin compression driven by higher liability costs and slower repricing of earning assets. Despite this adjustment, many institutions have managed to preserve acceptable profitability levels through diversification into non-financial income, more efficient operating expense management, and the adoption of active balance sheet management strategies.

However, the persistent decline in NIM reinforces the need to continue optimizing Asset and Liability Management (ALM), implement more dynamic pricing frameworks, and advance digital transformation processes in order to sustain profitability in a context of elevated interest rates and increasing competition for liquidity.

E. Balance sheet

As of the close of September 2025, Panama's International Banking Center (IBC) reported total net assets of USD 158,793.7 million, representing a year-over-year increase of USD 7,151.5 million (+4.72%). This growth reflects the continuation of a strategy focused on expanding productive assets and optimizing balance sheet utilization, amid regional competition for liquidity and more demanding international financial conditions. The observed evolution suggests efficient resource allocation and prudent balance sheet management, contributing to the preservation of solid 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. Sep 25 / Sep 24	
	September	September	Absolute	%
NET LIQUID ASSETS	17,277.8	17,295.9	18.1	0.1%
NET CREDIT PORTFOLIO	94,141.5	99,844.2	5,702.7	6.1%
Domestic	61,852.3	62,743.9	891.6	1.4%
Foreign	32,289.1	37,100.3	4,811.2	14.9%
NET INVESTMENTS IN SECURITIES	32,676.4	33,917.7	1,241.3	3.8%
OTHER ASSETS	7,546.5	7,735.9	189.4	2.5%
TOTAL NET ASSETS	151,642.2	158,793.7	7,151.5	4.7%
Deposits	107,351.9	113,851.9	6,500.0	6.1%
Domestic	65,624.1	67,688.3	2,064.2	3.1%
Foreign	41,727.8	46,163.6	4,435.8	10.6%
OBLIGATIONS	20,807.5	21,579.7	772.2	3.7%
OTHER LIABILITIES	4,744.8	4,747.1	2.3	0.0%
CAPITAL	18,738.1	18,615.1	-123.0	-0.7%
LIABILITIES AND CAPITAL, TOTAL	151,642.2	158,793.7	7,151.5	4.7%

Source: General and International License banks.

In terms of liquidity, net liquid assets rose to USD 17,476.8 million, increasing by USD 1,216.4 million (+7.48%) year-over-year. This expansion reflects a balance sheet strategy aimed at maintaining adequate liquidity levels without sacrificing profitability, while preserving compliance with minimum regulatory coverage requirements. The internal and external composition remained relatively stable, with a continued emphasis on high-quality, low-risk liquid instruments. The ratio of liquid assets to total assets, at 11%, remains at appropriate levels.

The net loan portfolio consolidated its role as the main driver of asset growth, increasing by USD 7,209.0 million (+7.80%) to USD 99,613.0 million. This expansion was led by the external portfolio, which grew by USD 5,459.7 million (+17.43%), while the domestic portfolio posted more moderate growth of USD 1,749.4 million (+2.86%), in line with domestic economic activity. This dynamic reflects stronger regional intermediation and greater selectivity in local credit origination. Nonetheless, the marked contrast between external and domestic portfolio growth highlights an active geographic diversification strategy in credit operations. While strategic, this trend requires continuous strengthening of origination standards, risk analysis, and monitoring, to preserve consistent credit quality across all jurisdictions in which institutions operate.

The net securities investment portfolio rose to USD 33,917.7 million, with a year-over-year increase of USD 1,241.3 million (+3.8%). Growth was driven by domestic investments (+14.7%), while external investments declined slightly (-2.3%). This rebalancing suggests a bias toward instruments closer to the domestic or regional market, possibly aimed at reducing foreign exchange exposure or improving portfolio liquidity. Provisions for impairment of investments increased slightly, though they remain at marginal levels.

Other assets totaled USD 7,735.9 million, reflecting year-over-year growth of 2.5%, primarily driven by the external component (+7.6%). This increase may reflect higher balances in tax-related assets, accounts receivable, or expanding operating assets, particularly in jurisdictions outside Panama.

On the liability side, deposits remained the primary source of funding for the International Banking Center (IBC), reaching a total balance of USD 113,851.9 million, representing year-over-year growth of 6.1%. This expansion was led by external deposits, which increased by 10.6%, compared to more moderate growth in domestic deposits (+3.15%). The growth in deposits from non-resident individuals is evident, which rose by 11.85%, driven by a significant increase in demand deposits (+21.5%) and savings deposits (+17.2%). Deposits from foreign banks also increased by 6.8%. This evolution further consolidates IBC's position as a more integrated and dynamic regional financial hub. External deposits account for 40.6% of total deposits, while demand deposits increased their share from 14.96% to 15.86%, reflecting natural adjustments in funding composition under the prevailing interest rate environment.

Financial obligations totaled USD 21,579.7 million, with a year-over-year increase of USD 772.2 million (+3.71%), reflecting an ongoing strategy to diversify funding sources, particularly in external markets. This growth has occurred in a high-interest rate context, reinforcing the importance of actively managing maturity profiles and interest rate risk sensitivity.

Equity stood at USD 18,615.1 million, recording a slight contraction of USD 123.0 million (-0.66%). This variation is mainly explained by adjustments in capital reserves (-93.3%) and a decline in net income for the period (-4.8%), partially offset by increases in other reserves and retained earnings. Despite this temporary reduction, solvency indicators remain within prudential ranges and consistent with the level of risk exposure assumed.

In summary, data as of September 2025 reaffirm the IBC's structural strength and its capacity to adapt in a challenging international financial environment. Balanced growth in productive assets, combined with a diversified funding base and a solid capital framework, supports a stable outlook on the system. Nevertheless, looking ahead to the coming quarters, it will be essential to:

- Adequately manage credit and concentration risks arising from the accelerated growth of the external loan portfolio.
- Maintain competitive funding conditions while actively managing risks associated with increased reliance on external deposits and wholesale funding.
- Preserve credit quality amid a regional environment that may begin to show signs of economic deceleration.
- Closely monitor leverage levels and ensure that capital evolution remains aligned with balance sheet expansion, thereby strengthening the system's loss-absorbing capacity and preserving solvency under stress scenarios

F. Credit

The total loan portfolio continues to be the most significant asset on the balance sheet, maintaining a 63% share of total assets.

The International Banking Center (IBC) has demonstrated a high level of maturity in credit management, which becomes particularly evident amid ongoing global economic turbulence and a domestic economic environment that is gradually recovering.

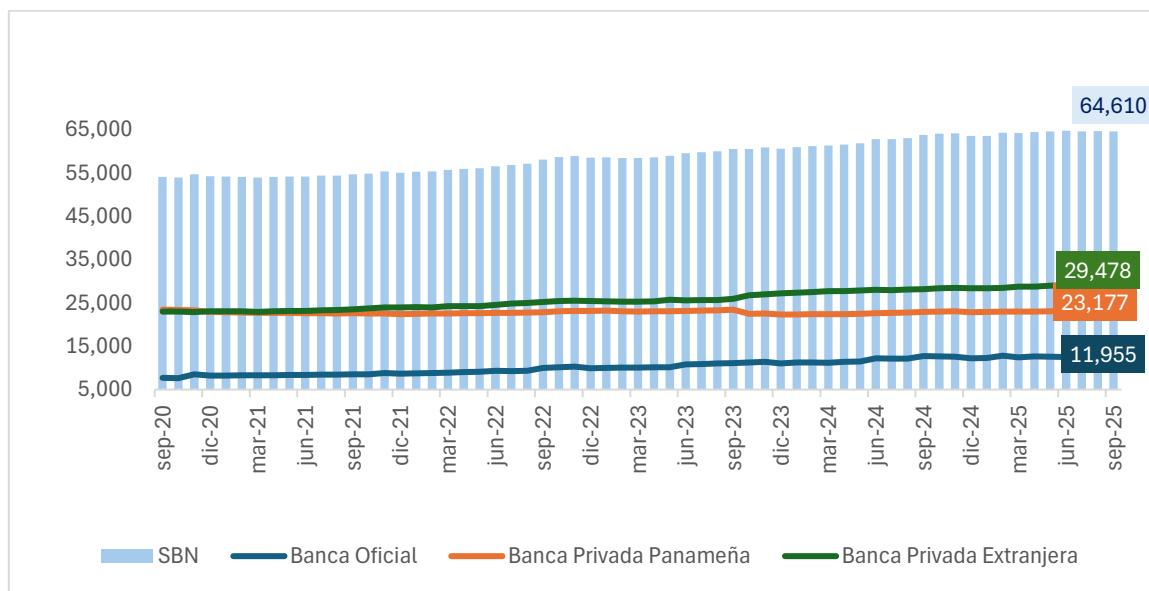
This performance is reflected in the domestic loan portfolio, which reached USD 64,610 million, representing moderate growth of 1.21% compared to the same period of the previous year.

The segment that has sustained strong and consistent growth for more than two years is lending to international markets, mainly within the Latin American region. This segment has maintained double-digit growth rates, reaching 14.76% as of the close of the third quarter.

It is important to note that the expansion of credit granted by the National Banking System (NBS) to the private sector reached 2.31%, exceeding the growth observed in the overall domestic loan portfolio. This outcome was primarily driven by a contraction in credit to the public sector, as loans granted by banks to government entities declined by USD 645 million, equivalent to -27%.

We view the positive evolution of credit balances extended to the private sector as favorable, as it reflects the banking system's contribution to economic recovery, particularly within productive sectors.

Graph 3: Loans by Type of Banking Institution

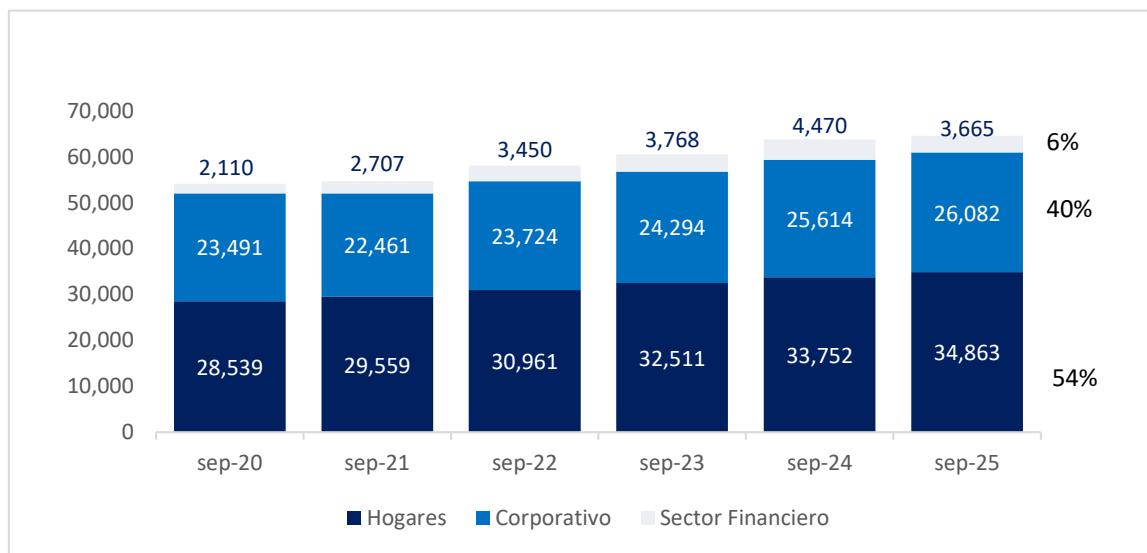


An analysis of loan distribution by type of bank shows that official banks account for 18% of domestic loans, while Panamanian private banks and foreign private banks represent 36% and 46%, respectively.

When examining the destination of loans within the National Banking System at the domestic level, stable distribution persists, with 54% allocated to the household sector. This segment includes residential mortgages, personal loans, auto loans, and credit cards. Over the past five years, this portfolio grew by 22%, equivalent to USD 6,323 million.

Meanwhile, credit to the corporate sector recorded cumulative growth of 11% between 2020 and 2025, nearly USD 2,600 million, primarily allocated to commercial activity, services, and industry.

Chart 4: Credit by Economic Sectors

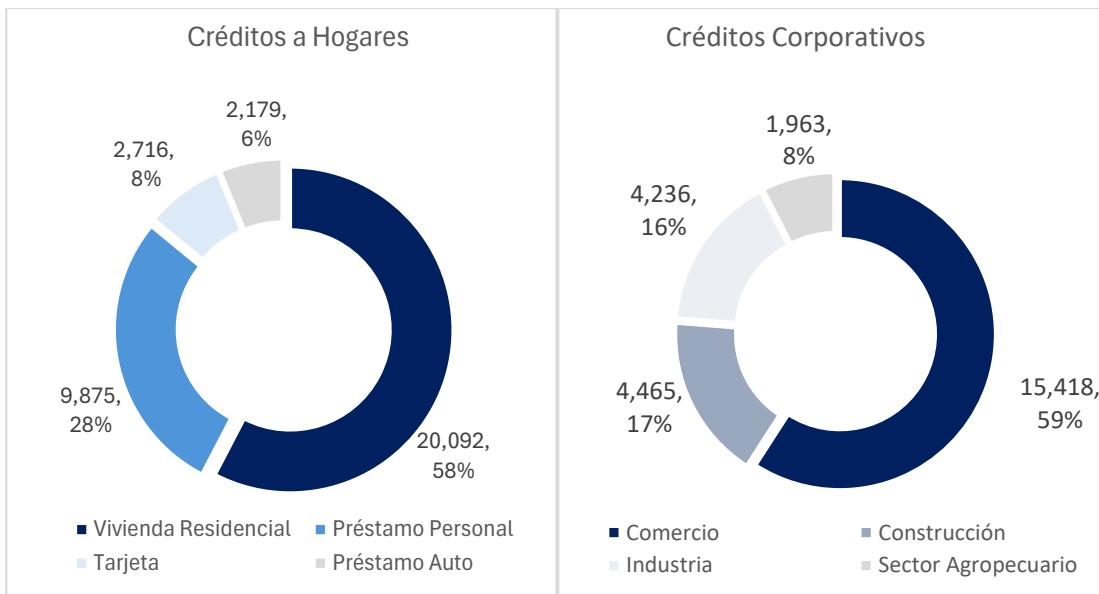


Sectoral Credit

Within household-related activities, as of September 2025, residential mortgage loans closed with a balance of USD 20,092 million, reflecting year-over-year growth of 2% and accounting for 58% of household credit. Personal loans posted a balance of USD 9,875 million, representing an increase of USD 293 million compared to September 2024. Credit card lending and auto loans recorded balances of approximately USD 2,716 million and USD 2,179 million, respectively, accounting for concentrations of 8% and 6%.

The corporate sector represented 40% of domestic credit as of September 2025. Within this segment, commercial activities stood out as the fastest growing compared to 2024, while sectors such as construction and agriculture showed less favorable performance.

Chart 5: Credit by Economic Lines – September 2025



As illustrated in the charts, commerce, industry, mortgage, and personal consumption sectors continue to exhibit stable and moderate growth trends.

New Loans

Regarding new lending, as of September, new loan disbursements increased by 5%, reaching USD 19,786 million.

These growth levels may have been influenced by mid-year events that affected portfolio dynamics, reflecting lag effects associated with such developments.

A breakdown of the National Banking System's portfolio shows that private banks recorded very strong performance, with growth of 14%, equivalent to USD 2,104 million. This outcome underscores the solid performance of private banking institutions. In contrast, official banks continued to reduce disbursements, driven by declines in credit lines extended to the government and in short-term financial loans granted to other banking institutions.

The portfolio allocated to the commerce sector maintained the largest share of growth in total domestic disbursements, while sectors such as mortgage lending and construction exhibited more moderate dynamics.

Table 4: New Domestic Loans Granted
National Banking System
Cumulative Jan–Sep 2025/2024
USD millions

Portfolio Quality

As of the end of September, the past-due loan portfolio with arrears exceeding 90 days stood at 2.24%, reflecting a slight improvement in payment performance compared to the same period of the previous year.

Cuadro 5: Percentage of Past Due Loans

	September 24	September 25
CBI	2.27%	2.24%
SBN	2.45%	2.44%

Source: General and International Licensed Banks

Segmentation of the loan portfolio by borrower residence shows that loans to non-resident clients maintain a favorable past-due ratio over 90 days of 0.34%, allowing banks to continue expanding credit volumes safely and with low credit risk levels.

In contrast, within the domestic banking segment, the past-due loan portfolio of the National Banking System shows higher delinquency levels than loans granted abroad. As of September 2025, the NBS recorded a past-due ratio over 90 days of 3.33%.

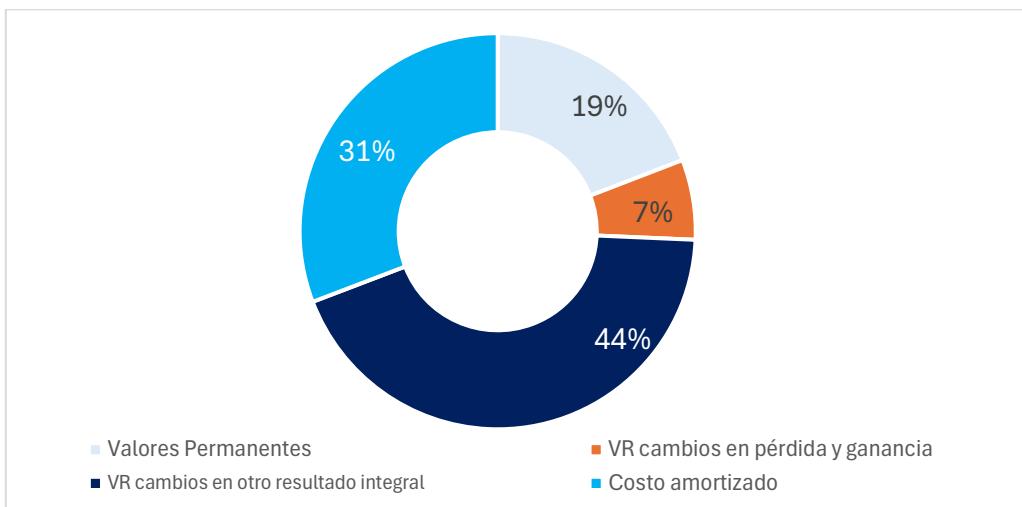
The economic sectors with the strongest performance in this group include industrial loans, which registered a delinquency ratio of 0.51%, and the commercial sector at 2.4%. Meanwhile, the mortgage sector remained around 3.7% for several periods.

Nevertheless, mortgage loans—despite representing the largest share within the sectoral loan portfolio—continue to exhibit very low charge-off levels. This behavior suggests that borrowers, even when facing payment delays, are generally able to regularize their obligations without losing their homes.

G. Investments

As of September 2025, the investment balance of the National Banking System amounted to USD 30,242.7 million. Of this total, 44% corresponds to securities measured at fair value through other comprehensive incomes, followed by investments measured at amortized cost (31%).

Chart 6: Investments by Classification

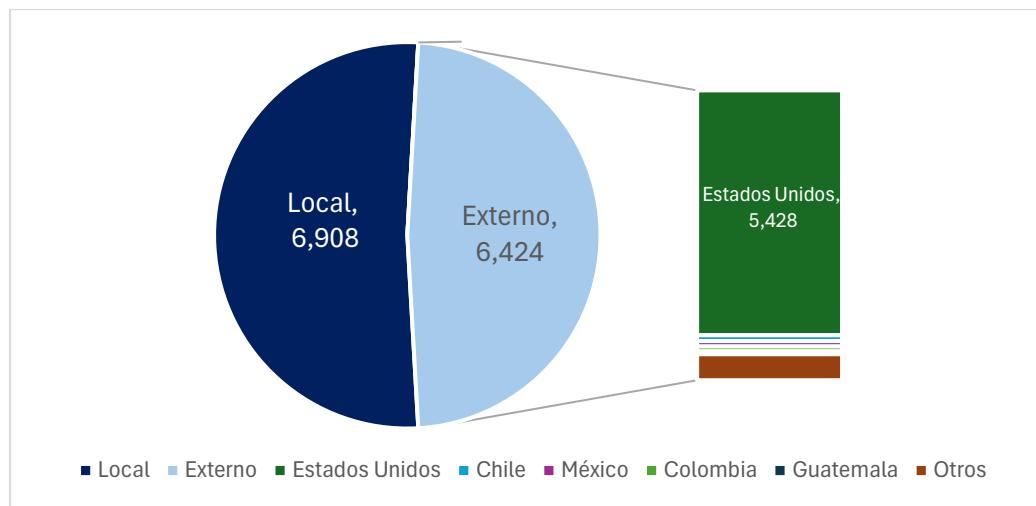


The investment portfolio recorded a year-over-year increase of 9.66% compared to the same period in 2024. This growth was driven primarily by government securities, which reached USD 13,093 million as of September 2025, representing 43% of the total investment portfolio.

Domestic government securities amounted to USD 6,908 million, while external government securities totaled USD 6,424 million, accounting for 52% and 48%, respectively. Regarding the origin of external securities, 84% correspond to instruments issued by the United States government.

Graph 7: Government Investments

in USD million



Source: SBP data

H. Deposits

As of the end of September 2025, the International Banking Center (IBC) recorded total deposits of USD 113,851.9 million, representing year-over-year growth of 6.1% (USD +6,500.0 million). This result was driven mainly by the external segment, which accounted for nearly 68% of the net increase, raising the share of international funding to 40.6% of total deposits (up from 38.9% in 2024). This trend reaffirms the structural role of international funding within Panama's banking model.

In terms of fund utilization, the system continues to operate with high domestic efficiency. The ratio of domestic credit to domestic deposits stands at approximately 95.4%, reflecting near-full use of local funding to finance the domestic economy. By contrast, external credit represents 81.0% of external funding, indicating room to continue expanding regional intermediation.

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

Accounts	2024 September	2025 September	Var. Sep. 25 / Sep. 24 Absolute	Var. Sep. 25 / Sep. 24 %
TOTAL DEPOSITS	107,351.9	113,851.9	6,500.0	6.1%
Domestic	65,624.1	67,688.3	2,064.2	3.1%
Government	13,185.9	10,830.1	-2,355.8	-17.9%
Customer	49,444.8	53,647.0	4,202.3	8.5%
Banks	2,993.4	3,211.2	217.7	7.3%
Foreign	41,727.8	46,163.6	4,435.8	10.6%
Government	312.5	325.0	12.5	4.0%
Customers	31,881.6	35,659.0	3,777.4	11.8%
Banks	9,533.7	10,179.5	645.8	6.8%

Source: General and International License banks.

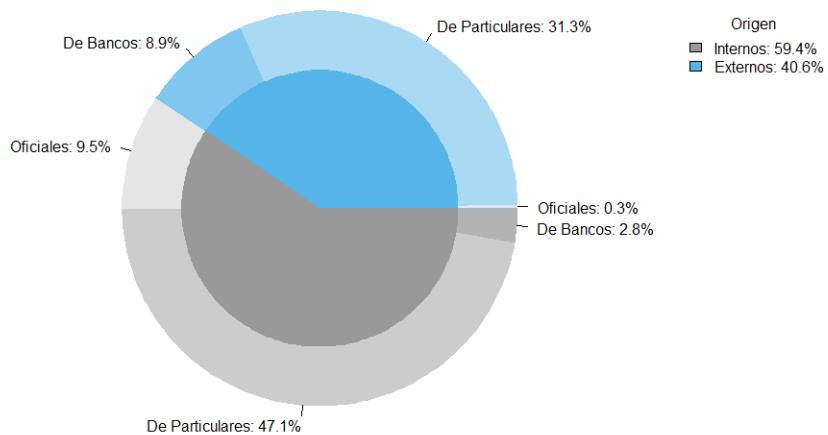
Domestic deposits totaled USD 67,688.3 million, increasing by 3.15% year-over-year (USD +2,064.2 million). This growth was driven by deposits from individuals, which rose by 8.5% (USD +4,202.3 million), particularly time deposits (+12.0%) and demand deposits (+6.8%), reflecting a stronger preference for short- and medium-term instruments. In contrast, domestic official deposits declined by 17.9% (−USD 2,355.8 million), possibly linked to lower public-sector liquidity or more active public portfolio management. Deposits from local banks increased by 7.3%, reaching USD 3,211.2 million.

Within the external segment, deposits reached USD 46,163.6 million, posting year-over-year growth of 10.6% (USD +4,435.8 million). This performance was led by deposits from non-resident individuals, which increased by 11.9% to USD 35,659.0 million, driven by demand deposits (+21.6%) and savings deposits (+17.2%). Deposits from foreign banks also rose by 6.8%, while external official deposits increased slightly by 4.0%, reaching USD 325.0 million.

Currently, external funding represents approximately 40.6% of total system deposits, consolidating its strategic weight within the IBC's liability structure. This profile strengthens the international competitiveness of Panama's banking system, while also requiring active monitoring of risks associated with cross-border liquidity, depositor concentration, and potential shifts in country or regional risk perception.

Graph 8: Total Deposits of the IBC

September 2025



Source: General license banks.

Maturity Structure of Deposits from Individuals

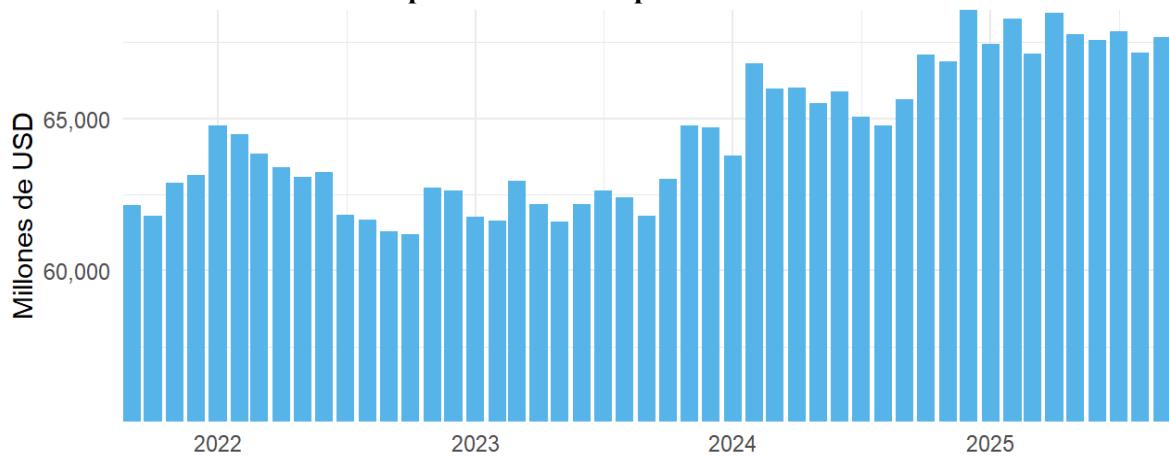
From a financial stability perspective, growth in the IBC's deposit base reflects sustained confidence from both local and international depositors. As of September 2025, total deposits reached USD 113,851.9 million, with year-over-year growth of 6.05% (USD +6,500 million). This expansion was led by external deposits, which grew by 10.63%, while domestic deposits increased by 3.15%, highlighting the resilience and attractiveness of Panama's financial center amid a complex regional environment.

Deposits from non-resident individuals increased by 11.85% (USD +3,777.4 million), driven by demand deposits (+21.6%), savings deposits (+17.2%), and time deposits (+8.9%). On the domestic side, deposits from resident individuals rose by 8.5%, with growth across all three components: time deposits (+12.0%), demand deposits (+6.8%), and savings deposits (+2.0%). This behavior reinforces the role of households as a structural funding base and a key source of system liquidity.

Nevertheless, the global environment remains challenging, characterized by financial volatility, tighter monetary conditions in advanced economies, and potential regulatory adjustments. Preserving the IBC's structural resilience will require continued strengthening of institutional credibility, reinforced prudential supervision, and consolidation of regulatory frameworks capable of mitigating risks related to counterparty concentration, funding costs, and maturity profiles.

The chart below illustrates the evolution of domestic system deposits over time, reflecting a stable trajectory with increasing contributions from households. A broad and diversified depositor base enables institutions to manage short-term obligations more efficiently, sustain financing operations, and maintain flexibility in the face of external shocks or abrupt liquidity withdrawals.

Graph 9: Total Domestic Deposits
September 2021 - September 2025



Fuente: Bancos de licencia general.

Source: General and International license banks.

Recent developments in deposit structure further confirm the strength of the IBC's funding base. As of September 2025, domestic deposits from individuals represented approximately 79.3% of total domestic deposits (USD 53,647.0 million out of USD 67,688.3 million), reinforcing residents' preference for banks as vehicles for liquidity preservation and savings. This composition supports a more stable funding profile and reduces the IBC's exposure to risks arising from adverse conditions in international markets.

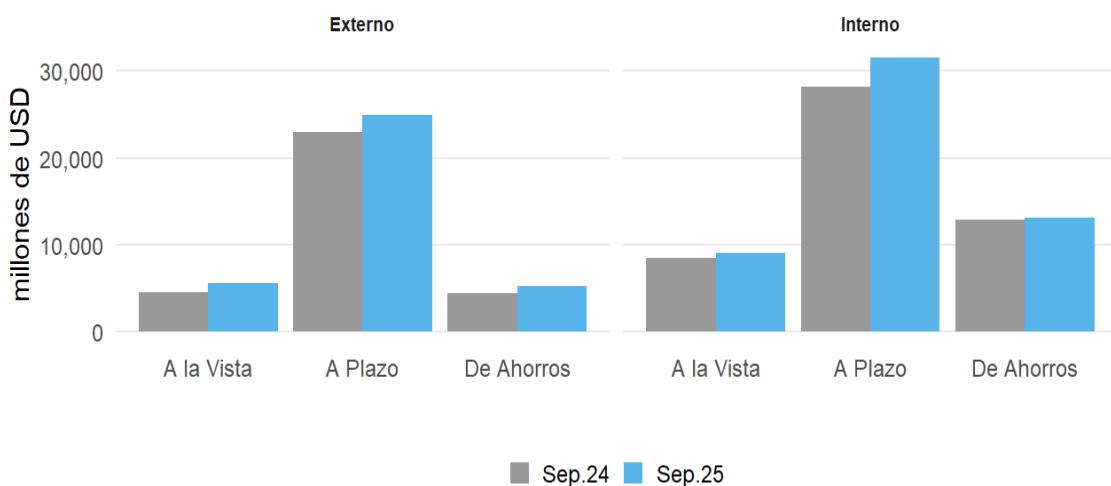
Time deposits continue to consolidate as the primary funding instrument. On a year-over-year basis, they grew by 11.99% in the domestic segment (USD +3,373.9 million) and by 8.90% in the external segment (USD +2,041.5 million), reinforcing their role as a pillar of structural stability.

Overall, time deposits accounted for approximately 83.3% of total net deposit growth (USD 5,415.4 million out of USD 6,500.0 million), consolidating their position as the main driver of funding expansion, albeit with a direct impact on financial costs. This trend, combined with higher international interest rates and the growth of alternative funding sources, suggests upward structural pressure on funding costs, with potential implications for intermediation margins if not accompanied by effective asset repricing strategies.

Demand deposits also showed favorable performance. In the domestic segment, they increased by 6.78% (USD +573.8 million), while in the external segment they posted a more dynamic increase of 21.55% (USD +979.8 million), reflecting stronger demand for high-liquidity instruments for both operational purposes and corporate treasury management.

Savings deposits likewise recorded positive performance. In the domestic segment, they grew by 1.98% (USD +254.6 million), while in the external segment they increased by 17.20% (USD +756.1 million). This trend suggests a growing role for this instrument within the funding portfolio, given its relatively lower cost and greater stability.

Graph 10: Individuals Deposits
September 2024 – September 2025



Fuente: Bancos de licencia general e internacional.

Source: General and International license banks.

The current composition among time deposits, demand deposits, and savings deposits enables the IBC to maintain a diversified and well-balanced funding structure. In the context of global monetary normalization and heightened competition for liquidity, this configuration mitigates maturity mismatch risks and allows for more efficient management of the marginal cost of liabilities.

Looking ahead, active management of the funding structure—based on maturity laddering, counterparty diversification, and pricing optimization—will be critical to preserving structural liquidity, sustaining risk-adjusted profitability, and strengthening the resilience of banks operating within the financial center.

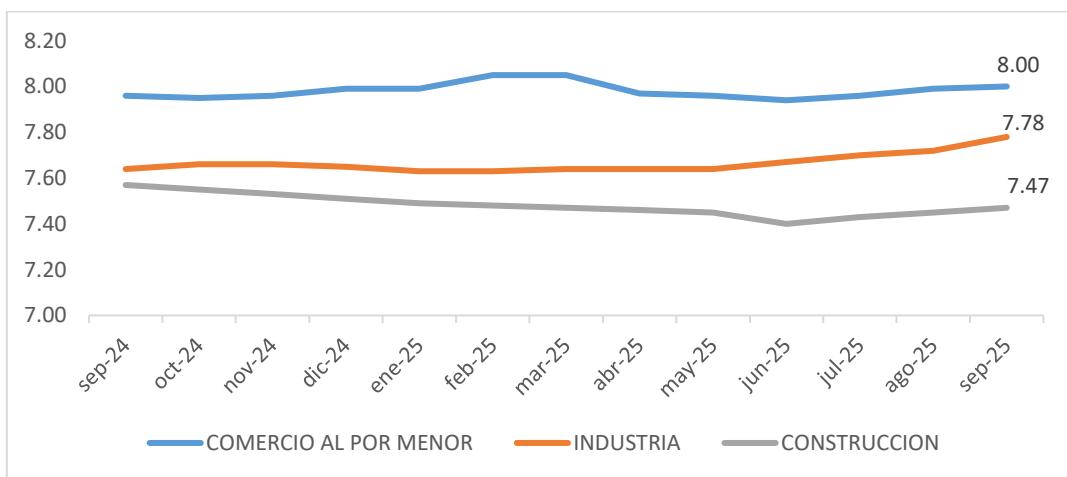
I. Maturity Structure of Retail Deposits

For the period between September 2024 and September 2025, a stable interest rate environment is observed; however, slight increases are noted in some corporate economic sectors.

- **Active Rates:**
- **Corporate Rates**

During this period, minimal variations were observed in the average active rates derived from the corporate sector. In this regard, small increases are noted in industry and construction rates, but without exceeding the average ranges for the period evaluated. This aims to boost the country's business sector, which is the main driver of job creation within the economy.

Graph 11: Corporate Rates

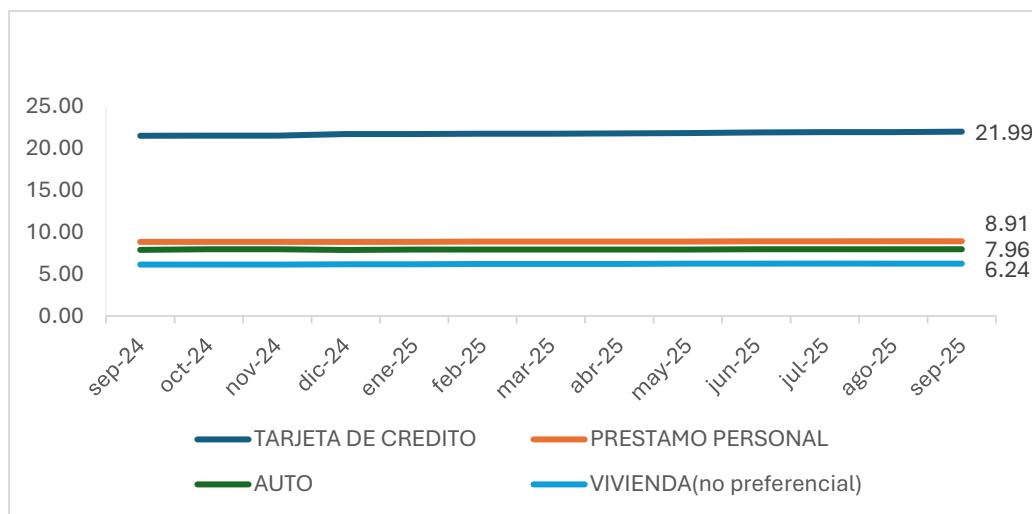


Source: SBP data.

○ **Consumption Rates**

Regarding consumption rates, these remain stable. As mentioned previously, the stability of these rates fosters user confidence, as their monthly payments do not experience constant increases.

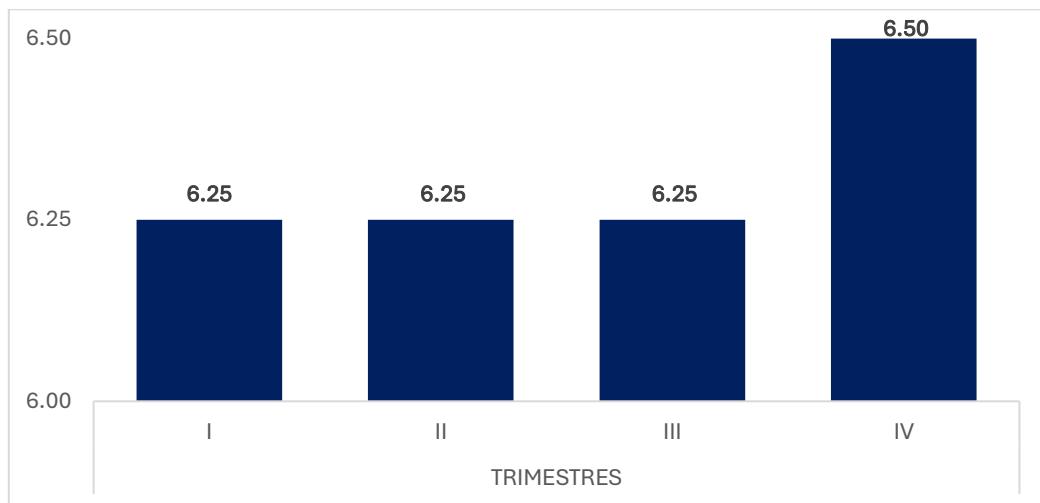
Graph 12: Interest Rates on Consumer Loans



Source: SBP data.

Notwithstanding the foregoing, it should be noted that the mortgage reference rate has been increased for the last quarter of 2025, a situation that could impact the monthly payments of preferential interest mortgage loans.

**Graph 13: Mortgage reference rate
Year 2025**



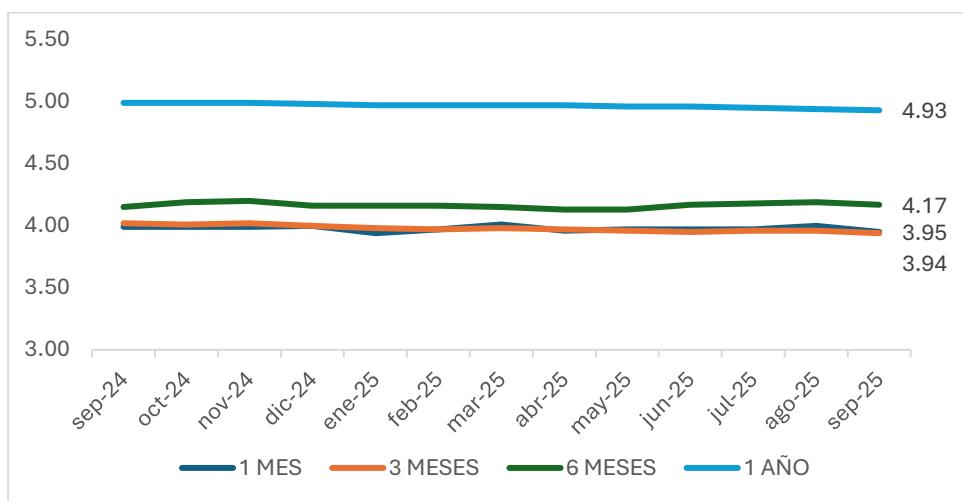
Note: It is important to highlight that the mortgage reference rate, in relation to the Standard, should be rounded and set to the nearest quarter of the net rate resulting from the calculation. (0.00, 0.25, 0.50, 0.75)

- **Passive Rates:**
 - **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. As of September 2025, the average rate on one-year fixed-term deposits was 4.93%, slightly lower compared to the same period the previous year.

Graph 14: Passive rates on fixed-term deposits



Source: SBP data.

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).

