FitchRatings

Banks

Panama

MMG Bank Corporation

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB–
Short-Term IDR	F3
Viability Rating	bbb–
Support Rating	5
Support Rating Floor	NF

Local Currency

Long-Term	AA(pan)
Short-Term	F1+(pan)
Unsecured Debt National Short-Term	F1+(pan)

Outlooks

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

Financial Data

MMG Bank Corporation

(USD Mil.)	12/31/17	9/30/16
Total Assets	679.2	709.2
Total Equity	66.5	63.7
Operating Profit	4.4	14.8
Net Income	4.0	13.3
Fitch Comprehensive Income	4.8	14.9
Operating ROAA (%)	2.60	2.2
Operating ROAE (%)	25.14	24.9
Fitch Core Capital/ Risk Weighted Assets (%)	21.5	16.6
Tangible Common Equity/ Tangible Assets (%)	9.45	8.7

Source: MMG.

Related Research

Panama (February 2017)

Perspectivas 2018: Bancos Latinoamericanos (January 2018)

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Key Rating Drivers

Small Franchise but Strong Niche: MMG Bank Corporation (MMG) is a small bank relative to the Panamanian banking system. However, within its niche, it holds an important franchise that has allowed it to steadily increase its assets under management (AUM) and to maintain strong profitability and asset quality metrics throughout the economic cycles.

High Liquidity: MMG's liquidity is robust and one if its greatest strengths, as its asset mix is designed to mitigate the liquidity risk arising from the transactional nature of its deposits and the high concentration of these. Its deposits high concentrations can be attributed to its strong focus on its niche; however, there have been noticeable improvements over recent years.

Strong Asset Quality: MMG's asset quality is superior to the Panamanian system's average. Its investment portfolio comprises investment-grade financial instruments and exhibits good geographic diversification, which also contributes to the bank's solid performance. The loan portfolio does not register delinquencies of more than 90 days, which has had an important impact on net profits.

Robust Profitability: As of December 2017, MMG continues to be one of the most profitable banks in Panama and comparing favorably to its peers and the system's average. Its profitability is sustained by high revenue diversification, with the largest portion stemming from commissions & fees earned on financial advising.

Solid Equity Position: The bank's Fitch Core Capital (FCC) stood at 21.5% as of December 2017, comparing favorably with the rest of the Panamanian system and being adequate for its balance sheet's main risks, despite its drop due to regulatory changes. Fitch Ratings believes that the bank's capitalization will remain at similar levels over the short to medium term and that it is sufficiently robust to absorb unexpected losses and support its growth targets.

Rating Sensitivities

Reduced Concentrations: MMG's ratings would receive an uplift if the bank were to record a significant and sustained decrease in client concentration over time, while at the same time maintaining a high asset quality, strong profitability and a robust capital position.

Weaker On or Off-Balance Sheet Assets: While not Fitch's base case scenario, any weakening in asset quality or losses in its AUM could lead to reputational risk that may result in a slowdown or decline in business. This, in turn, could lead to a rating downgrade.

Operating Environment

Panama's five-year average GDP growth of 7% is the highest among sovereigns rated in the 'BBB' rating category by Fitch. The agency forecasts economic growth to remain above 5% during the 2017–2018 period, supported by the recent expansion of the Panama Canal and the consequent increase in traffic and related logistics activities. Large infrastructure projects as well as an important mining project should also sustain high investment and growth rates in the medium term.

While still strong, lower GDP growth should have a dampening effect on credit expansion. Loan growth in 2017 may be higher than in 2016 but is not likely to exceed 10%. In addition, the agency expects delinquency rates to increase for full-year 2017 due to slower growth and the seasoning of loans in some of the loan segments that grew faster in previous years. In Fitch's opinion, the expected deterioration will be contained by the system's active risk management.

The Panamanian banks' performance is expected to remain stable, although downside risks persist. A squeeze in margins should lead to lower profitability ratios in 2017, although there is little room for further declines. The increase in funding costs in 2016 should be reflected in YE17 figures, due to the shortage of local retail funds. In Fitch's opinion, reputational risk has been a main concern from financial sector participants and regulators in 2017.

Panama's financial market is less developed than that of similarly rated countries. Regulations have improved, but still lag behind the region's tighter regulated markets. Banks have made progress toward Basil III, although their relatively simple business models limit overall risk. On the positive side, given the absence of a lender of last resort, banks have generally exceeded the minimum regulatory capital and liquidity requirements. Fitch anticipates a stronger regulatory framework in 2018, once International Financial Reporting Standards (IFRS 9) are fully adopted. This should have an important impact on the banks' balance sheets. In addition, Fitch expects a liquidity coverage ratio or proxy to be adopted in the short term.

Company Profile

Relevant Franchise Within its Niche

MMG is a bank with a general license that specializes in wealth management, private banking and investment banking, catering to both local and international high-net-worth clients. MMG also owns a brokerage license, having the authorization to act as a trustee for its clients' financial assets through investment agreements.

MMG is a subsidiary of MMG Capital Holdings. The latter belongs to Grupo Morgan & Morgan, a conglomerate composed companies providing banking, fiduciary and legal services. MMG also owns three subsidiaries: MMG Bank & Trust Ltd., an offshore bank in the Bahamas and MMG together represent over 95% of the consolidated assets of MMG Capital Holdings. On March 2018, MMG completed the liquidation of Universal Leasing Inc., a small leasing operation that was never considered economically relevant.

The bank is small relative to the Panamanian banking system, representing 0.65% of the system's total assets and 0.73% of deposits as of September 2017. However, it has a much more relevant presence within the asset management niche. As of the same date, MMG was the fourth largest investment bank in Panama by business volume within the total market and the third largest one within the primary one.

The bank's total AUM have consistently increased over the past years (up 15% in 2017 from YE16), as have its revenues through various economic cycles. The bank has also achieved

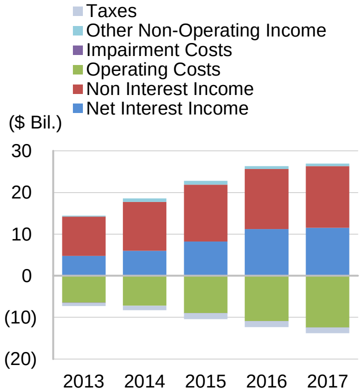
Related Criteria

Bank Rating Criteria (June 2018)

greater revenue diversification, which has improved its risk profile and can be attributed to its strong franchise within its market niche, which is supported by its strong long-term relationships with its clients.

MMG's business model is based on providing financial advice to its clients in order to protect their wealth and help them reach their financial goals. This is achieved through various business lines: wealth management, asset management, investment banking and international banking.

Financial Statements Breakdown



Source: MMG.

During the past few years, the bank has managed to increase its revenue diversification further. This includes increasing its credit portfolio to 35% of its total assets, doing so by sticking to its conservative strategy and only offering these services to existing clients. Additionally, the bank now offers credit card services. This high product and services diversification has allowed the bank to have an atypical balance sheet compared to its immediate peers in the Panamanian market, which contribute strongly to its profitability levels that stand out among its peers. Most of the bank's revenues come from fees and commissions, which stem primarily from the entity's off-balance sheet wealth management business.

Management and Strategy

The entity boasts a solid management team with ample and in-depth knowledge of the industry, target segments and the entity itself. MMG's corporate culture and identity are considered strong, with low turnover in its key management positions. Fitch believes that MMG's corporate governance is efficient and effective, reflected in the accomplishment of its established goals, the improvement of financial metrics and its annual results. The majority of the members of its Board of Directors belong to Grupo Morgan & Morgan's legal branch.

The board of directors is the bank's maximum authority, being comprised of 12 members, two of which are independent and three executives from the bank. The executive president and the auditing, risk, credit, and compensation & prevention of money laundering committees depend on the board of directors. The auditing, risk and compensation & prevention of money laundering committees are chaired by the board's independent directors.

Fitch believes that MMG's strategy of offering financial products and services that are geared towards high net-worth clients is effective, supported by advanced technology that allows for high efficiency in managing its investment, credit and deposit portfolios.

The bank has historically been able to consistently improve its financial metrics and meet the majority of its business objectives throughout different economic cycles. However, 2017 proved to be an exception due to, on first instance, a more conservative change in their policies and, on second instance, the sovereign's reputational damage. These events caused the bank to be unable to meet its expected growth objectives for 2017. For 2018, the issuer's objectives have taken a more conservative approach.

Risk Appetite

Adequate Risk Policies and Controls

MMG's risk policies and controls are consistent with the best practices of the local banking system and are reflected in its good asset quality. The bank's policies are well defined and its control systems are continuously updated for its interbank assets, as well as its investment, loan and off-balance sheet wealth management portfolios.

Risk management is carried out by various administrative committees, including the Asset-Liability (ALCO), Credit and Investment Committees, among others. These, in turn, are supervised by the Auditing, Risk and Prevention of Money Laundering Committees, as well as the board of directors.

For the off-balance-sheet portfolio, MMG's internal policies call for thorough quantitative and qualitative analyses of the financial instruments available in the market, in order to offer adequate advice to clients and build portfolios with a reasonable amount of risk. This allows the company to manage both operating and reputational risks associated with this business line.

MMG's total asset growth has historically been superior to that of the Panamanian banking system. However, as of September 2017, its total assets decreased by 8.09% with respect to the previous year's expansion. This is the result from the exit of a number of clients due to the sovereign's reputational damage and stricter policies the bank incorporated with regards to the client's profile they are targeting. Nevertheless, the company's credit portfolio expanded by 53.7%, in line with its target. As of December 2017, the bank's total assets grew by 4.21% while its loan portfolio by 6.55%. Fitch expects the bank to continue on its current growth path, supported by its ample capital levels.

Fitch considers the issuer's risk management and internal policies to be good. Its main risk exposure stems from its investment portfolio, which represents 44.7% of the total balance sheet. Therefore, the principal risk faced by the bank is market risk, particularly interest rate risk, due to the large share of investment securities within its portfolio. The bank adequately mitigates this risk through conservative policies and a high turnover in financial instruments, resulting in low sensitivity of its investment portfolio to fluctuations in interest rates and market prices.

The exposure to credit risk is managed by the credit committee and the assets and liabilities committee (ALCO), through periodic analysis of the capacity of current and potential borrowers to meet their obligations and the analysis of the investment portfolio. Both committees are duly authorized to evaluate and recommend changes to the credit limits to the board of directors when appropriate.

With respect to operational risk, the bank focuses on four main sectors to mitigate the risk of human error, technology and external events. These are human resources, processes, technology and external events in which the bank has established hiring policies, insurance policies, training programs, review of processes and business and technological continuity plans, among others, to contain and mitigate the operational risk.

Over the past six years, nonrealized gains (losses) from investments available for sale represented less than 1% of equity. The sensitivity tests performed by the bank provide a robust risk management tool. Of the total investment portfolio, 69.2% matures within less than a year.

In terms of its low foreign currency exposure, which is low, the bank offers services in 12 currencies (mostly in euros and pounds sterling). According to its risk policies, total foreign currency exposure cannot exceed 2% of equity, or 1% for a single currency. As of September 2017, the bank had a long foreign currency position equivalent to 0.2% of equity.

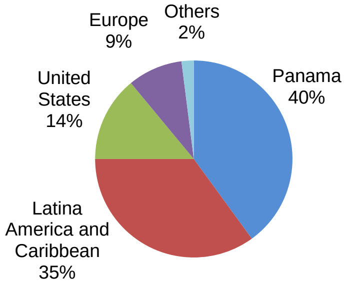
Financial Profile

Asset Quality

High Asset Quality

The quality of MMG's assets is high and higher than the system average and that of its peers. The structure of these is consistent with the private banking and asset management approach. MMG's investment portfolio is characterized by its wide geographic diversification and by solid credit quality issuers. At the same date, investments are concentrated mainly in Panama, which represents 40% of the total portfolio diversification. In addition to this, the bank only had investments in investment-grade institutions within its 20 largest exposures. Over 68% of its investments are investment grade and 17% are rated 'AAA' on an international scale.

Investment Portfolio Geographic Diversification



Source: MMG.

Diversification by type of financial instrument is low, since more than 70% of the investment portfolio consists of fixed income. However, this is deliberate given its prudent risk policies.

The bank's loan portfolio has expanded considerably in recent years in line with its business strategy. However, the risk exposure of this portfolio is low due to its conservative policies and high quality, which compares favorably with its peers and the Panamanian financial system. As of December 2017, the portfolio continues to be maintained with no loan with arrears greater than 90 days. The high quality of the loan portfolio comes, in large part, from offering these products to its clients with whom it already has established strong relationships.

The bank only offers credit services to its existing customers and by Dec. 31,' 2017 represented 34.7% of total assets. The main increase in the portfolio was in loans secured with cash and mortgages with 51% of the guaranteed portfolio with cash deposits. Commercial loans represent the majority of the total portfolio with 73.4%, followed by consumption of 23.5% and mortgage loans 3.1%.

Due to the conservative approach of only serving its existing customers, the portfolio has a low degree of atomization and high geographic concentration. The loans are mainly concentrated in Panama (2017: 55.8%) while its secondary focus is the rest of Latin America (2017: 31.5%). The 20 largest debtors accounted for 67% of total loans and 98% of the bank's total equity. However, the bank has decreased this concentration (72% as of September 2016) and is likely to continue to do so as the portfolio continues to expand. Additionally, this risk is mitigated significantly thanks to good hedges of collateral (85% as of September 2017).

Fitch estimates that the loan portfolio will continue its moderate growth but will not represent an important risk within the balance sheet of the bank on the short to medium term.

The practice of AUM is the bank's highest volume business line and the one that contributes most to the bank's income. These increased 16% from YE16 to the end of 2017 and constitute 71% of fixed income instruments. Of the $2,516 million of AUM, 57.7% of these belong to private clients, while others also include institutional and discretionary mandates. From September 2013 to September 2017, the AUM have a growth rate of 18%. The composition of fixed-income off-balance sheet is comprised mostly of corporate products. These represented 42% at YE17, followed by fixed income funds (18%) and government bonds (19%). The 20 largest investors represent a low concentration of the bank's total revenues. As of September 2017, these were equivalent to 9.0% of revenues.

The main risk asset management is exposed to reputational risk, a common attribute within the niche of investment banks. The bank's clients trust in their ability and ethics to increase the value of their equity, so a deterioration in the managed portfolio or scandal that affects the reputation and credibility of MMG could have a strong impact on the bank's business and business continuity. However, the agency believes that MMG has successfully mitigated this risk to date, thanks to its transparent investment policies, the robust relationships it has established and the solid reputation it has developed.

Fitch does not foresee drastic changes in the structure of the bank's balance sheet over the rating horizon. The asset management line will continue to be the bank's main service that generates the largest volume and revenue. The agency expects that MMG will continue to try to increase its credit portfolio to non-excessive growth without drastically increasing credit risk given the market niche and its conservative policies of serving only existing clients. Fitch believes that the bank will continue to exhibit higher asset quality than its peers and the banking system in Panama.

Earnings and Profitability

High Operating Profitability

MMG profitability levels register levels above the system average and compare favorably with their peers. As of December 2017, the bank still registers high profitability metrics with a ROAA of 2.37% and an ROAE of 22.85%. MMG's core metric of operating profits over risk-weighted assets was 5.81% as of the same date.

The bank is characterized by its high income diversification that benefits its risk profile thanks to the low concentration in a single market segment. However, being an investment bank by nature, its main source of funding comes from commissions for services with the area of asset management and portfolio being the most profitable while investment banking and banking services also represent an important portion. As of September 2017, fee income represented 51% of the bank's total revenues and these cover all general administrative expenses.

At the same date, interest income represented 45% of the bank's total revenues. The loan portfolio experienced an expansion of 54% during 2017 and represented 55% of the total interest income while the interest on investment was 40%. Additionally, recurring commissions have consistently increased over the years and YE17, these represented 42% of total gross commission income. The recurring commissions come from the services of custody, administration and management of investment portfolios and bank charges.

The operational efficiency is remarkable. This compares favorably with the local system. The net interest margin (NIM) has improved and registered 1.73% at the end of the year. Fitch anticipates that MMG's high profitability levels will be maintained thanks to the constant growth of its turnover. The bank's main source of income will continue to be commissions from the management of off-balance sheet assets but will continue to be supported by the growing contribution of its loan portfolio.

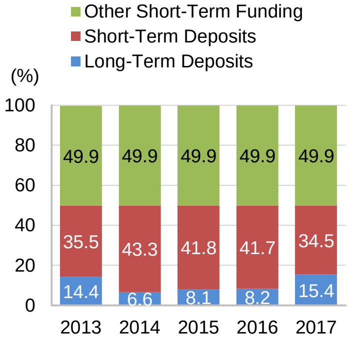
Capitalization and Leverage

Solid Capitalization

Fitch believes that MMG's capitalization is robust and adequate to continue supporting its growth, providing sufficient unexpected loss absorption capacity. The bank's internal generation of capital has historically been low, due to high dividend payments. MMG's FCC over risk-weighted assets stood at 21.54% as of December 2017, exceeding the system's average and comparing favorably to its peers.

Fitch believes that MMG's capital metrics will remain strong during the short to medium term. This will be achieved through maintaining good internal generation of capital and solid asset quality. Therefore, capital injections from shareholders are not expected to take place during this period.

Funding Structure



Source: MMG.

Funding and Liquidity

Robust Liquidity

Client deposits continue to be the main source of funding. As of December 2017, deposits equal 90.5% of total funding and 91.4% of liabilities. These are mainly made up of demand deposits and investment accounts. Together, they account for 63.8% of total deposits with the rest of 36.2% corresponding to time deposits.

Due to its business turnaround and relative size, the liability structure is concentrated in a small number of clients. The 20 largest depositors accounted for 25% as of September 2017, a percentage that the agency considers moderate, however, that concentration has been decreasing over the years. For 2015, these represented 32% of total deposits, a figure that had already considerably dropped considering that the concentration had reached 58% in 2008. Fitch believes that the bank will be able to continue reducing concentration levels slowly given the market niche in which it operates.

The bank's liquidity is high and compares favorably with the rest of its peers. As of December 2017, liquid assets cover 76.8% of total deposits and 62.7% of assets. The matching of asset and liabilities is managed conservatively. The bank's internal policies require up to 30% of the deposits captured on demand and overnights in liquid assets, as well as any negative mismatch between assets and liabilities with available facilities and/or assets that may be settled in more than 48 hours. MMG requires these levels of liquidity and conservative policies due to the nature of the bank; the asset mix is designed to mitigate liquidity risk, which Fitch believes is successful.

Support and Debt Ratings

Fitch does not assign a Support Rating Floor and has no expectation of sovereign support. This view reflects the significant size of the banking system relative to the sovereign's capacity to provide support, the lack of Panama's track record of providing support and MMG's relative lack of systemic importance. The bank's senior debt is unsecured; therefore, its ratings are aligned to MMG's national short-term rating.

MMG Bank Corporation — Income Statement

($000, Years Ended Sept. 30)	Three Months First-Quarter 3/31/18	2017	2016	2015	2014
Interest Income on Loans	2,949.4	8,696.9	6,193.7	3,161.7	2,128.8
Other Interest Income	1,872.6	7,081.2	7,800.4	6,447.0	4,875.1
Dividend Income	N.A.	N.A.	N.A.	N.A.	N.A.
Gross Interest and Dividend Income	**4,822.0**	**15,778.1**	**13,994.1**	**9,608.7**	**7,003.9**
Interest Expense on Customer Deposits	1,622.1	4,288.0	2,801.3	1,414.1	996.0
Other Interest Expense	81.1	0.0	0.0	0.0	N.A.
Total Interest Expense	**1,703.2**	**4,288.0**	**2,801.3**	**1,414.1**	**996.0**
Net Interest Income	**3,118.8**	**11,490.1**	**11,192.8**	**8,194.6**	**6,007.9**
Net Fees and Commissions	4,128.6	13,363.3	12,799.5	12,220.3	10,116.8
Net Gains (Losses) on Trading and Derivatives	N.A.	N.A.	N.A.	N.A.	N.A.
Net Gains (Losses) on Assets and Liabilities at FV	90.9	N.A.	N.A.	N.A.	N.A.
Net Gains (Losses) on Other Securities	84.8	885.1	1,056.5	601.6	776.0
Net Insurance Income	N.A.	N.A.	N.A.	N.A.	N.A.
Other Operating Income	126.4	604.2	633.3	885.5	826.0
Total Non-Interest Operating Income	**4,430.7**	**14,852.6**	**14,489.3**	**13,707.4**	**11,718.8**
Total Operating Income	**7,549.5**	**26,342.7**	**25,682.1**	**21,902.0**	**17,726.7**
Personnel Expenses	1,842.1	6,563.4	5,428.4	4,796.1	3,969.5
Other Operating Expenses	1,329.2	5,851.2	5,434.1	4,158.8	3,256.3
Total Non-Interest Expenses	**3,171.3**	**12,414.6**	**10,862.5**	**8,954.9**	**7,225.8**
Equity-accounted Profit/(Loss) — Operating	N.A.	N.A.	N.A.	N.A.	N.A.
Pre-Impairment Operating Profit	**4,378.2**	**13,928.1**	**14,819.6**	**12,947.1**	**10,500.9**
Loan Impairment Charge	9.0	31.3	62.6	50.4	0.0
Securities and Other Credit Impairment Charges	N.A.	N.A.	N.A.	N.A.	N.A.
Operating Profit	**4,369.2**	**13,896.8**	**14,757.0**	**12,896.7**	**10,500.9**
Equity-accounted Profit/(Loss) — Non-operating	N.A.	N.A.	N.A.	N.A.	N.A.
Goodwill Impairment	N.A.	N.A.	N.A.	N.A.	N.A.
Non-recurring Income	N.A.	N.A.	N.A.	N.A.	N.A.
Non-recurring Expense	N.A.	N.A.	N.A.	N.A.	N.A.
Change in Fair Value of Own Debt	N.A.	N.A.	N.A.	N.A.	N.A.
Other Non-operating Income and Expenses	N.A.	N.A.	N.A.	N.A.	N.A.
Pre-tax Profit	**4,369.2**	**13,896.8**	**14,757.0**	**12,896.7**	**10,500.9**
Tax Expense	397.7	1,376.5	1,421.9	1,390.4	1,031.3
Profit/Loss from Discontinued Operations	N.A.	N.A.	N.A.	N.A.	N.A.
Net Income	**3,971.5**	**12,520.3**	**13,335.1**	**11,506.3**	**9,469.6**
Change in Value of AFS Investments	957.4	1,658.0	2,671.1	(1,721.0)	1,264.7
Revaluation of Fixed Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Currency Translation Differences	N.A.	N.A.	N.A.	N.A.	N.A.
Remaining OCI Gains/(Losses)	(84.8)	(575.8)	(1,056.5)	(601.6)	(776.0)
Fitch Comprehensive Income	**4,844.1**	**13,602.5**	**14,949.7**	**9,183.7**	**9,958.3**
Memo: Profit Allocation to Non-controlling Interests	42.2	173.1	0.0	N.A.	N.A.
Memo: Net Income after Allocation to Non-controlling Interests	3,929.3	12,347.2	13,335.1	11,506.3	9,469.6
Memo: Common Dividends Relating to the Period	N.A.	N.A.	6,666.7	4,312.8	3,234.3
Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not available.
Source: MMG Bank Corporation.

MMG Bank Corporation — Balance Sheet

($000, Years Ended Sept. 30)	Three Months First-Quarter 3/31/18	2017	2016	2015	2014
Assets					
Loans					
Residential Mortgage Loans	16,139.7	16,987.7	3,661.3	15,206.1	8,377.7
Other Mortgage Loans	N.A.	N.A.	N.A.	N.A.	N.A.
Other Consumer/Retail Loans	36,746.0	37,969.2	27,771.5	27,386.3	5,248.1
Corporate & Commercial Loans	152,329.6	143,604.1	96,432.7	51,673.6	18,892.0
Other Loans	35,985.7	27,812.9	19,391.3	23,402.8	4,717.5
Less: Reserves for Impaired Loans	153.3	144.3	112.9	50.4	0.0
Net Loans	**241,047.7**	**226,229.6**	**147,143.9**	**117,618.4**	**37,235.3**
Gross Loans	**241,201.0**	**226,373.9**	**147,256.8**	**117,668.8**	**37,235.3**
Memo: Impaired Loans Included Above	0.0	0.0	0.0	0.0	0.0
Memo: Specific Loan Loss Allowances	N.A.	N.A.	N.A.	N.A.	N.A.
Other Earning Assets					
Loans and Advances to Banks	121,870.5	136,189.3	183,866.7	143,203.7	170,354.7
Reverse Repos and Securities Borrowing	N.A.	N.A.	N.A.	N.A.	N.A.
Derivatives	N.A.	N.A.	N.A.	N.A.	N.A.
Trading Securities and at FV Through Income	9,070.6	9,355.8	0.0	N.A.	N.A.
Available for Sale Securities	294,300.4	265,890.0	363,396.8	372,740.9	342,426.3
Held to Maturity Securities	N.A.	N.A.	N.A.	N.A.	N.A.
Other Securities	N.A.	N.A.	N.A.	N.A.	N.A.
Total Securities	**303,371.0**	**275,245.8**	**363,396.8**	**372,740.9**	**342,426.3**
Memo: Government Securities Included Above	87,278.5	76,316.4	55,199.0	62,331.3	85,603.9
Memo: Total Securities Pledged	N.A.	N.A.	N.A.	N.A.	N.A.
Equity Investments in Associates	N.A.	N.A.	N.A.	N.A.	N.A.
Investments in Property	N.A.	N.A.	N.A.	N.A.	N.A.
Insurance Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Other Earning Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Total Earning Assets	**666,289.2**	**637,664.7**	**694,407.4**	**633,563.0**	**550,016.3**
Non-Earning Assets					
Cash and Due From Banks	567.9	569.7	316.8	329.6	370.9
Memo: Mandatory Reserves Included Above	N.A.	N.A.	N.A.	N.A.	N.A.
Foreclosed Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Fixed Assets	6,745.4	6,939.1	7,608.1	9,483.9	8,346.7
Goodwill	N.A.	N.A.	0.0	0.0	0.0
Other Intangibles	1,438.4	1,590.1	1,635.8	0.0	0.0
Current Tax Assets	744.2	1,609.0	0.0	0.0	N.A.
Deferred Tax Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Discontinued Operations	N.A.	N.A.	N.A.	N.A.	N.A.
Other Assets	3,445.2	3,444.4	5,239.0	4,096.0	3,767.3
Total Assets	**679,230.3**	**651,817.0**	**709,207.1**	**647,472.5**	**562,501.2**

N.A. – Not available. *Continued on next page.*
Source: MMG Bank Corporation.

MMG Bank Corporation — Balance Sheet (Continued)

($000, Years Ended Sept. 30)	Three Months First-Quarter 3/31/18	2017	2016	2015	2014
Liabilities and Equity					
Interest-Bearing Liabilities					
Total Customer Deposits	554,265.0	526,840.8	610,856.6	568,060.6	477,962.4
Deposits from Banks	25,444.7	29,657.9	25,004.4	15,423.9	26,857.7
Repos and Securities Lending	12,344.7	7,136.3	1,639.8	1,459.1	0.0
Commercial Paper and Short-term Borrowings	14,146.6	9,000.0	0.0	0.0	N.A.
Customer Deposits and Short-term Funding	**606,201.0**	**572,635.0**	**637,500.8**	**584,943.6**	**504,820.1**
Senior Unsecured Debt	0.0	0.0	N.A.	N.A.	N.A.
Subordinated Borrowing	N.A.	N.A.	N.A.	N.A.	N.A.
Covered Bonds	N.A.	N.A.	N.A.	N.A.	N.A.
Other Long-term Funding	N.A.	N.A.	N.A.	N.A.	N.A.
Total Long-term Funding	**0.0**	**0.0**	**N.A.**	**N.A.**	**N.A.**
Memo: o/w Matures in Less Than 1 Year	N.A.	N.A.	N.A.	N.A.	N.A.
Trading Liabilities	N.A.	N.A.	N.A.	N.A.	N.A.
Total Funding	**606,201.0**	**572,635.0**	**637,500.8**	**584,943.6**	**504,820.1**
Derivatives	N.A.	N.A.	N.A.	N.A.	N.A.
Total Funding and Derivatives	**606,201.0**	**572,635.0**	**637,500.8**	**584,943.6**	**504,820.1**
Non-Interest Bearing Liabilities					
Fair Value Portion of Debt	N.A.	N.A.	N.A.	N.A.	N.A.
Credit Impairment Reserves	N.A.	N.A.	N.A.	N.A.	N.A.
Reserves for Pensions and Other	N.A.	N.A.	N.A.	N.A.	N.A.
Current Tax Liabilities	639.6	1,412.5	1,422.2	1,440.3	987.4
Deferred Tax Liabilities	N.A.	N.A.	0.0	0.0	0.0
Other Deferred Liabilities	N.A.	N.A.	N.A.	N.A.	N.A.
Discontinued Operations	N.A.	N.A.	N.A.	N.A.	N.A.
Insurance Liabilities	N.A.	N.A.	N.A.	N.A.	N.A.
Other Liabilities	5,937.4	6,295.8	6,932.9	6,020.4	6,496.4
Total Liabilities	**612,778.0**	**580,343.3**	**645,855.9**	**592,404.3**	**512,303.9**
Hybrid Capital					
Preferred Shares and Hybrid Capital Accounted for as Debt	N.A.	N.A.	N.A.	N.A.	N.A.
Preferred Shares and Hybrid Capital Accounted for as Equity	N.A.	N.A.	N.A.	N.A.	N.A.
Equity					
Common Equity	62,744.7	67,501.3	63,716.8	57,048.4	49,854.9
Non-controlling Interest	3,200.5	3,255.7	0.0	N.A.	N.A.
Securities Revaluation Reserves	507.1	716.7	(365.6)	(1,980.2)	342.4
Foreign Exchange Revaluation Reserves	N.A.	N.A.	N.A.	N.A.	N.A.
Fixed Asset Revaluations and Other Accumulated OCI	N.A.	N.A.	N.A.	N.A.	N.A.
Total Equity	**66,452.3**	**71,473.7**	**63,351.2**	**55,068.2**	**50,197.3**
Memo: Equity plus Preferred Shares and Hybrid Capital Accounted for as Equity	66,452.3	71,473.7	63,351.2	55,068.2	50,197.3
Total Liabilities and Equity	**679,230.3**	**651,817.0**	**709,207.1**	**647,472.5**	**562,501.2**
Memo: Fitch Core Capital	64,269.7	68,274.6	59,896.6	55,068.2	50,197.3

N.A. – Not available.
Source: MMG Bank Corporation.

MMG Bank Corporation — Summary Analytics

(%, Years Ended Sept. 30)	Three Months First-Quarter 3/31/18	2017	2016	2015	2014
Interest Ratios					
Interest Income/Average Earning Assets	2.93	2.37	2.15	1.60	1.46
Interest Income on Loans/Average Gross Loans	5.01	4.66	4.74	4.13	5.36
Interest Expense on Customer Deposits/Average Customer Deposits	1.19	0.75	0.48	0.26	0.24
Interest Expense/Average Interest-bearing Liabilities	1.15	0.71	0.47	0.26	0.23
Net Interest Income/Average Earning Assets	1.90	1.73	1.72	1.37	1.25
Net Interest Income Less Loan Impairment Charges/Average Earning Assets	1.89	1.72	1.71	1.36	1.25
Net Interest Income Less Preferred Stock Dividend/Average Earning Assets	1.90	1.73	1.72	1.37	1.25
Other Operating Profitability Ratios					
Operating Profit/Risk Weighted Assets	5.81	4.21	3.98	5.51	4.71
Non-Interest Expense/Gross Revenues	42.01	47.13	42.30	40.89	40.76
Loans and Securities Impairment Charges/Pre-impairment Operating Profit	0.21	0.22	0.42	0.39	0.00
Operating Profit/Average Total Assets	2.60	2.04	2.22	2.10	2.14
Non-Interest Income/Gross Revenues	58.69	56.38	56.42	62.59	66.11
Non-Interest Expense/Average Total Assets	1.89	1.82	1.63	1.46	1.47
Pre-impairment Operating Profit/Average Equity	25.19	20.66	26.18	24.85	22.48
Pre-impairment Operating Profit/Average Total Assets	2.61	2.05	2.23	2.11	2.14
Operating Profit/Average Equity	25.14	20.61	26.07	24.75	22.48
Other Profitability Ratios					
Net Income/Average Total Equity	22.85	18.57	23.56	22.09	20.27
Net Income/Average Total Assets	2.37	1.84	2.01	1.87	1.93
Fitch Comprehensive Income/Average Total Equity	27.87	20.18	26.41	17.63	21.32
Fitch Comprehensive Income/Average Total Assets	2.89	2.00	2.25	1.50	2.03
Taxes/Pre-tax Profit	9.10	9.91	9.64	10.78	9.82
Net Income/Risk Weighted Assets	5.28	3.79	3.59	4.92	4.25
Capitalization					
FCC/FCC-Adjusted Risk Weighted Assets	21.54	20.68	16.14	23.55	22.51
Tangible Common Equity/Tangible Assets	9.49	10.53	8.49	8.51	8.92
Equity/Total Assets	9.78	10.97	8.93	8.51	8.92
Basel Leverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Common Equity Tier 1 Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Fully Loaded Common Equity Tier 1 Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 1 Capital Ratio	20.60	19.12	16.02	23.80	N.A.
Total Capital Ratio	21.80	19.99	16.61	24.39	22.00
Impaired Loans Less Reserves for Impaired Loans/Fitch Core Capital	(0.24)	(0.21)	(0.19)	(0.09)	0.00
Impaired Loans Less Reserves for Impaired Loans/Equity	(0.23)	(0.20)	(0.18)	(0.09)	0.00
Cash Dividends Paid & Declared/Net Income	N.A.	N.A.	49.99	37.48	34.15
Risk Weighted Assets/Total Assets	43.92	50.64	52.32	36.12	39.65
Risk Weighted Assets — Standardized/Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Risk Weighted Assets — Advanced Method/Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Loan Quality					
Impaired Loans/Gross Loans	0.00	0.00	0.00	0.00	0.00
Growth of Gross Loans	6.55	53.73	25.15	216.01	(11.61)
Reserves for Impaired Loans/Impaired Loans	N.A.	N.A.	N.A.	N.A.	N.A.
Loan Impairment Charges/Average Gross Loans	0.02	0.02	0.05	0.07	0.00
Growth of Total Assets	4.21	(8.09)	9.53	15.11	34.00
Reserves for Impaired Loans/Gross Loans	0.06	0.06	0.08	0.04	0.00
Net Charge-offs/Average Gross Loans	N.A.	N.A.	N.A.	0.00	0.00
Impaired Loans + Foreclosed Assets/Gross Loans + Foreclosed Assets	0.00	0.00	0.00	0.00	0.00
Funding and Liquidity					
Loans/Customer Deposits	43.52	42.97	24.11	20.71	7.79
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Funding (Excluding Derivatives)	91.43	92.00	95.82	97.11	94.68
Interbank Assets/Interbank Liabilities	478.96	459.20	735.34	928.45	634.29
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Growth of Total Customer Deposits	5.21	(13.75)	7.53	18.85	29.46

N.A. – Not available.
Source: MMG Bank Corporation.

The ratings above were solicited and assigned or maintained at the request of the rated entity/Issuer or a related third party. Any exceptions follow below.