December 31st, 2021

EARNINGS REPORT

First Half of our 2022 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 $12.5 MILLION FOR THE FIRST HALF OF YEAR ENDING ON DECEMBER 31st, 2021.

Management Highlights:

- **As of December 31st, 2021, Global Bank reported a net income of $12.5 million,** representing a 57.7% increase when compared versus the same period last year. The increase in net income was mainly driven by a $20.7 million decrease in expense provisioning which was elevated in the same period last year as a result of potential deterioration of our loan portfolio due to the COVID-19 pandemic.
- **Our financial margin increased to 42.2%, when compared to the same period last year (40.7% in 1H'21). This was due to lower LIBOR costs, a shift in funding strategy from corporate bonds into bilateral financings and changes in our deposit mix when compared to the same period last year.** We continue to face lower loan volume and lower yields, so our annualized NIM has remained flat when compared against the same period last year (2.43% vs. 2.42%).
- **Loan loss provision expense declined to $33.2 million for the quarter ended on December 31st, 2021, a $20.7 million or (38.4%) decline when compared to the same period last year.** We anticipate similar levels of provisioning during the second half of the year due to the new Accord 6-2021 issued by the Superintendency of Banks which revised provisioning for modified loans – Special Mention category.
- **As of December 31st, 2021, Global Bank's assets totaled $8.3 billion,** a 0.8% change when compared to Q1´22 and -1.4% when compared against the same period last year. This change in total assets during the quarter (when compared against Q2'21) was mainly driven by a 28.2% decrease in cash and deposits, a 0.4% reduction in our loan portfolio and a 14.4% increase in the investment portfolio.
- **Liquidity optimization.** For Q2'22, our cash and equivalents totaled $452.3 million, a decrease of 28.2% when compared to Q1´22. The decrease is driven by our shift to invest excess liquidity in high rated agency paper and treasuries. Our client deposit base continues to increase growing 1.3% to $5.4 billion versus our prior quarter and 4.4% when compared to Q2'21.
- **Our Gross loan portfolio experienced a slight decrease of -0.4% to reach $6.0 billion on a quarter over quarter basis (i.e. Q2'22 vs. Q1'22).** Consumer loans increased by $34.7 million (1.2% growth) whereas corporate loans declined by $58.0 million representing a 1.9% reduction.
- **Our non-performing loans increased by 3.2% from $199.1 million in Q1'22 to $205.4 million in Q2'22**. Non-performing loans were split 66.1% in corporate banking and 33.9% in consumer banking. The increase in NPLs led to an increase of 12 basis points in our NPL ratio, from 3.31% in Q1'22 to

3.43% in Q2’22. Our loan loss reserves ended the quarter at $217.4 million, an increase of 6.1% versus Q1’22; this, in turn, resulted in an increase in our NPL coverage ratio to 105.8% for Q2’22.

- **Our Capital Adequacy Ratio was 15.91%, Common Tier 1 (CT1) 12.57%, Total Tier 1 (TT1) 15.91%**. Our capital ratios continue to be well above the regulatory minimum for each capital category (Total: 8.0%, CT1: 4.5%, TT1: 6.0%).

Income Statement Summary[1]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ 1H´22/1H´21	
(Data in US$ thousands)	**1H´22**	**1H´21**	**$**	**%**
Loans	192,838	207,020	*(14,181)*	(6.9%)
Deposits	570	836	*(266)*	(31.9%)
Investments	18,611	17,143	*1,468*	8.6%
Total Interest income	212,019	224,999	(12,980)	(5.8%)
Deposits	(81,286)	(87,100)	*5,814*	(6.7%)
Financing	(15,533)	(12,082)	*(3,452)*	28.6%
Bonds & Commercial Paper	(25,834)	(34,186)	*8,353*	(24.4%)
Total Interest expense	(122,653)	(133,368)	10,715	(8.0%)
Net interest income	**89,366**	**91,631**	**(2,264)**	**(2.5%)**
Margin	***42.2%***	***40.7%***		
Net fee income	19,738	17,123	2,615	15.3%
Other income	7,393	10,922	(3,530)	(32.3%)
General and administrative expenses [1]	(71,026)	(65,287)	(5,739)	8.8%
Net income before Loan loss allowance	**45,470**	**54,389**	**(8,918)**	**(16.4%)**
Margin	***21.4%***	***24.2%***		
Loan loss allowance	(33,165)	(53,853)	20,688	(38.4%)
Profit before income tax	**12,305**	**536**	**11,769**	**2195.9%**
Income tax	209	7,401	(7,192)	(97.2%)
Net income	**12,514**	**7,937**	**4,577**	**57.7%**

[1] Provision expense related to investments and sovereign risk in 6M´22 of $3,143K; and 6M´21 of $339K were included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q2´22/ Q1´21	
(Data in US$ thousands)	Q2´22	Q1´22	$	%
Assets				
Cash and deposits	291,584	431,831	(140,247)	(32.5%)
Interbank Deposits	160,502	197,503	(37,001)	(18.7%)
Interest Receivable	182	220	(37)	(17.0%)
Total Cash and deposits	452,269	629,553	(177,285)	(28.2%)
Gross loans	5,996,281	6,019,618	(23,337)	(0.4%)
Interest Receivable	170,092	171,651	(1,559)	(0.9%)
Allowance for loan losses	(217,391)	(204,858)	(12,534)	6.1%
Unearned Interest & Commissions	(10,362)	(12,801)	2,439	(19.1%)
Total Net Loans	5,938,619	5,973,610	(34,991)	(0.6%)
Investments	1,144,870	999,861	145,009	14.5%
Interest Receivable	7,228	7,318	(90)	(1.2%)
Total Investments	1,152,098	1,007,179	144,919	14.4%
Other assets	722,858	723,936	(1,078)	(0.1%)
Total assets	**8,265,844**	**8,334,278**	**(68,435)**	**(0.8%)**
Liabilities & Shareholder's Equity				
Demand	513,082	496,151	16,931	3.4%
Savings	1,276,937	1,225,098	51,840	4.2%
Time Deposits	3,476,444	3,464,178	12,265	0.4%
Interbank Deposits	63,925	77,422	(13,497)	(17.4%)
Interest Payable	41,308	40,628	680	1.7%
Total Deposits	5,371,696	5,303,477	68,219	1.3%
Repos & financings	1,335,917	1,247,662	88,255	7.1%
Bonds and commercial paper	618,320	811,287	(192,967)	(23.8%)
Interest Payable	10,065	15,823	(5,758)	(36.4%)
Total Financing	1,964,302	2,074,772	(110,469)	(5.3%)
Other liabilities	143,590	168,340	(24,750)	(14.7%)
Total liabilities	**7,479,588**	**7,546,589**	**(67,001)**	**(0.9%)**
Shareholder's equity	**786,256**	**787,688**	**(1,433)**	**(0.2%)**

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Key Performance Metrics[2,3,4,5]

	Q2´22	Q1´22	Q4´21	Q3´21	Q2´21	Q1´21	Q4´20
Profitability							
Net Interest Margin	2.43%	2.33%	2.31%	2.35%	2.42%	2.42%	2.30%
Efficiency Ratio	60.97%	62.05%	56.10%	53.94%	54.55%	56.75%	56.28%
ROAA	0.30%	0.24%	0.32%	0.25%	0.19%	0.06%	0.50%
ROAE	3.18%	2.60%	3.38%	2.69%	2.02%	0.68%	5.42%
Loan Quality							
Overdue (NPLs)/ Gross Loans	3.43%	3.31%	3.18%	2.97%	3.18%	2.88%	2.03%
Allowance / Overdue (NPLs)	105.84%	102.91%	108.12%	112.43%	100.81%	98.91%	120.74%
Allowance/ Gross Loans	3.63%	3.40%	3.44%	3.34%	3.21%	2.85%	2.45%
Loan to Deposit Ratio	112.49%	114.38%	115.75%	114.78%	119.55%	122.04%	122.51%
Loan to Deposits + Corp. Bonds Ratio[4]	104.51%	105.51%	106.73%	105.92%	110.09%	100.95%	100.49%
Capital Ratios							
Capital Adequacy Ratio	15.91%	16.07%	15.97%	15.49%	15.62%	15.09%	14.58%
Tier 1 Common	12.57%	12.74%	12.74%	12.32%	12.45%	12.31%	11.94%
Additional Tier 1 Capital	3.34%	3.33%	3.08%	3.02%	3.02%	2.63%	2.49%
Tier 2 Capital	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.14%

[2] Ratios calculated on an annualized basis

[3] Ratio calculated using gross deposits (excludes interest payable).

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

[5] Capital Adequacy Ratio includes financial relief measures according to the Panamanian Banks Superintendency Board of Directors General Resolutions SBP-GJD-0004-2020 and SBP-GJD-0005-2020.

Income Statement

1.1 Net Interest Income

(Data in US$ millions)	1H´22	1H´21	Δ 1H´22/1H´21 $	Δ 1H´22/1H´21 1H´22
Interest Income				
Loans	192.8	207.0	(14.2)	(6.9%)
Deposits	0.6	0.8	(0.3)	(31.9%)
Investments	18.6	17.1	1.5	8.6%
Total Interest Income	**212.0**	**225.0**	**(13.0)**	**(5.8%)**
Interest Expense				
Deposits	81.3	87.1	(5.8)	(6.7%)
Loans	15.5	12.1	3.5	28.6%
Bonds & Commercial Paper	25.8	34.2	(8.4)	(24.4%)
Net Interest Income	**89.4**	**91.6**	**(2.3)**	**(2.5%)**
Margin	*42.2%*	*40.7%*		

- Net interest income for the six months ending December 31st, 2021, reached $89.4 million, a decrease of 2.5% 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 a repricing of our LIBOR related facilities, a funding shift from corporate bonds to lower cost financing alternatives, and a change in the deposit mix from CDs to savings and demand accounts.
- As a result of the changes, our financial margin increased to 42.2% when compared to the same period last year. Going forward, we expect our margin to increase through loan growth from the economic reopening in Panama and to a more favorable funding mix.

2.0 Net Fee and Other Income

(Data in US$ millions)	1H´22	1H´21	Δ 1H´22/1H´21 $	1H´22
Fee Income				
Loans	12.7	9.9	2.8	28.9%
Letters of Credit	0.8	1.2	(0.4)	(31.1%)
Savings and debit cards	2.1	2.0	0.1	3.4%
Trust Services	6.4	5.3	1.1	20.2%
Others	6.9	5.1	1.7	33.8%
Fee Expenses	**(9.1)**	**(6.4)**	**(2.7)**	**42.3%**
Other Income				
Net Insurance premiums	6.2	6.3	(0.0)	(0.6%)
Others	1.2	4.7	(3.5)	(75.0%)
Total Other Income	**7.4**	**10.9**	**(3.5)**	**(32.3%)**

Net fee income increased by 15.3% or $2.6 million for Q2´22 vs. Q2´21. The increase in fee income was due to higher disbursements in consumer loans as part of the post-pandemic economic reopening and an increase in merchant commissions and investment banking fees. Total other income decreased by 32.3%, or $3.5 million for Q2´22 vs. Q2´21, due to lower gains on sale of investments.

3.1 Operating Expenses

- General & Administrative Expense (G&A) totaled $71.0 million for Q2´22, representing a $5.7 million increase or 8.8% over the same period last year. The change was primarily driven by cost increases (including marketing, rental, maintenance, utilities, security, and travel costs) as a result of bank branches reopening for business. This increase is net of continued savings tied to remote working by 44.1%[6] of our workforce.

- Our operating efficiency ratio[7] for the six months ending December 31st, 2021 was 60.97% vs. 54.55% for the same period last year due to higher costs as explained in the paragraph above.

[6] As of December 31st, 2021.

[7] Efficiency ratio: Total G&A expenses, excluding loan loss provision divided by total net revenue.

Balance Sheet

1.0 Cash and Equivalents

Total cash and equivalents decreased by $177.3 million to a total of $452.3 million for Q2'22, representing a -28.2% quarter over quarter change. Cash and Equivalents had been higher on prior quarters given the bank's need to harbor additional liquidity to meet a $195.8 million repayment of outstanding corporate bonds maturing in Oct'21. We also observed an increase in client's deposits of $68.2 million, an increase in financings of $88.3 million as part of the replacement strategy of corporate bonds maturities during last quarter. Our investment portfolio grew by $144.9 million during this second quarter. Our liquidity coverage ratio (LCR) was 252.5% for this quarter, well above the regulatory minimum of 50.0%. Our legal liquidity ratio was 43.5%, well above the 30.0% regulatory minimum.

1.1 Investment Portfolio

For Q2'22, we continue to observe very low volatility in our deposit base while maintaining ample access to international credit facilities. The Bank has increased its investment portfolio during the quarter by 14.4% or $144.9 million vs. Q1'22. As mentioned before, excess liquidity is mainly invested in Agency Papers, US Treasuries and other investment-grade securities. This mix has brought the yield of our investment portfolio to an average 3.39% during Q2´22.

Of the total investment portfolio, 45.2% is comprised of investment-grade securities, 22.3% are non-investment grade securities, and 32.5% are local investment grade securities. When excluding local fixed income bonds, our investment-grade securities represent 67.0% of the investment portfolio. Investments in US Treasuries and US Agency paper totaled US$244.6 million as of December 31st, 2021. 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. Our investment portfolio does not hold any equity or equity-linked securities.

1.2 Loan Portfolio

As of December 31st, 2021, our gross loan portfolio decreased by 0.4% ($23.3 million), closing at $6.0 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 49.7% of our total gross loans and the corporate portfolio being the remainder 50.3% of total gross loans.

The consumer portfolio increased by 1.2% to $3.0 billion in Q2'22. Within the consumer portfolio, the products that showed growth during Q2'22 were mortgages 1.1%, personal & retirees 2.4%, car loans 0.3% and credit cards 0.4%. All the other products declined as listed: pledged by 2.2% and overdraft by 13.0%.

Global Bank's corporate portfolio decreased by 1.9% to $3.0 billion for Q2'22. The corporate portfolio continues to be affected due to repayments and limited disbursements as a result of the COVID-19 pandemic. The only corporate loan products that showed an increase during the quarter were commercial loans by 2.3%, factoring by 16.0% and small & medium enterprise loans by 0.6%.

					Δ Q2´22/Q1´22	
(Data in US$ millions)	Q2´22	Q1´22	Q4´21	Q3´21	$	%
Consumer Banking						
Mortgages	1,826.5	1,806.8	1,788.2	1,781.3	19.6	1.1%
Car Loans	241.2	240.4	238.7	236.4	0.8	0.3%
Personal & Retirees	718.1	701.0	687.1	678.6	17.1	2.4%
Credit Cards	135.0	134.5	135.5	137.5	0.5	0.4%
Pledged	41.7	42.6	43.4	47.8	(0.9)	(2.2%)
Overdrafts	15.8	18.1	20.8	22.7	(2.4)	(13.0%)
Total Consumer Banking	**2,978.2**	**2,943.5**	**2,913.7**	**2,904.4**	**34.7**	**1.2%**
Corporate Banking						
Commerce	1,627.2	1,590.6	1,595.1	1,450.9	36.6	2.3%
Construction	480.5	560.0	606.4	611.3	(79.6)	(14.2%)
Agriculture	341.6	348.2	358.1	364.7	(6.6)	(1.9%)
Factoring	251.5	216.7	208.8	218.0	34.7	16.0%
Overdrafts	136.8	165.1	179.7	165.9	(28.4)	(17.2%)
Pledged	66.9	69.1	68.2	78.3	(2.2)	(3.2%)
Leasing	35.1	47.4	48.4	50.7	(12.3)	(25.9%)
Small & Medium Enterprise	61.6	61.3	62.2	205.7	0.3	0.6%
Transport	17.0	17.7	18.4	18.7	(0.7)	(3.7%)
Total Corporate Banking	**3,018.1**	**3,076.1**	**3,145.1**	**3,164.4**	**(58.0)**	**(1.9%)**
Total Gross Loans	**5,996.3**	**6,019.6**	**6,058.8**	**6,068.7**	**(23.3)**	**(0.4%)**
Interest Receivables	170.1	171.7	170.9	160.8	(1.6)	(0.9%)
Allowance for Loan Losses	(217.4)	(204.9)	(208.6)	(202.8)	(12.5)	6.1%
Unearned interest and fees	(10.4)	(12.8)	(13.1)	(13.0)	2.4	(19.1%)
Total Net Loans	**5,938.6**	**5,973.6**	**6,008.0**	**6,013.8**	**(35.0)**	**(0.6%)**

Our stage 2 loans increased by 11.1% for Q2’22 vs. Q1’22 as we continue to calibrate our expected losses model to reflect most recent trends in our modified loan portfolio. Stage 3 loans also observed an increase of 9.4% (explained in more detail below in section 1.3).

	Q2 '22				Q1'22			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,335.3	504.6	182.5	3,002.5	2,453.5	448.5	179.1	3,081.1
Consumer	2,162.0	709.2	102.7	2,973.8	2,213.3	643.6	81.6	2,938.5
Total	4497.3	1,213.8	285.2	5,996.3	4,666.8	1,092.1	260.7	6,019.6

1.3 Loan Loss Allowance Overview

During Q2’22, loan loss allowance increased by $12.5 million to total $217.4 million, representing a 6.1% increase versus Q1’22. The Bank continued to build-up loan loss provisions during Q2’22 with a quarterly provision expense of $18.7 million, For the six-month period ending December 2021, our total provision expense was $33.2 million, a 38.4% decrease when compared to the same period last year.

Non-performing loans totaled $205.4 million for Q2’22 vs. $199.1 million for Q1’22. NPLs in our corporate segment increased q-o-q by $1.6 million in the following sub-segments: commercial loans $5.0 million and transportation loans by $0.1 million. The following sub-segments of the corporate portfolio exhibited a decrease in NPLs: Agriculture -$0.1 million, overdraft -$2.1 million, factoring -$1.1 million and leasing -$0.2 million. On our consumer segment NPLs increased by $4.8 million. Consumer portfolio sub-segments behaved as follows: personal & retirees was up by $0.9 million, auto by $2.2 million, and credit cards by $3.2 million. On the same consumer segment, NPLs decreased in the mortgages sub-segment by -$1.5 million. In terms of our most relevant NPLs, the three largest aggregate amounts can be attributed to our commercial portfolio ($86.7 million); agriculture portfolio ($32.9 million) and mortgage portfolio ($30.7 million).

Our NPL coverage ratio increased from 102.9% in Q1'22 to 105.8% in Q2'22.

			Δ Q2´22/ Q1´22	
(Data in US$ millions)	**Q2´22**	**Q1´22**	**$**	**%**
Balance Beginning of year	208.6	208.6	(0.0)	(0.0%)
Reserve charged to expenses	33.2	14.5	18.7	129.1%
Recoveries	1.5	0.8	0.7	85.8%
Written-off loans	(25.9)	(19.0)	(6.8)	36.0%
Balance at end of period	**217.4**	**204.9**	**12.5**	**6.1%**

1.3.1 Modified Loans Status

As of Q2'22, our institution had $969.8 million in modified loans, representing 16.2% of the total loan portfolio. When compared against Q3'20 (during the early stages of the COVID-19 pandemic and the major lockdown in Panama), we have observed a reduction of $2.6 billion or 73.0% of such modified loans. The outstanding modified loans are split 72.4% in retail and 27.6% in corporate.

Products (US$)	No.	Modified	Unmodified	Total Loan	%
Internal Segment Corporate					
1. Commercial	498	209,120,608	1,743,785,117	1,952,905,725	
2. Agriculture	197	20,371,573	321,204,527	341,576,100	
3. Overdrafts	5	5,324,929	147,241,377	152,566,307	
4. Industrial	12	20,212,996	262,997,371	283,210,367	
5. Leasing	52	1,054,473	34,063,450	35,117,924	
6. Transportation	286	11,614,773	5,394,564	17,009,337	
7. Factoring	-	-	251,459,031	251,459,031	
Sub Total	**1,050**	**267,699,353**	**2,766,145,437**	**3,033,844,790**	**27.60%**
Internal Segment Consumer					
1. Personal	2,909	84,926,279	278,218,998	363,145,277	
2. Mortgages	6,981	511,036,106	1,315,433,282	1,826,469,388	
3. Auto	5,492	60,709,185	180,514,734	241,223,919	
4. Retirees	3	80,292	396,557,893	396,638,185	
5. Credit Cards	8,501	45,318,659	89,640,319	134,958,978	
Sub Total	**23,886**	**702,070,521**	**2,260,365,225**	**2,962,435,746**	**72.40%**
Total	**24,936**	**969,769,874**	**5,026,510,663**	**5,996,280,537**	**100.00%**

The recovery of payments from our modified loan portfolio continues to perform better than expected. As of Q2'22, we had approximately $0.3 billion in loans under moratorium versus $1.5 billion as of Q2'21; representing a $1.2 billion overall reduction from a year ago and a $0.1 billion reduction compared to last quarter (Q1´22). We have provisioned 8.66% (regulatory minimum 3.00%) of the modified loan portfolio as of December 31st, 2021, fully expensed through provisioning.

Based on the new Banks Superintendency Accord 6-2021, modified loans should be classified and reported based on their risk stage under IFRS 9 classification, together with the Panamanian Super intendency's Board of Directors General Resolution SBP-GJD-0003-2021, as follows:

	Modified Loans - Dec21			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total
Normal	82.2	162.2	-	244.3
Special Mention	-	8.9	-	8.9
Subnormal	200.5	402.0	25.4	627.8
Doubtful	-	20.8	4.0	24.7
Uncollectible	-	17.4	46.6	64.0
(-) Modified Loans Pledged	0.6	0.2	0.3	1.0
(+) Interests Receivable	13.1	52.2	4.6	69.9
(-) Unearned interests & commissions	0.0	0.1	0.0	0.2
Total Modified Loans subject to Allowance (Accord 6-2021)	**295.1**	**663.1**	**80.2**	**1,038.4**
Allowance IFRS 9	1.7	40.6	41.6	84.0
Total Allowance and Reserves	**1.7**	**40.6**	**41.6**	**84.0**

2.1 Total Liabilities

As of December 31st, 2021 (Q2'22), Global Bank's total liabilities amounted to $7.5 billion, decreasing by $67.0 million or 0.9% vs. Q1´22. Customer deposits continue to be the largest component of our funding structure, representing 70.4% of total liabilities as of the second quarter of FY 2022.

2.2 Customer and Bank Deposits

			Δ Q2´22/Q1´22	
(Data in US$ millions)	Q2´22	Q1´22	$	%
Demand	513.1	496.2	16.9	3.4%
Savings	1,276.9	1,225.1	51.8	4.2%
Time	3,476.4	3,464.2	12.3	0.4%
Total customer deposits	**5,266.5**	**5,185.4**	**81.0**	**1.6%**
Interbank deposits	63.9	77.4	(13.5)	(17.4%)
Interest Payable	40.6	40.6	0.0	0.0%
Total deposits	**5,371.0**	**5,303.5**	**67.5**	**1.3%**

Despite the COVID-19 pandemic effects on the economy, we continue to observe stability in our main customer deposit base. For Q2'22, our total customer deposits totaled $5.4 billion, representing an increase of $67.5 million or 1.3% compared to Q1'22. Our time deposits, demand and savings accounts grew 0.4%, 4.2% and 3.4% respectively. When compared with Q2'21; our demand and savings accounts grew by 7.6% and 14.0% respectively, while our time deposits decreased by 0.7%. Growth in savings accounts continue to be driven by time deposits migrating to savings, new savings accounts openings and an increase in savings from existing clients due to limited economic activity in Panama.

The Bank's loan to deposit ratio declined from 114.4% to 112.5% when compared to Q1'22 and is lower than the 119.6% registered in Q2'21.

2.3 Financings, Bonds & Commercial Paper

During Q2'22, the Bank decreased its financing liabilities by $110.5 million when compared to Q1'22. The repos & financings experienced a net increase of $88.3 million or 7.1% as a result of the before-mentioned strategy of replacing the 2021 corporate bonds' maturities. The average cost of funds for these new financings is 3.21%. Bonds & commercial paper in Q1'22 decreased by $193.0 million to total $0.6 billion, due to the maturity/redemption of the 2021 corporate bonds during the quarter. The total cost of financing liabilities decreased from 3.4% in Q1'22 to 3.2% Q2'22. 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 Q2’22 totaled $786.3 million, a 0.2% decrease when compared with Q1’22.

For the six-month period ending on December 31st, 2021, we paid $11.3 million in dividends, a $1.3 million in increase vs. the same period last year.

Capital Adequacy Ratio

(Data in US$ millions)	Q2´22	Q1´22
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	1.9	1.8
Declared reserves	42.8	42.4
Retained earnings	371.9	372.4
Other items of comprehensive income	(0.9)	3.4
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(20.1)	(20.9)
Total Primary Capital (Tier 1 Common)	**661.7**	**665.0**
Additional Primary Capital (Tier 1)	**176.0**	**160.8**
Tier 2 Capital	**0.0**	**7.8**
Total Capital Funds	**837.6**	**833.6**
Risk-Weighted Assets (RWA's)	**5,263.8**	**5,221.2**

Total Capital Ratio	**15.91%**	**15.97%**
Tier 1 Primary Capital	**12.57%**	**12.74%**
Additional Tier 1 Capital	**3.34%**	**3.08%**
Tier 2 Capital	**0.00%**	**0.15%**

Total regulatory capital reached $837.6 million, an increase of 0.5% compared to Q1’22. The Bank’s capital ratio declined from 15.97% to 15.91%, while the RWAs increased by 0.8% compared to Q1’22. Such denominator increase helps explain the overall ratio decrease. During the last quarter, we successfully redeemed $7.8 million in subordinated debt outstanding at that time, eliminating our Tier 2 capital.

According to the Banks’ Superintendency Board of Directors General Resolutions SBP-GJD-0004-2020 and SBPGJD-0005-2020, the Capital Adequacy has two temporary measures in place that allow for a limit in the risk weighting of loans up to 100% and forbearance in the aging of appraisals of mortgage loans. Both measures are still in place as of today. If the temporary measures were to be eliminated, our pro-forma Capital ratio in Q2´22 would be reduced to 14.49% and 14.58% in Q1´22.