

FITCH DOWNGRADES BANTRAB'S IDRS TO 'B+'; NEGATIVE WATCH MAINTAINED

Fitch Ratings-Monterrey/San Salvador-09 November 2016: Fitch Ratings has downgraded Banco de los Trabajadores' (Bantrab) Long-Term Issuer Default Ratings (IDRs) to 'B+' from 'BB-'. In addition, the long-term National scale ratings of Bantrab, and Financiera de los Trabajadores (Fintrab) and the National scale Insurer Financial Strength (IFS) of Aseguradora de los Trabajadores have also been downgraded, to 'BBB(gtm)' from 'A(gtm)'. The Rating Watch Negative is maintained for the first two entities, while Aseguradora de los Trabajadores was placed on Rating Watch Negative. See the full list of rating actions at the end of this release.

Bantrab's IDRs, Viability Rating (VR) and National ratings have all been downgraded as the capacity for continued timely payment on the bank's financial liabilities has materially declined. Nevertheless, Fitch expects the November 2016 coupon to be paid on time, since, according to Bantrab management, these funds have already been transferred to the trustee. Recent events related to the arrest of various executives and members of the Board of Directors by the Guatemalan authorities on charges of fraud, illicit associations and embezzlement to the detriment of the bank's shareholders highlight the weaknesses in corporate governance and risk controls and contributed to the loss of various correspondent bank relationships.

The Rating Watch Negative is maintained, as Fitch believes that Bantrab's correspondent bank relationships could continue to suffer while deposit instability may increase, with a negative effect on its funding and liquidity profile as well as the bank's ability to make future payments to bondholders. Fitch will continue to monitor available information and the evolution of Bantrab's relationship with correspondent banks as well as its operational capacity to service future debt payments. The next coupon payment is scheduled for May 2017.

In line with Bantrab's rating actions, Bantrab Senior Trust's (BST) IDR has been downgraded to 'B+' from 'BB-' and the Rating Watch Negative maintained. Fitch will monitor the evolution of Bantrab's relationship with correspondent banks and its operational capacity to make future debt payments.

The National scale ratings of Bantrab, Fintrab and Aseguradora de los Trabajadores were downgraded in line with the parent, since these are driven by its support.

KEY RATING DRIVERS

IDRS, VR and NATIONAL RATINGS - Bantrab

Bantrab's ratings are limited by corporate governance weakness and a funding profile that is highly sensitive to market sentiment.

The bank is characterized by its high risk appetite, mainly reflected by weak risk controls and its focus on segments of middle and low income customers, particularly in the Guatemalan public sector. The bank registers good loan quality indicators given the debt collection via automatic payroll deductions, and its capital position compares favorably with the industry average and its main competitors. Bantrab's profitability has dropped slightly but remains at a good level. This is based on a high net interest margin, acceptable operational efficiency and moderate loan loss provisions.

SUPPORT RATING AND SUPPORT RATING FLOOR - Bantrab

Bantrab's SR and SRF of '5' and 'NF', respectively, indicate that, although possible, external support cannot be relied upon given the currently low state ownership and limited systemic importance.

IDR - Bantrab Senior Trust

BST's seven-year U.S.-dollar loan participation notes' rating is in line with Bantrab's VR reflecting that the senior unsecured obligations rank equally with the bank's unsecured and unsubordinated obligations.

Fitch has assigned a Recovery Rating of 'RR4' as we expect an average recovery in the event of a default.

National Scale Ratings - Fintrab and Aseguradora de los Trabajadores

In Fitch's opinion, Fintrab and Aseguradora de los Trabajadores' National ratings are underpinned by institutional support they would receive from their shareholder, Bantrab. Fitch's opinion of the support is based on the high integration of the subsidiaries with the parent and the significant reputational risk that a default of one of them would pose to Bantrab. As a result, their National scale ratings are aligned with Bantrab's credit profile.

RATING SENSITIVITIES

IDRS, VR, RECOVERY RATING, NATIONAL RATINGS, SR AND SRF

The ratings could be downgraded if the bank's ability to service its debt is further weakened due to the loss of its correspondent bank relationship, a material decline in liquidity or a deterioration of its funding profile. Conversely, the Rating Watch Negative could be removed if actions are taken to ensure the timely payment of future debt obligations.

IDR - BST

Changes in the notes' rating are contingent with rating actions for Bantrab.

National Ratings - Fintrab y Aseguradora de los Trabajadores

The National ratings of Bantrab's subsidiaries would mirror changes in the National scale ratings of their parent.

The rating actions are as follows:

Banco de los Trabajadores:

- Long-term IDR downgraded to 'B+' from 'BB-', Rating Watch Negative maintained;
- Short-term IDR affirmed at 'B', Rating Watch Negative maintained;
- Local Currency Long-term IDR downgraded to 'B+' from 'BB-', Rating Watch Negative maintained;
- Local currency Short-term IDR affirmed at 'B', Rating Watch Negative maintained;
- National Long-term Rating downgraded to 'BBB(gtm)' from 'A(gtm)', Rating Watch Negative maintained;
- National Short-term Rating downgraded to 'F3(gtm)' from 'F1(gtm)', Rating Watch maintained;
- Viability Rating downgraded to 'b+' from 'bb-', Rating Watch Negative maintained;
- Support Rating affirmed at '5';
- Support Rating Floor affirmed at 'NF'.

Financiera de los Trabajadores, S.A.

- Long-term national rating downgraded to 'BBB(gtm)' from 'A(gtm)'; Rating Watch Negative maintained;
- Short-term national rating downgraded to 'F3(gtm)' from 'F1(gtm)', Rating Watch Negative maintained.

Bantrab Senior Trust

--Long-term foreign currency loan participation notes downgraded to 'B+' from 'BB-', Rating Watch Negative maintained.

--Recovery Rating assigned: 'RR4'.

Fitch has taken the following rating actions for Aseguradora de los Trabajadores:

--National scale IFS Rating downgraded to 'BBB(gtm)' from 'A(gtm)', Placed on Rating Watch Negative.

Contact:

Banco de los Trabajadores and Bantrab Senior Trust

Primary Analyst

Ricardo Aguilar

Associate Director

+52 81 8399 9124

Av. Prol. Alfonso Reyes #2612,

Piso 8 Edificio Connexity,

Col. Del Paseo Residencial,

Monterrey, Nuevo Leon 64920

Secondary Analyst

Alvaro Castro

Associate Director

+503 2516 6615

Financiera de los Trabajadores

Primary Analyst

Alvaro Castro

Associate Director

Fitch Centro America, S.A.

79 Avenida Sur y Calle Cuscatlan,

San Salvador, El Salvador

Secondary Analyst

Ricardo Aguilar

Associate Director

+52 81 8399 9124

Aseguradora de los Trabajadores

Primary Analyst

Riccardo Caruso

Associate Director

(503) 2516-6621

Fitch Centro America, S.A.

79 Avenida Sur y Calle Cuscatlan,

San Salvador, El Salvador

Secondary Analyst

Maria Arango

Associate Director

+503 2516-6620

Committee Chairperson

Theresa Paiz-Fredel

Senior Director
+1 212-908-0534

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email:
elizabeth.fogerty@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable Criteria

Global Bank Rating Criteria (pub. 15 Jul 2016)

<https://www.fitchratings.com/site/re/884135>

Global Non-Bank Financial Institutions Rating Criteria (pub. 15 Jul 2016)

<https://www.fitchratings.com/site/re/884128>

Metodología de Calificaciones Nacionales (pub. 13 Dec 2013)

<https://www.fitchratings.com/site/re/727099>

Metodología de Calificación de Seguros (pub. 19 Oct 2016)

<https://www.fitchratings.com/site/re/889422>

National Scale Ratings Criteria (pub. 30 Oct 2013)

<https://www.fitchratings.com/site/re/720082>

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2016 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001