FYE JUNE 30, 2020

EARNINGS REPORT

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/.), the official monetary unit of Panama. 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 changes in 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, but 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 prior to our next earnings report. The content of this document and the figures included herein are intended to provide a summary of the subjects discussed rather than a comprehensive description.

GLOBAL BANK CORPORATION REPORTS A CONSOLIDATED NET INCOME OF $42.3 MILLION FOR THE YEAR ENDING ON JUNE 30, 2020.

Management Highlights:

- **Global Bank continues to actively support its employees, clients, and country during the pandemic.** We have focused our efforts on maintaining business continuity, with most non-essential/non-branch staff working from home. We are accelerating the development of our digital channels, allowing our customers to access our services and meet their needs online, and we are providing payment relief to our clients affected by the pandemic.
- **As of June 30, 2020, Global Bank reported net income of $42.3 million,** which represents a y-o-y decrease of 8.0%. The decline in net income was mainly driven by a $32.5 million increase in provisioning expense during Q4'20 as a result of Covid-19, resulting in an operating loss for the latest quarter of $7.6 million.
- **The mix of higher yield loans and decrease in funding costs due to lower LIBOR over the fourth quarter contributed to an expansion of our financial margin from 37.0% in Q3'20 to 37.3% in Q4'20.** During our fiscal year 2020 we observed an improvement in our net interest margin. However, on a quarterly basis, our NIM decreased from 2.38% in Q3'20 to 2.32% for Q4'20 due to limited loan disbursements, increased levels of liquidity on our balance sheet, and lower yields on cash and investments.
- **Loan loss provision expense rose to $64.1 million for the year ended on June 30, 2020 a $34.7 million (118.0%) increase compared to same period last year**. The increase in provisions was driven by an update of macroeconomic variables in our expected loss model by incorporating the potential economic impact of the pandemic and the moratorium law.
- **As of June 30, 2020, Global Bank's assets totaled $8.5 billion**, which represents a decrease of 1.2% compared to Q3´20 and an increase of 1.1% compared to FY19. The increase in total assets during the year was driven by a 20.3% growth in our investment portfolio.
- **We have observed very low volatility in our deposit base during the pandemic**, however, we continue to hold high liquidity levels (cash and equivalents of $588.5 million) as we wait to see additional economic segments of the economy open (As of August 31st, the government has begun reopening some segments of the economy on a limited basis). Liquidity has been bolstered by funds raised through committed financing lines, REPO facilities and repayments of the loan portfolio.

- **Gross loans declined by 1.1% to $6.3 billion quarter over quarter as of June 30th, 2020**. Consumer loans declined by 1.0%, decreasing by $28.4 million and corporate loans declined 1.2% decreasing by $40.3 million.
- **From an asset quality standpoint, our non-performing loans declined by 9.1% from $141.2 million in Q3'20 to $128.4 million in Q4'20**. Non-performing loans were split 47.1% in corporate banking and 52.9% in consumer banking. The reduction in NPLs led to a decline of 17 basis points in our NPL ratio, from 2.2% in Q3'20 to 2.0% in Q4'20. Our loan loss reserves ended the quarter at $155.0 million, an increase of 15.0% versus Q3'20; this in turn resulted in an increase in our NPL coverage ratio to 120.7% for Q4'20.
- **Our Capital Adequacy Ratio was 14.58%, Common Tier 1 (CT1) 11.94% and 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%).
- **Shareholder's equity as of the end of Q4'20 totaled $782.0 million, an increase of $6.4 million or 0.8%, when compared with Q3'20**. The increase was mainly driven by changes in other items of comprehensive income (mark-to-market valuation on securities) of $21.9 million, due to the recovery of markets since the pandemic hit in mid-March.

Income Statement Summary[1]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ FY 20/FY 19	
(Data in $ thousands)	**FY 19**	**FY 20**	**$**	**%**
Loans	387,653	429,309	41,656	10.7%
Deposits	7,949	6,217	(1,732)	(21.8%)
Investments	37,041	38,260	1,219	3.3%
Total Interest income	432,644	473,787	41,143	9.5%
Deposits	(145,957)	(176,414)	(30,457)	20.9%
Financing	(35,315)	(37,362)	(2,047)	5.8%
Bonds & Commercial Paper	(95,187)	(83,243)	11,944	(12.5%)
Total Interest expense	(276,460)	(297,018)	(20,559)	7.4%
Net interest income	156,184	176,768	20,584	13.2%
Margin	36.1%	37.3%		
Net fee income	45,475	40,096	(5,379)	(11.8%)
Other income	10,419	16,037	5,618	53.9%
General and administrative expenses [1]	(136,266)	(131,084)	5,182	(3.8%)
Net income before Loan loss allowance	75,812	101,818	26,005	34.3%
Margin	17.5%	21.5%		
Loan loss allowance	(29,422)	(64,131)	(34,708)	118.0%
Profit before income tax	46,390	37,687	(8,703)	(18.8%)
Income tax	(403)	4,615	5,018	NM
Net income	45,988	42,302	(3,685)	(8.0%)

[1] Provisions expense related to investments and others in FY 20 of $739K; and FY 19 of $55K where included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q4 FY20/ Q3 FY20	
(Data in $ thousands)	**Q3 FY20**	**Q4 FY20**	**$**	**%**
Assets				
Cash and deposits	583,881	275,517	(308,364)	(52.8%)
Interbank Deposits	208,510	312,959	104,449	50.1%
Total Cash and deposits	792,392	588,476	(203,916)	(25.7%)
Gross loans	6,404,762	6,336,122	(68,640)	(1.1%)
Allowance for loan losses	(134,824)	(155,026)	(20,202)	15.0%
Unearned Interest & Commissions	(13,909)	(11,679)	2,230	(16.0%)
Total Net Loans	6,256,029	6,169,417	(86,612)	(1.4%)
Investments	881,058	1,029,732	148,674	16.9%
Other assets	687,947	728,502	40,554	5.9%
Total assets	**8,617,426**	**8,516,127**	**(101,299)**	**(1.2%)**
Liabilities & Shareholder's Equity				
Demand	447,526	439,433	(8,093)	(1.8%)
Savings	948,162	1,038,508	90,346	9.5%
Time Deposits	3,727,100	3,621,061	(106,039)	(2.8%)
Interbank Deposits	34,240	72,765	38,525	112.5%
Total Deposits	5,157,028	5,171,767	14,739	0.3%
Repos & financings	1,123,715	1,074,123	(49,593)	(4.4%)
Bonds and commercial paper	1,360,653	1,301,916	(58,736)	(4.3%)
Other liabilities	200,502	186,344	(14,158)	(7.1%)
Total liabilities	**7,841,898**	**7,734,150**	**(107,747)**	**(1.4%)**
Shareholder's equity	**775,529**	**781,977**	**6,448**	**0.8%**

Key Performance Metrics[2,3,4]

	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Profitability					
Net Interest Margin	2.21%	2.23%	2.28%	2.38%	2.32%
Efficiency Ratio	53.75%	56.17%	53.65%	54.63%	56.28%
ROAA	0.91%	0.95%	0.89%	0.77%	0.50%
ROAE	9.82%	10.32%	9.59%	8.43%	5.42%
Loan Quality					
Overdue (NPLs)/ Gross Loans	2.02%	2.30%	2.57%	2.20%	2.03%
Allowance / Overdue (NPLs)	92.68%	78.81%	75.28%	95.51%	120.74%
Allowance/ Gross Loans	1.87%	1.81%	1.93%	2.11%	2.45%
Loan to Deposit Ratio	130.71%	129.06%	124.20%	124.19%	122.51%
Loan to Deposits + Corporate Bonds Ratio [1]	100.97%	99.00%	100.86%	100.89%	100.49%
Capital Ratios					
Capital Adequacy Ratio	13.96%	14.04%	13.72%	14.35%	14.58%
Tier 1 Common	11.57%	11.65%	11.40%	11.75%	11.94%
Additional Tier 1 Capital	2.25%	2.25%	2.18%	2.46%	2.49%
Tier 2 Capital	0.14%	0.14%	0.13%	0.14%	0.14%

[2] Ratio includes corporate bonds with a maturity over 1 year.
[3] Profitability ratios for Q4 2019 adjusted for Banvivienda's acquisition non-recurrent expenses
[4] Profitability ratios calculated on a quarterly annualized basis.

Update on the COVID-19 pandemic in Panama

As of August 31st, the government has slowly begun the re-opening of specific sectors of the economy including retail, construction, government infrastructure projects, among others. Strict quarantine measures implemented in March through July have also been relaxed only requiring full quarantine on Sundays in Panama City. Latest economic reports suggest an economic contraction of up to 9.0%[5] for 2020 due to the pandemic.

As part of the relief measures to counteract the impact of the pandemic, the Panamanian Congress, enacted law 156 which provided a grace period, until December 31st, 2020 on all commercial and consumer loans that have been affected by the pandemic. Through its digital platform and call centers, Global has been proactively reaching out to its customers on both the retail and commercial portfolios to provide payment relief and to assess their economic situation ahead of the end of the moratorium law. Our objective is to determine whether a client can resume paying his/her loan, whether the loan needs to be modified considering the client's new economic situation (in which case the loan could be migrated to a stage 2 loan), or whether the client will not be able to resume loan payments (in which case the loan would be re-classified as non-performing).

As of August 31st, the Bank had $3.5 billion of loans that have been modified, or subject to debt relief measures; representing 56.2% of the total portfolio. The $3.5 billion in modified loans are split 68.5% in retail and 32.5% in corporate. Approximately $2.0 billion of the modified loans are currently making payments. The remaining $1.5 billion are currently not paying, which means that the bank is still collecting payments on 57.14% of the modified loans. We expect the level of payments to increase as various economic sectors begin re-opening.

From an asset quality standpoint, in order to prepare for the end of the moratorium law and the uncertainty regarding the status of the modified loans, the Bank has proactively increased its reserves during the fourth quarter of 2020 to $32.4 million. Additionally, we expect provisioning expense to remain at elevated levels in our current fiscal year.

On August 19, The Superintendence of Banks, in coordination with the Ministry of Finance and the Banco Nacional de Panama, approved an Economic Reactivation facility for the Banking System of $1.0 billion ("Fondo Especial de Estímulo al Sistema Bancario") with a dual purpose of providing contingent liquidity for financial institutions and to provide lines of credit to stimulate the economy. We view this with great optimism as the government has stepped in to provide support to the Banking system and has enabled new sources of funds so that Banks can lead the way in the economic reactivation plan of the Government.

[5] Source: Panama´s Ministry of Finance and Economy

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Income Statement

Accumulated net income for the full year ending June 30, 2020, totaled $42.3 million, which represents a decrease of 8.0% versus the same period last year. The declines were primarily observed during the fourth quarter of 2020 and were driven by lower loan portfolio volume; lower investment income and an increase in loan loss provision expense.

1.0 Net Interest Income

			Δ FY 20/FY 19	
(Data in US$ millions)	**FY 19**	**FY 20**	**$**	**%**
Interest Income				
Loans	387.7	429.3	41.7	10.7%
Deposits	7.9	6.2	(1.7)	(21.8%)
Investments	37.0	38.3	1.2	3.3%
Total Interest Income	**432.6**	**473.8**	**41.1**	**9.5%**
Interest Expense				
Deposits	146.0	176.4	30.5	20.9%
Loans	35.3	37.4	2.0	5.8%
Bonds & Commercial Paper	95.2	83.2	(11.9)	(12.5%)
Total Interest Expense	**276.5**	**297.0**	**20.6**	**7.4%**
Net Interest Income	**156.2**	**176.8**	**20.6**	**13.2%**
Margin	*36.1%*	*37.3%*		

- Net interest income for the full year ending June 30, 2020 reached $176.8 million, increasing 13.2% when compared to the same period 2019, primarily due to higher average loan and investment volume in the first nine months of the year. During Q4'20 net interest income was negatively affected by limited disbursements and lower yields on investment income due to lower rates.

- We observed a y-o-y improvement in our financial margin to 37.3%, from 36.1%, this was driven by the repricing of our liabilities tied to LIBOR and open market repurchases of our corporate bonds ($84.6 million)[6].

- Our NIM decreased by six bps when comparing Q4'20 vs Q3'20 (2.32% vs. 2.38%) due to lower loan volume and higher short-term investment and cash levels as a result of the Covid-19 pandemic. This negative effect was partially offset by cost of funds compression due to lower LIBOR in our floating rate facilities. We expect to see additional interest expense benefits from lower LIBOR during our 2021 fiscal year.

[6] Amount as of June 30, 2020

3.0 Net Fee and Other Income

(Data in US$ millions)	FY 19	FY 20	Δ FY 20/FY 19 $	%
Fee Income				
Loans	26.9	26.3	(0.5)	(2.0%)
Letters of Credit	3.3	2.4	(0.9)	(26.8%)
Savings and debit cards	6.0	5.4	(0.6)	(9.8%)
Trust Services	10.0	10.1	0.1	0.6%
Others	13.4	10.9	(2.5)	(18.3%)
Fee Expenses	**(14.1)**	**(15.0)**	**(1.0)**	**7.0%**
Net Fee Income	**45.5**	**40.1**	**(5.4)**	**(11.8%)**
Other Income				
Net Insurance premiums	11.0	12.8	1.8	16.6%
Others	(0.6)	3.2	3.8	na
Total Other Income	**10.4**	**16.0**	**5.6**	**53.9%**

Net fee income decreased by 11.8% or $5.4 million for FY 20 vs. FY 19. The decrease in fee income was due to lower volumes of loans and transactions as a result of the Covid-19 pandemic during Q4´20 - $5.7 million vs. $9.7 million in Q3´20.

Additionally, due to the extension of the Covid-19 lockdown, many activities related to trade, factoring, and investment banking had a significant reduction during Q4´20.

Total other income grew by 53.9%, or $5.6 million for FY 20 vs. FY 19 due to higher insurance premiums net of costs associated to open market purchases of our bonds.

4.0 Operating Expenses

- General & Administrative Expense (G&A) excluding loan loss provisions closed at $131.1million for FY 20, representing a $5.2 million decrease over the same period last year. The change was primarily driven by cost savings (including a decrease in marketing, professional services and travel costs as a result of the Covid-19 restrictions), and lower depreciation and rental expense. The operating efficiency ratio[7] for FY 20 closed at 56.28% vs. 64.25% for the same period last year as a result of non-recurring expenses related to the Banvivienda acquisition in FY 19.

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

Balance Sheet

1.0 Cash and Equivalents

Total cash and equivalents decreased by $203.9 million to a total of $588.5 million for Q4'20, representing a 25.7% quarter over quarter change. The change is mainly attributable to the investment of $150.0 million in US Treasuries, repurchase of corporate bonds and repayment of financial facilities. Our liquidity coverage ratio (LCR) was 249.1%, well above the regulatory minimum of 50.0%. Our primary liquidity ratio which is the legal liquidity ratio was 50.3%, well above the 30.0% regulatory minimum.

1.1 Loan Portfolio

As of June 30, 2020, our gross loan portfolio decreased 1.1% ($68.6 million) to close at $6.3 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 46.6% of our total gross loans and corporate portfolio 53.4% of total gross loans.

					Δ Q4 FY20/Q3 FY20	
(Data in US$ millions)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	$	%
Consumer Banking						
Mortgages	1,753.0	1,771.6	1,778.0	1,776.9	(1.1)	(0.1%)
Car Loans	286.6	283.3	274.1	265.3	(8.8)	(3.2%)
Personal & Retirees	673.4	687.0	695.1	684.2	(10.9)	(1.6%)
Credit Cards	132.0	145.7	152.7	149.1	(3.6)	(2.4%)
Pledged	56.1	58.0	59.4	54.8	(4.6)	(7.7%)
Overdrafts	24.1	26.0	23.3	23.9	0.6	2.6%
Total Consumer Banking	**2,925.2**	**2,971.6**	**2,982.6**	**2,954.2**	**(28.4)**	**(1.0%)**
Corporate Banking						
Commerce	1,503.5	1,546.6	1,506.9	1,492.8	(14.1)	(0.9%)
Construction	850.9	781.0	753.7	740.7	(13.0)	(1.7%)
Agriculture	415.7	405.6	397.9	393.9	(4.0)	(1.0%)
Factoring	205.8	247.7	221.9	212.6	(9.3)	(4.2%)
Overdrafts	168.9	176.3	155.9	166.5	10.6	6.8%
Pledged	86.2	84.8	78.8	74.2	(4.6)	(5.9%)
Leasing	60.3	58.8	57.0	54.8	(2.2)	(3.8%)
Small & Medium Enterprise	204.1	202.9	231.3	225.8	(5.5)	(2.4%)
Transport	20.5	19.4	18.8	20.6	1.8	9.5%
Total Corporate Banking	**3,515.9**	**3,523.1**	**3,422.2**	**3,381.9**	**(40.3)**	**(1.2%)**
Total Gross Loans	**6,441.1**	**6,494.7**	**6,404.8**	**6,336.1**	**(68.6)**	**(1.1%)**
Allowance for Loan Losses	(116.8)	(125.6)	(134.8)	(155.0)	(20.2)	15.0%
Unearned interest and fees	(17.2)	(16.2)	(13.9)	(11.7)	2.2	(16.0%)
Total Net Loans	**6,307.1**	**6,352.9**	**6,256.0**	**6,169.4**	**(86.6)**	**(1.4%)**

The consumer portfolio declined by 1.0% to $3.0 billion in Q4'20. Within the consumer portfolio the only product that grew during the Q4´20 was overdrafts by 2.6%. All the other products declined as listed: credit cards 2.4%, personal & retiree loans 1.6%, mortgages 0.1% and car loans 3.2%.

Global Bank's corporate portfolio decreased by 1.2% to $3.4 billion for Q4'20. We continue reducing our exposure to the construction and agriculture sectors of the economy, given the current economic cycles that each is going through. Our corporate business decreased as a result of repayments and limited disbursements because of the lockdown of the economy.

	Q3 FY20				Q4 FY20			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	2,976.9	375.1	70.1	3,422.2	2,680.7	506.9	68.2	3,255.8
Consumer	2,493.3	418.3	71.0	2,982.6	2,840.5	179.6	60.2	3,080.3
Total	**5,470.2**	**793.4**	**141.2**	**6,404.8**	**5,521.2**	**686.5**	**128.4**	**6,336.1**

1.2 Impairment Allowance Overview

Impairment allowance increased by $20.2 million, net of charge-offs in Q4´20 to a total of $155.0 million, representing a 15.0% increase versus Q3'20. The provision expense of $32.5 million was due to a worsened macro-economic outlook as a result of the negative impact of the Covid-19 pandemic, which is expected to result in a reduction of GDP of around 9.0%[8] in 2020. The reserve charge expense is distributed across the collective reserve for corporate loans (74.3%), consumer loans (12.6%), and residential loans (13.1%).

Non-performing loans totaled $128.4 million for Q4'20 vs. $141.2 million for Q3'20. The reduction of $12.8 million was due mainly to higher write-offs on the consumer loans such as credit cards, auto and personal loans during the Q4´20. Our NPLs are distributed across all segments of the economy with the largest amount related to our mortgage portfolio ($34.8 million).

Our NPL coverage ratio increased from 95.5% in Q3'20 to 120.7% in Q4'20. The current moratorium law allows banks to maintain modified loans as current until December 31st, 2020. Therefore, we expect to see an increase in our NPLs beginning on March 31st, 2021. We are proactively bolstering our reserves through additional provisioning expense as we gather information regarding the impact of the economic situation for our customers.

			Δ Q4 20/ Q3 20	
(Data in $ millions)	Q3 FY20	Q4 FY20	$	%
Balance Beginning of period	119.7	119.7	0.0	0.0%
Reserve charged to expenses	31.7	64.1	32.5	102.4%
Recoveries	2.6	2.8	0.1	4.4%
Loan Write-offs	(19.2)	(31.6)	(12.4)	64.4%
Balance at end of period	**134.8**	**155.0**	**20.2**	**15.0%**

1.3 Investment Portfolio

For Q4'20 we observed very low volatility in our deposit base while maintaining access to international funding. For June, the bank invested excess liquidity in US Treasuries, adding $148.7 million and increasing

[8] Source: Panama´s Ministry of Finance and Economy

the investment portfolio by 16.9% vs Q3’20. Of the total investment portfolio, 48.5% are investment grade securities, 30.6% are non-investment grade and 20.9% are local investment grade.

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

The weighted average yield in our interest and dividend-earning investment portfolio decreased from 3.9% in Q3´20, to 3.5% as of Q4’20. The lower yield is a result of a general decline in rates.

2.0 Total Liabilities

As of June 30, 2020, Global Bank's total liabilities amounted to $7.7 billion, decreasing by $107.7 million versus the third quarter of 2020. This represents a 1.4% decrease for the quarter. Customer deposits continue to be the largest component of our funding structure, representing 66.9% of total liabilities for the full year June 30, 2020.

2.1 Customer and Bank Deposits

(Data in US$ millions)	Q3 FY20	Q4 FY20	$	%
Demand	447.5	439.4	(8.1)	(1.8%)
Savings	948.2	1,038.5	90.3	9.5%
Time	3,727.1	3,621.1	(106.0)	(2.8%)
Total customer deposits	**5,122.8**	**5,099.0**	**(23.8)**	**(0.5%)**
Interbank deposits	34.2	72.8	38.5	112.5%
Total deposits	**5,157.0**	**5,171.8**	**14.7**	**0.3%**

Despite the effects of the pandemic, we continue to observe very little movement in our deposit accounts during Q4´20. We have observed two trends during the pandemic; first our existing clients are opting to place their maturing CDs into savings accounts and secondly, we have received new deposits from other banks as we continue to see a flight to quality, typical of these situations, where some customers tend to put their funds in larger banks. For Q4'20, our total customer deposits remained almost flat at $5.1 billion, representing a slight decrease of $23.8 million or 0.5% compared to Q3´20. Our savings accounts grew by 9.5% during that same period. The Bank's loan to deposit ratio slightly decreased to 122.5%, when compared to Q3'20 and is lower than the 130.7% registered in Q4'19.

2.2 Financings, Bonds & Commercial Paper

During Q4´20, the bank reduced its financing liabilities by $108.3 million when compared to Q3´20. The change was driven by the scheduled repayment of various facilities and open market repurchases of our corporate bonds, $23.7 million for the bonds maturing in 2029 and $84.6 million for the 2021 maturity. The repurchase of bonds has reduced the cost of funds on bonds & commercial paper in Q4´20 to 5.8% from 5.9% in Q3´20, and from 6.1% when compared to Q4´19. Total cost of financing liabilities decreased to 3.7% in Q4´20 vs. 3.8% in Q3´20.

Shareholder’s Equity and Regulatory Capital

Shareholder’s equity as of the end of Q4’20 totaled $782.0 million, an increase of $6.4 million or 0.8%, when compared with Q3’20. The increase was mainly driven by changes in other items of comprehensive income (mark-to-market valuation on securities) of $21.9 million, due to the market recovery from the Covid-19 pandemic initial trend.

Capital Adequacy Ratio

(Data in US$ millions)	Q3 FY20	Q4 FY20
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.7	2.0
Declared reserves	41.3	41.5
Retained earnings	383.5	369.0
Other items of comprehensive income	(20.5)	1.4
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(92.0)	(92.0)
Other intangible assets	(22.8)	(22.5)
Total Primary Capital (Tier 1 Common)	**650.2**	**657.6**
Additional Primary Capital (Tier 1)	**136.1**	**137.1**
Tier 2 Capital	**7.9**	**7.9**
Total Capital Funds	**794.2**	**802.6**
Risk-Weighted Assets (RWA's)	**5,532.8**	**5,505.1**
Total Capital Ratio	**14.35%**	**14.58%**
Tier 1 Primary Capital	**11.75%**	**11.94%**
Additional Tier 1 Capital	**2.46%**	**2.49%**
Tier 2 Capital	**0.14%**	**0.14%**

Total regulatory capital reached $802.6 million, an increase of 1.1% compared to Q3´20. The Bank’s capital ratio increased from 14.35% to 14.58%, due to the change in valuation of $21.9 million on other items of comprehensive income, and the decrease on RWAs of 0.5% in compared to Q3´20. This decline in RWA´s was due to lower loan volume during the quarter as part of the pandemic effect.

Our annualized dividend payout ratio for the full year 2020 was 79.8%, compared to 60.0% for the same period last year. We expect a dividend payout ratio below 50% for FY 2021. Our quarterly return on average equity (ROAE) during Q4´20 vs. Q4’19, dropped to 5.42% vs. 9.82%, and quarterly return on average assets (ROAA) declined to 0.50% vs. 0.91%, respectively for the same period last year.