Banco Agropecuario

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2
Support Rating	2
Support Rating Floor	BBB+

Local Currency

Long-Term IDR	A–
Short-Term IDR	F2

Sovereign Risk

Foreign Currency Long-Term IDR	BBB+
Local Currency Long-Term IDR	A–

Outlooks

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

Financial Data

Banco Agropecuario

	6/30/15	12/31/14
Total Assets (USDm)	651.3	634.5
Total Assets (PENm)	2,067.4	1,894.0
Total Equity (PENm)	441.5	433.4
Operating Profit (PENm)	10.4	13.8
Published Net Income (PENm)	8.1	10.1
Comprehensive Income (PENm)	8.1	10.1
Operating ROAA (%)	1.1	1.0
Operating ROAE (%)	4.8	3.2
Internal Capital Generation (%)	3.7	2.3
Fitch Core Capital/Adjusted Weighted Risks (%)	22.3	25.5
Total Regulatory Capital Ratio (%)	24.9	26.8
Net Income (PENm)	8.1	10.1

Related Research

Peru (October 2015)

Analysts

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Key Rating Drivers

State Support: Banco Agropecuario's (Agrobanco) issuer default ratings (IDRs) are aligned with the sovereign, reflecting the high likelihood of support from the Republic of Peru, should it be required. Despite its small market share, Agrobanco is the country's largest source of financing for the agricultural sector. Its 100% government ownership, as well as the representation of the Ministry of Agriculture and Ministry of Economy and Finance on its board, evidences its importance to the government's economic development and agricultural policies.

Unique Business Model: Agrobanco's business model is remarkable for its geographic and operational breadth. Its principal activity is the provision of working capital financing (average credit of PEN19,000) to small and medium-sized agricultural producers. It supports a diverse range of cultivation and livestock production. Credits are distributed through the bank's network of 80 offices located in every province of the country, reaching remote rural areas.

Pressured Profitability: An increase in non-earning assets combined with rising impairment charges led to a 56% year-over-year decline in operating profit in 2014. The increase in non-earning assets is related to Agrobanco's 220% increase in funding liabilities since YE13, driving a material decline in net interest margin. Simultaneously, impairment charges rose from 25% of pre-impairment operating profit to 66% during the same period. The bank's performance should improve with a reduction of cash holdings.

Slowing Growth: During the three-year period from YE11–YE14, Agrobanco's loan portfolio grew at an average rate of 72% per annum, compared with 15% for the banking system. While the bank continues to hold cash from its recent rounds of fundraising, the bank has entered a period of significantly slower growth (22% annualized growth at June 2015). Loan growth of more than 25% annually will be difficult to sustain over the medium term without further recapitalizations.

Loan Quality Deterioration: Agrobanco's loan quality indicators benefited from strong growth over the past three years. However, slowing growth and loan seasoning have brought loan impairments closer to historical levels. Nonperforming loans increased to 2.2% at June 2015, compared with 1.7% at December 2013, in line with the banking system as a whole. However, restructured and rescheduled loans were materially higher than the banking sector average. Fitch Ratings expects that loan quality will continue to present a challenge.

Solid but Declining Capital: Agrobanco's capital metrics benefit from the full reinvestment of retained earnings since the bank's inception as well as government recapitalizations in 2012 and 2013. Subsequent to a rapid process of leveraging since 2011, the bank's regulatory capital ratio has declined from 91.2% to 24.9% at June 2015. Despite a regulatory capital adequacy ratio minimum of 10%, the bank has covenanted a 20% minimum with its creditors.

Rating Sensitivities

Sovereign Considerations: As a state-owned development bank, Agrobanco's creditworthiness and ratings are directly linked to those of the Republic of Peru; hence, Agrobanco's ratings should move in line with those of the sovereign.

Operating Environment

Fitch affirmed Peru's long-term foreign currency IDR of 'BBB+' with a Stable Rating Outlook on the basis of strong external and fiscal balance sheets as well as a track record of policy credibility. Ample external liquidity (with international reserves totaling 33% of GDP and a 330% international liquidity ratio) and manageable external financing needs (18% of international reserves in 2015–2017) mitigate the country's vulnerability to commodity price shocks and the decline in its terms of trade since 2011.

After its longest and fastest period of economic expansion, Peru entered a period of markedly slower growth in 2014, due to lower commodity prices and reduced foreign direct investment. As of September 2015, Fitch forecast that real GDP growth could recover to 2.8% in 2015 and 3.8% in 2016 (from 2.4% in 2014) on the basis of rising mining production, policy stimulus and increased infrastructure investment. In response to contracting private investment and slowing consumption, the government accelerated infrastructure investment plans, including Line 2 of the Lima Metro, the upgrade of Petroperu's Talara refinery upgrade and development of the southern natural gas pipeline. The Humala administration has also complemented short-term tax relief with microreforms to streamline investment-related processes and improve infrastructure with long-term effect.

In the short term, Peru's monetary policy is challenged by the need to balance weaker growth with signs of growing inflation and a weaker currency. In September 2015, the Central Reserve Bank of Peru (BCRP) raised its reference interest rate by 25 bps to 3.5% in response to 4% year-over-year inflation registered in August, ending a long-term loosening cycle. Fitch forecasts inflation of 3.3% and 3.0% in 2015 and 2016, respectively, above the 2.0-%-plus target.

Company Profile

A Unique Business Model

Agrobanco was established in 2002 as the Peruvian government's principal instrument for providing financial support to the agricultural sector. It is wholly owned by the Peruvian government through its specialized agency, Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado (FONAFE), which forms part of the Ministry of Economy and Finance. Agrobanco's initial capital of PEN100m was increased in 2012 and 2013. Moreover, in 2011, the bank was authorized to leverage its capital to better meet the agricultural sector's funding needs.

As such, Agrobanco serves customers that range from small, local producers to highly mechanized export-oriented installations. Within the scope of agricultural lending, the economic activities it supports are highly varied. Among the principal industries it supports are the production of coffee, livestock, cacao, banana, cotton, potato, corn, rice and quinoa, with a growing portfolio in forestry products. Its geographic coverage is also diverse, with presence in 22 of the country's 25 regions.

With an average loan size of approximately PEN19,000 (USD6,000), Agrobanco manages approximately 60,000 retail credits through 80 offices. However, despite a market share of 0.3% by assets and 0.7% by loans as of December 2014, it accounts for approximately 35% of agricultural lending, making it the most important agricultural lender in the country.

In addition to credit, Agrobanco offers technical assistance and manages governmental assistance programs that provide credit guarantees as well as assistance to specific segments affected by market or natural events. However, non-interest income (fees and commissions)

Related Criteria

Global Bank Rating Criteria (March 2015) represented only 1.5% of gross revenues at June 2015. To date, the bank is not authorized to collect customer deposits.

Management and Strategy

Agrobanco's board of directors has five members appointed for five-year terms. Two directors are appointed by the Ministry of Economy and Finance and three are appointed by the Ministry of Agriculture, including the board chair. During 2014, the Ministry of Agriculture replaced the board's chair in a non-electoral year. However, directors are usually replaced with each presidential election, thus aligning the board's view and policies with those of the government.

The bank is supervised by several control and regulating agencies, including FONAFE, BCRP, the Superintendence of Banks and the Comptroller of the Republic, among others. Agrobanco's annual (and multiyear) strategic plan and budget is coordinated with and approved by FONAFE and is included in the central government's budget process. Agrobanco counts on a number of specialized committees to oversee the bank's operations. These include executive, audit, risk, and assets and liabilities committees, which held 14 sessions during 2014. In addition, the risk unit has built up a team of specialized personnel to monitor nonfinancial risks that relate specifically to the bank's target sector, such as climate risks, national and international agricultural policies and commodity prices.

Risk Appetite

Aggressive Growth of a New Business Model

Agrobanco's operational scale in underserved areas, agricultural focus, relatively early stage of institutional development and high rate of growth result in an elevated risk appetite. In addition, Agrobanco's borrowers exhibit high susceptibility to climate and pricing risk and have irregular cash flows, reflected in the high rate of the bank's loan rescheduling. For instance, approximately half of Agrobanco's outstanding credits are structured with bullet amortizations of principal. Agrobanco partially mitigates this risk by requiring that bullet loans generally have tenors of less than 12 months, structured with monthly payments of interest.

The bank's underwriting generally limits financing to existing agricultural production activities. The portfolio is adequately backed by tangible collateral equivalent to approximately 2.0x loans outstanding. In addition, high-risk borrowers are required to obtain varying levels of agricultural insurance. The bank has also improved its underwriting over time, introducing GPS data and digital photos into the credit review to better identify and value plots, and disbursing credits through prepaid debit cards that are eligible for use only at authorized agricultural vendors to better control the use of funds. The bank also proactively tightens its credit policies in response to expected environmental changes such as the El Niño phenomenon. The adjustments include restricting credit in areas at high risk and providing cultivator training on preventive measures.

The board's risk committee is in charge of establishing all risk policies. The board of directors approves such policies and specific strategies and rules relevant to risk management, including the delegation of credit authority. The bank has established a central risk management unit in charge of implementing all risk policies and complying with regulators' requirements. The assets and liabilities management committee is responsible for supervising and controlling the bank's positions and approving liquidity policies and limits. In 2013, the Superintendence of Banks issued a number of observations related to the bank's credit risk management. These observations generally addressed inconsistencies in risk reporting, internal risk rating and provisioning. As a result of these observations, the bank made a number of improvements to its systems.

In terms of operational risk, since 2009, following local regulatory requirements, Agrobanco has allocated part of its capital to operational risk. As the bank is not a heavily transactional bank, the operational risk events so far have been infrequent and have had a negligible financial impact. As the bank rolls out new products, operational risk and its associated losses are expected to increase, but operational risk should remain low.

Low Market Risk

Agrobanco does not maintain a portfolio of securities holdings, preferring instead to maintain liquidity in central bank and commercial bank deposits. However, the bank incurs currency risk related to its sizable USD-denominated funding (USD127m at June 2015). The bank hedges USD-denominated liabilities with USD assets, resulting in an immaterial open unhedged position. However, at December 2014 more than half of USD assets were held in bank deposits, while only 46% were deployed as USD loans (to export-oriented dollar income generators), demonstrating placement pressure for USD-denominated disbursements.

Asset Quality Indicators

(%)	1H15	2014	2013	2012
Growth of Gross Loans	10.98	60.57	107.73	48.80
Impaired Loans/Gross Loans	2.36	1.98	1.55	2.48
Reserves for Impaired Loans/Impaired Loans	175.08	175.08	199.80	201.07
Impaired Loans Less Reserves for Impaired Loans/Equity	(6.45)	(4.96)	(3.29)	(3.09)
Loan Impairment Charges/Average Gross Loans	2.35	2.23	1.50	1.73

Source: Audited and unaudited financial statements.

Financial Profile

Asset Quality

At June 2015, impaired loans represented nearly 2.4% of gross loans, a moderate increase from December 2014 but still in line with the banking system and Agrobanco's long-term historical performance. Net charge-offs were relatively minor (0.3%). However, refinanced, restructured and past due loans at Agrobanco represented approximately 6.7% of gross loans compared with 3.7% at commercial banks as of June 2015. Credit risk associated with restructured loans is mitigated by collateral, as well as Agrobanco's administration of the Fondo Agroperu guarantee fund on behalf of the government. For example, the bank is currently processing a sale of rescheduled loans at face value to the fund.

Risk is also mitigated by the bank's diversification by geography and business activity. Given the portfolio's rapid growth in 2013 and 2014, combined with concerns over increased environmental risk related to the El Niño phenomenon, Fitch expects that Agrobanco's portfolio quality metrics will continue to decline in the short term.

By covenant with its lenders, Agrobanco is required to maintain impaired loans below 8.0% and a reserve coverage ratio of at least 175%. At June 2015, the bank was already at the 175% reserve coverage minimum, a rate that does not fully cover classified exposures but can be considered adequate in light of the portfolio's collateralization and the bank's capital cushion.

Earnings and Profitability

Costly Non-Earning Assets and Higher Provisions

Whereas the bank had previously outperformed the banking sector average from 2011–2013, its net income in 2014 was considerably below average, a trend that carried forward into 2015. The decline in performance reflects the bank's 221% increase in funding liabilities from

December 2013 to June 2015, which outpaced loan growth over the same period (180%). As a result cash holdings remained elevated (19.8% of assets at June 2015) and interest expense as a percentage of earning assets increased from 0.8% in 2012 to 5.7% at June 2015.

Profitability Indicators

(%)	1H15	2014	2013	2012
Net Interest Income/Average Earning Assets	8.63	8.57	13.16	14.99
Non-Interest Expense/Gross Revenues	56.46	64.76	53.57	52.63
Loans and Securities Impairment Charges/Pre-Impairment Operating Profit	63.92	65.94	25.15	22.64
Operating Profit/Average Total Assets	1.06	0.95	4.45	5.84
Operating Profit/Risk-Weighted Assets	0.57	0.83	3.02	4.85
Net Income/Average Equity	3.73	2.35	5.66	6.66

Source: Audited and unaudited financial statements.

Profitability was also impacted by increased impairment charges, which rose from 25.2% of pre-impairment operating profit in December 2013 to 63.9% at June 2015. The effects of increased non-earning assets and rising impairment charges led to a 56% decline in operating profit in 2014 versus 2013. Fitch expects that the bank's performance will improve moderately, without recovering fully to 2012 levels. Given that operating expenses as a share of assets have remained stable, a recovery in earnings rests primarily on the speed at which the bank disburses its cash holdings and manages its portfolio quality.

Fitch expects that loan impairments will continue to present a challenge for profitability in light of declining loan growth and potential loan quality deterioration from the effects from the El Niño phenomenon. In addition, the bank has covenanted a 175% reserve coverage ratio with its creditors (175.1% at June 2015), leaving little room to accommodate further deterioration.

Capitalization and Leverage

Agrobanco's capital metrics benefit from the full reinvestment of retained earnings since the bank's inception as well as government recapitalizations in 2012 and 2013. Agrobanco's capital is entirely Tier I and unencumbered by goodwill or fixed assts. Subsequent to its rapid process of leveraging since 2011, the bank's regulatory capital ratio has declined from 91.2% to 24.9% at June 2015. Despite a regulatory minimum capital adequacy ratio of 10%, the bank has covenanted a 20% minimum with creditors, curbing the bank's growth relative to recent years. The bank is currently in the process of requesting a further government contribution to equity of PEN50m.

Capitalization Indicators

(%)	1H15	2014	2013	2012
Fitch Core Capital/Weighted Risk	22.32	25.53	40.49	74.47
Fitch Eligible Capital/Weighted Risks	22.32	25.53	40.49	74.47
Tangible Common Equity/Tangible Assets	20.07	22.39	44.74	79.53
Core Tier I Regulatory Capital Ratio	23.70	25.60	39.08	72.12
Internal Capital Generation	3.70	2.33	5.38	5.99

Source: Audited and unaudited financial statements.

Funding and Liquidity

Agrobanco's funding is concentrated, reflecting the bank's inability to collect deposits and its relatively new authorization (2011) to leverage its capital. A three-year, USD200m credit facility provided by Deutsche Bank in 2014 represents 41.3% of the bank's funding. It has also sourced facilities from a range of public and private commercial banks. Importantly, in August 2015, it raised PEN28.5m through its first local issuance.

The bank's uneven debt maturity schedule demonstrates roll-over risk, particularly with respect to the Deutsche Bank facility. The bank has also agreed to a number of loan covenants that are more restrictive than regulatory limits. However, roll-over risk is mitigated by the government of Peru's track record of recapitalizing the bank and Agrobanco's access to lines of credit from other state and local banks, of which approximately PEN385m remained available at June 2015.

In terms of liquidity, Agrobanco continues to hold a high proportion of assets in cash and bank deposits. At June 2015, liquid assets represented 88% of short-term borrowings. However, a large proportion of the bank's liquidity was denominated in USD, complicating its availability to satisfy local currency obligations. Given that 53% of Agrobanco's loans have tenors longer than one year, and 32% of loans have tenors longer than two years, matching of assets and liabilities, including management of future loan rescheduling, will become increasingly relevant.

Support

IDRs Based on Sovereign Support

Agrobanco's IDRs reflect the support it would receive from its shareholder, the Republic of Peru, should it be required. Fitch attributes the high likelihood of sovereign support to Agrobanco's status as an organ of the Peruvian government, the presence of government representatives on its board of directors, its importance as a source of agricultural financing, particularly in remote areas, and its key role in the government's economic development and agricultural policy.

Peer Analysis

For the purposes of comparison, Fitch groups Agrobanco with other Peruvian state banks. However, Agrobanco's business model differs materially in that it is limited to sourcing wholesale debt but provides retail credits. As a result, Agrobanco's loan quality indicators do not compare favorably with those of wholesale bank peers Cofide and Fondo Mivivienda. In addition, due to Agrobanco's high liquidity, its net interest margin has declined to levels in line with those of its wholesale lender peers. Its capital position is also relatively weaker due to the bank's rapid leveraging in 2014.

Senior Unsecured Debt Ratings

The rating of 'A–(emr)' on a long-term senior unsecured loan contracted by Agrobanco through Citibank, N.A. in the PEN-equivalent amount of USD45m reflects how support from the government should be forthcoming, if needed, to Agrobanco and any of its senior unsecured debt.

The subscript 'emr' was added to the rating of the local currency loan to reflect the embedded market risk of the exchange rate fluctuation between the PEN and the USD given that the loan is denominated in PEN while the settlement is in USD.

Peer Analysis

	Agrobanco			Banco de la Nacion			Cofide			Fondo Mivivienda		
	1H15	2014	2013	1H15	2014	2013	1H15	2014	2013	1H15	2014	2013
Non-Interest Income/Gross Revenues	2.55	1.69	10.61	34.54	35.60	35.81	3.74	3.26	6.87	(22.00)	(9.61)	(18.24)
Non-Interest Expense/Gross Revenues	56.46	64.91	49.87	45.90	50.92	53.28	34.58	39.22	38.61	26.09	33.50	29.96
Pre-Impairment Operating Profit/Average Total Assets	2.93	2.76	6.93	3.68	3.30	3.14	1.43	1.29	1.61	1.47	1.52	2.08
Loans and Securities Impairment Charges/ Pre-Impairment Operating Profit	63.92	62.49	18.58	4.17	5.10	3.33	51.29	(9.56)	(9.62)	4.63	2.02	6.69
Net Income/Average Total Assets	0.82	0.69	3.27	3.83	2.62	2.36	0.81	0.89	1.17	1.09	1.05	1.43
Net Income/Risk Weighted Assets	0.44	0.61	2.22	4.97	6.72	9.76	1.11	1.27	1.64	2.58	N.A.	1.30
Fitch Core Capital/Risk Weighted Assets	22.32	25.53	40.49	14.55	18.15	27.25	37.97	37.14	49.23	100.41	N.A.	61.47
Tangible Common Equity/Tangible Assets	20.07	22.39	44.74	5.70	6.47	6.12	27.15	23.15	32.59	41.89	41.52	60.11
Equity/Total Assets	21.36	22.88	44.93	6.24	6.94	6.63	27.19	23.21	32.62	41.91	41.53	60.18
Internal Capital Generation	3.70	2.33	5.38	62.60	5.56	(4.87)	(1.42)	0.34	0.33	2.56	2.21	2.10
Growth of Total Assets	9.16	101.01	116.16	(4.75)	4.65	12.50	4.04	20.72	26.26	0.43	49.64	45.37
Growth of Gross Loans	10.98	60.57	107.73	5.18	10.68	23.97	7.80	10.37	35.58	5.68	19.75	38.06
Impaired Loans/Gross Loans	2.36	1.98	1.55	0.63	0.54	0.52	0.88	2.51	0.08	1.96	1.74	1.44
Reserves for Impaired Loans/Gross Loans	4.14	3.47	3.09	2.90	2.80	2.80	10.14	10.27	14.95	1.12	1.15	1.20
Reserves for Impaired Loans/Impaired Loans	175.08	175.08	199.80	461.73	520.00	534.22	1,148.46	409.08	19,374.19	49.76	66.01	83.28
Net Charge-Offs/Average Gross Loans	N.A.	0.31	0.06	N.A.	N.A.	0.00	0.00	(0.02)	0.27	N.A.	N.A.	N.A.
Customer Deposits/Total Funding (Excluding Derivatives)	N.A.	N.A.	N.A.	96.79	86.48	87.45	0.23	0.68	0.00	0.01	0.01	0.00

N.A. – Not available.

Banco Agropecuario (Agrobanco)

	30 Jun 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	6 Mos - Interim USDm Unaudited	6 Mos - Interim PENth Unaudited	As % of Earning Assets	Year End PENth Unqualified	As % of Earning Assets	Year End PENth Unqualified	As % of Earning Assets	Year End PENth Unqualified	As % of Earning Assets
Income Statement									
1. Interest Income on Loans	33.8	107,427.9	14.08	181,990.0	12.34	103,157.0	11.46	56,208.0	13.42
2. Other Interest Income	0.2	491.2	0.06	2,789.0	0.19	788.0	0.09	913.0	0.22
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	34.0	107,919.1	14.15	184,779.0	12.53	103,945.0	11.55	57,121.0	13.63
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	13.7	43,469.3	5.70	72,425.0	4.91	17,686.0	1.96	3,183.0	0.76
7. Total Interest Expense	13.7	43,469.3	5.70	72,425.0	4.91	17,686.0	1.96	3,183.0	0.76
8. Net Interest Income	20.3	64,449.8	8.45	112,354.0	7.62	86,259.0	9.58	53,938.0	12.87
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	197.0	0.01	632.0	0.07	118.0	0.03
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	0.5	1,615.8	0.21	2,003.0	0.14	2,295.0	0.25	4,350.0	1.04
14. Other Operating Income	0.0	69.3	0.01	0.0	0.00	0.0	0.00	2,168.0	0.52
15. Total Non-Interest Operating Income	0.5	1,685.1	0.22	2,200.0	0.15	2,927.0	0.33	6,636.0	1.58
16. Personnel Expenses	6.6	20,991.5	2.75	38,143.0	2.59	28,139.0	3.13	20,094.0	4.80
17. Other Operating Expenses	5.2	16,349.2	2.14	36,044.0	2.44	19,639.0	2.18	11,786.0	2.81
18. Total Non-Interest Expenses	11.8	37,340.7	4.89	74,187.0	5.03	47,778.0	5.31	31,880.0	7.61
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	9.1	28,794.2	3.77	40,367.0	2.74	41,408.0	4.60	28,694.0	6.85
21. Loan Impairment Charge	5.6	17,795.2	2.33	25,743.0	1.75	10,009.0	1.11	6,268.0	1.50
22. Securities and Other Credit Impairment Charges	0.2	609.3	0.08	873.0	0.06	405.0	0.04	228.0	0.05
23. Operating Profit	3.3	10,389.7	1.36	13,751.0	0.93	30,994.0	3.44	22,198.0	5.30
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	1.1	3,636.4	0.48	2,395.0	0.16	9,051.0	1.01	4,468.0	1.07
26. Non-recurring Expense	0.1	210.1	0.03	1,104.0	0.07	762.0	0.08	640.0	0.15
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	4.4	13,816.0	1.81	15,042.0	1.02	39,283.0	4.36	26,026.0	6.21
30. Tax expense	1.8	5,716.5	0.75	4,965.0	0.34	16,527.0	1.84	5,001.0	1.19
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	2.6	8,099.5	1.06	10,077.0	0.68	22,756.0	2.53	21,025.0	5.02
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	2.6	8,099.5	1.06	10,077.0	0.68	22,756.0	2.53	21,025.0	5.02
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	2.6	8,099.5	1.06	10,077.0	0.68	22,756.0	2.53	21,025.0	5.02
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = PEN3.17400		USD1 = PEN2.98500		USD1 = PEN2.79500		USD1 = PEN2.55000	

Banco Agropecuario (Agrobanco)

	30 Jun 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	6 Mos - Interim USDm	6 Mos - Interim PENth	As % of Assets	Year End PENth	As % of Assets	Year End PENth	As % of Assets	Year End PENth	As % of Assets
Balance Sheet									
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	12.0	0.00	53.0	0.01	131.0	0.03
4. Corporate & Commercial Loans	n.a.	n.a.	-	1,446,016.0	76.35	900,511.0	95.57	433,400.0	98.78
5. Other Loans	505.6	1,604,859.6	77.63	n.a.	-	n.a.	-	n.a.	-
6. Less: Reserves for Impaired Loans	20.9	66,443.1	3.21	50,152.0	2.65	27,872.0	2.96	21,599.0	4.92
7. Net Loans	484.7	1,538,416.5	74.41	1,395,876.0	73.70	872,692.0	92.62	411,932.0	93.89
8. Gross Loans	505.6	1,604,859.6	77.63	1,446,028.0	76.35	900,564.0	95.58	433,531.0	98.81
9. Memo: Impaired Loans included above	12.0	37,950.5	1.84	28,646.0	1.51	13,950.0	1.48	10,742.0	2.45
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	n.a.	n.a.	-	78,462.0	4.14	27,644.0	2.93	7,013.0	1.60
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	484.7	1,538,416.5	74.41	1,474,338.0	77.85	900,336.0	95.56	418,945.0	95.48
C. Non-Earning Assets									
1. Cash and Due From Banks	129.1	409,669.7	19.82	344,945.0	18.21	1,793.0	0.19	233.0	0.05
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	557.0	0.03	204.0	0.02	201.0	0.05
3. Foreclosed Real Estate	1.8	5,791.9	0.28	4,714.0	0.25	317.0	0.03	17.0	0.00
4. Fixed Assets	5.8	18,379.1	0.89	17,976.0	0.95	9,519.0	1.01	3,748.0	0.85
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	1.1	3,589.3	0.17	3,125.0	0.17	2,690.0	0.29	1,435.0	0.33
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	9.4	29,751.1	1.44	8,872.0	0.47	5,564.0	0.59	8,845.0	2.02
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	19.5	61,760.3	2.99	39,960.0	2.11	21,993.0	2.33	5,534.0	1.26
11. Total Assets	651.3	2,067,357.9	100.00	1,893,930.0	100.00	942,212.0	100.00	438,757.0	100.00
Exchange rate			USD1 = PEN3.17400		USD1 = PEN2.98500		USD1 = PEN2.79500		USD1 = PEN2.55000

Banco Agropecuario (Agrobanco)

	30 Jun 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	6 Mos - Interim USDm	6 Mos - Interim PENth	As % of Assets	Year End PENth	As % of Assets	Year End PENth	As % of Assets	Year End PENth	As % of Assets
Balance Sheet									
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deposits from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	146.5	465,054.7	22.50	711,176.0	37.55	119,706.0	12.70	29,057.0	6.62
8. Total Money Market and Short-term Funding	146.5	465,054.7	22.50	711,176.0	37.55	119,706.0	12.70	29,057.0	6.62
9. Senior Unsecured Debt (original maturity > 1 year)	0.0	0.0	0.00	n.a.	-	0.0	0.00	0.0	0.00
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	347.4	1,102,503.5	53.33	722,797.0	38.16	369,120.0	39.18	32,412.0	7.39
13. Total LT Funding (original maturity > 1 year)	347.4	1,102,503.5	53.33	722,797.0	38.16	369,120.0	39.18	32,412.0	7.39
14. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	493.9	1,567,558.2	75.82	1,433,973.0	75.71	488,826.0	51.88	61,469.0	14.01
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	1.5	4,729.4	0.23	713.0	0.04	275.0	0.03	1,175.0	0.27
4. Current Tax Liabilities	1.9	6,069.7	0.29	n.a.	-	7,062.0	0.75	4,194.0	0.96
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	261.0	0.01	266.0	0.03	1,120.0	0.26
9. Other Liabilities	15.0	47,510.3	2.30	25,592.0	1.35	22,469.0	2.38	19,751.0	4.50
10. Total Liabilities	512.2	1,625,867.6	78.64	1,460,539.0	77.12	518,898.0	55.07	87,709.0	19.99
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	139.1	441,490.3	21.36	433,391.0	22.88	423,314.0	44.93	351,048.0	80.01
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	139.1	441,490.3	21.36	433,391.0	22.88	423,314.0	44.93	351,048.0	80.01
7. Total Liabilities and Equity	651.3	2,067,357.9	100.00	1,893,930.0	100.00	942,212.0	100.00	438,757.0	100.00
8. Memo: Fitch Core Capital	128.6	408,149.9	19.74	421,394.0	22.25	415,060.0	44.05	340,768.0	77.67
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	415,060.0	44.05	340,768.0	77.67
Exchange rate		USD1 = PEN3.17400		USD1 = PEN2.98500		USD1 = PEN2.79500		USD1 = PEN2.55000	

Banco Agropecuario (Agrobanco)

	30 Jun 2015 6 Mos - Interim	31 Dec 2014 Year End	31 Dec 2013 Year End	31 Dec 2012 Year End
Summary Analytics				
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	14.08	15.76	15.45	15.51
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	14.45	14.09	15.85	15.87
4. Interest Expense/ Average Interest-bearing Liabilities	5.84	7.30	7.31	7.87
5. Net Interest Income/ Average Earning Assets	8.63	8.57	13.16	14.99
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	6.25	6.61	11.63	13.25
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	8.63	8.57	13.16	14.99
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	2.55	1.92	3.28	10.96
2. Non-Interest Expense/ Gross Revenues	56.46	64.76	53.57	52.63
3. Non-Interest Expense/ Average Assets	3.80	5.11	6.85	8.39
4. Pre-impairment Op. Profit/ Average Equity	13.27	9.39	10.30	9.09
5. Pre-impairment Op. Profit/ Average Total Assets	2.93	2.78	5.94	7.55
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	63.92	65.94	25.15	22.64
7. Operating Profit/ Average Equity	4.79	3.20	7.71	7.04
8. Operating Profit/ Average Total Assets	1.06	0.95	4.45	5.84
9. Operating Profit / Risk Weighted Assets	0.57	0.83	3.02	4.85
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	3.73	2.35	5.66	6.66
2. Net Income/ Average Total Assets	0.82	0.69	3.26	5.53
3. Fitch Comprehensive Income/ Average Total Equity	3.73	2.35	5.66	6.66
4. Fitch Comprehensive Income/ Average Total Assets	0.82	0.69	3.26	5.53
5. Taxes/ Pre-tax Profit	41.38	33.01	42.07	19.22
6. Net Income/ Risk Weighted Assets	0.44	0.61	2.22	4.59
D. Capitalization				
1. Fitch Core Capital/ Risk Weighted Assets	22.32	25.53	40.49	74.47
2. Fitch Eligible Capital/ Risk Weighted Assets	22.32	25.53	40.49	74.47
3. Tangible Common Equity/ Tangible Assets	20.07	22.39	44.74	79.53
4. Tier 1 Regulatory Capital Ratio	23.70	25.60	39.08	72.12
5. Total Regulatory Capital Ratio	24.85	26.79	40.20	73.26
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	21.36	22.88	44.93	80.01
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
9. Internal Capital Generation	3.70	2.33	5.38	5.99
E. Loan Quality				
1. Growth of Total Assets	9.16	101.01	114.75	36.52
2. Growth of Gross Loans	10.98	60.57	107.73	48.80
3. Impaired Loans/ Gross Loans	2.36	1.98	1.55	2.48
4. Reserves for Impaired Loans/ Gross Loans	4.14	3.47	3.09	4.98
5. Reserves for Impaired Loans/ Impaired Loans	175.08	175.08	199.80	201.07
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(6.98)	(5.10)	(3.35)	(3.19)
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(6.45)	(4.96)	(3.29)	(3.09)
8. Loan Impairment Charges/ Average Gross Loans	2.35	2.23	1.50	1.73
9. Net Charge-offs/ Average Gross Loans	n.a.	0.31	0.06	0.76
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.72	2.30	1.58	2.48
F. Funding and Liquidity				
1. Loans/ Customer Deposits	n.a.	n.a.	n.a.	n.a.
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	n.a.	n.a.	n.a.	n.a.
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.