

# Banco de los Trabajadores

## Full Rating Report

### Ratings

#### Foreign Currency

Long-Term IDR	BB-
Short-Term IDR	B
Viability Rating	Bb-
Support Rating	5
Support Rating Floor	NF

#### Local Currency

Long-Term IDR	BB-
Short-Term IDR	B

#### National

Long-Term	A(gtm)
Short-Term	F1(gtm)

### Outlooks

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

### Financial Data

#### Banco de los Trabajadores

	12/31/14	12/31/13
Total Assets (USDm)	1,856	1,600
Total Assets (GTQm)	14,097	12,562
Total Equity (GTQm)	1,131	922
Operating Profit (GTQm)	329	316
Published Net income (GTQm)	289	214
Comprehensive income (GTQm)	289	214
Operating ROAA (%)	2.54	2.83
Operating ROAE (%)	30.65	33.71
Internal Capital Generation (%)	25.58	20.79
Fitch Core Capital/Weighted Risks (%)	13.01	12.99
Total Regulatory Capital Ratio (%)	12.73	13.67
Net income (GTQm)	289	214

### Related Research

2015 Outlook: Central America and Dominican Republic Banks (January 2015)

Guatemala (June 2014)

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### Key Rating Drivers

**IDRs Reflect Stand-Alone Profile:** Banco de los Trabajadores' (Bantrab) long-term issuer default rating (IDR) is driven by its intrinsic creditworthiness, as reflected in its viability rating (VR). The VR reflects Bantrab's moderate franchise, sound and recurring profitability driven by ample margins and good asset quality. The rating also reflects the bank's concentration in the public sector, rapid loan growth and modest capitalization.

**Moderate Capitalization:** Bantrab's capital position has been stable over the past year following a five-year negative trend; although rapid asset growth has continued, capital-generation capability has strengthened significantly. Fitch's base scenario is that the bank will maintain an FCC above 13% over the medium term as credit growth moderates. In the agency's opinion, maintaining adequate loss-absorption cushions is necessary given high loan growth and concentration risks.

**Low Income Diversification:** Net Interest Income (NII) continued to represent the most important source of operating revenue, accounting for 91.0% of net operating income as of YE14. Non-interest income accounts for 9.0% of gross revenues and is unlikely to increase given the bank's business model, which is focused primarily on lending rates.

**High Exposure to Public Sector:** Bantrab's main risk is credit risk, concentrated in the loan book (YE13: 51.3% of total assets) and to a lesser extent in its investment portfolio (26.8%). The bank's loan book has a high exposure to low- and middle-income employees, mainly from the public sector (YE14: 97.7% of loan book). Credit risk in the investment portfolio is mainly associated with the sovereign government (Guatemala: 'BB'/Stable by Fitch).

**Good Profitability:** Bantrab's profitability metrics are good and above the Guatemalan banking system average. Continuous improvements in efficiency, combined with higher recoveries of previously written off loans, have benefitted the bank's financial performance. In Fitch's opinion, Bantrab will sustain strong earnings as a result of continuous loan growth, ample margins, moderate efficiency levels and well-contained provisions in its main market.

**Good Asset Quality:** The bank's loan book quality is good and has improved consistently over the past six years. Nonperforming loans (NPLs; i.e. 90+ days overdue) to total loans ratio declined from its peak of 8.4% at YE09 to 1.2% at YE14. Delinquency levels benefit from the bank's reliance on payroll deduction for collection of 92% of total loans and sound performance of the Guatemalan economy.

### Rating Sensitivities

**Upward Momentum Limited:** While Fitch believes positive rating action is likely limited over the medium term, positive rating momentum could result from greater revenue diversification and further consolidation of the bank's franchise while sustaining an adequate capital position over the long term.

**Performance and Capitalization:** A significant and unexpected reduction of the bank's capital ratios (FCC less than 11%), a period of sustained low earnings (ROAA less than 1%) or an important deterioration in its asset quality would trigger a negative rating action.

## Company Profile

### *Mid-Sized Bank Focused on Niche Market*

Established in 1965, Bantrab is a niche local bank focused on consumption loans to low- and middle-income employees, mainly from the public sector. This segment generally has low staff turnover ratios, but the relatively lower salaries suggest fewer financing alternatives, which explain the comparatively high interest rates. Bantrab is currently the fifth-largest bank in Guatemala in terms of assets and deposits (5.9% and 6.1%, respectively, as of YE14) and has traditionally provided its services through an ample network of branches, covering most parts of the country. It is supported by a workforce of 644 permanent personnel and 2,771 outsourced employees.

Bantrab is owned by an ample base of close to 700,000 registered shareholders. This base was built between 1966 and 1991, a period when all Guatemalan employees had the obligation to contribute GTQ5 every month toward the bank's equity until they reached the GTQ20,000 cap. By law, no shareholder is allowed to own more than GTQ20,000 (USD2,500) worth of shares, with the exception of the central government, which contributed the initial capital investment of GTQ500,000 (USD64,000) and has a proprietary share of approximately 1.0% of paid-in capital.

Local regulations require the establishment of a local financial group and the designation of a responsible entity for related financial companies with operations in Guatemala. Bantrab is the responsible entity for Bantrab Financial Group, which also includes an insurance company, Aseguradora de los Trabajadores, S.A, Financiera de los Trabajadores S.A. and, since April 2015, a brokerage house, Casa de Bolsa de los Trabajadores, S.A., all three wholly owned by the bank. According to local regulations, if there were a deficiency in the capital levels of any entity within the group, Bantrab would be responsible for supplying it. Bantrab accounted for nearly all of total assets and profits of its financial group as of YE14.

## Management

### *Stable Management; Ample Base of Shareholders*

In Fitch's opinion, Bantrab's corporate governance policies are aligned with similarly rated peers, although some progress could be made with the inclusion of independent directors on the board. Bantrab's board comprises four directors elected for repeatable four-year tenures. The Guatemalan government is entitled to designate the president of the board of directors. Each director has one vote, except the president, who has the power to cast a tie-breaking vote. Management has an adequate degree of competence and experience within the bank and industry. Furthermore, it has a track record of meeting target objectives appointed in their former five-year plans for 2007–2010 and 2010–2014. Related-party loans are low (YE14: 1.0% of equity), not representing material conflicts of interest for the bank's management.

### *Clear Strategy and Adequate Execution*

Bantrab's long-term strategy is set forth in its multi-annual plan; the third installment of the plan was rolled out in January 2015 and covers the 2015–2020 period. After the aggressive, but successful, growth phase during 2010–2014, the focus has now turned to three main objectives: innovation, efficiency and expansion.

The bank's strategy also contemplates a new commercial strategy based on tailoring bulk products to consumers and deepening the relationships to improve cross-selling and revenue generation. Given the bank's growth plans in current market segments (2015–2020: 15.0% average loan growth rate per year), future improvements in terms of efficiency and, hence, profitability, should come more from increases in revenues.

## Related Criteria

[Global Bank Rating Criteria \(March 2015\)](#)

## Risk Appetite

### *Rapid Expansion; Specialization in Public Sector Employees*

Bantrab has a relatively high, although well-controlled, risk appetite, benefitted by its collection structure based on payroll deduction (93% of the loan book). By law, Bantrab is a higher tier creditor within the waterfall payment. The bank's main risk is credit risk, concentrated in the loan book and to a lesser extent in its investment portfolio. Loan growth remained strong in 2014, above the registered by local peers and the Guatemalan banking system as a whole (up 20.2%; system up 9.3%). Fitch expects rapid loan growth to continue in the foreseeable future but at a slower rate (approximately 15%) as management seeks to achieve a more sustainable growth level in the medium term.

Bantrab's underwriting standards have been adequate so far, with one of the lowest loss rates domestically for retail lending as the bank has exploited its traditional franchise of payroll clients. The bank focuses its credit lending on economic and market segments in which it has experience and knowledge. A planned move into riskier segments should not worsen the bank's risk profile materially due to low potential lending volumes.

Credit risk in the investment portfolio is mainly associated with the sovereign government (Guatemala: 'BB'/Negative by Fitch). This concentration responds to limited investment options in the local market and regulatory restrictions, and also benefits the local regulatory capital adequacy calculation. Most of the portfolio is registered as available for sale, and its duration has historically been low.

Bantrab has no significant exposure to interest and exchange rate risks. Interest rates are adjustable to a greater extent, while the bank holds a short foreign currency position, representing a low 14.0% of equity (YE13: short position of 15.1%). The exchange rate risk is also mitigated by the relatively stable Guatemalan exchange rate.

## Financial Profile

### Asset Quality

#### *Collection Structure Based on Payroll Deduction Benefits Asset Quality*

### Loan Portfolio Indicators

(%)	12/14	12/13	12/12	12/11
Growth of Gross Loans	20.17	19.80	23.14	11.94
Impaired Loans/Gross Loans	1.18	1.42	2.41	2.80
Reserves for Impaired Loans/Impaired Loans	158.52	148.31	138.87	131.38
Impaired Loans Less Reserves for Impaired Loans/Fitch Core Capital	(4.83)	(4.91)	(6.27)	(5.61)
Loan Impairment Charges/Average Gross Loans	1.23	0.86	1.54	2.14

Source: Banco de los Trabajadores.

Bantrab's asset quality strongly depends on the performance of its credit portfolio (56.1% of total assets). Concentrated in payroll deductible loans, wholly retail, the bank's credit portfolio is naturally very diverse. The top 20 borrowers accounted for a low 1.9% of gross loans as of YE14, more than 95% of them unsecured. However, there are concentrations in the institutions on which the borrowers depend to service their loan payments: Bantrab's loan book has a high exposure to public sector employees (YE14: 88.9% of loan book) mainly within the education sector. Of note, public sector generally has lower staff turnover ratios than the private sector. Foreign currency exposure is low, as only 2.1% of the total portfolio is denominated in foreign currency. Furthermore, the entity shows no exposure to nonresident borrowers in its credit portfolio.

The bank's loan book quality is good and has improved consistently over the last six years. NPLs to total loans ratio declined from its peak of 8.4% at YE09 to 1.2% at YE14. The bank's good asset quality is also reflected in a low level of restructured loans, charge-offs and foreclosed assets, which together accounted for 1.5% of gross loans. Furthermore, reserve coverage has improved to 158.5% of NPLs (YE13: 148.3%). Delinquency levels benefit from the bank's reliance on payroll deduction for collection of 92% of total loans and sound performance of the Guatemalan economy. Of note, recent changes in the bank's writeoff policy (180 days overdue loans, instead of 90) will likely increase NPL by 100 basis points in 2015.

## Earnings and Profitability

### *Low Credit Costs and Ample Margins Drive Profitability*

#### Profitability Ratios

	(%)	12/14	12/13	12/12	12/11
Net-Interest income/Average Earning Assets		9.42	9.67	10.22	10.46
Non-Interest Expense/Gross Revenues		64.49	65.30	65.06	60.99
Loans and Securities Impairment Charges/Pre-Impairment Operating Profit		22.04	15.06	43.00	41.94
Operating Profit/Average Total Assets		2.54	2.83	2.12	2.40
Operating Profit/Risk-Weighted Assets		3.78	4.46	3.18	3.65
Net Income/Average Equity		26.97	22.79	17.33	19.87

Source: Banco de los Trabajadores.

Bantrab's profitability metrics are good and above the Guatemalan banking system average. Continuous improvements in efficiency, combined with higher recoveries of previously written off loans, have benefitted the bank's financial performance. Additionally, the sustained double-digit loan growth has helped to compensate the gradual decrease of lending rates. In this sense, ROAA stood at 2.2% at YE14, and ROAE reached 27.0% (system average: 1.6% and 17.5%, respectively, at YE14).

An ample net interest margin (NIM) is among Bantrab's major strengths. net interest income (NII) continued to represent the most important source of operating revenue, accounting for 91.0% of net operating income as of YE14. The NIM (NII as a percentage of average earning assets) remain strong and well above the local banking system, although moderately affected in recent periods by fierce competition and relatively higher than historical funding costs.

Operating costs grew at a moderate pace (up 9.3% in 2014), reflecting the continuous development of the franchise and growth of the bank's payroll, in line with its loan book expansion. As operating expenses grew at a slower pace than revenues, efficiency improved (operating expenses consumed about 64.5% of operating revenues and represented 5.91% of total assets). Loan impairment charges remained low at about 1.22% of gross loans as a result of the bank's sound asset quality and prime collection processes. Other provisions for investments, account receivables and other assets remain virtually zero and do not overly affect the bottom line.

#### *Cost Efficiency Should Boost Performance*

In Fitch's opinion, Bantrab will sustain strong earnings as a result of continuous loan growth, ample margins, moderate efficiency levels and well-contained provisions in its main market. However, Fitch believes that Bantrab's performance, although improving; will likely to continue being affected by heightening competition. Growth in current segments and further efficiency gains, while maintaining asset quality, will be key to increased profitability.

## Capitalization and Leverage

### *Moderate Capitalization – Challenges Ahead*

#### Capital Metrics

(%)	12/14	12/13	12/12	12/11
Fitch Core Capital/Weighted Risk	13.01	12.99	14.05	14.28
Fitch Eligible Capital/Weighted Risks	N.A.	N.A.	N.A.	N.A.
Tangible Common Equity/Tangible Assets	8.02	7.34	8.59	8.53
Regulatory Capital Ratio	12.73	13.67	12.7	13.54
Internal Capital Generation	25.58	20.79	15.64	18.51

N.A. – Not available. Source: Banco de los Trabajadores.

Bantrab's capital position has been stable in the last year following a five-year negative trend; although rapid asset growth has continued, capital-generation capability has strengthened significantly, particularly reflecting continuous improvements in asset quality metrics. Bantrab's FCC to RWA ratio stood at 13.0% at YE14 and YE13 (down from 23.5% in 2009), the lowest level in the last decade but well in line with that of the Guatemalan banking system's (13.2% at YE14).

Regulatory capital ratios are comfortably above the regulatory minimums of 10% and are strengthened by an issuance of preferred shares in 2013. Bantrab issued preferred shares for GTQ156.6m (USD 20.2m), perpetual security with no coupon flexibility, which does not have equity credit, according to Fitch's criteria.

Improvement in Bantrab's capital basis depends on the success of its six-year strategic plan, which will translate in greater profits, restoring the bank's capitalization to stronger levels. Fitch believes this is a difficult, but an achievable task, especially in a period marked by increased competition in the payroll deduction segment. This challenge is of particular concern considering the bank's limited flexibility in issuing additional common stock. Management's creativity and execution capacity may be tested during this period.

Fitch's base scenario is that the bank will strengthen its FCC over the medium term as credit growth moderates and internal capital generation is further enhanced. In the agency's opinion, maintaining adequate loss-absorption cushions is necessary given high loan growth and concentration risks.

#### Funding and Liquidity

##### *Stable Deposit Base; Moderate Concentration within Public Sector Institutions*

Deposits consistently provide more than 85% of total non-equity funding (89.4% at YE14) and are mostly in the form of term deposits, entailing a somewhat higher cost than for the top players in the market. Local currency retail deposits form the bulk of this deposit base (YE14: 62.2%) and are very granular, although there is some concentration arising from wholesale deposits. The 20 largest depositors accounted for a moderate 24.9% of total customer deposits at YE14, most of which are public sector institutions and have historically been a stable source of funding for Bantrab.

### Funding Ratios

(%)	12/14	12/13	12/12	12/11
Loans/Customer Deposits	73.81	69.53	69.41	66.58
Interbank Assets/Interbank Liabilities	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Funding (Excluding Derivatives)	89.39	86.28	93.35	93.03

N.A. – Not available. Source: Banco de los Trabajadores.

As of 2013, Bantrab diversified its funding mix and improve its assets and liabilities duration mismatch through a bullet senior loan from Deutsche Bank AG London for USD150m with a seven-year duration at a fixed interest rate. The funds for this loan were raised by Deutsche Bank through a successful SPV issuance (Bantrab Senior Trust) in international markets, which mirrors the conditions of the loan. Fitch does not expect material changes in the bank's funding structure, given the bank's continuous efforts to capture demand deposits.

Bantrab enjoys a comfortable cushion of liquidity that comprises cash, placement with the central bank of Guatemala, short-term interbank placements and government securities, representing an ample 39.5% and 52.0% and of total assets and deposits, respectively. Nevertheless, a large portion of these are issuances by the government, and the liquidity of these instruments could be limited under conditions of market turbulence. Bantrab's stable deposit base (renewal rate of 90% of term deposits, according to management), its high proportion of loans with duration below three years and adequate liquidity coverage minimizes liquidity gaps in the short term.

### Support

External support cannot be relied upon given the current low state ownership and limited systematic importance.



**Banco de los Trabajadores**

	31-Dec-14		31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
	Year End	Year End	Year End	Year End	Year End	Year End	Year End
	USDm	GTQm	GTQm	GTQm	GTQm	GTQm	GTQm
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
<b>Income Statement</b>							
1. Interest Income on Loans	220.3	1,673.6	1,436.9	1,190.2	1,032.9	952.6	871.5
2. Other Interest Income	36.4	276.1	215.6	200.0	139.5	65.2	N.A.
3. Dividend Income	0.8	6.0	3.3	2.9	2.7	1.9	N.A.
4. Gross Interest and Dividend Income	257.5	1,955.7	1,655.8	1,393.1	1,175.2	1,019.7	871.5
5. Interest Expense on Customer Deposits	112.7	856.3	682.4	546.7	463.6	378.4	314.7
6. Other Interest Expense	2.5	19.1	3.8	11.0	2.6	1.1	9.2
7. Total Interest Expense	115.3	875.4	686.2	557.7	466.2	379.5	323.9
8. Net Interest Income	142.2	1,080.3	969.6	835.4	708.9	640.2	547.6
9. Net Gains (Losses) on Trading and Derivatives	(1.5)	(11.3)	(2.5)	(0.8)	(0.9)	0.0	0.0
10. Net Gains (Losses) on Other Securities	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0
11. Net Gains (Losses) on Assets at FV through Income Statement	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0
12. Net Insurance Income	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0
13. Net Fees and Commissions	19.6	148.9	172.5	150.5	122.5	105.6	48.8
14. Other Operating Income	(4.0)	(30.5)	(66.7)	(49.8)	(43.6)	(35.6)	(0.0)
15. Total Non-Interest Operating Income	14.1	107.2	103.3	99.9	77.9	69.9	48.8
16. Personnel Expenses	59.6	452.4	387.4	345.2	253.1	203.0	157.7
17. Other Operating Expenses	41.3	313.3	313.1	263.2	226.8	216.8	221.0
18. Total Non-Interest Expenses	100.8	765.8	700.5	608.4	479.9	419.8	378.7
19. Equity-accounted Profit/ Loss - Operating	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
20. Pre-Impairment Operating Profit	55.5	421.7	372.3	326.8	306.9	290.3	217.7
21. Loan Impairment Charge	11.7	89.0	52.6	76.0	90.3	78.8	54.4
22. Securities and Other Credit Impairment Charges	0.5	3.9	3.5	64.5	38.4	12.3	0.0
23. Operating Profit	43.3	328.8	316.2	186.3	178.2	199.2	163.3
24. Equity-accounted Profit/ Loss - Non-operating	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
25. Non-recurring Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26. Non-recurring Expense	0.0	0.0	0.0	0.0	0.0	0.0	1.5
27. Change in Fair Value of Own Debt	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
28. Other Non-operating Income and Expenses	10.4	79.1	9.6	24.0	20.7	(13.8)	0.0
29. Pre-tax Profit	53.7	407.9	325.8	210.3	198.9	185.4	161.9
30. Tax expense	15.6	118.7	112.1	79.2	67.7	58.1	49.8
31. Profit/Loss from Discontinued Operations	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
32. Net Income	38.1	289.3	213.7	131.1	131.2	127.3	112.1
33. Change in Value of AFS Investments	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
34. Revaluation of Fixed Assets	N.A.	N.A.	0.0	N.A.	N.A.	N.A.	N.A.
35. Currency Translation Differences	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
36. Remaining OCI Gains/(losses)	N.A.	N.A.	N.A.	N.A.	(99.6)	(132.5)	(35.0)
37. Fitch Comprehensive Income	38.1	289.3	213.7	131.1	31.6	(5.2)	77.1
38. Memo: Profit Allocation to Non-controlling Interests	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
39. Memo: Net Income after Allocation to Non-controlling Interests	38.1	289.3	213.7	131.1	131.2	127.3	112.1
40. Memo: Common Dividends Relating to the Period	N.A.	N.A.	0.8	1.6	1.8	1.8	1.6
41. Memo: Preferred Dividends Related to the Period	N.A.	N.A.	21.4	0.2	0.2	0.1	0.0

Source: Banco de los Trabajadores

**Banco de los Trabajadores**

	31-Dec-14		31-Dec-13		31-Dec-12		31-Dec-11		31-Dec-10		31-Dec-09	
	Year End USDm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	
<b>Balance Sheet</b>												
<b>Assets</b>												
<b>A. Loans</b>												
1. Residential Mortgage Loans	6.8	51.6	66.2	65.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Other Mortgage Loans	0.0	0.0	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Other Consumer/ Retail Loans	995.5	7,561.6	6,204.4	4,964.6	3,833.4	3,333.0	3,006.2	3,006.2	3,006.2	3,006.2	3,006.2	3,006.2
4. Corporate & Commercial Loans	39.1	296.7	306.7	436.5	630.6	654.9	821.8	821.8	821.8	821.8	821.8	821.8
5. Other Loans	0.5	3.7	8.0	30.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Less: Reserves for Impaired Loans	19.5	148.1	139.1	184.3	164.0	136.7	113.2	113.2	113.2	113.2	113.2	113.2
7. Net Loans	1,022.4	7,765.5	6,446.2	5,312.7	4,300.0	3,851.2	3,714.8	3,714.8	3,714.8	3,714.8	3,714.8	3,714.8
8. Gross Loans	1,041.9	7,913.5	6,585.2	5,497.0	4,464.0	3,987.9	3,828.0	3,828.0	3,828.0	3,828.0	3,828.0	3,828.0
9. Memo: Impaired Loans included above	12.3	93.4	93.8	132.7	124.8	192.5	321.0	321.0	321.0	321.0	321.0	321.0
10. Memo: Loans at Fair Value included above	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>B. Other Earning Assets</b>												
1. Loans and Advances to Banks	121.1	919.5	2,054.9	883.4	668.2	613.7	384.3	384.3	384.3	384.3	384.3	384.3
2. Reverse Repos and Cash Collateral	25.0	189.9	44.0	N.A.	N.A.	N.A.	N.A.	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.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Derivatives	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Available for Sale Securities	508.0	3,858.3	2,738.2	2,324.8	2,047.7	670.3	493.6	493.6	493.6	493.6	493.6	493.6
6. Held to Maturity Securities	53.5	406.6	505.4	437.2	460.5	817.4	324.9	324.9	324.9	324.9	324.9	324.9
7. Equity Investments in Associates	9.5	72.4	72.4	72.4	72.4	72.4	72.4	72.4	72.4	72.4	72.4	72.4
8. Other Securities	0.5	3.8	0.9	0.2	(1.4)	0.8	0.3	0.3	0.3	0.3	0.3	0.3
9. Total Securities	596.5	4,531.1	3,360.9	2,834.5	2,579.2	1,560.9	891.1	891.1	891.1	891.1	891.1	891.1
10. Memo: Government Securities included Above	455.7	3,461.1	3,231.5	2,705.7	N.A.	N.A.	753.5	753.5	753.5	753.5	753.5	753.5
11. Memo: Total Securities Pledged	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
12. Investments in Property	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13. Insurance Assets	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14. Other Earning Assets	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15. Total Earning Assets	1,740.0	13,216.1	11,862.0	9,030.7	7,547.5	6,025.7	4,990.3	4,990.3	4,990.3	4,990.3	4,990.3	4,990.3
<b>C. Non-Earning Assets</b>												
1. Cash and Due From Banks	16.2	122.8	97.5	101.4	83.8	76.3	72.3	72.3	72.3	72.3	72.3	72.3
2. Memo: Mandatory Reserves included above	N.A.	N.A.	57.2	47.2	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0
3. Foreclosed Real Estate	9.0	68.4	53.3	26.4	17.2	5.2	5.3	5.3	5.3	5.3	5.3	5.3
4. Fixed Assets	24.1	182.8	168.3	156.5	93.7	92.7	102.0	102.0	102.0	102.0	102.0	102.0
5. Goodwill	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Other Intangibles	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7. Current Tax Assets	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. Deferred Tax Assets	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Discontinued Operations	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. Other Assets	66.8	507.1	381.2	308.9	436.0	446.5	536.2	536.2	536.2	536.2	536.2	536.2
11. Total Assets	1,856.0	14,097.1	12,562.4	9,623.8	8,178.2	6,646.4	5,706.1	5,706.1	5,706.1	5,706.1	5,706.1	5,706.1

Source: Banco de los Trabajadores



Banco de los Trabajadores

	31-Dec-14		31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
	Year End USDm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm	Year End GTQm
<b>Balance Sheet</b>							
<b>Liabilities and Equity</b>							
<b>D. Interest-Bearing Liabilities</b>							
1. Customer Deposits - Current	113.0	858.4	728.4	671.9	715.7	498.2	429.1
2. Customer Deposits - Savings	165.7	1,258.6	1,126.1	1,079.6	1,005.8	852.8	836.5
3. Customer Deposits - Term	1,132.9	8,604.7	7,616.2	6,168.5	4,983.3	4,231.8	3,349.4
4. Total Customer Deposits	1,411.6	10,721.7	9,470.7	7,920.0	6,704.8	5,582.7	4,615.0
5. Deposits from Banks	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
6. Repos and Cash Collateral	N.A.	N.A.	N.A.	N.A.	0.0	0.0	N.A.
7. Other Deposits and Short-term Borrowings	5.9	45.1	167.1	291.2	7.1	6.7	5.7
8. Total Deposits, Money Market and Short-term Funding	1,417.5	10,766.7	9,637.8	8,211.2	6,711.9	5,589.4	4,620.7
9. Senior Debt Maturing after 1 Year	161.3	1,225.5	1,260.2	179.4	386.0	16.3	117.3
10. Subordinated Borrowing	0.0	0.0	76.0	90.0	105.0	120.0	120.0
11. Other Funding	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
12. Total Long Term Funding	161.3	1,225.5	1,336.2	269.4	491.0	136.3	237.3
13. Derivatives	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
14. Trading Liabilities	0.3	2.0	3.3	4.1	4.1	6.2	0.0
15. Total Funding	1,579.1	11,994.2	10,977.2	8,484.6	7,206.9	5,731.9	4,858.0
<b>E. Non-Interest Bearing Liabilities</b>							
1. Fair Value Portion of Debt	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
2. Credit impairment reserves	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
3. Reserves for Pensions and Other	12.3	93.4	78.1	51.6	0.0	0.0	0.0
4. Current Tax Liabilities	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
5. Deferred Tax Liabilities	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
6. Other Deferred Liabilities	N.A.	N.A.	0.1	0.1	0.0	0.0	0.0
7. Discontinued Operations	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
8. Insurance Liabilities	N.A.	N.A.	N.A.	N.A.	0.0	0.0	0.0
9. Other Liabilities	94.9	721.0	427.7	259.8	272.3	252.3	215.0
10. Total Liabilities	1,686.3	12,808.5	11,483.0	8,796.1	7,479.2	5,984.2	5,073.0
<b>F. Hybrid Capital</b>							
1. Pref. Shares and Hybrid Capital accounted for as Debt	20.8	157.6	157.6	1.0	1.0	0.0	0.0
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>G. Equity</b>							
1. Common Equity	141.0	1,071.3	862.1	767.0	698.0	662.3	521.0
2. Non-controlling Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Securities Revaluation Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Fixed Asset Revaluations and Other Accumulated OCI	7.9	59.6	59.6	59.6	0.0	0.0	112.1
6. Total Equity	148.9	1,130.9	921.7	826.7	698.0	662.3	633.1
7. Total Liabilities and Equity	1,856.0	14,097.1	12,562.4	9,623.8	8,178.2	6,646.4	5,706.1
8. Memo: Fitch Core Capital	148.9	1,130.9	921.7	822.6	698.0	662.3	633.1
9. Memo: Fitch Eligible Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Banco de los Trabajadores

**Banco de los Trabajadores**

(%)

	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-09	31-Dec-08
	Year End	Year End	Year End	Year End	Year End	Year End
<b>Summary Analytics</b>						
<b>A. Interest Ratios</b>						
1. Interest Income on Loans/ Average Gross Loans	23.10	23.39	24.06	24.45	24.14	23.60
2. Interest Expense on Customer Deposits/ Average Customer Deposits	8.48	7.68	7.57	7.51	7.45	7.60
3. Interest Income/ Average Earning Assets	17.05	16.52	17.04	17.34	18.60	18.36
4. Interest Expense/ Average Interest-bearing Liabilities	7.62	7.04	7.20	7.20	7.14	7.31
5. Net Interest Income/ Average Earning Assets	9.42	9.67	10.22	10.46	11.68	11.54
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	8.64	9.15	9.29	9.13	10.24	10.39
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	9.42	9.46	10.21	10.46	11.67	11.54
<b>B. Other Operating Profitability Ratios</b>						
1. Non-Interest Income/ Gross Revenues	9.03	9.63	10.68	9.90	9.85	8.19
2. Non-Interest Expense/ Gross Revenues	64.49	65.30	65.06	60.99	59.12	63.50
3. Non-Interest Expense/ Average Assets	5.91	6.27	6.91	6.47	6.82	7.18
4. Pre-impairment Op. Profit/ Average Equity	39.32	39.69	43.18	46.50	45.16	36.44
5. Pre-impairment Op. Profit/ Average Total Assets	3.26	3.33	3.71	4.14	4.71	4.13
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	22.04	15.06	43.00	41.94	31.38	24.98
7. Operating Profit/ Average Equity	30.65	33.71	24.61	27.00	30.99	27.34
8. Operating Profit/ Average Total Assets	2.54	2.83	2.12	2.40	3.23	3.10
9. Taxes/ Pre-tax Profit	29.09	34.40	37.64	34.06	31.34	30.74
10. Pre-Impairment Operating Profit / Risk Weighted Assets	4.85	5.25	5.58	6.28	6.65	8.09
11. Operating Profit / Risk Weighted Assets	3.78	4.46	3.18	3.65	4.56	6.07
<b>C. Other Profitability Ratios</b>						
1. Net Income/ Average Total Equity	26.97	22.79	17.33	19.87	19.81	18.77
2. Net Income/ Average Total Assets	2.23	1.91	1.49	1.77	2.07	2.13
3. Fitch Comprehensive Income/ Average Total Equity	26.97	22.79	17.33	4.78	(0.81)	12.91
4. Fitch Comprehensive Income/ Average Total Assets	2.23	1.91	1.49	0.43	(0.08)	1.46
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6. Net Income/ Risk Weighted Assets	3.33	3.01	2.24	2.68	2.92	4.17
7. Fitch Comprehensive Income/ Risk Weighted Assets	3.33	3.01	2.24	0.65	(0.12)	2.86
<b>D. Capitalization</b>						
1. Fitch Core Capital/ Risk Weighted Assets	13.01	12.99	14.05	14.28	15.17	23.52
2. Fitch Eligible Capital/ Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3. Tangible Common Equity/ Tangible Assets	8.02	7.34	8.59	8.53	9.96	11.09
4. Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Total Regulatory Capital Ratio	12.73	13.67	12.70	13.54	15.45	14.22
6. Core Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
7. Equity/ Total Assets	8.02	7.34	8.59	8.53	9.96	11.09
8. Cash Dividends Paid & Declared/ Net Income	N.A.	10.37	1.37	1.51	1.50	1.44
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	N.A.	10.37	1.37	6.29	(36.52)	2.10
10. Cash Dividends & Share Repurchase/Net Income	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
11. Internal Capital Generation	25.58	20.79	15.64	18.51	18.94	17.45

Source: Banco de los Trabajadores, Fitch

**Banco Industrial S.A.**

	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
	Year End	Year End	Year End	Year End	Year End	Year End
<b>Summary Analytics</b>						
<b>E. Loan Quality</b>						
1. Growth of Total Assets	12.22	30.53	17.68	23.05	16.48	37.19
2. Growth of Gross Loans	20.17	19.80	23.14	11.94	4.18	26.21
3. Impaired Loans/ Gross Loans	1.18	1.42	2.41	2.80	4.83	8.39
4. Reserves for Impaired Loans/ Gross Loans	1.87	2.11	3.35	3.67	3.43	2.96
5. Reserves for Impaired Loans/ Impaired Loans	158.52	148.31	138.87	131.38	71.00	35.26
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(4.83)	(4.91)	(6.27)	(5.61)	8.43	32.83
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(4.83)	(4.91)	(6.24)	(5.61)	8.43	32.83
8. Loan Impairment Charges/ Average Gross Loans	1.23	0.86	1.54	2.14	2.00	1.47
9. Net Charge-offs/ Average Gross Loans	0.79	2.80	0.45	2.15	3.75	1.65
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.03	2.22	2.88	3.17	4.95	8.51
<b>F. Funding</b>						
1. Loans/ Customer Deposits	73.81	69.53	69.41	66.58	71.43	82.95
2. Interbank Assets/ Interbank Liabilities	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3. Customer Deposits/ Total Funding (excluding derivatives)	89.39	86.28	93.35	93.03	97.40	95.00

Source: Banco de los Trabajadores

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