

Banco Agrario de Colombia

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2
Support Rating	2
Support Rating Floor	BBB
Viability Rating	bb

Local Currency

Long-Term IDR	BBB
Short-Term IDR	F2

Sovereign Risk

Foreign-Currency Long-Term IDR	BBB
Local-Currency Long-Term IDR	BBB

Outlooks

Foreign-Currency Long-Term IDR	Negative
Local-Currency Long-Term	Negative
Sovereign Foreign-Currency Long-Term IDR	Negative
Sovereign Local-Currency Long-Term IDR	Negative

Financial Data

Banco Agrario de Colombia, S.A.

	6/30/16	12/31/15
Total Assets (USD Mil.)	8,604.9	7,204.45
Total Equity (USD Mil.)	704.1	647.5
Operating Profit (USD Mil.)	152.9	240.5
Comprehensive Income (USD Mil.)	99.0	153.4
Operating ROAA (%)	3.7	3.3
Operating ROAE (%)	42.9	42.0
Internal Capital Generation (%)	28.3	23.7
Fitch Core Capital/Weighted Risks (%)	18.9	16.4
Tier 1 Ratio (%)	10.2	9.8
Net Income (USD Mil.)	99.0	153.4

Related Research

[Colombia \(August 2016\)](#)

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Key Rating Drivers

Strong Support from Colombia: Banco Agrario de Colombia's (Banagrario) Issuer Default Rating (IDR) is support driven. Banagrario's ratings are aligned with those of the sovereign, reflecting Fitch Ratings' assessment of the Colombian government's willingness and capacity to provide timely support to Banagrario if needed. Banagrario is wholly owned by the Colombian government through the Ministry of Finance and Public Credit, which holds 99.99% of shares, and is linked to the Ministry of Agriculture and Rural Development.

Key Policy Role: Fitch views the entity as an integral arm of the state given its key role in the development of the government's agricultural policy, among other policy roles. Banagrario is Colombia's main development tool for the agricultural sector.

Weak Asset Quality: Banagrario's asset quality metrics continued to improve in 2016, as a result of strengthened collection practices and the recovery of relevant past due operations. However, ratios are still weak compared to the Colombian banking system. In the agency's opinion, higher delinquency ratios reflect the riskier profile of the bank's main segment; nonetheless, the bank has several mitigants that could limit the impact of losses on equity, mainly the loan portfolio's high level of tangible collateralization.

Consistently High Profitability: The bank's asset composition generates a significant proportion of income from valuation of held to maturity instruments that provides stability and compensates for the lower net interest margin. In Fitch's opinion, Banagrario's profitability is sustainable in the medium term, although it remains vulnerable to changes in asset quality that may increase credit costs, given the specific challenges of its main segment.

Adequate Capitalization: In Fitch's view, regulatory capital ratios maintain a satisfactory buffer over minimums, sustained by the bank's internal capital generation. Although not Fitch's base case scenario, capital metrics would be sensitive to changes in the bank's balance sheet composition.

Diversified Funding Structure: Funding is stable and diversified, with a balanced mix of deposits and financial resources from state agencies or government funds. This funding structure allows the bank to maintain funding costs below the banking system.

Rating Sensitivities

Negative Rating Outlook: Rating Outlook is aligned with Colombia's Negative Rating Outlook. As a development bank that is majority owned by the state, Banagrario's creditworthiness and ratings are directly linked to those of the sovereign. Hence, its ratings should move in line with any potential change in Colombia's ratings.

Improved Asset Quality: A sustained and material increase in NPLs that jeopardizes the bank's capital position or buffers over minimum regulatory capital may trigger a downgrade. The Viability Rating (VR) could be upgraded in response to a material improvement in the bank's asset quality.

Operating Environment

Macroeconomic Challenges

Colombia has entered a period of slower growth marked by lower commodity prices and reduced foreign direct investment after an average economic expansion of 4% from 2009–2014. Economic growth has been well diversified by sector and region and, quite importantly, has driven up employment and disposable income. Growth reached 3.1% in 2015, reflecting external financing availability, government programs and increased public regional and local spending. Fitch expects growth to average 2.3% in 2016, reflecting tighter monetary policy and weaker public spending, before recovering to 3% and 3.5% in 2017 and 2018, respectively, on the back of higher oil prices and the full year execution of the 4G infrastructure program.

Exchange rate flexibility has helped the transition to the new external environment, but the pass-through has increased inflationary pressures. Strong depreciation of the Colombian peso, the impact of El Nino and a still dynamic domestic demand have pushed inflation above the inflation target of 3% (plus or minus 1%) and could average 7.0% in 2016. Although these factors could ease in coming months, core inflation and inflation expectations have also increased significantly above the target range.

In its last policy meeting in late July, Banco de la Republica increased its policy rate by 25 bps to 7.75%, following a surprising April increase of 50 bps. Rates have risen by 275 bps since the current tightening cycle began in September 2015. Fitch expects monetary policy will remain focused on bringing headline inflation and expectations under control and supporting the reduction of external imbalances.

The Colombian banking system is highly concentrated, as three banks account for over 50% of the system's total assets. In spite of this concentration, competition is fierce and poised to intensify as smaller players consolidate and challenge the market leaders. Colombia's capital markets have also grown rapidly and are among the largest in the region with very active institutional investors and a range of issuers. The depth of the financial system is moderate, compared with the region's leading markets, but has been improving and should further develop as the integrated regional market with Peru, Chile and Mexico consolidates.

Colombia's financial regulator has enacted regulation to move toward Basel III, tightening capital requirements, demanding capital of a better quality and proactively monitoring loan growth. The recent publication of regulations concerning the use of hybrid capital as secondary capital reflects the government's commitment to update its standards, but the extent of these measures remains unclear. The regulator defined the framework for Tier II capital but gave a window of one more year to continue using subordinated bonds that lack equity credit under Basel III and Fitch's methodology. Colombian regulation has gradually improved but still lags the region's best practices.

Company Profile

Key Role in Agricultural Development

Banagrario's key policy role is to promote the consistent and sustainable development of agricultural sector. The bank is the largest funding provider for small and medium sized agricultural producers in Colombia and has a moderate franchise in the Colombian market, with 4% of total assets and 3% of total deposits. The bank's other key policy roles include the administration of several trusts for special purposes and the payment and distribution of government subsidies through its large branch network. Banagrario also leads technical assistance programs.

Banagrario's business model is less diverse than the largest Colombian banks. Assets are equally divided between the loan portfolio and the investment portfolio. As of June 2016, the

Related Criteria

[Global Bank Rating Criteria \(November 2016\)](#)

loan portfolio accounted for 57% of total earning assets, mainly granted locally to small and medium-sized agricultural producers. The investment portfolio accounted for 42% of total earning assets, mostly held to maturity instruments issued by the government. In Fitch's view, the high proportion of assets allocated in in debt instruments issued by the government tightens the bank's net interest margin, despite the high profitability of its loan portfolio and low funding costs.

Other relevant sources of income for the bank are revenues from valuation of held to maturity investments and fees and commissions for trust funds' administration and payment and distribution of government subsidies.

Organizational Structure

Banagrario is owned by the Colombian government through the Ministry of Finance. It is subject to specific industrial and commercial enterprise regulation and is associated to the Ministry of Agriculture and Rural Development.

Banagrario has a majority stake (93.6% of shares) in Fiduciaria de Desarrollo Agropecuario, S.A. (Fiduagraria, 0.18% of consolidated assets as of June 2016) and has minority stakes in the Fund for Agricultural Financing (Fondo para el Financiamiento del Sector Agropecuario [FINAGRO], 12.90% of shares), Cifin, S.A, a credit bureau (4.83%) and Alimentos Derivados de la Caña, S.A. (ADECANA, 0.93%).

Management and Strategy

In Fitch's view, the management team has relevant experience in its specific sector and a reasonable degree of depth. They have effectively grown the bank's core products, achieving a satisfactory performance despite the risks inherent in the agricultural sector.

Banagrario's corporate governance framework is effective and compliant with banking system guidelines. However, it is limited by the public nature of the bank and its key role executing the government objectives for the agricultural segment. Similar to other state-owned banks in the region, it cannot be completely exempt from political influence.

Banagrario's board of directors has nine members and two alternates. Four of them are appointed for five-year terms by the president of Colombia: the minister of Agriculture and Rural Development, the minister of Finance, a representative of the government and a representative of the majority shareholder (appointed by the minister of Finance). There are also five independent directors appointed for two-year periods. Directors are usually renewed with each presidential election, thus aligning the board's view and the bank's policies and strategy with those of the government.

Consistent Strategy

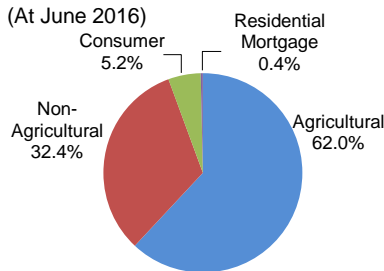
In Fitch's view, Banagrario's strategy is consistent with the bank's identity and corporate culture. Strategic objectives are focused on rural development and agricultural productivity. The strategic plan encompasses decentralization, improvements in client relations, growth, penetration and technological modernization. The bank has demonstrated a good record of executing its strategic objectives; however, the occurrence of adverse events related to specific risks in the agricultural segment could challenge its performance.

Risk Appetite

Sustainable Asset Growth

Asset growth rates have been moderate and consistently below Banagrario's internal capital generation. As a result, capital metrics remain adequate. In Fitch's view, the low banking penetration in the segment indicates the important growth potential of the loan book.

Loan Portfolio by Economic Sector



Source: Banagrario.

Risk Controls are Consistent with Main Segment

In Fitch's view, the risk framework for investment and management tools for credit risk is appropriate for the segment, strengthened by the policy role of the bank. Banagrario's has several mitigants that limit the higher risk of the loan portfolio, mainly the loan portfolio's high level of tangible collateralization. Adequate underwriting standards, exposure limits and strengthened collection practices have had a positive impact on the loan book performance.

Asset Quality

(%, Years Ended Dec. 31)

	1H16	2015	2014	2013	2012
Growth of Gross Loans	10.6	N.A.	9.9	5.5	11.4
Impaired Loans/Gross Loans	6.3	6.8	8.0	8.3	7.0
Reserves for Impaired Loans/Impaired Loans	144.9	143.0	143.8	150.3	160.7
Impaired Loans Less Reserves for Impaired Loans/Equity	(17.1)	(16.7)	(19.1)	(22.8)	(19.4)
Loan Impairment Charges/Average Gross Loans	0.4	0.1	1.0	3.8	2.5

N.A. – Not available.

Source: Fitch, with data provided by Banco Agrario de Colombia.

Market risk control models are sound. The bank applies Colombian regulatory standards and internal models. Results are monitored regularly by an independent risk unit and the relevant committees. These controls are based a value at risk (VaR) model for the investment portfolio and several liquidity risk controls. Specific stop loss limits have been set.

Banagrario's control framework for operational risk appears sound and complete. Specific limits for operational risk events are in place, and a report is presented monthly to the risk committee.

Financial Profile

Asset Quality

Improved Impaired Loan Ratios, Ample Collateralization

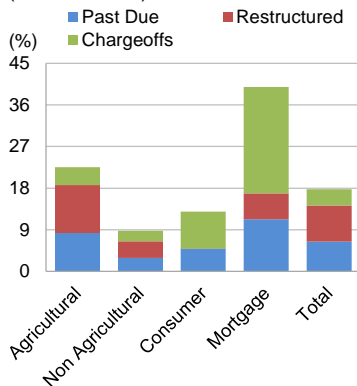
Banagrario's asset quality metrics continued to improve in 2016, as a result of strengthened collection practices and the recovery or relevant past due operations. However, ratios are still weak compared to the Colombian banking system and international peers. Despite the improved performance of the loan portfolio, impaired loans ratios remain highly sensitive to climate conditions, price reductions, and agricultural strikes, which can increase delinquency. As of June 2016 NPL loans accounted for 6.3% (+30 days delinquent) of total loans and restructured loans, 9%. The bank's chargeoff ratio is also high compared to international peers, at 4%, and restructured loans are frequent, accounting for 8% of total loans as of June 2016.

Obligor concentrations are moderate. As of June 2016, the 20 largest credit exposures by economic group accounted for 14% of total loans, equivalent to 0.89x of the bank's total equity.

Fitch expects the bank's delinquency ratio will sustain its positive trend, based on improved collections. The bank has also used anticipated negotiation of payments to prevent delinquencies in a small number of loans. This collection mechanism has been used with 5.29% of past due loans (0.33% of total loans). Ample reserve coverage ratios, based on regulatory guidelines and high collateral coverage, minimize the potential impact of loan deterioration on the bank's equity.

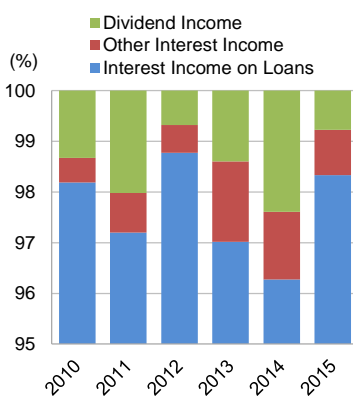
Asset Quality

(At June 2016)



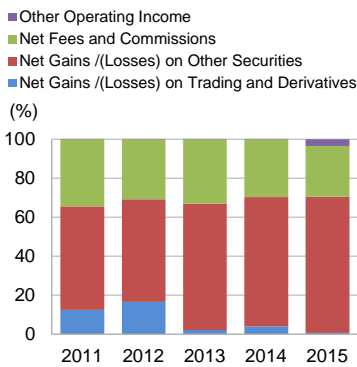
Source: Banagrario.

Interest Income



Source: Banagrario.

Interest Income



Source: Banagrario.

Earnings and Profitability
Consistently High Profitability

Banagrario's profitability has been consistently above the Colombian market average, underpinned by high income diversification. Banagrario obtains important income from valuation of held to maturity instruments. Non-interest income accounted for 64% of operating income, and held to maturity securities contributed 70% of such income. June 2016 profits also benefited from lower loan loss provision expenses. Despite the high profitability of its main business segment and low funding costs, the bank's net interest margin has been below market average, limited by the high proportion of assets allocated in debt instruments issued by the government. Notably, Banagrario's asset allocation has resulted in a lower net interest margin, compared to the banking system, and a lower risk weighed assets/total assets ratio. The bank's operating profit/risk-weighted assets more than doubles its operating profit/average total assets ratio.

Profitability

(%, Years Ended Dec. 31)	1H16	2015	2014	2013	2012
Net Interest Income/Average Earning Assets	18.9	16.4	17.3	17.2	18.9
Non-Interest Expense/Gross Revenues	8.2	9.0	9.2	9.0	9.8
Loans and Securities Impairment Charges/Pre-Impairment Operating Profit	7.4	N.A.	11.2	18.0	12.9
Operating Profit/Average Total Assets	9.1	9.7	11.5	12.4	11.3
Operating Profit/Risk-Weighted Assets	144.9	143.0	143.8	150.3	160.7
Net Income/Average Equity	(17.1)	(16.7)	(19.1)	(22.8)	(19.4)

N.A. – Not available.

Source: Fitch, with data provided by Banco Agrario de Colombia.

Fitch expects bank's profitability to remain at about 3.0% of average assets and 6% of risk weighed assets, as a result of continued growth of the loan portfolio and recurring income derived from the investment. Banagrario's profitability is sustainable in the medium term, although it remains vulnerable to changes in asset quality that may increase credit costs.

Capitalization and Leverage

Adequate Capitalization

Banagrario's capital position is adequate, underpinned by consistent internal capital generation and a lower RWA to total assets ratio (52% as of June 2016). Regulatory capital ratios maintain a satisfactory buffer over regulatory minimums; however, tangible common equity to tangible assets has been below market average and that of large commercial banks. Banagrario has been gradually changing the composition of its assets to include a higher proportion of loans; however, Fitch does not expect significant changes in the RWA to total assets ratio in the medium term. Banagrario's capital base is entirely Tier I, and it is not encumbered by goodwill or fixed assets.

Capitalization

(%, Years Ended Dec. 31)	1H16	2015	2014	2013	2012
Fitch Core Capital/Weighted Risk	18.9	16.4	17.3	17.2	18.9
Tangible Common Equity/Tangible Assets	8.1	8.9	9.2	9.0	9.8
Total Regulatory Capital Ratio	12.6	12.8	11.7	13.3	14.6
Internal Capital Generation	28.3	23.7	24.8	13.6	13.1

Source: Fitch, with data provided by Banco Agrario de Colombia.

Banagrario's capital generation has been sufficient to maintain growth. Capital generation is driven by stable profits and controlled dividend payments. Based on growth and profitability prospects, the bank is unlikely to require additional capital injection. Continuous capitalization of profits will suffice to maintain the capital position at its current levels, absent drastic changes in the RWA to total assets ratio.

Funding and Liquidity

Diversified Funding Structure

Banagrario's funding structure is diversified among customer deposits, judicial deposits and financial resources from state agencies or government funds (28% of total), mainly FINAGRO. This funding structure allows the bank to maintain funding costs below those for the banking system. Funding from FINAGRO also provides a proper matching of maturities with the agricultural loan portfolio.

Funding

(%, Years Ended Dec. 31)	1H16	2015	2014	2013	2012
Loans/ Customer Deposits	127.7	142.4	131.5	130.4	125.1
Interbank Assets/Interbank Liabilities	1.3	0.0	4.8	5.1	0.1
Customer Deposits/Total Funding (Excluding Derivatives)	44.4	41.1	43.6	43.1	40.9

Source: Fitch, with data provided by Banco Agrario de Colombia.

Liquidity risk is carefully controlled, and adequate liquidity plans are in place. The bank's liquidity levels are stable and adequately support its funding structure. As of June 2016, liquid assets covered 21% of their short-term funding, excluding held to maturity securities. The bank maintains an adequate gap between assets and liabilities aided by the FINAGRO funds.

Depositor concentration is moderate. Bank's top 20 depositors comprise mostly governmental customers (municipalities and departments), accounting for roughly 7% of total customer deposits at June 2016.

Support

IDR Based on Sovereign Support

Banagrario's ratings reflect the potential support from the Republic of Colombia, whose national currency ratings were downgraded by Fitch to 'BBB'. In Fitch's opinion, Banagrario has a clear policy role and is an integral part of the government's economic policy toward the agricultural sector. Hence, support from the government should be forthcoming, if needed, which is underpinned by the alignment of the sovereign's and Banagrario's IDRs.

The ability of support is reflected in the Republic of Colombia's ratings and underpins the bank's support rating of '2' and support rating floor of 'BBB'.

Income Statement — Banco Agrario de Colombia S.A.

(COP Bil., Years Ended Dec. 31)

	2016 ^a		Audited — Qualified	2015 ^a	2014 ^a	2013 ^a	2012 ^a
	Six Months — Interim (USD Mil.)	(COP Bil.)					
Interest Income on Loans	225.7	658.1		1,111.1	979.5	929.6	831.3
Other Interest Income	2.0	5.9		10.1	13.6	15.2	4.6
Dividend Income	3.4	9.9		8.7	24.3	13.4	5.7
Gross Interest and Dividend Income	231.1	673.9		1,129.9	1,017.4	958.2	841.6
Interest Expense on Customer Deposits	47.7	139.2		179.4	124.8	98.8	78.0
Other Interest Expense	71.3	207.9		231.8	175.4	182.3	209.7
Total Interest Expense	119.0	347.1		411.2	300.2	281.1	287.7
Net Interest Income	112.1	326.8		718.7	717.2	677.1	553.9
Net Gains (Losses) on Trading and Derivatives	2.9	8.6		5.1	33.0	15.0	157.5
Net Gains (Losses) on Other Securities	122.1	356.0		657.7	575.9	487.80	502.90
Net Gains (Losses) on Assets at FV through Income Statement	17.9	52.2		15.1	0.0	N.A.	N.A.
Net Insurance Income	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Net Fees and Commissions	48.0	140.1		244.6	257.2	249.7	294.2
Other Operating Income	11.9	34.8		18.5	1.4	1.0	0.3
Total Non-Interest Operating Income	202.9	591.7		941.0	867.5	753.5	954.9
Personnel Expenses	50.5	147.2		272.9	261.0	259.9	227.3
Other Operating Expenses	95.1	277.3		591.3	549.9	463.2	446.0
Total Non-Interest Expenses	145.6	424.5		864.2	810.9	723.1	673.3
Equity-accounted Profit/ Loss — Operating	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Pre-Impairment Operating Profit	169.4	494.0		795.5	773.8	707.5	835.5
Loan Impairment Charge	8.9	26.0		10.7	103.5	333.1	185.3
Securities and Other Credit Impairment Charges	7.6	22.1		27.5	1.5	8.9	(13.5)
Operating Profit	152.9	445.9		757.3	668.8	365.5	663.7
Equity-accounted Profit/ Loss — Non-operating	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Non-recurring Income	3.6	10.5		26.7	57.7	60.1	64.6
Non-recurring Expense	0.2	0.6		5.7	19.1	33.0	29.1
Change in Fair Value of Own Debt	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Other Non-operating Income and Expenses	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Pre-tax Profit	156.3	455.8		778.3	707.4	392.6	699.2
Tax Expense	57.3	167.0		295.3	224.6	156.3	192.2
Profit/Loss from Discontinued Operations	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Net Income	99.0	288.8		483.0	482.8	236.3	507.0
Change in Value of AFS Investments	N.A.	N.A.		N.A.	0.0	0.0	0.0
Revaluation of Fixed Assets	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Currency Translation Differences	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Remaining OCI Gains/(losses)	N.A.	N.A.		N.A.	7.8	(3.7)	23.5
Fitch Comprehensive Income	99.0	288.8		483.0	490.6	232.6	530.5
Memo: Profit Allocation to Non-controlling Interests	N.A.	N.A.		N.A.	0.0	N.A.	N.A.
Memo: Net Income after Allocation to Non-controlling Interests	99.0	288.8		483.0	482.8	236.3	507.0
Memo: Common Dividends Relating to the Period	N.A.	N.A.		280.1	247.7	278.4	275.00
Memo: Preferred Dividends Related to the Period	N.A.	N.A.		N.A.	0.0	N.A.	N.A.

^aExchange rate: 2016 – USD1 = COP2879.95000; 2015 – USD1 = COP3149.47000; 2014 – USD1 = COP2392.46000; 2013 – USD1 = COP1922.56000; 2012 – USD1 = COP1771.54000. 2016 and 2015 financial statements in IFRS, 2014-2012 in Colombian GAAP. N.A. – Not available.

Source: Banco Agrario de Colombia.

Balance Sheet — Banco Agrario de Colombia S.A.

(COP Bil., Years Ended Dec. 31)

	2016 ^a		2015 ^a	2014 ^a	2013 ^a	2012 ^a
	Six Months — Interim (USD Mil.)	(COP Bil.)				
Assets						
Loans						
Residential Mortgage Loans	11.9	34.6	35.1	37.4	40.1	44.2
Other Mortgage Loans	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Consumer/Retail Loans	305.4	890.5	760.9	489.3	281.7	215.2
Corporate & Commercial Loans	2,235.5	6,519.0	5,773.8	4,867.2	4,320.8	3,844.4
Other Loans	1,737.3	5,066.1	5,077.2	5,184.0	4,868.9	3,960.5
Less: Reserves for Impaired Loans	388.7	1,133.4	1,131.6	1,219.2	1,182.9	910.9
Net Loans	3,901.3	11,376.8	10,515.4	9,358.7	8,328.6	7,153.4
Gross Loans	4,290.0	12,510.2	11,647.0	10,577.9	9,511.5	8,064.3
Memo: Impaired Loans included Above	268.3	782.3	791.3	847.9	786.9	566.8
Memo: Loans at Fair Value included Above	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Earning Assets						
Loans and Advances to Banks	27.5	80.1	0.0	268.5	276.8	6.0
Reverse Repos and Cash Collateral	93.7	273.1	23.4	0.0	N.A.	N.A.
Trading Securities and at FV through Income	712.9	2,078.9	743.8	788.6	1,398.6	1,595.5
Derivatives	0.1	0.2	0.2	0.3	0.4	0.0
Available for Sale Securities	48.0	139.9	128.7	146.2	122.7	115.9
Held to Maturity Securities	2,762.3	8,055.4	9,198.7	8,753.0	7,375.5	7,385.3
Equity Investments in Associates	16.4	47.8	41.8	0.0	N.A.	N.A.
Other Securities	(4.8)	(14.1)	(16.6)	(25.0)	(17.0)	(13.4)
Total Securities	3,628.5	10,581.2	10,120.0	9,663.1	8,880.2	9,083.3
Memo: Government Securities included Above	2,698.1	7,868.2	9,038.8	8,923.8	8,485.0	8,582.9
Memo: Total Securities Pledged	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Investments in Property	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Insurance Assets	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Earning Assets	0.0	0.0	0.0	0.0	N.A.	N.A.
Total Earning Assets	7,557.3	22,038.1	20,635.4	19,290.3	17,485.6	16,242.7
Non-Earning Assets						
Cash and Due From Banks	725.2	2,114.9	1,416.0	1,302.7	1,239.4	1,371.4
Memo: Mandatory Reserves included Above	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Foreclosed Real Estate	4.5	13.1	3.6	9.2	9.6	2.4
Fixed Assets	54.7	159.6	149.9	154.6	148.3	149.0
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Intangibles	3.7	10.7	13.4	0.0	N.A.	N.A.
Current Tax Assets	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Deferred Tax Assets	8.3	24.1	22.7	11.4	49.5	68.1
Discontinued Operations	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Assets	251.2	732.6	449.3	329.2	268.8	362.2
Total Assets	8,604.9	25,093.1	22,690.3	21,097.4	19,201.2	18,195.8
Liabilities and Equity						
Interest-Bearing Liabilities						
Customer Deposits - Current	650.0	1,895.5	1,633.1	1,914.5	1,956.1	1,978.4
Customer Deposits - Savings	1,989.8	5,802.6	5,475.1	5,251.3	4,666.5	4,078.6
Customer Deposits - Term	719.4	2,097.8	1,073.3	879.8	669.7	387.3
Total Customer Deposits	3,359.2	9,795.9	8,181.5	8,045.6	7,292.3	6,444.3
Deposits from Banks	2,129.9	6,211.2	6,028.5	5,595.7	5,439.3	5,220.9
Repos and Cash Collateral	202.1	589.3	439.0	0.0	0.0	313.2
Commercial Paper and Short-term Borrowings	1,872.2	5,459.6	5,263.0	4,832.0	4,198.9	3,787.9
Total Money Market and Short-term Funding	7,563.4	22,056.0	19,912.0	18,473.3	16,930.5	15,766.3
Senior Unsecured Debt (original maturity > 1 year)	0.0	0.0	0.0	0.0	0.0	0.0
Subordinated Borrowing	0.0	0.0	0.0	0.0	N.A.	N.A.
Covered Bonds	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Long-term Funding	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Total LT Funding (original maturity > 1 year)	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	0.0	0.1	0.2	0.0	0.0	0.0
Trading Liabilities	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Total Funding	7,563.4	22,056.1	19,912.2	18,473.3	16,930.5	15,766.3

^aExchange rate: 2016 – USD1 = COP2879.95000; 2015 – USD1 = COP3149.47000; 2014 – USD1 = COP2392.46000; 2013 – USD1 = COP1922.56000; 2012 – USD1 = COP1771.54000. 2016 and 2015 financial statements in IFRS, 2014-2012 in Colombian GAAP. N.A. – Not available. *Continued on next page.*
Source: Banco Agrario de Colombia.

Balance Sheet — Banco Agrario de Colombia S.A. (Continued)

(COP Bil., Years Ended Dec. 31)

	2016 ^a		2015 ^a	2014 ^a	2013 ^a	2012 ^a
	Six Months — Interim					
	(USD Mil.)	(COP Bil.)				
Liabilities and Equity (Cont.)						
Non-Interest Bearing Liabilities						
Fair Value Portion of Debt	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Credit Impairment Reserves	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Reserves for Pensions and Other	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Current Tax Liabilities	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Deferred Tax Liabilities	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Deferred Liabilities	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Discontinued Operations	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Insurance Liabilities	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Other Liabilities	337.3	983.6	738.7	677.8	536.6	653.0
Total Liabilities	7,900.7	23,039.7	20,650.9	19,151.1	17,467.1	16,419.3
Hybrid Capital						
Pref. Shares and Hybrid Capital accounted for as Debt	N.A.	N.A.	N.A.	0.0	0.0	0.0
Pref. Shares and Hybrid Capital accounted for as Equity	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Equity						
Common Equity	697.6	2,034.2	2,025.5	1,848.2	1,643.8	1,682.5
Non-controlling Interest	N.A.	N.A.	N.A.	0.0	N.A.	N.A.
Securities Revaluation Reserves	6.6	19.2	13.9	0.0	0.0	0.0
Foreign Exchange Revaluation Reserves	0.0	0.0	0.0	0.0	N.A.	N.A.
Fixed Asset Revaluations and Other Accumulated OCI	N.A.	N.A.	N.A.	98.1	90.3	94.0
Total Equity	704.1	2,053.4	2,039.4	1,946.3	1,734.1	1,776.5
Total Liabilities and Equity	8,604.9	25,093.1	22,690.3	21,097.4	19,201.2	18,195.8
Memo: Fitch Core Capital	700.5	2,042.7	2,026.0	1,882.0	1,684.6	1,708.4
Memo: Fitch Eligible Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

^aExchange rate: 2016 – USD1 = COP2879.95000; 2015 – USD1 = COP3149.47000; 2014 – USD1 = COP2392.46000; 2013 – USD1 = COP1922.56000; 2012 – USD1 = COP1771.54000. 2016 and 2015 financial statements in IFRS, 2014-2012 in Colombian GAAP N.A. –Not available.
Source: Banco Agrario de Colombia.

Summary Analytics — Banco Agrario de Colombia S.A.

(%, Years Ended Dec. 31)

	2016 Six Months – Interim Period	2015	2014	2013	2012
Interest Ratios					
Interest Income on Loans/Average Gross Loans	10.9	10.0	9.8	10.6	11.2
Interest Expense on Customer Deposits/Average Customer Deposits	3.1	2.0	1.6	1.4	1.2
Interest Income/Average Earning Assets	6.3	5.5	5.5	5.7	5.2
Interest Expense/Average Interest-bearing Liabilities	3.3	2.1	1.7	1.7	1.9
Net Interest Income/Average Earning Assets	3.1	3.5	3.8	4.0	3.4
Net Interest Income Less Loan Impairment Charges/Average Earning Assets	2.8	3.4	3.3	2.0	2.3
Net Interest Income Less Preferred Stock Dividend/Average Earning Assets	3.1	3.5	3.8	4.0	3.4
Other Operating Profitability Ratios					
Non-Interest Income/Gross Revenues	64.4	56.7	54.7	52.7	63.3
Non-Interest Expense/Gross Revenues	46.2	52.1	51.2	50.6	44.6
Non-Interest Expense/Average Assets	3.6	3.8	3.9	3.9	3.9
Pre-impairment Op. Profit/Average Equity	47.5	44.2	44.1	40.7	53.8
Pre-impairment Op. Profit/Average Total Assets	4.1	3.5	3.8	3.8	4.8
Loans and Securities Impairment Charges/Pre-impairment Op. Profit	9.7	4.8	13.6	48.3	20.6
Operating Profit/Average Equity	42.9	42.0	38.1	21.0	42.8
Operating Profit/Average Total Assets	3.7	3.3	3.3	2.0	3.8
Operating Profit/Risk Weighted Assets	8.3	6.1	6.2	3.7	7.3
Other Profitability Ratios					
Net Income/Average Total Equity	27.8	26.8	27.5	13.6	32.7
Net Income/Average Total Assets	2.4	2.1	2.4	1.3	2.9
Fitch Comprehensive Income/Average Total Equity	27.8	26.8	28.0	13.4	34.2
Fitch Comprehensive Income/Average Total Assets	2.4	2.1	2.4	1.2	3.1
Taxes/Pre-tax Profit	36.6	37.9	31.8	39.8	27.5
Net Income/Risk Weighted Assets	5.4	3.9	4.4	2.4	5.6
Capitalization					
Fitch Core Capital/Risk Weighted Assets	18.9	16.4	17.3	17.2	18.9
Fitch Eligible Capital/Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Tangible Common Equity/Tangible Assets	8.1	8.9	9.2	9.0	9.8
Tier 1 Regulatory Capital Ratio	10.2	9.8	10.0	11.1	13.5
Total Regulatory Capital Ratio	12.6	12.8	11.7	13.3	14.6
Core Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Equity/Total Assets	8.2	9.0	9.2	9.0	9.8
Cash Dividends Paid & Declared/Net Income	N.A.	59.8	57.7	N.A.	54.2
Internal Capital Generation	28.3	23.7	24.8	13.6	13.1
Loan Quality					
Growth of Total Assets	10.6	N.A.	9.9	5.5	11.4
Growth of Gross Loans	7.4	N.A.	11.2	18.0	12.9
Impaired Loans/Gross Loans	6.3	6.8	8.0	8.3	7.0
Reserves for Impaired Loans/Gross Loans	9.1	9.7	11.5	12.4	11.3
Reserves for Impaired Loans/Impaired Loans	144.9	143.0	143.8	150.3	160.7
Impaired Loans less Reserves for Impaired Loans/Fitch Core Capital	(17.2)	(16.8)	(19.7)	(23.5)	(20.1)
Impaired Loans less Reserves for Impaired Loans/Equity	(17.1)	(16.7)	(19.1)	(22.8)	(19.4)
Loan Impairment Charges/Average Gross Loans	0.4	0.1	1.0	3.8	2.5
Net Chargeoffs/Average Gross Loans	N.A.	N.A.	0.3	0.9	1.3
Impaired Loans + Foreclosed Assets/Gross Loans + Foreclosed Assets	6.4	6.8	8.1	8.4	7.1
Funding and Liquidity					
Loans/Customer Deposits	127.7	142.4	131.5	130.4	125.1
Interbank Assets/Interbank Liabilities	1.3	0.0	4.8	5.1	0.1
Customer Deposits/Total Funding (excluding derivatives)	44.4	41.1	43.6	43.1	40.9
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not available.

Source: Banco Agrario de Colombia.

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