JUNE 2023

EARNINGS REPORT

For the Fiscal Year ended 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 $47.5 MILLION FOR THE YEAR ENDED ON JUNE 30th, 2023.

Management & Financial Highlights

- **As of June 30th, 2023, Global Bank reported a net income of $47.5 million,** which represents a y-o-y increase of 27.5%. The increase in net income was mainly driven by higher loan volume, higher net commissions, and lower loan loss provision expense when compared with the same period last year.
- **Our financial margin decreased from 43.2% to 38.0% for the full period ending June 30th, 2023. This was due to a higher cost of funds due to interest rate increases from the U.S. FED which impacted almost every deposit and financing liability line.** We are still experiencing pressure from LIBOR & SOFR re-pricings on bilateral and structured financings compressing our margins (financial and NIM). For this quarter, our annualized NIM decreased when compared against last year (2.31% vs. 2.47%). We foresee this tendency to start to flatten over the calendar year, as the FED continues fighting inflation in the U.S. while exporting rate increases worldwide via Fed Funds.
- **Loan loss provision expense stood at $49.0 million for the year ended on June 30th, 2023, a $10.1 million or (17.1%) decrease when compared to the same period last year.** This decrease in provision for loan losses was due to the positive evolution of the modified loans portfolio which was declassified during the first half of our fiscal period, returning to its regular classification status in accordance with SBP Executive Order 4-2013.
- **As of June 30th, 2023, Global Bank's assets totaled $8.4 billion,** decreasing by 0.6% compared to Q3´23, and increasing by 0.1% when compared to June 30th of last fiscal year. This variance in total assets during the quarter was mainly driven by a 19.9% decrease in cash and deposits, a 1.6% increase in the investment portfolio, and an increase of 0.3% in the gross loan portfolio.
- **Liquidity levels remain stable.** For Q4´23, our cash and equivalents totaled $355.0 million, a decrease of 19.9% from our last quarter Q3´23. Our client deposit base continues to be stable and remains primarily anchored by time deposits. Total deposits reached $5.3 billion, an increase 0.9% versus the same period last year. Time deposits increased by $72.1 million versus Q3'23. This was offset by a decline of demand deposits (checking and savings) of $55.7 million when compared to Q3´23, as clients continue to migrate from demand deposits to higher yielding time

deposits. Total institutional funding grew by 0.9% ($21.0 million) when compared to Q3´23.

- **As of June 30th, 2023, gross loans grew by 0.3% to $6.3 billion on a quarter over quarter basis.** Consumer loans increased by 0.1% ($4.1 million), and corporate loans increased 0.4% ($11.8 million) when compared against the prior quarter.
- **Our non-performing loans decreased 6.3% from $227.0 million in Q3’23 to $212.8 million in Q4’23**. Non-performing loans were split 62.6% in corporate banking and 37.4% in consumer banking. The NPL ratio decreased 23 basis points, from 3.61% in Q3’23 to 3.38% in Q4’23. Our loan loss reserves ended the quarter at $230.2 million, a decline of 7.0% versus Q3’23, resulting in an overall decrease of our NPL coverage ratio from 109.1% in Q3’23 to 108.2% for Q4’23.
- **Our Capital Adequacy Ratio was 13.12%, Common Tier 1 (CT1) 10.05%, Total Tier 1 (TT1) 13.12%**. Our capital ratios continue to be well above the regulatory minimum for each capital category (Total: 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 $6.3 billion as of June 2023, 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 international and local bonds ever since. On the M&A front, our 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 June 2023, Global Bank had 33 branches and 153 ATMs nationwide. The bank is rated BBB- and BB+ by S&P and Fitch, respectively, both with a stable outlook.

Business Structure

Global Bank's main subsidiaries 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 3 independent directors who actively participate on the bank's six committees (Risk, HR, Audit, Compliance, Credit and Corporate Governance).

Income Statement Summary[1]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ FY 23/FY 22	
(Data in US$ thousands)	FY 23	FY 22	$	%
Loans	407,349	380,271	*27,077*	7.1%
Deposits	7,633	1,196	*6,437*	538.2%
Investments	39,352	37,646	*1,706*	4.5%
Total Interest income	454,334	419,113	35,221	8.4%
Deposits	(168,072)	(156,907)	*(11,165)*	7.1%
Financing	(79,822)	(37,433)	*(42,389)*	113.2%
Bonds & Commercial Paper	(33,943)	(43,714)	*9,771*	(22.4%)
Total Interest expense	(281,836)	(238,053)	(43,783)	18.4%
Net interest income	**172,498**	**181,060**	**(8,562)**	**(4.7%)**
Margin	***38.0%***	***43.2%***		
Net fee income	44,255	38,423	5,832	15.2%
Other income	22,012	13,838	8,174	59.1%
General and administrative expenses [1]	(138,836)	(138,606)	(230)	0.2%
Net income before Loan loss allowance	**99,929**	**94,715**	**5,214**	**5.5%**
Margin	***22.0%***	***22.6%***		
Loan loss allowance	(48,958)	(59,032)	10,075	(17.1%)
Profit before income tax	**50,971**	**35,682**	**15,289**	**42.8%**
Income tax	(3,465)	1,581	(5,046)	(319.1%)
Net income	**47,506**	**37,263**	**10,242**	**27.5%**

[1] Provision expense related to investments and sovereign risk in Q4´23 of $0.8 million; and Q4´22 of $2.0 million were included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q4´23/ Q3´23	
(Data in US$ thousands)	Q4´23	Q3´23	$	%
Assets				
Cash and deposits	218,006	307,735	(89,729)	(29.2%)
Interbank Deposits	136,670	135,413	1,257	0.9%
Interest Receivable	289	231	58	25.2%
Total Cash and deposits	354,966	443,379	(88,413)	(19.9%)
Gross loans	6,304,264	6,288,403	15,861	0.3%
Interest Receivable	154,312	153,649	663	0.4%
Allowance for loan losses	(230,229)	(247,593)	17,363	(7.0%)
Unearned Interest & Commissions	(15,793)	(12,874)	(2,918)	22.7%
Total Net Loans	6,212,554	6,181,586	30,969	0.5%
Investments	1,050,488	1,033,722	16,766	1.6%
Interest Receivable	6,470	7,310	(840)	(11.5%)
Total Investments	1,056,958	1,041,032	15,926	1.5%
Other assets	788,501	798,348	(9,848)	(1.2%)
Total assets	**8,412,979**	**8,464,345**	**(51,366)**	**(0.6%)**
Liabilities & Shareholder's Equity				
Demand	480,175	520,947	(40,772)	(7.8%)
Savings	1,138,529	1,153,413	(14,884)	(1.3%)
Time Deposits	3,586,873	3,514,807	72,066	2.1%
Interbank Deposits	82,920	75,183	7,737	10.3%
Interest Payable	33,052	29,630	3,422	11.5%
Total Deposits	5,321,548	5,293,980	27,568	0.5%
Repos & financings	1,652,887	1,618,544	34,344	2.1%
Bonds and commercial paper	566,417	578,900	(12,484)	(2.2%)
Interest Payable	25,607	26,497	(890)	(3.4%)
Total Financing	2,244,911	2,223,941	20,970	0.9%
Other liabilities	134,767	165,602	(30,835)	(18.6%)
Total liabilities	**7,701,226**	**7,683,523**	**17,703**	**0.2%**
Shareholder's equity	**711,753**	**780,822**	**(69,069)**	**(8.8%)**

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

	Q4´23	Q3´23	Q2´23	Q1´23	Q4´22
Profitability					
Net Interest Margin	2.31%	2.36%	2.39%	2.47%	2.47%
Efficiency Ratio	58.15%	56.66%	57.44%	58.56%	59.41%
ROAA	0.56%	0.67%	0.63%	0.63%	0.45%
ROAE	6.30%	7.35%	6.91%	6.79%	4.79%
Loan Quality					
Overdue (NPLs)/ Gross Loans	3.38%	3.61%	3.68%	3.37%	3.14%
Allowance / Overdue (NPLs)	108.19%	109.07%	106.98%	114.09%	118.39%
Allowance/ Gross Loans	3.65%	3.94%	3.94%	3.85%	3.71%
Loan to Deposit Ratio	119.21%	119.45%	120.44%	117.55%	118.65%
Loan to Deposits + Corporate Bonds Ratio [4]	111.74%	111.94%	112.68%	110.07%	110.16%
Capital Ratios					
Capital Adequacy Ratio	13.12%	14.67%	14.37%	14.43%	15.11%
Tier 1 Common	10.05%	11.54%	11.26%	11.25%	11.81%
Additional Tier 1 Capital	3.07%	3.13%	3.11%	3.18%	3.30%

[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, starting June 30th, 2023, excludes 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)	FY 23	FY 22	∆ FY 23/FY 22 $	%
Interest Income				
Loans	407.3	380.3	27.1	7.1%
Deposits	7.6	1.2	6.4	538.2%
Investments	39.4	37.6	1.7	4.5%
Total Interest Income	**454.3**	**419.1**	**35.2**	**8.4%**
Interest Expense				
Deposits	168.1	156.9	11.2	7.1%
Loans	79.8	37.4	42.4	113.2%
Bonds & Commercial Paper	33.9	43.7	(9.8)	(22.4%)
Total Interest Expense	**281.8**	**238.1**	**43.8**	**18.4%**
Net Interest Income	**172.5**	**181.1**	**(8.6)**	**(4.7%)**
Margin	*38.0%*	*43.2%*		

Net interest income for the full year ended June 30th, 2023, reached $172.5 million, a decline of 4.7% when compared to the same period last year. The increase in loan volume, coupled with higher yields from our investments and cash and rising interest rates on the loan portfolio, were not enough to offset the higher funding costs primarily on Financings and Time Deposits due to the ongoing rate increases on the liability side during the quarter.

Going forward and given higher costs correlated to FED rate hikes (recent and potential future ones), similarly to market curves on rates, we believe that financial margin and NIM pressure will continue at least until year’s end.

2.0 Net Fee Income and Other Income

(Data in US$ millions)	FY 23	FY 22	∆ FY 23/FY 22 $	%
Fee Income				
Loans	29.3	26.0	3.4	13.0%
Letters of Credit	3.9	1.5	2.5	171.4%
Savings and debit cards	4.0	4.1	(0.1)	(1.4%)
Trust Services	10.5	11.8	(1.4)	(11.5%)
Others	18.6	14.5	4.1	28.3%
Fee Expenses	**(22.1)**	**(19.4)**	**(2.7)**	**14.0%**
Net Fee Income	**44.3**	**38.4**	**5.8**	**15.2%**
Other Income				
Net Insurance premiums	14.7	12.8	1.9	14.9%
Others	7.3	1.0	6.3	600.7%
Total Other Income	**22.0**	**13.8**	**8.2**	**59.1%**

Net fee income increased by 15.2% or $5.8 million for FY´23 vs. FY´22. The increase in fee income was due to higher disbursement volume in consumer and corporate loans, both of which helped the bank experience an increase in fees from commissions as well as from our merchant and investment banking activities.

Total Other Income increased by 59.1%, or $8.2 million for FY´23 vs. FY´22. This increase was primarily driven by the following items: (i) A$1.6 million gain from the repurchase of $20.7 million of our own Global Bank corporate bonds maturing in 2029, (ii) A$1.5 million gain on the sale of our shares in APC (Panama´s sole credit bureau where Global Bank held a minority stake) to Experian and (iii) A $1.9 million increase in insurance premiums when compared to last year.

3.0 Operating Expenses

General & Administrative Expenses (G&A) totaled $138.8 million for FY´23, representing a $0.2 million increase or 0.2% over the same period last year. The cost lines attributed to marketing, rental, maintenance, utilities, security, and travel experienced an overall increase of $1.4 million while the investment and sovereign risk provisions experienced material declines ($1.2 million) which helped offset overall Operating Expenses for the year. Please refer to footnote #1 on page 6 of this document.

Our operating efficiency ratio[5] for the full year ended June 30th, 2023, was 58.2% vs. 59.4% for the same period last year.

[5] 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 $88.4 million to total $355.0 million for Q4’23, representing a 19.9% quarter over quarter decrease. This change was primarily driven by an extraordinary dividend paid to our parent company in order to redeem the shares of a group of shareholders.

Our liquidity coverage ratio (LCR) was 187.5%, well above the regulatory minimum of 100.0% and our legal liquidity ratio was 36.3%, well above the 30.0% regulatory minimum.

1.1 Investment Portfolio

The Bank increased its investment portfolio during the quarter by 1.6% or ($16.9) million vs. Q3’23. We continue to invest excess liquidity in U.S. Agency Papers (CMOs), US Treasuries, and other investment-grade securities.

Of the total investment portfolio, 49.9% is comprised of investment-grade securities, 16.4% is non-investment grade, and 33.7% is local investment grade; Excluding local investment fixed income securities, our investment-grade securities represent 75.3% of the international portfolio. Investments in U.S. Agency papers (CMOs) totaled US$223.6 million as of June 30th, 2023.

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 June 30th, 2023, our gross loan portfolio increased by 0.3% ($16.4 million) when compared to the prior quarter, closing at $6.3 billion. The Bank’s portfolio mix remained almost unchanged, with the consumer portfolio accounting for 50.1% of our total gross loans and the corporate portfolio accounting for 49.9% of total gross loans.

The consumer portfolio remained almost flat and grew per quarter by 0.1% to $3.2 billion in Q4´23. Within the consumer portfolio, the products that grew the most during this quarter were mortgages by 0.7% representing a $12.9 million increase, personal & retirees by 0.6% representing a $4.5 million increase. All other products declined as listed: car loans by 3.0% representing a $7.1 million decrease, pledged personal loans by 1.0%, representing a $0.4 decrease, overdraft by 7.6% representing a $1.0 million decrease and credit cards 3.6% representing a $4.8 million decline.

The corporate portfolio increased by 0.4% to $3.1 billion for Q4’23. The products that increased the most during the quarter, were factoring by 22.7% representing a $44.8 million increase, pledged by 9.1% representing a $8.2 million growth, construction by 1.4% representing a $5.8 million increase, leasing and credit cards by 14.8% representing a $5.9

million increase, and small & medium enterprise by 3.7% representing a $3.3 million increase. All other products declined as listed: commercial by 2.4% representing a $43.4 million decline, agriculture by 0.7%, representing a $2.4 million decline, overdrafts by 6.1% representing a $7.3 million decrease, and transportation by 19.8% representing a $2.7 million decline.

(Data in US$ millions)	Q4´23	Q3´23	Q2´23	Q1´23	Q4´22	△ Q4´23/Q3´23 $	△ Q4´23/Q3´23 %
Consumer Banking							
Mortgages	1,950.8	1,938.0	1,916.3	1,891.9	1,864.1	12.9	0.7%
Car Loans	227.1	234.1	239.4	240.8	242.5	(7.1)	(3.0%)
Personal & Retirees	796.1	791.6	776.4	762.2	750.1	4.5	0.6%
Credit Cards	127.8	132.6	132.5	130.7	130.7	(4.8)	(3.6%)
Pledged	42.4	42.9	41.1	40.9	40.7	(0.4)	(1.0%)
Overdrafts	12.4	13.5	12.2	18.1	18.3	(1.0)	(7.6%)
Total Consumer Banking	**3,156.7**	**3,152.6**	**3,117.9**	**3,084.6**	**3,046.3**	**4.1**	**0.1%**
Corporate Banking							
Commerce	1,780.9	1,824.3	1,875.0	1,843.8	1,824.8	(43.4)	(2.4%)
Construction	407.5	401.8	406.7	393.7	419.4	5.8	1.4%
Agriculture	356.1	358.5	360.3	357.4	351.8	(2.4)	(0.7%)
Factoring	242.1	197.3	220.4	247.5	231.5	44.8	22.7%
Overdrafts	111.6	118.9	164.9	164.0	159.5	(7.3)	(6.1%)
Pledged	98.5	90.3	86.8	76.7	76.8	8.2	9.1%
Leasing	45.6	40.1	38.4	37.1	35.8	5.4	13.6%
Small & Medium Enterprise	94.1	90.8	85.2	87.7	59.3	3.3	3.7%
Transportation	11.1	13.9	14.3	15.2	15.7	(2.7)	(19.8%)
Total Corporate Banking	**3,147.6**	**3,135.8**	**3,252.1**	**3,223.0**	**3,174.6**	**11.8**	**0.4%**
Total Gross Loans	**6,304.3**	**6,288.4**	**6,370.0**	**6,307.6**	**6,221.0**	**15.9**	**0.3%**
Interest Receivables	154.3	154.3	153.6	155.5	158.4	0.0	0.0%
Allowance for Loan Losses	(230.2)	(230.2)	(247.6)	(242.6)	(231.0)	0.0	0.0%
Unearned interest and fees	(15.8)	(15.8)	(12.9)	(11.0)	(10.1)	0.0	0.0%
Total Net Loans	**6,212.6**	**6,196.7**	**6,263.1**	**6,209.5**	**6,138.2**	**15.9**	**0.3%**

Regarding loan portfolio quality, our stage 2 loans increased by 5.4% for Q4’23 vs. Q3’23 and Stage 3 loans decreased by 9.1% as we continue to show reductions on credit losses.

	Q4´23				Q3´23			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,459.0	487.6	201.6	3,148.1	2,457.7	455.9	222.8	3,136.3
Consumer	2,668.5	407.8	79.9	3,156.2	2,671.5	393.8	86.7	3,152.1
Total	**5,127.5**	**895.4**	**281.4**	**6,304.3**	**5,129.2**	**849.7**	**309.5**	**6,288.4**

1.3 Impairment Allowance Overview

Impairment allowance decreased by $17.4 million, net of charge-offs in Q4´23 to a total of $230.2 million. This represented a 7.0% decrease versus Q3'23. The Bank continued to build-up loan loss provisions during Q4'23 to a total provision expense of $49.0 million, a 17.1% decrease when compared to the same period last year.

Non-performing loans totaled $212.8 million for Q4'23 vs. $227.0 million for Q3'23. NPLs in our corporate segment decreased q-o-q by $8.3 million in the following segments: industrial loan $7.0 million, agriculture loans $4.0 million, overdraft loans $3.1 million, and factoring by $2.4 million; net of increases in commercial loans by $7.8 million, leasing by $0.1 million, and transportation loans by $0.1. Our consumer NPLs decreased by $6.0 million: mortgages by $0.1 million, personal & retirees by $1.3 million and credit cards by $4.6 million; net of increases on auto loans by $0.1 million. Our NPLs are distributed across all segments of the economy, with the three largest amounts related to our commercial portfolio ($82.6 million); agriculture portfolio ($31.6 million) and mortgage portfolio ($30.9 million).

Our NPL coverage ratio declined from 109.1% in Q3'23 to 108.2% in Q4'23.

			∆ Q4´23/ Q3´23	
(Data in US$ millions)	**Q4´23**	**Q3´23**	**$**	**%**
Balance Beginning of year	231.0	231.0	0.0	0.0%
Reserve charged to expenses	49.0	38.1	10.8	28.4%
Recoveries	3.8	2.8	1.0	36.3%
Written-off loans	(53.5)	(24.3)	(29.2)	120.1%
Balance at end of period	**230.2**	**247.6**	**(17.4)**	**(7.0%)**

2.0 Total Liabilities

As of June 30th, 2023 (Q4'23), Global Bank's total liabilities amounted to $7.7 billion, increasing by $17.7 million or 0.2% vs. Q3´23. Customer deposits continue to be the largest component of our total liabilities, representing 67.6% of our total liabilities as of Q4'23.

2.1 Customer and Bank Deposits

			∆ Q4´23/Q3´23	
(Data in US$ millions)	**Q4´23**	**Q3´23**	**$**	**%**
Demand	480.2	520.9	(40.8)	(7.8%)
Savings	1,138.5	1,153.4	(14.9)	(1.3%)
Time	3,586.9	3,514.8	72.1	2.1%
Total customer deposits	**5,205.6**	**5,189.2**	**16.4**	**0.3%**
Interbank deposits	82.9	75.2	7.7	10.3%
Interest Payable	33.1	29.6	3.4	11.5%
Total deposits	**5,321.5**	**5,294.0**	**27.6**	**0.5%**

For Q4’23, our deposits totaled $5.3 billion, representing an increase of $27.6 million or 0.5% when compared to Q3’23. Our time deposits increased by 2.1%, while our savings deposits declined by 1.3% and our demand deposits decreased by 7.8% during the last quarter. When compared to Q4’22, our time deposits grew by 6.4% and our savings accounts and demand deposits declined 10.9% and 9.7% respectively. The decline in our savings accounts continues to be driven by the migration of such monies onto higher yielding deposit products.

The Bank’s loan to deposit ratio for this quarter decreased from 119.4% to 119.2% when compared to Q3’23 and is higher than the 118.6 % registered in Q4’22.

2.2 Financings, Bonds & Commercial Paper

During Q4’23, the Bank’s overall increase in financing liabilities was $21.0 million. Bonds & commercial paper decreased $12.5 million or 2.2% and Repos & Bilateral Financings increased by $34.3 million or 2.1%. The total cost of financing liabilities increased from 3.9% in Q3’23 to 4.1% in Q4’23. Access to liquidity lines and counterparties has been ample, although more expensive given Fed Fund rate increases.

Shareholder’s Equity and Regulatory Capital

Shareholder’s equity as of Q4’23 totaled $711.8 million, an 8.8% decrease when compared to Q3’23. The decrease was mostly driven by a $72.7 million drop in retained earnings due to an extraordinary dividend paid to our parent company in order to redeem the shares of a group of shareholders.

Capital Adequacy Ratio

(Data in US$ millions)	Q4´23	Q3´23
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.3	2.1
Declared reserves	44.2	44.0
Retained earnings	328.3	401.0
Other items of comprehensive income	(37.4)	(39.6)
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(17.8)	(18.2)
Deferred Tax - Assets	(2.5)	0.0
Total Primary Capital (Tier 1 Common)	**583.2**	**655.3**
Additional Primary Capital (Tier 1)	**178.0**	**177.9**
Tier 2 Capital	**0.0**	**0.0**
Total Capital Funds	**761.1**	**833.3**
Risk-Weighted Assets (RWA's)	**5,800.3**	**5,678.6**
Total Capital Ratio	**13.12%**	**14.67%**
Tier 1 Primary Capital	**10.05%**	**11.54%**
Additional Tier 1 Capital	**3.07%**	**3.13%**

Total regulatory capital reached $761.1 million, a decrease of 8.7% when compared to Q3’23. The Bank’s capital ratio decreased from 14.67% to 13.12%. In addition to the extraordinary dividend payment, the decrease was also driven by a 2.1% increase in RWAs as of June 30th, 2023, caused by the elimination of a temporary regulatory relief measures (SBPGJD-0004-2020 and SBP-GJD-0005-2020) which allowed for a cap of 100% in the risk weighting of past due loans.