SEPTEMBER 2022

EARNINGS REPORT

For the first three 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 $13.1 MILLION FOR THE FIRST QUARTER ENDING ON SEPTEMBER 30th, 2022.

Management Highlights

- **As of September 30th, 2022, Global Bank reported a net income of $13.1 million,** which represents a quarterly y-o-y increase of 154.9%. The increase in net income was mainly driven by higher loan volume, improved financial margin, higher net commissions, and lower deferred income tax when compared with the same period last year.

  Our financial margin increased from 40.5% to 42.1% when compared to the same period last year due to higher loan volume coupled with interest rate increases amongst most product lines. Also, we saw improved profitability based on our most recent liability management exercise, where corporate global bonds were replaced by bilateral and structured financings. Nevertheless, we are currently experiencing pressure from LIBOR & SOFR repricing on such financings, which will certainly have a compression impact on our margins (financial and NIM). For this quarter, our annualized NIM increased when compared against last year (2.47% vs. 2.33%). We foresee this tendency to remain as the FED keeps battling inflation in the U.S. while indirectly exporting such rate hikes worldwide via Fed Funds' rate increases.
- **Loan loss provision expense increased to $14.8 million for the quarter ended on September 30th, 2022, a $0.3 million or (2.0%) increase when compared to the same period last year.** While the modified loan portfolio has continued to decrease, there are segments in the economy, such as tourism, which continue to face challenges. For the upcoming quarters, we expect similar levels of loan loss provisioning. The Panamanian Superintendency of Banks recently issued Executive Order 12-2022 which sets in motion the termination of the modified loans portfolio and brings all such exposure onto the original loan classification nomenclature which is governed by Executive Order 4-2013.
- **As of September 30th, 2022, Global Bank's assets totaled $8.5 billion,** increasing slightly by 0.7% when compared to Q4´22, and by 1.5% when compared to the same quarterly period last year. This short variance in total assets during the quarter was mainly driven by a 2.3% increase in cash and deposits, a 1.4% growth in the gross loan portfolio, and a decrease of 3.6% in the investment portfolio. All the aforementioned metrics are shown against Q4´22.
- **Liquidity levels remain stable.** For Q1'23, our cash and equivalents totaled $431.7 million, an increase of 2.3% from our prior quarter (Q4´22). Our client deposit base continues to increase, this quarter by $125.6 million when compared against Q4´22 to

finish at $5.4 billion. This represented a 2.6% increase when compared to the same period last year.

- **As of September 30th, 2022, gross loans increased by 1.4% to $6.3 billion on a quarter over quarter basis.** Consumer loans increased by 1.3%, or $38.2 million, and corporate loans increased 1.5% representing $48.4 million in additional volume when compared against the prior quarter.
- **Our non-performing loans increased 9.0% from $195.1 million in Q4'22 to $212.7 million in Q1'23**. Non-performing loans were split 60.3% in corporate banking and 39.7% in consumer banking. The NPL ratio increased 23 basis points from 3.14% in Q4'22 to 3.37% in Q1'23. Our loan loss reserves ended the quarter at $242.6 million, an increase of 5.0% versus Q4'22; this, in turn, resulted in a slight decrease of our NPL coverage ratio to 114.1% for Q1'23.
- **Our Capital Adequacy Ratio was 14.43%, Common Tier 1 (CT1) 11.25%, Total Tier 1 (TT1) 14.43%**. 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				
			△ Q1´23/Q1'22	
(Data in US$ thousands)	**Q1'23**	**Q1'22**	**$**	**%**
Loans	97,335	97,196	138	0.1%
Deposits	851	310	541	174.4%
Investments	9,991	9,169	822	9.0%
Total Interest income	108,177	106,675	1,502	1.4%
Deposits	(38,978)	(41,000)	2,022	(4.9%)
Financing	(14,773)	(6,156)	(8,617)	140.0%
Bonds & Commercial Paper	(8,833)	(16,328)	7,495	(45.9%)
Total Interest expense	(62,583)	(63,483)	900	(1.4%)
Net interest income	**45,593**	**43,192**	**2,401**	**5.6%**
Margin	***42.1%***	***40.5%***		
Net fee income	11,202	10,112	1,090	10.8%
Other income	4,816	3,477	1,339	38.5%
General and administrative expenses [1]	(36,079)	(35,233)	(847)	2.4%
Net income before LLA	**25,533**	**21,549**	**3,984**	**18.5%**
Margin	***23.6%***	***20.2%***		
Loan loss allowance (LLA)	(14,768)	(14,476)	(292)	2.0%
Profit before income tax	**10,765**	**7,073**	**3,692**	**52.2%**
Income tax	2,298	(1,948)	4,245	(217.9%)
Net income	**13,062**	**5,125**	**7,938**	**154.9%**

[1] Provision expense related to investments and sovereign risk in Q1' 23 of $1,029k and Q1'22 of $99K were included in G&A

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			∆ Q1´23/ Q4´22	
(Data in US$ thousands)	**Q1´23**	**Q4´22**	**$**	**%**
Assets				
Cash and deposits	322,005	251,248	70,756	28.2%
Interbank Deposits	109,436	170,736	(61,300)	(35.9%)
Interest Receivable	257	179	78	43.6%
Total Cash and deposits	431,698	422,163	9,534	2.3%
Gross loans	6,307,605	6,220,976	86,629	1.4%
Interest Receivable	155,488	158,404	(2,916)	(1.8%)
Allowance for loan losses	(242,628)	(231,040)	(11,588)	5.0%
Unearned Interest & Commissions	(11,002)	(10,119)	(883)	8.7%
Total Net Loans	6,209,463	6,138,222	71,241	1.2%
Investments	1,032,138	1,072,628	(40,489)	(3.8%)
Interest Receivable	7,969	6,863	1,107	16.1%
Total Investments[2]	1,040,108	1,079,490	(39,382)	(3.6%)
Other assets	781,949	760,721	21,228	2.8%
Total assets	**8,463,218**	**8,400,596**	**62,622**	**0.7%**
Liabilities & Shareholder's Equity				
Demand	501,686	531,525	(29,839)	(5.6%)
Savings	1,270,169	1,277,235	(7,066)	(0.6%)
Time Deposits	3,517,067	3,369,900	147,168	4.4%
Interbank Deposits	76,974	64,413	12,561	19.5%
Interest Payable	34,946	32,170	2,776	8.6%
Total Deposits	5,400,843	5,275,243	125,600	2.4%
Repos & financings	1,550,445	1,582,272	(31,827)	(2.0%)
Bonds and commercial paper	593,956	633,326	(39,370)	(6.2%)
Interest Payable	18,192	13,211	4,981	37.7%
Total Financing	2,162,593	2,228,809	(66,216)	(3.0%)
Other liabilities	144,550	136,390	8,160	6.0%
Total liabilities	**7,707,986**	**7,640,442**	**67,544**	**0.9%**
Shareholder's equity	**755,232**	**760,154**	**(4,923)**	**(0.6%)**

[2] Includes reverse repos.

Key Performance Metrics [3,4,5,6]

	Q1´23	Q4´22	Q3´22	Q2´22	Q1´22	Q4´21	Q3´21	Q2´21
Profitability								
Net Interest Margin	2.45%	2.49%	2.51%	2.54%	2.35%	2.15%	2.21%	2.41%
Efficiency Ratio	58.56%	59.41%	59.17%	60.97%	62.05%	56.10%	53.94%	54.55%
ROAA	0.63%	0.45%	0.43%	0.30%	0.24%	0.32%	0.25%	0.19%
ROAE	6.90%	4.85%	4.59%	3.18%	2.60%	3.38%	2.69%	2.02%
Loan Quality								
Overdue (NPLs)/ Gross Loans	3.37%	3.14%	3.36%	3.43%	3.31%	3.18%	2.97%	3.18%
Allowance / Overdue (NPLs)	114.09%	118.39%	110.08%	105.84%	102.91%	108.12%	112.43%	100.81%
Allowance/ Gross Loans	3.85%	3.71%	3.69%	3.63%	3.40%	3.44%	3.34%	3.21%
Loan to Deposit Ratio	117.55%	118.65%	117.01%	112.49%	114.38%	115.75%	114.78%	119.55%
Loan to Deposits + Corporate Bonds Ratio [4]	110.07%	110.16%	108.56%	104.51%	105.51%	106.73%	105.92%	110.09%
Capital Ratios								
Capital Adequacy Ratio	14.43%	15.11%	15.56%	15.91%	16.07%	15.97%	15.49%	15.62%
Tier 1 Common	11.25%	11.81%	12.24%	12.57%	12.74%	12.74%	12.32%	12.45%
Additional Tier 1 Capital	3.18%	3.30%	3.32%	3.34%	3.33%	3.08%	3.02%	3.02%
Tier 2 Capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.15%	0.15%	0.15%

[3] Ratios calculated on an annualized basis.
[4] Ratio calculated using gross deposits (excludes interest payable)
[5] Ratio includes corporate bonds with a maturity over 1 year.
[6] 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)	Q1'23	Q1´22	Δ Q1'23/Q1'22 $	%
Interest Income				
Loans	97.3	97.2	0.1	0.1%
Deposits	0.9	0.3	0.5	174.4%
Investments	10.0	9.2	0.8	9.0%
Total Interest Income	**108.2**	**106.7**	**1.5**	**1.4%**
Interest Expense				
Deposits	39.0	41.0	(2.0)	(4.9%)
Loans	14.8	6.2	8.6	140.0%
Bonds & Commercial Paper	8.8	16.3	(7.5)	(45.9%)
Total Interest Expense	**62.6**	**63.5**	**(0.9)**	**(1.4%)**
Net Interest Income	**45.6**	**43.2**	**2.4**	**5.6%**
Margin	*42.1%*	*40.5%*		

Net interest income for the three months ending September 30th, 2022 reached $45.6 million, an increase of 5.6% when compared to the same period last year. The increase in loan volume, coupled with higher yields from our investments and cash, was moderately impacted by higher funding costs due to the abrupt increase in LIBOR and SOFR rates during the quarter.

As a result of the aforesaid changes, our financial margin increased to 42.1% when compared to the same period last year. Going forward, we expect downward pressure on such margin (in our NIM) given higher SOFR costs which are correlated to FED interest rates hikes resulting from current US inflationary levels.

2.0 Net Fee and Other Income

(Data in US$ millions)	Q1'23	Q1'22	Δ Q1'23/Q1'22 $	%
Fee Income				
Loans	7.2	6.5	0.7	11.6%
Letters of Credit	1.9	0.4	1.6	427.6%
Savings and debit cards	1.0	1.1	(0.0)	(4.0%)
Trust Services	2.4	3.4	(1.0)	(29.8%)
Others	3.9	3.1	0.9	28.2%
Fee Expenses	**(5.3)**	**(4.3)**	**(1.0)**	**24.1%**
Net Fee Income	**11.2**	**10.1**	**1.1**	**10.8%**
Other Income				
Net Insurance premiums	3.2	3.0	0.2	8.4%
Others	1.6	0.5	1.1	219.9%
Total Other Income	**4.8**	**3.5**	**1.3**	**38.5%**

Net fee income increased by 10.8% or $1.1 million for Q1´23 vs. Q1´22. The increase in fee income was due to higher disbursement volume in consumer and corporate loans. Additionally, the bank experienced an increase in commission income driven by merchant and investment banking fees.

Total Other Income increased by 38.5% or $1.3 million for Q1´23 vs. Q1´22 due to a gain of $0.5 million on the repurchase of $10.0 million of our corporate bond maturing in 2029 during Q1'23 and $0.1 million higher income from subsidiaries. Insurance premiums also increased by 8.4% or $0.2 million vs. last quarter.

3.0 Operating Expenses

General & Administrative Expenses (G&A) totaled $36.1 million for Q1´23, representing a $0.8 million increase or gain of 2.4% 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 branches reopening net of continuing savings tied to hybrid working by 33.0%[7] of our workforce.

Our operating efficiency ratio[8] for the quarter ending September 30th, 2022, was 58.6% vs. 62.1% for the same period last year due to higher net revenue.

[7] As of September 30th, 2022

[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 $9.5 million to $431.7 million for Q1’23, representing a 2.3% quarter-over-quarter incremental change. Our cash balances continued to be stable despite our cash usage to help support the growth in the loan portfolio by $86.6 million or 1.4% for the quarter.

Our liquidity coverage ratio (LCR) was 105.9%, well above the regulatory minimum of 80.0%. Our legal liquidity ratio was 38.1%, well above the 30.0% regulatory minimum.

1.1 Investment Portfolio

The Bank decreased its investment portfolio during the quarter by 3.6% or $39.4 million vs. Q4’22. We continue to invest our excess liquidity mainly in Agency Paper, US Treasuries, and other investment-grade securities. This mix achieved a 3.59% yield during Q1´23, or 10 basis points higher when compared to the previous quarter.

Of the total investment portfolio, 48.2% is comprised of investment-grade securities, 17.1% is non-investment grade, and 34.7% is local investment grade; Excluding local bonds, our investment-grade securities represent 73.8% of the international portfolio. Investments in US Agency paper totaled US$225.0 million as of September 30th, 2022.

Our investment portfolio is primarily comprised of corporate and sovereign fixed income securities, including securities issued by U.S., Latin American, and European IG sovereigns, corporates and, a few selected financial institutions.

1.2 Loan Portfolio

As of September 30th, 2022, our gross loan portfolio increased by 1.4% ($86.6 million), closing at $6.3 billion. The Bank’s portfolio mix had a slight variance, with the consumer portfolio accounting for 48.9% of our total gross loans and the corporate portfolio accounting for 51.1% of our total loan volume.

The consumer portfolio increased by 1.3% to $3.1 billion in Q1´23. Within the consumer portfolio, the products that grew the most were mortgages by 1.5% representing a $27.8 million increase, personal & retirees by 1.6% representing a $12.2 million increase and pledged personal loans by 0.5%. All other products declined as listed: overdraft by 1.0%, car loans by 0.7%; credit cards remained flat.

The corporate portfolio increased by 1.5% to $3.2 billion for Q1’23. The products that increased the most during the quarter, were small & medium enterprise by 47.8% representing a $29 million increase, commercial by 1.0% representing a $19.0 million increase, factoring by 6.9% representing a $15.9 million increase, leasing 3.8%, overdrafts 2.8%, and agriculture 1.6%. All other products declined as listed: construction by 6.1%, pledged by 0.1%, and transportation by 3.7%.

(Data in US$ millions)	Q1´23	Q4´22	Q3´22	Q2´22	∆ Q1´23/Q4´22 $	%
Consumer Banking						
Mortgages	1,891.9	1,864.1	1,841.4	1,826.5	27.8	1.5%
Car Loans	240.8	242.5	242.6	241.2	(1.7)	(0.7%)
Personal & Retirees	762.2	750.1	734.9	718.1	12.2	1.6%
Credit Cards	130.7	130.7	132.4	135.0	(0.0)	(0.0%)
Pledged	40.9	40.7	41.3	41.7	0.2	0.5%
Overdrafts	18.1	18.3	18.0	15.8	(0.2)	(1.0%)
Total Consumer Banking	**3,084.6**	**3,046.3**	**3,010.5**	**2,978.2**	**38.2**	**1.3%**
Corporate Banking						
Commerce	1,843.8	1,824.8	1,743.3	1,627.2	19.0	1.0%
Construction	393.7	419.4	455.1	480.5	(25.7)	(6.1%)
Agriculture	357.4	351.8	345.6	341.6	5.6	1.6%
Factoring	247.5	231.5	243.0	251.5	15.9	6.9%
Overdrafts	164.0	159.5	149.4	136.8	4.5	2.8%
Pledged	76.7	76.8	67.9	66.9	(0.1)	(0.1%)
Leasing	37.1	35.8	36.6	35.1	1.4	3.8%
Small & Medium Enterprise	87.7	59.3	57.7	61.6	28.4	47.8%
Transportation	15.2	15.7	16.1	17.0	(0.6)	(3.7%)
Total Corporate Banking	**3,223.0**	**3,174.6**	**3,114.6**	**3,018.1**	**48.4**	**1.5%**
Total Gross Loans	**6,307.6**	**6,221.0**	**6,125.1**	**5,996.3**	**86.6**	**1.4%**
Interest Receivables	155.5	158.4	165.7	170.1	(2.9)	(1.8%)
Allowance for Loan Losses	(242.6)	(231.0)	(226.3)	(217.4)	(11.6)	5.0%
Unearned interest and fees	(11.0)	(10.1)	(10.3)	(10.4)	(0.9)	8.7%
Total Net Loans	**6,209.5**	**6,138.2**	**6,054.3**	**5,938.6**	**71.2**	**1.2%**

Our stage 2 loans decreased by 3.7% for Q1'23 vs. Q4'22. We continue to calibrate our expected loan loss model to reflect reductions on credit losses due to the positive turnover in modified loans. Currently Stage 3 loans increased by 6.5% (Which is explained in more detail in the below table).

	Q1´23				Q4´22			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,580.2	457.4	190.3	3,227.9	2,577.0	425.4	176.6	3,179.0
Consumer	2,435.3	553.0	91.4	3,079.7	2,330.1	624.1	87.8	3,042.0
Total	5,015.5	1,010.4	281.7	6,307.6	4,907.1	1,049.5	264.4	6,221.0

1.3 Impairment Allowance Overview

Impairment allowance increased by $11.6 million, net of write-offs in Q1´23 to a total of $242.6 million. This represented a 5.0% increase versus Q4'22. The Bank continued to build-up loan loss provisions during Q1'23 with a quarterly provision expense of $14.8 million, a 2.0% increase when compared to the same period last year.

Non-performing loans totaled $212.7 million for Q1'23 vs. $195.1 million for Q4'22. NPLs in our corporate segment increased q-o-q by $10.4 million in the following segments: commercial loans $7.6 million, agriculture loans $1.1 million, overdraft loans $1.4 million, transportation $0.2 million, and factoring loans remained flat. Our consumer NPLs increased by $7.2 million: personal by $1.8 million, mortgages by $3.5 million, auto by $1.2 million, and credit cards by $0.8 million; net of decreases on 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 ($64.3 million); agriculture portfolio ($32.8 million) and mortgage portfolio ($35.3 million).

Our NPL coverage ratio decreased from 118.4% in Q4’22 to 114.1% in Q1’23.

(Data in US$ millions)	Q1´23	Q4´22	∆ Q1´23/ Q4´22 $	%
Balance Beginning of year	231.0	208.6	22.5	10.8%
Reserve charged to expenses	14.8	59.0	(44.3)	(75.0%)
Recoveries	0.9	3.0	(2.1)	(70.0%)
Written-off loans	(4.1)	(39.6)	35.5	(89.7%)
Balance at end of period	**242.6**	**231.0**	**11.6**	**5.0%**

1.3.1 Modified Loans Status

As of Q1’23, our institution had approximately $0.3 billion in modified loans, representing 5.4% of the total gross loan portfolio. When compared against Q3’20 (the height of the COVID-19 pandemic), we have observed a reduction of $3.6 billion or a 90.5% defeasance in this category. The $341.6 million in modified loans are split 73.2% in consumer and 26.8% in corporate.

Data in US$ millions Products	No.	Modified	Not Modified	Total Loans	%
Internal Segment Corporate					
1. Commercial	174	75.0	1,991.0	2,066.0	
2. Agriculture	66	5.7	351.7	357.4	
3. Overdrafts	3	1.1	181.0	182.1	
4. Industrial	8	4.4	331.5	335.9	
5. Leasing	25	0.5	36.7	37.1	
6. Transportation	106	4.9	10.3	15.2	
7. Factoring	-	-	247.5	247.5	
Sub Total	**382**	**91.6**	**3,149.5**	**3,241.1**	**26.8%**
Internal Segment Consumer		-	-	-	
1. Personal	1,074	32.7	338.6	371.3	
2. Mortgages	2,332	168.7	1,723.2	1,891.9	
3. Auto	1,959	21.0	219.8	240.8	
4. Retirees	3	0.1	431.7	431.8	
5. Credit Cards	5,222	27.6	103.1	130.7	
Sub Total	**10,590**	**250.0**	**2,816.5**	**3,066.5**	**73.2%**
		-	-	-	
Total	**10,972**	**341.6**	**5,966.0**	**6,307.6**	**100.0%**

Recoveries and repayments within our modified loan portfolio continue to perform better than expected. As of Q1’23, we had approximately $0.1 billion in loans under moratorium versus $0.4 billion as of Q1’22, representing a $0.3 billion overall reduction from a year ago and flat when compared to last quarter (Q4´22). We have provisioned 15.52% (regulatory minimum 3.00%) of the modified loan portfolio as of September 30th, 2022, fully expensed through provisioning.

Based on Superintendency Executive Order 6-2021 together with the Board of Directors General Resolution SBP-GJD-0003-2021 modified loans should be classified and reported based on their risk stage under the IFRS 9 classification, as follows:

(USD)	Stage 1	Stage 2	Stage 3	Total
Corporate				
1. Commercial	8,119,977	51,087,094	5,835,773	75,042,845
2. Agriculture	693,134	3,843,224	1,132,356	5,668,715
3. Overdrafts	-	1,052,986	57,828	1,110,814
4. Industrial	4,361,939	-	48,900	4,410,839
5. Leasing	175,674	217,504	70,163	463,341
6. Transportation	1,589,304	3,039,213	278,271	4,906,788
7. Factoring	-	-	-	-
Sub Total	**24,940,029**	**59,240,022**	**7,423,291**	**91,603,342**
Internal Segment Consumer				
1. Personal	7,644,136	19,641,541	5,414,053	2,699,730
2. Mortgages	,217,455	108,636,854	13,833,437	168,687,747
3. Auto	3,701,188	15,153,431	2,097,372	20,951,990
4. Retirees	-	54,189	25,857	80,046
5. Credit Cards	-	10,734,860	16,837,047	27,571,906
Sub Total	**57,562,779**	**154,220,875**	**38,207,765**	**9,991,419**
Total	**82,502,808**	**213,460,897**	**45,631,056**	**341,594,761**

2.0 Total Liabilities

As of September 30th, 2022 (Q1'23), Global Bank's total liabilities amounted to $7.7 billion, increasing by $67.5 million or 0.9% vs. Q4´22. Customer deposits continue to be the largest component of our funding structure, representing 68.6% of our total liabilities as of the first quarter of 2023.

2.1 Customer and Bank Deposits

			∆ Q1´23/Q4´22	
(Data in US$ millions)	**Q1´23**	**Q4´22**	**$**	**%**
Demand	501.7	531.5	(29.8)	(5.6%)
Savings	1,270.2	1,277.2	(7.1)	(0.6%)
Time	3,517.1	3,369.9	147.2	4.4%
Total customer deposits	**5,288.9**	**5,178.7**	**110.3**	**2.1%**
Interbank deposits	77.0	64.4	12.6	19.5%
Interest Payable	34.9	32.2	2.8	8.6%
Total deposits	**5,400.8**	**5,275.2**	**125.6**	**2.4%**

We continue to observe stability in our customer deposits base. For Q1'23, our deposits totaled $5.4 billion, representing an increase of $125.6 million or 2.4% when compared to Q4'22. Our time deposits increased by 4.4%, and our demand deposits decreased by 5.6%, while savings decreased by 0.6% during the last quarter. When compared to Q1'22, our demand & savings accounts and time deposits overall growth was 1.1%, (3.7% and 1.5%, respectively). Our time deposits are driven by savings migrating to time deposits coupled with, an increase in regular savings from existing clients due to limited economic activity in Panama.

The Bank's loan to deposit ratio decreased from 118.7% to 117.6% when compared to Q4'22 and is higher than the 114.4% registered in Q1'22.

2.2 Financings, Bonds & Commercial Paper

During Q1'23, the Bank decreased its overall financing liabilities by $66.2 million. Bonds & commercial paper in Q1'23 decreased by $39.4 million mainly due to the maturity of $24.8 million of corporate bonds from the former Banvivienda bank acquisition, and by $16.0 million due to repurchases of our own Global Bank corporate bond 2029. The total cost of financing liabilities increased from 3.2% in Q4'22 to 3.3% in Q1'23. Access to liquidity lines and counterparties has been ample while more expensive given recent Fed Fund rate increases in the U.S.

Shareholder's Equity and Regulatory Capital

Shareholder's equity as of Q1'23 totaled $755.2 million, a 0.6% decrease when compared to Q4'22. Such decrease was mostly driven by an $11.3 million negative mark-to-market in our investment portfolio given the current rate hikes in the U.S.

Capital Adequacy Ratio

(Data in US$ millions)	Q1´23	Q4´22
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	1.9	2.0
Declared reserves	43.5	43.3
Retained earnings	386.6	380.4
Other items of comprehensive income	(49.0)	(37.7)
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(19.0)	(19.4)
Deferred Tax – Assets	(0.8)	0.0
Total Primary Capital (Tier 1 Common)	**629.2**	**634.6**
Additional Primary Capital (Tier 1)	**177.9**	**177.5**
Tier 2 Capital	**0.0**	**0.0**
Total Capital Funds	**807.1**	**812.1**
Risk-Weighted Assets (RWA's)	**5,593.7**	**5,375.4**
Total Capital Ratio	**14.43%**	**15.11%**
Tier 1 Primary Capital	**11.25%**	**11.81%**
Additional Tier 1 Capital	**3.18%**	**3.30%**

Total regulatory capital reached $807.1 million, a decline of 0.6% when compared to Q4'22. The Bank's capital ratio declined from 15.11% to 14.43%, the majority of such decline continues to be attributed to the negative mark-to-market effect on our investment portfolio due to recent interest rates hikes on Fed Funds in the U.S. Our RWAs increased by 4.1% when compared to Q4'22.

According to the Bank´s Superintendency Board of Director´s General Resolutions SBP-GJD-0004-2020 and SBPGJD-0005-2020, and the new Executive Order 8-2022 (which eliminates the temporary measures 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%; and (ii) the exclusion of Premises & Equipment, and Other Assets from risk-weighting.