DECEMBER 31st, 2019

EARNINGS REPORT

Six Month Period for the 2020 Fiscal Year

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 (US$), 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 US$38.1 MILLION FOR SIX-MONTH PERIOD ENDING ON DECEMBER 31, 2019. THIS REPRESENTS AN INCREASE OF 30.3% VERSUS THE SAME PERIOD LAST YEAR.

Management Highlights

- Gross loans grew by 0.8% to US$6.5 billion for the second quarter 2020, when compared with the first quarter of the 2020 Fiscal Year. Consumer loans grew by 1.6%, increasing by US$46.4 million and corporate loans grew 0.2% increasing by US$7.2 million.
- The mix of higher yielding loans and lower funding costs contributed to a quarterly expansion of our financial margin from 35.79% in Q1'20 to 36.74% in Q2'20. We continue to observe an improving net interest margin (NIM) for Q1'20 of 2.23% and expect to continue see an upward trend for 2020 (NIM Q2'20: 2.28%) driven by lower LIBOR.
- From an asset quality standpoint, our non-performing loans rose by 12.6% from US$148.2 million in Q1'20 to US$166.9 million in Q2'20. Non-performing loans were split 47% in corporate and 53% in consumer and impacted all segments. The incremental NPLs combined with flat loan growth led to a rise of 30 basis points in our NPL ratio, from 2.30% in Q1'20 to 2.57% in Q2'20. Our loan loss reserves, net of write offs, ended the quarter at US$125.6 million, an increase of 7.6% versus Q1'20.
- Loan loss provision expense rose to US$17.7 million in the six-month period ending December 31, 2019, a US$12.2 million (221.8%) increase compared to same period in 2018; the incremental expense is driven by increasing NPLs in the Banvivienda loan portfolio.
- For December 2019, our Capital Adequacy Ratio was 13.72%, Common Tier 1 (CT1) 11.40% and Total Tier 1 (TT1) 13.58% in accordance to new Basel 3 guidelines implemented on December 2019, which now include operational and market risk in RWAs. Our capital ratios continue to be well above the regulatory minimum for each category of capital (Total: 8%, CT1: 4.5%, TT1: 6.0%).
- Return on average equity and return on average assets for the second quarter of 2020 rose to 9.59% and 0.89%, respectively vs. 9.03% and 0.78% for the same period last year.

Income Statement Summary[1]

Global Bank Corporation and Subsidiaries - Income Statement				
			Δ 6M 20/6M 19	
(Data in US$ thousands)	**6M 19**	**6M 20**	**$**	**%**
Loans	173,518	217,263	*43,745*	25.2%
Deposits	2,964	4,169	*1,205*	40.7%
Investments	18,719	19,245	*526*	2.8%
Total Interest income	195,201	240,677	45,476	23.3%
Deposits	(62,787)	(87,808)	*(25,021)*	39.9%
Financing	(14,890)	(19,711)	*(4,821)*	32.4%
Bonds & Commercial Paper	(45,583)	(45,886)	*(302)*	0.7%
Total Interest expense	(123,261)	(153,405)	(30,145)	24.5%
Net interest income	**71,940**	**87,272**	**15,332**	**21.3%**
Margin	***36.9%***	***36.3%***		
Net fee income	21,393	24,673	3,280	15.3%
Other income	3,258	12,911	9,653	296.3%
General and administrative expenses [1]	(58,355)	(66,990)	(8,635)	14.8%
Net income before Loan loss allowance	**38,237**	**57,866**	**19,629**	**51.3%**
Margin	***19.6%***	***24.0%***		
Loan loss allowance	(5,499)	(17,695)	(12,197)	221.8%
Profit before income tax	**32,738**	**40,170**	**7,432**	**22.7%**
Income tax	(3,510)	(2,094)	1,416	(40.4%)
Net income	**29,228**	**38,077**	**8,849**	**30.3%**

[1] Provision expense related to investments and others in 6M´20 of US$123K where included in G&A.

Balance Sheet Summary

Global Bank Corporation and Subsidiaries - Balance Sheet				
			Δ Q2 FY20/ Q1 FY20	
(Data in US$ thousands)	Q1 FY20	Q2 FY20	$	%
Assets				
Cash and deposits	269,869	250,626	(19,243)	(7.1%)
Interbank Deposits	299,931	300,692	761	0.3%
Total Cash and deposits	569,800	551,318	(18,482)	(3.2%)
Gross loans	6,441,106	6,494,703	53,597	0.8%
Allowance for loan losses	(116,791)	(125,630)	(8,839)	7.6%
Unearned Interest & Commissions	(17,184)	(16,152)	1,032	(6.0%)
Total Net Loans	6,307,131	6,352,921	45,790	0.7%
Investments	1,011,884	998,768	(13,116)	(1.3%)
Other assets	721,133	690,660	(30,473)	(4.2%)
Total assets	**8,609,949**	**8,593,667**	**(16,282)**	**(0.2%)**
Liabilities & Shareholder's Equity				
Demand	447,250	449,280	2,030	0.5%
Savings	946,263	961,026	14,763	1.6%
Time Deposits	3,550,442	3,720,863	170,421	4.8%
Interbank Deposits	46,757	98,192	51,436	110.0%
Total Deposits	4,990,711	5,229,361	238,649	4.8%
Repos & financings	931,353	983,957	52,604	5.6%
Bonds and commercial paper	1,683,872	1,380,029	(303,843)	(18.0%)
Other liabilities	217,044	198,465	(18,578)	(8.6%)
Total liabilities	**7,822,980**	**7,791,812**	**(31,168)**	**(0.4%)**
Shareholder's equity	**786,969**	**801,855**	**14,887**	**1.9%**

Key Performance Metrics[1,2,3]

	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20
Profitability					
Net Interest Margin	2.24%	2.20%	2.21%	2.23%	2.28%
Efficiency Ratio	59.26%	61.84%	53.75%	56.17%	53.65%
ROAA	0.78%	0.98%	0.91%	0.95%	0.89%
ROAE	9.03%	8.43%	9.82%	10.32%	9.59%
Loan Quality					
Overdue (NPLs)/ Gross Loans	2.39%	2.47%	2.02%	2.30%	2.57%
Allowance / Overdue (NPLs)	65.44%	62.52%	92.68%	78.81%	75.28%
Allowance/ Gross Loans	1.56%	1.54%	1.87%	1.81%	1.93%
Loan to Deposit Ratio	132.16%	134.77%	130.71%	129.06%	124.20%
Loan to Deposits + Corporate Bonds Ratio [1]			105.18%	99.00%	100.86%
Capital Ratios					
Capital Adequacy Ratio	13.10%	13.30%	13.96%	14.04%	13.72%
Tier 1 Common	10.82%	11.07%	11.57%	11.65%	11.40%
Additional Tier 1 Capital	1.97%	1.97%	2.25%	2.25%	2.18%
Tier 2 Capital	0.30%	0.30%	0.14%	0.14%	0.13%

[1] Ratio includes corporate bonds with a maturity over 1 year.
[2] Profitability ratios for Q3 & Q4 2019 adjusted for Banvivienda's acquisition non-recurrent expenses
[3] Profitability ratios calculated on a quarterly annualized basis.

Income Statement

Accumulated net income for the six-month period ending December 31, 2019 totaled US$38.1 million, which represents an increase of 30.3% versus the same period last year. Increase in net income was driven by a combination of higher loan and investment volume and cost savings driven by synergies from the acquisition of Banvivienda

1.0 Net Interest Income

			Δ 6M 20/6M 19	
(Data in US$ millions)	**6M 19**	**6M 20**	**$**	**%**
Interest Income				
Loans	173.5	217.3	43.7	25.2%
Deposits	3.0	4.2	1.2	40.7%
Investments	18.7	19.2	0.5	2.8%
Total Interest Income	**195.2**	**240.7**	**45.5**	**23.3%**
Interest Expense				
Deposits	62.8	87.8	25.0	39.9%
Loans	14.9	19.7	4.8	32.4%
Bonds & Commercial Paper	45.6	45.9	0.3	0.7%
Total Interest Expense	**123.3**	**153.4**	**30.1**	**24.5%**
Net Interest Income	**71.9**	**87.3**	**15.3**	**21.3%**
Margin	*36.9%*	*36.3%*		

- Net interest income for the six-month period ending December 31, 2019 reached US$87.3 million, increasing 21.3% when compared to the 6M of the 2019 fiscal year primarily due to higher loan and investment volume.

- We are beginning to observe a stabilization in our NIM with a slight quarterly increase of 5 bps when comparing Q2’20 vs Q1’20 (2.28% vs. 2.23%) due to higher yields and cost of funds compression from lower LIBOR on our floating facilities.

3.0 Net Fee and Other Income

(Data in US$ millions)	6M 19	6M 20	Δ 6M 20/6M 19 $	%
Fee Income				
Loans	12.4	16.1	3.7	30.2%
Letters of Credit	1.6	2.0	0.3	20.6%
Savings and debit cards	2.9	3.2	0.2	8.4%
Trust Services	4.8	5.1	0.4	7.5%
Others	6.4	6.4	(0.1)	(0.8%)
Fee Expenses	**(6.7)**	**(8.0)**	**(1.3)**	**20.0%**
Net Fee Income	**21.4**	**24.7**	**3.3**	**15.3%**
Other Income				
Net Insurance premiums	5.0	6.8	1.8	35.1%
Others	(1.7)	6.2	7.9	na
Total Other Income	**3.3**	**12.9**	**9.7**	**296.3%**

Net fee income grew by 15.3% for 6M´20 vs. 6M´19, the US$3.3 million increase was mainly driven by new loan volume from Banvivienda.

Total other income grew by 296.3%, or US$9.7 million for 6M´20 vs. 6M´19 due to higher insurance premiums and a one-time gain of US$5.3 million from the sale of investments that was partially offset by a loss of US$4.1 million on derivative losses.

4.0 Operating Efficiency[4]

Operating efficiency ratio for 6M'20 closed at 53.65% vs. 60.42% for the same period last year as a result of economies of scale achieved from the Banvivienda acquisition. General & Administrative Expense (G&A) closed at US$67.0 million for 6M'20; representing a US$8.6 million increase over the same period last year. The change was primarily driven by a higher cost base given the Bank's larger size.

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

Balance Sheet

1.0 Total Assets

During the second quarter 2020, total assets declined 0.2% when compared to 1Q´20. The slight decline was driven by a change in cash used to repay the maturity of $320.0 million in Corporate Bonds during Q2'20, which lowered liquid assets by 3.2%, the sale of US$65.0 million of investments, and to a lesser extent loan volume which had a slight increase of 0.8%.

1.1 Loan Portfolio

As of December 31, 2019, our gross loan portfolio increased 0.8% (US$53.8 million) to close at US$6.5 billion. The Bank's portfolio mix remained unchanged, with the consumer portfolio accounting for 45.8% of our total gross loans and corporate portfolio 54.2% of total gross loans.

The consumer portfolio grew by 1.6% to US$3.0bn in Q2'20. Within the consumer portfolio we saw pockets of growth in the following segments: credit cards 10.4%, personal & retiree loans 2.0% and mortgages 1.1%. Car loan volume decreased by 1.2% as we continue to see a soft car sales market.

Global Bank's corporate portfolio grew by 0.2% to US$3.5 billion for Q2'20. We have reduced our exposure to the construction and agriculture sectors of the economy given the current economic cycle that each is going through. In turn, we have shifted new loan growth to commerce, international and factoring segments which grew 2.9%, 9.4%and 20.4%, respectively, in Q2'20.

(Data in US$ millions)	Q1 FY20	Q2 FY20	Δ Q2 FY20/Q1 FY20 $	%
Consumer Banking				
Mortgages	1,753.0	1,771.6	18.6	1.1%
Car Loans	286.6	283.3	(3.3)	(1.2%)
Personal & Retirees	673.4	687.0	13.6	2.0%
Credit Cards	132.0	145.7	13.7	10.4%
Pledged	56.1	58.0	1.9	3.4%
Overdrafts	24.1	26.0	1.9	7.9%
Total Consumer Banking	**2,925.2**	**2,971.6**	**46.4**	**1.6%**
Corporate Banking				
Commerce	1,503.5	1,546.6	43.1	2.9%
Construction	850.9	781.0	(69.9)	(8.2%)
Agriculture	415.7	405.6	(10.1)	(2.4%)
Factoring	205.8	247.7	41.9	20.4%
Overdrafts	168.9	176.3	7.4	4.4%
Pledged	86.2	84.8	(1.4)	(1.6%)
Leasing	60.3	58.8	(1.5)	(2.5%)
Small & Medium Enterprise	204.1	202.9	(1.2)	(0.6%)
Transport	20.5	19.4	(1.1)	(5.4%)
Total Corporate Banking	**3,515.9**	**3,523.1**	**7.2**	**0.2%**
Total Gross Loans	**6,441.1**	**6,494.7**	**53.6**	**0.8%**
Allowance for Loan Losses	(116.8)	(125.6)	(8.8)	7.6%
Unearned interest and fees	(17.2)	(16.2)	1.0	(6.0%)
Total Net Loans	**6,307.1**	**6,352.9**	**45.8**	**0.7%**

	Q1 FY20				Q2 FY20			
(Data in US$ millions)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	3,009.4	445.1	69.6	3,524.1	3,101.1	352.2	78.4	3,531.7
Consumer	2,460.0	378.5	78.6	2,917.0	2,497.9	376.6	88.5	2,963.0
Total	**5,469.4**	**823.5**	**148.2**	**6,441.1**	**5,598.9**	**728.9**	**166.9**	**6,494.7**

1.2 Impairment Allowance Overview

(Data in US$ millions)	Q1 FY20	Q2 FY20	Δ Q2 20/ Q1 20 $	%
Balance Beginning of year	119.7	119.7	0.0	0.0%
Reserve charged to expenses	4.1	17.7	13.6	329.4%
Recoveries	1.2	1.9	0.7	64.4%
Written-off loans	(8.2)	(13.7)	(5.5)	66.8%
Balance at end of period	**116.8**	**125.6**	**8.8**	**7.6%**

Impairment allowance increased by US$8.8 million in the Q2'20, representing a 7.6% increase versus Q1'20. The change was mainly driven by a higher cumulative reserve charge to the expense of US$17.7 million. The reserve charge expense is distributed across collective reserve, corporate loans and residential loans

Non-performing loans totaled US$166.9 million for Q2'20 vs. US$148.2 million for Q1'20. The increase is mainly attributable to a single residential construction loan (US$7.8 million), various agriculture loans (US$1.4 million) and consumer related loans (US$9.5 million). Our NPLs are distributed across all segments of the economy with the largest amount related to Banvivienda Mortgages (US$51.5 million). We are currently working on conforming Banvivienda's mortgage loan parameters to Global Bank's; once completed we expect a material reduction of NPLs within this segment.

1.3 Investment Portfolio

For Q2'20, the investment portfolio totaled US$998.8 million, a 1.3% decrease compared to first quarter 2020. Of the total investments, 51.1% are investment grade securities, 15.7% are non-investment grade and 33.2% are local investment grade.

Our investment portfolio is composed of sovereign (US$149.9 million in US Treasuries) and corporate debt 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 was 3.9% as of Q2'20 vs 4.2% in Q1'20. The lower yield is a result of a general decline in rates and the sale of US$65.0 million of high yield investments during the quarter.

1.4 Cash and Cash Equivalents

Total cash and equivalents saw 3.2% quarter over quarter decrease driven by the maturity of US$320.0 million of facilities with high interest costs.

As of December 31, 2019, our total cash is represented by 54.5% interbank deposits and 45.5% demand deposits. Our liquidity coverage ratio (LCR) was 247% on Q2´20 vs 150% on Q1´20; well above the regulatory minimum of 50%. Our primary liquidity ratio which is the legal liquidity ratio was 51.46% well above the 30% regulatory minimum.

2.0 Total Liabilities

As of December 31, 2019, Global Bank's total liabilities amounted US$7.8 billion, decreasing by US$31.2 million versus the first quarter 2020. This represents a 0.4% decrease for the quarter. Customer deposits continue to be the largest component of our funding structure, representing 67.1% of total liabilities for the six-month period ending on December 31, 2019.

2.1 Customer and Bank Deposits

			Δ Q2 FY20/Q1 FY20	
(Data in US$ millions)	**Q1 FY20**	**Q2 FY20**	**$**	**%**
Demand	447.3	449.3	2.0	0.5%
Savings	946.3	961.0	14.8	1.6%
Time	3,550.4	3,720.9	170.4	4.8%
Total customer deposits	**4,944.0**	**5,131.2**	**187.2**	**3.8%**
Interbank deposits	46.8	98.2	51.4	110.0%
Total deposits	**4,990.7**	**5,229.4**	**238.6**	**4.8%**

We continue to take advantage of our scale and market reach as a larger institution. As a result, customer deposits for Q2´20 grew to US$5.1 billion, representing an increase of US$187.2 million or 3.8% compared to Q1´20, driven by client time deposit growth of 4.8%, well above last quarter. The Bank's loan to deposit ratio stood at 124.2%, a 486-basis points reduction when compared to Q1'20, and a 796-basis points reduction when compared to Q2'19.

2.2 Financings, Bonds & Commercial Paper

During the six-month period ending on December 31, 2019 we repaid our 2019 senior unsecured bond for US$320.0 million. As a result, we disbursed US$220.0 million in committed lines from our multilateral and financial partners and reopened our 2029 bond for US$100.0 million at a YTM of 4.5%.

The combination of the 2029 bond reopening and new financing facilities were in line with our management strategy of lowering our cost of liabilities to 4.0% in Q2´20 vs. 4.1% in Q1´20.

Shareholder's Equity and Regulatory Capital

Shareholder's equity as of the end of Q2'20 totaled US$801.9 million, an increase of US$14.9 million (1.9%) when compared with Q1'20.

During the same period, total regulatory capital stood at US$815.6 million, an increase of 2.0% compared to Q1´20. The Bank's capital ratio decreased from 14.04% to 13.72%, due to the implementation of Basel 3 guidelines related to operational and market risk which increased RWAs by US$262.3 million.

Our annualized dividend payout ratio for the six-month period ending on December 31, 2019 was 50.8%, compared to 47.6% for the same period last year. Our quarterly return on average equity (ROAE) and quarterly return on average assets (ROAA) during Q2´20 vs. Q2'19, rose to 9.59% and 0.89%, from 9.03% and 0.78%, respectively.

Capital Adequacy Ratio

(Data in US$ millions)	Q1 FY20	Q2 FY20
Primary Capital (Tier I)		
Paid-in share capital	270.2	270.2
Excess paid-in capital	2.6	2.6
Declared reserves	40.8	41.1
Retained ernings	370.8	380.5
Other items of comprehensive income	6.1	10.5
Dynamic reserve	87.9	87.9
Less: Regulatory adjustments	(91.7)	(91.7)
Other intangible assets	(23.6)	(23.2)
Total Primary Capital (Tier 1 Common)	**663.2**	**677.8**
Additional Primary Capital (Tier 1)	**128.3**	**129.9**
Tier 2 Capital	**7.9**	**7.9**
Total Capital Funds	**799.4**	**815.6**
Risk-Weighted Assets (RWA's)	**5,694.9**	**5,945.5**
Total Capital Ratio	**14.04%**	**13.72%**
Tier 1 Primary Capital	**11.65%**	**11.40%**
Additional Tier 1 Capital	**2.25%**	**2.18%**
Tier 2 Capital	**0.14%**	**0.13%**