First Quarter FYE 2021

EARNINGS REPORT

Period ending September 30th, 2020

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 $1.3 MILLION FOR THE FIRST QUARTER ENDING ON SEPTEMBER 30th, 2020.

Management Highlights[1]:

- **As of September 30th, 2020, Global Bank reported a net income of $1.3 million,** representing a decrease of 93.4% compared to the same period last year. The decline in net income was mainly driven by a provision expense of $28.5 million (a 591.3% y-o-y increase).
- **A decrease in funding costs due to lower LIBOR during the first quarter contributed to an expansion of our financial margin from 37.3% in Q4'20 to 40.6% in Q1'21.** We continue to observe an improvement in our net interest margin. Our NIM increased from 2.32% in Q4'20 to 2.43% for Q1'21 due mainly to lower LIBOR rates and open market repurchases of our corporate bonds, even though our top line was negatively impacted by lower loan volume and by lower yields on cash and investments.
- **Loan loss provision expense rose to $28.5 million for the quarter ended on September 30th, 2020, a $24.4 million or 591.3% 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 (due to the pandemic) and an increase in NPLs in our commercial loan portfolio.
- **As of September 30th, 2020, Global Bank's assets totaled $8.3 billion**, representing a 2.0% decrease compared to Q4'20 and 3.1% decrease compared to the same period last year. The reduction in total assets during the quarter was driven mainly by a 5.4% decline in our investment portfolio and a 1.3% decline in our gross loan portfolio.
- **We continue to hold high levels of liquidity**. For Q1'21, our cash and equivalents totaled $569.4 million, a slight decrease of 3.2% from June 30th, 2020. We continue to monitor the reopening of the economy (strict quarantine measures ended on September 14th, 2020) and our customer deposits to assess proper liquidity levels. For Q1 '21, our deposit base continues to remain stable with $5.1 billion, a (1.0%) change from Q4'20, and a 2.6% increase from the same period last year. Liquidity availability from our counterparties remains ample and diversified; on October 7th, 2020, we closed a $90 million long term committed facility with the International Finance Corporation and Citibank NA.

[1] Note: Our fiscal year ends on June 30th. Reference to Q1'20 is for the period from July 1st – September 30th, 2019; Q4'20 is the for the period from March 1st – June 30th, 2020 and Q1'21 is for the period from July 1st, 2020 – September 30th, 2020.

- **Gross loans declined by 1.3% to $6.3 billion quarter over quarter as of September 30th, 2020**. Consumer loans declined by 0.8%, decreasing by $24.1 million, and corporate loans declined 1.8%, representing a $84.9 million reduction. The change was attributable to limited disbursements due to the pandemic.
- **Our non-performing loans increased by 40.3% from $128.4 million in Q4'20 to $180.1 million in Q1'21**. Non-performing loans were split 63.7% in corporate banking and 36.3% in consumer banking. The growth in NPLs led to an increase of 90 basis points in our NPL ratio, from 2.0% in Q4'20 to 2.9% in Q1'21. Our loan loss reserves ended the quarter at $178.1 million, an increase of 14.9% versus Q4'20; this, in turn, resulted in a decline in our NPL coverage ratio to 98.9% for Q1'21.
- **Our Capital Adequacy Ratio was 15.09%, Common Tier 1 (CT1) 12.31%, and Total Tier 1 (TT1) 14.94%**. Our capital ratios continue to be well above the regulatory minimum for each capital category (Total: 8.0%, CT1: 4.5%, TT1: 6.0%).
- **Both S&P & Fitch confirmed our international investment grade rating to BBB- (S&P outlook: stable, Fitch outlook: negative) on August 2020 and November 2020, respectively.** Both ratings agencies completed their annual review of the Bank in the middle of the pandemic, considering the latest regulatory accords in place as of their publication dates.

Income Statement Summary[2]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ Q1´21/Q1´20	
(Data in $ thousands)	Q1´20	Q1´21	$	%
Loans	108,240	104,491	*(3,749)*	(3.5%)
Deposits	2,271	416	*(1,855)*	(81.7%)
Investments	9,791	8,758	*(1,034)*	(10.6%)
Total Interest income	120,302	113,665	(6,637)	(5.5%)
Deposits	(43,055)	(43,879)	*(824)*	1.9%
Financing	(9,678)	(6,310)	*3,368*	(34.8%)
Bonds & Commercial Paper	(24,518)	(17,303)	*7,215*	(29.4%)
Total Interest expense	(77,251)	(67,492)	9,759	(12.6%)
Net interest income	**43,051**	**46,173**	**3,122**	**7.3%**
Margin	***35.8%***	***40.6%***		
Net fee income	11,543	7,532	(4,011)	(34.7%)
Other income	5,264	3,571	(1,694)	(32.2%)
General and administrative expenses [1]	(33,185)	(32,502)	683	(2.1%)
Net income before Loan loss allowance	**26,674**	**24,774**	**-1,900**	**(7.1%)**
Margin	***22.2%***	***21.8%***		
Loan loss allowance	(4,121)	(28,489)	(24,367)	591.3%
Profit before income tax	**22,553**	**(3,715)**	**(26,268)**	**(116.5%)**
Income tax	(2,358)	5,046	7,404	(314.0%)
Net income	**20,195**	**1,331**	**(18,864)**	**(93.4%)**

[2] Provisions expense related to investments and others in Q1´21 of $236K; and Q1´20 of $436K where included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q1´21/Q4´20	
(Data in $ thousands)	Q4´20	Q1´21	$	%
Assets				
Cash and deposits	275,517	289,880	14,363	5.2%
Interbank Deposits	312,959	279,500	(33,459)	(10.7%)
Total Cash and deposits	588,476	569,380	(19,096)	(3.2%)
Gross loans	6,336,122	6,251,218	(84,904)	(1.3%)
Allowance for loan losses	(155,026)	(178,116)	(23,091)	14.9%
Unearned Interest & Commissions	(11,679)	(11,315)	364	(3.1%)
Total Net Loans	6,169,417	6,061,786	(107,631)	(1.7%)
Investments	1,029,732	973,862	(55,870)	(5.4%)
Other assets	728,502	740,180	11,678	1.6%
Total assets	**8,516,127**	**8,345,208**	**(170,919)**	**(2.0%)**
Liabilities & Shareholder's Equity				
Demand	439,433	434,422	(5,011)	(1.1%)
Savings	1,038,508	1,066,669	28,161	2.7%
Time Deposits	3,621,061	3,563,238	(57,823)	(1.6%)
Interbank Deposits	72,765	57,791	(14,975)	(20.6%)
Total Deposits	5,171,767	5,122,120	(49,647)	(1.0%)
Repos & financings	1,074,123	1,001,679	(72,443)	(6.7%)
Bonds and commercial paper	1,301,916	1,241,602	(60,315)	(4.6%)
Other liabilities	186,344	197,442	11,099	6.0%
Total liabilities	**7,734,150**	**7,562,844**	**(171,306)**	**(2.2%)**
Shareholder's equity	**781,977**	**782,365**	**388**	**0.0%**

Key Performance Metrics[3,4]

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

[3] Ratio includes corporate bonds with a maturity over 1 year.

[4] Profitability ratios calculated on a quarterly annualized basis.

Income Statement

1.0 Net Interest Income

(Data in US$ millions)	Q1´20	Q1´21	Δ Q1 FY21/Q1 FY20 $	%
Interest Income				
Loans	108.2	104.5	-3.7	(3.5%)
Deposits	2.3	0.4	-1.9	(81.7%)
Investments	9.8	8.8	-1.0	(10.6%)
Total Interest Income	**120.3**	**113.7**	**-6.6**	**(5.5%)**
Interest Expense				
Deposits	43.1	43.9	0.8	1.9%
Loans	9.7	6.3	-3.4	(34.8%)
Bonds & Commercial Paper	24.5	17.3	-7.2	(29.4%)
Total Interest Expense	**77.3**	**67.5**	**-9.8**	**(12.6%)**
Net Interest Income	**43.1**	**46.2**	**3.1**	**7.3%**
Margin	*35.8%*	*40.6%*		

- Net interest income for three months ending September 30th, 2020 reached $46.2 million, increasing 7.3% 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 ($16.7 repurchased in Q1'21) for a total of $114.3 million[6].
- As a result of the factors described above, our financial margin increased to 40.6% from 35.8% for Q1'21 vs. Q1'20.

[6] Amount as of September 30th, 2020

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2.0 Net Fee and Other Income

(Data in US$ millions)	Q1´20	Q1´21	Δ Q1´21/Q1 FY20 $	%
Fee Income				
Loans	6.7	4.8	(2.0)	(29.0%)
Letters of Credit	1.5	0.5	(1.0)	(65.8%)
Savings and debit cards	1.6	1.0	(0.6)	(37.8%)
Trust Services	2.7	2.3	(0.3)	(12.9%)
Others	3.0	1.9	(1.1)	(36.4%)
Fee Expenses	**(3.9)**	**(3.0)**	**1.0**	**-24.3%**
Net Fee Income	**11.5**	**7.5**	**(4.0)**	**(34.7%)**
Other Income				
Net Insurance premiums	3.8	2.8	(1.0)	(26.5%)
Others	1.5	0.8	(0.7)	(46.7%)
Total Other Income	**5.3**	**3.6**	**(1.7)**	**(32.2%)**

Net fee income decreased by 34.7% or $4.0 million for Q1’21 vs. Q1’20. The decrease in fee income was due to lower loan volume from the quarantine measures implemented from March through September. On the other hand, due to some economic sectors reopening from the Covid-19 lockdown, fees related to trade, factoring, and investment banking increased by $3.0 million or 6.9% during Q1’21 when compared to last quarter Q4’20.

Total other income decreased by 32.2%, or $1.7 million for Q1’21 vs. Q1’20 due to lower insurance premiums, net of costs associated to open market purchases of our bonds.

3.0 Operating Expenses

- General & Administrative Expense (G&A) excluding loan loss provisions totaled $32.5 million for Q1’21, representing a $0.7 million decrease over the same period last year. The change was primarily driven by cost savings (reduction of personnel, rmarketing, rental, maintenance, utilities, security, and travel costs) as a result of closed branches and express centers due to the pandemic. We currently have 43%[7] of our workforce working remotely.

- Our operating efficiency ratio[8] for Q1’21 was 56.75% vs. 56.17% for the same period last year due to lower revenues a result of the pandemic and partially offset by savings in expenses.

[7] As of September 30th, 2020

[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 decreased by $19.1 million to a total of $569.4 million for Q1'21, representing a (3.2)% quarter over quarter change. The change is mainly attributable to the repurchase of corporate bonds and repayment of financial facilities. Our liquidity coverage ratio (LCR) was 187.5%, well above the regulatory minimum of 50.0%. Our legal liquidity ratio was 51.4%, well above the 30.0% regulatory minimum.

1.1 Loan Portfolio

As of September 30th, 2020, our gross loan portfolio decreased by 1.3% ($84.9 million), closing at $6.2 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 46.9% of our total gross loans and the corporate portfolio 53.1% of total gross loans.

(Data in US$ millions)	Q2´20	Q3´20	Q4´20	Q1´21	Δ Q1´21/Q4´20 $	%
Consumer Banking						
Mortgages	1,771.6	1,778.0	1,776.9	1,777.2	0.3	0.0%
Car Loans	283.3	274.1	265.3	256.4	(8.9)	(3.4%)
Personal & Retirees	687.0	695.1	684.2	674.4	(9.8)	(1.4%)
Credit Cards	145.7	152.7	149.1	145.6	(3.6)	(2.4%)
Pledged	58.0	59.4	54.8	52.1	(2.7)	(5.0%)
Overdrafts	26.0	23.3	23.9	24.4	0.5	2.2%
Total Consumer Banking	**2,971.6**	**2,982.6**	**2,954.2**	**2,930.1**	**(24.1)**	**(0.8%)**
Corporate Banking						
Commerce	1,546.6	1,506.9	1,492.8	1,481.7	(11.0)	(0.7%)
Construction	781.0	753.7	740.7	722.6	(18.1)	(2.4%)
Agriculture	405.6	397.9	393.9	384.0	(9.9)	(2.5%)
Factoring	247.7	221.9	212.6	185.1	(27.5)	(12.9%)
Overdrafts	176.3	155.9	166.5	166.8	0.3	0.2%
Pledged	84.8	78.8	74.2	83.5	9.3	12.6%
Leasing	58.8	57.0	54.8	53.5	(1.4)	(2.5%)
Small & Medium Enterprise	202.9	231.3	225.8	223.6	(2.2)	(1.0%)
Transport	19.4	18.8	20.6	20.3	(0.3)	(1.5%)
Total Corporate Banking	**3,523.1**	**3,422.2**	**3,381.9**	**3,321.1**	**(60.8)**	**(1.8%)**
Total Gross Loans	**6,494.7**	**6,404.8**	**6,336.1**	**6,251.2**	**(84.9)**	**(1.3%)**
Allowance for Loan Losses	(125.6)	(134.8)	(155.0)	(178.1)	(23.1)	14.9%
Unearned interest and fees	(16.2)	(13.9)	(11.7)	(11.3)	0.4	(3.1%)
Total Net Loans	**6,352.9**	**6,256.0**	**6,169.4**	**6,061.8**	**(107.6)**	**(1.7%)**

The consumer portfolio declined by 0.8% to $2.9 billion in Q1'21. Within the consumer portfolio, the only product that grew during Q1'21 was overdrafts by 2.2%. All the other products declined as listed: credit cards 2.4%, personal & retiree loans 1.4%, and car loans 3.4%. mortgage loans remained flat.

Global Bank's corporate portfolio decreased by 1.8% to $3.3 billion for Q1'21. Factoring and Commercial loans have been affected due to repayments and limited disbursements as a result of the pandemic and quarantine measures.

Our stage 2 loans increased by 47.6% for Q1'21 vs. Q4'20 as we continue to calibrate our expected loss model to reflect potential credit losses due to the pandemic. Stage 3 loans, which reflect our NPLs, also observed an increase of 40.2% (explained in more detail below on section 1.2)

	Q4´20				Q1´21			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,680.7	506.9	68.2	3,255.8	2,542.8	310.7	65.3	2,918.8
Consumer	2,840.5	179.6	60.2	3,080.3	2,514.9	702.8	114.7	3,332.4
Total	**5,521.2**	**686.5**	**128.4**	**6,336.1**	**5,057.6**	**1,013.5**	**180.1**	**6,251.2**

1.2 Impairment Allowance Overview

Impairment allowance increased by $23.1 million, net of charge-offs in Q1'21 to a total of $178.1 million, representing a 14.9% increase versus Q4'20. The Bank continued to build up loan loss provisions during Q1'21; total provision expense was $28.5 million and annualized cost of risk was 1.8%.

Non-performing loans totaled $180.1 million for Q1'21 vs. $128.4 million for Q4'20. The increase of $51.7 million was due to the deterioration of both corporate and consumer loans during Q1'21 (We were able to classify these loans as NPLs as they did not originally qualify as a modified loan[9] under SBP Accord 3-2020). NPL's in our corporate segment increased due to: a commercial loan of $30.6 million, multiple agriculture loans totaling $9.4 million, overdraft loans totaling US$3.1 million, and a factoring loan totaling US$1.6 million. Our consumer NPLs increased through mortgages by $1.8 million, auto by US$1.7 million and credit cards by $1.5 million. Our total NPLs are distributed across all the segments, with the two larger amounts related to our commercial ($57.4 million) and mortgage portfolio ($36.6 million).

Our NPL coverage ratio decreased from 120.7% in Q4'20 to 98.9% in Q1'21.

			Δ Q1´21/ Q4´20	
(Data in US$ millions)	Q4´20	Q1´21	$	%
Balance Beginning of year	119.7	155.0	35.3	29.5%
Reserve charged to expenses	64.1	28.5	(35.6)	(55.6%)
Recoveries	2.8	0.6	(2.2)	(79.6%)
Loan Write-offs	(31.6)	(6.0)	25.6	(81.1%)
Balance at end of period	**155.0**	**178.1**	**23.1**	**14.9%**

1.2.1 Modified Loans Status and Regulatory Changes as of October 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.

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

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

Accord 13-2020 extends the expiration of modified status for 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 October 30th, 2020, we had $2.8 billion in modified loans, representing 50.9% of the total portfolio. When compared to March 2020 (beginning of pandemic), we have observed a reduction of $700 million or 20.0%. The $2.8 billion in modified loans are split 59.4% in retail and 40.3% in corporate. The total provision expense of $38.7MM as of October 2020 is distributed among corporate loans (44.6%), consumer loans (47.8%) and residential loans (7.6%).

The regularization of payments from our loan portfolio has been better than expected. As of October 30th, 2020, we had approximately $1.2 billion in loans still under moratorium (no payments) versus $3.5 billion in March 2020; representing a $2.3 billion reduction. 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 1.6% of the modified loan portfolio as of October 31st, 2020 (incurred as a provision expense). In line with the guidelines of the Accord, we also expect to constitute between 1.0% and 1.4% of required reserves from retained earnings by December 31st, 2020. The estimated impact on our capital ratios is an expected reduction ranging between 0.50% - 0.75%.

Modified Loan status and reserves as of September 30th, 2020:

Stage	Delinquency	Modified Loans	Loan Loss Reserve	Coverage
	Current	2,240,606.8	20,830.9	0.9%
	1 - 30	229,212.7	2,746.8	1.2%
Total Stage 1		**2,469,819.4**	**23,577.7**	**1.0%**
	Current	529,312.1	20,070.1	3.8%
	1 - 30	19,051.4	860.0	4.5%
	31 - 60	53,384.7	3,835.5	7.2%
	61 - 90	14,444.7	1,044.2	7.2%
Total Stage 2		**616,193.0**	**25,809.9**	**4.2%**
Total		**3,086,012.4**	**49,387.6**	**1.6%**

1.3 Investment Portfolio

For Q1’21, we continue to observe very low volatility in our deposit base while maintaining international funding access. Even though we have reduced our investment portfolio during the quarter by 5.4% or $55.9 million vs. Q4’20, we continue to hold excess liquidity in US Treasuries and other investment-grade securities. Of the total investment portfolio, 49.6% are investment-grade securities, 20.5% are non-investment grade, and 20.5% are local investment grade; excluding local investment in bonds, our investment-grade securities represent 70.7% of the international portfolio.

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

2.0 Total Liabilities

As of September 30th, 2020, Global Bank’s total liabilities amounted to $7.6 billion, decreasing by $171.3 million (2.2%) vs. Q4’20. Customer deposits continue to be the largest component of our funding structure, representing 67.7% of total liabilities for the Q1’21.

2.1 Customer and Bank Deposits

			Δ Q1´21/Q4´20	
(Data in US$ millions)	**Q4´20**	**Q1´21**	**$**	**%**
Demand	439.4	434.4	(5.0)	(1.1%)
Savings	1,038.5	1,066.7	28.2	2.7%
Time	3,621.1	3,563.2	(57.8)	(1.6%)
Total customer deposits	**5,099.0**	**5,064.3**	**(34.7)**	**(0.7%)**
Interbank deposits	72.8	57.8	(15.0)	(20.6%)
Total deposits	**5,171.8**	**5,122.1**	**(49.6)**	**(1.0%)**

Despite the pandemic's effects on the economy, we continue to observe stability in our customer deposits. For Q1’21, our total customer deposits remained almost flat at $5.1 billion, representing a slight decrease of $34.7 million or 0.7% compared to Q4’20. Our savings accounts grew by 2.7% during that same period. The Bank’s loan to deposit ratio decreased to 122.0% compared to Q4’20 and is lower than the 129.1% registered in Q1’20.

2.2 Financings, Bonds & Commercial Paper

During Q1’21, the Bank continued to reduce its financing liabilities by $132.8 million when compared to Q4’20. The change was driven by the scheduled repayment of various facilities and open market repurchases of our corporate bonds, $29.6 million for the bonds maturing in 2021. The total amount repurchased as of September 30th, 2020, of our corporate bonds is $114.4 million. The repurchase of bonds has reduced the cost of funds on bonds & commercial paper in Q1’21 to 5.2% from 5.8% in Q4’20, and from 6.0% when compared to Q1’20. The total cost of financing liabilities decreased to 3.6% in Q1’21 vs. 3.7% in Q4’20. 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 Q1’21 totaled $782.4 million, flat compared with Q4’20. The changes in other comprehensive income items (mark-to-market valuation on securities) continues its uptrend due to the market recovery from the Covid-19 pandemic.

Capital Adequacy Ratio

(Data in US$ millions)	Q4´20	Q1´21
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.0	2.1
Declared reserves	41.5	41.7
Retained ernings	369.0	364.6
Other items of comprehensive income	1.4	5.7
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(22.5)	(22.1)
Total Primary Capital (Tier 1 Common)	**657.6**	**658.1**
Additional Primary Capital (Tier 1)	**137.1**	**140.4**
Tier 2 Capital	**7.9**	**7.8**
Total Capital Funds	**802.6**	**806.4**
Risk-Weighted Assets (RWA's)	**5,505.1**	**5,345.2**
Total Capital Ratio	**14.58%**	**15.09%**
Tier 1 Primary Capital	**11.94%**	**12.31%**
Additional Tier 1 Capital	**2.49%**	**2.63%**
Tier 2 Capital	**0.14%**	**0.15%**

Total regulatory capital reached $806.4 million, an increase of 0.5% compared to Q4’20. The Bank’s capital ratio increased from 14.58% to 15.09% due to the change in valuation of $4.2 million on other items of comprehensive income and the decrease in RWAs of 2.9% compared to Q4’20. This decline in RWA’s was due to lower loan volume during the quarter due to the continued pandemic effect.

For the first quarter of 2021, the bank paid $5.0 million in dividends, a 58.6% decrease from dividends paid during the same period last year. For the remainder of our fiscal year 2021, we expect a 50% decrease in total dividends paid vs. our fiscal year 2020.