

# **Banco de los Trabajadores**

**Unaudited Condensed Interim Financial Statements**  
As of and for the Nine-Month Period Ended September 30,  
2014 and December 31, 2013

Lara, Aranky y Asociados

# **BANCO DE LOS TRABAJADORES**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **CONTENT**

---

	<b>Page</b>
Review Reports on Interim Financial Information	1
Unaudited Condensed Interim Balance Sheets	2
Unaudited Condensed Interim Statements of Income	3
Unaudited Condensed Interim Statements of Changes in Equity	4
Unaudited Condensed Interim Statements of Cash Flows	5
Notes to the Unaudited Condensed Interim Financial Statements	6

## REVIEW REPORTS ON INTERIM FINANCIAL INFORMATION

To the Stockholders of  
Banco de los Trabajadores

### *Introduction*

We have reviewed the accompanying balance sheet of Banco de los Trabajadores (the “Bank”) as of September 30, 2014 and the statements of income, of changes in equity and of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks issued by the Monetary Board of the Republic of Guatemala. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Bank as of September 30, 2014, and of its financial performance and its cash flows for the nine-months period then ended in accordance with the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks issued by the Monetary Board of the Republic of Guatemala, as described in Note 4 to the financial statements.

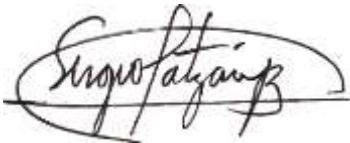
*Emphasis of Matter*

Without modifying our conclusion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting used in the preparation of these financial statements. The financial statements were prepared in accordance with the basis of accounting established in the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks issued by the Monetary Board of the Republic of Guatemala, which differs in certain aspects from the International Financial Reporting Standards.

**Lara, Aranky y Asociados**

Member Firm of:

**Deloitte Touche Tohmatsu Limited**

A handwritten signature in black ink, appearing to read "Sergio Patzán", enclosed within a hand-drawn oval shape.

Sergio Patzán  
CPA Register No. 2200

October 23, 2014  
Guatemala, C. A.

# BANCO DE LOS TRABAJADORES

## UNAUDITED CONDENSED INTERIM BALANCE SHEETS

AT SEPTEMBER 30, 2014 AND DECEMBER 31, 2013

(Expressed in Quetzales)

<b>ASSETS</b>	<b>Notes</b>	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Cash and cash equivalents	5	Q. 1,864,596,844	Q. 2,152,444,834
Investments - Net	6	3,678,206,472	3,360,886,218
Loans receivable - Net	7	7,461,966,512	6,446,189,795
Accounts receivable - Net		215,535,665	142,697,611
Assets classified as held for sale		69,887,332	53,323,149
Property and equipment	8	175,467,461	168,321,279
Other assets		<u>270,826,958</u>	<u>238,536,734</u>
<b>TOTAL</b>		<u>Q. 13,736,487,244</u>	<u>Q. 12,562,399,620</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Loans payable	9	Q. 1,353,569,836	Q. 1,427,300,988
Accounts payable		477,195,420	320,756,697
Other payables		290,918,801	264,286,907
Deposits	10	<u>10,389,211,560</u>	<u>9,470,695,551</u>
Total liabilities		<u>12,510,895,617</u>	<u>11,483,040,143</u>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock		199,861,451	199,859,881
Reserves		758,889,497	606,128,752
Revaluation of assets		59,633,949	59,633,949
Retained earnings		<u>207,206,730</u>	<u>213,736,895</u>
Total stockholders' equity		<u>1,225,591,627</u>	<u>1,079,359,477</u>
<b>TOTAL</b>		<u>Q. 13,736,487,244</u>	<u>Q. 12,562,399,620</u>

The enclosed notes are part of the unaudited condensed interim financial statements.

# BANCO DE LOS TRABAJADORES

## UNAUDITED CONDENSED INTERIM STATEMENTS OF INCOME FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Quetzales)

	Notes	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
<b>INTEREST</b>			
Interest income	12	Q. 1,423,657,698	Q. 1,280,084,915
Interest expense	13	<u>(702,475,706)</u>	<u>(517,547,548)</u>
Subtotal		721,181,992	762,537,367
Other extraordinary income and expenses - Net		<u>201,831,771</u>	<u>30,090,064</u>
Total operating income		<u>923,013,763</u>	<u>792,627,431</u>
<b>NON INTEREST EXPENSES</b>			
Administrative expenses		(546,714,015)	(465,142,511)
Other income and expenses -Net		<u>(81,731,203)</u>	<u>(98,654,063)</u>
Total non-interest expenses		<u>(628,445,218)</u>	<u>(563,796,574)</u>
<b>INCOME BEFORE TAX</b>		294,568,545	228,830,857
<b>INCOME TAX</b>	14	<u>(87,361,815)</u>	<u>(78,867,911)</u>
<b>NET INCOME OF THE PERIOD</b>		<u>Q. 207,206,730</u>	<u>Q. 149,962,946</u>

The enclosed notes are part of the unaudited condensed interim financial statements.

**BANCO DE LOS TRABAJADORES**

**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Quetzales)

	Capital Stock	Legal Reserve	Reserve for Contingencies (Note 11)	Reserve for reinvestment of Profits	Other Reserves	Total Reserves	Revaluation of Assets	Retained Earnings	Total
<b>Balance, as at December 31, 2012 (Audited)</b>	Q. 43,300,100	Q. 46,450,377	Q. 30,365,680	Q. 2,927,808	Q. 513,895,561	Q. 593,639,426	Q. 59,633,949	Q. 131,117,464	Q. 827,690,939
Increase in Capital	156,531,281	-	-	-	-	-	-	-	156,531,281
Permanent contributions	8,010	-	-	-	-	-	-	-	8,010
Increase legal reserves	-	6,555,873	-	-	-	6,555,873	-	(6,555,873)	-
Increase reserves for contingencies	-	-	21,529,960	-	-	21,529,960	-	(80,369,405)	(58,839,445)
Increase other reserves	-	-	-	-	34,550,155	34,550,155	-	(34,444,031)	106,124
Dividends payable	-	-	-	-	-	-	-	(9,748,155)	(9,748,155)
Net income for the period	-	-	-	-	-	-	-	149,962,946	149,962,946
<b>Balance, as at September 30, 2013 (Unaudited)</b>	<u>Q. 199,839,391</u>	<u>Q. 53,006,250</u>	<u>Q. 51,895,640</u>	<u>Q. 2,927,808</u>	<u>Q. 548,445,716</u>	<u>Q. 656,275,414</u>	<u>Q. 59,633,949</u>	<u>Q. 149,962,946</u>	<u>Q. 1,065,711,700</u>
<b>Balance, as at December 31, 2013 (Audited)</b>	Q. 199,859,881	Q. 53,006,250	Q. 1,751,147	Q. 2,927,808	Q. 548,443,547	Q. 606,128,752	Q. 59,633,949	Q. 213,736,895	Q. 1,079,359,477
Increase in Capital	1,570	-	-	-	-	-	-	-	1,570
Increase legal reserve	-	10,686,845	-	-	-	10,686,845	-	(10,686,845)	-
Increase reserves for contingencies	-	-	21,590,758	-	-	21,590,758	-	(51,590,757)	(29,999,999)
Increase other reserves	-	-	-	-	120,483,142	120,483,142	-	(120,378,433)	104,709
Dividends payable	-	-	-	-	-	-	-	(31,080,860)	(31,080,860)
Net income for the period	-	-	-	-	-	-	-	207,206,730	207,206,730
<b>Balance, as at September 30, 2014 (Unaudited)</b>	<u>Q. 199,861,451</u>	<u>Q. 63,693,095</u>	<u>Q. 23,341,905</u>	<u>Q. 2,927,808</u>	<u>Q. 668,926,689</u>	<u>Q. 758,889,497</u>	<u>Q. 59,633,949</u>	<u>Q. 207,206,730</u>	<u>Q. 1,225,591,627</u>

The enclosed notes are part of the unaudited condensed interim financial statements.

# BANCO DE LOS TRABAJADORES

## UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Quetzales)

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	Q. 1,408,489,801	Q. 1,149,651,342
Commissions received	15,152,433	119,306,755
Proceeds from services	147,992,376	11,788,833
Payments of interest	(637,006,022)	(486,136,808)
Payments of commissions	(30,967,186)	(11,312,910)
Payments of services	(26,040,473)	(33,727,029)
Payments of administrative expenses	(546,714,014)	(465,142,483)
Exchange gain or loss	9,731,903	5,883,474
Investments:		
Proceeds from divestitures	22,501,809,341	19,211,516,428
Payments of investments	(22,819,620,094)	(19,311,929,123)
Loans receivable:		
Proceeds from loan repayments	4,422,101,552	3,974,259,333
Disbursement of loans	(5,555,942,257)	(4,995,154,220)
Other investments:		
Proceeds from divestitures	1,170,000	1,143,750
Payments of investments	(679,500)	(1,222,500)
Deposits:		
Proceeds from deposits	22,071,608,062	20,980,422,609
Withdrawals of deposits	(21,153,092,052)	(19,611,974,631)
Loans payable:		
Proceeds from loans	164,608,922	118,863,155
Repayments of loans	(238,340,074)	(202,809,989)
Financial obligations:		
Proceeds from sales	292,834	920,509
Payments for redemption or reacquisition	(1,538,834)	(1,730,509)
Proceeds from sale of extraordinary assets	9,697,074	1,634,550
Income tax paid	(36,505,848)	(79,607,798)
Other proceeds form operating activities	224,505,548	323,968,879
Other payments for operating activities	(175,748,588)	(213,343,984)
Net cash (used in) generated by operating activities	Q. (245,035,096)	Q. 485,267,633

(Continued)



# BANCO DE LOS TRABAJADORES

## UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014 AND 2013

(Expressed in Quetzales)

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
CASH FLOWS FROM		
INVESTING ACTIVITIES:		
Dividends received	Q. 6,000,000	Q. 3,272,940
Held to maturity investments		
Payments for investments		
Proceeds from divestitures	-	918,000
Payments for purchase of property and equipment	<u>(26,099,604)</u>	<u>(19,646,167)</u>
Net cash flows used in investing activities	<u>(20,099,604)</u>	<u>(15,455,227)</u>
CASH FLOWS FROM		
FINANCING ACTIVITIES:		
Dividends paid	(22,714,040)	(2,266,093)
Subscription and payment of shares	<u>750</u>	<u>163,078,278</u>
Net cash flows (used in) generated by financing activities	<u>(22,713,290)</u>	<u>160,812,185</u>
NET (DECREASE) INCREASE IN CASH	(287,847,990)	630,624,591
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,152,444,834</u>	<u>984,813,911</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>Q. 1,864,596,844</u>	<u>Q. 1,615,438,502</u>

The enclosed notes are part of the unaudited condensed interim financial statements.

(Concluded)

# **BANCO DE LOS TRABAJADORES**

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014**

(Expressed in Quetzales)

---

### **1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements are intended only to provide an update on the content of the latest annual financial statements authorized for issue, focusing on new activities, events and circumstances occurring during the nine-month period, and does not duplicate information previously reported in the latest annual financial statements authorized for issue.

Consequently, these unaudited condensed interim financial statements do not include all the information required of complete financial statements prepared in accordance with the Manual of Accounting Instructions for Entities Subject to the Oversight and Inspection of the Superintendency of Banks, accordingly, for a proper comprehension of the information included in these unaudited condensed interim financial statements, they should be read together with the Bank's financial statements as of December 31, 2013 and for the year then ended.

### **2. ACCOUNTING ESTIMATES**

The preparation of unaudited condensed interim financial statements requires the use of certain critical accounting estimates. It also requires Bank management to exercise judgment in applying the Bank's accounting policies. The areas where significant judgments and estimates have been made in preparing the unaudited condensed interim financial statements and their effect are disclosed in note 4.

The accounting policies and methods used in preparing these unaudited condensed interim financial statements are the same as those applied in the financial statements for December 31, 2013.

Unaudited condensed interim financial statements for the nine-month period ended September 30, 2014 and 2013, reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented and all such adjustments are of a normal recurring nature.

### **3. USE OF ESTIMATES AND JUDGEMENTS**

The results and the determination of equity are sensitive to the accounting policies, measurement bases and estimates used by the directors of the Bank in preparing the nine-month financial statements. The main accounting policies and measurement bases are described in Note 2 to the financial statements as of December 31, 2013.

These estimates, which were made on the basis of the best information available, relate basically to the following:

- a. The income tax expense, which is recognized in interim periods based on the best estimate of the weighted average tax rate expected by the Bank for the full financial year;
- b. The impairment losses on certain assets; and
- c. The useful life of the tangible assets.

During the nine-month period ended September 30, 2014 there were no significant changes in the estimates made at 2013 year-end other than those indicated in these nine-month unaudited condensed financial statements.

#### 4. SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION

The accounting policies and methods used in preparing these unaudited condensed interim financial statements are the same as those applied in the financial statements for 2013.

- a. **Contingencies and Commitments** - Notes 25 and 26 to the Bank's financial statements as of December 31, 2013 and for the year then ended include information on the contingent liabilities and commitments at that date. There were no significant changes in the Bank's contingent liabilities and commitments from December 31, 2013 to the date of preparation of these unaudited condensed financial statements for the nine-month period ended September 30, 2014.
- b. **Comparative Information** - The information for the nine-month period ended September 30, 2014 and 2013, contained in these nine-month unaudited condensed financial statements is presented for comparison purposes only with the information relating to the nine-month period ended September 30, 2014.
- c. **Seasonality of the Bank's Transactions** - In view of the business activities in which the Bank engages, their transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures are included in these explanatory notes to the unaudited condensed financial statements for the nine-month periods ended September 30, 2014 and 2013.
- d. **Materiality** - In determining the note disclosures to be made on the various items in the financial statements or other matters, the Bank took into account their materiality in relation to the interim financial statements.

#### 5. CASH AND CASH EQUIVALENTS

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Cash	Q. 79,020,080	Q. 97,512,009
Deposits in Guatemalan Central Bank	1,601,788,523	1,883,176,270
Deposits in foreign banks	146,914,122 (a)	131,815,347
Checks and drafts pending compensation	36,039,012	36,656,109
Local banks	835,107	3,285,099
	<u>Q. 1,864,596,844</u>	<u>Q. 2,152,444,834</u>

The Organizational Law of the Guatemalan Central Bank establishes that bank deposits are subject to reserves. The percentage of bank reserves in local and foreign currency is 14.6%.

These reserves must be kept constantly in the form of demand deposits in the Guatemalan Central Bank, of cash funds in the bank's cashiers, and, when the circumstances warrant it, of liquid investments in instruments, documents or securities, local or foreign, in accordance with the regulations issued by the Monetary Board for such purpose.

The mandatory investment in quetzales and US dollars in the Guatemalan Central Bank as of September 30, 2014 and December 31, 2013 are Q.62,800,704 and Q.57,189,409, respectively, earning interest rates of:

Description	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Reserve operations Local Currency	4.02%	3.93%
Financial operations	0.25199%	0.24582%
Reserve operations Foreign Currency	0.0290%	0.0280%

- (a) As of September 30, 2014 and December 31, 2013, the financial statements include an operation for a Credit Linked Deposit, contracted by Banco de los Trabajadores on April 20, 2011, with the entity Société Generale, a banking institution established in France, for an amount of US\$12,500,000. The term for the credit linked deposit contract is 17 years, maturing on August 17, 2027.

The deposit earns an annual interest rate of 1%, payable semi-annually; additionally, upon maturity of the term, the Bank will receive the sum of US\$25,000,000, as long as the Government of Guatemala is not in default.

The deposit described meets the characteristics of a deposit with an implicit credit default swap (CDS), a generalized operation in international banking. As of September 30, 2014 and December 31, 2013 the deposit is recorded at its initial contracted value.

The cash is free of pledges.

## 6. INVESTMENTS - NET

	Annual Interest	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
<b>Local Currency</b>			
In securities held for sale:			
Certibonos - Central Government maturing in 2014, 2016, 2017, 2020, 2021, 2025 and 2026.	8.40% to 12.8520%	Q. 2,818,048,750	Q. 2,478,958,250
Instituto de Fomento de Hipotecas Aseguradas		36,473,275	39,698,823
Central Bank of Guatemala (CDPs) maturing in 2014	4.5% to 5.2498%	300,000,000	500,000,000

	Annual Interest	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Repurchase agreement operations	5%	Q. -	Q. 44,000,000
Interest paid in purchase of securities		139,384	177,355
Financiera de los Trabajadores (CDPs) maturing in 2014	6%	12,200,000	12,200,000
Sub-total		3,166,861,409	3,075,034,428
<b>Shares and Other Securities</b>			
<b>Of Financial Institutions:</b>			
Financiera de los Trabajadores 39,120 shares with a value of Q.1,000 each, discount of Q.2,420,000.		36,700,000	36,700,000
Aseguradora de los Trabajadores 34,912 shares with a value of Q.801 each, premium of Q. 7,054,154.		35,018,666	35,018,666
<b>Of Non-Financial Entities</b>			
Útil Valor, S. A. 40,000 shares with a value of Q. 10 each, premium of Q.2,400.		402,400	402,400
Asociación Bancaria de Guatemala 72 shares with a value of Q.5,000 each.		360,000	360,000
Imágenes Computarizadas de Guatemala, S. A. 504 shares with a value of Q.1,000 each, premium of Q.311,100.		815,099	815,099
Sub-total		73,296,165	73,296,165
<b>Other Investments</b>		206,250	696,750
<b>Total Local Currency</b>		3,240,363,824	3,149,027,343
<b>Foreign Currency</b>			
In securities held for sale:			
Certibonos - Central Government maturing in 2017, 2020, 2021 and 2026	4% to 6.20%	445,542,133	219,558,360

	<b>Annual Interest</b>	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Visa Inc. 7,952 common shares, with a value of US \$0.0001 each, exchange rate Q.7.84137.		Q. 7	Q. 7
Sub-total		3,685,905,964	3,368,585,710
(-) Estimate for valuation of investments		<u>(7,699,492)</u>	<u>(7,699,492)</u>
		<u>Q. 3,678,206,472</u>	<u>Q. 3,360,886,218</u>

The permanent investments are free of pledges.

As of September 30, 2014 and December 31, 2013 the investments have the following maturity schedule:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Up to 1 month	Q. 302,068,296	Q. 560,832,355
More than 1 month and less than 3 months	11,916	20,000,000
More than 6 months and less than 1 year	12,221,772	12,200,000
More than 1 year	37,957,993	41,503,425
More than 5 years	3,260,004,182	2,660,753,758
No contractual maturity	<u>73,641,805</u>	<u>73,296,172</u>
	<u>Q. 3,685,905,964</u>	<u>Q. 3,368,585,710</u>

## 7. LOANS RECEIVABLE - NET

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Loans	Q. 7,450,192,708	Q. 6,447,016,747
Payments for letters of credit	24,898,840	25,771,731
Credit cards	138,397,471	111,603,166
Receivables from sale of extraordinary assets	<u>695,008</u>	<u>852,176</u>
	7,614,184,027	6,585,243,820
Minus: Allowance for doubtful loans	<u>(152,217,515)</u>	<u>(139,054,025)</u>
	<u>Q. 7,461,966,512</u>	<u>Q. 6,446,189,795</u>

The credit portfolio is free of pledges.

The loans and discounts according to their aging are detailed as follows:

	<b>September 30, 2014 (Unaudited)</b>	<b>%</b>	<b>December 31, 2013 (Audited)</b>	<b>%</b>
Current	Q. 7,516,069,465	99	Q.6,490,696,879	99
In extension process	353,396	-	784,795	-
Past due in administrative collection	84,924,363	1	88,507,330	1
Past due in judicial collection	<u>12,836,803</u>	-	<u>5,254,816</u>	-
	7,614,184,027	100	6,585,243,820	100
(-) Allowance for doubtful loans	<u>(152,217,515)</u>		<u>(139,054,025)</u>	
	<u>Q. 7,461,966,512</u>		<u>Q.6,446,189,795</u>	

As of September 30, 2014 and December 31, 2013 the loans had the following maturity schedule:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Upon to 1 month	Q. 26,549,596	Q. 29,786,807
More than 1 month and less than 3 months	52,336,970	40,822,410
More than 3 months and less than 6 months	73,996,943	55,363,326
More than 6 months and less than 1 year	160,082,936	161,089,302
More than 1 year and less than 5 years	2,331,176,510	2,079,220,323
More than 5 years	<u>4,970,041,072</u>	<u>4,218,961,652</u>
	<u>Q. 7,614,184,027</u>	<u>Q. 6,585,243,820</u>

The loans were granted at annual interest rates between 7% and 40%. The terms may be less than one year, or from one to twenty-five years, taking into consideration the nature and guarantee offered.

The operation in foreign currency, mortgage loans, fiduciary loans, and secured bonds were granted at annual interest rates between 4% and 12.4%.

The movement of the allowance for doubtful loans as of September 30, 2014 and December 31, 2013, was the following:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Balance at January 1	Q. 139,054,025	Q. 184,334,396
Allowance	97,218,586	126,695,068
Recoveries and reversals	20,845,401	30,201,338
Write-offs	<u>(104,900,497)</u>	<u>(202,176,777)</u>
	<u>Q. 152,217,515</u>	<u>Q. 139,054,025</u>

## 8. PROPERTY AND EQUIPMENT

The movement of property and equipment, as of September 30, 2014 and December 31, 2013 was as follows:

### September 30, 2014 (Unaudited)

Cost	Initial Balances	Additions	Disposals	Reclassifications	Final Balances
Land	Q. 39,641,164	Q. 9,812,849	Q. -	Q. -	Q. 49,454,013
Revaluation of land	(2,363,042)	-	-	-	(2,363,042)
Buildings	56,082,994	2,867,877	-	-	58,950,871
Revaluation of buildings	61,996,991	-	-	-	61,996,991
Furniture and office equipment	38,979,615	9,774,590	(5,600,661)	6,331	43,159,875
Information systems	27,768,853	5,728,343	(4,359,099)	-	29,138,097
Telecommunications equipment	881,957	116,695	(284,133)	-	714,519
Vehicles	149,415	-	(118,046)	-	31,369
Artwork and paintings	482,557	-	-	-	482,557
Others	565	-	-	-	565
Advances for acquisitions of assets	10,064,394	6,505,480	-	(8,706,230)	7,863,644
Subtotals	233,685,463	34,805,834	(10,361,939)	(8,699,899)	249,429,459
Accumulated depreciation	(65,364,184)	(18,547,575)	-	9,949,761	(73,961,998)
Net totals	<u>Q. 168,321,279</u>	<u>Q. 16,258,259</u>	<u>Q. (10,361,939)</u>	<u>Q. 1,249,862</u>	<u>Q. 175,467,461</u>

### December 31, 2013 (Audited)

Cost	Initial Balances	Additions	Disposals	Reclassifications	Final Balances
Land	Q. 39,641,164	Q. -	Q. -	Q. -	Q. 39,641,164
Revaluation of land	(2,363,042)	-	-	-	(2,363,042)
Buildings	53,912,662	3,629,197	(14,576)	(1,444,289)	56,082,994
Revaluation of buildings	61,996,991	-	-	-	61,996,991
Furniture and office equipment	32,421,770	12,762,319	(4,639,572)	(1,564,902)	38,979,615
Information systems	18,604,846	13,469,012	(3,989,857)	(315,148)	27,768,853
Telecommunications equipment	1,261,071	151,534	(530,648)	-	881,957
Vehicles	149,415	-	-	-	149,415
Artwork and paintings	294,748	195,809	-	(8,000)	482,557
Others	25,065	-	(24,500)	-	565
Advances for acquisitions of assets	4,028,588	17,678,332	-	(11,642,526)	10,064,394
Subtotals	209,973,278	47,886,203	(9,199,153)	(14,974,865)	233,685,463
Accumulated depreciation	(53,436,131)	(21,484,801)	-	9,556,748	(65,364,184)
Net totals	<u>Q. 156,537,147</u>	<u>Q. 26,401,402</u>	<u>Q. (9,199,153)</u>	<u>Q. (5,418,117)</u>	<u>Q. 168,321,279</u>



## 9. LOANS PAYABLE

As of September 30, 2014 and December 31, 2013 the Bank had contracted the following loans:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Deutsche Bank AG London Loan for USD150,000,000, 9% interest rate, semi-annual amortizations of interest and principal when due, for a term of 7 years that matures on November 22, 2020. <u>1/</u>	Q. 1,150,677,000	Q.1,176,205,500
Wells Fargo Bank Line of credit for US\$ 8,000,000, interest rate of Libor + 1.3% and maturing on January 14, 2016.	61,360,986	-
DEG: Deutsche Investitions Und Entwicklungsgesellschaft MBH Loan for US\$15,000,000, interest rate of Libor plus 4.58% and maturing on February 15, 2016. Semi-annual amortizations as of February 15, 2013 for an amount of US\$2,142,857.	49,314,733	84,014,681
Central American Bank for Economic Integration (CABEI) Line of credit for US\$ 27,500,000, interest rate of 5.8%. The amount used is comprised of three disbursements with a maximum maturity date of November 14, 2014.	40,529,401	106,904,011
Wells Fargo Bank Line of credit for US\$ 5,700,000, interest rate of 1.527% and maturing on November 14, 2014.	21,862,810	22,347,850
Bac Florida Bank Line of credit for US\$ 5,000,000, interest rate of 4.27600% and maturing on November 27, 2014	19,177,950	19,603,425
Other minor	<u>10,646,956</u>	<u>18,225,521</u>
	<u>Q. 1,353,569,836</u>	<u>Q. 1,427,300,988</u>

1/ On November 14, 2013, Banco de los Trabajadores and Deutsche Bank AG, London Branch, subscribed a loan agreement for an amount of principal of US\$150 million, for a term of 7 years, at an interest rate of 9% annually, with semi-annual interest payments. The loan granted by Deutsche Bank AG, London Branch, was documented through a promissory note. The Loan Agreement must be governed and interpreted in accordance with the Law of the State of New York. The loan funds come from the placement of Bantrab Senior Trust bonds in the international market.

Banco de los Trabajadores unconditionally promises to on its own reimburse Deutsche Bank AG, London Branch for the total amount of the Loan on November 14, 2020.

If Banco de los Trabajadores fails to comply with making the payment of the principal or interest, or any other payment in or with respect to the loan, on or before the expiration date, as specified in the agreement or as notified to the borrower; the borrower, on its own behalf, agrees to pay the lender, at the late payment interest rate (i) principal amount of the loan pending payment, and (ii) any interest due or other amount (other than the principal), in each case, from the date on which the payment was due until the date on which the payment was made.

Upon prior notification in writing to Deutsche Bank AG, London Branch, under the terms indicated in the loan agreement, Banco de los Trabajadores may pay the loan in advance, at any time.

Banco de los Trabajadores must promptly pay when due, any tax arising in any jurisdiction for the execution, delivery, recording or application of the loan agreement, if applicable.

Banco de los Trabajadores agrees with Deutsche Bank AG, London Branch that so long as the loan is pending and until the amounts owed by the borrower under the loan agreement are fully paid, to comply with the following:

- To pay all amounts owed.
- To keep its books and accounting records up to date.
- To appoint an agent to receive all the lender requirements.
- To notify of certain events mainly related to non-compliance.
- To provide the lender with the financial statements as of the end of each tax period.
- To present at the end of each period the audited financial statements (in English).
- To present monthly unaudited financial statements.
- To notify the borrower of any litigation or claim that affects the debtor and that may affect the financial condition.
- To not sell, transfer or dispose of its assets without prior consent, and to not participate in any merger.
- To post or provide a link, on the borrower's web site, [www.bantrab.com.gt](http://www.bantrab.com.gt)
- The Bank cannot join, or merge, or conduct or transfer in a transaction or a series of transactions, all or considerably all of its properties and assets with any individual, unless:
  - The resulting entity, if other than the Bank, is organized and exists under the laws of Guatemala; and assumes all of the borrower's obligations to:
    - Pay the amount for the principal and interest of the loan; and

- Perform and observe all of the other obligations of the borrower in accordance with the loan documents and any other document it is a party to;
- The borrower or any successor entity, is not, as applicable, immediately after any transaction, in non-compliance with any loan document or other document it is a party to with respect to the loan it is a party to.
- To file tax returns and pay all the taxes the Bank, or any other entity of its property that is material, is subject to.

**Each of the following events constitutes a “Case of Non-compliance”:**

- Paying all or part of the principal amount of the Loan when it is due and payable, whether at the maturity date, in advance or in any other manner.
- Paying any interest, any additional amount related to the loan, within the 15 business days following the due date.
- Not complying or observing any other contract or agreement of the loan and such situation continues for 30 days after the lender has given written notification of this non-compliance to the Bank.
- The occurrence, with respect to any debt of the borrower with an outstanding principal amount of \$10,000,000 or more, (i) of an event of default that results in such debt being accelerated prior to its schedule maturity or (ii) failure to make any payment of such debt when due and such defaulted payment is not made, waived or extended within the applicable grace period.
- Paying one or more of the definitive rulings against the Bank, which total an amount of \$10,000,000.
- Consenting to the appointment of a receiver, custodian, inspector, administrator, trustee, examiner or liquidator of the borrower, of all or a significant part of its property.
- Performing a general assignment for the benefit of its creditors.
- Presenting a petition with the purpose of taking advantage of any other law related to bankruptcy, insolvency, reorganization, suspension of payments, liquidation, dissolution, arrangement, composition or readjustment of debts.
- If any loan document must cease being in effect or the Bank must challenge the validity or enforceability of any loan document;
- If any governmental authority of Guatemala declares a general suspension of payment or a delay in the payment of the Bank’s debt.
- If any governmental authority of Guatemala: a) nationalizes, seizes, or expropriates all or a considerable part of the Bank’s assets, or the common shares of the Bank, or b) takes control of the business and operations of the Bank; or c) issues an order with respect to, or initiates an intervention of the Bank or any similar arrangement under the applicable regulation.

As of September 30, 2014 and December 31, 2013 the loans obtained had the following maturity schedule:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
More than 1 month and less than 3 months	Q. 104,040,772	Q. 51,859,249
More than 3 months and less than 6 months	51,733,329	26,819,499
More than 6 months and less than 1 year	16,438,242	98,483,818
More than 1 year and less than 5 years	30,680,493	73,932,922
More than 5 years	<u>1,150,677,000</u>	<u>1,176,205,500</u>
	<u>Q. 1,353,569,836</u>	<u>Q. 1,427,300,988</u>

## 10. DEPOSITS

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Local Currency:		
Monetary deposits	Q. 679,840,252	Q. 661,742,104
Savings deposits	1,178,198,318	1,069,943,745
Term deposits	8,266,360,504	7,509,910,053
Deposits and others	1,491,484	1,491,483
Deposits with restrictions	<u>8,456,723</u>	<u>9,098,513</u>
	<u>10,134,347,281</u>	<u>9,252,185,898</u>
Foreign Currency:		
Monetary deposits	85,661,842	66,672,221
Savings deposits	87,014,111	56,167,082
Term deposits	81,942,737	95,559,390
Deposits and others	6,977	7,132
Deposits with restrictions	<u>238,612</u>	<u>103,828</u>
	<u>254,864,279</u>	<u>218,509,653</u>
	<u>Q.10,389,211,560</u>	<u>Q.9,470,695,551</u>

The term deposits in quetzales earn an interest rate of 3.50% to 9.75% and have been placed in terms that vary from 3 months to 5 years, and in US dollars of the United States of America at a rate of 0.75% to 6.25% and have been placed in terms that vary from 3 months to 3 years.

As of September 30, 2014 and December 31, 2013 the term deposits had the following maturity schedule:

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Local currency	Q. 8,266,360,504	Q. 7,509,910,053
Foreign currency	81,942,737	95,559,390
	<u>Q. 8,348,303,241</u>	<u>Q. 7,605,469,443</u>
Up to 1 month	Q. 495,795,616	Q. 371,723,424
More than 1 month and less than 3 months	938,446,742	768,022,726
More than 3 months and less than 6 months	1,336,841,592	1,440,107,806
More than 6 months and less than 1 year	2,988,496,024	2,343,371,319
More than 1 year	<u>2,588,723,267</u>	<u>2,682,244,168</u>
	<u>Q. 8,348,303,241</u>	<u>Q. 7,605,469,443</u>

#### 11. RESERVES FOR CONTINGENCIES

The Bank constitutes this reserve, separating it from its earnings, according to authorizations from the General Shareholders' Meeting, in order to face any future problems or ensure coverage for non-specific purposes or unforeseen events. The balance as of September 30, 2014 and December 31, 2013, is Q.23,341,905 and Q.1,751,147, respectively.

#### 12. INTEREST INCOME

	<b>September 30, 2014 (Unaudited)</b>	<b>September 30, 2013 (Unaudited)</b>
Interest on loans	Q. 1,205,355,223	Q. 992,025,515
Interest on investments	202,902,186	157,327,333
Commissions on loans	15,152,433	130,306,752
Others	<u>247,856</u>	<u>425,315</u>
	<u>Q. 1,423,657,698</u>	<u>Q. 1,280,084,915</u>

#### 13. INTEREST EXPENSE

	<b>September 30, 2014 (Unaudited)</b>	<b>September 30, 2013 (Unaudited)</b>
Interest on deposits	Q. (637,006,019)	Q. (486,136,809)
Commissions on deposits	(30,967,185)	(11,312,911)
Contributions for forming FOPA fund	(15,052,591)	(9,479,843)

	<b>September 30, 2014 (Unaudited)</b>	<b>September 30, 2013 (Unaudited)</b>
Additional benefits	(4,887,396)	(6,897,334)
Repurchase agreement operations	(13,796,500)	(3,720,651)
Negotiation of securities	(766,015)	-
	<u>Q. (702,475,706)</u>	<u>Q. (517,547,548)</u>

#### 14. INCOME TAX

In Guatemala, the right of the tax authorities to perform reviews of the company's accounting records and additional legal documentation prescribes in a term of four years, counting from the date on which the tax returns were filed.

As of January 1, 2013 a new Income Tax Law included in Book I of the Tax Law Update, Decree 10-2012 went into effect. This new law includes two regimes for paying the tax as of the year 2013:

- a) Regime over Profits from Lucrative Activities, which consists of applying the rate of 31% to the taxable income determined based on the accounting profit (28% in 2014 and 25% as of 2015). The tax is paid through quarterly payments at the end of each quarter, with a settlement at the end of the year. This is the current regime of Banco de los Trabajadores.
- b) The Simplified Optional Regime over Income from Lucrative Activities, which consists of applying the rate of 6% to the total taxable income (7% as of 2014) and paying such tax through definitive withholdings, or in its absence, through direct payment at the tax office, with the proper authorization from the tax office. The first Q. 30,000 of monthly income pays 5% tax. The Bank selected this regime for the year 2013.

At September 30, 2014 and 2013 the income tax was Q.87,361,815 and Q.78,867,911, respectively.

#### 15. MEMORANDUM ACCOUNTS

	<b>September 30, 2014 (Unaudited)</b>	<b>December 31, 2013 (Audited)</b>
Loan portfolio guarantees	Q. 825,875,996	Q. 955,751,760
Authorized issues of financial obligations	817,357,000	817,357,000
Financial obligations	703,357,000	703,357,000
Other memorandum accounts	996,501,633	976,584,419
Third party management	466,979,119	440,497,306
Securities and assets given as collateral	106,198,395	216,123,096
Contingencies, commitments and other responsibilities	233,283,940	225,406,219
Amortized financial obligations	114,000,000	114,000,000
Margins to be drawn on	237,268,571	173,626,774
Own documents and securities remitted	9,725,891	9,725,891
Repurchase agreement operations	-	5,360,000
	<u>Q. 4,510,547,545</u>	<u>Q. 4,637,789,465</u>

## 16. COMMITMENTS

- **Collective Bargaining Agreement on Work Conditions** - With the purpose of promoting the interests of the Bank and its employees, the relationship between the parties is regulated by the Collective Bargaining Agreement on Work Conditions. The 2014-2015 Collective Bargaining Agreement on Work Conditions has been in effect since January 1, 2014.
- **Trusts** - As of September 30, 2014 and December 31, 2013 the Bank managed as a trustee 20 and 24 trust contracts, respectively. The operations of the trusts are recorded in memorandum accounts, as established by the Manual of Accounting Instructions for Entities Subject to the Oversight and Inspection of the Superintendency of Banks.

Additionally, the Bank keeps separate accounting for each trust since the Bank is not its owner and does not assume the risks and benefits of the assets, liabilities, and equity of the trusts. According to the law, the Bank is responsible before third parties for compliance with the obligations contained in the contracts subscribed, including compliance with the tax obligations of the trusts.

The trusts of the State have been audited by the office of the Comptroller General; likewise, in their majority they have also been audited by the Superintendency of Banks, and in general they are audited at the request of the trustors, as contractually established.

## 17. CONTINGENCIES

As of September 30, 2014 there are tax adjustments that have been made by the tax authorities for which there are precedents of favorable resolutions, and thus the Bank considers that they shall be similarly resolved.

No.	Description	Amounts in Q.	Legal status of the Litigation
1.	Tax adjustment by the Superintendency for Tax Administration (SAT) for adjustment to the Tax on Financial Products (Impuesto Sobre Productos Financieros - ISPF) from the year 1998.	Q. 3,832,541	In administrative law proceedings, (255-2003). The public hearing for this case was held on August 9, 2006. Pending a ruling.
2.	Adjustment to the Tax on Financial Products and Income Tax of the 1999 period for prizes and special invoices.	2,176,072	In administrative law proceedings (SCA-2004-62). On August 3, 2006 there was a public hearing. Pending a ruling.
3.	Capital Management Trust Patrimonial San Jose, 4 <sup>th</sup> Court of First Instance of the Civil Court, filed by Gilda Johanna Rehwoldt Castañeda, to obtain the absolute nullification termination of the trust. The Bank sued as the trustee.	Undetermined amount	The previous exceptions have already been presented on the "faulty lawsuit" and "lack of legal capacity to sue" of Mrs. Rehwoldt and "lack of capacity of the Bank to be sued." It is considered that a favorable resolution will be obtained for the Bank.

No.	Description	Amounts in Q.	Legal status of the Litigation
4.	Precautionary embargo resulting from rulings against the previous holders of:		On a date subsequent to the one on which the Bank made the investment, a precautionary embargo was placed on the Certibonos based on summary, executive and criminal proceedings against its previous owners. Due to these proceedings, at this time the Bank cannot make use of them.
	• Certibonos 35065 to 35074 for Q.1,500,000	8,600,000	
	• Certibonos 32944 to 32955 for Q.155,000	310,000	

## 18. FOREIGN CURRENCY TRANSACTIONS AND EXPOSURE TO EXCHANGE RISK

As of September 30, 2014 and December 31, 2013 the balances of financial assets and liabilities denominated in foreign currency are expressed in quetzales at the closing exchange rate published by the Guatemalan Central Bank in effect at those dates, for each currency. Such balances are summarized as follows:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Assets	Q. 1,505,653,879	Q. 1,537,517,371
Liabilities	1,674,944,481	1,687,479,672

Most of the assets and liabilities in foreign currency of the Bank are in dollars of the United States of America. As of September 30, 2014 and December 31, 2013, the exchange rate established by the Guatemalan Central Bank used to express in quetzales the balances in such foreign currency was Q.7.67118 and Q. 7.84137 per US\$1, respectively.

In Guatemala, foreign currency transactions must be carried out through the banking system. On November 6, 1989 the Monetary Board freed the exchange rate of the quetzal with respect to the dollar of the United States of America and thus the exchange rate is determined by the supply and demand of the dollar in the market.

## 19. SUBSEQUENTS EVENTS

Management is not aware of any subsequent events having occurred from the financial statements' closing date to the date of this report, October 23, 2014, which could significantly affect the financial statements.

## 20. APPROVAL OF FINANCIAL STATEMENTS

The Bank's financial statements as of September 30, 2014 were approved by board of directors on October 1, 2014.

\*\*\*\*\*