



Banco Agromercantil de Guatemala, S.A. and Subsidiaries

Quarterly Report
March 2015

Banco Agromercantil de Guatemala, S.A. and Subsidiaries reports consolidated total assets of Q22,099.7 million as of March 2015, which represents an increase of Q3,729.8 million, or 20.3% compared to March 2014.

- **Net loans increased Q2,555.7 million, 21.8%.** The loan portfolio has reported healthy increases; non-performing loans (90 days overdue) as percentage of total gross loans remain low, 1.2%. Loan loss reserves cover 141.1% of NPL and 1.7% of total gross loans.
- **Investment portfolio increased Q1,203.1 million, 36.5%.** These investments maintain an approach of moderate risk and high liquidity; therefore, 83.2% is registered as available for sale.
- **Loans with financial institutions increased Q2,180.8 million, 97.5%.** These include a long-term loan (1) of Q2,293.5 million (US\$300 million) granted in April 2014.
- **Deposits increased Q1,481.7 million, 11.1%.** 60.5% of total deposits correspond to demand deposits and the rest 39.5% is represented by time deposits.

BAM and Subsidiaries reported consolidated income of Q77.8 million during the first quarter of 2015, which represents an increase of 2.5% compared to the same quarter of last year.

- **Financial Income increased 15%.** Such increase is the result of the annual loan growth which came primarily from the corporate segment. Also, the investment portfolio increased substantially; therefore, the liquidity indicator increased from 45.4% to 48.5% as of March 2015.
- **Financial Expenses increased 45.9%.** In this matter, diversification of the funding source was achieved and included the hiring of long-term loans and a greater increase in time deposits with respect to savings and checking accounts accomplishing a substantial improvement in the liquidity risk models.
- **Operating Income and Expenses.** Operating income increased Q8.6 million while operating expenses decreased Q9.3 million, both as a result primarily of the foreign exchange fluctuation.
- **Administrative expenses increased 4.7%.** Mostly the increase is in depreciation, maintenance and employees in order to support the operations growth.

Capital continues to be strong with a 15.1% ratio over risk-weighted assets, 50% greater than the local regulation requirement.



Banco Agromercantil de Guatemala, S. A. and Subsidiaries

Consolidated Balance Sheet (Q millions)	Mar-15	Mar-14	Dec-14	Growth	
				Vrs. Mar-14	Vrs. Dec-14
Assets					
Cash and cash equivalents	2,721.7	2,787.1	2,888.7	-2.3%	-5.8%
Investments – Net	4,501.1	3,298.0	3,984.9	36.5%	13.0%
Loans portfolio – Net	14,272.6	11,716.9	14,380.3	21.8%	-0.7%
Other assets	604.3	567.9	648.8	6.4%	-6.9%
Total Assets	22,099.7	18,369.9	21,902.7	20.3%	0.9%
Liabilities and other credit balances					
Deposits	14,879.7	13,398.0	14,624.9	11.1%	1.7%
Loans with other financial institutions	4,417.6	2,236.8	4,423.2	97.5%	-0.1%
Financial obligations	18.7	29.4	18.9	-36.4%	-1.1%
Other liabilities and credit balances	623.9	622.1	629.3	0.3%	-0.9%
Total liabilities and other credit balances	19,939.9	16,286.3	19,696.3	22.4%	1.2%
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	585.2	509.0	631.8	15.0%	-7.4%
Total stockholders' equity	2,159.8	2,083.6	2,206.4	3.7%	-2.1%
Total liabilities and stockholders' equity	22,099.7	18,369.9	21,902.7	20.3%	0.9%

Consolidated Income Statement (Q millions)	Acumulated Mar-15	Acumulated Mar-14	Variation	
			Vrs. Mar-14	
Financial Income	414.0	359.9	15.0%	
Financial Expenses	(180.1)	(123.4)	45.9%	
Net Financial Income	233.9	236.5	-1.1%	
Income and expenses from Services, net	20.7	21.3	-2.8%	
Other operating income and expenses, net				
Operating income	28.1	19.5	44.1%	
Loan, accounts receivable, foreclosed assets and securities loss provisions	(38.3)	(29.7)	29.0%	
Operating expenses	(0.2)	(9.5)	-97.9%	
Administrative expenses	(175.2)	(167.3)	4.7%	
Extraordinary income and expenses, net	8.5	4.2	102.4%	
Prior period's income and expenses, net	0.5	1.1	-54.5%	
Income taxes (1)	(0.2)	(0.2)	0.0%	
Net consolidated income	77.8	75.9	2.5%	

(1) The income tax corresponds only to entities that contribute monthly on the basis of gross income. The bank liquidates the income tax annually.

Principal ratios	Mar-15	Mar-14	Dec-14	Variation	
				Vrs. Mar-14	Vrs. Dec-14
Profitability					
Return on average total assets (1)	1.4%	1.7%	1.1%	-0.3%	0.3%
Return on average shareholders' equity (2)	14.3%	14.6%	10.5%	-0.2%	3.8%
Efficiency					
Efficiency ratio (3)	62.0%	62.5%	65.8%	-0.5%	-3.8%
Operating expenses / average total assets (4)	3.2%	3.7%	3.4%	-0.5%	-0.2%
Liquidity					
Liquid assets/ total deposits	48.5%	45.4%	47.0%	3.1%	1.5%
Liquid assets/ total assets	32.7%	33.1%	31.4%	-0.4%	1.3%
Loans (5) / deposits	97.6%	87.5%	100.1%	10.2%	-2.5%
Capitalization					
Stockholders' equity / total assets	9.8%	11.3%	10.1%	-1.6%	-0.3%
Tier 1 capital / risk-weighted assets	11.1%	13.3%	11.1%	-2.2%	0.0%
Total Net Capital / risk-weighted assets	15.1%	18.1%	15.6%	-3.0%	-0.5%
Credit quality data					
Non-performing loans (6) / total loans	1.2%	1.3%	1.2%	-0.1%	0.0%
Past-due loans (7) / loans	2.8%	3.8%	2.9%	-1.0%	-0.1%
Allowance for possible loan losses / total loans	1.7%	2.2%	1.7%	-0.5%	0.0%
Allowance for possible loan losses / total non-performing loans	141.1%	167.4%	151.6%	-26.2%	-10.5%
Allowance for possible loan losses / loans graded "C," "D" and "E" (8)	83.8%	81.7%	62.4%	2.1%	21.4%

(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 Mar-15 reflect grade as of December-14, the final categories will be update until May 15th, 2015.



Investments

Investments (Q millions)	Mar-15	% of total	Mar-14	% of total	Dec-14	% of total	Growth	
							Vrs. Mar-14	Vrs. Dec-14
Available-for-sale securities	3,752.0	83.2%	2,621.3	79.4%	3,273.4	82.0%	43.1%	14.6%
Held-to-maturity securities (F.H.A. Mortgage Notes)	755.4	16.8%	678.4	20.6%	717.8	18.0%	11.4%	5.2%
Interest paid in purchase of available-for-sale securities	-	0.0%	0.2	0.0%	-	0.0%	-100.0%	0.0%
Total investments	4,507.4	100.0%	3,299.9	100.0%	3,991.2	100.0%	36.6%	12.9%
Allowance on F.H.A. mortgage notes	(6.3)	0.1%	(1.9)	0.1%	(6.3)	0.2%	231.6%	0.0%
Investments, net	4,501.1		3,298.0		3,984.9		36.5%	13.0%

Loans Portfolio

Type of loan (Q millions)	Mar-15	% of total loans	Mar-14	% of total loans	Dec-14	% of total loans	Growth	
							Vrs. Mar-14	Vrs. Dec-14
Commercial	11,693.3	80.5%	9,324.5	77.8%	11,749.2	80.3%	25.4%	-0.5%
Mortgage loans	1,015.8	7.0%	875.0	7.3%	990.5	6.8%	16.1%	2.5%
Auto loans	186.6	1.3%	181.6	1.5%	186.0	1.3%	2.8%	0.3%
Credit cards	841.9	5.8%	833.5	6.9%	915.5	6.2%	1.0%	-8.0%
Consumer	785.8	5.4%	764.9	6.4%	794.5	5.4%	2.7%	-1.1%
Total loans	14,523.4	100.0%	11,979.5	100.0%	14,635.8	100.0%	21.2%	-0.8%
Allowance for loan losses	(250.8)	1.7%	(262.6)	2.2%	(255.5)	1.7%	-4.5%	-1.8%
Loans portfolio, net	14,272.6		11,716.9		14,380.3		21.8%	-0.7%

Deposits

Type of deposit (Q millions)	Mar-15	% of total deposits	Mar-14	% of total deposits	Dec-14	% of total deposits	Growth	
							Vrs. Mar-14	Vrs. Dec-14
Checking accounts	5,558.2	37.4%	5,041.3	37.6%	5,397.9	36.9%	10.3%	3.0%
Saving accounts	3,374.8	22.7%	3,180.7	23.7%	3,276.9	22.4%	6.1%	3.0%
Time deposits	5,886.3	39.5%	5,114.6	38.2%	5,890.4	40.3%	15.1%	-0.1%
Other	60.4	0.4%	61.4	0.5%	59.7	0.4%	-1.6%	1.2%
Total deposits	14,879.7	100.0%	13,398.0	100.0%	14,624.9	100.0%	11.1%	1.7%

Capital

Capital ratio (Q millions)	Mar-15	% (4)	Mar-14	% (4)	Dec-14	% (4)	Growth	
							Vrs. Mar-14	Vrs. Dec-14
Tier 1 capital (1)	1,700.9	11.1%	1,689.4	13.3%	1,689.4	11.1%	0.7%	0.7%
Tier 2 Additional net capital (1)	621.3	4.1%	599.3	4.7%	701.8	4.6%	3.7%	-11.5%
Total Net Capital (1)	2,322.2		2,288.7		2,391.2		1.5%	-2.9%
Total risk-weighted assets (2)	15,333.0		12,655.3		15,288.5		21.2%	0.3%
Capital adequacy		15.1%		18.1%		15.6%		
Minimum regulatory capital required (3)	1,556.7		1,285.8		1,551.5		21.1%	0.3%
Excess of capital over minimum regulatory capital required	765.5		1,002.9		839.7		-23.7%	-8.8%

(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 minimum requirement 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.