

**RATING ACTION COMMENTARY****Fitch Affirms Global Bank's Long-Term IDR at 'BB'; Outlook Stable**

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Fitch Ratings - Monterrey - 06 Oct 2025: Fitch Ratings has affirmed Global Bank Corporation's (GBC) Long-Term (LT) Issuer Default Rating (IDR) at 'BB'. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb', Short-Term (ST) IDR at 'B' and the Government Support Rating (GSR) of 'No Support' (ns).

In addition, Fitch has affirmed the bank's Long- and Short-Term National Ratings at 'AA(pan)' and 'F1+(pan)', respectively. The Rating Outlook for the LT IDR and LT National Rating are Stable.

Fitch has also affirmed GBC's international debt rating at 'BB', and LT senior unsecured debt rating and ST senior unsecured debt rating at 'AA(pan)' and 'F1+(pan)', respectively.

**KEY RATING DRIVERS**

**Ratings Driven by Viability Rating:** GBC's IDRs and National Ratings are driven by its 'bb' Viability Rating (VR) which is above the implied level of 'bb-'. GBC's VR is influenced by Fitch's assessment of the Panamanian OE, currently at 'bb+' with a stable trend. GBC's VR is highly influenced by the bank's consistent business profile.

**Operating Environment with Moderate Influence:** Panama's sovereign rating (BB+/Stable) and broader operating environment moderately influence GBC's VR, with the sovereign rating continuing to cap the Operating Environment (OE) despite fundamentals that point to a 'bbb' category.

While GDP growth has slowed and interest rates remain high, system credit growth, asset quality, and profitability are outperforming Fitch's expectations. Fitch projects GDP per capita and Operational Risk Index (ORI) to remain stable and continue to preserve operating conditions for banks.

**Solid Business Profile:** GBC is assessed at 'bb', above its implied 'b' level. The bank's sustained market position compensates for its lower total operating income compared with local peers. Its four-year average total operating income (TOI; FY22-FY25) was USD229 million. As the third-largest bank in Panama by local loans (8.8% market share) and by internal deposits (7.8%) as of June 2025, GBC benefits from a well-established franchise. It also holds leading positions in key lending segments, including agriculture, commercial, and residential mortgages.

**Stable Asset Quality:** At FYE25, GBC's asset quality was stable, with Stage 3 loans at 3.9% of gross loans (2022-2025 average: 4.1%) and loans 90+ days past due at 2.8%. Reserve coverage of 89% for Stage 3 and 123% for 90+ days past due is assessed as adequate considering the additional buffer provided by overcollateralization. Fitch expects asset quality to stay broadly in line with FYE25, with Stage 3 loans around 3.0%-3.3% and NPLs around 2.8%-3.0%. A modest improvement is possible, supported by a targeted charge-off strategy this fiscal year to realign the portfolio with the bank's risk appetite.

**Profitability Remains Under Pressure:** GBC's FY25 performance was relatively stable, constrained by net interest margin (NIM) compression and operational efficiency that is still improving. As of June 2025, its core metric—operating profit to risk-weighted assets (RWAs)—remained below 1% (0.9%; 2022-2025 average: 0.8%).

Fitch expects profitability to hold steady through the next fiscal year end with a core metric still below 1%, as the bank plans higher provisions as part of its portfolio clean-up strategy via charge offs. However, we anticipate improvement over the ratings horizon, supported by potential NIM tailwinds from a declining interest-rate environment in a highly competitive market, more controlled funding costs, and efficiency gains from increased digitalization.

**Improved Capitalization:** Fitch believes the bank's capital features provide additional loss-absorption capacity. The CET1 ratio (CET1/RWAs) rose to 11.3% as of June 2025 (June 2024: 9%). Fitch also considers the countercyclical buffer (dynamic reserve) and the perpetual AT1 bond (a convertible instrument with a 6.5% Tier 1 trigger) as loss-absorbing, which lifts the capitalization measure to the regulatory CAR of 15.9%. Fitch expects the core capital metric to remain broadly in line with the level reported at FYE25.

**Diversified Funding; Stable Deposit Base:** Historically, GBC has maintained broad access to non-deposit funding alongside a relatively steady deposit base. However, a key element of its profitability strategy is to meaningfully reduce reliance on these alternative funding sources and place greater emphasis on deposits. The core loans-to-deposits ratio improved

to 108% at FYE25—viewed by Fitch as adequate—down from an average of 119% over FYE22-FYE25, partly reflecting slower loan growth relative to deposit growth. The top 20 depositors represented a considerable share of total deposits, consistent with Fitch's view that this concentration is appropriate and aligned with the company's business model.

## RATING SENSITIVITIES

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--A sustained decline in the core profitability ratio (operating profit to RWA) consistently below 0.5%, together with a material deterioration in the bank's asset quality that reduces the CET1-to-RWA ratio (including the countercyclical buffer) to less than 10% could lead to downgrades of the bank's IDRs, VR and National Rating;

--A downward revision of Fitch's assessment of the OE that undermines GBC's credit profile could lead to a downgrade of the bank's IDR and VR.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--GBC's IDRs, VR and national ratings could be upgraded if profitability remains consistently above 1.5%, which would allow the CET1-to-RWA ratio to stay above 15% on a sustained basis, (including the countercyclical buffer) while asset quality is maintained;

--GBC's IDR and VR could be upgraded by an upward revision of Fitch's assessment of the OE.

## OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

**Debt:** The rating of the senior unsecured global debt is at the same level as GBC's 'BB' LT IDR, as the likelihood of default of the notes is the same as that of the bank.

The National LT and ST senior unsecured debt ratings are equal to GBC's 'AA(pan)' National LT and 'F1+(pan)' National ST ratings, respectively, because the likelihood of default on this debt is the same as for the bank.

**GSR:** The GSR of 'ns' indicates that external support, while possible, cannot be relied on, given Fitch's view that Panama has limited capacity to support the banking system and domestic systemically important banks, primarily due to the sector's large size and the absence of a lender of last resort.

## OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

**Factors that Could, Individually or Collectively, Lead to Negative Rating****Action/Downgrade**

--The bank's long-term senior unsecured debt rating, national long-term senior unsecured debt rating and national short-term senior unsecured debt rating would mirror any downgrade of GBC's Long-Term IDR, national long-term rating and national short-term rating, respectively.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--The bank's LT senior unsecured debt rating and National LT senior unsecured debt rating would mirror any potential upgrade on GBC's LT IDR and National LT rating, respectively. The bank's National ST senior unsecured debt rating is at the highest level of the national rating scale and therefore has no upside potential.

**Factors that Could, Individually or Collectively, Lead to Negative Rating****Action/Downgrade**

--There is no downside potential for GSR because this is the lowest level on the respective scale.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--As Panama is a dollarized country with no lender of last resort, an upgrade in GSR is unlikely.

**VR ADJUSTMENTS**

The bank's 'bb' VR has been assigned above the 'bb-' implied VR due to the following adjustment reason: Business Profile (Positive).

The 'bb+' Operating Environment Score has been assigned below the 'bbb' implied score due to the following adjustment reason: Sovereign Rating (Negative).

The 'bb' Business Profile Score has been assigned above the 'b' category implied score due to the following adjustment reason: Market Position (Positive).

**REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR
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Global Bank Corporation	LT IDR	BB Rating Outlook Stable	BB Rating Outlook Stable
	Affirmed		
	ST IDR	B	Affirmed
			B
Natl LT	AA(pan)	Rating Outlook Stable	AA(pan) Rating Outlook Stable
	Affirmed		
Natl ST	F1+(pan)	Affirmed	F1+(pan)
Viability	bb	Affirmed	bb
Government Support	ns	Affirmed	ns

senior unsecured	LT	BB	Affirmed	BB
senior unsecured	Natl LT	AA(pan)	Affirmed	AA(pan)
senior unsecured	Natl ST	F1+(pan)	Affirmed	F1+(pan)

#### [VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Metodología de Calificaciones en Escala Nacional \(pub. 22 Dec 2020\)](#)

[Metodología de Calificación de Bancos \(pub. 28 Sep 2023\)](#)

[Future Flow Securitization Rating Criteria \(pub. 30 Jul 2024\) \(including rating assumption sensitivity\)](#)

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

## ADDITIONAL DISCLOSURES

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Global Bank Corporation

EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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