

Banco de los Trabajadores

Unaudited Condensed Interim Financial Statements

As of and for the Three-Months Ended March 31,
2017 and March 31, 2016

BANCO DE LOS TRABAJADORES
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

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REVIEW REPORTS ON INTERIM FINANCIAL INFORMATION

To the Shareholders of
Banco de los Trabajadores

Introduction

We have reviewed the accompanying balance sheet of Banco de los Trabajadores (the “Bank”) as of March 31, 2017 and the statements of income, of changes in equity and of cash flows for the three-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.

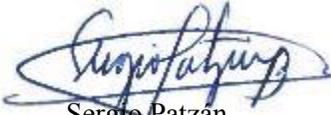
Conclusion

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 March 31, 2017, and of its financial performance and its cash flows for the three-month 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

- As discussed in Note 24b to the financial statements, as a result of a complaint filed by the Administration for Special Verification (Intendencia de Verificación Especial-IVE) of the Superintendency of Banks, on September 5, 2016 the Public Ministry initiated proceedings against certain former executives of the Bank for the crimes of illicit association, embezzlement and money laundering. Since the amounts involved in these proceedings were recorded in the profit and loss of the years 2010 and 2011, the Bank's management considers that the final result of these proceedings will not have additional adverse effects in the equity of the Bank's financial statements as of March 31, 2017. However, the Bank's management started an investigation in order to determine the existence of other possible cases similar to those cited above and determine who is legally responsible for them.
- 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.

Deloitte Guatemala, S. A.



Sergio Patzan
CPA Register No. 2200

April 27, 2017
Guatemala, C. A.

BANCO DE LOS TRABAJADORES

UNAUDITED CONDENSED INTERIM BALANCE SHEETS AT MARCH 31, 2017 AND DECEMBER 31, 2016

(Expressed in Quetzales)

ASSETS	Notes	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash and cash equivalents	5	Q. 1,629,514,155	Q. 1,386,319,971
Investments - Net	6	5,215,718,723	5,614,895,891
Loans receivable - Net	7	10,851,565,347	10,474,294,782
Accounts receivable - Net	8	318,015,585	304,607,055
Assets classified as held-for-sale	9	81,751,364	77,764,253
Property and equipment - Net	10	163,366,777	168,590,305
Other assets - Net	11	<u>190,911,457</u>	<u>216,278,188</u>
 TOTAL ASSETS		 <u>Q. 18,450,843,408</u>	 <u>Q. 18,242,750,445</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Loans payable	12	Q. 1,100,964,000	Q. 1,128,319,500
Accounts payable	13	891,762,008	906,289,972
Deposits	14	<u>14,544,078,309</u>	<u>14,357,869,272</u>
Total liabilities		<u>16,536,804,317</u>	<u>16,392,478,744</u>
 SHAREHOLDERS' EQUITY			
Capital stock	15	199,863,451	199,859,071
Reserves	15	1,545,251,170	1,173,942,351
Revaluation of assets		44,378,470	45,161,118
Fair value losses on available- for-sale investments		(1,514,959)	(3,967,238)
Retained earnings		<u>126,060,959</u>	<u>435,276,399</u>
Total shareholders' equity		<u>1,914,039,091</u>	<u>1,850,271,701</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		 <u>Q. 18,450,843,408</u>	 <u>Q. 18,242,750,445</u>

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

UNAUDITED CONDENSED INTERIM STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Quetzales)

	Notes	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
INTEREST			
Interest income	16 Q.	649,100,608	Q. 578,277,260
Interest expense	17	<u>(304,686,895)</u>	<u>(298,653,795)</u>
Subtotal		<u>344,413,713</u>	<u>279,623,465</u>
Other extraordinary income and (expenses) - Net	18	<u>56,311,211</u>	<u>55,099,367</u>
Total operating income		<u>400,724,924</u>	<u>334,722,832</u>
NON-INTEREST EXPENSES			
Administrative expenses	19	(242,316,471)	(205,672,796)
Other income and (expenses) -Net	20	<u>(12,189,864)</u>	<u>(19,155,904)</u>
Total non-interest expenses		<u>(254,506,335)</u>	<u>(224,828,700)</u>
INCOME BEFORE TAX		146,218,589	109,894,131
INCOME TAX	21	<u>(20,157,630)</u>	<u>(11,950,203)</u>
NET INCOME		<u>Q. 126,060,959</u>	<u>Q. 97,943,928</u>

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

BANCO DE LOS TRABAJADORES

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND DECEMBER 31, 2016**
(Expressed in Quetzales)

	Capital Stock (Note 15)	Legal Reserve (Note 15)	Reserves for Contingencies	Reserves for Fiscal Benefits	Other Reserves	Total Reserves	Revaluation of Assets	Fair value gains on available-for- sale investments	Retained Earnings	Total
Balance, as at December 31, 2015 (Audited)	Q. 199,861,491	Q. 78,155,584	Q. 45,817,744	Q. 2,927,808	Q. 806,368,870	Q. 933,270,006	Q. 59,633,949	Q. -	Q. 420,342,929	Q. 1,613,108,374
Decrease in capital	(2,420)	-	-	-	-	-	-	-	-	(2,420)
Increase legal reserve	-	21,017,145	-	-	-	21,017,145	-	-	(21,017,145)	-
Decrease reserves for contingencies	-	-	(43,100,036)	-	-	(43,100,036)	-	-	(112,593,584)	(155,693,620)
Increase other reserves	-	-	-	-	262,755,235	262,755,235	-	-	(262,718,363)	36,872
Dividends decreed	-	-	-	-	-	-	-	-	(24,013,836)	(24,013,836)
Net income for the year	-	-	-	-	-	-	-	-	435,276,399	435,276,399
Decrease on revaluation of assets	-	-	-	-	-	-	(14,472,831)	-	-	(14,472,831)
Fair value lost on available-for-sale investments	-	-	-	-	-	-	-	(3,967,238)	-	(3,967,238)
Balance, as at December 31, 2016 (Audited)	199,859,071	99,172,729	2,717,708	2,927,808	1,069,124,105	1,173,942,350	45,161,118	(3,967,238)	435,276,400	1,850,271,701
Decrease in capital	4,380	-	-	-	-	-	-	-	-	4,380
Increase legal reserve	-	21,763,820	-	-	-	21,763,820	-	-	(21,763,820)	-
Decrease reserves for contingencies	-	-	115,799,613	-	-	115,799,613	-	-	(155,799,613)	(40,000,000)
Increase other reserves	-	-	-	-	233,745,386	233,745,386	-	-	(233,699,420)	45,966
Dividends decreed	-	-	-	-	-	-	-	-	(24,013,546)	(24,013,546)
Net income for the year	-	-	-	-	-	-	-	-	126,060,959	126,060,959
Decrease on revaluation of assets	-	-	-	-	-	-	(782,648)	-	-	(782,648)
Fair value lost on available-for-sale investments	-	-	-	-	-	-	-	2,452,279	-	2,452,279
Balance, as at March 31, 2017 (Unaudited)	Q. 199,863,451	Q. 120,936,549	Q. 118,517,321	Q. 2,927,808	Q. 1,302,869,491	Q. 1,545,251,169	Q. 44,378,470	Q. (1,514,959)	Q. 126,060,960	Q. 1,914,039,091

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS AND CASH EQUIVALENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Quetzales)

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Interest receivable	Q. 641,693,958	Q. 568,559,042
Commissions receivable	6,940,374	7,530,867
Services receivable	49,736,518	46,385,735
Interest payable	(285,807,518)	(278,924,603)
Commissions payable	-	(10,931,283)
Services payable	(16,799,398)	(11,378,361)
Administrative expenses payable	(242,316,471)	(205,672,796)
Exchange gain or loss	4,287,380	-
Gain or loss from holding or sale of extraordinary assets (Net)	(246,199)	18,075
Investments:		
Income from divestiture	13,746,109,568	16,572,985,057
Expense for investment	(13,342,110,917)	(16,940,741,483)
Loans receivable:		-
Income from amortization	1,711,879,783	1,703,644,943
Expense for disbursement	(2,129,898,243)	(2,061,292,902)
Deposit obligations:		
Income from deposits	7,637,236,545	9,096,695,516
Expense for withdrawal of deposits	(7,451,027,508)	(8,155,017,875)
Loans payable:		
Income from loans	-	11,912,305
Expense for amortization of loans	(27,355,500)	(38,692,836)
Sale of extraordinary assets	1,030,597	286,491
Income Tax paid	-	49,147,530
Other operating income	144,874,598	9,049,310
Other operating expenses	(202,016,389)	(78,555,467)
Net cash generated by operating activities	<u>246,211,178</u>	<u>285,007,265</u>

(Continued)

BANCO DE LOS TRABAJADORES

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS AND CASH EQUIVALENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Quetzales)

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expense for purchase of property and equipment	Q. (2,310,174)	Q. (3,448,108)
Net cash flows used in investing activities	<u>(2,310,174)</u>	<u>(3,448,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(702,440)	(19,544,166)
Subscription and payment of shares	<u>(4,380)</u>	<u>(3,550)</u>
Net cash flows used in financing activities	<u>(706,820)</u>	<u>(19,547,716)</u>
NET INCREASE IN CASH	243,194,184	262,011,440
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,386,319,971</u>	<u>1,367,523,269</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTERS	<u>Q. 1,629,514,155</u>	<u>Q. 1,629,534,710</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 THREE MONTHS ENDED MARCH 31, 2017

(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 three-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 understanding 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, 2016 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, 2016.

Unaudited condensed interim financial statements for the three months ended March 31, 2017 and 2016 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 JUDGMENTS

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 three-month financial statements. The main accounting policies and measurement bases are described in Note 2 to the 2016 financial statements.

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 three-month period ended March 31, 2017 there were no significant changes in the estimates made at 2016 year-end other than those indicated in these quarter-yearly 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 2016.

- a. **Contingencies and Commitments** - Notes 29 and 30 to the Bank's financial statements as of December 31, 2016 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, 2016 to the date of preparation of these unaudited condensed financial statements for the three-month period ended March 31, 2017.
- b. **Comparative Information** - The information for the three-month period ended March 31, 2017, contained in these three-month unaudited condensed financial statements is presented only for purposes of comparison with the information relating to the three-month period ended March 31, 2016.
- 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 three-month periods ended March 31, 2017 and 2016.
- 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

	March 31, 2017 Unaudited	December 31, 2016 Audited
Cash	Q. 121,116,790	Q. 127,241,162
Deposits in Guatemalan Central Bank	1,344,486,000	1,100,652,294
Deposits in foreign banks	117,780,345 (a)	121,117,050
Checks and drafts pending compensation	43,519,173	31,107,727
Local banks	<u>2,611,847</u>	<u>6,201,738</u>
	<u>Q. 1,629,514,155</u>	<u>Q. 1,386,319,971</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 March 31, 2017 and December 31, 2016 is Q. 86,647,900 and Q. 85,400,834, respectively. This investment accrues the following interest rates:

Description	March 31, 2017 Unaudited	December 31, 2016 Audited
Reserve operations Local Currency	4.12%	4.03%
Financial operations	0.24549%	0.24153%
Reserve operations Foreign Currency	0.63400%	0.389%

- (a) As of March 31, 2017 and December 31, 2016, it includes an operation for a Credit Linked Deposit, contracted by Banco de los Trabajadores on April 20, 2011, with the entity Societé 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 March 31, 2017 and December 31, 2016, the deposit is recorded at its initial contracted value.

As of March 31, 2017 and December 31, 2016, the cash is free of pledges.

6. INVESTMENTS - NET

	Annual Interest	March 31, 2017 Unaudited	December 31, 2016 Audited
Local Currency			
<i>In available-for-sale securities:</i>			
<i>Certibonos</i> - Central Government	7.3750 %		
maturing in 2001, 2016, 2020, 2021,	to		
2025, 2026, 2027, 2029 and 2030 <u>a/</u>	12.9475%	Q. 4,415,155,000	Q. 4,715,155,000

	Annual Interest	March 31, 2017 Unaudited	December 31, 2016 Audited
<i>In held-to-maturity securities:</i>			
Financiera de los Trabajadores (CDPs) maturing in 2017	6%	Q. 23,200,000	Q. 23,200,000
Instituto de Fomento de Hipotecas Aseguradas - Mortgage Bonds maturing on different dates between 2017 and 2040. <u>b/</u>	Between 8.5% and 13.95%	23,250,025	25,494,723
Subtotal		<u>4,461,605,025</u>	<u>4,763,849,723</u>
Shares and other securities			
<i>Of Financial Institutions:</i>			
Financiera de los Trabajadores 39,120 shares with a value of Q. 1,000 each, discount of Q. 2,420,000		50,073,000	50,073,000
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
<i>Of Non-Financial Entities</i>			
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		815,100	815,100
Casa de Bolsa de los Trabajadores, S.A. 99 shares with a nominal value of Q. 10,000 each		990,000	990,000
Visa Inc. 7,952 common shares with value of US \$0.0001, at the exchange rate of Q. 7.84137		6	6
		<u>87,659,172</u>	<u>87,659,172</u>
		<u>4,549,264,197</u>	<u>4,851,508,895</u>

	Annual Interest	March 31, 2017 Unaudited	December 31, 2016 Audited
Foreign Currency			
<i>In held-for-sale securities:</i>			
<i>Certibonos</i> - Central Government maturing in 2017, 2020, 2021, 2026 and 2027	Between 4% and 6.20%	Q. 563,557,618	Q. 575,011,108
Repurchase agreement operations		<u>110,096,400</u>	<u>195,575,380</u>
Subtotal		5,222,918,215	5,622,095,383
<i>(-) Estimate for valuation of investments</i>		<u>(7,199,492)</u>	<u>(7,199,492)</u>
		<u>Q. 5,215,718,723</u>	<u>Q. 5,614,895,891</u>

- a/ This group includes twelve *Certibonos* of the Government of the Republic of Guatemala, which have been embargoed (see Note 24).
- b/ This balance includes covered bonds which matured in 2014 and guarantee outstanding mortgage loans. These loans have maturity dates that are subsequent to the covered bond maturity dates.

The permanent investments are free of pledges.

As of March 31, 2017 and December 31, 2016 the investments have the following maturity schedule:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q. 110,252,617	Q. 165,606,974
More than 1 month and less than 3 months	38,580	30,136,871
More than 3 months and less than 6 months	10,019,058	40,002
More than 6 months and less than 1 year	41,857,617	33,223,568
More than 1 year	156,088,504	3,233,653
More than 5 years	4,815,347,668	5,302,195,143
No contractual maturity	<u>89,314,171</u>	<u>87,659,172</u>
	<u>Q. 5,222,918,215</u>	<u>Q. 5,622,095,383</u>

7. **LOANS RECEIVABLE - NET**

	March 31, 2017 Unaudited	December 31, 2016 Audited
Loans	Q. 11,026,188,173	Q. 10,611,044,009
Payments for letters of credit	18,704,103	20,966,684
Credit cards <u>1/</u>	245,530,059	243,233,815
Receivables from sale of extraordinary assets	988,774	954,809
	<u>11,291,411,109</u>	<u>10,876,199,317</u>
Minus: Allowance for doubtful loans	<u>(439,845,762)</u>	<u>(401,904,535)</u>
	<u><u>Q. 10,851,565,347</u></u>	<u><u>Q. 10,474,294,782</u></u>

1/ As of March 31, 2017 and December 31, 2016, the Bank has 5 types of credit cards. For collection purposes, the balances of credit card loans are divided into cycles whose cut-off dates are days 01, 04, 07, 10, 13, 16, 19, 22, 25, 28 and the end of each month. For purposes of the monthly accounting close, the balances are accrued until the last day of the month.

As of March 31, 2017 and December 31, 2016, the credit card account includes balances for additional financing for Q. 27,865,761 and Q. 27,925,799, respectively, which were generated by the use of an additional amount of credit beyond the customers' normal credit line.

As of March 31, 2017 and December 31, 2016, the maximum amount of credit authorized for a credit cardholder is Q. 392,700 and Q. 560,000, respectively.

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

	March 31, 2017 Unaudited	%	December 31, 2016 Audited	%
Current	Q. 10,960,423,964	97	Q.10,585,261,225	97
In extension process	1,712,350	-	5,964,745	-
Past due in administrative collection	129,087,641	1	128,290,692	2
Past due in judicial collection	200,187,154	2	156,682,655	1
	<u>11,291,411,109</u>	<u>100</u>	<u>10,876,199,317</u>	<u>100</u>
(-) Allowance for doubtful loans	<u>(439,845,762)</u>		<u>(401,904,535)</u>	
	<u><u>Q.10,851,565,347</u></u>		<u><u>Q.10,474,294,782</u></u>	

As of March 31, 2017 and December 31, 2016 the loans had the following maturity schedule:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q. 38,119,226	Q. 57,140,702
More than 1 month and less than 3 months	21,845,500	62,165,272
More than 3 months and less than 6 months	39,138,188	105,601,377
More than 6 months and less than 1 year	186,750,736	251,835,060
More than 1 year and less than 5 years	4,229,142,017	2,823,931,016
More than 5 years	<u>6,776,415,442</u>	<u>7,575,525,890</u>
	<u>Q. 11,291,411,109</u>	<u>Q. 10,876,199,317</u>

The loans were granted at annual interest rates between 7% and 42%. The terms may be less than one year, or from one to twenty-five years, taking into consideration the nature and guarantee offered.

The operations in foreign currency, mortgage loans, fiduciary loans, and secured bonds were granted at annual interest rates between 1% and 12.4%.

The movement of the allowance for doubtful loans as of March 31, 2017 and December 31, 2016, was the following:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Balance at January 1	Q. 401,904,535	Q. 314,168,006
Transfer from Reserves for Contingencies	40,000,000	143,000,000
Effect of foreign currency exchange differences	(2,058,773)	(1,271,002)
Recoveries	-	337,324
Write-offs	<u>-</u>	<u>(54,329,793)</u>
	<u>Q. 439,845,762</u>	<u>Q. 401,904,535</u>

8. ACCOUNTS RECEIVABLE-NET

	March 31, 2017 Unaudited	December 31, 2016 Audited
Interest receivable	Q. 278,999,017	Q. 250,591,542
Advance of loans	5,778,437	5,759,189
Security deposits	29,464,257	30,208,589
Payments on account of third parties	2,056,256	21,914,550
Receivables from Bank personnel	7,983,559	4,982,662
Judicial expenses	990,668	1,019,759
Fees for services	1,856,851	1,473,634
Others	4,198,035	2,012,299
Credit card Visa	<u>94,273</u>	<u>50,599</u>

	March 31, 2017 Unaudited	December 31, 2016 Audited
Valuation Allowance	Q. 331,421,353 <u>(13,405,768)</u>	Q. 318,012,823 <u>(13,405,768)</u>
	<u>Q. 318,015,585</u>	<u>Q. 304,607,055</u>

As of March 31, 2017 and December 31, 2016, the accounts receivable are free of pledges.

9. ASSETS CLASSIFIED AS HELD-FOR-SALE

	March 31, 2017 Unaudited	December 31, 2016 Audited
Immovable	Q. 147,145,338	Q. 142,939,576
Movable	497,805	380,926
Expenditures for extraordinary assets	<u>14,697</u>	<u>-</u>
	147,657,840	143,320,502
Minus: Valuation allowance	<u>(65,906,476)</u>	<u>(65,556,249)</u>
	<u>Q. 81,751,364</u>	<u>Q. 77,764,253</u>

As of March 31, 2017 and December 31, 2016, the realizable assets are free of pledges.

The movement of the allowance for assets classified as available-for-sale was as follows:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Balance at January 1	Q. 65,556,249	Q. 42,419,998
Allowance	246,200	14,271,559
Transfer from Reserves for Contingencies	-	12,693,620
Effect of foreign currency exchange differences	-	23,149
Loss in valuation	-	36,615
Write-offs	(15,004)	(3,888,692)
Others	<u>119,031</u>	<u>-</u>
	<u>Q. 65,906,476</u>	<u>Q. 65,556,249</u>

10. PROPERTY AND EQUIPMENT - NET

The movement of property and equipment as of March 31, 2017 and December 31, 2016 was as follows:

March 31, 2017 (Unaudited)

Cost	Initial Balances	Additions	Disposals	Reclassifications	Final Balances
Land	Q. 49,543,522	Q. -	Q. -	Q. -	Q. 49,543,522
Revaluation of land	(2,363,042)	-	-	-	(2,363,042)
Buildings	62,187,038	68,062	-	-	62,255,100
Revaluation of buildings	61,996,991	-	-	-	61,996,991
Furniture and office equipment	58,787,756	1,512,156	(2,683,478)	-	57,616,434
Information systems	20,100,502	477,736	(2,230,927)	-	18,347,311
Telecommunications equipment	2,692,421	254,308	(21,579)	-	2,925,150
Vehicles	168,211	-	-	-	168,211
Artwork and paintings	340,869	-	(9,600)	-	331,269
Advances for acquisitions of assets	10,834,166	-	-	(1,323,092)	9,511,074
	264,288,434	2,312,262	(4,945,584)	(1,323,092)	260,332,020
Accumulated depreciation	(95,698,129)	(6,155,958)	4,726,725	162,120	(96,965,243)
	<u>Q. 168,590,305</u>	<u>Q. (3,843,696)</u>	<u>Q. (218,859)</u>	<u>Q. (1,160,973)</u>	<u>Q. 163,366,777</u>

December 31, 2016 (Audited)

Cost	Initial Balances	Additions	Disposals	Final Balances
Land	Q. 49,543,522	Q. -	Q. -	Q. 49,543,522
Revaluation of land	(2,363,042)	-	-	(2,363,042)
Buildings	60,958,688	2,156,190	(927,840)	62,187,038
Revaluation of buildings	61,996,991	-	-	61,996,991
Furniture and office equipment	52,211,408	15,874,120	(9,297,772)	58,787,756
Information systems	28,966,843	5,837,944	(14,704,285)	20,100,502
Telecommunications equipment	786,457	2,119,311	(213,347)	2,692,421
Vehicles	193,825	-	(25,614)	168,211
Artwork and paintings	410,558	2,010	(71,699)	340,869
Advances for acquisitions of assets	9,619,968	21,445,228	(20,231,030)	10,834,166
Subtotals of cost	262,325,218	47,434,803	(45,471,587)	264,288,434
Accumulated depreciation	(94,276,176)	(27,801,207)	26,379,254	(95,698,129)
	<u>Q. 168,049,042</u>	<u>Q. 19,633,596</u>	<u>Q. (19,092,333)</u>	<u>Q. 168,590,305</u>

11. OTHER ASSETS - NET

	% of Amortization	March 31, 2017 Unaudited	December 31, 2016 Audited
Merger expenses <u>a/</u>	10%	Q. 158,123,618	Q. 158,123,618
Improvements to leased properties	5%	96,286,454	94,792,729
Goodwill	10%	4,077,500	4,077,500
Software licenses	20%	527,706	527,706
Brands and licenses	5%	20,448	20,448
		<u>259,035,726</u>	<u>257,542,001</u>
Accumulated amortization		(146,511,028)	(140,579,886)
		<u>112,524,698</u>	<u>116,962,115</u>
Pre-paid expenses			
Services <u>b/</u>		44,545,028	32,632,737
Taxes, municipal taxes, and contributions		27,745,457	58,153,082
Materials and supplies		6,096,274	8,530,254
		<u>78,386,759</u>	<u>99,316,073</u>
		<u>Q. 190,911,457</u>	<u>Q. 216,278,188</u>

a/ Expenses corresponding to the merger by absorption of Banco de la República by Banco de los Trabajadores per the Resolution from the Monetary Board 50-2009 dated May 13, 2009; as of March 31, 2017 and December 31, 2016 the first quarter and the annual amortization is Q.3,953,090 and Q.15,812,361, respectively.

b/ These deferred charges correspond to pre-paid expenses, mainly for the payment of commissions for the placement of fixed-term certificates of deposit and for pre-paid expenses in the placement of foreign debt. These charges are amortized during the term of such fixed-term certificates of deposit and debt.

The movement of the accumulated amortization was as follows:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Balance at January 1	Q. 140,579,886	Q. 118,525,207
Allowance	5,931,142	23,001,104
Totally amortized assets	<u>-</u>	<u>(946,425)</u>
Balance at December 31	<u>Q. 146,511,028</u>	<u>Q. 140,579,886</u>

12. LOANS PAYABLE

As of March 31, 2017 and December 31, 2016 the Bank had contracted the following loans:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Deutsche Bank AG London		
Loan for USD150,000,000, interest rate of Libor plus 6.54%, semi-annual amortizations of interest and principal when due, for a term of 7 years that matures on November 22, 2020. <u>1/</u>	<u>Q. 1,100,964,000</u>	<u>Q. 1,128,319,500</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.

This placement guarantees the line of credit with Deutsche Bank AG, London Branch, subscribed through 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
- 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”:

- Not 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.
- Not 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 scheduled 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 March 31, 2017 and December 31, 2016 the loans obtained had the following maturity schedule:

	March 31, 2017 Unaudited	December 31, 2016 Audited
More than 1 year and less than 5 years	<u>Q. 1,100,964,000</u>	<u>Q. 1,128,319,500</u>

13. ACCOUNTS PAYABLE

The balances of accounts payable as of March 31, 2017 and December 31, 2016 were as follows:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Local Currency:		
Expenses payable	Q. 59,160,252	Q. 29,414,097
Taxes, municipal taxes, contributions and fees	23,176,689	82,266,433
Withholdings	7,602,445	9,811,571
Dividends payable	104,145,394	80,820,254
Miscellaneous payables	9,030,572	3,416,470
Loan portfolio	73,325,256 (a)	66,430,971
Cashier's checks	53,445,838	30,302,334
Expired checks	2,588,191	2,114,968
Credit portfolio	219,411,692 (a)	217,599,950
Trusts	7,300	-
Benefits for savings accounts	880,906	130,906
Shares partially paid	2,009,905	2,013,859
Financial obligations	838,000	838,000
Annual bonus (<i>Bono 14</i>)	2,323,513	1,614,393
Severance	43,555,396	43,998,123
Bonuses 15%	21,000,000	67,607,559
Interest earned but not collected	177,654,495	165,774,960
Others	71,408,342	67,516,470
Interest payable	10,716,262	8,513,994
	<u>882,280,448</u>	<u>880,185,312</u>
Foreign currency:		
Obligations, issuance of documents and orders of payment	8,706,618	8,557,253
Interest earned but not collected	249,019	175,718
Interest payable	180,891	17,046,502
Others	345,032	325,187
	<u>9,481,560</u>	<u>26,104,660</u>
	<u>Q. 891,762,008</u>	<u>Q. 906,289,972</u>

- (a) This balance corresponds mainly to remittances received for loans pending application and insurance premiums charged in advance.

14. DEPOSITS

	March 31, 2017 Unaudited	December 31, 2016 Audited
Local Currency:		
Monetary deposits	Q. 808,031,043	Q. 892,948,767
Savings deposits	1,483,657,188	1,474,852,429
Term deposits	12,109,286,421	11,845,172,949
Deposits with restrictions	<u>16,538,976</u>	<u>17,387,314</u>
	<u>14,417,513,628</u>	<u>14,230,361,459</u>
Foreign Currency:		
Monetary deposits	56,344,951	52,560,416
Savings deposits	51,249,539	55,099,521
Term deposits	18,522,089	19,418,520
Deposits with restrictions	<u>448,102</u>	<u>429,356</u>
	<u>126,564,681</u>	<u>127,507,813</u>
	<u>Q.14,544,078,309</u>	<u>Q.14,357,869,272</u>

The term deposits in quetzales earn an interest rate of 3.50% and 9.25% and have been placed in terms that vary from 3 months to 5 years, and in dollars of the United States of America at a rate of 0.25% to 3.75% and have been placed in terms that vary from 3 months to 3 years.

	March 31, 2017 Unaudited	December 31, 2016 Audited
Term deposits in local currency	Q.12,109,286,421	Q.11,845,172,949
Term deposits in foreign currency	<u>18,522,089</u>	<u>19,418,520</u>
	<u>Q.12,127,808,510</u>	<u>Q.11,864,591,469</u>

As of March 31, 2017 and December 31, 2016 the term deposits in local and foreign currency had the following maturity schedule:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q. 574,942,834	Q. 705,811,800
More than 1 month and less than 3 months	1,367,285,563	1,339,942,998
More than 3 months and less than 6 months	2,146,114,378	1,962,567,949
More than 6 months and less than 1 year	3,999,309,882	3,609,610,166
More than 1 year	<u>4,040,155,853</u>	<u>4,246,658,556</u>
	<u>Q.12,127,808,510</u>	<u>Q.11,864,591,469</u>

15. SHAREHOLDERS' EQUITY

Paid Capital: The authorized capital is comprised of 20,000,000 shares with a nominal value of Q.10.00 each, of which as of March 31, 2017 and December 31, 2016, 19,985,544 and 19,985,106 shares are subscribed and paid, respectively.

During 2013, the subscription and payment of 15,655,000 preferred shares was recorded in the name of a foreign investor with a nominal value of Q.10. The paid-in capital was for an amount of Q.156,550,000, which was authorized by the Superintendency of Banks per Resolution No. 401-2013.

As of December 31, 2016, the preferred shares in the name of DHK Finance Inc., whose representative is Mr. Hidalgo Rafael Socorro Urdaneta, have been seized. This is in accordance with actions carried out on April 8, 2016 by the Public Ministry, who went to the Bank on such date with the purpose of executing a search and inspection of the headquarters of BANTRAB in order to find the documentation and registration of the shares in the name of the entity DHK, as well as to execute the precautionary measures of seizing, confiscating and suspending the ownership rights of the preferred shares.

The Capitalization Management proceeded to comply with the precautionary measures for the seizure, confiscation and suspension of the ownership rights of the preferred shares in the name of the entity DHK Finance Inc., recording in the Shareholder Database of BANTRAB the notation of the seizure and suspending ownership rights of the preferred shares issued in the name of such entity.

Legal Reserve: According to the legislation of Guatemala, companies are obligated to separate as a legal reserve 5% of the net earnings of each year. As of March 31, 2017 and December 31, 2016 the legal reserve amounts to Q. 120,936,550 and Q. 99,172,730, respectively.

Reserves for Contingencies and Other Reserves: According to that established in the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks, the General Shareholders' Meeting has approved separating certain amounts from the profits in order to face any future problems, ensure coverage for non-specific purposes or unforeseen events, and create reserves or provisions (allowances) according to Article 53 of the Law of Banks and Financial Groups. The balance as of March 31, 2017 and December 31, 2016 is Q. 118,517,321 and Q. 2,717,708, respectively.

Per the forty-ninth Ordinary General Shareholders' Meeting dated February 3, 2017, the shareholders approved the application to the reserves for contingencies of the amount of Q. 155,799,613 from the results of the previous period, as well as the amount of Q. 233,699,420 for the reserve for strengthening the capital.

16. INTEREST INCOME

	March 31, 2017 Unaudited	March 31, 2016 Unaudited
Interest on loans	Q. 537,486,614	Q. 459,624,928
Interest on investments	104,185,991	108,913,125
Commissions on loans	6,672,759	7,501,516
Others	755,244	2,237,691
	<u>Q. 649,100,608</u>	<u>Q. 578,277,260</u>

17. INTEREST EXPENSE

	March 31, 2017 Unaudited	March 31, 2016 Unaudited
Interest on deposits	Q. (285,807,518)	Q. (278,924,603)
Commissions on deposits	-	(10,931,283)
Contributions for forming FOPA fund	(8,942,592)	(7,611,167)
Additional benefits	(874,868)	(750,000)
Repurchase agreement operations	(9,061,917)	-
Negotiation of securities	-	(436,742)
	<u>Q. (304,686,895)</u>	<u>Q. (298,653,795)</u>

18. OTHER EXTRAORDINARY INCOME AND (EXPENSES) - NET

	March 31, 2017 Unaudited	March 31, 2016 Unaudited
Extraordinary income		
Extraordinary assets	Q. 161,281	Q. 116,820
Commissions	4,588,849	5,406,935
Leases	-	-
Recoveries	4,073,161	7,743,207
Others	47,883,523	44,557,863
	<u>56,706,814</u>	<u>57,824,825</u>
Subtotal		
Extraordinary expenses		
Extraordinary assets	(251,100)	-
Sale of property and furniture	(52,091)	-
Loss in settlement	(26,282)	(1,561,268)
Others	(66,130)	(1,164,190)
	<u>(395,603)</u>	<u>(2,725,458)</u>
Subtotal		
Total Net	<u>Q. 56,311,211</u>	<u>Q. 55,099,367</u>

19. ADMINISTRATIVE EXPENSES

	March 31, 2017 Unaudited	March 31, 2016 Unaudited
Personnel services	Q. 80,191,320	Q. 65,706,868
Executives and employees	79,572,491	55,887,142
Marketing and advertising	9,256,787	13,974,658
Miscellaneous expenses	18,209,624	16,323,929
Depreciations and amortizations	11,304,453	12,187,245
Professional fees	9,739,314	8,123,263
Leases	12,971,281	14,078,213
Repairs and maintenance	5,665,036	5,666,813
Board of Directors	7,804,806	6,902,751
Taxes, municipal taxes, contributions and fees	5,262,219	4,470,528
Insurance premiums and bonds	1,153,052	1,258,874
Stationery and supplies	1,186,088	1,092,512
	<u>Q. 242,316,471</u>	<u>Q. 205,672,796</u>

20. OTHER INCOME AND EXPENSES -NET

	March 31, 2017 Unaudited	March 31, 2016 Unaudited
Exchange variations and losses	Q. (24,531)	Q. (2,669,056)
Doubtful accounts a/	-	(4,780,479)
Expenses for services	(16,799,398)	(11,378,361)
Net expenses from prior periods	<u>322,155</u>	<u>(3,015,140)</u>
Subtotal	<u>(16,501,774)</u>	<u>(21,843,036)</u>
Exchange gain	<u>4,311,910</u>	<u>2,687,132</u>
Total Net	<u>Q. (12,189,864)</u>	<u>Q. (19,155,904)</u>

a/ For both quarterly unaudited condensed financial statements, the bank's management decided not to record an allowance for doubtful loans.

21. TAXES

Income Tax:

In Guatemala, the right of the tax authorities to perform reviews of the company's accounting records and additional legal documentation expires 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 25% to the taxable income determined based on the accounting profit. 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 7% to the total taxable income 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.

The income tax was Q. 20,157,630 as of March 31, 2017 and Q. 11,950,203 as of March 31, 2016.

Solidarity Tax (ISO):

On December 22, 2008, Decree 73-2008, “Law of the Solidarity Tax” -ISO was published in the Official Newspaper, which contains the following:

“This tax is the responsibility of individual persons or legal entities, trust funds, shareholding contracts, irregular corporations, de facto corporations, in the behalf of a trust, temporary or permanent branches, agencies or establishments of foreigners which operate in the country, joint tenancies, jointly owned properties, indivisible inheritances and other forms of corporate organization that have their own equity, that perform commercial or agricultural activities in the national territory and obtain a gross margin of over four percent (4%) of their gross income.”

The tax period is quarterly and is calculated per calendar quarters;

The tax base for this tax is the greater between:

- a) One-fourth of the amount of net assets; or
- b) One-fourth of gross income.

In the case of taxpayers whose net assets are greater than four (4) times their gross income, the applicable tax base shall be the one established in letter b) above; and the applicable tax rate is 1%.

The ISO and the Income Tax may compensate each other as follows:

- a) The ISO paid during the four quarters of the calendar year may be accredited towards the payment of the Income Tax until its exhaustion during the three immediately following calendar years, for that which must be paid monthly or quarterly, as well as for that determined in the definitive annual settlement, as applicable.
- b) The quarterly Income Tax payments may be accredited towards the payment of the ISO within the same calendar year. The taxpayers who adopt this form of accreditation may only change it with the authorization of the Tax Administration.

The remainder of the ISO that is not accredited in accordance with that regulated in the Law of its creation shall be considered as a deductible expense for Income Tax purposes, for the period of definitive annual settlement in which the three years referred to in the previous paragraph conclude.

22. MEMORANDUM ACCOUNTS

	March 31, 2017 Unaudited	December 31, 2016 Audited
Loan portfolio guarantees	Q. 553,840,829	Q. 582,310,747
Authorized issues of financial obligations	817,357,000	817,357,000
Financial obligations	703,357,000	703,357,000
Other memorandum accounts	1,034,411,619	1,050,183,443
Third party management	491,169,126	486,756,740
Securities and assets given as collateral	1,559,841	1,559,841
Contingencies, commitments and other responsibilities	219,282,426	248,314,828
Own documents and securities remitted	9,725,891	9,725,891
Repurchase agreement operations	<u>300,000,000</u>	<u>-</u>
	<u>Q. 4,130,703,732</u>	<u>Q. 3,899,565,490</u>

23. 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.

Per that established in the Collective Bargaining Agreement on Work Conditions, each year the Bank's employees must be paid a bonus based on the net profits.

Third-party Management - Trusts

The operations of the Trusts managed by the Bank are kept separate from the Bank's accounting records, and thus they are not included in its financial statements because the Bank is not the owner and does not assume the risks and benefits of the assets, liabilities and equity of the trust.

The operations of the Trusts are recorded in memorandum accounts, as established by the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks.

As of March 31, 2017 and December 31, 2016, the Bank managed as a trustee 17 and 18 trust contracts, respectively.

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.

The detail of the capital in Trusts as of March 31, 2017 and December 31, 2016 is as follows:

Name	March 31, 2017 Unaudited	December 31, 2016 Audited
Management Trusts		
Fodigua Trust	Q. 2,128,185	Q. 2,009,950
Palos Blancos Trust	116,587	115,834
EEMZA-INDE Trust	1,557,813	1,265,889
Small Business Trust	432,331,757	428,824,532
Charver Trust	200	199
Subsidio Foguavi (BREP) Trust	141,671	141,671
Regal Trust	23,594	31,569
Éxito Trust	40,245,423	40,245,368
El Progreso Trust	13,899,475	13,899,420
Others		
Dignity Investment Trust	<u>218,621</u>	<u>222,297</u>
Total trusts	490,663,326	486,756,729
Documents and securities on consignment	<u>11</u>	<u>11</u>
Total third-party trusts	<u>Q. 490,663,337</u>	<u>Q. 486,756,740</u>

24. CONTINGENCIES

A. Trials, seizures, lawsuits

As of March 31, 2017 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	Amount	Legal Status of the Litigation
1.	Civil lawsuit being heard before the District Court of the United States, South Florida District, Case No. 1:41-CV-23193-UU. Purpose: The plaintiffs are seeking payment of some commissions for: the contracting of the Senior Unsecured Loan Agreement and advisement in the sale of guaranteed dividend preferred shares.	\$ 3,250,000	The trial was held from April 4 to 8, 2016; the jury considered that the Bank did not comply with the contracts that it had with the plaintiff, both one in writing and one verbal. Thus the jury considered that a sum of money should be paid to the plaintiff, equivalent to the amount claimed plus interest and court costs. The Bank paid US\$4 million, which are in the custody of the

No.	Description	Amount	Legal Status of the Litigation
			court. The appeal against the ruling is pending being heard.
2.	Precautionary seizure resulting from rulings against the previous owners of:		The certificates of the seized securities are in the custody of Banco de los Trabajadores, which makes it the sole lawful and legally recognized owner.
	• <i>Certibonos</i> 35065 to 35074 for Q.1,500,000.	Q. 1,500,000	
	• <i>Certibonos</i> 32944 to 32955 for Q.155,000	Q. 155,000	
3.	Ordinary proceedings filed by Gilda Johanna Rehwoldt Castañeda before the Fourth Court of First Instance of the Civil Court, with the purpose of obtaining the absolute nullification of the termination of the San Jose Capital Management and Planning Trust. Banco de los Trabajadores is being sued as the trustee.	Non-determined Value	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.” In the opinion of the legal advisor, a favorable resolution will be obtained for the Bank.
4.	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.
5.	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 1999.	Q. 2,176,072	In administrative law proceedings (SCA-2004-62). The public hearing for this case was held on August 3, 2006. Pending a ruling.

B. Other proceedings

On October 28, 2016, as a result of a complaint filed by the Administration for Special Verification (*Intendencia de Verificación Especial - IVE*) of the Superintendency of Banks on September 5, 2016, the Public Ministry initiated the process for apprehending members of the Board of Directors and the general manager of Banco de los Trabajadores at that time, due to the simulation of payment of fees for Q. 5.6 million to an attorney and notary that provided professional services to the Bank between 2010 and 2011. Part of these funds were used in 2011 by companies related to these executives in order to purchase properties located in Villas and Valles de Elgin, which had been auctioned by the Bank in order to recover principal and interest owed for Q. 2.4 million (amount that was below the commercially appraised value at that date for these properties, of approximately Q. 7 million).

Since these payments were recorded in profit and loss of that year, the Bank's management considers that the final result of this proceedings will not have additional adverse effects in the equity of the Bank's financial statements as of March 31, 2017.

However, the Bank's management started an investigation in order to determine the existence of other possible cases similar to those cited above and determine who is legally responsible for them.

25. FOREIGN CURRENCY TRANSACTIONS AND EXPOSURE TO EXCHANGE RISK

As of March 31, 2017 and December 31, 2016 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:

	March 31, 2017 Unaudited	December 31, 2016 Audited
Assets:		
Cash and cash equivalents	US\$ 40,957,384	US\$ 31,841,962
Investments	91,781,478	102,442,592
Loan portfolio	18,730,901	18,804,984
Financial income receivable	819,054	1,228,811
Accounts receivable	4,015,339	4,017,187
Foreclosed assets	4,615,860	4,565,323
Investments in equity	<u>1</u>	<u>1</u>
	<u>160,920,017</u>	<u>162,900,860</u>
Liabilities:		
Deposits	17,243,708	16,951,025
Loans obtained	150,000,000	150,000,000
Financial expenses payable	24,645	2,266,180
Accounts payable	1,233,235	1,180,841
Other credit accounts	<u>85,720</u>	<u>23,360</u>
Total liabilities	<u>168,587,308</u>	<u>170,421,406</u>
Net position	<u>US\$ (7,667,291)</u>	<u>US\$ (7,520,546)</u>

Most of the assets and liabilities in foreign currency of the Bank are in dollars of the United States of America. As of March 31, 2017 and December 31, 2016, the exchange rate established by the Guatemalan Central Bank used to express in quetzales the balances in such foreign currency was Q. 7.33976 and Q. 7.52213 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.

26. PRESENTATION OF FINANCIAL STATEMENTS

The figures of the financial statements for the year ended December 31, 2016 were regrouped within the same accounting item with respect to the report previously issued in Spanish on February 1, 2017 for a better understanding by the foreign investors. The accounting basis used was not modified from the one established in the Accounting Instructions Manual for Entities Subject to the Oversight and Inspection of the Superintendency of Banks and approved by the Monetary Board of the Republic of Guatemala.

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