



Contadores públicos y
consultores gerenciales

BANCO DE LOS TRABAJADORES

FINANCIAL INFORMATION
FOR THE NINE -MONTHS PERIOD ENDED
SEPTEMBER 30, 2017 AND 2016

WITH OUR

**REVIEW REPORT ON INTERIM
NON AUDITED FINANCIAL INFORMATION**

**Arévalo Pérez, Iralda
y Asociados, S. C.**

REVIEW REPORT 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 (Incorporated in the Republic of Guatemala) as of September 30, 2017 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 non audited 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 Banco de los Trabajadores as of September 30, 2017, and of its financial performance and its cash flows for the nine-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 25b 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 September 30, 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.

Basis of accounting

The financial statements of the Bank were prepared in accordance with the Accounting Instructions Manual referred to above, which is at a variance with some aspects of International Financial Reporting Standards (IFRS).

ARÉVALO PÉREZ, IRALDA Y ASOCIADOS, S. C.

Firm Member of

PKF INTERNATIONAL LIMITED***Lic. Hugo Arévalo Pérez*****Contador Público y Auditor****Colegiado No. CPA-5**

Guatemala, C. A.

October 27, 2017.

BANCO DE LOS TRABAJADORES
UNAUDITED CONDENSED INTERIM BALANCE SHEETS
At September 30, 2017 and December 31, 2016

		<u>Sep-30-2017</u> (Unaudited)		<u>Dec-31-2016</u> (Audited)			<u>Sep-30-2017</u> (Unaudited)		<u>Dec-31-2016</u> (Audited)
<u>ASSETS</u>					<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CASH AND CASH EQUIVALENTS (Note 5)	Q	2,949,791,272	Q	1,386,319,971	LOANS BANK (Note 13)	Q	1,101,640,500	Q	1,128,319,500
INVESTMENTS NET (Note 6)		5,341,470,600		5,527,636,719	DEPOSITS OBLIGATIONS (Note 14)		16,328,839,136		14,357,869,272
LOANS RECEIVABLE - Net (Note 7)		11,585,239,159		10,474,294,782	ACCOUNTS PAYABLE (Note 15)		803,888,227		692,047,671
ACCOUNTS RECEIVABLE -Net (Note 8)		328,012,943		304,607,055	Sub total liabilities		18,234,367,863		16,178,236,443
REALIZABLE GOODS (FORECLOSED ASSETS) (Note 9)		68,043,636		77,764,253	OTHER CREDITOR ACCOUNTS		232,959,850		214,242,301
INVESTMENTS PERMANENTS NET (Note 10)		73,886,172		87,259,172	Total liabilities		18,467,327,713		16,392,478,744
PROPERTY AND EQUIPMENT -Net (Note 11)		161,812,474		168,590,305	SHAREHOLDERS' EQUITY (Note 16)				
OTHER ASSETS -Net (Note 12)		179,181,877		216,278,188	Capital stock		199,850,540		199,851,060
Total assets		<u>Q 20,687,438,133</u>		<u>Q 18,242,750,445</u>	Permanent contributions		8,011		8,011
					Reserves		1,585,207,833		1,173,942,351
					Revaluation of assets		42,813,176		45,161,118
					Fair value gains (losses) on available- for-sale investments		27,635,272		(3,967,238)
					Net income		364,595,588		435,276,399
					Total liabilities and shareholders' equity		<u>Q 20,687,438,133</u>		<u>Q 18,242,750,445</u>
					Sep-30-2017		Dec-31-2016		
					(Unaudited)		(Audited)		
					Q	<u>3,833,555,758</u>	Q	<u>3,899,565,490</u>	

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

UNAUDITED CONDENSED INTERIM STATEMENTS OF INCOME

For the nine months ended September 30, 2017 and 2016

	<u>Sep-30-2017</u> <u>(Unaudited)</u>	<u>Sep-30-2016</u> <u>(Unaudited)</u>
INTEREST		
Interest income (Note 17)	Q 2,025,465,909	Q 1,831,975,094
Interest expense (Note 18)	(967,958,483)	(900,614,706)
Subtotal	<u>1,057,507,426</u>	<u>931,360,388</u>
Other extraordinary income and (expenses) -Net (Note19)	<u>178,230,266</u>	<u>212,594,389</u>
Total operating revenues	<u>1,235,737,692</u>	<u>1,143,954,777</u>
NON-INTEREST EXPENSES		
Administrative expenses (Note 20)	(735,374,015)	(667,213,445)
Other income and (expenses) -Net (Note 21)	(82,032,967)	(94,962,881)
Total non-interest expenses	<u>(817,406,982)</u>	<u>(762,176,326)</u>
INCOME BEFORE TAX	418,330,710	381,778,451
INCOME TAXES (Note 22)	(53,735,122)	(51,503,399)
NET INCOME	<u>Q 364,595,588</u>	<u>Q 330,275,052</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 nine months ended September 30, 2017 and December 31, 2016

	Sep-30-2017 (Unaudited)	Dec-31-2016 (Audited)
CAPITAL STOCK-		
Balance at beginning of year	Q 199,851,060	Q 199,853,480
Less		
Decrease in capital	(520)	(2,420)
Balance at the end of the period	<u>199,850,540</u>	<u>199,851,060</u>
PERMANENT CONTRIBUTIONS		
Balance at beginning of year and at the end of the period	<u>8,011</u>	<u>8,011</u>
RESERVES		
LEGAL RESERVE		
Balance at beginning of year	99,172,729	78,155,584
Plus		
Increase legal reserve	<u>21,763,820</u>	<u>21,017,145</u>
Balance at the end of the period	<u>120,936,549</u>	<u>99,172,729</u>
RESERVES FOR CONTINGENCIES		
Balance at beginning of year	2,717,708	45,817,744
Plus (less) -		
Increase (decrease) reserves for contingencies	<u>155,799,613</u>	<u>(43,100,036)</u>
Balance at the end of the period	<u>158,517,321</u>	<u>2,717,708</u>
RESERVES FOR FISCAL BENEFITS		
Balance at beginning of year and at the end of the period	<u>2,927,808</u>	<u>2,927,808</u>
OTHER RESERVES		
Balance at beginning of year	1,069,124,106	806,368,870
Plus		
Increase other reserves	<u>233,702,049</u>	<u>262,755,236</u>
Balance at the end of the period	<u>1,302,826,155</u>	<u>1,069,124,106</u>
	<u>1,585,207,833</u>	<u>1,173,942,351</u>
REVALUATION OF ASSETS		
Balance at beginning of year	45,161,118	59,633,949
Plus (less) -		
Decrease on revaluation of assets	<u>(2,347,942)</u>	<u>(14,472,831)</u>
Balance at the end of the period	<u>42,813,176</u>	<u>45,161,118</u>
FAIR VALUE GAINS ON AVAILABLE-FOR-SALE INVESTMENTS		
Balance at beginning of year	(3,967,238)	-
Plus (less) -		
Net income (fair) value lost on available-for-sale investments	<u>31,602,510</u>	<u>(3,967,238)</u>
Balance at the end of the period	<u>27,635,272</u>	<u>(3,967,238)</u>
<i>Carried forward...</i>	<u>Q 1,855,514,832</u>	<u>Q 1,414,995,302</u>

BANCO DE LOS TRABAJADORESUNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITYFor the nine months ended September 30, 2017 and December 31, 2016

	<u>Sep-30-2017</u> <u>(Unaudited)</u>	<u>Dec-31-2016</u> <u>(Audited)</u>
<i>Brought forward...</i>	<u>Q 1,855,514,832</u>	<u>Q 1,414,995,302</u>
RETAINED EARNINGS		
Balance at beginning of year	435,276,399	420,342,929
Plus (less) -		
(-) Increase legal reserve	(21,763,820)	(21,017,145)
(-) Increase other reserves	(233,699,420)	(262,718,363)
(-) Dividends decreed	(24,013,546)	(24,013,836)
(-) Increase reserves for contingencies	(155,799,613)	(112,593,585)
Net income	<u>364,595,588</u>	<u>435,276,399</u>
Total undistributed earnings	364,595,588	435,276,399
Total equity	<u>Q 2,220,110,420</u>	<u>Q 1,850,271,701</u>

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS****For the nine months ended September 30, 2017 and 2016**

	<u>Sep-30-2017</u> <u>(Unaudited)</u>	<u>Sep-30-2016</u> <u>(Unaudited)</u>
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Interest receivable	Q 2,001,961,008	Q 1,782,711,852
Commissions receivable	21,917,267	22,728,538
Services receivable	147,764,576	168,581,111
Interest payable	(919,527,113)	(839,803,088)
Commissions payable	-	(30,690,543)
Services payable	(53,550,460)	(35,458,247)
Administrative expenses payable	(735,374,015)	(667,213,447)
Exchange gain or loss	4,522,377	6,083,447
Gain or loss from holding or sale of extraordinary assets (Net)	(471,616)	-
Investments		
Income from divestiture	31,892,935,497	33,087,268,829
Expense for investment	(31,672,797,664)	(32,115,602,214)
Others Investments		
Income from divestiture	-	242,250
Loans receivable		
Income from amortization	5,154,956,979	5,366,368,308
Expense for disbursement	(6,287,579,383)	(6,925,474,551)
Deposit obligations		
Income from deposits	23,166,213,120	24,840,350,129
Expense for withdrawal of deposits	(21,195,243,256)	(23,819,577,162)
Loans payable		
Income from loans	11,356,500	17,090,305
Expense for amortization of loans	(38,035,500)	(72,429,335)
Financial obligations		
Expense for redemption or reacquisition	3,443,666	286,491
Sale of extraordinary assets		-
Income tax paid	(47,102,195)	(19,358,616)
Other operating income	448,097,962	212,922,017
Other operating expenses	(339,817,284)	(229,129,306)
	<hr/>	<hr/>
<i>Net cash generated by operating activities Carried forward...</i>	Q 1,563,670,466	Q 749,896,768

BANCO DE LOS TRABAJADORES**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS****For the nine months ended September 30, 2017 and 2016**

	<u>Sep-30-2017</u> <u>(Unaudited)</u>	<u>Sep-30-2016</u> <u>(Unaudited)</u>
<i>Net cash generated by operating activities Brought forward...</i>	Q 1,563,670,466	Q 749,896,768
CASH FLOWS FROM INVESTING ACTIVITIES		
Revenue from divestment		-
Income for sale of property and equipment	10,809	16,267
Expense for purchase of property and equipment	(11,187,166)	(21,359,435)
Dividends received	13,373,000	13,930,660
<i>Net cash flows generated by (used in) investing activities</i>	<u>2,196,643</u>	<u>(7,412,508)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,396,328)	(21,047,862)
Subscription and payment of shares	520	4,710
<i>Net cash flows used in financing activities</i>	<u>(2,395,808)</u>	<u>(21,043,152)</u>
NET INCREASE IN CASH	1,563,471,301	721,441,108
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 PERIOD	<u>Q 2,949,791,272</u>	<u>Q 2,088,964,377</u>

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

BANCO DE LOS TRABAJADORES

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2017 and those corresponding to December 31 and September 30, 2016

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 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.

Unaudited condensed interim financial statements for the nine months ended September 30, 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 nine-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, 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, 2017 there were no significant changes in the estimates made at 2016 year-end other than those indicated in this half year 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 nine-month period ended September 30, 2017.
- b. Comparative Information - The information for the nine-month period ended September 2017, contained in these nine-month unaudited condensed financial statements is presented only for purposes of comparison with the information relating to the nine-month period ended September 30, 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 nine-month periods ended September 30, 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

As of September 30, 2017 and December 31, 2016, the cash and cash equivalents were comprised as shown below:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Cash	Q 108,879,326	Q 127,241,162
Deposits in Guatemalan Central Bank	2,693,978,057	1,100,652,294
Deposits in foreign banks <u>a/</u>	115,479,452	121,117,050
Checks and drafts pending compensation	29,030,504	31,107,727
Local banks	2,423,933	6,201,738
	<u>2,840,911,946</u>	<u>1,259,078,809</u>
	<u>Q 2,949,791,272</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 Quetzals and US dollars in the Guatemalan Central Bank as of September 30, 2017 and December 31, 2016 is Q 97,562,500 and Q 85,400,834, respectively. This investment accrues the following interest rates:

Description	September 30, 2017 Unaudited	December 31, 2016 Audited
Reserve operations Local Currency	4.03%	4.03%
Financial operations	0.24074%	0.24153%
Reserve operations Foreign Currency	1.03900%	0.389%

a/ As of September 30, 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 Societ e 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, 2017 and December 31, 2016, the deposit is recorded at its initial contracted value.

As of September 30, 2017 and December 31, 2016, the cash is free of pledges.

6. Investments -Net

The investments balance as of September 30, 2017 and December 31, 2016 was broken-down as follows:

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Local Currency</i>		
<i>In available-for-sale securities</i>		
Certibonos – Central Government maturing in 2001, 2016, 2020, 2021, 2025, 2026, 2027, 2029 and 2030, annual interest 7.3750% to 12.9475%. a/	Q 4,711,155,000	Q 4,715,155,000
<i>In held-to-maturity securities</i>		
Financiera de los Trabajadores (CDPs) maturing in 2017, annual interest 6%.	23,200,000	23,200,000
Instituto de Fomento de Hipotecas Aseguradas – Mortgage Bonds, maturing on different dates between 2017 and 2040. Annual interest between 8.5% and 13.95% b/	20,778,704	25,494,723
<i>Carried forward...</i>	Q 4,755,133,704	Q 4,763,849,723

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Brought forward...</i>	Q 4,755,133,704	Q 4,763,849,723
<i>Foreign Currency</i>		
<i>In held-for-sale securities</i>		
Certibonos – Central Government maturing in 2017, 2020, 2021, 2026 and 2027, annual interest between 4% and 6.20%.	593,136,388	575,011,108
Repurchase agreement operations	-	195,575,380
	<u>593,136,388</u>	<u>770,586,488</u>
	5,348,270,092	5,534,436,211
(-) Estimate for valuation of investments	(6,799,492)	(6,799,492)
	<u>Q 5,341,470,600</u>	<u>Q 5,527,636,719</u>

a/ This group includes twenty two Certibonos of the Government of the Republic of Guatemala, which have been embargoed (see Note 25).

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.

As of September 30, 2017 and December 31, 2016 the investments have the following maturity schedule:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q 172,051	Q 165,606,974
More than 1 month and less than 3 months	36,572,262	30,136,871
More than 3 months and less than 6 months	5,212,861	40,002
More than 6 months and less than 1 year	539,547	33,223,568
More than 1 year	830,883,422	3,233,653
More than 5 years	4,473,234,949	5,300,540,143
No contractual maturity	1,655,000	1,655,000
	<u>Q 5,348,270,092</u>	<u>Q 5,534,436,211</u>

7. Loans receivable -NET

The loans receivable as of September 30, 2017 and December 31, 2016 were broken-down as follows:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Loans	Q 11,699,077,164	Q 10,611,044,009
Credit cards <u>a/</u>	244,946,785	243,233,815
Payments for letters of credit	18,558,308	20,966,684
Receivables from sale of extraordinary assets	1,471,052	954,809
	<u>11,964,053,309</u>	<u>10,876,199,317</u>
(-) Allowance for doubtful loans	(378,814,150)	(401,904,535)
	<u>Q 11,585,239,159</u>	<u>Q 10,474,294,782</u>

a/ As of September 30, 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 September 30, 2017 and December 31, 2016, the credit card account includes balances for financing for Q 30,069,763 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 September 30, 2017 and December 31, 2016 according to the policies of the bank for a cardholder, is to authorize a maximum amount of additional financing of Q 623,000 and Q 560,000, respectively.

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

	September 30, 2017 Unaudited	%	December 31, 2016 Audited	%
Current	Q 11,598,533,842	97	Q 10,585,261,225	97
In extension process	343,008	-	5,964,745	-
Past due in administrative collection	130,322,203	1	128,290,692	1
Past due in judicial collection	234,854,256	2	156,682,655	2
	<u>11,964,053,309</u>	100	<u>10,876,199,317</u>	100
(-) Allowance for doubtful loans	(378,814,150)		(401,904,535)	
	<u>Q 11,585,239,159</u>		<u>Q 10,474,294,782</u>	

As of September 30, 2017 and December 31, 2016 the loans had the following maturity schedule:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q 41,615,160	Q 57,140,702
More than 1 month and less than 3 months	23,634,592	62,165,272
More than 3 months and less than 6 months	100,878,570	105,601,377
More than 6 months and less than 1 year	252,261,740	251,835,060
More than 1 year	3,197,660,109	2,823,931,016
More than 5 years	8,348,003,138	7,575,525,890
	<u>Q 11,964,053,309</u>	<u>Q 10,876,199,317</u>

The loans were granted at annual interest rates between 0% 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 4% and 12.40%.

The movement of the allowance for doubtful loans as of September 30, 2017 and December 31, 2016, was the following:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Balance at January 1	Q 401,904,535	Q 314,168,006
Transfer from reserves for Contingencies	21,000,000	143,000,000
Effect of foreign currency exchange	(2,046,070)	(1,271,002)
Recoveries	3,100,000	337,324
Write-offs	(45,144,315)	(54,329,793)
	<u>Q 378,814,150</u>	<u>Q 401,904,535</u>

8. Accounts receivable –Net

As of September 30, 2017 and December 31, 2016, the accounts receivable balance was broken down as follows:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Interest receivable	Q 289,103,657	Q 250,591,542
Security deposits	29,435,627	30,148,444
Receivables from bank personnel	5,893,317	4,982,662
Advance of loans	5,772,876	5,759,189
Payments on account of third parties	4,379,939	21,914,550
Fees for services	2,179,688	1,495,540
Advances of salaries	1,158,254	152,170
Judicial expenses	1,052,085	1,019,759
Deposits for contingencies	702,108	375,404
Insurance premiums	440,215	390,874
Credit card Visa	425,244	88,798
Credit card	385,285	437,824
Loans reactivated	155,897	256,351
Loans insurance	122,492	141,303
Others	212,027	258,413
	<u>341,418,711</u>	<u>318,012,823</u>
(-) Allowance for doubtful accounts	<u>(13,405,768)</u>	<u>(13,405,768)</u>
	<u>Q 328,012,943</u>	<u>Q 304,607,055</u>

As of September 30, 2017 and December 31, 2016, the accounts receivable are free of pledges.

9. Realizable goods (Foreclosed assets)

As of September 30, 2017 and December 30, 2016, the realizable goods balance was broken down as shown below.

	September 30, 2017 Unaudited	December 31, 2016 Audited
Immovable	Q 148,193,028	Q 142,939,576
Movable	497,806	380,926
Expenditures for extraordinary Assets	499,655	-
	<u>149,190,489</u>	<u>143,320,502</u>
Deduct – Provision for valuation <u>a/</u>	<u>(81,146,853)</u>	<u>(65,556,249)</u>
	<u>Q 68,043,636</u>	<u>Q 77,764,253</u>

As of September 30, 2017 and December 31, 2016, the realizable goods are free of pledges.

a/ The movement for the provision for valuation of realizable goods as of September 30, 2017 and December 31, 2016 is presented below:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Beginning balance	Q 65,556,249	Q 42,419,998
<i>Add –</i>		
Transfer from reserves for contingencies	15,014,962	12,693,620
Loss in valuation Allowance	471,616	36,615
Effect of foreign currency exchange differences	-	14,271,559
Others -	119,030	23,149
<i>Deduct –</i>		
Write-offs	(15,004)	(3,888,692)
Ending balance	<u>Q 81,146,853</u>	<u>Q 65,556,249</u>

10. Investments permanent –Net

The investments permanent as of September 30, 2017 and December 31, 2016 were broken-down as follows; the permanent investments are free of pledges.

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Of Financial Institutions</i>		
<i>Financiera de los Trabajadores, S. A.</i>		
39,120 shares with a value of Q1,000 each, discount of Q 2,420,000. a/	Q 36,700,000	Q 50,073,000
<i>Aseguradora de los Trabajadores, S. A.</i>		
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>		
<i>Útil Valor, S. A.</i>		
40,000 shares with a value of Q 10 each, premium of Q 2,400.	402,400	402,400
<i>Carried forward...</i>	<u>Q 72,121,066</u>	<u>Q 85,494,066</u>

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Brought forward...</i>	Q 72,121,066	Q 85,494,066
<i>Asociación Bancaria de Guatemala</i> 72 shares with a value of Q 5,000 each.	360,000	360,000
<i>Imágenes Computarizadas de</i> <i>Guatemala, S. A.</i> 504 shares with a value of Q 1,000 each, premium of Q 311,100	815,100	815,100
<i>Casa de Bolsa de los</i> <i>Trabajadores, S. A.</i> 99 shares with a nominal value of Q 10,000 each	990,000	990,000
<i>Visa Inc.</i> 7,952 common shares with value of US\$ 0.0001, at the exchange rate of Q 7.84137	6	6
	74,286,172	87,659,172
(-) Estimate for valuation of Investments	(400,000)	(400,000)
	<u>Q 73,886,172</u>	<u>Q 87,259,172</u>

- a/** Dated June 13, 2017, the Board of Directors issued resolution No. 145/2017 through which delete a previous authorization to acquire common share of Financiera de los Trabajadores, S. A. in the amount of Q 13,373,000, following a resolution No. 1560-2016 of the Superintendency of Banks of Guatemala.

11. Property and equipment –Net

The movement of property and equipment as of September 30, 2017 and December 31, 2016, was as follows:

September 30, 2017 (Unaudited)

Cost	Amounts expressed in Quetzales				
	Initial balances	Additions	Disposals	Reclassifications	Final balances
Land	49,543,522	-	-	-	49,543,522
Revaluation of land	(2,363,042)	-	-	-	(2,363,042)
Buildings	62,187,038	107,082	-	-	62,294,120
Revaluation of buildings	61,996,991	-	-	-	61,996,991
Furniture and office equipment	58,787,756	3,545,756	(5,468,780)	(29,150)	56,835,582
Information systems	20,100,502	7,719,292	(6,448,580)	-	21,371,214
Telecommunications equipment	2,692,421	290,398	(47,399)	-	2,935,420
Vehicles	168,211	480,809	-	-	649,020
Artwork and paintings	340,869	-	(151,050)	-	189,819
Others	-	-	-	29,150	29,150
Advances for acquisitions of assets	10,834,166	682,422	-	-	11,516,588
	<u>264,288,434</u>	<u>12,854,909</u>	<u>(12,115,809)</u>	<u>-</u>	<u>264,998,384</u>
Accumulated depreciation	<u>(95,698,129)</u>	<u>(18,561,554)</u>	<u>11,073,773</u>	<u>-</u>	<u>(103,185,910)</u>
	<u>168,590,305</u>	<u>(5,706,645)</u>	<u>(1,042,036)</u>	<u>-</u>	<u>161,812,474</u>

December 31, 2016 (Audited)

	<u>168,049,042</u>	<u>19,633,596</u>	<u>(19,092,333)</u>	<u>-</u>	<u>168,590,305</u>
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12. Other assets –Net

As of September 30, 2017 and December 31, 2016 the other assets were broken down as follows:

	% of Amortization	September 30, 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%	96,770,365	94,792,729
Goodwill	10%	4,077,500	4,077,500
Software licenses	20%	744,988	527,706
Brands and licenses	5%	20,448	20,448
		<u>259,736,919</u>	<u>257,542,001</u>
Accumulated amortization <u>b/</u>		<u>(156,972,841)</u>	<u>(140,579,886)</u>
		<u>102,764,078</u>	<u>116,962,115</u>
<i>Pre-paid expenses</i>			
Services		28,458,212	32,632,737
Taxes, municipal taxes, and contributions		43,841,853	58,153,082
Materials and supplies		4,117,734	8,530,254
		<u>76,417,799</u>	<u>99,316,073</u>
		<u>Q 179,181,877</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 September 30, 2017 and December 31, 2016 the third quarter and the annual amortization is Q 11,859,271 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:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Balance at beginning of year	Q 140,579,886	Q 118,525,207
Allowance	17,967,543	23,001,104
Totally amortized assets	(1,574,588)	(946,425)
Balance at end of year	<u>Q 156,972,841</u>	<u>Q 140,579,886</u>

13. Bank loans

As of September 30, 2017 and December 31, 2016 the Bank had contracted the following loans:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Deutsche Bank AG London Loan for US\$ 150,000,000, 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>a/</u>	<u>Q 1,101,640,500</u>	<u>Q 1,128,319,500</u>

a/ 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 Banco de los Trabajadores 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:

- a) To pay all amounts owed.
- b) To keep its books and accounting records up to date.
- c) To appoint an agent to receive all the lender requirements.
- d) To notify of certain events mainly related to non-compliance.
- e) To provide the lender with the financial statements as of the end of each tax period.
- f) To present at the end of each period the audited financial statements (in English).
- g) To present monthly unaudited financial statements.
- h) To notify the borrower of any litigation or claim that affects the debtor and that may affect the financial condition.
- i) To not sell, transfer or dispose of its assets without prior consent, and to not participate in any merger.
- j) To post or provide a link, on the borrower's web site, www.bantrab.com.gt
- k) 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.
- l) 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”:

- i. 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.
- ii. Not paying any interest, any additional amount related to the loan, within the 15 business days following the due date.
- iii. 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.
- iv. The occurrence, with respect to any debt of the borrower with an outstanding principal amount of US\$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.
- v. Paying one or more of the definitive rulings against the Bank, which total an amount of US\$10,000,000.
- vi. 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.
- vii. Performing a general assignment for the benefit of its creditors.
- viii. 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.
- ix. If any loan document must cease being in effect or the Bank must challenge the validity or enforceability of any loan document;
- x. If any governmental authority of Guatemala declares a general suspension of payment or a delay in the payment of the Bank’s debt.
- xi. 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, 2017 and December 31, 2016 the loans obtained had the following maturity schedule:

	September 30, 2017 Unaudited	December 31, 2016 Audited
More than 1 year and less than 5 years	Q 1,101,640,500	Q 1,128,319,500

14. Deposit obligations

As of September 30, 2017 and December 31, 2016, this balance was broken down as follows:

		September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Local Currency</i>			
Term deposits	<u>a/</u>	Q 13,883,035,272	Q 11,845,172,949
Savings deposits		1,555,437,910	1,474,852,429
Monetary deposits		754,858,365	892,948,767
Deposits with restrictions		17,023,275	17,387,314
		<u>16,210,354,822</u>	<u>14,230,361,459</u>
<i>Foreign Currency</i>			
Monetary deposits		51,858,364	52,560,416
Savings deposits		48,975,163	55,099,521
Term deposits	<u>a/</u>	17,141,170	19,418,520
Deposits with restrictions		509,617	429,356
		<u>118,484,314</u>	<u>127,507,813</u>
		<u>Q 16,328,839,136</u>	<u>Q 14,357,869,272</u>

a/ 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 3.50% and have been placed in terms that vary from 3 months to 3 years.

		September 30, 2017 Unaudited	December 31, 2016 Audited
Term deposits in local currency	Q	13,883,035,272	Q 11,845,172,949
Term deposits in foreign currency		17,141,170	19,418,520
	Q	<u>13,900,176,442</u>	<u>Q 11,864,591,469</u>

As of September 30, 2017 and December 31, 2016 the term deposits in local and foreign currency had the following maturity schedule:

	September 30, 2017 Unaudited	December 31, 2016 Audited
Up to 1 month	Q 765,924,068	Q 705,811,800
More than 1 month and less than 3 months	1,304,095,595	1,339,942,998
More than 3 months and less than 6 months	2,854,780,099	1,962,567,949
More than 6 months and less than 1 year	3,307,025,326	3,609,610,166
More than 1 year	5,668,351,354	4,246,658,556
	<u>Q 13,900,176,442</u>	<u>Q 11,864,591,469</u>

15. Accounts payable

The balance of accounts payable as of September 30, 2017 and December 31, 2016 were as follows:

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Local Currency</i>		
Credit portfolio <u>a/</u>	Q 232,274,266	Q 217,599,950
Dividends payable	102,494,842	80,820,254
Bonuses 15%	76,524,359	67,607,559
Loan portfolio <u>a/</u>	75,564,034	66,430,971
Expenses payable	61,264,321	29,414,097
Taxes, municipal taxes, contributions and fees	57,094,625	82,266,433
Cashier's checks	51,980,332	30,302,334
Severance	41,022,469	43,998,123
Others	19,609,880	19,224,847
Interest payable	13,060,059	8,513,994
Miscellaneous payables	11,839,766	3,416,470
Withholdings	7,982,026	9,811,571
Expired checks	3,428,394	2,114,968
Shares partially paid	1,998,913	2,013,859
Benefits for savings accounts	880,906	130,906
Financial obligations	838,000	838,000
Annual bonus (Bono 14)	742,058	1,614,393
Subtotals in Local Currency		
Carried forward...	Q 758,599,250	Q 666,118,729

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Brought forward...</i>	Q 758,599,250	Q 666,118,729
<i>Foreign currency</i>		
Interest payable	42,363,113	17,046,502
Obligations, issuance of documents and orders of payment	2,511,390	8,557,253
Others	414,474	325,187
Subtotals in Foreign Currency	45,288,977	26,104,660
	Q 803,888,227	Q 692,047,671

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

16. Shareholders' equity

Capital stock

The authorized capital is comprised of 20,000,000 shares with a nominal value of Q 10.00 each, of which as of September 30, 2017 and December 31, 2016, 19,985,054 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 10.00. 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.

Reserves

- *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 September 30, 2017 and December 31, 2016 the legal reserve amounts to Q 120,936,549 and Q 99,172,729, 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 September 30, 2017 and December 31, 2016 is Q 158,517,321 and Q 2,717,708, respectively.

Per the forty-ninth Ordinary General Shareholders' Meeting dated February 3, 2017, the shareholders approved an increase of the reserves for contingencies in the net amount of Q 155,799,613 from the results of the previous period, as well as the amount of Q 233,699,420 for other reserves to strengthening the Bank's equity.

17. Interest income

During the nine-month period then ended September 30, 2017 and 2016, the interest income was the following:

	September 30, 2017 Unaudited	September 30, 2016 Unaudited
Interest on loans	Q 1,687,267,747	Q 1,458,054,010
Interest on investments	314,578,793	324,588,004
Commissions on loans	21,917,267	22,728,538
Others	1,702,102	1,911,957
Interest Central Bank and Banks of the country	-	24,692,585
	<u>Q 2,025,465,909</u>	<u>Q 1,831,975,094</u>

18. Interest expense

Interest expenses incurred by the bank by nine-month period then ended September 30, 2017 and 2016 were in the following:

	September 30, 2017 Unaudited		September 30, 2016 Unaudited	
Interest on deposits	Q	919,527,113	Q	839,803,088
Contributions for forming FOPA fund		28,248,246		23,264,430
Repurchase agreement operations		16,832,165		6,251,411
Additional benefits		3,350,959		2,828,607
Commissions on deposits		-		25,540,278
Negotiation of securities		-		2,926,892
	Q	<u>967,958,483</u>	Q	<u>900,614,706</u>

19. Other extraordinary income and expenses –Net

A detail of other operating income and expenses by nine-month period then ended September 30, 2017 and 2016 is summarized below:

	September 30, 2017 Unaudited		September 30, 2016 Unaudited	
<i>Extraordinary revenues</i>				
Credit management	Q	132,410,729	Q	148,585,951
Products by investments in Shares		16,265,818		13,930,660
Commissions		13,542,771		19,592,618
Recoveries		11,973,398		22,679,743
Family remittances		1,801,826		390,922
Extraordinary assets		713,152		1,472,205
Other		5,399,757		9,790,547
		<u>182,107,451</u>		<u>216,442,646</u>
<i>Extraordinary expenses</i>				
Loss from sale of fixed assets, amortization and insurance		(2,689,660)		(1,215,933)
Loss in settlement		(555,818)		(1,650,144)
Extraordinary assets		(509,698)		-
Sale of property and furniture		(52,091)		-
Other		(69,918)		(982,180)
		<u>(3,877,185)</u>		<u>(3,848,257)</u>
	Q	<u>178,230,266</u>	Q	<u>212,594,389</u>

20. Administrative expenses

Administrative expenses incurred by the bank by nine-month period then ended September 30, 2017 and 2016 is detailed below:

	September 30, 2017 Unaudited	September 30, 2016 Unaudited
Personnel services	Q 249,574,506	Q 220,443,939
Executives and employees	205,234,553	175,734,728
Miscellaneous expenses	53,887,822	51,590,873
Marketing and advertising	48,882,843	53,347,752
Leases	40,017,966	39,290,921
Professional fees	40,533,905	25,660,963
Depreciations and amortizations	34,180,179	37,112,545
Repairs and maintenance	20,886,268	20,535,571
Board of Directors	18,165,622	22,883,258
Taxes, municipal taxes, contributions and fees	16,482,032	13,596,480
Insurance premiums and bonds	3,543,646	3,615,728
Stationery and supplies	3,984,673	3,400,687
	<u>Q 735,374,015</u>	<u>Q 667,213,445</u>

21. Other income and expenses –Net

A detail of other operating income and expenses by nine-month period then ended September 30, 2017 and 2016 is summarized below:

	September 30, 2017 Unaudited	September 30, 2016 Unaudited
Exchange gain	Q 4,602,663	Q 6,922,484
Net income from prior periods	3,010,077	-
	<u>7,612,740</u>	<u>6,922,484</u>
Expenses for services	(53,550,460)	(35,458,247)
Exchange variations and losses	(80,286)	(839,038)
Net expenses from prior periods	-	(51,309,298)
Doubtful accounts	(36,014,961)	(14,278,782)
	<u>(89,645,707)</u>	<u>(101,885,365)</u>
Total net	<u>Q (82,032,967)</u>	<u>Q (94,962,881)</u>

22. Income taxes

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.

Income taxes are payable on taxable income for the year, the Bank in accordance with Decree 10-2012 on lucrative activities (25% tax rate) makes quarterly payments on the basis of partial closures.

For the effect of the income tax annual payments, the regime adopted by the Bank is to accredit the Solidarity Tax of Guatemala.

The income tax was Q 53,735,122 as of September 30, 2017 and Q 51,503,399 as of September 30, 2016.

23. Memorandum accounts

As of September 30, 2017 and December 31, 2016, the memorandum accounts balances were the following.

	September 30, 2017 Unaudited	December 31, 2016 Audited
Other memorandum accounts	Q 1,080,457,804	Q 1,050,183,443
Authorized issues of financial obligations	817,357,000	817,357,000
Financial obligations	703,357,000	703,357,000
Loan portfolio guarantees	525,861,961	582,310,747
Third party management	508,487,895	486,756,740
Contingencies, commitments and other responsibilities	186,748,366	248,314,828
Own documents and securities remitted	9,725,891	9,725,891
Securities and assets given as collateral	1,559,841	1,559,841
	<u>Q 3,833,555,758</u>	<u>Q 3,899,565,490</u>

24. 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 September 30, 2017 and December 31, 2016, the Bank managed as a trustee 18 trust contracts, for both years.

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 September 30, 2017 and December 31, 2016 is as follows:

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Management Trusts</i>		
Small Business Trust	Q 439,641,777	Q 428,824,532
Éxito Trust	38,527,937	40,245,368
El Progreso Trust	13,896,815	13,899,420
La Familia AP Trust	13,077,216	-
Fodigua Trust	2,166,723	2,009,950
EEMZA-INDE Trust	247,824	1,265,889
Subsidio Foguavi (BREP) Trust	141,671	141,671
Palos Blancos Trust	119,114	115,834
Regal Trust	21,644	31,569
Charver Trust	199	199
<i>Others</i>		
Dignity Investment Trust	220,574	222,297
Total trusts	<u>508,061,494</u>	<u>486,756,729</u>
Documents and securities on consignment	426,401	11
Total third-party trusts	<u>Q 508,487,895</u>	<u>Q 486,756,740</u>

25. Contingencies

A. *Trials, seizures, lawsuits*

As of September 30, 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.

	<u>September 30, 2017 Unaudited</u>	<u>Legal status of the litigation</u>
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.	US\$ 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 court. The appeal against the ruling is pending being heard.
2. Precautionary seizure resulting from rulings against the previous owners of: • Certibonos 35065 to 35074 for • Certibonos 32944 to 32955 for	Q 1,500,000 Q 155,000	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.
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.

	<u>September 30, 2017 Unaudited</u>	<u>Legal status of the litigation</u>
4. Tax adjustment suggested 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 suggested 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.
6. Comercializadora de Energía Esencial, S. A. Credit Number CC/012/2010	US\$ 1,000,000	Executive Judgment 01050-2017-00128. It was not possible to notify the lawsuit to the executed entity since its registered office is not where it is registered in the Mercantile Registry.
7. Sol Energy, S. A. Codeudor: Leion Antonio Starkmann Milla Credit Number 081003298510	US\$ 1,895,690	Executive lawsuit 01048-2016-01247. <ul style="list-style-type: none"> • Pending notification to the entity SOL ENERGY, S.A. • Waiting for resolution requesting notification by the edicts and that the edicto be delivered by the court for its due publication.
8. Semtel, S. A. Trust: FINTRAB	US\$ 6,500,000	The process of notarial public auction and adjudication of the assets given in guarantee to the trust in payment in favor of the Bank is temporarily detained due to criminal actions that are being investigated by the Public Ministry.

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 these proceedings will not have additional adverse effects in the equity of the Bank's financial statements as of September 30, 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.

26. Foreign currency transactions and exposure to exchange risk

As of September 30, 2017 and December 31, 2016 the balances of financial assets and liabilities denominated in foreign currency are expressed in Quetzales (Guatemala currency) 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, 2017 Unaudited		December 31, 2016 Audited	
<i>Assets</i>				
Cash and cash equivalents	US\$	52,753,119	US\$	31,841,962
Investments		80,761,790		102,442,592
Loan portfolio		17,917,600		18,804,984
Financial income receivable		365,530		1,228,811
Accounts receivable		4,018,221		4,017,187
Foreclosed assets		4,696,479		4,565,323
Investments in equity		1		1
<i>Carried forward...</i>	US\$	160,512,740	US\$	162,900,860

	September 30, 2017 Unaudited	December 31, 2016 Audited
<i>Brought forward...</i>	US\$ 160,512,740	US\$ 162,900,860
<i>Liabilities</i>		
Deposits	16,132,892	16,951,025
Loans obtained	150,000,000	150,000,000
Financial expenses payable	5,768,186	2,266,180
Accounts payable	398,387	1,180,841
Other credit accounts	89,512	23,360
Total liabilities	<u>172,388,977</u>	<u>170,421,406</u>
	<u>US\$ (11,876,237)</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 September 30, 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 7.34427 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.