DECEMBER 2022

EARNINGS REPORT

For the six months of the Fiscal Year ending June 30th, 2023.

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 $26.5 MILLION FOR THE FIRST SEMESTER ENDING ON DECEMBER 31st, 2022.

Management & Financial Highlights

- **As of December 31st, 2022, Global Bank reported a net income of $26.5 million,** representing a quarterly y-o-y increase of 111.5%. The increase in net income was mainly driven by higher loan volume, higher net commissions, and lower loan loss provision expenses when compared with the same period last year.
- **Our financial margin decreased from 42.2% to 40.4% compared to the same period last year due to increased interest expenses related to financial obligations.** We are currently experiencing pressure from LIBOR & SOFR repricing on bilateral and structured financings, which has resulted in margin compression (financial and NIM). For this semester, our annualized NIM decreased 4 bps (2.39% vs. 2.43%) compared to last year. We foresee this tendency to continue as the FED keeps battling inflation in the U.S. while indirectly exporting its Fed Funds' rate hikes worldwide.
- **Loan loss provision expenses decreased to $29.0 million for the semester that ended on December 31st, 2022, representing a $4.2 million or (12.7%) decrease when compared to the same period last year.** This decrease in provisions for loan losses is part of the positive evolution of the modified loans portfolio which, during this quarter, ceased to exist and -for any remaining loans in the such portfolio- returned to its previous classifications under Executive Order 4-2013. We expect similar loan loss provisioning for the upcoming quarters of this fiscal year.
- **As of December 31st, 2022, Global Bank's assets totaled $8.5 billion,** flat when compared to Q1´23, and a 2.4% growth when compared to the same quarterly period last year. This variance in total assets during the quarter was mainly driven by a 1.0% growth in the gross loan portfolio.
- **Liquidity levels remain stable.** For Q2'23, on the asset side, our cash and equivalents totaled $390.4 million, our legal liquidity ratio closed at 36.9% vs. the 30% regulatory threshold, and our Liquidity Coverage Ratio (LCR) totaled 219.6% vs. 100% regulatory minimum. Additionally, our $1.0BN Investment Portfolio comprises high-quality liquid assets that can be liquidated or leveraged to provide contingent short-term liquidity to the bank.
- **As of December 31st, 2022, gross loans increased by 1.0% to $6.4 billion on a quarter-over-quarter basis.** Consumer loans increased by 1.1%, with a

$33.3 million pickup in exposure, while corporate loans increased 0.9%, representing a $29.0 million of additional volume when compared against Q1'23.

- **Our non-performing loans increased 10.3% from $212.7 million in Q1'23 to $234.6 million in Q2'23.** Non-performing loans were split 63.5% in corporate banking and 36.5% in consumer banking. The NPL ratio increased 31 basis points, from 3.37% in Q1'23 to 3.68% in Q2'23. Our loan loss reserves ended the quarter at $251.0 million, an increase of 3.5% versus Q1'23, which decreased our NPL coverage ratio to finish at 107.0% for Q2'23.
- **Our Capital Adequacy Ratio was 14.37%, of which Common Equity Tier 1 (CET1) was 11.26%, and Additional Tier 1 added an extra 3.11% to our total regulatory capital.** Our capital ratios remain well above the regulatory minimums for each capital category (i.e. Total Capital Adequacy: 8.0%, CT1: 4.5%, TT1: 6.0%).

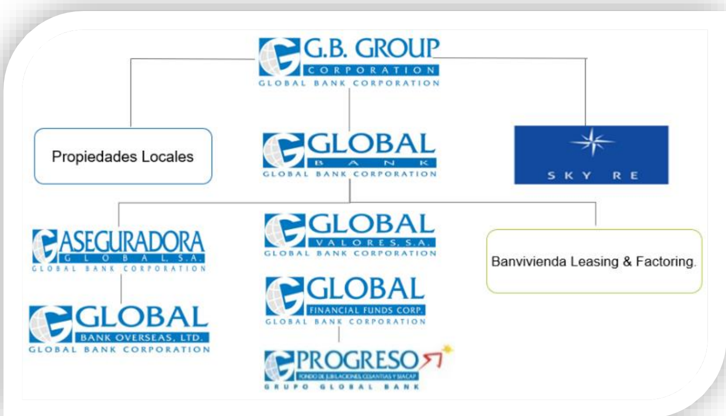
About Global Bank

Global Bank Corporation was founded in 1994 under a general banking license in the Republic of Panama. G.B. Group, our holding company, owns 100% of Global Bank, while Global Bank Corporation owns 100% of its subsidiaries. G.B. Group is listed on the local stock exchange under the ticker GBGR.

As one of the leading franchises in the local market, Global Bank operates under a universal banking business model offering multiple services to its customers, such as Corporate Banking, Investment Banking, Factoring, Wealth Management, Consumer Banking, Trust Services, Pension Funds, and Insurance Services, amongst others.

With a loan book of over $6.0 billion as of December 2022, Global Bank has shown consistent growth over the past 29 years. We initially accessed the international capital markets in 2012 with our first -and only- covered bond under 144Reg S. and have issued more than $1.0 billion of bonds ever since. On the M&A front, our recent purchase of Banvivienda in 2018 helped us gain relevant market share while positioning us for continuous and sustained growth thru such transaction's synergies. From inception, and with a sound business and financial strategy, we have continuously added value to our shareholders while serving the needs of our clients and remaining close to our stakeholders. As of December 2022, Global Bank had 35 branches and over 140 ATMs nationwide. The bank is rated BBB- and BB+ by S&P and Fitch, respectively, with a stable outlook.

Business Structure



Global Bank's main subsidiaries of Global Bank Corporation are Global Valores, which runs the Wealth Management business and the securities brokerage house; Global Financial Funds, who offers Trust Services; Progreso, which is our Pension funds' business and Aseguradora Global, our insurance services company. All the businesses that belong to the group are supervised by the Board of Directors of GB Group which is comprised of 14 directors with 4 independent directors who actively participate on all the bank's six directives' committees (Risk, HR, Audit, Compliance, Credit and Corporate Governance)

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Income Statement Summary[1]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ Q2´23/Q1´23	
(Data in US$ thousands)	Q2´23	Q1´23	$	%
Loans	197,993	192,838	*5,154*	2.7%
Deposits	2,256	570	*1,687*	296.0%
Investments	19,617	18,611	*1,006*	5.4%
Total Interest income	219,866	212,019	7,846	3.7%
Deposits	(79,974)	(81,286)	*1,312*	(1.6%)
Financing	(33,805)	(15,533)	*(18,272)*	117.6%
Bonds & Commercial Paper	(17,333)	(25,834)	*8,501*	(32.9%)
Total Interest expense	(131,113)	(122,653)	(8,460)	6.9%
Net interest income	**88,753**	**89,366**	**(613)**	**(0.7%)**
Margin	***40.4%***	***42.2%***		
Net fee income	22,505	19,738	2,767	14.0%
Other income	10,488	7,393	3,095	41.9%
General and administrative expenses [1]	(69,925)	(71,026)	1,101	(1.6%)
Net income before Loan loss allowance	**51,821**	**45,470**	**6,350**	**14.0%**
Margin	***23.6%***	***21.4%***		
Loan loss allowance	(28,958)	(33,165)	4,207	(12.7%)
Profit before income tax	**22,862**	**12,305**	**10,557**	**85.8%**
Income tax	3,609	209	3,400	1626.4%
Net income	**26,471**	**12,514**	**13,957**	**111.5%**

[1] Provision expense related to investments and sovereign risk in Q1' 23 of $610k and Q1'22 of $349K were included in G&A

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q2´23/ Q1´23	
(Data in US$ thousands)	Q2´23	Q1´23	$	%
Assets				
Cash and deposits	284,817	322,005	(37,187)	(11.5%)
Interbank Deposits	105,613	109,436	(3,823)	(3.5%)
Interest Receivable	276	257	18	7.1%
Total Cash and deposits	390,706	431,698	(40,992)	(9.5%)
Gross loans	6,369,966	6,307,605	62,362	1.0%
Interest Receivable	156,710	155,488	1,222	0.8%
Allowance for loan losses	(251,018)	(242,628)	(8,390)	3.5%
Unearned Interest & Commissions	(11,468)	(11,002)	(466)	4.2%
Total Net Loans	6,264,191	6,209,463	54,727	0.9%
Investments	1,008,470	1,032,138	(23,669)	(2.3%)
Interest Receivable	6,551	7,969	(1,419)	(17.8%)
Total Investments	1,015,021	1,040,108	(25,087)	(2.4%)
Other assets	794,097	781,949	12,148	1.6%
Total assets	**8,464,014**	**8,463,218**	**796**	**0.0%**
Liabilities & Shareholder's Equity				
Demand	524,138	501,686	22,452	4.5%
Savings	1,211,706	1,270,169	(58,463)	(4.6%)
Time Deposits	3,465,725	3,517,067	(51,342)	(1.5%)
Interbank Deposits	87,421	76,974	10,447	13.6%
Interest Payable	35,429	34,946	484	1.4%
Total Deposits	5,324,420	5,400,843	(76,423)	(1.4%)
Repos & financings	1,611,162	1,550,445	60,717	3.9%
Bonds and commercial paper	589,506	593,956	(4,450)	(0.7%)
Interest Payable	21,027	18,192	2,834	15.6%
Total Financing	2,221,694	2,162,593	59,101	2.7%
Other liabilities	147,109	144,550	2,559	1.8%
Total liabilities	**7,693,223**	**7,707,986**	**(14,763)**	**(0.2%)**
Shareholder's equity	**770,791**	**755,232**	**15,559**	**2.1%**

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

	Q2´23	Q1´23	Q4´22	Q3´22	Q2´22
Profitability					
Net Interest Margin	2.39%	2.47%	2.47%	2.46%	2.43%
Efficiency Ratio	57.44%	58.56%	59.41%	59.17%	60.97%
ROAA	0.63%	0.63%	0.45%	0.43%	0.30%
ROAE	6.91%	6.79%	4.79%	4.57%	3.18%
Loan Quality					
NPLs / Gross Loans	3.68%	3.37%	3.14%	3.36%	3.43%
Allowance / NPLs	106.98%	114.09%	118.39%	110.08%	105.84%
Allowance/ Gross Loans	3.94%	3.85%	3.71%	3.69%	3.63%
Loan to Deposit Ratio	120.44%	117.55%	118.65%	117.01%	112.49%
Loan to Deposits + Corporate Bonds Ratio [4]	112.68%	110.07%	110.16%	108.56%	104.51%
Capital Ratios					
Capital Adequacy Ratio	14.37%	14.43%	15.11%	15.56%	15.91%
Tier 1 Common	11.26%	11.25%	11.81%	12.24%	12.57%
Additional Tier 1 Capital	3.11%	3.18%	3.30%	3.32%	3.34%

[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

			Δ 1H´23/1H´22	
(Data in US$ millions)	**1H´23**	**1H´22**	**$**	**%**
Interest Income				
Loans	198.0	192.8	5.2	2.7%
Deposits	2.3	0.6	1.7	296.0%
Investments	19.6	18.6	1.0	5.4%
Total Interest Income	**219.9**	**212.0**	**7.8**	**3.7%**
Interest Expense				
Deposits	80.0	81.3	(1.3)	(1.6%)
Loans	33.8	15.5	18.3	117.6%
Bonds & Commercial Paper	17.3	25.8	(8.5)	(32.9%)
Total Interest Expense	**131.1**	**122.7**	**8.5**	**6.9%**
Net Interest Income	**88.8**	**89.4**	**(0.6)**	**(0.7%)**
Margin	*40.4%*	*42.2%*		

Net interest income for the six months ended December 31, 2022, reached $88.8 million, a decline of 0.7% compared to the same period last year. The increase in loan volume, coupled with higher yields from our investments and cash, helped alleviate higher funding costs due to the ongoing increases in LIBOR & SOFR rates and contributed to our financial margin, which stood slightly above 40.0%.

Going forward and given higher SOFR costs correlated to FED rate hikes, we believe that financial margin and NIM pressure ought to continue at least until year's end.

2.0 Net Fee Income and Other Income

			Δ 1H´23/1H´22	
(Data in US$ millions)	**1H´23**	**1H´22**	**$**	**%**
Fee Income				
Loans	14.3	12.7	1.6	12.2%
Letters of Credit	3.1	0.8	2.2	265.2%
Savings and debit cards	2.1	2.1	(0.1)	(2.4%)
Trust Services	5.1	6.4	(1.2)	(19.5%)
Others	8.4	6.9	1.6	23.0%
Fee Expenses	**(10.4)**	**(9.1)**	**(1.3)**	**14.4%**
Net Fee Income	**22.5**	**19.7**	**2.8**	**14.0%**
Other Income				
Net Insurance premiums	6.5	6.2	0.3	4.5%
Others	4.0	1.2	2.8	242.1%
Total Other Income	**10.5**	**7.4**	**3.1**	**41.9%**

Net fee income increased by 14.0% or $2.8 million for 1H´23 vs. 1H´22. The increase in fee income was due to higher loan disbursements in both the consumer and corporate books. Additionally, the bank experienced increased commission revenue primarily driven by merchant banking and investment banking fees. Total Other Income increased by 41.9% or $3.1 million for 1H´23 vs. 1H´22, of which almost half can be attributed to a gain of $0.7 million on the repurchases of $10.0 million of our own corporate bonds maturing in 2029, $0.1 million on higher income from subsidiaries and an 8.4% q-o-q increase in Insurance premiums of (or $0.2 million).

3.0 Operating Expenses

General & Administrative Expenses (G&A) totaled $69.9 million for 1H´23, representing a 1.6% decrease or $1.1 million over the same period last year. The change was primarily driven by efficiencies in marketing, rental, maintenance, utilities, security, and travel costs. We also had a decline in our investment and sovereign risk expense provision of $2.3 million, which is included as part of the total G&A (please refer to footnote #1 on page #6 of this document).

Our operating efficiency ratio[6] for the semester ending December 31, 2022, was 57.4% vs. 61.0% for the same period last year.

[6] 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 $41.0 million to a total of $390.7 million for Q2’23, representing a 9.5% quarter-over-quarter change. Our cash balances continued to be stable despite our cash used to help support the growth in the loan portfolio ($62.4 million or 1.0% for the quarter).

Our liquidity coverage ratio (LCR) was 219.6%, well above the regulatory minimum of 100.0%. Our legal liquidity ratio was 36.9%, well above the 30.0% regulatory minimum.

1.1 Investment Portfolio

In order to support loan growth, the bank experienced a slight decrease (2.3% or $23.7 million) in its investment portfolio during our 2nd quarter of our FY’23. We continue to invest liquidity mainly in Agency Papers, US Treasuries, and other investment-grade securities. This mix has achieved a 3.70% yield during Q2´23, or 11 basis points higher when compared to the previous quarter.

Regarding the investment portfolio composition, 49.2% comprises investment-grade securities, 16.3% are non-investment-grade securities, and 34.5% are local investment-grade securities. All-in and excluding local bonds, our investment-grade securities represent 75.1% of the investment portfolio. Our holdings in US Agency paper (Ginnie Maes) totaled US$221.0 million as of December 31st, 2022.

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

1.2 Loan Portfolio

As of December 31st, 2022, and compared to Q1’23, our gross loan portfolio increased by 1.0% ($62.4 million), closing at $6.4 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 accounting for 51.1% of total gross loans.

On the consumer side, our loan portfolio increased by 1.1% to $3.1 billion in Q2´23. Within the consumer portfolio, the products that grew the most quarter-over-quarter during Q2’23 were mortgages by 1.3%, representing a $24.3 million increase, personal & retirees by 1.9%, representing a $14.2 million increase, credit cards by 1.4% representing a $0.8 million increase and pledged personal loans by 0.5%. All other products declined as listed: overdraft by 32.4%, car loans by 0.6%.

On the corporate side, our loan portfolio increased by 0.9% to $3.3 billion for Q2’23. The products that increased the most when compared to the prior quarter were commercial by 1.7%, representing a $31.2 million increase; construction by 3.3%, representing a $13.0 million increase; pledged by 13.2%, representing a $10.1 million increase, agriculture by 0.8%, overdrafts by 0.6%, and leasing by 3.5%. All other products declined as listed: factoring by 10.9%, small & medium enterprises by 2.9%, and transportation by 5.7%.

(Data in US$ millions)	Q2´23 Dec-22	Q1´23 Sep-22	Q4´22 Jun-22	Q3´22 Mar-22	Q2´22 Dec -21	∆ Q2´23/Q1´23 ∆-$	∆-%
Consumer Banking							
Mortgages	1,916.3	1,891.9	1,864.1	1,841.4	1,826.5	24.3	1.3%
Car Loans	239.4	240.8	242.5	242.6	241.2	(1.4)	(0.6%)
Personal & Retirees	776.4	762.2	750.1	734.9	718.1	14.2	1.9%
Credit Cards	132.5	130.7	130.7	132.4	135.0	1.8	1.4%
Pledged	41.1	40.9	40.7	41.3	41.7	0.2	0.5%
Overdrafts	12.2	18.1	18.3	18.0	15.8	(5.9)	(32.4%)
Total Consumer Banking	**3,117.9**	**3,084.6**	**3,046.3**	**3,010.5**	**2,978.2**	**33.3**	**1.1%**

(Data in US$ millions)	Q2´23 Dec-22	Q1´23 Sep-22	Q4´22 Jun-22	Q3´22 Mar-22	Q2´22 Dec -21	∆ Q2´23/Q2´22 ∆-$	∆-%
Corporate Banking							
Commercial	1,875.0	1,843.8	1,824.8	1,743.3	1,627.2	31.2	1.7%
Construction	406.7	393.7	419.4	455.1	480.5	13.0	3.3%
Agriculture	360.3	357.4	351.8	345.6	341.6	3.0	0.8%
Factoring	220.4	247.5	231.5	243.0	251.5	(27.1)	(10.9%)
Overdrafts	164.9	164.0	159.5	149.4	136.8	0.9	0.6%
Pledged	86.8	76.7	76.8	67.9	66.9	10.1	13.2%
Leasing	38.4	37.1	35.8	36.6	35.1	1.3	3.5%
Small & Medium Enterprise	85.2	87.7	59.3	57.7	61.6	(2.5)	(2.9%)
Transportation	14.3	15.2	15.7	16.1	17.0	(0.9)	(5.7%)
Total Corporate Banking	**3,252.1**	**3,223.0**	**3,174.6**	**3,114.6**	**3,018.1**	**29.0**	**0.9%**
Total Gross Loans	**6,370.0**	**6,307.6**	**6,221.0**	**6,125.1**	**5,996.3**	**62.4**	**1.0%**
Interest Receivables	156.7	155.5	158.4	165.7	170.1	1.2	0.8%
Allowance for Loan Losses	(251.0)	(242.6)	(231.0)	(226.3)	(217.4)	(8.4)	3.5%
Unearned interest and fees	(11.5)	(11.0)	(10.1)	(10.3)	(10.4)	(0.5)	4.2%
Total Net Loans	**6,264.2**	**6,209.5**	**6,138.2**	**6,054.3**	**5,938.6**	**54.7**	**0.9%**

Our stage 2 loans decreased by 21.6% for Q2’23 vs. Q1’23 as we continue calibrating our expected loan loss model to reflect reductions on credit losses due to the positive turnover in troubled loans. Stage 3 loans increased by 5.0% (explained in more detail in the below table).

	Q2´23				Q1´23			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,595.1	448.0	209.9	3,252.9	2,580.2	457.4	190.3	3,227.9
Consumer	2,686.7	344.3	86.0	3,117.0	2,435.3	553.0	91.4	3,079.7
Total	**5,281.7**	**792.3**	**295.9**	**6,370.0**	**5,015.5**	**1,010.4**	**281.7**	**6,307.6**

1.3 Impairment Allowance Overview

When compared to Q1’23, impairment allowance increased by $8.4 million, net of charge-offs in Q2´23, to a total of $251.0 million. This represented a 3.5% increase versus Q1’23. The Bank continues to build up loan loss provisions during Q2’23 with a quarterly provision expense of $29.0 million.

Non-performing loans totaled $234.6 million for Q2’23 vs. $212.7 million for Q1’23. NPLs in our corporate segment increased quarter-over-quarter by $20.8 million in the following segments: commercial loans $17.4 million, agriculture loans $2.9 million, overdraft loans $0.4 million, leasing $0.2 million, and transportation loans stayed flattened by our consumer segment, NPLs increased by $1.1 million: personal & retirees by $0.4 million, auto by $1.2 million, credit cards by $1.3 million and retirees stayed flat.

Our NPL coverage ratio stood at 106.9% in Q2'23 vs. 114.1% in Q2'22.

			∆ Q2´23/ Q1´23	
(Data in US$ millions)	**Q2´23**	**Q1´23**	**$**	**%**
Balance Beginning of year	231.0	231.0	0.0	0.0%
Reserve charged to expenses	29.0	14.8	14.2	96.1%
Recoveries	2.0	0.9	1.1	122.7%
Written-off loans	(11.0)	(4.1)	(6.9)	169.3%
Balance at end of period	**251.0**	**242.6**	**8.4**	**3.5%**

2.0 Total Liabilities

As of December 31st, 2022 (Q2'23), Global Bank's total liabilities amounted to $7.7 billion, decreasing by $14.7 million or 0.2% vs. Q1´23. Customer deposits continue to be the largest component of our funding structure, representing 68.7% of our total liabilities as of the first half of FY'23.

2.1 Customer and Bank Deposits

			∆ Q2´23/Q1´23	
(Data in US$ millions)	**Q2´23**	**Q1´23**	**$**	**%**
Demand	524.1	501.7	22.5	4.5%
Savings	1,211.7	1,270.2	(58.5)	(4.6%)
Time	3,465.7	3,517.1	(51.3)	(1.5%)
Total customer deposits	**5,201.5**	**5,288.9**	**(87.4)**	**(1.7%)**
Interbank deposits	87.4	77.0	10.4	13.6%
interest Payable	35.4	34.9	0.5	1.4%
Total deposits	**5,324.4**	**5,400.8**	**(76.4)**	**(1.4%)**

For Q2'23, our deposits totaled $5.3 billion, which represents a slight decrease ($76.4 million or -1.4%) compared to Q1'23. Our time deposits decreased by 1.5%, and our demand deposits increased by 4.5%, all while our savings accounts declined by 4.6% during the same quarter. When compared to the same period in the prior year (Q2'22), our demand deposits grew by 2.2%, while our savings accounts and time deposits experienced declines of 5.1% and 0.3%, respectively. We attribute the decline in our savings accounts to some clients migrating onto higher-yield deposit products such as time deposits. Given higher financing costs, some of our institutional clients have decreased their time deposits to use their own cash.

The Bank's loan-to-deposit ratio increased from 117.6% to 120.4% compared to Q1'23, which is higher than the 112.5% registered in Q2'22.

2.2 Financings, Bonds & Commercial Paper

During Q2'23, the Bank increased its financing liabilities by $64.5 million. Bonds & commercial paper in Q2'23 decreased by $4.4 million or 0.7%, and Repos & Financing increased by $60.7 or 3.9% in order to support the gross loan portfolio growth during the quarter. The total cost of financing liabilities increased from 3.3% in Q1’23 to 3.6% in Q2’23. Access to credit lines, margin loans, repos, and other funding sources has been ample while more expensive given the current environment of Fed Fund rate increases.

Shareholder's Equity and Regulatory Capital

Shareholder's equity as of Q2'23 totaled $770.8 million, a 2.1% increase when compared to Q1'23. Such an increase mainly was driven by an $8.8 million OCI resulting from a positive mark-to-market in our investment portfolio and by $5.5 million in retained earnings growth during the quarter.

Capital Adequacy Ratio

(Data in US$ millions)	Q2´23	Q1´23
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.0	1.9
Declared reserves	43.7	43.5
Retained earnings	392.1	386.6
Other items of comprehensive income	(40.2)	(49.0)
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(18.6)	(19.0)
Deferred Tax – Assets	(1.4)	(0.8)
Total Primary Capital (Tier 1 Common)	**643.7**	**629.2**
Additional Primary Capital (Tier 1)	**177.9**	**177.9**
Tier 2 Capital	**0.0**	**0.0**
Total Capital Funds	**821.6**	**807.1**
Risk-Weighted Assets (RWA's)	**5,716.7**	**5,593.7**
Total Capital Ratio	**14.37%**	**14.43%**
Tier 1 Primary Capital	**11.26%**	**11.25%**
Additional Tier 1 Capital	**3.11%**	**3.18%**

Total regulatory capital reached $821.6 million, an increase of 1.8% when compared to Q1'23. The Bank's capital ratio declined from 14.43% to 14.37%, the majority of which resulted from the expiration of certain capital release measures that were put into effect by our regulator during the COVID-19 pandemic. Without these measures[7], our RWAs increased by 2.2% when compared to Q1'23.

[7] Executive Order 8-2022 eliminates the temporary measure of forbearance in the aging of appraisals of mortgage loans. The Capital Adequacy for Panamanian Banks remains with two temporary measures in place that (i) allow for a limit in the risk weighting of loans up to 100% (ii) and the exclusion of Premises & Equipment, and Other Assets from risk weighting.