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BANCO DE LOS TRABAJADORES

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND 2016

WITH OUR

REPORT OF THE
INDEPENDENT AUDITORS

Arévalo Pérez, Iralda
y Asociados, S. C.

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of
BANCO DE LOS TRABAJADORES

We have audited the accompanying balance sheet of Banco de los Trabajadores (Incorporated in the Republic of Guatemala) as of December 31, 2017 and the corresponding statements of income, changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in conformity with the "Manual on Accounting Instructions for Entities Subject to Oversight and Inspection by the Superintendence of Banks" issued by the Monetary Board and included in Note 3 (a) to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC and resolutions of the Guatemalan Association of Certified Public Accountants and Auditors applicable to the regulated financial system in conformity with Sections 39 and 61 of the Banking and Financial Groups Law. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Banco de los Trabajadores as of December 31, 2017, and the results of its operations, changes in equity and cash flows for the year then ended, in conformity with the "Manual on Accounting Instructions for Entities Subject to Oversight and Inspection by the Superintendence of Banks" issued by the Junta Monetaria.

Emphasis of Matters

As discussed in note 25 to the financial statements, as a result of a complaint filed by the Administration for Special Verification, of the Superintendency of Banks, on 5 September 2016, the Public Ministry initiated proceedings against certain former executives of the Bank for crimes of illicit association, embezzlement and money laundering.

The defrauded amounts were recorded in the income statement of the years 2010 and 2011, so the bank administration considers that the final result of these processes will not have an additional adverse effect on the assets shown in the financial statements As of December 31, 2017.

The bank is constituted in the aforementioned criminal process as an adhesive complainant, expecting worthy reparation in favor of the Bank damage caused to the equity.

Basis of accounting

The financial statements of the Bank were prepared in accordance with the Manual on Accounting Instructions referred to above, which is at a variance with some aspects of International Financial Reporting Standards (IFRS) as explained in Note 3 (c) to the financial statements.

Other matters

The financial statements as of December 31, 2016, which were included for the purposes of the same purpose, were examined by other auditors, who issued their report on 1 February 2017, issuing an unqualified opinion.

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.
January 29, 2018.

BANCO DE LOS TRABAJADORES

BALANCE SHEETS

As of December 31, 2017 and 2016

ASSETS		2017		2016
CASH AND CASH EQUIVALENTS (Note 4)	Q	3,034,573,936	Q	1,386,319,971
INVESTMENTS NET (Note 5)		5,818,038,103		5,527,636,719
LOANS RECEIVABLE - Net (Note 6)		11,848,442,871		10,474,294,782
ACCOUNTS RECEIVABLE -Net (Note 7)		315,218,128		304,607,055
REALIZABLE GOODS (FORECLOSED ASSETS) (Note 8)		67,923,365		77,764,253
PERMANENT INVESTMENTS NET (Note 9)		73,886,172		87,259,172
PROPERTY AND EQUIPMENT -Net (Note 10)		168,925,359		168,590,305
OTHER ASSETS -Net (Note 11)		241,038,668		216,278,188
Total assets	Q	21,568,046,602	Q	18,242,750,445

LIABILITIES AND SHAREHOLDERS' EQUITY		2017		2016
LOANS BANK (Note 12)	Q	1,101,715,500	Q	1,128,319,500
DEPOSITS OBLIGATIONS (Note 13)		17,165,767,625		14,357,869,272
ACCOUNTS PAYABLE (Note 14)		737,309,044		692,047,671
Sub total liabilities		19,004,792,169		16,178,236,443
OTHER CREDIT ACCOUNTS		247,935,171		214,242,301
Total liabilities		19,252,727,340		16,392,478,744
SHAREHOLDERS' EQUITY (Note 15)				
Capital stock		199,856,130		199,851,060
Permanent contributions		8,011		8,011
Reserves		1,577,687,829		1,173,942,351
Revaluation of assets		42,030,528		45,161,118
Fair value gains (losses) on available-for-sale investments		4,784,712		(3,967,238)
Net income		490,952,052		435,276,399
		2,315,319,262		1,850,271,701
Total liabilities and shareholders' equity	Q	21,568,046,602	Q	18,242,750,445

		2017		2016
Memorandum accounts (Note 22)	Q	15,850,592,729	Q	14,075,330,542

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

INCOME STATEMENTS

For the years ended December 31, 2017 and 2016

	2017	2016
INTEREST		
Interest income (Note 16)	Q 2,738,868,633	Q 2,471,980,652
Interest expense (Note 17)	(1,316,615,839)	(1,246,957,022)
Subtotal	1,422,252,794	1,225,023,630
Other extraordinary income and (expenses) -Net (Note18)	231,998,154	276,738,824
Total operating revenues	1,654,250,948	1,501,762,454
NON-INTEREST EXPENSES		
Administrative expenses (Note 19)	(953,568,055)	(889,707,124)
Other income and (expenses) -Net (Note 20)	(136,085,643)	(97,479,019)
Total non-interest expenses	(1,089,653,698)	(987,186,143)
Income before tax	564,597,250	514,576,311
Income taxes (note 21)	(73,645,198)	(79,299,912)
NET INCOME	Q 490,952,052	Q 435,276,399

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2017 and 2016

	2017	2016
CAPITAL STOCK-		
Balance at beginning of year	Q 199,851,060	Q 199,853,480
Plus (less) -		
Adjustments in paid in capital	5,070	(2,420)
Balance at the end of year	199,856,130	199,851,060
PERMANENT CONTRIBUTIONS		
Balance at beginning and at the end of the year	8,011	8,011
RESERVES		
LEGAL RESERVE		
Balance at beginning of year	99,172,729	78,155,584
Plus		
Increase legal reserve	21,763,820	21,017,145
Balance at the end of the year	120,936,549	99,172,729
RESERVES FOR CONTINGENCIES		
Balance at beginning of year	2,717,708	45,817,744
Plus (less) -		
Increase (decrease) reserves for contingencies	155,799,613	112,593,584
Transfer to specific reservation	(7,500,000)	(155,693,620)
Balance at the end of the year	151,017,321	2,717,708
RESERVES FOR FISCAL BENEFITS		
Balance at beginning and at the end of the year	2,927,808	2,927,808
OTHER RESERVES		
Balance at beginning of year	1,069,124,105	806,368,870
Plus		
Increase other reserves	233,699,420	262,718,363
Adjustment by State shares	60,000	36,872
Adjustments to dividends previous periods	(77,374)	-
Balance at the end of the year	1,302,806,151	1,069,124,105
Total reserves	**1,577,687,829**	**1,173,942,350**
REVALUATION OF ASSETS		
Balance at beginning of year	45,161,118	59,633,949
Plus (less) -		
Decrease on revaluation of assets	(3,130,590)	(14,472,831)
Balance at the end of the year	42,030,528	45,161,118
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	11,121,154	(3,967,238)
Eurobonds Valuation	(2,369,204)	-
Balance at the end of the year	4,784,712	(3,967,238)
Carried forward…	Q 1,824,367,210	Q 1,414,995,301

BANCO DE LOS TRABAJADORES

STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2017 and 2016

	2017	2016
Brought forward…	Q 1,824,367,210	Q 1,414,995,301
RETAINED EARNINGS		
Balance at beginning of year	435,276,399	420,342,929
Plus (less) -		
Transfer to legal reserve	(21,763,820)	(21,017,145)
Transfer to reserves for contingencies	(155,799,613)	(112,593,584)
Increase other reserves	(233,699,420)	(262,718,363)
Dividends decreed	(24,013,546)	(24,013,836)
Net income	490,952,052	435,276,399
Total undistributed earnings	490,952,052	435,276,400
Total equity	Q 2,315,319,262	Q 1,850,271,701

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest receivable	Q 2,706,875,061	Q 2,415,009,386
Commissions receivable	29,816,185	30,272,720
Services receivable	197,492,828	230,351,085
Interest payable	(1,257,041,251)	(1,130,555,434)
Commissions payable	-	(64,050,512)
Services payable	(73,834,531)	(52,636,643)
Administrative expenses payable	(953,568,055)	(889,707,124)
Exchange gain or loss	4,862,328	7,629,033
Gain or loss from holding or sale of extraordinary assets (Net)	(1,678,839)	(1,787,041)
Investments		
Income from divestiture	43,591,373,478	44,248,638,903
Expense for investment	(43,870,653,707)	(43,471,635,076)
Others Investments		
Income from divestiture	-	242,250
Loans receivable		
Income from amortization	7,038,810,590	7,139,489,556
Expense for disbursement	(8,475,658,523)	(9,424,353,172)
Deposit obligations		
Income from deposits	30,371,428,332	32,520,525,872
Expense for withdrawal of deposits	(27,563,529,979)	(31,482,529,742)
Loans payable		
Income from loans	12,070,500	18,606,805
Expense for amortization of loans	(38,674,500)	(73,726,836)
Financial obligations		
Expense for redemption or reacquisition	3,753,996	-
Sale of extraordinary assets		4,547,958
Income tax paid	(60,517,782)	(32,261,149)
Other operating income	602,848,959	484,286,792
Other operating expenses	(608,357,294)	(422,449,625)
Net cash generated by operating activities Carried forward…	Q 1,655,817,796	Q 53,908,006

BANCO DE LOS TRABAJADORES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	2017	2016
Net cash generated by operating activities Brought forward…	Q 1,655,817,796	Q 53,908,006
CASH FLOWS FROM INVESTING ACTIVITIES		
Income for sale of property and equipment	13,373,000	16,851
Expense for purchase of property and equipment	(17,748,630)	(27,677,298)
Dividends received	12,009	13,930,660
Net cash flows generated by (used in) investing activities	(4,363,621)	(13,729,787)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,195,140)	(21,383,937)
Subscription and payment of shares	(5,070)	2,420
Net cash flows used in financing activities	(3,200,210)	(21,381,517)
NET INCREASE IN CASH	1,648,253,965	18,796,702
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,386,319,971	1,367,523,269
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	Q 3,034,573,936	Q 1,386,319,971

The enclosed notes are part of the financial statements.

BANCO DE LOS TRABAJADORES

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2017 and those corresponding at December 31, 2016

1. General information

Banco de los Trabajadores (the Bank) was organized through Decree Law No. 383 of the Congress of the Republic of Guatemala issued in 1965. This Decree contains the Organizational Law of the Bank and establishes its creation as a banking institution of a special nature, with its own legal status and its own equity. The duration of the Bank is indefinite.

Its main objective is economic development and promoting the welfare of workers by fostering regular and systematic savings. The Bank operates nationally. It is governed, in order, by its Organizational Law, the Law of Banks and Financial Groups, by the resolutions issued by the Monetary Board and as applicable, by the Organizational Law of the Guatemalan Central Bank, the Monetary Law and the Law of Financial Oversight.

Establishment of the financial group

Article 27 of the Law of Banks and Financial Groups, Decree 19-2002, provides for the establishment of a Financial Group, which should be organized under the common control of a controlling entity organized in Guatemala for that specific purpose, or otherwise, of an entity responsible for the financial group, which shall be the Bank. In the case of the latter, it should be established according to the organizational structure authorized by the Monetary Board, and with a previous opinion from the Superintendency of Banks, in accordance with the reasoned request presented for such purpose.

In October 2010 the Bank was notified by the Monetary Board regarding Resolution JM-99-2010 which authorized the forming of Grupo Financiero de los Trabajadores, which is comprised of the Bank (company responsible for the Group), Financiera de los Trabajadores, S. A. and Aseguradora de los Trabajadores, S. A.

Agreement number 06-2008 of the Superintendent of Banks requires the consolidation of financial statements under the organizational structure of the responsible company, process through which, depending on the case, financial statements of the other companies that are members of the Financial Group authorized by the Monetary Board are added or incorporated into the financial statements of the responsible company, eliminating the investments of the companies in the capital of other or others of its own group, as well as the reciprocal operations between companies, in accordance with the procedures established in such agreement and in what is not specifically regulated, in the current accounting standards in Guatemala.

Such consolidated financial statements are presented separately from the individual financial statements of the responsible company.

In order to conduct its operations the Bank has main offices located in Guatemala City and 155 bank branches nationally.

2. Currency unit

The Bank's accounting records are maintained in Quetzales (Q), currency of legal tender in Guatemala. At December 31, 2017 and 2016 the exchange rate in relation to the US dollar in the banking market was Q 7.34 y Q 7.52 to US$ 1.00, respectively.

3. Basis of preparation and significant accounting policies

The significant accounting policies used by Banco de los Trabajadores in the preparation of its financial statements are summarized as follows:

a) Bases of preparation

The accompanying financial statements have been prepared in accordance to the Manual of Accounting Instructions for Entities Subject to the Oversight and Inspection of the Superintendency of Banks issued by the Monetary Board, the provisions issued by the Monetary Board and those issued by the Superintendency of Banks. In the Offering Memorandum, it was established that the audited financial statements would be presented annually to investors abroad, with the same format of the financial statements that were included in the positioning of the senior notes.

b) Significant accounting policies

i. Use of estimates

The preparation of the financial statements requires that management make estimates and assumptions for the determination of balances of assets, liabilities and amounts of income and expenses, and for the disclosure of contingent assets and liabilities, as of the date of the financial statements. If subsequently there is any change in the estimates or assumptions due to changes in the circumstances on which they were based, the effect of the change shall be included in the determination of the net profit or loss for the period in which the change occurs, and for future periods if applicable. The significant estimates in the financial statements correspond to the allowance for doubtful loans placed, provision for extraordinary assets, provision for the accounts receivable, provision for investments, the useful life assigned to property, furniture and equipment, and the recording of contingent liabilities.

ii. Financial instruments

Any contract resulting in a financial asset for one entity and a financial liability or equity instrument in another is known as a financial instrument. Financial instruments include, among others, investments, loan portfolio, deposit and financial obligations, credits acquired and accounts payable.

iii. Allowance for doubtful loans

The allowance for doubtful loans is determined according to the criteria and percentages established in Resolution JM-93-2005 "Regulation for Credit Risk Management" and its modifications.

The allowance for doubtful loans includes a specific portion and a generic portion. The specific allowance for loans is calculated based on the percentages established in the Resolution of the Monetary Board. The generic allowance for loans was established preventatively by the requirements of Resolution JM-167-2008.

The specific allowance may be charged to the expenses of the year or to the equity account for reserves for contingencies. As of July 2017, all charges for reserves are recorded in the results of the year.

iv. Investments

The held-for-trading securities are initially recorded at acquisition cost, which does not consider the commissions and other similar charges incurred in the purchase. The book value of these investments is updated at the end of each month based on their market value in the securities market. When there is no market value in the securities market, it is determined based on the rule related to the valuation of investments in securities. The differences deriving from the changes in price are recognized in the profit and loss of the period.

If the securities are reclassified to the "available-for-sale" category, the differences resulting from the variation of prices recorded in profit and loss should be transferred to net equity.

Investments in available-for-sale securities: these are initially recorded at acquisition cost, which does not consider the commissions and other similar charges incurred in the purchase. The book value of these investments is updated monthly based on their market value in the securities market. When there is no market value in the securities market, it is determined based on the rule related to the valuation of investments in securities. When dealing with securities issued by the Guatemalan Central Bank or the Public Finance Ministry and it is not possible to establish a reference market value, the valuation is made at acquisition cost. The differences deriving from the variation of prices are recorded in net equity. When the security is sold, the gain or loss accumulated in the net equity shall be recognized in profit and loss.

Investments in held-to-maturity securities: these are initially recorded at acquisition cost, which does not consider the commissions and other similar charges incurred in the purchase. The book value is determined through the amortized cost method.

Investments in permanent investments: The investments in shares, made by the investor, with the intent of maintaining their stake in the capital of the issuer of the shares, will be recorded using the cost method. The investor will recognize the income from the investment only to the extent that the retained earnings from the investee (in which the investment is held) that arose after the acquisition date are distributed. The amounts received over such gains are considered as a recovery of the investment and, therefore, shall be recognized as a reduction in their cost.

As of the present date, the Superintendency of Banks has not issued the regulations related to the valuation of investments in securities, and thus such investments are recorded by the Bank as follows:

- In held-for-trading securities and in available-for-sale securities: these are initially recorded at acquisition cost, which does not consider the commissions and other similar charges incurred in the purchase. The book value of these investments is updated at the end of each month based on their market value in the securities market. If there is no market value in the securities market, they are valued at cost.

Investments in held-to-maturity securities and permanent investments: These are valued at acquisition cost.

v. Realizable goods (Foreclosed assets)

These assets correspond to assets awarded to the Bank as a consequence of non-compliance by the borrowers in the payment of the loans granted.

The assets received for non-compliance with payments are recorded according to the settlement approved by the Board of Directors or the body acting as such or by whom such decision is delegated to. Such settlement must include the taxes and expenses for the transfer of ownership. The legally awarded assets are recorded at the value established in the settlement approved by the judge, plus the taxes and expenses for transfer of ownership. As of December 31, 2017 and 2016 the Bank had valuation reserves of Q 86,251,605 and Q 65,556,249, respectively.

vi. Property and equipment

These assets are recorded at cost, except for property and buildings that were revalued during the year 2012. The appraisal was performed by independent expert appraisers. The surplus on revaluation was Q 59,633,949 and is recorded in equity.

The advances for purchases of fixed assets are classified as part of this account, per that established by the Manual of Accounting Instructions.

Depreciation is calculated using the straight-line method using the legal percentages established in the Income Tax Law, which are the following:

Item	Useful life	Annual depreciation
Property	20 years	5%
Furniture and equipment	5 years	20%
Information systems	3 years	33.33%
Vehicles	5 years	20%
Telecommunications equipment	5 years	20%
Tools	4 years	25%
Artwork and paintings	5 years	20%
Others	5 a 10 years	10% and 20%

vii. Deferred charges

This account records all of the expenses incurred for the organization of Banco de los Trabajadores, and the improvements on leased or the bank's own properties, which are amortized within the range established by the Income Tax Law.

viii. Employee severance

According to the Labor Code of the Republic of Guatemala, entities are obligated to pay severance to employees dismissed under certain circumstances, on the basis of one month's salary, plus one-twelfth of the Christmas bonus and mid-year bonus, for each year of service. The Bank pays severance in accordance with the Law. As of December 31, 2017 and 2016 the Bank has a provision for this item of Q 41,001,356 and Q 43,998,123, respectively, which is calculated based on monthly salaries by applying the percentage that is deductible according to the Income Tax Law. The severance paid during the years 2017 and 2016 was Q 8,399,834 and Q 3,898,230, respectively.

The Bank does not have established defined retirement benefit plans for the employees or any other type of post-retirement benefits.

ix. Income recognition

The modified accrual basis is used. When using the accrual method, certain prudent criteria should be used, as follows. The income obtained from the following items is recorded as revenue: a) interest earned but not collected on bonds or documents issued by the Guatemalan Central Bank and securities from other issuers whose amortization funds are controlled by the Guatemalan Central Bank; b) interest earned but not collected on securities issued by foreign governments or foreign central banks, that have a minimum risk rating of A-3 for the short-term or BBB- for the long-term, granted by Standard & Poor's or an equivalent rating granted by an internationally recognized risk rating agency; and, c) interest, commissions, revenues and other income on the credit card portfolio, factoring and financial leasing.

The income earned from items other than those indicated above, including the interest on loans, is recorded as retained earnings, and recognized in the statement of income until it is effectively collected. In addition, the recording in accounting of income earned but not collected as retained earnings is suspended when there is a delay of 30 calendar days for the investments in securities and 90 calendar days for the rest of the operations and services, counting as of the day following the date on which the agreed upon payments should have been made. When such suspension occurs, the income earned but not collected is reversed from the affected retained earnings.

For the credit card operations, factoring and financial leasing performed by banks and financial corporations, the recording in accounting in profit and loss is suspended when there is a delay of 90 calendar days, counting from the day following the date on which the agreed upon payments should have been received. When such suspension occurs, the income recorded in income statement accounts that has not been effectively collected shall be recognized as expenses against the account for income receivable in which they were initially recorded; with the exception of the charges that are capitalized in credit card accounts, which shall not be returned.

The income that has been suspended recorded in retained earnings and in income statement accounts, as well as income that has been earned as of the date of suspension, is recorded in memorandum accounts.

x. Recognition of expenses

The Bank records the expenses using the accrual method.

xi. Income and expenses of prior periods

The corrections to income and expenses of prior periods correspond to the correction of accounting errors, which are recorded as part of the operating income of the year in which the correction is made.

c) Main differences between the "Manual on Accounting Instructions and International Financial Reporting Standards – IFRS"

The financial statements were prepared in accordance with the format and description of accounts included in the Manual of Accounting Instructions for Entities Subject to the Oversight and Inspection of the Superintendency of Banks issued by the Monetary Board, whose accounting policies differ in certain aspects from the International Financial Reporting Standards (IFRS), mainly in:

- For the recognition of income the modified accrual method is used (see detail in note 2, paragraph "ix"). IFRS requires that all income be recorded under the accrual method when it satisfies the definitions and criteria for recognition foreseen for such elements in the Conceptual Framework of the IFRS.

- The securities issued by the Guatemalan Central Bank or the Public Finance Ministry are recorded at cost. IFRS requires that they be valued at fair value or amortized cost, according to the intention of negotiation.

- The evaluation of the allowance for doubtful loans is made according to the regulations established by the Monetary Board, recording the reserve for the valuation of credit assets as a charge to profit and loss or equity. According to IFRS, when there is objective evidence that there is a loss due to impairment in the value of the financial assets measured at amortized cost, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the future estimated cash flows (excluding the future credit losses which have not been incurred), discounted with the original effective interest rate of the financial asset. The amount of the loss is recognized in profit and loss of the period.

- In addition, IFRS requires an evaluation of whether there is individual objective evidence of impairment in the value for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the entity determines that there is no objective evidence of impairment in the value of a financial asset that has been individually evaluated, whether significant or not, it shall include the asset in a group of financial assets with similar characteristics of credit risk, and shall evaluate its impairment in value on a collective basis. The assets that have been individually evaluated for impairment and for which an impairment loss has been or will continue to be recognized, shall not be included in the collective evaluation for impairment.

- The property and equipment is depreciated using the straight-line method, using the depreciation rates established in the Income Tax Law. IFRS requires that the fixed assets be depreciated according to their estimated useful lives.

- The start-up expenses are recorded as deferred charges and amortized within the range established by the Income Tax Law. IFRS requires that these types of expenses be recorded in profit and loss of the period in which they are incurred.

- The expenditures that constitute intangible assets and that due to their nature can be amortized in various future periods are recorded as an asset. IFRS establishes that the intangible assets with an indefinite useful life should not be amortized. In addition, they establish that the entity verify whether an intangible asset with an indefinite useful life has experienced a loss due to impairment in the value by comparing its recoverable amount with its carrying amount, recording the impairment within profit and loss for the year.

- The Bank constitutes reserves for contingencies, separating them from its retained earnings, according to authorizations from the General Shareholders' Meeting, whenever it is considered advisable to create or increase reserves, in order to face any future problems or ensure coverage for non-specific purposes or unforeseen events.

According to IFRS, a provision must be recognized with a charge to profit and loss when the following conditions occur:

- The entity has a present obligation (legal or constructive) as a result of a past event;

- It is probable that the entity will have to use resources that incorporate economic benefits in order to settle the obligation; and

- A reliable estimate can be made of the amount of the obligation.

- Corrections made to income and expenses of prior periods resulting from a correction of accounting errors are recorded as part of the operating income of the year in which the correction is made. The corrections to the income tax expense of prior years is charged or credited directly to the retained earnings.

IFRS requires that the entity correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery, except when it is impracticable to determine the period-specific effects or the cumulative effect of the error, by:

- Restating the comparative information for the prior period(s) in which the error occurred; or

- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for such period.

- No deferred income tax is recorded. IFRS requires the recording of deferred income tax assets or liabilities based on temporary differences between the book value of the assets and liabilities and their tax value, which will be deductible or taxable in the future.

- Agreement number 06-2008 of the Superintendent of Banks requires the consolidation of financial statements under the organizational structure of the responsible company, process through which, depending on the case, financial statements of the other companies that are members of the Financial Group authorized by the Monetary Board are added or incorporated into the financial statements of the responsible company, eliminating the investments of the companies in the capital of other or others of its own group, as well as the reciprocal operations between companies, in accordance with the procedures established in said agreement. Such consolidated financial statements are presented separately from the individual financial statements of the responsible company.

IFRS requires the preparation and presentation of the consolidated financial statements of a group of entities under control of a controlling entity, defining control as the power to direct the financial and operating policies of an entity in order to obtain benefits from its activities. The consolidated financial statements shall include all of the subsidiaries of the controlling entity.

- The assets judicially awarded are recorded in accounting at the value established in the settlement approved by the judge, plus the taxes and expenses for the transfer of ownership.

According to IFRS, the entity should value the non-current assets classified as held-for-sale at the lower of carrying amount or its fair value minus the sales costs.

- In repurchase agreements, the financial asset reported is written-off and recorded in a memorandum account. According to IFRS, if the entity substantially retains the risks and inherent benefits of ownership in a financial asset, it must continue recognizing it as such.

- If there are derivative financial instruments, the Manual of Accounting Instructions for Entities Subject to the Oversight and Inspection of the Superintendency of Banks does not establish the form in which they must be recorded. According to IFRS, derivative financial instruments meet the definition of a financial instrument and, therefore, they should be recognized in accounting. Derivative financial instruments create rights and obligations that have the effect of transferring, between the parties implicated in the instrument, one or various types of financial risks inherent to an underlying primary financial instrument. Since the conditions of the exchange are established upon the creation of the derivative instrument, these may become favorable or unfavorable to the extent that the prices change in the financial markets.

- The Bank records an annual provision of 8.33% of the total salaries and wages paid to cover the severance liability; IFRS establishes that the expense and liability for severance be recorded upon the existence of the payment obligation.

- No information on related parties is disclosed. IFRS requires disclosure of the nature of the relationship with related parties as well as the information on the transactions and balances.

- The disclosures made by the Bank according to the accounting basis used differ from the disclosures that would have been necessary had the financial statements been prepared according to IFRS.

d) Integral risk management

On May 18, 2011 the Junta Monetaria issue Resolution JM-56-2011 “Reglamento para la Administración Integral de Riesgos”, the purpose of which is to govern the minimum requirements that banks, financial institutions, domestic and foreign and off-shore entities authorized by the Junta Monetaria should meet to operate in Guatemala as well as for those entities specialized in providing financial services and forming part of a financial group in relation to integral risk management.

Integral financial risk management is the process of identifying, measuring and monitoring, controlling, preventing and mitigating credit, liquidity and market, operating, country and other risks inherent to the business as well as evaluating the overall risk exposure. Integral risk management comprises:

i. Credit risk

This contingency relates to the risk that a financial institution may incur in losses as a consequence of a debtor's or counterpart's failure to meet their obligations according to agreed-upon terms and conditions.

This risk is mitigated through the following actions:

- Through a risk appetite methodology based on the statistical vintages analysis.
- By strengthening the credit recovery strategy. From a life-cycle perspective, Management is currently working on a policy that will define different strategies to be implemented in order to improve financial efficiencies in due portfolio.
- Improving the quality of new credit assets through an effective management of our strategic allies and by establishing the right policies and new ways of capturing customers.
- In addition, the Bank is currently working on new initiatives to operate hand in hand with the innovation and strategy area to establish and adequate a set of reports that will support decision-making in initiation, maintenance and recovery of the active portfolio..

ii. Counterpart risk

This risk relates to a counterpart's failure to meet the settlement of securities or other instrument purchase and sale transactions by other participants of the stock exchange.

The Bank´s Management is responsible for identifying acceptable counterparts, taking into consideration their individual track records in relation to compliance with obligations as well as indicators on their financial capacity and disposition to fully meet obligations in the future.

This risk is mitigated by monitoring different key indicators of Market Risk like liquidity ratios, and establishing tolerance levels in different variables of the balance sheet structure. The above, is included in the Investment Policy, which is monitored to ensure compliance thereof.

iii. Market risk

This refers to the risk that the value of a Bank's financial asset may be reduced driven by changes in interest or exchange rates, stock prices and other financial variables as well as of the reaction of securities' market participants to political and economic events.

This risk is mitigated through the monitoring and evaluation of macro-economic factors and of different market niches and has been strengthened by way of new tools and sources of information that further extend the knowledge of different committee members.

iv. Liquidity and financing risk

This refers to the risk that the Bank may be unable to meet all its obligations as a result of, among others, the unexpected withdrawal of funds provided by creditors or clients (deposits, lines of credit, etc.), the impairment of quality of the loan portfolio, decrease in the value of investments, excessive concentration of liabilities from a particular source, mismatch between assets and liabilities; lack of assets' liquidity or financing of long-term assets with short-term liabilities.

This risk is mitigated through methodologies and statistics based on International Standards set to define prudential limits and concentration of the passive portfolio; these methodologies will be placed in practice in as little time as possible for the purpose of adequately monitoring the Bank´s liquidity.

Likewise, Management is currently working to improve the quality of information used for monitoring purposes and tension tests and for the purpose of extending the evaluation range and improve treasury dynamics.

v. Risk of money laundering and financing of terrorist activities

This risk consists on the use of the Bank's products and services to conceal illegal activities for such products and services to be used, while the producing illegal activity remains undetected. This situation may not only be subject to fines and sanctions due to failures to comply with current anti-money laundering and suppression of financing of terrorist activity laws, but may also imply a reputational risk for the Bank.

This risk is mitigated according to an established risk matrix, which provides for monitoring of client transactions, client and employee knowledge, monitoring, training and audit programs, product standards and norms for services and distribution channels. And by the improvement of policies like KYC in different counterparts of the institution.

vi. Interest rate risk

This is the risk that the value of financial instruments may significantly fluctuate as a result of changes in market interest rates.

This risk is mitigated through the establishment of policies, standards and procedures that set prudential limits. Areas responsible for the identification of interest rate risk include the Assets and Liabilities Committee and the Corporate Treasury Coordination Office.

vii. Operating risk

This contingency relates to the risk that the Bank may suffer losses as a result of the inadequacy or lack of processes, personnel or internal systems or external events.

This risk is mitigated by way of the following actions:

- Review, update, evaluation, prioritization and calibration of the critical processes of the institution, based on the methodology of the three lines of defense.
- Training of the different areas in risk management, implementation of controls and risk identification.
- Follow-up, inventory and accounting of events. Definition of levels of severity and the related action plans.

viii. *Country risk*

This corresponds to the risk that the Bank may sustain losses associated with the economic, social and political environment of the country where the debtor or counterpart resides and/or operates and includes sovereign, political and transfer risks.

This risk is mitigated through the monitoring of variables and indicators and the preparation of monthly reports on the economic, social and political environment surrounding the entity´s operations.

ix. Technological risk

This risk corresponds to the interruption and altering of or failures in the technological infrastructure, information systems, databases and IT processes that may result in financial losses to the Bank. On August 17, 2011, the Monetary Board issued resolution JM-102-2011 “Regulations for Management of Technological Risks”, the purpose of which is to establish guidelines to identify, measure and monitor, control, prevent and mitigate technological risk, which came into effect on September 1, 2011.

This risk is mitigated by way of systems implemented by the Bank and given the significance that requires a sufficiently robust IT platform to minimize any contingencies that may arise from system failures or interruptions, the Bank has prepared an action plan to implement new systems that will safeguard the Bank´s data in the most adequate manner and in compliance with all Bank´s necessities and Regulator provisions.

Likewise, a project is under development to define governance and classification of Bank data, appraising the significance and confidentiality of the sources of information as well as management and transfer thereof.

4. Cash and cash equivalents

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

	2017	2016
Cash	Q 160,339,217	Q 127,241,162
Deposits in Guatemalan Central Bank	2,709,391,980	1,100,652,294
Deposits in foreign banks **a**/	114,433,497	121,117,050
Checks and drafts pending compensation	44,215,590	31,107,727
Local banks	6,193,652	6,201,738
	2,874,234,719	1,259,078,809
	Q 3,034,573,936	Q 1,386,319,971

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 December 31, 2017 and 2016 is Q 101,664,953 and Q 85,741,370, respectively. This investment accrues the following interest rates:

Description	2017	2016
Reserve operations Local Currency	3.93%	4.03%
Financial operations	0.23487%	0.24153%
Reserve operations Foreign Currency	1.24200%	0.389%

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

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

5. Investments -Net

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

	2017	2016
Local Currency		
In available-for-sale securities		
Certibonos – Central Government maturing in 2020, 2021, 2025, 2026, 2027, 2029, 2030 and 2031, annual interest 7.3750% to 10%. **a**/	Q 4,711,155,000	Q 4,715,155,000
In held-to-maturity securities		
Certibonos – Central Government maturing in 2018, annual interest between 1.75%.	300,000,000	-
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**/	20,167,848	25,494,723
Repurchase agreement operations	200,000,000	-
Carried forward…	Q 5,254,522,848	Q 4,763,849,723

	2017	2016
Brought forward…	Q 5,254,522,848	Q 4,763,849,723
Foreign Currency		
In held-for-sale securities		
Certibonos – Central Government maturing in 2017, 2020, 2021, 2026 and 2027, annual interest between 4% and 6.20%.	551,952,822	575,011,108
Repurchase agreement operations	18,361,925	195,575,380
	570,314,747	770,586,488
	5,824,837,595	5,534,436,211
(-) Estimate for valuation of Investments	(6,799,492)	(6,799,492)
	Q 5,818,038,103	Q 5,527,636,719

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 2009, 2013 y 2014 and guarantee outstanding mortgage loans. These loans have maturity dates that are subsequent to the covered bond maturity dates.

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

	2017	2016
Up to 1 month	Q 518,526,465	Q 165,606,974
More than 1 month and less than 3 months	169,751	30,136,871
More than 3 months and less than 6 months	60,159	40,002
More than 6 months and less than 1 year	24,231,868	33,223,568
More than 1 year	827,976,149	3,233,653
More than 5 years	4,452,218,203	5,300,540,143
No contractual maturity	1,655,000	1,655,000
	Q 5,824,837,595	Q 5,534,436,211

6. Loans receivable -NET

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

		2017	2016
Loans		Q 11,956,264,593	Q 10,611,044,009
Credit cards	a/	244,872,505	243,233,815
Payments for letters of credit		13,550,682	20,966,684
Receivables from sale of extraordinary assets		1,486,566	954,809
		12,216,174,346	10,876,199,317
(-) Allowance for doubtful loans		(367,731,475)	(401,904,535)
		Q 11,848,442,871	Q 10,474,294,782

a/ As of December 31, 2017 and 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 December 31, 2017 and 2016, the credit card account includes balances for financing for Q 31,319,002 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 December 31, 2017 and 2016 according to the policies of the bank for a cardholder, is to authorize a maximum amount of additional financing of Q 560,000 for both periods.

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

	2017	%	2016	%
Current	Q 11,861,779,957	97	Q 10,585,261,225	97
In extension process	338,008	-	5,964,745	-
Past due in administrative collection	123,503,038	1	128,290,692	1
Past due in judicial collection	230,553,343	2	156,682,655	2
	12,216,174,346	100	10,876,199,317	100
(-) Allowance for doubtful loans	(367,731,475)		(401,904,535)	
	Q 11,848,442,871		Q 10,474,294,782	

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

	2017	2016
Up to 1 month	Q 52,229,533	Q 57,140,702
More than 1 month and less than 3 months	62,706,871	62,165,272
More than 3 months and less than 6 months	99,251,411	105,601,377
More than 6 months and less than 1 year	258,877,135	251,835,060
More than 1 year	3,193,220,651	2,823,931,016
More than 5 years	8,549,888,745	7,575,525,890
	Q 12,216,174,346	Q 10,876,199,317

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 4% and 12.40%.

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

	2017	2016
Balance at January 1	Q 401,904,535	Q 314,168,006
Transfer from reserves for Contingencies	62,000,000	143,000,000
Effect of foreign currency exchange differences	-	(1,271,002)
Recoveries	7,006,602	337,324
Write-offs	(103,179,662)	(54,329,793)
	Q 367,731,475	Q 401,904,535

7. Accounts receivable –Net

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

		2017		2016
Interest receivable on loans	Q	277,637,650	Q	250,591,542
Security deposits		29,437,631		30,148,444
Advance of loans		5,692,124		5,759,189
Payments on account of third parties		5,166,959		21,914,550
Receivables from bank personnel		5,046,741		4,982,662
Fees for services		2,085,125		1,495,540
Judicial expenses		1,054,065		1,019,759
Deposits for contingencies		702,108		375,404
Insurance premiums		445,460		390,874
Credit card Visa		406,326		88,798
Credit card		214,189		437,824
Loans reactivated		155,897		256,351
Advances of salaries		151,026		152,170
Loans insurance		126,970		141,303
Others		301,625		258,413
		328,623,896		318,012,823
(-) Allowance for doubtful accounts		(13,405,768)		(13,405,768)
	Q	315,218,128	Q	304,607,055

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

8. Realizable goods (Foreclosed assets)

As of December 31, 2017 and 2016, the realizable goods balance was broken down as shown below.

		2017		2016
Immovable	Q	153,677,164	Q	142,939,576
Movable		497,806		380,926
		154,174,970		143,320,502
Deduct – Provision for valuation **a**/		(86,251,605)		(65,556,249)
	Q	67,923,365	Q	77,764,253

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

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

		2017		2016
Beginning balance	Q	65,556,249	Q	42,419,998
Add –				
Transfer from reserves for contingencies		20,194,720		12,693,620
Loss in valuation				36,615
Allowance		514,429		14,271,559
Effect of foreign currency exchange differences		119,031		23,149
Deduct –				
Write-offs		(132,824)		(3,888,692)
Ending balance	Q	86,251,605	Q	65,556,249

9. Permanents investments –Net

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

		2017		2016
Of Financial Institutions				
Financiera de los Trabajadores, S. A.				
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
Aseguradora de los Trabajadores, S. A.				
34,912 shares with a value of Q 801 each, premium of Q 7,054,154.		35,018,666		35,018,666
Of Non-Financial Entities				
Útil Valor, S. A.				
40,000 shares with a value of Q 10 each, premium of Q 2,400.		402,400		402,400
Carried forward…	Q	72,121,066	Q	85,494,066

		2017		2016
Brought forward…	Q	72,121,066	Q	85,494,066
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
		74,286,172		87,659,172
(-) Estimate for valuation of Investments		(400,000)		(400,000)
	Q	73,886,172	Q	87,259,172

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.

10. Property and equipment –Net

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

2017

	Amounts expressed in Quetzales				
Cost	Initial balances	Additions	Disposals	Reclassi fications	Final balances
Land	49,543,522	-	-	-	49,543,522
Revaluation of land	(2,363,042)	-	-	-	(2,363,042)
Buildings	62,187,038	108,972	-	-	62,296,010
Revaluation of buildings	61,996,991	-	-	-	61,996,991
Furniture and office equipment	58,787,756	5,727,327	(10,263,486)	(29,150)	54,222,447
Information systems	20,100,502	11,011,361	(7,942,971)	-	23,168,892
Telecommuni-cations equipment	2,692,421	301,377	(148,295)	-	2,845,503
Vehicles	168,211	600,809	(24,000)	-	745,020
Artwork and paintings	340,869	-	(151,050)	-	189,819
Others	-	32,427	-	-	32,427
Advances for acquisitions of assets	10,834,166	7,685,428	-	-	18,519,594
	264,288,434	25,467,701	(18,529,802)	(29,150)	271,197,183
Accumulated depreciation	(95,698,129)	(25,009,065)	18,223,436	211,934	(102,271,824)
Carrying value	168,590,305	458,636	(306,366)	182,784	168,925,359

2016

Carrying value	168,049,042	19,633,596	(19,092,333)	-	168,590,305

11. Other assets –Net

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

	% of Amortization	2017	2016
Merger expenses **a**/	10%	Q 158,123,618	Q 158,123,618
Improvements to leased properties	5%	97,050,333	94,792,729
Software licenses	20%	4,755,779	527,706
Goodwill	10%	4,077,500	4,077,500
Brands and licenses	5%	20,448	20,448
		264,027,678	257,542,001
Accumulated amortization		(162,988,431)	(140,579,886)
		101,039,247	116,962,115
Pre-paid expenses			
Services **b**/		72,425,540	32,632,737
Taxes, municipal taxes, and contributions		63,379,385	58,153,082
Materials and supplies		4,194,496	8,530,254
		139,999,421	99,316,073
		Q 241,038,668	Q 216,278,188

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 December 31, 2017 and 2016 the annual amortization is Q 15,812,361 for both years.

b/ These deferred charges correspond to pre-paid expenses, mainly for the payment of interest and commissions related to debt.

The movement of the accumulated amortization was as follows:

	2017	2016
Balance at beginning of year	Q 140,579,886	Q 118,525,207
Allowance	24,280,345	23,001,104
Totally amortized assets	(1,871,800)	(946,425)
Balance at end of year	Q 162,988,431	Q 140,579,886

12. Bank loans

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

	2017	2016
Deutsche Bank AG London Loan for US$ 150,000,000, semi-annual amortizations of interest and principal when due, for a term of 7 years that matures on November 22, 2020. **a**/	Q 1,101,715,500	Q 1,128,319,500

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 the Deutsche Bank AG, London Branch, was documented through a promissory note, through the figure of a trust between Intertrust SPV (Cayman) Limited, as original trustee and Chief Trustee BANTRAB. 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 to Deutsche Bank AG, London Branch for the total amount of the Loan on November 14, 2020.

If for some reason Banco de los Trabajadores does not 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 December 31, 2017 and 2016 the loans obtained had the following maturity schedule:

	2017	2016
More than 1 year and less than 5 years	Q 1,101,715,500	Q 1,128,319,500

13. Deposit obligations

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

		2017	2016
Local Currency			
Term deposits	**a**/	Q 14,558,056,674	Q 11,845,172,949
Savings deposits		1,555,790,251	1,474,852,429
Monetary deposits		912,197,527	892,948,767
Deposits with restrictions		16,875,566	17,387,314
		17,042,920,018	14,230,361,459
Foreign Currency			
Monetary deposits		56,231,537	52,560,416
Savings deposits		49,490,493	55,099,521
Term deposits	**a**/	16,606,169	19,418,520
Deposits with restrictions		519,408	429,356
		122,847,607	127,507,813
		Q 17,165,767,625	Q 14,357,869,272

a/ The term deposits in quetzales earn an interest rate of 3.75% 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.

	2017	2016
Term deposits in local currency	Q 14,558,056,674	Q 11,845,172,949
Term deposits in foreign currency	16,606,169	19,418,520
	Q 14,574,662,843	Q 11,864,591,469

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

	2017	2016
Up to 1 month	Q 1,213,546,704	Q 705,811,800
More than 1 month and less than 3 months	1,659,408,723	1,339,942,998
More than 3 months and less than 6 months	2,356,975,405	1,962,567,949
More than 6 months and less than 1 year	4,700,042,553	3,609,610,166
More than 1 year	4,644,689,458	4,246,658,556
	Q 14,574,662,843	Q 11,864,591,469

14. Accounts payable

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

		2017		2016
Local Currency				
Credit portfolio **a**/	Q	248,017,500	Q	217,599,950
Dividends payable		101,716,035		80,820,254
Taxes, municipal taxes, contributions and fees		77,193,839		82,266,433
Bonuses 15%		73,642,808		67,607,559
Loan portfolio **a**/		70,124,190		66,430,971
Severance		41,001,356		43,998,123
Cashier's checks		30,753,986		30,302,334
Expenses payable		29,615,948		29,414,097
Interest payable		11,652,463		8,513,994
Miscellaneous payables **b**/		10,147,935		3,416,470
Withholdings		10,262,823		9,811,571
Expired checks		3,348,401		2,114,968
Shares partially paid		1,992,949		2,013,859
Financial obligations		838,000		838,000
Benefits for savings accounts		230,906		130,906
Annual bonus (Bono 14)		1,786,787		1,614,393
Other **c**/		22,612,892		19,224,847
Subtotals in Local Currency		734,938,818		666,118,729
Foreign currency				
Obligations, issuance of documents and orders of payment		1,683,494		8,557,253
Interest payable		202,257		17,046,502
Others		484,475		325,187
Subtotals in Foreign Currency		2,370,226		25,928,942
	Q	737,309,044	Q	692,047,671

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

b/ This account includes accounts payable ex-bank employees, credit card, funds without movements of the Public Ministry, dividends payable, among others.

c/ This account is integrated as follows:

		2017		2016
Local Currency				
Extraordinary assets	Q	7,930,173	Q	3,607,256
Electronic Payment Means		4,197,076		2,948,750
Creditors		3,449,373		3,180,568
Leaders		2,868,199		2,244,979
Administration obligations		2,079,975		5,403,604
Value Added Tax		975,462		765,481
Deferred credits		233,149		114,888
Preventive fund		170,740		299,482
Operational security recovery		153,777		122,456
Fiscal Stamp Tax		137,646		110,964
Payroll		24,581		33,924
Transfers		18,448		15,173
Others		374,293		377,322
	Q	22,612,892		19,224,847

15. 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 December 31, 2017 and, 2016, 19,985,613 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 Bank was formed within the referral process as adhesive Prosecutor and continues to collaborate with the courts.

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 December 31, 2017 and 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 December 31, 2017 and 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 151,017,321 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.

16. Interest income

During the years ended December 31, 2017 and 2016, the interest income was the following:

	2017	2016
Interest on loans	Q 2,285,348,507	Q 1,985,041,199
Interest on investments	421,393,338	429,879,499
Commissions on loans	29,816,185	30,272,720
Others	2,310,603	2,094,649
Interest Central Bank and Banks of the country	-	24,692,585
	Q 2,738,868,633	Q 2,471,980,652

17. Interest expense

Interest expenses incurred by the bank by the years ended December 31, 2017 and 2016 were in the following:

	2017	2016
Interest on deposits	Q 1,257,041,251	Q 1,130,555,434
Contributions for forming FOPA fund	38,665,680	31,895,123
Repurchase agreement operations	16,832,165	12,750,342
Additional benefits	4,076,743	3,968,458
Commissions on deposits	-	64,050,512
Negotiation of securities	-	3,737,153
	Q 1,316,615,839	Q 1,246,957,022

18. Other extraordinary income and expenses –Net

A detail of other operating income and expenses by the years ended December 31, 2017 and 2016 is summarized below:

	2017	2016
Extraordinary revenues		
Credit management	Q 173,651,295	Q 204,080,526
Commissions	21,217,214	25,730,681
Products by investments in shares	16,265,818	13,930,660
Recoveries	16,031,201	27,821,498
Family remittances	2,609,294	523,104
Extraordinary assets	924,828	1,836,042
Other	6,988,853	10,960,766
	237,688,503	Q 284,883,277
Extraordinary expenses		
Loss from sale of fixed assets, amortization and insurance	(2,689,660)	(1,532,257)
Extraordinary assets **a**/	(1,721,416)	(2,728,663)
Loss in settlement	(605,610)	(1,950,275)
Sale of property and furniture	(52,091)	(3,065)
Other	(621,572)	(1,930,193)
	(5,690,349)	(8,144,453)
	Q 231,998,154	Q 276,738,824

a/ Corresponds to the loss of some assets value and expenses made to maintain the property.

19. Administrative expenses

Administrative expenses incurred by the bank by the years ended December 31, 2017 and 2016 is detailed below:

		2017		2016
Personnel services	Q	336,326,140	Q	309,247,746
Executives and employees		254,539,911		221,143,819
Miscellaneous expenses		71,088,362		66,800,692
Marketing and advertising		56,135,826		74,269,326
Leases		53,813,107		52,304,974
Professional fees		50,381,960		39,351,375
Depreciations and amortizations		46,158,222		46,420,061
Repairs and maintenance		29,373,846		27,076,414
Board of Directors		22,836,604		23,115,925
Taxes, municipal taxes, contributions and fees		22,201,955		20,595,563
Insurance premiums and bonds		5,598,126		4,756,138
Stationery and supplies		5,113,996		4,625,091
	Q	953,568,055	Q	889,707,124

20. Other income and expenses –Net

A detail of other operating income and expenses by the years ended December 31, 2017 and 2016 is summarized below:

		2017		2016
Exchange gain	Q	4,964,665	Q	9,085,451
Net income from prior periods		7,581,281		-
		12,545,946		9,085,451
Expenses for services		(73,834,531)		(52,636,643)
Exchange variations and losses		(102,338)		(1,456,417)
Net expenses from prior periods		-		(38,192,629)
Doubtful accounts		(74,694,720)		(14,278,781)
		(148,631,589)		(106,564,470)
Total net	Q	(136,085,643)	Q	(97,479,019)

21. 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.

Income taxes for the years ended December 31, 2017 and 2016 was computed by Management as shown below:

		2017		2016
Income before income tax	Q	564,597,250	Q	514,576,311
(+) Costs and expenses of exempt income, income not subject to tax		3,305,420		3,369,600
(-) Exempt income		(330,545,409)		(336,976,872)
(+) Plus non-deductible expenses		57,223,531		136,230,609
		294,580,792		317,199,648
		25%		25%
	Q	73,645,198	Q	79,299,912

22. Memorandum accounts

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

		2017		2016
Classification of investments and loan portfolio	Q	11,970,019,000	Q	10,173,603,702
Other memorandum accounts		1,111,436,460		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		511,111,842		582,310,747
Third party management		513,639,230		486,756,740
Contingencies, commitments and other responsibilities		211,583,389		248,314,828
Own documents and securities remitted		9,725,891		9,725,891
Registration accounts		2,362,917		2,161,350
Securities and assets given as collateral		-		1,559,841
	Q	15,850,592,729	Q	14,075,330,542

23. Concentration of investments

On June 1, 2002 the Law of Banks and Financial Groups, Decree 19-2002, went into effect and the reforms to this law contained in decree No. 26-2012 went into effect as of April 1, 2013. According to these regulations, banks, financial entities, offshore entities and companies specializing in financial services that are part of financial groups, except for financial transactions they may carry out, without limitation, in securities issued by the Ministry of Finance or the Bank of Guatemala, may not carry out direct or indirect financing operations of any nature, regardless of the legal form adopted, such as but not limited to: bonds, promissory notes, obligations and or loans, or grant guarantees or endorsements that in the aggregate exceed the percentages noted below:

- Fifteen percent (15%) of the statutory equity for financing operations with individuals, legal private sector entities or one sole company or governmental or autonomous entity.

  Temporary excesses resulting from interbank deposits of an operating nature or from the deposits and investments that companies of the financial group may have in the Bank of their financial group are exempt from this limitation.

- Thirty percent (30%) of the statutory equity for financing operations of two or more related entities that form part of a single risk unit. Such percentage may be increased to up to fifty percent (50%) of the statutory equity, if the excess is comprised of credit assets that are totally secured, during the term of the loan, with term deposit certificates or financial promissory notes issued by the institution itself, which should remain in its custody. In addition, it must be agreed in writing that the guarantee shall be enforced, without need for any formalities, in the event that the borrower is sued or falls into default.

  The deposits and investments that companies maintain in the bank of their financial group should not be calculated for purposes of the limits established in this clause.

- Thirty percent (30%) of the statutory equity in investments made by offshore entities in sovereign debt securities of countries other than Guatemala, in accordance with the scale of limitations established by the Monetary Board based on the sovereign risk rating given by risk rating agencies recognized by the Securities and Exchange Commission (SEC).

One hundred percent (100%) of the statutory equity in the total investments made by banks or financial institutions in sovereign debt securities of countries other than Guatemala, with the highest sovereign risk rating that on the scale of degree of investment is granted by risk rating agencies recognized by the Securities and Exchange Commissions (SEC).

When the entities exceed the limits established by the law, they must immediately deduct such excess from their statutory equity, without facing potential sanctions in accordance with the law.

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 2016-2017 Collective Bargaining Agreement on Work Conditions has been in effect since January 1, 2016.

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

		2017		2016
Management Trusts				
Small Business Trust	Q	443,758,165	Q	428,824,532
Éxito Trust		38,535,025		40,245,368
El Progreso Trust		13,899,473		13,899,420
La Familia AP Trust		13,084,473		-
Fodigua Trust		2,287,235		2,009,950
EEMZA-INDE Trust		681,107		1,265,889
Subsidio Foguavi (BREP) Trust		141,671		141,671
Palos Blancos Trust		120,392		115,834
Regal Trust		21,670		31,569
Charver Trust		199		199
Other				
Dignity Investment Trust		221,530		222,297
Total trusts		512,750,940		486,756,729
Documents and securities on consignment		888,290		11
Total third-party trusts	Q	513,639,230	Q	486,756,740

25. Contingencies

A. Trials, seizures, lawsuits

As of December 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.

	2017		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.	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. In December 2017 the Federal Appeals Court rejected the appeal and upheld the verdict of the jury. To date the Federal Court has not defined the final amount of the sentence which should receive the actor and return that corresponds to the Bank regarding the deposited in June 2016.
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.
• Certibonos 35065 to 35074	Q	1,500,000	
• Certibonos 32944 to 32955	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	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

		2017	Legal status of the litigation
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.			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 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. • Pending notification to the entity SOL ENERGY, S.A.
8. Semtel, S. A. Trust: FINTRAB	US$	6,500,000	The process of notarial public auction and adjudication of the assets given in guarantee

2017	Legal status of the litigation
	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

As a result of a complaint filed by the Administration for Special Verification, of the Superintendence of Banks, on 5 September 2016, the Public Ministry initiated proceedings against certain former executives of the Bank for crimes of illicit association, embezzlement and money laundering.

The defrauded amounts were recorded in the income statement of the years 2010 and 2011, so the bank administration considers that the final result of these processes will not have an additional adverse effect on the assets shown in the financial statements As of December 31, 2017.

The bank is constituted in the aforementioned criminal process as an adhesive complainant, expecting worthy reparation in favor of the Bank damage caused to the equity.

26. Foreign currency transactions and exposure to exchange risk

As of December 31, 2017 and 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:

	2017		2016	
Assets				
Cash and cash equivalents	US$	48,084,655	US$	31,841,962
Investments		75,149,096		102,442,592
Loan portfolio		16,862,124		18,804,984
Financial income receivable		1,235,332		1,228,811
Accounts receivable		4,028,126		4,017,187
Foreclosed assets		4,797,090		4,565,323
Investments in equity		1		1
Carried forward…	US$	150,156,424	US$	162,900,860

	2017		2016	
Brought forward…	US$	150,156,424	US$	162,900,860
Liabilities				
Deposits		16,725,862		16,951,025
Loans obtained		150,000,000		150,000,000
Financial expenses payable		27,537		2,266,180
Accounts payable		295,171		1,180,841
Other credit accounts		36,138		23,360
Total liabilities		167,084,708		170,421,406
	US$	(16,928,284)	US$	(7,520,546)

Most of the assets and liabilities in foreign currency of the Bank are in dollars of the United States of America. As of December 31, 2017 and 2016, the exchange rate established by the Guatemalan Central Bank used to express in quetzales the balances in such foreign currency was Q 7.34477 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.