

March 31st, 2021

EARNINGS REPORT

**Nine month period for the fiscal year ending
on June 30th, 2021**



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 \$15.9 MILLION FOR THE NINE-MONTH PERIOD ENDING ON MARCH 31st, 2021.

Management Highlights:

- **As of March 31st, 2021, Global Bank reported a net income of \$15.9 million**, representing a decrease of 68.2% when compared to the same period last year. The decline in net income was mainly driven by provisioning expense of \$75.1 million (a 136.9% y-o-y increase) due to potential credit deterioration of the loan portfolio as a result of the pandemic.
- **Our financial margin increased from 37.0% to 40.1% for the nine-month period ending on March 31st, '21, driven by a change in our deposit mix and a decrease in the costs of LIBOR funded liabilities.** Despite lower loan volume and lower yields, our annualized NIM increased during the same 9M period last year (2.35% vs. 2.31%).
- **Loan loss provision expense rose to \$75.1 million for the nine-months ending on March 31st, '21, a \$43.4 million or 136.9% 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 (due to the pandemic) and by the implementation of SBP accord 9-2020, which requires banks to reserve 3% of modified loans¹. As of March 31st, 2021, the bank holds a US\$3.2 million capital reserve for its modified loans² (charged against retained earnings) complying with accord 9-2020.
- **On March 31st, 2021, Global Bank's assets totaled \$8.5 billion**, representing a 1.0% increase compared to Q2'21 and 1.8% decrease compared to the same period last year. The increase in total assets during the quarter was driven mainly by a 39.8% increase in our cash and deposits, net of a 1.3% decline in our gross loan portfolio and 10.5% decline in our investment portfolio.
- **Liquidity levels remain high.** For Q3'21, our cash and equivalents totaled \$822.3 million, an increase of 39.8% from last quarter Q2'21. High levels of liquidity have been a result of loan portfolio amortizations and growth in client deposits coupled with limited lending opportunities as a result of the economic closures implemented by the government. Our deposit base continues to grow with \$5.3 billion, a 2.7% change from our Q2'21, and a 2.5% increase from the same period last year.
- **Gross loans declined by 1.3% to \$6.1 billion quarter over quarter as of March 31st, 2021.** Consumer loans declined by 0.5%, decreasing by \$16.0 million, and corporate loans declined 2.1%, representing

Note: Our fiscal year ends on June 30th. Reference to Q3'20 is for the period from January 1st – March 31st, 2020; Q2'21 is the for the period from October 1st, 2020 – December 31st, 2020 and Q3'21 is for the period from January 1st – March 31st, 2021.

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 to date related to risk management of the credit portfolio and certain applications temporary measures.

a \$66.8 million reduction. The change was attributable to limited disbursements due to the pandemic, net of repayments.

- **Our non-performing loans decreased by 7.8% from \$195.6 million in Q2'21 to \$180.3 million in Q3'21.** Non-performing loans were split by 68.2% in corporate banking and 31.8% in consumer banking. The decline in NPL's led to a decrease of 20 basis points in our NPL ratio, from 3.2% in Q2'21 to 3.0% in Q3'21. Our loan loss reserves ended the quarter at \$202.8 million, an increase of 2.8% versus Q2'21; this, in turn, resulted in an increase in our NPL coverage ratio to 112.4% for Q3'21.
- **Our Capital Adequacy Ratio was 15.49%, Common Tier 1 (CT1) 12.32%, and Total Tier 1 (TT1) 15.34%.** Our capital ratios continue to be well above the regulatory minimum for each capital category (Total: 8.0%, CT1: 4.5%, TT1: 6.0%).
- **On March 22nd, 2021 Global Bank successfully closed and funded a \$200 million 3 Yr. syndicated loan with participation from Banks in Asia, US and Latin America.** The transaction was a refinancing of a prior syndicated loan from 2018; the amount of the loan was upsized from \$163 million based on strong market demand and strong Bank fundamentals.

Income Statement Summary³

Global Bank Corporation and Subsidiaries - Income Statement				
(Data in US\$ thousands)	9M'20	9M'21	Δ 9M'21/9M'20	
			\$	%
Loans	324,415	304,268	(20,146)	(6.2%)
Deposits	5,666	1,247	(4,419)	(78.0%)
Investments	28,944	25,668	(3,276)	(11.3%)
Total Interest income	359,024	331,183	(27,841)	(7.8%)
Deposits	(132,454)	(129,015)	3,439	(2.6%)
Financing	(28,618)	(18,153)	10,465	(36.6%)
Bonds & Commercial Paper	(65,155)	(51,147)	14,008	(21.5%)
Total Interest expense	(226,227)	(198,316)	27,911	(12.3%)
Net interest income	132,797	132,868	71	0.1%
Margin	37.0%	40.1%		
Net fee income	34,369	26,113	(8,256)	(24.0%)
Other income	14,320	18,944	4,624	32.3%
General and administrative expenses ¹	(99,142)	(95,969)	3,173	(3.2%)
Net income before Loan loss allowance	82,344	81,956	-388	(0.5%)
Margin	22.9%	24.7%		
Loan loss allowance	(31,677)	(75,056)	(43,378)	136.9%
Profit before income tax	50,667	6,900	(43,766)	(86.4%)
Income tax	(797)	8,976	9,773	(1226.4%)
Net income	49,870	15,877	(33,993)	(68.2%)

³ Provisions expense related to investments and others in 9M'21 of \$303K; and 9M'20 of -\$164K where included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
(Data in US\$ thousands)	Q2'21	Q3'21	Δ Q3'21/ Q2'21	
			\$	%
Assets				
Cash and deposits	269,337	494,120	224,783	83.5%
Interbank Deposits	319,090	328,218	9,128	2.9%
Total Cash and deposits	588,427	822,338	233,911	39.8%
Gross loans	6,151,590	6,068,738	(82,852)	(1.3%)
Allowance for loan losses	(197,199)	(202,767)	(5,568)	2.8%
Unearned Interest & Commissions	(12,310)	(13,010)	(699)	5.7%
Total Net Loans	5,942,081	5,852,962	(89,120)	(1.5%)
Investments	1,090,135	975,653	(114,482)	(10.5%)
Other assets	764,086	814,731	50,645	6.6%
Total assets	8,384,729	8,465,683	80,954	1.0%
Liabilities & Shareholder's Equity				
Demand	476,965	493,272	16,308	3.4%
Savings	1,120,592	1,162,111	41,519	3.7%
Time Deposits	3,501,750	3,580,835	79,085	2.3%
Interbank Deposits	46,456	50,973	4,516	9.7%
Total Deposits	5,145,763	5,287,191	141,428	2.7%
Repos & financings	1,015,210	949,853	(65,358)	(6.4%)
Bonds and commercial paper	1,250,343	1,249,906	(437)	(0.0%)
Other liabilities	181,158	195,476	14,319	7.9%
Total liabilities	7,592,474	7,682,425	89,952	1.2%
Shareholder's equity	792,256	783,258	(8,998)	(1.1%)

Key Performance Metrics^{4,5}

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Profitability							
Net Interest Margin	2.24%	2.27%	2.31%	2.30%	2.42%	2.42%	2.35%
Efficiency Ratio	55.44%	53.65%	54.63%	56.28%	56.75%	54.55%	53.94%
ROAA	0.96%	0.89%	0.78%	0.49%	0.06%	0.19%	0.25%
ROAE	10.38%	9.67%	8.46%	5.38%	0.68%	2.03%	2.70%
Loan Quality							
Overdue (NPLs)/ Gross Loans	2.30%	2.57%	2.20%	2.03%	2.88%	3.18%	2.97%
Allowance / Overdue (NPLs)	78.81%	75.28%	95.51%	120.74%	98.91%	100.81%	112.43%
Allowance/ Gross Loans	1.81%	1.93%	2.11%	2.45%	2.85%	3.21%	3.34%
Loan to Deposit Ratio	129.06%	124.20%	124.19%	122.51%	122.04%	119.55%	114.78%
Loan to Deposits + Corporate Bonds Ratio ⁴	99.00%	100.86%	100.89%	100.49%	100.95%	98.95%	95.43%
Capital Ratios							
Capital Adequacy Ratio	14.04%	13.72%	14.35%	14.58%	15.09%	15.62%	15.49%
Tier 1 Common	11.65%	11.40%	11.75%	11.94%	12.31%	12.45%	12.32%
Additional Tier 1 Capital	2.25%	2.18%	2.46%	2.49%	2.63%	3.02%	3.02%
Tier 2 Capital	0.14%	0.14%	0.14%	0.14%	0.15%	0.15%	0.15%

⁴ Ratio includes corporate bonds with a maturity over 1 year.

⁵ Profitability ratios calculated on a cumulative 9 months annualized basis.

Income Statement

1.0 Net Interest Income

(Data in US\$ millions)	9M'20	9M'21	Δ 9M'21/9M'20	
			\$	%
Interest Income				
Loans	324.4	304.3	(20.1)	(6.2%)
Deposits	5.7	1.2	(4.4)	(78.0%)
Investments	28.9	25.7	(3.3)	(11.3%)
Total Interest Income	359.0	331.2	(27.8)	(7.8%)
Interest Expense				
Deposits	132.5	129.0	(3.4)	(2.6%)
Loans	28.6	18.2	(10.5)	(36.6%)
Bonds & Commercial Paper	65.2	51.1	(14.0)	(21.5%)
Total Interest Expense	226.2	198.3	(27.9)	(12.3%)
Net Interest Income	132.8	132.9	0.1	0.1%
<i>Margin</i>	<i>37.0%</i>	<i>40.1%</i>		

- Net interest income for nine months ending March 31st, 2021 reached \$132.9 million, which is flat when 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, open market repurchases of our corporate bonds for a total of \$114.3 million⁶ and a change in the deposit mix from CDs to savings and demand accounts.
- As a result of the changes described above, our financial margin increased to 40.1% from 37.0% for 9M'21 vs. 9M'20. Going forward we expect our margin to increase through loan growth from the economic reopening and continued lower funding costs from our LIBOR based facilities.

⁶ Amount as of March 31st, 2021

2.0 Net Fee and Other Income

(Data in US\$ millions)	9M'20	9M'21	Δ 9M'21/9M'20	
			\$	%
Fee Income				
Loans	22.6	15.0	(7.6)	(33.7%)
Letters of Credit	2.3	2.2	(0.0)	(1.2%)
Savings and debit cards	4.5	3.0	(1.5)	(34.0%)
Trust Services	7.7	8.0	0.3	4.3%
Others	9.4	7.6	(1.7)	(18.6%)
Fee Expenses	(12.1)	(9.9)	2.3	-18.6%
Net Fee Income	34.4	26.0	(8.3)	(24.3%)
Other Income				
Net Insurance premiums	9.7	8.9	(0.8)	(7.8%)
Others	4.6	10.0	5.4	na
Total Other Income	14.3	19.0	4.6	32.4%

Net fee income decreased by 24.3% or \$8.3 million for 9M'21 vs. 9M'20. The decrease in fee income was due to lower loan volume despite the reopening of most quarantine measures implemented from March 2020 through October 2020.

Total other income increased by 32.4%, or \$4.6 million for 9M'21 vs. 9M'20 due to lower insurance premiums and a gain on sale of securities of \$5.0 million.

3.0 Operating Expenses

- General & Administrative Expense (G&A) excluding loan loss provisions totaled \$96.0 million for the 9 months period ending on March 31st, 2021, representing a \$3.2 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%⁷ of our workforce.
- Our operating efficiency ratio⁸ for the 9M period ending March 31st, 2021 was 53.77% vs. 54.63% for the same period last year due to lower revenue as a result of the pandemic and partially offset by savings in expenses.

⁷ As of March 31st, 2021

⁸ Efficiency ratio: total G&A expenses, excluding loan loss provisions divided by total net revenue.

Balance Sheet

1.0 Cash and Equivalents

Total cash and equivalents increased by \$233.9 million to a total of \$822.3 million for Q3'21, representing a 39.8% quarter over quarter change. The change is mainly attributable to an increase in total deposits of \$141.4 million, upsizing of our syndicated loan, a decrease in gross loans of \$82.9 million due to repayments and cancellations, and a decrease in the sale/redemption of investment securities for \$114.5 million during the quarter. Our liquidity coverage ratio (LCR) was 148.5%, well above the regulatory minimum of 50.0%. Our legal liquidity ratio was 56.0%, well above the 30.0% regulatory minimum.

1.1 Loan Portfolio

As of March 31st, 2021, our gross loan portfolio decreased by 1.3% (\$82.9 million), closing at \$6.1 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 47.9% of our total gross loans and the corporate portfolio 52.1% of total gross loans.

(Data in US\$ millions)	Q4'20	Q1'21	Q2'21	Q3'21	Δ Q3'21/Q2'21	
					\$	%
Consumer Banking						
Mortgages	1,776.9	1,777.2	1,778.1	1,781.3	3.2	0.2%
Car Loans	265.3	256.4	245.7	236.4	(9.3)	(3.8%)
Personal & Retirees	684.2	674.4	680.0	678.6	(1.4)	(0.2%)
Credit Cards	149.1	145.6	142.6	137.5	(5.2)	(3.6%)
Pledged	54.8	52.1	49.9	47.8	(2.2)	(4.4%)
Overdrafts	23.9	24.4	24.0	22.7	(1.2)	(5.2%)
Total Consumer Banking	2,954.2	2,930.1	2,920.4	2,904.4	(16.0)	(0.5%)
Corporate Banking						
Commerce	1,492.8	1,481.7	1,441.0	1,450.9	9.9	0.7%
Construction	740.7	722.6	640.1	611.3	(28.7)	(4.5%)
Agriculture	393.9	384.0	376.2	364.7	(11.4)	(3.0%)
Factoring	212.6	185.1	207.7	218.0	10.4	5.0%
Overdrafts	166.5	166.8	196.6	165.9	(30.7)	(15.6%)
Pledged	74.2	83.5	81.8	78.3	(3.5)	(4.3%)
Leasing	54.8	53.5	53.3	50.7	(2.6)	(4.8%)
Small & Medium Enterprise	225.8	223.6	214.1	205.7	(8.4)	(3.9%)
Transport	20.6	20.3	20.5	18.7	(1.8)	(8.6%)
Total Corporate Banking	3,381.9	3,321.1	3,231.2	3,164.4	(66.8)	(2.1%)
Total Gross Loans	6,336.1	6,251.2	6,151.6	6,068.7	(82.9)	(1.3%)
Allowance for Loan Losses	(155.0)	(178.1)	(197.2)	(202.8)	(5.6)	2.8%
Unearned interest and fees	(11.7)	(11.3)	(12.3)	(13.0)	(0.7)	5.7%
Total Net Loans	6,169.4	6,061.8	5,942.1	5,853.0	(89.1)	(1.5%)

The consumer portfolio declined by 0.5% to \$2.9 billion in Q3'21. Within the consumer portfolio, the only product that grew during Q3'21 was mortgages by 0.2%. All the other products declined as listed: personal & retirees 0.2%, credit cards 3.6%, pledged 4.4%, overdraft by 5.2% and car loans 3.8%.

Global Bank's corporate portfolio decreased by 2.1% to \$3.2 billion for Q3'21. Construction and commercial loans have been affected due to repayments and limited disbursements as a result of the pandemic effect,

despite reopening from quarantine measures. The only two products that increased during the third quarter, were factoring by 5.0% and commercial by 0.7%.

Our stage 2 loans increased by 3.4% for Q3'21 vs. Q2'21 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 0.6% (explained in more detail below on section 1.2)

(Data in US\$ millions)	Q2'21				Q3'21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,357.5	486.2	63.9	2,907.6	2,465.1	585.9	124.1	3,175.1
Consumer	2,527.0	585.4	131.7	3,244.0	2,299.2	521.8	72.6	2,893.6
Total	4,884.4	1,071.6	195.6	6,151.6	4,764.3	1,107.7	196.7	6,068.7

1.2 Impairment Allowance Overview

Impairment allowance increased by \$5.6 million, net of charge-offs in Q3'21 to a total of \$202.8 million, representing a 2.8% increase versus Q2'21. The Bank continues to build up loan loss provisions during Q3'21; with a quarterly provision expense of \$21.2 million.

Non-performing loans totaled \$180.3 million for Q3'21 vs. \$195.6 million for Q2'21. The decrease of \$15.3 million was due to corporate loan charge-offs during Q3'21⁹. NPL's in our corporate segment decreased q-o-q by \$7.5 million in the following segments: commercial loans of -\$2.9 million, agriculture loans -\$0.8 million, overdraft loans -\$3.2 million, and transportation \$0.6 million. Our consumer NPLs also decreased by -\$7.7 million; mortgages by -\$5.7 million, personal by -\$2.1 million, net of an increase in credit cards by \$1.5 million. Our NPLs are distributed across all the economy segments, with the three largest amounts related to our commercial portfolio (\$62.3 million); agriculture portfolio (\$34.5 million) and mortgage portfolio (\$27.8 million).

Our NPL coverage ratio increased from 100.8% in Q2'21 to 112.4% in Q3'21.

(Data in US\$ millions)	Q2'21	Q3'21	Δ Q3 21/ Q3 20	
			\$	%
Balance Beginning of year	155.0	155.0	0.0	0.0%
Reserve charged to expenses	53.9	75.1	21.2	39.4%
Recoveries	1.1	1.7	0.6	54.1%
Written-off loans	(12.8)	(29.0)	(16.2)	127.1%
Balance at end of period	197.2	202.8	5.6	2.8%

⁹ We were able to classify these loans as NPLs as they did not originally qualify as a modified loan under SBP Accord 3-2020

1.2.1 Modified Loans Status and Regulatory Changes as of March 31st, 2021 (SBP Accord 2-2020, Accord 3-2020, Accord 7-2020, Accord 9-2020, and Accord 13-2020)

The COVID-19 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 Superintendent 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 record 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 contractual payments for 90 days can be removed from its “modified” status.

Accord 13-2020 extends the end 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 properly restructure their debts due to their new economic situation. 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 Q3’21, our institution had \$2.2 billion in modified loans, representing 36.5% of the total portfolio. When compared against Q3’20 (beginning of pandemic), we have observed a reduction of \$1.3 billion or 37.7%. The \$2.2 billion in modified loans are split 50.1% in retail and 49.9% in corporate.

(USD)	Modified Loans as of Q3 '21			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
1. Commercial	684,814,264	246,326,322	1,440,403	932,580,989
2. Agriculture	44,474,845	7,448,125	1,882,824	53,805,794
3. Overdrafts	-	3,190,726	-	3,190,726
4. Industrial	74,742,932	207,953	-	74,950,885
5. Leasing	21,683,086	1,803,832	39,370	23,526,288
6. Transportation	-	16,991,564	1,177,861	18,169,424
7. Factoring	-	-	-	-
Sub Total Corporate	825,715,127	275,968,522	4,540,458	1,106,224,106
Consumer				
1. Personal	73,044,087	51,532,321	4,285,630	128,862,039
2. Mortgages	625,952,123	179,087,360	2,710,984	807,750,467
3. Auto	-	89,065,359	9,383,115	98,448,474
4. Retirees	-	138,803	-	138,803
5. Credit Cards	15,296	66,304,198	10,302,601	76,622,094
Sub Total Consumer	699,011,506	386,128,041	26,682,330	1,111,821,877
Total	1,524,726,633	662,096,562	31,222,787	2,218,045,983

When compared to Q2'21 total Stage 3 modified loans have increased by \$4.0 million, the main driver of the increase was reflected in consumer modified loans, which increased by \$8.5 million while corporate modified loans decreased by \$4.4 million.

Below is a table of Stage 3 modified loans by product:

Data in US\$	Stage 3 Q2 '21	Stage 3 Q3 '21	Δ Q3 21 / Q2 21	
			Chng \$	Chng %
Corporate				
1. Commercial	2,506,044	1,440,403	(1,065,641)	(42.52%)
2. Agriculture	4,748,574	1,882,824	(2,865,750)	(60.35%)
3. Overdrafts	-	-	-	-
4. Industrial	-	-	-	-
5. Leasing	57,949	39,370	(18,579)	(32.06%)
6. Transportation	1,672,126	1,177,861	(494,265)	(29.56%)
7. Factoring	-	-	-	-
Sub Total Corporate	8,984,693	4,540,458	(4,444,235)	(49.46%)
Consumer				
1. Personal	1,273,957	4,285,630	3,011,673	236.40%
2. Mortgages	3,946,743	2,710,984	(1,235,759)	(31.31%)
3. Auto	2,093,819	9,383,115	7,289,296	348.13%
4. Retirees	-	-	-	-
5. Credit Cards	10,897,825	10,302,601	(595,225)	(5.46%)
Sub Total Consumer	18,212,345	26,682,330	8,469,985	46.51%
Total	27,197,038	31,222,787	4,025,749	14.80%

The regularization of payments from our modified loan portfolio has been better than expected. As of Q3'21, we had approximately \$1.0 billion in loans under moratorium (no payments) versus \$3.5 billion as of Q3'20; representing a \$2.5 billion change. As the economic reopening continues, we expect this trend to remain in place through the calendar year of 2021.

In compliance with Accord 9-2020, our Bank has reserved 3.0% of the modified loan portfolio as of March 31st, 2021; 2.9% expensed through provisioning and 0.1% through a charge to retained earnings.

1.3 Investment Portfolio

For Q3'21, we continue to observe very low volatility in our deposit base while maintaining ample access to international lines of credit. The investment portfolio declined during the quarter by 10.5% or \$114.5 million vs. Q2'21 due to the sale of securities and redemptions. The Bank continues to focus on investing its excess liquidity in US Treasuries, US Agency paper and other investment-grade securities.

The composition of our investment portfolio is the following: 40.2% are investment-grade securities, 20.2% are non-investment grade, and 39.0% are local investment grade; excluding local investment in bonds, our investment-grade securities represent 66.9% 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, and European financial institutions.

2.0 Total Liabilities

As of March 31st, 2021 (Q3'21), Global Bank's total liabilities amounted to \$7.7 billion, increasing by \$90.0 million or 1.2% vs. the previous quarter. Customer deposits continue to be the largest component of our funding structure, representing 68.8% of total liabilities as of the third quarter of our 2021 fiscal year.

2.1 Customer and Bank Deposits

(Data in US\$ millions)	Q2'21	Q3'21	Δ Q3'21/Q2'21	
			\$	%
Demand	477.0	493.3	16.3	3.4%
Savings	1,120.6	1,162.1	41.5	3.7%
Time	3,501.8	3,580.8	79.1	2.3%
Total customer deposits	5,099.3	5,236.2	136.9	2.7%
Interbank deposits	46.5	51.0	4.5	9.7%
Total deposits	5,145.8	5,287.2	141.4	2.7%

Despite the pandemic's effects on the economy, we continue to observe stability in our customer deposits. For Q3'21, our total customer deposits totaled \$5.2 billion, representing an increase of \$136.9 million or 2.7% compared to Q2'21. Our demand, savings accounts and time deposits grew by 3.4%; 3.7% and 2.3%, respectively, during the same period. When compared to Q3'20; our demand and savings accounts grew by 10.2%; 22.6% while time deposits decreased by 3.9%. Growth in savings account is mainly driven by time deposits migrating to savings, opening of new savings accounts and an increase in savings from our clients due to limited economic activity.

The Bank's loan to deposit ratio decreased from 119.6% to 114.8% when compared to Q2'21 and is lower than the 124.2% registered in Q3'20.

2.2 Financings, Bonds & Commercial Paper

During Q3'21, the Bank decreased its financing liabilities by \$65.4 million when compared to Q2'21. The repos & financings net change was driven by the renewal of a syndicated loan for \$200 million, increasing its previous balance by \$37 million and repayment of short- and medium-term facilities totaling \$100 million. Bonds & commercial paper in Q3'21 remained flat at \$1.2 billion. The total cost of financing liabilities remained unchanged at 3.5% in Q3'21 vs. Q2'21. Access to liquidity lines and counterparties has been ample and diversified across geographic regions.

Shareholder's Equity and Regulatory Capital

Shareholder's equity as of the end of Q3'21 totaled \$783.3 million, a 1.1% decrease when compared with Q2'21. The decrease was a result of changes in OCI due to market volatility on our investments.

For the nine months ending on March 31st, 2021, the bank paid \$15.0 million in dividends, a 43.4% decrease from dividends paid during the same period last year. For the remainder of our fiscal year 2021, we expect a 40.8% decrease in total dividends paid vs. total dividends paid during our fiscal year 2020.

Capital Adequacy Ratio

(Data in US\$ millions)	Q2'21	Q3'21
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.2	2.4
Declared reserves	42.0	42.2
Retained earnings	357.8	364.2
Other items of comprehensive income	14.1	2.0
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(21.7)	(21.3)
Total Primary Capital (Tier 1 Common)	660.5	655.5
Additional Primary Capital (Tier 1)	160.2	160.7
Tier 2 Capital	7.8	7.8
Total Capital Funds	828.5	824.0
Risk-Weighted Assets (RWA's)	5,304.7	5,319.3
Total Capital Ratio	15.62%	15.49%
Tier 1 Primary Capital	12.45%	12.32%
Additional Tier 1 Capital	3.02%	3.02%
Tier 2 Capital	0.15%	0.15%

Total regulatory capital reached \$824.0 million, a decrease of 0.5% compared to Q2'21. The Bank's capital ratio declined from 15.62% to 15.49% due mainly to the change in valuation of \$12.1 million on other items of comprehensive income, while the RWAs remained flat at 0.3% compared to Q2'21.