Banco Agromercantil de Guatemala, S.A.
and Subsidiaries
Quarterly Report
June 2016

BAM and Subsidiaries reports consolidated total assets of Q23,201.9 million as of June 2016 and consolidated net income of Q126.8 million for the six month period ended June 2016.

- Although a moderate growth of 2% in total assets is observed in June 2016, the bank sought greater efficiency in the use of liquid assets. The loan portfolio increased at a rate of 13.3%, which exceeds 1.6 times the growth of the Guatemalan banking system.

- The credit card product is being revised to adapt it to local regulatory changes in process. However, the sales force is expanding to resume the pace of growth in this product. The other loan products have a good growth performance over the previous year.

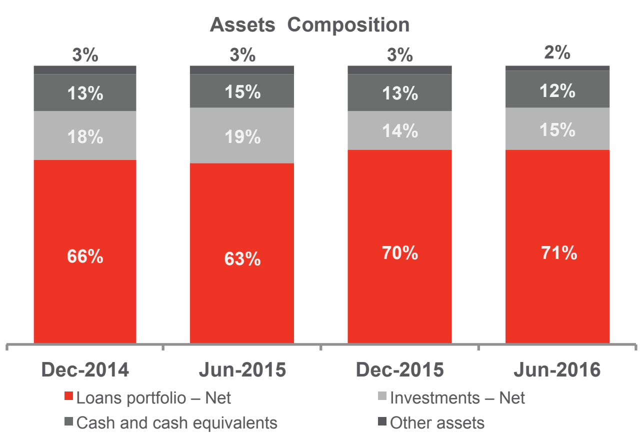
- Funding sources, last year, a plan was established to reduce concentration levels in institutional depositors as part of risk management and cost reduction strategies, mainly in time deposits, which were decreased from 2.33% in June 2015 to 0.81% in June 2016 over the total deposits.

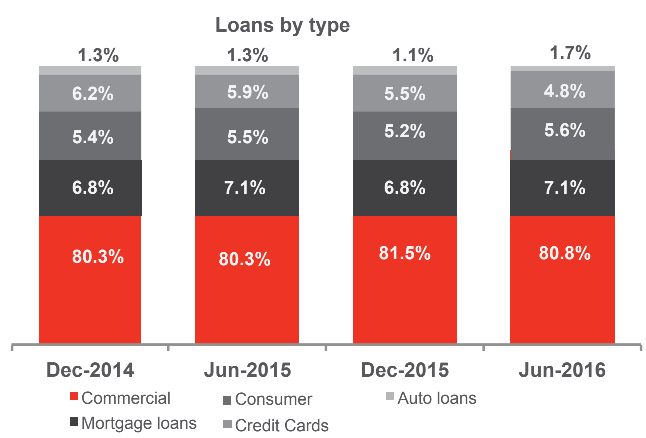
- Regarding net income, it is important to note the improvement in net financial income, mainly from the interest income. This reflects an increase in loans to the retail segment and reduced concentration of deposits. However, other important factors have impacted the net income of the first half of 2016, including:
  - Local regulatory tax changes; it is now required to banks to record the provision for income tax monthly, unlike the previous period, where the practice was to record this provision at the end of the year. This causes a significant impact on the comparison of results between Jun-16 and Jun-15.
  - Changes in regulations regarding the credit card product have caused increases in reserve requirements for loan loss provisions. The bank's management has taken aggressive steps in redefining the product, especially in customer profiles, to avoid the impact that changes in the law could cause.
  - During 2016 the demand for syndicated loans and restructurings for large corporations was lower than the previous period. Fee income under this concept has decreased substantially.

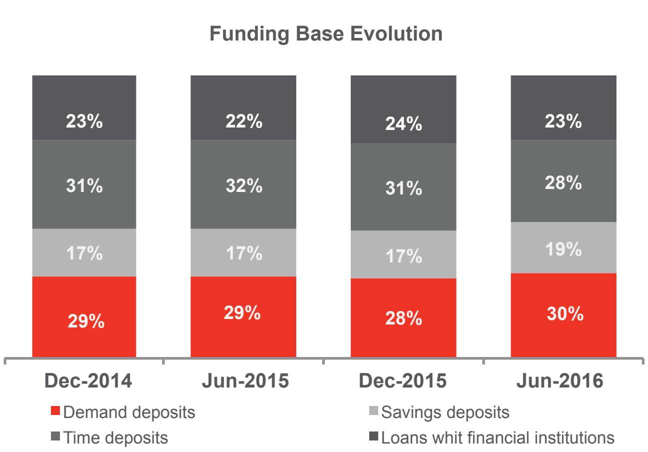
- The bank continues to focus on improving the efficiency indicator while keeping costs under control and ensuring a higher relative performance in generating revenue.

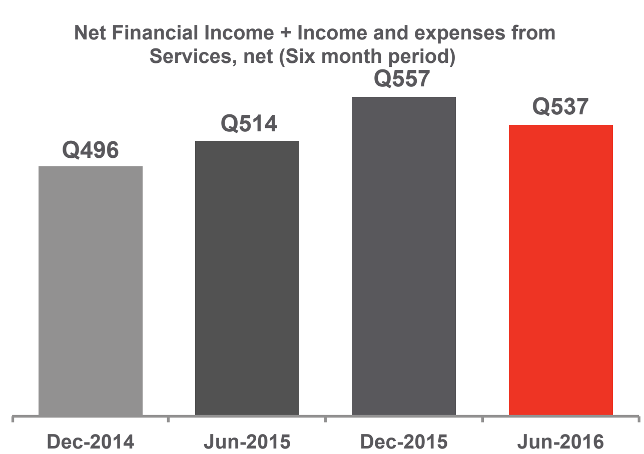
- Profitability indicators were essentially impacted by the provision for income tax due to regulatory changes and increased reserves to maintain sufficient coverage for non-performing loans.

- It continues with sufficient capital coverage, 14.1% in relation to risk-weighted assets; it exceeds the 10% minimum required by local regulation.









This report corresponds to the consolidated financial statements of Banco Agromercantil de Guatemala, S.A. (the "Bank" or BAM) and its subsidiaries Financiera Agromercantil, S.A., Tarjeta Agromercantil, S.A., Agrovalores, S.A., Arrendadora Agromercantil and the following companies of which it owns indirectly more than 50% of capital stock participation: Agencia de Seguros y Fianzas Agromercantil, S.A. and Asistencia y Ajustes, S.A.

Banco Agromercantil de Guatemala, S. A. and Subsidiaries

Consolidated Balance Sheet (Q millions)	Jun-16	Jun-15	Dec-15	Growth Vrs. Jun-15	Vrs. Dec-15
Assets					
Cash and cash equivalents	2,815.7	3,318.8	2,913.3	-15.2%	-3.4%
Investments – Net	3,436.2	4,362.9	3,160.3	-21.2%	8.7%
Loans portfolio – Net	16,372.9	14,449.2	16,189.4	13.3%	1.1%
Other assets	577.1	620.6	629.8	-7.0%	-8.4%
Total Assets	**23,201.9**	**22,751.5**	**22,892.8**	**2.0%**	**1.4%**
Liabilities and other credit balances					
Deposits	15,513.7	15,555.1	15,117.5	-0.3%	2.6%
Loans with other financial institutions	4,728.4	4,289.9	4,876.0	10.2%	-3.0%
Financial obligations	17.2	18.6	18.3	-7.5%	-6.0%
Other liabilities and credit balances	665.4	685.6	612.8	-2.9%	8.6%
Total liabilities and other credit balances	**20,924.7**	**20,549.2**	**20,624.6**	**1.8%**	**1.5%**
Stockholders' equity					
Paid-in capital	1,167.6	1,167.6	1,167.6	0.0%	0.0%
Additional paid-in capital	407.0	407.0	407.0	0.0%	0.0%
Retained earnings, reserves and other	702.6	627.7	693.6	11.9%	1.3%
Total stockholders' equity	**2,277.2**	**2,202.3**	**2,268.2**	**3.4%**	**0.4%**
Total liabilities and stockholders' equity	**23,201.9**	**22,751.5**	**22,892.8**	**2.0%**	**1.4%**

Consolidated Income Statement (Q millions)	Acumulated Jun-16	Acumulated Jun-15	Variation Vrs. Jun-15
Financial Income	869.4	829.0	4.9%
Financial Expenses	(373.2)	(366.4)	1.9%
Net Financial Income	**496.2**	**462.6**	**7.3%**
Income and expenses from Services, net	40.3	51.0	-21.0%
Other operating income and expenses, net			
Operating income	48.4	46.6	3.9%
Loan, accounts receivable, foreclosed assets and securities loss provisions	(89.8)	(68.0)	32.1%
Operating expenses	(0.4)	(0.4)	0.0%
Administrative expenses	(357.6)	(350.7)	2.0%
Extraordinary income and expenses, net	13.0	15.8	-17.7%
Prior period's income and expenses, net	1.4	(0.7)	-300.0%
Net income before taxes	**151.5**	**156.2**	**-3.0%**
Income taxes (1)	(24.7)	(0.2)	12250.0%
Net consolidated income	**126.8**	**156.0**	**-18.7%**

(1) The new local regulation establishes calculate the monthly provision of income tax from 2016.

Principal ratios	Jun-16	Jun-15	Dec-15	Variation Vrs. Jun-15	Vrs. Dec-15
Profitability					
Return on average total assets (1)	1.1%	1.4%	1.3%	-0.3%	-0.2%
Return on average sharehorlders' equity (2)	11.2%	14.2%	13.3%	-2.9%	-2.1%
Efficiency					
Efficiency ratio (3)	61.2%	62.6%	62.2%	-1.5%	-1.0%
Operating expenses / average total assets (4)	3.1%	3.1%	3.2%	-0.1%	-0.1%
Liquidity					
Liquid assets/ total deposits	40.3%	49.4%	40.2%	-9.0%	0.1%
Liquid assets/ total assets	26.9%	33.8%	26.5%	-6.8%	0.4%
Loans (5) / deposits	107.5%	94.6%	109.0%	12.9%	-1.5%
Capitalization					
Stockholders' equity / total assets	9.8%	9.7%	9.9%	0.1%	-0.1%
Tier 1 capital / risk-weighted assets	10.0%	10.8%	9.9%	-0.9%	0.1%
Total Net Capital / risk-weighted assets	14.1%	15.1%	14.0%	-1.0%	0.1%
Credit quality data					
Non-performing loans (6)/ total loans	1.5%	1.2%	1.4%	0.2%	0.1%
Past-due loans (7) / loans	3.8%	3.9%	2.6%	-0.1%	1.2%
Allowance for possible loan losses / total loans	1.8%	1.8%	1.7%	-0.1%	0.1%
Allowance for possible loan losses / total non-performing loans	119.9%	147.8%	124.8%	-27.9%	-4.8%
Allowance for possible loan losses / loans graded "C," "D" and "E" (8)	66.9%	89.8%	63.3%	-22.9%	3.6%

(1) Net income for the period divided by the average of the end-of-period and end-of-prior period total assets. (2) Net income for the period divided by the average of the end-of-period and end-of-prior period total stockholder's equity. (3) Refers to the period's total administrative expenses divided by the period's total operating income. (4) Refers to the period's total administrative expenses divided by the average of the end-of-period and end-of-prior period total assets. (5)Refers to total loans portfolio (6) A loan is considered non-performing after being 90 days overdue. (7) A loan is considered past-due when it has been in default between 1 and 90 days. For accounting purposes, these loans are considered performing. (8) Risk ratings as of June-16 reflect grade as of March-16, the final categories will be update until August 15th, 2016.

Banco Agromercantil de Guatemala, S. A. and Subsidiaries

Investments

Investments (Q millions)	Jun-16	% of total	Jun-15	% of total	Dec-15	% of total	Growth Vrs. Jun-15	Growth Vrs. Dec-15
Available-for-sale securities	2,619.3	76.0%	3,603.4	82.5%	2,351.7	74.3%	-27.3%	11.4%
Held-to-maturity securities (F.H.A. mortgage notes)	825.7	24.0%	765.8	17.5%	814.9	25.7%	7.8%	1.3%
Total investments	**3,445.0**	**100.0%**	**4,369.2**	**100.0%**	**3,166.6**	**100.0%**	**-21.2%**	**8.8%**
Allowance on F.H.A. mortgage notes	(8.8)	0.3%	(6.3)	0.1%	(6.3)	0.2%	39.7%	39.7%
Investments, net	**3,436.2**		**4,362.9**		**3,160.3**		**-21.2%**	**8.7%**

Loans Portfolio

Type of loan (Q millions)	Jun-16	% of total loans	Jun-15	% of total loans	Dec-15	% of total loans	Growth Vrs. Jun-15	Growth Vrs. Dec-15
Commercial	13,482.5	80.8%	11,819.8	80.3%	13,423.6	81.5%	14.1%	0.4%
Mortgage loans	1,192.0	7.1%	1,047.5	7.1%	1,114.1	6.8%	13.8%	7.0%
Auto loans	277.9	1.7%	184.3	1.3%	182.7	1.1%	50.8%	52.1%
Credit cards	785.0	4.8%	862.7	5.9%	900.5	5.5%	-9.0%	-12.8%
Consumer	942.2	5.6%	804.4	5.5%	853.4	5.2%	17.1%	10.4%
Total loans	**16,679.6**	**100.0%**	**14,718.7**	**100.0%**	**16,474.3**	**100.0%**	**13.3%**	**1.2%**
Allowance for loan losses	(306.7)	1.8%	(269.5)	1.8%	(284.9)	1.7%	13.8%	7.7%
Loans portfolio, net	**16,372.9**		**14,449.2**		**16,189.4**		**13.3%**	**1.1%**

Deposits

Type of deposit (Q millions)	Jun-16	% of total deposits	Jun-15	% of total deposits	Dec-15	% of total deposits	Growth Vrs. Jun-15	Growth Vrs. Dec-15
Checking accounts	5,895.9	38.0%	5,729.1	36.8%	5,576.7	36.9%	2.9%	5.7%
Saving accounts	3,769.2	24.3%	3,471.2	22.3%	3,362.5	22.2%	8.6%	12.1%
Time deposits	5,754.1	37.1%	6,292.4	40.5%	6,107.2	40.4%	-8.6%	-5.8%
Other	94.5	0.6%	62.4	0.4%	71.1	0.5%	51.4%	32.9%
Total deposits	**15,513.7**	**100.0%**	**15,555.1**	**100.0%**	**15,117.5**	**100.0%**	**-0.3%**	**2.6%**

Capital

Capital ratio (Q millions)	Jun-16	% (4)	Jun-15	% (4)	Dec-15	% (4)	Growth Vrs. Jun-15	Growth Vrs. Dec-15
Tier 1 capital (1)	1,716.0	10.0%	1,700.9	10.8%	1,700.9	9.9%	0.9%	0.9%
Tier 2 Additional net capital (1)	715.6	4.1%	678.6	4.3%	710.7	4.1%	5.5%	0.7%
Total Net Capital (1)	2,431.6		2,379.5		2,411.6		2.2%	0.8%
Total risk-weighted assets (2)	17,244.3		15,732.7		17,203.2		9.6%	0.2%
Capital adequacy		**14.1%**		**15.1%**		**14.0%**		
Minimun regulatory capital required (3)	1,748.0		1,596.3		1,744.8		9.5%	0.2%
Excess of capital over minimun regulatory capital required	**683.7**		**783.2**		**666.8**		**-12.7%**	**2.5%**

(1) Based on the Guatemalan regulatory requirements. (2) Risk-weighted assets are calculated in accordance with Monetary Board resolution JM-46-2004, as amended. (3) The minimun requeirement in Guatemala is 10% of equity to risk-weighted average assets except by some assets with special requirements. (4) As a percentage of risk-weighted assets.