First Quarter FYE 2022

EARNINGS REPORT

Period ending September 30th, 2021

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 $5.1 MILLION FOR THE FIRST QUARTER ENDING ON SEPTEMBER 30th, 2021.

Management Highlights:

- **As of September 30th, 2021, Global Bank reported a net income of $5.1 million,** which represents an increase of 284.9% when compared to the same period last year The increase in net income was mainly driven by a decline in provision expense of $14.0 million (a 49.2% y-o-y decrease).
- **Our financial margin remained almost flat at 40.5% for Q1'22 when compared to the same period last year due to extended lower LIBOR costs and changes in our deposit mix.** Since we continue to face lower loan volume and lower yields, our annualized NIM has decreased over the same period (2.33% vs. 2.42%).
- **Loan loss provision expense was $14.5 million for the quarter ended on September 30th, 2021, reflecting a $14.0 million or (49.2%) decrease when compared to the same period last year.** The decrease in provision expense is in line with our budget and is driven by lower asset quality risk driven by the reduction and stabilization of our modified loan portfolio.
- **As of September 30th, 2021, Global Bank's assets totaled $8.3 billion,** unchanged (0.1%) when compared to Q4´21 and to the same period last year (-0.1%). The largest changes within our assets were a 23.9% increase in cash and deposits, net of a decrease in the investment portfolio of 9.3%, and 0.6% in our gross loans when compared to Q4´21.
- **Liquidity levels remain stable.** For Q1'22, our cash and equivalents totaled $629.6 million, an increase of 23.9% from the previous quarter. The changes in cash were sourced from redemptions of investments and funding of committed loans as we prepared to redeem $400 million of our 2021 unsecured bond. Our client deposit base increased to $5.3 billion, a 0.5% change from Q4'21, and a 2.7% increase from the same period last year. Our checking and saving accounts grew $66.1 million, time deposits declined by $70.2 million and interbank deposits rose by $32.5 million.
- **Q-o-Q Gross loans slightly decreased by -0.6% to $6.0 billion as of September 30th, 2021.** Consumer loans increased by 1.0%, increasing by $29.8 million and corporate loans declined 2.2% representing a $69.0 million reduction.
- **Our non-performing loans increased by 3.2% from $192.9 million in Q4'21 to $199.1 million in Q1'22**. Non-performing loans were split 67.4% in corporate banking and 32.6% in consumer banking. Our NPL ratio increased from 3.18% in Q4'21 to 3.31% in Q1'22. Our loan loss reserves ended the quarter at $204.9 million, a decrease of 1.8% versus Q4'21. Our coverage ratio was 102.9% for Q1'22.

- **Our Capital Adequacy Ratio was 16.07%, Common Tier 1 (CT1) 12.74, Total Tier 1 (TT1) 16.07%**. 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 Q1´22/Q1´21	
(Data in US$ thousands)	Q1´21	Q1´22	$	%
Loans	104,491	97,196	*(7,295)*	(7.0%)
Deposits	416	310	*(106)*	(25.4%)
Investments	8,758	9,169	*411*	4.7%
Total Interest income	113,665	106,675	(6,990)	(6.1%)
Deposits	(43,879)	(41,000)	*2,879*	(6.6%)
Financing	(6,310)	(6,156)	*154*	(2.4%)
Bonds & Commercial Paper	(17,303)	(16,328)	*975*	(5.6%)
Total Interest expense	(67,492)	(63,483)	4,008	(5.9%)
Net interest income	**46,173**	**43,192**	**(2,981)**	**(6.5%)**
Margin	***40.6%***	***40.5%***		
Net fee income	7,532	10,112	2,580	34.3%
Other income	3,571	3,477	(93)	(2.6%)
General and administrative expenses [1]	(32,502)	(35,233)	(2,731)	8.4%
Net income before Loan loss allowance	**24,774**	**21,549**	**(3,225)**	**(13.0%)**
Margin	***21.8%***	***20.2%***		
Loan loss allowance	(28,489)	(14,476)	14,013	(49.2%)
Profit before income tax	**(3,715)**	**7,073**	**10,788**	**(290.4%)**
Income tax	5,046	(1,948)	(6,994)	(138.6%)
Net income	**1,331**	**5,125**	**3,793**	**284.9%**

[1] Provision expense related to investments and sovereign risk in Q1´22 of $99K; and Q1´21 of $336K were included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q1´22/ Q4´21	
(Data in US$ thousands)	Q4´21	Q1´22	$	%
Assets				
Cash and deposits	215,134	431,831	216,697	100.7%
Interbank Deposits	292,938	197,503	(95,435)	(32.6%)
Interest Receivable	244	220	(25)	(10.2%)
Total Cash and deposits	508,316	629,553	121,237	23.9%
Investments	1,102,894	999,861	(103,033)	(9.3%)
Interest Receivable	7,577	7,318	(259)	(3.4%)
Total Investments	1,110,470	1,007,179	(103,291)	(9.3%)
Gross loans	6,058,828	6,019,618	(39,210)	(0.6%)
Interest Receivable	170,868	171,651	783	0.5%
Allowance for loan losses	(208,586)	(204,858)	3,728	(1.8%)
Unearned Interest & Commissions	(13,133)	(12,801)	332	(2.5%)
Total Net Loans	6,007,977	5,973,610	(34,367)	(0.6%)
Other assets	696,781	723,936	27,155	3.9%
Total assets	**8,323,544**	**8,334,278**	**10,734**	**0.1%**
Liabilities & Shareholder's Equity				
Demand	472,469	496,151	23,682	5.0%
Savings	1,182,620	1,225,098	42,478	3.6%
Time Deposits	3,534,371	3,464,178	(70,192)	(2.0%)
Interbank Deposits	44,910	77,422	32,512	72.4%
Interest Payable	40,782	40,628	(154)	(0.4%)
Total Deposits	5,275,151	5,303,477	28,326	0.5%
Repos & financings	876,326	1,247,662	371,336	42.4%
Bonds and commercial paper	1,231,111	811,287	(419,824)	(34.1%)
Interest Payable	14,036	15,823	1,787	12.7%
Total Financing	2,121,473	2,074,772	(46,701)	(2.2%)
Other liabilities	137,202	168,340	31,139	22.7%
Total liabilities	**7,533,825**	**7,546,589**	**12,764**	**0.2%**
Shareholder's equity	**789,719**	**787,688**	**(2,030)**	**(0.3%)**

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

	Q2´20	Q3´20	Q4´20	Q1´21	Q2´21	Q3´21	Q4´21	Q1´22
Profitability								
Net Interest Margin	2.28%	2.38%	2.32%	2.43%	2.41%	2.21%	2.15%	2.35%
Efficiency Ratio	53.65%	54.63%	56.28%	56.75%	54.55%	53.94%	56.10%	62.05%
ROAA	0.89%	0.77%	0.50%	0.06%	0.19%	0.25%	0.32%	0.24%
ROAE	9.59%	8.43%	5.42%	0.68%	2.02%	2.69%	3.38%	2.60%
Loan Quality								
Overdue (NPLs)/ Gross Loans	2.57%	2.20%	2.03%	2.88%	3.18%	2.97%	3.18%	3.31%
Allowance / Overdue (NPLs)	75.28%	95.51%	120.74%	98.91%	100.81%	112.43%	108.12%	102.91%
Allowance/ Gross Loans	1.93%	2.11%	2.45%	2.85%	3.21%	3.34%	3.44%	3.40%
Loan to Deposit Ratio	124.20%	124.19%	122.51%	122.04%	119.55%	114.78%	115.75%	114.38%
Loan to Deposits + Corporate Bonds Ratio [4]	100.86%	100.89%	100.49%	100.95%	110.09%	105.92%	106.73%	105.51%
Capital Ratios								
Capital Adequacy Ratio	13.72%	14.35%	14.58%	15.09%	15.62%	15.49%	15.97%	16.07%
Tier 1 Common	11.40%	11.75%	11.94%	12.31%	12.45%	12.32%	12.74%	12.74%
Additional Tier 1 Capital	2.18%	2.46%	2.49%	2.63%	3.02%	3.02%	3.08%	3.33%
Tier 2 Capital	0.14%	0.14%	0.14%	0.15%	0.15%	0.15%	0.15%	0.00%

[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 Bank Superintendency Board of Directors General Resolutions SBP-GJD-0004-2020 and SBP-GJD-0005-2020.

Income Statement

1.0 Net Interest Income

(Data in US$ millions)	Q1´21	Q1´22	Δ Q1´22/Q1´21 $	%
Interest Income				
Loans	104.5	97.2	(7.3)	(7.0%)
Deposits	0.4	0.3	(0.1)	(25.4%)
Investments	8.8	9.2	0.4	4.7%
Total Interest Income	**113.7**	**106.7**	**(7.0)**	**(6.1%)**
Interest Expense				
Deposits	43.9	41.0	(2.9)	(6.6%)
Loans	6.3	6.2	(0.2)	(2.4%)
Bonds & Commercial Paper	17.3	16.3	(1.0)	(5.6%)
Total Interest Expense	**67.5**	**63.5**	**(4.0)**	**(5.9%)**
Net Interest Income	**46.2**	**43.2**	**(3.0)**	**(6.5%)**
Margin	*40.6%*	*40.5%*		

- Net interest income for the three months ending September 30th, 2021 reached $43.2 million, a decrease of 6.5% 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 repricing of our LIBOR related facilities, redemptions of our corporate bonds for a total of $402.6 million[6] and a change in the deposit mix from CDs to savings and checking accounts.

- As a result of the changes described above, our financial margin remained almost flat at 40.5% when compared to the same period last year. Going forward we expect our margin to slightly increase through loan growth in the second half of our fiscal year and continued lower funding from replacing bonds with bilateral facilities.

[6] Amount calculated y-o-y Sep21 vs Sep20.

2.0 Net Fee and Other Income

(Data in US$ millions)	Q1´21	Q1´22	Δ Q1´22/Q1´21 $	%
Fee Income				
Loans	4.8	6.5	1.7	35.1%
Letters of Credit	0.5	0.4	(0.1)	(27.4%)
Savings and debit cards	1.0	1.1	0.1	7.0%
Trust Services	2.3	3.4	1.1	47.1%
Others	1.9	3.1	1.2	61.6%
Fee Expenses	**(3.0)**	**(4.3)**	**(1.3)**	**43.5%**
Net Fee Income	**7.5**	**10.1**	**2.6**	**34.3%**
Other Income				
Net Insurance premiums	2.8	3.0	0.2	6.9%
Others	0.8	0.5	(0.3)	(36.7%)
Total Other Income	**3.6**	**3.5**	**(0.1)**	**(2.6%)**

Net fee income increased by 34.3% or $2.6 million for Q1´22 vs. Q1´21. The increase in fee income was due to higher disbursements in consumer loans as part of the macroeconomic reactivation post pandemic Additionally fees generated were driven by deal flow from our investment banking and factoring groups.

Total other income decreased by 2.6%, or $0.1 million for Q1´22 vs. Q1´21 due to a loss on sale of securities of -$0.2 million, -$0.2 million on mark-to-market (MTM) of financial instruments, net of $0.1 million on higher income from subsidiaries. Insurance premiums increased by $0.2 million or 6.9%, due to higher consumer loan volume and lower life insurance claims related to the pandemic when compare to the same period last year.

3.0 Operating Expenses

- General & Administrative Expense (G&A) totaled $35.2 million for Q1´22, representing a $2.7 million increase or 8.4% 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 branch reopening, net of continuing savings tied to remote working by 45%[7] of our workforce.

- Our operating efficiency ratio[8] for the three months ending September 30th, 2021 was 62.05% vs. 56.75% for the same period last year due to higher expenses and a flat margin.

[7] As of September 30th, 2021.

[8] 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 increased by $121.2 million to a total of $629.6 million for Q1'22, representing a 23.9% quarter over quarter change. We increased our average cash balances as we prepared the Bank for the repayment of the 2021 unsecured bond ($400mm through a MW and $195MM at maturity). The cash balance was funded through cash on hand and an increase in financings of $371.3 million. Our investment portfolio decreased by $103.3 million during the quarter. Our liquidity coverage ratio (LCR) was 135.6%, well above the regulatory minimum of 50.0%. Our legal liquidity ratio was 42.9%, well above the 30.0% regulatory minimum.

1.1 Investment Portfolio

For Q4'21, we continue to observe very low volatility in our deposit base while maintaining ample access to international lines of credit. Even though the Bank has reduced its investment portfolio during the quarter by 9.3% or $103.3 million vs. Q4'21, we continue to invest excess liquidity mainly in US Agencies, U.S. Treasuries and other investment-grade securities. This mix has potentially improved the avg yield of our investment portfolio in 3.49% during Q1´22, a 14-bps increase vs the same period last year.

Of the total investment portfolio, 41.4% are investment-grade securities, 24.1% are non-investment grade, and 34.5% are local investment grade; excluding local investment in bonds, our investment-grade securities represent 63.2% of the international portfolios. Investments in U.S. Treasuries and U.S. Agency paper totaled US$160.0 million as of September 30th, 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.

1.2 Loan Portfolio

As of September 30th, 2021, our gross loan portfolio decreased by 0.6% ($39.2 million), closing at $6.0 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 48.9% of our total gross loans and the corporate portfolio 51.1% of total gross loans.

The consumer portfolio increased by 1.0% to $2.9 billion in Q1'22. Within the consumer portfolio, the products that grew during Q1'22 were mortgages by 1.0%, personal & retirees 2.0% and car loans 0.7%. All the other products declined as listed: credit cards 0.8%, pledged 1.7%, overdraft by 12.9%.

Global Bank's corporate portfolio decreased by 2.2% to $3.1 billion for Q1'22. Construction and Commercial loans have been affected due to repayments and limited disbursements as a result, of the economic recovery from the pandemic. The only two products that increased during the quarter, were Factoring by 3.8% and Pledged by 1.3%.

(Data in US$ millions)	Q2´21	Q3´21	Q4´21	Q1´22	Δ Q1´22/Q4´21 $	%
Consumer Banking						
Mortgages	1,778.1	1,781.3	1,788.2	1,806.8	18.6	1.0%
Car Loans	245.7	236.4	238.7	240.4	1.7	0.7%
Personal & Retirees	680.0	678.6	687.1	701.0	14.0	2.0%
Credit Cards	142.6	137.5	135.5	134.5	(1.1)	(0.8%)
Pledged	49.9	47.8	43.4	42.6	(0.7)	(1.7%)
Overdrafts	24.0	22.7	20.8	18.1	(2.7)	(12.9%)
Total Consumer Banking	**2,920.4**	**2,904.4**	**2,913.7**	**2,943.5**	**29.8**	**1.0%**
Corporate Banking						
Commerce	1,441.0	1,450.9	1,595.1	1,590.6	(4.5)	(0.3%)
Construction	640.1	611.3	606.4	560.0	(46.3)	(7.6%)
Agriculture	376.2	364.7	358.1	348.2	(9.9)	(2.8%)
Factoring	207.7	218.0	208.8	216.7	8.0	3.8%
Overdrafts	196.6	165.9	179.7	165.1	(14.5)	(8.1%)
Pledged	81.8	78.3	68.2	69.1	0.9	1.3%
Leasing	53.3	50.7	48.4	47.4	(1.0)	(2.1%)
Small & Medium Enterprise	214.1	205.7	62.2	61.3	(0.9)	(1.5%)
Transport	20.5	18.7	18.4	17.7	(0.7)	(4.1%)
Total Corporate Banking	**3,231.2**	**3,164.4**	**3,145.1**	**3,076.1**	**(69.0)**	**(2.2%)**
Total Gross Loans	**6,151.6**	**6,068.7**	**6,058.8**	**6,019.6**	**(39.2)**	**(0.6%)**
Interest Receivables	145.0	160.8	170.9	171.7	0.8	0.5%
Allowance for Loan Losses	(197.2)	(202.8)	(208.6)	(204.9)	3.7	(1.8%)
Unearned interest and fees	(12.3)	(13.0)	(13.1)	(12.8)	0.3	(2.5%)
Total Net Loans	**6,087.0**	**6,013.8**	**6,008.0**	**5,973.6**	**(34.4)**	**(0.6%)**

Our stage 2 loans increased by 2.4% for Q1’22 vs. Q4’21 as we continue to calibrate our expected loss model to reflect potential credit losses due to the pandemic post effect. Stage 3 loans observed a decline of 15.4%.

	Q4´21				Q1´22			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,517.8	498.9	137.0	3,153.7	2,453.5	448.5	179.1	3,081.1
Consumer	2,248.6	567.6	88.9	2,905.1	2,213.3	643.6	81.6	2,938.5
Total	**4,766.4**	**1,066.6**	**225.9**	**6,058.8**	**4,666.8**	**1,092.1**	**260.7**	**6,019.6**

1.3 Impairment Allowance Overview

Impairment allowance decreased by $3.7 million, net of charge-offs in Q1´22 to a total of $204.9 million, representing a 1.8% decrease versus Q4’21. The Bank continued to build up loan loss provisions during Q1’22 with a quarterly provision expense of $14.5 million, a 49.2% decrease when compared to the same period last year.

Non-performing loans totaled $199.1 million for Q1’22 vs. $192.9 million for Q4’21. NPLs in our corporate segment increased q-o-q by $2.7 million in the following segments: agriculture loans $2.7 million, overdraft loans $2.5 million, net of decrease on commercial of -$2.3 million, leasing loans -$0.1 million, factoring -$0.1 million and transportation -$0.2 million. Our consumer NPLs increased by $3.5 million: mortgages by $0.4 million, personal by $1.0 million, auto by $0.8 million, credit cards by $1.3 million, net of a decrease in retirees by -$0.1 million. Our NPLs are distributed across all segments of the economy, with the three largest amounts related to our commercial portfolio ($81.7 million); agriculture portfolio ($33.1 million) and mortgage portfolio ($32.2 million).

Our NPL coverage ratio decreased from 108.1% in Q4’21 to 102.9% in Q1’22. Our NPL coverage has averaged over 100% for the last seven quarters.

(Data in US$ millions)	Q4´21	Q1´22	Δ Q1´22/ Q4´21 $	%
Balance Beginning of year	155.0	208.6	53.6	34.5%
Reserve charged to expenses	83.5	14.5	(69.0)	(82.7%)
Recoveries	2.4	0.8	(1.6)	(66.4%)
Written-off loans	(32.3)	(19.0)	13.3	(41.2%)
Balance at end of period	**208.6**	**204.9**	**(3.7)**	**(1.8%)**

1.3.1 Modified Loans Status and Regulatory Changes as of September 30th, 2021

As of Q1’22, our institution had $1.1 billion in modified loans, representing 18.1% of the total portfolio. When compared against Q3’20, we have observed a reduction of $2.5 billion or 69.6% in modified loans. The $1.1 billion in modified loans are split 68.9% in retail and 31.1% in corporate.

Products	No.	Modified	Unmodified	Total Loan	%
Internal Segment Corporate					
1. Commercial	641	273,152,445	1,726,207,947	1,999,360,392	
2. Agriculture	262	26,833,517	321,373,836	348,207,353	
3. Overdrafts	7	5,275,364	178,012,849	183,288,213	
4. Industrial	18	18,947,860	262,576,407	281,524,267	
5. Leasing	80	1,752,821	45,641,448	47,394,269	
6. Transportation	346	13,594,539	4,112,290	17,706,829	
7. Factoring	-	-	216,735,994	216,735,994	
Sub Total	**1,354**	**339,556,546**	**2,754,660,770**	**3,094,217,317**	**31.14%**
Internal Segment Consumer					
1. Personal	3,117	90,152,695	273,074,219	363,226,914	
2. Mortgages	7,403	545,006,443	1,261,842,630	1,806,849,073	
3. Auto	5,802	64,254,782	176,173,004	240,427,786	
4. Retirees	3	80,465	380,358,666	380,439,131	
5. Credit Cards	9,842	51,463,338	82,994,069	134,457,407	
Sub Total	**26,167**	**750,957,723**	**2,174,442,588**	**2,925,400,311**	**68.86%**
Total	**27,521**	**1,090,514,270**	**4,929,103,358**	**6,019,617,628**	**100.00%**

The regularization of payments from our modified loan portfolio continues to perform better than expected. As of Q1’22, we had approximately $0.4 billion in loans under moratorium versus $3.1 billion as of Q1’21; representing a $2.7 billion change and a $0.5 billion reduction compared to Q4´21. As the economic reactivation continues, we expect this trend to remain in place through the calendar year of 2021. Within the $0.4 billion under moratorium, there are only $35.0 million pending to be stabilized (clients pending to be contacted and evaluated for a new repayment plan), in other words, our Bank has contacted all of the remaining clients and has established or is in process of establishing new payment plans.

In compliance with Accord 9-2020, our Bank has reserved 3.40% (minimum 3.00%) of the modified loan portfolio as of September 30th, 2021, fully expensed through provisioning.

According to the new Bank Superintendency Board of Directors General Resolution SBP-GJD-0003-2021, which has an implementation date starting July 1st, 2021, modified loans should not be classified and reported based on their risk classification according to Accord 4-2013. Loans will be classified according to the new guidelines contained in this new resolution, as follows:

(USD)	Normal	Special Mention	Subnormal	Doubtful	Uncollectible	Total
	Modified Loans - Sep21					
Corporate Loans	56,059,769	24,363,347	246,706,102	8,848,422	3,262,867	339,240,507
Consumer Loans	322,488,786	6,303	372,119,404	16,992,145	39,357,401	750,964,040
Other Loans			309,722			309,722
Total	**378,548,556**	**24,369,651**	**619,135,228**	**25,840,567**	**42,620,269**	**1,090,514,270**
Accumulated Interest Receivable	20,213,927	2,063,538	48,712,696	1,541,132	1,291,219	73,822,513
Individual & Collective Loan Loss Reserve	15,146,366	176,902	31,501,683	1,732,577	16,197,036	64,754,564

In order to classify the modified loans in accordance with the Bank Superintendency Board of Directors General Resolution SBP-GJD-0003-2021, the bank will follow the parameters listed below:

1. **Modified Loans – Normal**: Loans on which banks made modifications to their terms and conditions until Jun21 and whose debtors are in compliance with their payments. These loans may be classified according to Accord 4-2013 as normal classification, after complying with their terms and conditions, and if they demonstrate compliance with their payments consecutively during a six-month period.
2. **Modified Loans – Special Mention**: Loans on which banks made modifications to their terms and conditions that include grace periods for principal and/or interests or others. Debtor´s credits once they are restructured, shall be classified as modified subnormal. These loans may be returned to the application of Accord 4-2013 as normal classification, after complying with their terms and conditions, and if they demonstrate compliance with their payments consecutively during a six-month period in case of delinquency these loans shall be classified instead as modified uncollectible.
3. **Modified Loans – Subnormal**: Loans that have been restructured thru new terms and conditions between July 1st and September 30th, 2021 and in compliance with Accord 2-2020. These Restructured modified loans may be returned to the application of Accord 4-2013 as normal classification, after complying with their terms and conditions, and if they evidence compliance with their payments consecutively during a six-month period.

   New Rule: According to Accord 3-2021, these Restructured modified loans that have ninety-one (91) days in arrears without complying with their new terms and conditions, shall be classified as subnormal (as a restructured loan & NPL) in accordance to Accord 4-2013, and shall be declassified from modified loans as established in this Bank Superintendency Board of Directors General Resolution SBP-GJD-0003-2021.
4. **Modified Loans – Doubtful**: Loans whose debtor´s financial situation as of June 30th, 2021 does not qualify for a restructuring process of their facilities in agreement with Accord 2-2020. The banks can agree new terms and conditions from July 1st to and September 30th, 2021 in accordance with Accord 2-2021 to classify these loans as modified subnormal. Debtors in this classification, should evidence willingness to meet their obligations, even though they are facing temporary liquidity challenges.

5. **Modified Loans – Uncollectible**[9]: Loans not in compliance with any of the above classifications, whose debtors do not qualify for a restructuring process of their facilities starting October 1st, 2021, and those already restructured that have ninety-one days (91) of not complying with their new terms and conditions.

2.0 Total Liabilities

As of September 30th, 2021 (Q1'22), Global Bank's total liabilities amounted to $7.5 billion, increasing by $12.8 million or 0.2% vs. Q4´21. Customer deposits continue to be the largest component of our funding structure, representing 65.3% of total liabilities as of the first quarter of our 2022, compared to 69.6% from the same period last year.

2.1 Customer and Bank Deposits

			Δ Q1´22/Q4´21	
(Data in US$ millions)	**Q4´21**	**Q1´22**	**$**	**%**
Demand	472.5	496.2	23.7	5.0%
Savings	1,182.6	1,225.1	42.5	3.6%
Time	3,534.4	3,464.2	(70.2)	(2.0%)
Total customer deposits	**5,189.5**	**5,185.4**	**(4.0)**	**(0.1%)**
Interbank deposits	44.9	77.4	32.5	72.4%
interest Payable	40.8	40.6	(0.2)	(0.4%)
Total deposits	**5,275.2**	**5,303.5**	**28.3**	**0.5%**

In Q1'22, our total customer deposits totaled $5.3 billion, representing an increase of $28.3 million or 0.5% compared to Q4'21. Our time deposits declined by 2.0%; while demand and savings accounts grew 5.0% and 3.6% respectively, during the same period. When compared to Q1'21; our demand and savings accounts grew by 14.2% and 14.9% respectively, while time deposits decreased by 2.8%. Growth in savings accounts continue to be driven by migration of time deposits to savings, new openings of savings accounts and an increase in the volume of savings from existing clients due to limited economic activity.

The Bank's loan to deposit ratio decreased from 115.8% to 114.4% when compared to Q4'21 and is lower than the 122.0% registered during the same period last year.

2.2 Financings, Bonds & Commercial Paper

During Q1'22, our repos & financings increase of $371.3 million or 42.4% was driven by the replacement strategy of corporate bonds for bilateral and multilateral funding. The average cost of funds from these new financings is 2.77%. Bonds & commercial paper in Q1'22 decreased by $419.8 million to total $0.8 billion, mainly due to repurchases of $375.9 million and a maturity redemption of $37.8 million of corporate bonds during the quarter. The total cost of financing liabilities decreased from 3.5% in Q4'21 to 3.4% in Q1'22. Access to liquidity lines and counterparties has been ample and diversified across geographic regions.

[9] Restructured Loans that make payments on time and comply with their new terms and conditions in timely manner can be reclassified from this category.

Shareholder’s Equity and Regulatory Capital

Shareholder’s equity as of the end of Q1’22 totaled $787.7 million, a 0.3% decrease when compared with Q4’21.

For the three months ending on September 30th, 2021, the bank paid $5.0 million in dividends. The amount paid is unchanged vs the same period last year.

Capital Adequacy Ratio

(Data in US$ millions)	Q4´21	Q1´22
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	1.8	1.8
Declared reserves	42.4	42.6
Retained ernings	372.4	371.8
Other items of comprehensive income	3.4	1.4
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(20.9)	(20.5)
Total Primary Capital (Tier 1 Common)	**665.0**	**663.2**
Additional Primary Capital (Tier 1)	**160.8**	**173.2**
Tier 2 Capital	**7.8**	**0.0**
Total Capital Funds	**833.6**	**836.4**
Risk-Weighted Assets (RWA's)	**5,221.2**	**5,204.4**
Total Capital Ratio	**15.97%**	**16.07%**
Tier 1 Primary Capital	**12.74%**	**12.74%**
Additional Tier 1 Capital	**3.08%**	**3.33%**
Tier 2 Capital	**0.15%**	**0.00%**

Total regulatory capital reached $836.4 million, an increase of 0.3% compared to Q4’21. The Bank’s capital ratio increased from 15.97% to 16.07%, while the RWAs declined by -0.3% compared to Q4’21. During the quarter we successfully redeemed the whole $7.8 million in subordinated debt, eliminating the Tier 2 capital.

According to the Bank Superintendecy Board of Directors General Resolutions SBP-GJD-0004-2020 and SBP-GJD-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 November, 23 2021. If the temporary measures were to be eliminated, our pro forma Capital ratio in Q1´22 would be reduced to 14.58% and 14.65% in Q4´21.