December 31st, 2020

EARNINGS REPORT

First Half of our 2021 Fiscal Year

GLOBAL BANK

GLOBAL BANK CORPORATION

Disclaimer

Global Bank Corporation is an issuer of securities in Panama, and as such, it is required to comply with periodic reporting requirements and corporate governance practices. As a financial institution, the Bank is subject to inspection and surveillance from Panama's Superintendency of Banks.

The financial information included in this report was prepared with non-audited consolidated financial information in accordance with IFRS. However, details of the calculations and IFRS measures such as Adjusted Net Income, ROAA, ROAE, among others, are explained when required throughout the report.

Our Financial Statements are expressed in Balboas (B/.), Panama's official monetary unit. The Balboa is freely exchangeable for the U.S. dollar on a one-to-one basis. Panama does not issue paper currency; instead, it uses the U.S. dollar as its legal currency. For ease of reference, all amounts discussed herein are expressed in U.S. dollars ($), the lawful currency of the United States of America.

This report includes forward-looking statements. In some cases, you can identify these forward-looking statements by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these and other comparable words.

Actual results and events may differ materially from those anticipated herein because of general economic and business conditions, changes in interest rates, or other risk factors. Recipients of this document are responsible for the assessment and use of the information provided herein. Matters described in this report and our knowledge of them may change extensively and materially over time. Still, we expressly disclaim any obligation to review, update or correct the information provided in this report, including any forward-looking statements, and do not intend to provide any update for such material developments before our next earnings report. This document's content and the figures included herein are designed to provide a summary of the subjects discussed rather than a comprehensive description.

GLOBAL BANK CORPORATION REPORTS A CONSOLIDATED NET INCOME OF $7.9 MILLION FOR THE SIX-MONTH PERIOD ENDING ON DECEMBER 31st, 2020.

Management Highlights:

- **As of December 31st, 2020, Global Bank reported a net income of $7.9 million,** representing a decrease of 79.2% compared to the same period last year. The decline in net income was mainly driven by provisioning expense of $53.8 million (a 204.3% y-o-y increase) due to potential credit deterioration as a result of the pandemic.
- **The decrease in funding costs due to lower LIBOR during the second quarter contributed to an expansion of our financial margin from 36.3% in 1H'20 to 40.7% in 1H'21.** Lower funding costs due to LIBOR linked liabilities have contributed to a stable NIM in spite of lower loan volume and lower yields from investments (NIM 2.41% in 1H'21 vs. 2.28% in 1H'20).
- **Loan loss provision expense rose to $53.9 million for the six-month period ending on December 31st, 2020, a $36.2 million or 204.3% increase compared to the same period last year**. The increase in provisions was driven by an update to the macroeconomic variables that drive our expected loss model and by the implementation of SBP accord 9-2020, which requires banks to provision 3.0% of modified loans[1]. On December 31st, 2020 the bank registered a US$7.3 million charge against retained earnings as a capital reserve for its modified loans[2] in in order to fully comply with accord 9-2020.
- **On December 31st, 2020, Global Bank's assets totaled $8.4 billion**, representing a 0.5% increase compared to Q1'21. The increase in total assets during the quarter was driven mainly by a 11.9% increase in our investment portfolio, net of a 1.6% decline in our gross loan portfolio.
- **Liquidity levels remain high**. For Q2'21, our cash and equivalents totaled $588.4 million, a slight increase of 3.3% from Q1´21. High levels of liquidity have been a result of continued amortization of our loan portfolio and limited lending opportunities as a result of the economic closures implemented by the government. For Q2 '21, our deposit base also remained stable at $5.1 billion, a 0.7% change from our Q1'21, and a 0.6% decrease from the same period last year.
- **Gross loans declined by 1.6% to $6.2 billion for Q2'21 vs. Q1'21**. Consumer loans declined by 0.3%, decreasing by $9.7 million, and corporate loans declined 2.7%, representing a $89.9 million

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Note: Our fiscal year ends on June 30th. Reference to Q2'20 is for the period from October 1st – December 31st, 2019; Q1'21 is for the period from July 1st, 2020 – September 30th, 2020 and Q2'21 is for the period from October 1st – December 31st, 2020.

[1] A modified credit can return to its usual classification once it has made its regular payments for 90 days.

[2] As a result of the pandemic, the SBP has issued Accord 2-2020, Accord 3-2020, Accord 7-2020, Accord 9-2020, and Accord 13-2020 related to risk management of the credit portfolio and the application of other temporary measures.

reduction. The change was attributable to limited disbursements due to the pandemic, net of repayments.

- **Our non-performing loans increased by 8.6% from $180.1 million in Q1’21 to $195.6 million in Q2’21**. Non-performing loans were split by 66.7% in corporate banking and 33.3% in consumer banking. The growth in NPLs led to an increase of 30 basis points in our NPL ratio, from 2.9% in Q1’21 to 3.2% in Q2’21. Our loan loss reserves ended the quarter at $197.2 million, an increase of 10.7% versus Q1’21; this in turn resulted in an increase in our NPL coverage ratio to 100.8% for Q2’21.
- **Our Capital Adequacy Ratio was 15.62%, Common Tier 1 (CT1) 12.45%, and Total Tier 1 (TT1) 15.47%**. Our capital ratios continue to be well above the regulatory minimum for each capital category (Total: 8.0%, CT1: 4.5%, TT1: 6.0%).
- **Fitch has downgraded Global Bank Corporation's to 'BB+' from 'BBB-'.** Global Bank's change in rating was due to the downgrade of Panama’s sovereign debt rating to BBB-. The change in rating was not attributable to the Bank’s operational and financial position. Prior to the downgrade on February, in November of 2020, Fitch had reaffirmed the Bank’s ratings.

Income Statement Summary[3]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ 1H'20/1H'21	
(Data in $ thousands)	1H'20	1H'21	$	%
Loans	217,263	207,020	(10,243)	(4.7%)
Deposits	4,169	836	(3,333)	(79.9%)
Investments	19,245	17,143	(2,102)	(10.9%)
Total Interest income	240,677	224,999	(15,678)	(6.5%)
Deposits	(87,808)	(87,100)	708	(0.8%)
Financing	(19,711)	(12,082)	7,630	(38.7%)
Bonds & Commercial Paper	(45,886)	(34,186)	11,699	(25.5%)
Total Interest expense	(153,405)	(133,368)	20,037	(13.1%)
Net interest income	**87,272**	**91,631**	**4,359**	**5.0%**
Margin	***36.3%***	***40.7%***		
Net fee income	24,673	17,123	(7,550)	(30.6%)
Other income	12,911	10,922	(1,988)	(15.4%)
General and administrative expenses [1]	(66,990)	(65,287)	1,703	(2.5%)
Net income before Loan loss allowance	**57,866**	**54,389**	**(3,477)**	**(6.0%)**
Margin	***24.0%***	***24.2%***		
Loan loss allowance	(17,695)	(53,853)	(36,158)	204.3%
Profit before income tax	**40,170**	**536**	**(39,634)**	**(98.7%)**
Income tax	(2,094)	7,401	9,495	(453.5%)
Net income	**38,077**	**7,937**	**(30,140)**	**(79.2%)**

[3] Provision's expense related to investments and others in 1H'21 of $103K, and 1H'20 of $226K were included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q2´21/Q1´21	
(Data in $ thousands)	**Q1´21**	**Q2´21**	**$**	**%**
Assets				
Cash and deposits	289,880	269,337	(20,542)	(7.1%)
Interbank Deposits	279,500	319,090	39,589	14.2%
Total Cash and deposits	569,380	588,427	19,047	3.3%
Gross loans	6,251,218	6,151,590	(99,628)	(1.6%)
Allowance for loan losses	(178,116)	(197,199)	(19,082)	10.7%
Unearned Interest & Commissions	(11,315)	(12,310)	(995)	8.8%
Total Net Loans	6,061,786	5,942,081	(119,705)	(2.0%)
Investments	973,862	1,090,135	116,273	11.9%
Other assets	740,180	764,086	23,906	3.2%
Total assets	**8,345,208**	**8,384,729**	**39,521**	**0.5%**
Liabilities & Shareholder's Equity				
Demand	434,422	476,965	42,542	9.8%
Savings	1,066,669	1,120,592	53,923	5.1%
Time Deposits	3,563,238	3,501,750	(61,488)	(1.7%)
Interbank Deposits	57,791	46,456	(11,334)	(19.6%)
Total Deposits	5,122,120	5,145,763	23,643	0.5%
Repos & financings	1,001,679	1,015,210	13,531	1.4%
Bonds and commercial paper	1,241,602	1,250,343	8,741	0.7%
Other liabilities	197,442	181,158	(16,285)	(8.2%)
Total liabilities	**7,562,844**	**7,592,474**	**29,630**	**0.4%**
Shareholder's equity	**782,365**	**792,256**	**9,891**	**1.3%**

Key Performance Metrics[4,5,6]

	Q1´20	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21
Profitability						
Net Interest Margin	2.23%	2.28%	2.38%	2.32%	2.43%	2.41%
Efficiency Ratio	56.17%	53.65%	54.63%	56.28%	56.75%	54.55%
ROAA	0.95%	0.89%	0.77%	0.50%	0.06%	0.19%
ROAE	10.32%	9.59%	8.43%	5.42%	0.68%	2.02%
Loan Quality						
Overdue (NPLs)/ Gross Loans	2.30%	2.57%	2.20%	2.03%	2.88%	3.18%
Allowance / Overdue (NPLs)	78.81%	75.28%	95.51%	120.74%	98.91%	100.81%
Allowance/ Gross Loans	1.81%	1.93%	2.11%	2.45%	2.85%	3.21%
Loan to Deposit Ratio	129.06%	124.20%	124.19%	122.51%	122.04%	119.55%
Loan to Deposits + Corporate Bonds Ratio [4]	99.00%	100.86%	100.89%	100.49%	100.95%	98.95%
Capital Ratios						
Capital Adequacy Ratio	14.04%	13.72%	14.35%	14.58%	15.09%	15.62%
Tier 1 Common	11.65%	11.40%	11.75%	11.94%	12.31%	12.45%
Additional Tier 1 Capital	2.25%	2.18%	2.46%	2.49%	2.63%	3.02%
Tier 2 Capital	0.14%	0.14%	0.14%	0.14%	0.15%	0.15%

[4] Ratio includes corporate bonds with a maturity over 1 year.
[5] Profitability ratios calculated on a quarterly annualized basis.
[6] Our fiscal year ends on June 30th. Reference to Q2'20 is for the period from October 1st – December 31st, 2019; Q1'21 is the for the period from July 1st, 2020 – September 30th, 2020 and Q2'21 is for the period from October 1st – December 31st, 2020.

Income Statement

Accumulated net income for the six-month period ending December 31, 2020 totaled US$7.9 million, which represents a decrease of 79.2% versus the same period last year. Decrease in net income was driven by provisioning expense of $53.8 million (a 204.3% y-o-y increase) due to potential credit deterioration as a result of the pandemic.

1.0 Net Interest Income

(Data in US$ millions)	1H'20	1H'21	Δ 1H'20/1H'21 $	%
Interest Income				
Loans	217.3	207.0	(10.2)	(4.7%)
Deposits	4.2	0.8	(3.3)	(79.9%)
Investments	19.2	17.1	(2.1)	(10.9%)
Total Interest Income	**240.7**	**225.0**	**(15.7)**	**(6.5%)**
Interest Expense				
Deposits	87.8	87.1	(0.7)	(0.8%)
Loans	19.7	12.1	(7.6)	(38.7%)
Bonds & Commercial Paper	45.9	34.2	(11.7)	(25.5%)
Total Interest Expense	**153.4**	**133.4**	**(20.0)**	**(13.1%)**
Net Interest Income	**87.3**	**91.6**	**4.4**	**5.0%**
Margin	*36.3%*	*40.7%*		

- Net interest income for the first half of the FY21 reached $91.6 million, increasing 5.0% compared to the same period last year. The decrease in loan volume, coupled with lower yields from our investments and cash, was mitigated by lower funding costs due to repricing of our LIBOR related facilities and open market repurchases of our corporate bonds for a total of $114.3 million[8].
- As a result of the changes described above, our financial margin increased to 40.7% from 36.3% for 1H'21 vs. 1H'20. Going forward we expect our margin to expand through loan growth and continued lower funding costs from our LIBOR based facilities.

[8] Amount as of December 31st, 2020

2.0 Net Fee and Other Income

(Data in US$ millions)	1H'20	1H'21	Δ 1H'20/1H'21 $	%
Fee Income				
Loans	16.1	9.9	(6.2)	(38.7%)
Letters of Credit	2.0	1.2	(0.7)	(37.0%)
Savings and debit cards	3.2	2.0	(1.1)	(35.5%)
Trust Services	5.1	5.3	0.1	2.7%
Others	6.4	5.1	(1.2)	(19.4%)
Fee Expenses	**(8.0)**	**(6.4)**	**1.6**	**(20.0%)**
Net Fee Income	**24.7**	**17.1**	**(7.6)**	**(30.6%)**
Other Income				
Net Insurance premiums	6.8	6.3	(0.5)	(7.3%)
Others	6.2	4.7	(1.5)	(24.3%)
Total Other Income	**12.9**	**10.9**	**(2.0)**	**(15.4%)**

Net fee income decreased by 30.6% or $7.6 million for the six-month period ending December 2020 vs. the same period last year. The decrease in fee income was due to lower loan volume from the quarantine measures implemented from March through December.

Due to a partial reopening from the Covid-19 lockdown, fees related to trade, factoring, and investment banking increased by $2.1 million or 27.3% when compared to 1H of the 2020 fiscal year.

Total other income decreased by 15.4%, or $2.0 million for the first half FY21 when compared to the same period last year due to lower insurance premiums and costs associated to open market purchases of our bonds.

3.0 Operating Expenses

- General & Administrative Expense (G&A) excluding loan loss provisions totaled $65.3 million for the six-month period ending December 2020, representing a $1.7 million decrease over the same period last year. The change was primarily driven by cost savings (including a reduction of personnel, marketing, rental, maintenance, utilities, security, and travel costs as a result of closed branches and express centers due to the pandemic, and from continuing savings tied to remote working by 37.0%[9] of the Bank's workforce.

- Our operating efficiency ratio[10] for the six-month period ending December 2020 was 54.55% vs. 53.65% for the same period last year due to lower revenue as a result of the pandemic and partially offset by savings in expenses.

[9] As of December 31st, 2020

[10] Efficiency ratio: total G&A expenses, excluding loan loss provisions divided by total net revenue.

Balance Sheet

1.0 Total Assets

For the six-month period ending December 2020, total assets increased 0.5% when compared to Q1´21. The increase in total assets during the quarter was driven mainly by a 11.9% increase in our investment portfolio and a 1.6% decline in our gross loan portfolio.

1.1 Cash and Equivalents

Total cash and equivalents increased by $19.0 million to a total of $588.4 million for Q2'21, representing a 3.3% quarter over quarter change. The change is mainly attributable to an increase in total deposits of $23.6 million, new financings of $13.5 million and to a new issue of subordinated debt for $8.7 million during the quarter. Our Liquidity Coverage Ratio (LCR) was 242.8%, well above the regulatory minimum of 50.0%. Our legal liquidity ratio was 52.9%, well above the 30.0% regulatory minimum.

1.2 Loan Portfolio

As of December 31st, 2020, our gross loan portfolio decreased by 1.6% when compared to Q1'21, closing at $6.1 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 47.5% of our total gross loans and the corporate portfolio 52.5% of total gross loans.

(Data in US$ millions)	Q3´20	Q4´20	Q1´21	Q2´21	Δ Q2´21/Q1´20 $	%
Consumer Banking						
Mortgages	1,778.0	1,776.9	1,777.2	1,778.1	0.9	0.1%
Car Loans	274.1	265.3	256.4	245.7	(10.7)	(4.2%)
Personal & Retirees	695.1	684.2	674.4	680.0	5.6	0.8%
Credit Cards	152.7	149.1	145.6	142.6	(2.9)	(2.0%)
Pledged	59.4	54.8	52.1	49.9	(2.1)	(4.1%)
Overdrafts	23.3	23.9	24.4	24.0	(0.4)	(1.8%)
Total Consumer Banking	**2,982.6**	**2,954.2**	**2,930.1**	**2,920.4**	**(9.7)**	**(0.3%)**
Corporate Banking						
Commerce	1,506.9	1,492.8	1,481.7	1,441.0	(40.8)	(2.8%)
Construction	753.7	740.7	722.6	640.1	(82.5)	(11.4%)
Agriculture	397.9	393.9	384.0	376.2	(7.8)	(2.0%)
Factoring	221.9	212.6	185.1	207.7	22.6	12.2%
Overdrafts	155.9	166.5	166.8	196.6	29.8	17.9%
Pledged	78.8	74.2	83.5	81.8	(1.7)	(2.0%)
Leasing	57.0	54.8	53.5	53.3	(0.2)	(0.4%)
Small & Medium Enterprise	231.3	225.8	223.6	214.1	(9.5)	(4.3%)
Transport	18.8	20.6	20.3	20.5	0.2	0.9%
Total Corporate Banking	**3,422.2**	**3,381.9**	**3,321.1**	**3,231.2**	**(89.9)**	**(2.7%)**
Total Gross Loans	**6,404.8**	**6,336.1**	**6,251.2**	**6,151.6**	**(99.6)**	**(1.6%)**
Allowance for Loan Losses	(134.8)	(155.0)	(178.1)	(197.2)	(19.1)	10.7%
Unearned interest and fees	(13.9)	(11.7)	(11.3)	(12.3)	(1.0)	8.8%
Total Net Loans	**6,256.0**	**6,169.4**	**6,061.8**	**5,942.1**	**(119.7)**	**(2.0%)**

During the second quarter 2021, the consumer portfolio declined by 0.3% to $2.9 billion. Within the consumer portfolio, the only two products that grew during Q2'21 were personal & retiree by 0.8% and Mortgages by 0.1%. All the other products declined as listed: credit cards 2.0%, pledged 4.1%, overdraft by 1.8% and car loans 4.2%.

Global Bank's corporate portfolio decreased by 2.7% to $3.2 billion for Q2'21 vs Q1'21. Construction and Commercial loans have been affected due to repayments and limited disbursements as a result of the pandemic and to quarantine measures. The only two products that increased during the quarter were factoring by 12.2% and overdrafts by 17.9%.

Our stage 2 loans increased by 5.7% for Q2'21 vs. Q1'21 as we continue to calibrate our expected loss model to reflect potential credit losses due to the pandemic. Stage 3 loans also observed an increase of 8.6% (explained in more detail below on section 1.3)

	Q1´21				Q2´21			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Corporate	2,542.8	310.7	65.3	2,918.8	2,527.0	585.4	131.7	3,244.0
Consumer	2,514.9	702.8	114.7	3,332.4	2,357.5	486.2	63.9	2,907.6
Total	**5,057.7**	**1,013.5**	**180.0**	**6,251.2**	**4,884.4**	**1,071.6**	**195.6**	**6,151.6**

1.3 Impairment Allowance Overview

Impairment allowance increased by $19.1 million, net of charge-offs in Q2'21 to a total of $197.2 million, representing a 10.7% increase versus Q1'21. The Bank registered a provision expense of $25.4 million for Q2'21 as it continues to build its loan loss provision. For the six-month period ending December 2020, our total provision expense was $53.9 million, a 204.3% increase when compared to the same period last year.

Non-performing loans totaled $195.6 million for Q2'21 vs. $180.1 million for Q1'21. The increase of $15.5 million was due to the deterioration of various non modified corporate loans during Q2'21.[11] NPLs in our corporate segment increased in the following sub-segments: commercial loans $7.8 million, agriculture loans $6.4 million, overdraft loans US$0.8 million, and leasing US$0.9 million. Our consumer NPLs slightly decreased by $0.2 million; mortgages by ($3.2) million, personal by ($1.6) million, net of an increase in retirees of$4.4 million. Our NPLs are distributed across all the economy segments, with the two larger amounts related to our commercial portfolio ($65.2 million) and mortgage portfolio ($33.4 million).

Our NPL coverage ratio increased from 98.9% in Q1'21 to 100.8% in Q2'21.

			Δ Q2´21/ Q1´21	
(Data in US$ millions)	**Q1´21**	**Q2´21**	**$**	**%**
Balance Beginning of year	155.0	155.0	0.0	0.0%
Reserve charged to expenses	28.5	53.9	25.4	89.0%
Recoveries	0.6	1.1	0.5	93.7%
Loan Write-offs	(6.0)	(12.8)	(6.8)	114.2%
Balance at end of period	**178.1**	**197.2**	**19.1**	**10.7%**

[11] These loans do not qualify as a modified loan under SBP Accord 3-2020

1.3.1 Modified Loans Status and Regulatory Changes as of December 31st,2020 (SBP Accord 2-2020, Accord 3-2020, Accord 7-2020, Accord 9-2020, and Accord 13-2020)

The covid pandemic is an ongoing and dynamic situation that has affected the credit quality of loan portfolios of Banking systems in both Panama and Latin America. The Superintendency of Banks has published a series of regulatory changes to adapt to the ongoing situation. The latest regulatory accords issued since June 2020 are Accord 9-2020 and Accord 13-2020.

Accord 9-2020 requires banks to establish a 3% generic loan loss provision to its identified Modified Loans. The Accord allows Banks to pass a minimum of 1.5% of the required reserve through results (provision expense) and up to an additional 1.5% through capital (retained earnings and dynamic reserve). Another important guideline of this Accord is that any modified loan that has made repayments for 90 days can be removed from its "modified" status.

Accord 13-2020 extends the existence of modified loans from December 31st, 2020, to June 30th, 2021. This extension aims to allow Banks to provide additional flexibility to clients affected by the pandemic in order to restructure their debts due to the Pandemic. We believe that this accord will provide additional stability to the banking system as it allows Banks more time to review the economic situation of their clients in order to assess their repayment possibilities as the economy begins to stabilize. Additionally, since the trend of repayments has been improving as the economy reopens, the additional time provided by the Accord will allow for further reduction in modified loans as we expect unemployment to stabilize and GDP to pick up in 2021.

As of December 31st, 2020, we had $2.4 billion in modified loans, representing 39.8% of the total portfolio. When compared to March 2020 (beginning of pandemic), we have observed a reduction of $1.1 billion or 31.4%. The $2.4 billion in modified loans are split 44.0% in retail and 36.0% in corporate. The provision expense is distributed across the collective reserve for corporate loans (43.5%), consumer loans (46.1%), and residential loans (10.4%).

The regularization of payments from our loan portfolio has been faster than expected. As of December 31st, 2020, we had approximately $1.5 billion in loans still under moratorium (no payments) versus $3.5 billion in March 2020; representing a $2.0 billion change. As the economic reopening continues, we expect this trend to remain in place through 2021.

In compliance with Accord 9-2020, our Bank has reserved 2.7% of the modified loan portfolio as of December 31st, 2020 (incurred as a provision expense through our P&L statement). In line with the guidelines of the Accord, on December 31st, 2020, the bank registered a $7.3 million reserve against its retained earnings, which constitutes the remaining 0.3%, for the 3.0% coverage for modified loans.

Modified Loan status and reserves as of December 31st, 2020:

Stage	Delinquency	Modified Loans	Loan Loss Reserve	Coverage
	Current	1,569.7	7.5	0.5%
	1 – 30	207.4	1.8	0.8%
Total Stage 1		**1,777.1**	**9.2**	**0.5%**
	Current	499.5	26.3	5.3%
	1 - 30	66.0	12.0	18.2%
	31 - 60	43.5	2.9	6.6%
	61 - 90	33.9	2.6	7.7%
Total Stage 2		**642.9**	**43.8**	**6.8%**
	Current	0.3	0.1	30.0%
	1 - 30	0.0	0.0	85.1%
	31 - 60	0.1	0.0	37.0%
	61 - 90	0.1	0.1	60.6%
	91 - 120	5.1	2.9	56.3%
	121 - 180	15.4	8.5	55.5%
	+ 180	6.1	3.8	61.8%
Total Stage 3		**27.2**	**15.4**	**56.7%**
Total		**2,447.2**	**68.5**	**2.8%**

1.4 Investment Portfolio

The investment portfolio grew during the quarter by 11.9% or $116.3 million vs. Q1’21. The Bank continues to focus on investing the excess liquidity in US Treasuries and other investment-grade securities. Of the total investment portfolio, 47.2% are investment-grade securities, 35.5% are non-investment grade, and 17.3% are local investment grade; excluding local bonds, our investment-grade securities represent 73.2% of the international portfolio.

Our investment portfolio is primarily composed of corporate and sovereign fixed income securities, including securities issued by the U.S., Latin American, the U.K., and European financial institutions.

2.0 Total Liabilities

As of December 31st, 2020, Global Bank’s total liabilities amounted to $7.6 billion, increasing by $29.6 million or 0.4% vs. Q1’21. Customer deposits continue to be the largest component of our funding structure, representing 67.8% of total liabilities for Q2’21.

2.1 Customer and Bank Deposits

			Δ Q2´21/Q1´21	
(Data in US$ millions)	**Q1´21**	**Q2´21**	**$**	**%**
Demand	434.4	477.0	42.5	9.8%
Savings	1,066.7	1,120.6	53.9	5.1%
Time	3,563.2	3,501.8	(61.5)	(1.7%)
Total customer deposits	**5,064.3**	**5,099.3**	**35.0**	**0.7%**
Interbank deposits	57.8	46.5	(11.3)	(19.6%)
Total deposits	**5,122.1**	**5,145.8**	**23.6**	**0.5%**

Despite the pandemic's effects on the economy, we continue to observe stability in our customer deposits. For Q2’21, our total customer deposits remained almost flat at $5.1 billion, representing a slight increase of $35.0 million or 0.7% compared to Q1’21. Our demand and savings accounts grew by 9.8% and 5.1% during that same period. The Bank’s loan to deposit ratio decreased from 122.0% to 119.6% when compared to Q1’21 and is lower than the 124.2% registered in Q2’20.

2.2 Financings, Bonds & Commercial Paper

During Q2’21, the Bank increased its financing liabilities by $22.3 million when compared to Q1’21. Our financing facilities increased due to an initial disbursement of $75 million from a $240 million committed covered loan transaction that was structured and partially funded in December of 2020. Bonds & commercial paper in Q2’21 registered an increase of $8.7 million or 0.7% due to the issuance of subordinated perpetual bonds. The total cost of financing liabilities continues to decrease to 3.5% in Q2’21 vs. 3.6% in Q1’21. Access to liquidity lines and counterparties has been ample and diversified.

Shareholder's Equity and Regulatory Capital

Shareholder's equity as of the end of Q2'21 totaled $792.3 million, an 1.3% increase when compared with Q1'21. The changes in other comprehensive income items (mark-to-market valuation on securities) continued its uptrend due to the market recovery from the Covid-19 pandemic, increasing from $5.7 million in Q1´21 to $14.1 million in Q2´21.

For the first six months of our fiscal year 2021, the Bank paid $10.0 million in dividends, a 48.2% decrease from dividends paid during the same period last year. For the remainder of our fiscal year 2021, we expect a decrease in total dividends paid vs. total dividends paid during our fiscal year 2020.

Capital Adequacy Ratio

(Data in US$ millions)	Q1´21	Q2´21
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.1	2.2
Declared reserves	41.7	42.0
Retained earnings	364.6	357.8
Other items of comprehensive income	5.7	14.1
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(22.1)	(21.7)
Total Primary Capital (Tier 1 Common)	**658.1**	**660.5**
Additional Primary Capital (Tier 1)	**140.4**	**160.2**
Tier 2 Capital	**7.8**	**7.8**
Total Capital Funds	**806.4**	**828.5**
Risk-Weighted Assets (RWA's)	**5,345.2**	**5,304.7**
Total Capital Ratio	**15.09%**	**15.62%**
Tier 1 Primary Capital	**12.31%**	**12.45%**
Additional Tier 1 Capital	**2.63%**	**3.02%**
Tier 2 Capital	**0.15%**	**0.15%**

Total regulatory capital reached $828.5 million, an increase of 2.7% compared to Q1'21. The Bank's capital ratio increased from 15.09% to 15.62% due to the change in valuation of $8.4 million on other items of comprehensive income and the decrease in RWAs of 0.8% compared to Q1'21. This decline in RWA's was due to lower loan volume during the quarter as a result of business closures caused by the pandemic.