BAC International Bank Inc.

June 30, 2026

Primary Contact

Juan Jaime R Romero
Mexico City
52-5550814441
juan.jaime.romero
@spglobal.com

Secondary Contact

Jesus Sotomayor
Mexico City
520445513524919
jesus.sotomayor
@spglobal.com

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: bbb-

Anchor	bb+	
Business position	Strong	1
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: 0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0

Issuer credit rating
BBB-/Stable/A-3

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Largest financial conglomerate in Central America, with solid diversity by geography, business line, and customer type	Volatile institutional framework and low per capita income in the region
Healthy underwriting standards that translate into controlled asset quality indicators even amid economic headwinds	Stiff competition, especially in Panama, that could limit growth prospects
Ample and diversified deposits and sound liquidity buffers with low refinancing risk	

BAC International Bank Inc. (BIB) will maintain a leading position in Central America's financial sector. In our view, the recent merger with Multibank Inc. (not rated) in Panama will strengthen BIB's scale and already robust geographic diversity, enabling it to broaden its presence in this key market. Additionally, the bank's dominance in the region's payment system will support cross-selling opportunities. We anticipate BIB's loan portfolio and operating revenue will expand steadily over the next two years, which will result in business stability as it broadens its regional footprint.

We anticipate stable capitalization ratios for the next two years. The bank's steady profitability and prudent dividend policy will keep internal capital generation sufficient to support lending expansion across countries and maintain adequate capitalization. We project our risk-adjusted capital (RAC) ratio to hover around 8.0% in the next two years, reflecting adequate cushion to absorb credit losses.

BIB's healthy underwriting standards will support the bank's adequate risk position. Although the Multibank merger might slightly pressure BIB's nonperforming assets (NPAs), they should remain better than regional peers', well covered by reserves and consistent with the bank's overall risk. We expect slightly higher credit losses due to lingering economic hurdles, but the bank's diversified loan portfolio and robust reserve coverage will help it face any unexpected credit losses.

We continue to rate BIB above Costa Rica. We expect the bank will maintain buffers against potential economic headwinds in the region, given its conservative stance on risk-taking (as illustrated by its healthy asset quality and sound risk diversification) and its adequate funding and liquidity. These factors lead us to expect that BIB could withstand a hypothetical default of Costa Rica (BB/Stable /B), where it has about 26% of its total lending exposure.

Outlook

The stable outlook primarily reflects our expectation that BIB will maintain its leading position in Central America and its wide geographic diversification over the next 12-24 months. These factors will continue supporting the bank's business position, which remains its main credit strength.

Additionally, the outlook incorporates our view that the bank will maintain its sound asset quality because of its conservative lending policies, stable capitalization, well-diversified funding structure, and adequate liquidity with minimal refinancing risk.

Downside scenario

We could lower the rating if we no longer believed the company could withstand a sovereign stress scenario for Costa Rica. This could happen if the bank shifted its investment portfolio, significantly increased its short-term wholesale debt, or experienced a sharp contraction in its solvency, which we consider unlikely in the next two years.

We could also lower the ratings if economic risk increased in the banking systems where BIB operates, leading to a lower anchor, although we consider this scenario unlikely.

Upside scenario

Considering BIB's business and financial risk, we consider an upgrade highly unlikely in the next 12-24 months.

Key Metrics

BAC International Bank Inc.--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	2024a	2025a	2026f	2027f	2028f
Growth in operating revenue	15.32	9.96	11.8-14.4	9.1-11.1	5.8-7.0
Growth in customer loans	12.66	7.45	18.0-22.0	5.9-7.2	5.9-7.2
Growth in total assets	10.05	7.31	15.6-19.1	5.4-6.6	5.4-6.6
Net interest income/average earning assets (NIM)	6.68	6.64	6.2-6.9	6.2-6.9	6.2-6.9
Cost-to-income ratio	54.21	52.48	50.9-53.5	50.4-52.9	50.4-52.9
Return on average common equity	19.68	19.27	17.9-19.8	18.7-20.7	18.2-20.1
Return on assets	1.97	2.03	1.8-2.2	1.8-2.2	1.8-2.2
New loan loss provisions/average customer loans	2.05	2.21	2.2-2.4	2.1-2.3	2.0-2.2
Gross nonperforming assets/customer loans	1.32	1.22	1.9-2.1	1.7-1.9	1.6-1.8
Net charge-offs/average customer loans	1.98	2.16	2.0-2.0	2.0-2.0	1.9-1.9
Risk-adjusted capital ratio	7.21	8.11	7.5-7.9	7.7-8.0	7.8-8.2

All figures include S&P Global Ratings' adjustments. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bb+' According To BIB's Regional Loan Exposures And Panama's Industry Risk

Our bank criteria use our Banking Industry Country Risk Assessment (BICRA) economic and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. BICRA scores are on a scale from 1 to 10, ranging from the lowest-risk banking systems (group 1) to the highest-risk (group 10).

The anchor for BIB remains 'bb+', reflecting our view of the weighted average economic risk in the countries where it has loan exposure, incorporating Multibank's merger: Panama (about 31%), Costa Rica (about 26%), Guatemala (about 15%), Honduras (about 12%), El Salvador (about 9%), and Nicaragua (about 6%). This results in a weighted average economic risk score of 6.8, which we round to 7. The trend for economic risk in the countries where BIB operates is stable.

In our view, the industry risk trend in Panama is also stable. Panama continues aligning with global financial reporting standards and continues strengthening its institutional framework. After the adoption of the liquidity coverage ratio, the regulator established a capital conservation buffer for banks operating in Panama (with full adoption scheduled for July 2026), and it will implement an additional capital buffer for systemically important banks with gradual adoption over the next two years.

However, the absence of a lender of last resort continues limiting systemwide funding. In our view, this limitation, coupled with the system's lack of an effective deposit insurance system to support distressed financial institutions, remains a key challenge for banks. Still, we think the government, through Banco Nacional de Panama, could provide liquidity to the banking system if needed.

Business Position: Leading Banking Franchise In Central America

BIB remains the largest financial conglomerate in Central America, and it benefits from healthy diversification in geography, lines of business, and customers.

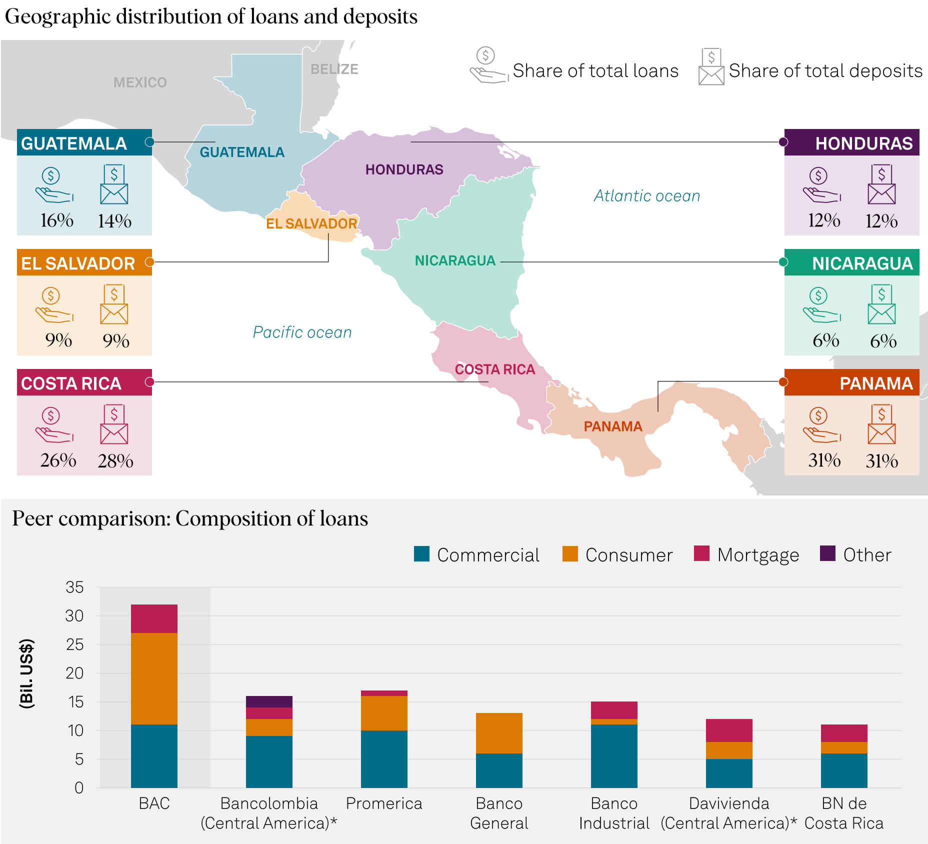
The recent merger with Multibank will position BIB as the third-largest bank in assets and the second largest in loans in Panama, strengthening its retail financial franchise in the region. This transaction alone will expand BIB's loan portfolio and deposit base around 13.8% and 11.2%, respectively. In our view, the bank's regional reach continues to provide it with recurrent business and earnings, growth opportunities, economies of scale, and pricing power.

Moreover, BIB's leading position in the region's payment system will remain a key competitive advantage that enables it to benefit from cross-selling opportunities in its consumer and commercial services. The bank has built a robust platform in the countries where it operates that encompasses payments to merchants and suppliers, international transfers, remittances, and payroll.

This platform will continue providing BIB with insights that allow it to offer tailored products, such as enhanced lending terms, competitive rates, and advanced customer segmentation. As of year-end 2025, the volume of payments made through BIB represented around 55% of Central America's GDP, and we expect this volume to gradually increase as the bank broadens its operations.

For the next two years, we project BIB's loan portfolio to expand organically by 6.5%-7.0% annually, primarily through consumer and commercial lending amid easing business conditions in economies such as Guatemala and Costa Rica. This growth, coupled with a steady margin derived from stable reference rates and the bank's healthy funding costs, will sustain operating revenue growth at 7.0% on average for the next two years. This will support BIB's business stability and resilient revenue generation through this economic cycle.

BAC International Bank Inc.'s business position at a glance
Exposure of loans and deposits including Multibank's merger



*Central America calculations don't include loans granted inside Colombia. Source: Company statements.

Capital And Earnings: Adequate Capitalization For The Next Two Years

Our view of BIB's capital and earnings incorporates the bank's healthy capital cushion to absorb credit losses and its ability to restore its capital through steady profitability and a prudent dividend payout of around 60% of retained profits. We expect the bank to maintain these features and keep improving earnings for the next couple of years, while expanding credit prudently across the countries where it operates. This will allow the bank to maintain adequate capitalization, with RAC ratios around 8.0% for the next 12-24 months.

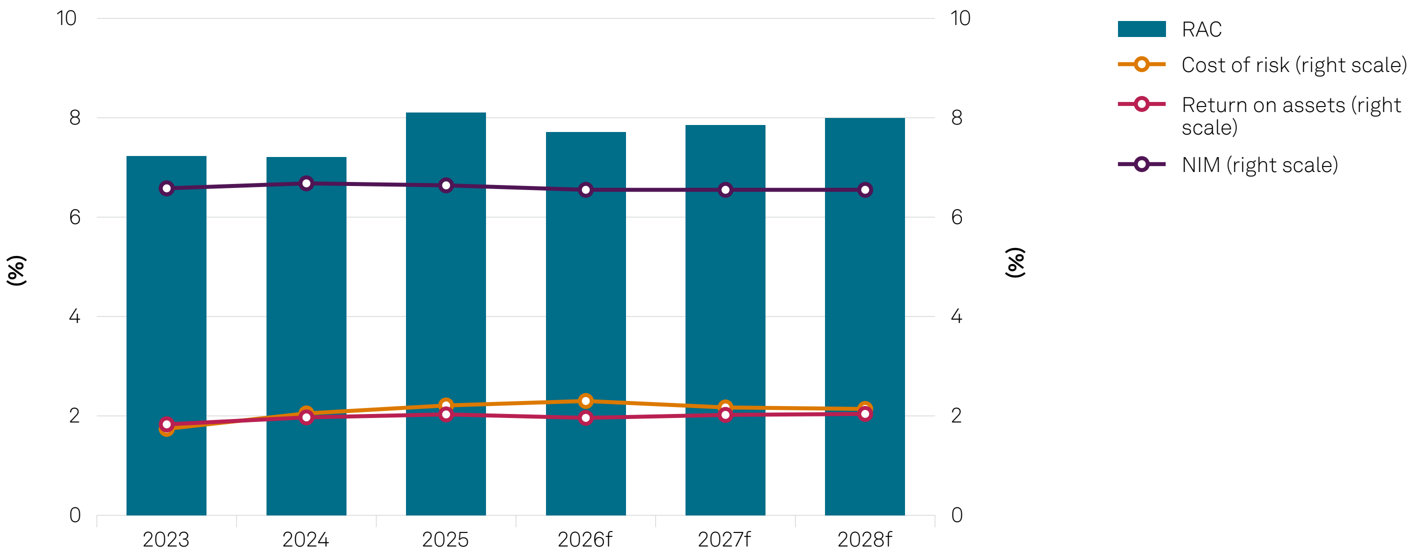
Last year, some of the countries where the bank maintains a significant presence, namely Costa Rica and Guatemala, demonstrated improving domestic economic conditions. Our RAC ratio incorporates these positive developments, reflecting lower capital requirements for exposures in these countries due to lower economic risks.

In addition, the increased exposure to Panama due to the Multibank transaction will lower consolidated risk weights in our risk-adjusted capital framework compared with previous years. This will enable the bank to maintain adequate capitalization despite the extraordinary dividend payment of US$468 million made to BAC International Corp. to finance the Multibank transaction.

We project BIB will maintain stable margins due to its efforts to continue increasing its retail deposits. This will allow the bank to fund its operations at more favorable conditions and post net interest margins of about 6.5% on average for the next two years.

Moreover, the bank will continue focusing on its digitalization strategy in its internal operations and product offering, which could allow it to maintain favorable efficiency levels. These factors will somewhat compensate for our expectation of slightly higher cost of risk. We anticipate BIB's return on assets to average about 2.0% in the next two years, similar to the 2025 return.

BAC International Bank--profitability and capitalization



f--Forecast. RAC--Risk-adjusted capital. NIM--Net interest margin. Source: S&P Global Ratings.

Risk Position: Healthy Underwriting Standards Will Continue Supporting Sound Asset Quality

BIB's healthy underwriting standards and well-diversified loan portfolio will continue to underpin sound asset quality metrics, even during periods of turbulence and lingering global economic headwinds. In March 2026, BIB's NPAs were 1.1%, fully covered by reserves, and credit losses (measured by new loan loss reserves) were 2.1% of total loans, slightly above historical figures but consistent with the bank's risk appetite.

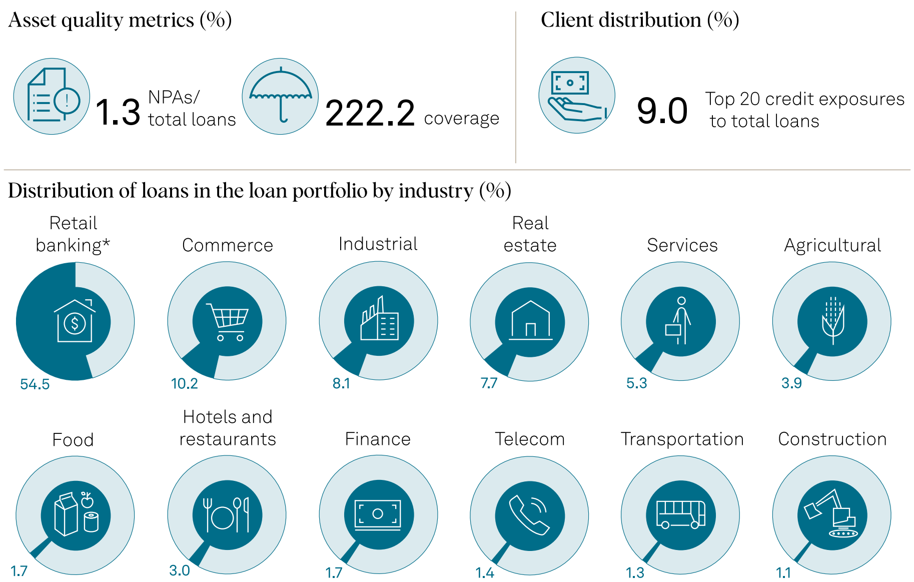
Amid the Multibank merger, BIB might post slightly worse asset quality metrics mainly due to a higher exposure to the construction segment in Multibank's loan book, which took a large hit from the COVID-19 pandemic and has not fully recovered. We estimate that after the transaction, BIB's NPAs will rise to around 2.0%, still consistent with an adequate risk position. We anticipate BIB's underwriting standards will cascade to Multibank's risk management and might gradually improve the latter's asset quality metrics in the coming years.

Our forecast of NPAs at around 2.0% on average for the next two years includes coverage well above 200%, with net charge-offs at 2.0% and credit losses hovering around 2.2% for the same period. These figures are slightly above historical figures because of prolonged global economic challenges that might pressure companies' and households' earnings capacity in some countries where the bank operates.

In addition, the bank's well-diversified risk could limit future losses and help it overcome potential economic hurdles. As of March 2026, BIB's top 20 loan exposures represented around 9.0% of total loans and 56% of its total adjusted capital. Moreover, we don't see significant credit concentrations by economic sector on BIB's balance sheet.

In our opinion, these factors reflect the bank's conservative risk appetite, and we think its adequate risk management should relieve pressure on its profitability and solvency metrics.

BAC International Bank Inc.'s risk position
As of the first quarter of 2026



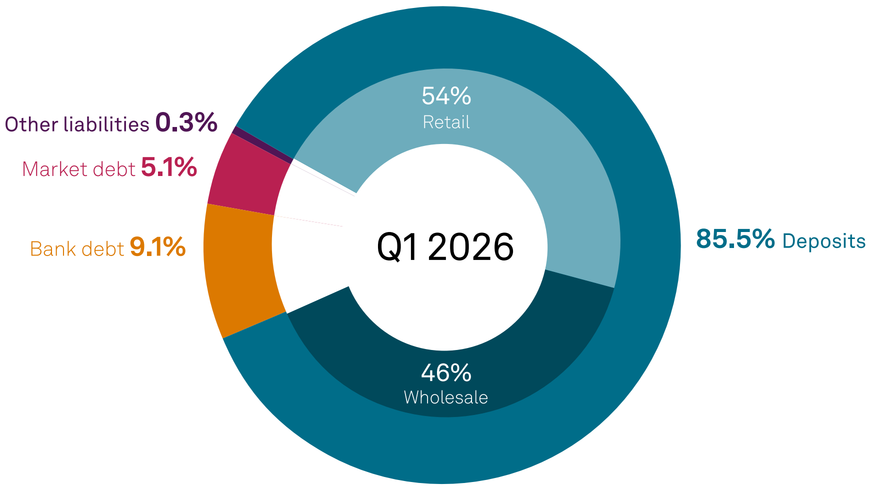
*Retail banking includes credit cards, auto loans, and other retail loans. NPAs--Nonperforming assets. Source: S&P Global Ratings.

Funding And Liquidity: Stable Funding And Low Refinancing Risk

BIB relies on a sound and diversified funding structure, mostly comprising core customer deposits, -at 87% of total funding as of March 31, 2026. Deposits from retail customers (which we view as more stable during adverse market and economic situations) accounted for 46% of core customer deposits, and wholesale deposits accounted for 54%. BIB's wholesale deposits have remained stable, underscoring its long-standing relationships with institutional clients.

The remaining funding sources are mainly market debt, bank debt and securitizations. We expect the bank's ample and well-diversified deposits will continue to support its funding without any significant changes amid the merger of Multibank, which has a similar funding structure.

BAC International Bank Inc.'s funding mix



BIB also benefits from a loyal customer base and from "flight to quality" features, which result in stable funding sources during adverse economic and market conditions. We expect our stable funding ratio for BIB will stay around 120% in the next two years, given we don't expect significant changes in BIB's funding composition nor a material increase in its funding needs.

We expect BIB will maintain sound financial flexibility due to its large deposit base and prudent liquidity management, reflected in the conservative investment policy, with securities allocated to instruments that trade in the domestic capital markets.

Moreover, the bank benefits from a laddered debt maturity schedule with modest short-term liquidity needs that translate into low refinancing risk. In March 2026, its liquidity ratio was 5.3x, consistent with its three-year average, which is significantly higher than the average for Latin American banks.

Additional Rating Factors: Rated Above Costa Rica

We expect BIB will maintain buffers against potential economic headwinds in the region, based on its conservative stance on risk-taking (as illustrated by its healthy asset quality and sound risk diversification) and its adequate funding and liquidity. Because of these factors, we expect the bank could withstand a hypothetical default of Costa Rica (BB/Stable /B), where it has about 26% of its total loan exposure. Applying our stress test shows that in this hypothetical default scenario, BIB would have enough financial resources to meet its liquidity outflows and would continue to meet its regulatory capital requirements.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of BIB. Like other banks in Central America, BIB has been improving its sustainability objectives and policies, with a growing environmental and social loan book in recent years.

The bank is in the process of measuring its direct carbon footprint in countries where it operates. While environmental factors are relevant to the bank's long-term strategy, they don't have more influence on BIB's credit quality than they do on the credit quality of its peers.

Social factors also have a neutral influence on BIB's credit quality. Diversity and inclusion remain top priorities and have improved in recent years. We believe the bank's orientation toward inclusion could lead to a more profitable and productive organization.

Finally, BIB has established sound risk control and governance practices that have enabled it to maintain its reputation, execute its diversification strategy throughout Central America, and face a wider variety of legal and nonfinancial risks. At the same time, we think the bank's solid framework will allow it to adapt and implement regulatory changes across jurisdictions. In our opinion, BIB's governance standards are prudent and in line with those of its peers.

Key Statistics

BAC International Bank Inc. key figures

(Mil. US$)	2026*	2025	2024	2023	2022
Adjusted assets	41,566	40,309	37,546	34,089	30,652
Customer loans (gross)	28,779	28,422	26,452	23,478	20,824
Adjusted common equity	3,728	3,932	3,470	3,041	2,766
Operating revenues	818	3,451	3,139	2,721	2,365
Noninterest expenses	457	1,811	1,701	1,546	1,351
Core earnings	151	789	705	594	464

*2026 data is for the 3 months to end-March. US$-Panamanian balboa.

BAC International Bank Inc. business position

(%)	2026*	2025	2024	2023	2022
Total revenues from business line (currency in millions)	818	3,451	3,144	2,721	2,365
Trading and sales income/total revenues from business line	(8.6)	0.2	(0.1)	(3.7)	4.5
Other revenues/total revenues from business line	0.6	0.6	0.8	1.9	3.8
Investment banking/total revenues from business line	(8.6)	0.2	(0.1)	2.6	4.5
Return on average common equity	14.7	19.3	19.7	18.6	16.1

*2026 data is for the 3 months to end-March.

BAC International Bank Inc. capital and earnings

(%)	2026*	2025	2024	2023	2022
Tier 1 capital ratio	11.2	12.2	10.9	10.8	11.5
S&P Global Ratings' RAC ratio before diversification	N.M.	8.1	7.2	7.2	7.0
Adjusted common equity/total adjusted capital	87.7	88.3	87.0	85.4	84.2
Net interest income/operating revenues	68.6	62.4	63.3	64.3	62.3
Fee income/operating revenues	39.4	36.8	36.2	31.1	29.4
Market-sensitive income/operating revenues	(8.6)	0.2	(0.1)	2.6	4.5
Cost to income ratio	55.9	52.5	54.2	56.8	57.1
Preprovision operating income/average assets	3.5	4.2	4.0	3.6	3.4
Core earnings/average managed assets	1.5	2.0	2.0	1.8	1.6

*2026 data is for the 3 months to end-March. N/A--Not applicable.

BAC International Bank Inc. risk position

(%)	2026*	2025	2024	2023	2022
Growth in customer loans	6.6	7.5	12.7	12.8	11.6
Total managed assets/adjusted common equity (x)	11.3	10.4	10.9	11.3	11.2
New loan loss provisions/average customer loans	2.1	2.2	2.1	1.7	1.8
Net charge-offs/average customer loans	2.1	2.2	2.0	1.6	1.5
Gross nonperforming assets/customer loans + other real estate owned	1.1	1.2	1.3	1.4	1.4
Loan loss reserves/gross nonperforming assets	225.7	219.6	214.6	229.9	234.3
*2026 data is for the 3 months to end-March.					

BAC International Bank Inc. funding and liquidity

(%)	2026*	2025	2024	2023	2022
Core deposits/funding base	87.3	87.0	87.34	88.3	88.2
Customer loans (net)/customer deposits	88.6	91.5	90.5	87.4	86.3
Long-term funding ratio	95.2	95.3	95.5	95.3	95.4
Stable funding ratio	122.2	121.0	120.9	121.5	123.8
Short-term wholesale funding/funding base	5.3	5.3	5.1	5.2	5.1
Broad liquid assets/short-term wholesale funding (x)	5.0	5.2	5.3	5.4	5.8
Broad liquid assets/total assets	23.1	23.2	23.2	24.0	25.3
Broad liquid assets/customer deposits	30.8	31.3	31.1	31.8	33.7
Short-term wholesale funding/total wholesale funding	37.8	36.4	35.7	38.7	37.2
*2026 data is for the 3 months to end-March.					

Rating Component Scores

Issuer Credit Rating	BBB-/Stable/A-3
SACP	bbb-
Anchor	bb+
Business position	Strong (1)
Capital and earnings	Adequate (0)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- Risk-Adjusted Capital Framework Methodology, May 5, 2026
- Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 8, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Costa Rica Upgraded To 'BB' From 'BB-' On Stronger External Liquidity; Outlook Stable, Oct. 22, 2025
- Banking Industry Country Risk Assessment: Costa Rica, July 18, 2025
- Banking Industry Country Risk Assessment: Panama, July 18, 2025
- Banking Industry Country Risk Assessment: Guatemala, July 2, 2025
- Guatemala Upgraded To 'BB+' From 'BB' On Record Of Economic Resilience; Outlook Stable, May 23, 2025

Ratings Detail (as of June 26, 2026)*	
BAC International Bank Inc.	
Issuer Credit Rating	BBB-/Stable/A-3
Issuer Credit Ratings History	
08-Apr-2022	BBB-/Stable/A-3
20-Sep-2021	BB+/Watch Pos/B
12-Dec-2017	BB+/Stable/B
Sovereign Rating	
Panama	BBB-/Stable/A-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.