



US\$300,000,000 Agrícola Senior Trust (a Cayman Islands Trust)	6.750% Senior Notes due 2020 supported by senior unsecured obligations of Banco Agrícola S.A.
--	---

The 6.750% notes offered hereby (the “Notes”) are being issued by Intertrust SPV (Cayman) Limited (the “Cayman Trustee”) acting as trustee of the Agrícola Senior Trust (the “Trust”) established pursuant to a Declaration of Trust dated May 19, 2015. The principal asset of the Trust is a 100% participation interest, and certain related rights described herein, in a senior unsecured loan to Banco Agrícola S.A., a banking institution organized under the laws of the Republic of El Salvador (the “Bank”). The Trust is not a separate legal entity under Cayman Islands law; accordingly, references herein to the Trust shall, where the context so requires, be construed as references to the Cayman Trustee acting as trustee of the Trust and in relation to the assets forming the property of the Trust.

The Notes will be issued under an indenture (the “Indenture”) entered into with The Bank of New York Mellon (the “Indenture Trustee”). The proceeds obtained from the sale of the Notes will be used by the Cayman Trustee to invest and acquire as an asset of the Trust, pursuant to a Participation Agreement (the “Participation Agreement”) by and among the Cayman Trustee, Bank of America, N.A. (the “Lender”) and The Bank of New York Mellon, as administrative agent (the “Administrative Agent”), a 100% participation interest (the “Participation”) in a US\$ senior unsecured loan (the “Loan”) made by the Lender to the Bank, pursuant to a Senior Unsecured Loan Agreement (the “Senior Unsecured Loan Agreement”) by and among the Lender, the Bank, and the Administrative Agent.

The Notes are limited recourse obligations of the Cayman Trustee, referable solely to the trust, secured by the Participation and certain other rights described herein. The Notes will pay interest semi-annually in cash in arrears on June 18 and December 18 of each year, beginning on December 18, 2015. The Notes will mature on June 18, 2020. Pursuant to a Note Guarantee (the “Note Guarantee”), payments on the Notes will be guaranteed on a senior unsecured basis by the Bank, subject to certain exceptions, including the guarantee being net of any amounts paid by the Bank to the Lender under the Loan. The principal amount of the Loan and the interest payable under the Senior Unsecured Loan Agreement are the same as the corresponding amounts owed in respect of the Notes, and the schedule of payments under the Loan corresponds to the schedule of payments under the Notes.

The Loan and Note Guarantee will constitute general senior unsecured obligations of the Bank. The Loan and the Note Guarantee will rank pari passu in right of payment to all of the Bank’s existing and future senior unsecured indebtedness, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws, and will be effectively subordinated to all of the Bank’s secured indebtedness with respect to the value of the assets securing such indebtedness and to all of the existing and future liabilities of the Bank’s subsidiaries.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange (the “LSE”), and to trade on the Euro MTF Market.

Investing in the Notes involves risks that are described in the “Risk Factors” section beginning on page 30 of this offering memorandum.

Offering Price: 100.000% of principal amount plus accrued interest, if any, from June 18, 2015.

The Notes and the Note Guarantee have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. The Trust has not been registered and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance on the exemption set forth in Section 3(c)(7) thereof. The Bank and the Trust expect that the Trust will not constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in this offering memorandum). The Notes are being offered and sold only to investors that are either (1) U.S. Persons (as defined in Regulation S under the Securities Act) who are both qualified institutional buyers (“QIBs”) in reliance on Rule 144A under the Securities Act and “Qualified Purchasers” within the meaning of Section 2(a)(51)(A) of the Investment Company Act or (2) non-U.S. Persons (within the meaning of Regulation S of the Securities Act) outside of the United States. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A and the exemptions from the definition of “investment company” under the Investment Company Act contained in Section 3(c)(7) thereof, although there may be additional exclusions or exemptions available to the sellers. Each purchaser and transferee of the Notes, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain acknowledgements, representations and agreements as set forth under “Transfer Restrictions.”

The Notes and the Note Guarantee have not been registered in the Cayman Islands or the Republic of El Salvador. The Notes (or beneficial interests therein) may not be offered or sold in the Cayman Islands, the Republic of El Salvador or any other jurisdiction except in compliance with the securities laws thereof.

The Notes were delivered in book-entry form through the facilities of The Depository Trust Company (“DTC”) for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on June 18, 2015.

Joint Bookrunners and Lead Managers

BofA Merrill Lynch

Deutsche Bank Securities

Co-Manager

Valores Bancolombia

The date of this offering memorandum is June 24, 2015.

You should rely only on the information contained in this offering memorandum. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchaser. We are not, and the Initial Purchaser is not, making an offer to sell these Notes in any jurisdiction where an offer or sale is not permitted.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made under this offering memorandum will under any circumstances imply that there has been no change in our affairs or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

NONE OF THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THE NOTES OR DETERMINED IF THIS OFFERING MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Initial Purchasers”) make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers as to the past or future. The Initial Purchasers assume no responsibility for the accuracy or completeness of any such information.

This offering memorandum does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes.

We have prepared this offering memorandum solely for use in connection with the offer of the Notes and take responsibility for its contents. No other person is responsible for its contents. We and other sources we believe to be reliable have furnished the information contained in this offering memorandum. Nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. The opinions and intentions expressed in this offering memorandum with regard to us are honestly held, have been reached after considering all known relevant circumstances and are based on reasonable assumptions, and all reasonable inquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly. This offering memorandum may only be used for the purposes for which it is being distributed.

You must comply with all laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the Notes, and you must obtain any required consent, approval or permission for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make purchases, offers or sales, and neither we nor the Initial Purchasers have any responsibility for those transactions. See “Transfer Restrictions.”

You acknowledge that (1) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum; (2) you have not relied on us, the Initial Purchasers, Valores Bancolumbia or any person affiliated with us or the Initial Purchasers in connection with your investigation of the accuracy of the information or your investment decision; and (3) no person has been authorized to give any information or to make any representation concerning us or the Notes other than as contained in this offering memorandum. If given or made, any such other unauthorized information or representation about us or the Notes should not be relied upon.

The Notes may not be transferred or resold except as permitted under the Securities Act, the rules and regulations thereunder and applicable state securities laws. None of the United States Securities and Exchange Commission (the “SEC”), any United States state securities commission or any other regulatory authority has

approved or disapproved of these securities or passed upon the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See “Risk Factors” for a description of specified factors relating to an investment in the Notes. Neither we, the Initial Purchasers, nor any of our or their respective representatives are making any representation to you regarding the legality of an investment by you under appropriate legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

The Notes are not deposits with us and are not insured by the United States Federal Deposit Insurance Corporation or any other United States governmental agency or any Salvadoran governmental agency, including, without limitation, the Salvadoran Deposit Guaranty Institute (*Instituto de Garantías de Depósito*, or IGD).

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN EL SALVADOR

THE NOTES WILL NOT BE ISSUED UNDER OR REGULATED BY THE SECURITIES LAW (*LEY DEL MERCADO DE VALORES*) OF EL SALVADOR, NOR REGISTERED FOR PUBLIC OFFERING.

THE BANK THROUGH ITS BROKERAGE HOUSE INTENDS TO CAUSE THE NOTES TO BE REGISTERED AS FOREIGN SECURITIES, A SPECIAL REGISTRATION BEFORE THE SALVADORAN STOCK EXCHANGE THAT ALLOWS NEGOTIATION OF THE NOTES IN THE SECONDARY MARKET. THIS REGISTRATION IS NOT EQUIVALENT TO THE REGISTRATION OF A PUBLIC OFFERING IN EL SALVADOR BY THE ISSUER AND ITS CONSENT IS NOT REQUIRED. THE REGISTRATION WILL ALSO ALLOW THE NOTES TO BE ELECTRONICALLY REGISTERED IN AN ACCOUNT WITH THE SALVADORAN SECURITIES DEPOSITORY CENTRAL DE DEPÓSITO DE VALORES, S.A. (CEDEVAL) IN EL SALVADOR. THIS REGISTRATION MUST BE AUTHORIZED BY THE SUPERINTENDENCE OF THE FINANCIAL SYSTEM AND THE EL SALVADOR STOCK EXCHANGE. SUCH ARRANGEMENT IS INTENDED TO FACILITATE HOLDING OF THE NOTES IN BOOK-ENTRY FORM BY SALVADORAN INVESTORS IN THE SECONDARY MARKET. SALES IN EL SALVADOR MAY ONLY BE MADE IN COMPLIANCE WITH APPLICABLE SALVADORAN LAW.

NOTICE TO INVESTORS IN THE CAYMAN ISLANDS

NO INVITATION MAY BE MADE BY OR ON BEHALF OF THE ISSUER TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE NOTES, AND NO SUCH INVITATION IS MADE HEREBY.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for either the issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in relation to such offer. Neither the issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the issuer or the Initial Purchasers to publish a prospectus for such offer. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum may be distributed only to, and is directed only at, and any offer subsequently made may only be directed at, persons in the United Kingdom who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK SECURITIES INC. AND MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND THEIR AFFILIATES MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD OF TIME AFTER THE ISSUE DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON DEUTSCHE BANK SECURITIES INC. OR MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

TABLE OF CONTENTS

	Page
Enforcement of Judgments	v
Available Information	vii
Forward-Looking Statements	viii
Presentation of Certain Financial and Other Information	x
Offering Memorandum Summary	1
Transaction Diagram	13
Summary of the Offering	15
Summary Historical Financial Information	26
Risk Factors	30
Use of Proceeds	46
Exchange Rates and Currency	47
Capitalization	48
Selected Historical Financial Information	49
Management’s Discussion and Analysis of Financial Condition and Results of Operations	53
Selected Statistical Information	76
Business	98
Risk Management	116
Management	121
Share Ownership	130
Related Party Transactions	131
The Salvadoran Financial System	133
Supervision and Regulation	137
The Senior Unsecured Loan Agreement and the Loan	145
The Participation Agreement	158
The Trust	163
Description of the Notes and the Note Guarantee	170
Issuance, Form and Denomination	192
Taxation	196
Plan of Distribution	204
Transfer Restrictions	210
Independent Auditors	214
Legal Matters	214
Index to Consolidated Financial Statements	F-1

ENFORCEMENT OF JUDGMENTS

We are a private banking institution duly organized and existing under the laws of the Republic of El Salvador and authorized to conduct banking activities pursuant to Salvadoran laws and regulations by the Superintendence of the Financial System, supervised by the Superintendence of the Financial System and regulated by the Salvadoran Central Bank. Not all of our directors named herein reside in El Salvador. With respect to the directors that do reside in El Salvador, all or a significant portion of the assets of such persons may be, and substantially all of our assets are, located in El Salvador. As a result, it may not be possible for investors to effect service of process outside El Salvador upon these persons or to enforce against them or against us in non-Salvadoran courts judgments predicated upon the civil liability provisions of non-Salvadoran securities laws.

Judgments of non-Salvadoran courts for civil liabilities predicated upon non-Salvadoran securities laws may be enforced in El Salvador, subject to certain requirements described below. A judgment against us or the persons described above obtained outside El Salvador would be enforceable in El Salvador against us or such persons in accordance with the following procedure.

The procedure by which the Supreme Court of Justice, by constitutional mandate, grants recognition for a judgment issued by a foreign court to be enforced in the country, consists in the fulfillment of the legal requirements set forth in Articles 555 to 558 of the Salvadoran civil and commercial procedure code. Such requirements are the following:

- 1) Submission of formal request to the Supreme Court of Justice, with original annexes and a copy of all documentation submitted.
- 2) The request must contain the clear intent of the judgment from the foreign court to be enforced in El Salvador, and should fulfill each of the requirements set forth in Salvadoran law. Such requirements are the following:
 - a. The judgment is *res judicata* in the country where it was pronounced and emanates from a competent court.
 - b. Service of process was legally served on the defendant or on the appropriate process agent. Even in the case of default judgments, evidence must be presented that the defendant was given the opportunity to exercise its right of defense and that the judgment was legally notified to the defendant.
 - c. The judgment meets the requirements necessary to be considered enforceable in the country where it was rendered.
 - d. Such judgment does not affect constitutional principles or contravene Salvadoran law, public policy of El Salvador and complying with the obligation is not unlawful in El Salvador.
 - e. The action in respect of which such judgment is rendered is not the subject matter of a lawsuit among the same parties pending before a Salvadoran court or there does not exist a final judgment in El Salvador rendered by a Salvadoran court with respect to the same action.
- 3) The request must contain the exact address of the defendant party, in the process before the foreign authorities, in order to be notified. In the case that the defendant is domiciled in a foreign territory, the notification shall be made by letters rogatory through diplomatic channels; otherwise, if the defendant is domiciled within the territory of El Salvador, notice must be provided according to the procedures established by local law, i.e., by notary public or through the same court of competent jurisdiction.
- 4) Filing of the original judgment, and any other necessary documentation, duly translated into the Spanish language, legalized by apostille, or when not available, legalized by consular means.

- 5) Once all the requirements mentioned above have been satisfied, the Civil Chamber of the Supreme Court of Justice will issue an Exequatur, in order to proceed with the enforcement of the foreign judgment through a lower tier court.

The Cayman Trustee and the Bank will appoint CT Corporation System, located at 111 Eighth Avenue, New York, New York, 10011 as their authorized agent upon which process may be served in any action arising out of or in connection with the Notes offered hereby. With respect to such actions, the Cayman Trustee and the Bank have submitted to the exclusive jurisdiction of the courts of the State of New York sitting in the borough of Manhattan in New York City, or courts of the United States for the Southern District of New York.

The Trust is a Cayman Islands purpose trust to which Part VIII of the Trusts Law (as amended) of the Cayman Islands shall apply. The Trust is not an entity with independent legal existence; accordingly, references to the Trust shall, where applicable, be construed as references to the Cayman Trustee acting as trustee of the Trust and in relation to the assets forming the property of the Trust. The Cayman Trustee is a company with limited liability incorporated under the laws of the Cayman Islands.

The Cayman Trustee has been advised by Walkers, its Cayman Islands counsel, that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of the courts of the United States obtained against the Cayman Trustee, its directors or officers which judgments are predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, and (ii) be competent to hear original actions brought in the Cayman Islands against the Cayman Trustee or such persons predicated upon the securities laws of the United States or any state thereof.

Walkers has further advised the Cayman Trustee that a final and conclusive judgment in federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings by way of an action commenced on the judgment debt in the courts of the Cayman Islands. See “Risk Factors—Risks Relating to the Notes—*Noteholders may find it difficult to enforce civil liabilities against the Trust*” and “—*Noteholders and the Lender may find it difficult to enforce civil liabilities against the Bank.*”

AVAILABLE INFORMATION

Neither we nor the Cayman Trustee are subject to the information requirements of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). To preserve the exemption for resales and transfers under Rule 144A under the Securities Act, we and the Cayman Trustee have agreed that we will promptly provide any holder or any prospective purchaser of the Notes who is designated by that holder and is a “qualified institutional buyer,” as defined under Rule 144A, upon the request of such holder or prospective purchaser, with information meeting the requirements of Rule 144A(d)(4), unless we either furnish information to the SEC in accordance with Rule 12g3-2(b) under the Exchange Act or furnish information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. For so long as the Notes are outstanding, such information will be available at our specified offices and (for so long as the Notes are listed on the Luxembourg Stock Exchange), at the offices of the Luxembourg paying agent. Any such request may be made to us in writing at our main offices as set forth on the back cover of this offering memorandum.

The contents of our website, or any information accessible through it, are not incorporated by reference and shall not be considered part of this offering memorandum. Be advised that the information on our website might not be up-to-date or current and can be subject to change from time to time as we consider appropriate. The information on our website is for the information of our clients and the general public and not specifically intended or directed to any investor in the Notes.

The Cayman Trustee, acting in respect of the Trust, will make available to the Noteholders, at the corporate trust office of the Indenture Trustee at no cost, copies of the indenture as well as this offering memorandum, and annual audited consolidated financial statements prepared in conformity with Salvadoran Banking GAAP. Information is also available at the office of the Luxembourg listing agent, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules thereof so require.

Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF market in accordance with its rules. This offering memorandum forms, in all material respects, the listing circular for admission to the Luxembourg Stock Exchange for the purpose of Luxembourg law dated July 10th, 2005 on Prospectuses for Securities, as amended. We will be required to comply with any undertakings given by us from time to time to the Luxembourg Stock Exchange in connection with the Notes, and to furnish to it all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the Notes, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules thereof so require.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains “forward-looking statements” as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act, relating to our business. Examples of such forward-looking statements include, but are not limited to, the following: (1) statements regarding our future results of operations and financial condition, (2) statements of plans, objectives or goals, including those related to our operations, and (3) statements of assumptions underlying such statements. Words such as “believe,” “anticipate,” “should,” “estimate,” “forecast,” “expect,” “may,” “intend” and “plan” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Such estimates and forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects.

Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements. These factors include the following:

- the ability to successfully implement any aspect of our business strategy, including our relationships and agreements with foreign institutions and domestic customers, changing commercial relationships and agreements with commercial partners in El Salvador;
- increases in defaults and loan delinquencies;
- profitability of our businesses;
- deposit attrition and liquidity risks;
- acquisitions and divestitures;
- limitations on our access to sources of financing on competitive terms;
- our ability to implement and continue to improve our credit risk management system;
- changes in overall economic conditions in El Salvador, including interest rates or the rate of inflation, and changes in economic, political and business conditions in El Salvador and in major international markets;
- competition in the banking, financial services and related industries in El Salvador, including from other banks to be created under legal regimes similar to ours;
- the success of new products we introduce;
- failure to meet capital and liquidity requirements;
- the effect of changes with respect to the Salvadoran government, including changes to current banking laws, changes to current or enactment of new laws, statutes or governmental regulations, including the de-dollarization of El Salvador, economic and tax policies and legislation; implementation of requirements to make contributions to or for the receipt of support from programs organized by the Salvadoran government, and other attempts to exert influence over the conduct of our business;

- the effect of changes in liquidity, capital and reserve requirements and other regulatory requirements and penalties;
- a failure in our information technology systems, our banking platform or a breach of our security systems;
- our ability to maintain existing business relationships and to create new relationships;
- our ability to retain key personnel and ability to hire new personnel;
- management’s belief that pending legal and administrative proceedings will not have a materially adverse effect on our financial condition or results of operations;
- the effect of changes in accounting principles, new legislation, intervention by regulatory authorities, government directives or monetary or fiscal policy in El Salvador; and
- other risk factors as set forth herein in “Risk Factors.”

Should one or more of these factors or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, expected or intended, as described in this offering memorandum. Forward-looking statements speak only as of the date they are made and none of the Trust, the Bank, the Indenture Trustee or the Initial Purchasers undertakes any obligation to release publicly any revisions or to update such forward-looking statements after completion of this offering in light of new information or future developments or to reflect the occurrence of unanticipated events even if new information, future events or other circumstances have made them incorrect or misleading.

Moreover, we cannot assure you that any of the historical information, data, trends or practices mentioned and described in this offering memorandum are indicative of future results or events.

These customary forward-looking statements should be considered in connection with any written or oral forward-looking statements that the Trust, the Bank, the Indenture Trustee or the Initial Purchasers may issue in the future.

Our independent auditors have not examined or compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

This offering memorandum includes the Bank's consolidated audited financial statements as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012, which comprise the consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2014, as well as consolidated unaudited financial statements as of March 31, 2015 and 2014, and for the three-month periods ended March 31, 2015 and 2014, which comprise the consolidated balance sheets as of March 31, 2015 and 2014 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three-month periods ended March 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory notes (the "Financial Statements").

The Financial Statements and other financial information derived therefrom include the Bank's assets, liabilities, stockholders' equity and results of operations. The unaudited summary consolidated financial information as of and for the three months ended March 31, 2014 and 2015 includes all adjustments, consisting of only normal recurring adjustments, which in the opinion of management are necessary for the fair presentation of such information. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. The Financial Statements and other financial information herein has been prepared in accordance with the accounting standards issued by the Superintendence of the Financial System, which establish the minimum content and procedures to prepare financial statements for banks (NCB-017), as well as the contents for financial statements and respective notices (NCB-018) (collectively, "Salvadoran Banking GAAP").

Salvadoran Banking GAAP differs from International Financial Reporting Standards ("IFRS"), and Salvadoran Banking GAAP and IFRS differ from generally accepted accounting principles in the United States of America ("U.S. GAAP"), and SEC guidelines applicable to banking institutions in the United States. No reconciliation of the Financial Statements or other financial information herein to IFRS or U.S. GAAP has been prepared for purposes of this offering memorandum. Any such reconciliation would result in material differences, as described in Note 39 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 and in Note 33 to our consolidated financial statements as of March 31, 2015 and 2014 and for the three-month periods ended March 31, 2015 and 2014 included as part of this offering memorandum.

Currencies and Exchange Rates

On November 30, 2000, the Legislative Assembly of El Salvador approved the Monetary Integration Act (*Ley de Integración Monetaria*), which fixed the exchange rate of the colón, the Salvadoran local currency, to the U.S. dollar at ¢8.75 per US\$1.00, effective January 1, 2001. Since January 1, 2001, the colón/U.S. dollar exchange rate has been fixed at ¢8.75/US\$1.00 pursuant to the Monetary Integration Act. The Monetary Integration Act allows free circulation of the U.S. dollar in the Salvadoran economy and makes the U.S. dollar the unit of account for the financial system in El Salvador. The U.S. dollar was gradually substituted for the colón and eventually replaced it, even though both currencies are accepted under the Monetary Integration Act. See "Exchange Rates and Currency" for information regarding rates of exchange between the colón and U.S. dollar for the periods specified therein.

Currency conversions contained in this offering memorandum should not be construed as representations that colones have been, could have been or could be converted into U.S. dollars at the indicated or any other rate of exchange.

We maintain our financial books and records and publish our financial statements in U.S. dollars.

Unless otherwise specified in this offering memorandum, all references to "U.S. dollars", "\$" or "US\$" are to United States dollars.

Terms Relating to our Loan Portfolio

As used in this offering memorandum, the following terms relating to our loan portfolio and other credit assets have the meanings set forth below, unless otherwise indicated.

“Total performing loans” and “total performing loan portfolio” refer to the total principal amount of loans outstanding as of the date presented. These terms as used in this offering memorandum do not include “total non-performing loans,” as defined below.

The terms “total non-performing loans” and “total non-performing loan portfolio” include past-due principal and not past-due interest. For a description of our policies regarding the classification of loans as non-performing, see “Selected Statistical Information—Non-Performing Loan Portfolio.”

References in this offering memorandum to “provisions” are to additions to the loan loss allowance or reserves recorded in a particular period and charged to expense, except in the case of certain provisions associated with foreclosed assets and other loan losses that must be recorded directly against stockholders’ equity when they exceed the maximum amount allowed by law as deductible expense for tax purposes.

References in this offering memorandum to “allowance” are to the aggregate loan loss allowance or reserves shown as of a particular date as a balance sheet item.

The terms “total loans” or “gross loans” and “total loan portfolio” or “gross loan portfolio” include total performing loans plus total non-performing loans, each as defined above. The terms “net loans” and “net loan portfolio” refer to total loans less allowance for loan losses.

Terms Relating to our Capital Adequacy

As used in this offering memorandum, the following terms relating to our capital adequacy have the meanings set forth below, unless otherwise indicated:

- “Capital to Liabilities Ratio” refers to the ratio of the Total Net Capital to Total Liabilities. Under Prudential Norm NPB3-04, the amount of Total Net Capital required for risk exposure may not be less than 7% of Total Liabilities;
- “Capital to Minimum Paid-In Capital Ratio” refers to the ratio of Total Net Capital to Minimum Paid-In Capital. Under Prudential Norm NPB3-04, the amount of Total Net Capital may not be less than 100% of Minimum Paid-In Capital;
- “Capital to Risk Weighted Assets Ratio” refers to the ratio of the Total Net Capital to Risk Weighted Assets. Under Prudential Norm NPB3-04, the amount of Total Net Capital required for risk exposure may not be less than 12% of Risk Weighted Assets;
- “Complementary Capital” (*capital complementario*) as defined under Prudential Norm NPB3-04, includes 50% of present earnings for the current fiscal year, earnings obtained from previous fiscal years, non-distributable retained earnings determined in accordance with Article 40 of the Banking Law, 75% of the surplus derived from the revaluation of assets (which cannot be distributed until the revalued asset is sold), 50% of the voluntary loan loss reserves, debt exchangeable into capital stock, subordinated debt with a minimum term of five years equivalent to 50% of Primary Capital, bonds exchangeable into capital stock, minus accumulated losses in the current and previous fiscal years;
- “Minimum Paid-In Capital” refers to, as of any relevant determination date, the minimum paid-in capital determined in accordance with the Banking Law, in each case as amended or replaced from time to time;

- “Primary Capital” (*capital primario*), as defined under the Prudential Norm NPB3-04, includes paid-in capital, other permanent contributions to capital, legal reserves and other permanent reserves resulting from retained profits;
- “Risk Weighted Assets” refers to, as of any relevant determination date, the aggregate of on-balance sheet and off-balance sheet assets, net of depreciation, reserves and allowances for loan losses, weighted for credit risk, net of depreciation, reserves and provisions, in accordance with Prudential Norm NPB3-04 issued by the Board of the Superintendence of the Financial System with the favorable opinion of the Salvadoran Central Bank, in each case as amended or replaced from time to time. Risk weights are determined by the Board based on international best practices;
- “Total Liabilities” refers to, as of any relevant determination date, the aggregate of all liabilities determined in accordance with Prudential Norm NPB3-04 issued by the Board of the Superintendence of the Financial System with the favorable opinion of the Salvadoran Central Bank, in each case as amended or replaced from time to time; and
- “Total Net Capital” (*fondo patrimonial*) as defined under the Banking Law, refers to Primary Capital plus Complementary Capital minus investments in capital in local and foreign banks and subsidiaries, including offshore banks, among others. Complementary Capital is included up to the amount of Primary Capital.

Other Definitions

The following definitions are used in this offering memorandum:

- “ABANSA” means *Asociación Bancaria Salvadoreña*, a private banking association in El Salvador whose members include Banco Agrícola, Banco Citibank, Banco Davivienda, Scotiabank, Banco de América Central, Banco G&T Continental, Banco Azul, Banco Azteca, Banco Promerica, Banco Hipotecario, and Banco Procredit;
- “Banco Agromercantil” means Banco Agromercantil de Guatemala, S.A.;
- “Bancolombia Group” or “Group” means Grupo Bancolombia S.A.;
- “Bancolombia Panamá” means Bancolombia (Panamá) S.A.;
- “BANDESAL” means Banco de Desarrollo de El Salvador;
- “Banistmo” means Banistmo S.A.;
- “Banking Law” means the *Ley de Bancos* of El Salvador, as amended from time to time;
- “Central America” means El Salvador, Honduras, Guatemala, Nicaragua, Costa Rica and Belize;
- “Coverage Ratio” means the ratio of our allowance for loan losses to our NPLs;
- “El Salvador” means the Republic of El Salvador;
- “El Salvador Stock Exchange” means the *Mercado de Valores* of the Republic of El Salvador;
- “Financial Margin” means operating income less operating costs;
- The “Issuer” means the Cayman Trustee, as trustee of the Agrícola Senior Trust;

- “MyPE” means a company with \$1 million or less in annual sales;
- “nonbanking agent” means *corresponsales financieros* part of Banco Agrícola Amigos network, small business owners authorized to offer certain simple banking services to Banco Agrícola’s customers on its behalf;
- “NPL” means non-performing loan, which is a loan more than 90 days overdue or as to which the Bank has decided to resort to legal action for collection, and an off-balance sheet contingency when it becomes due;
- “NPL Ratio” means the ratio of our total NPLs to our total loans;
- “Salvadoran Central Bank” or “Central Bank” means *Banco Central de Reserva de El Salvador*;
- “Superintendence of the Financial System,” “Superintendence” or “SFS” means the *Superintendencia del Sistema Financiero* of the Republic of El Salvador;
- “Total interest-earning assets” means assets which, under the contractual terms agreed between the Bank and counterparties in relation with these assets, generate financial income for the Bank;
- “Total interest-bearing liabilities” means liabilities which, under the contractual terms agreed between the Bank and counterparties in relation with these liabilities, generate financial expenses for the Bank;
- “Total funding” means the sum of deposits, loans from BANDESAL, loans from other financial institutions and securities issued;
- “Transaction Documents” means the Senior Unsecured Loan Agreement, the Fee Letter, the Debt Acknowledgement, the Expense Reimbursement and Indemnity Agreement, the Indenture, the Notes and the Note Guarantee and any other document entered into in connection with the transactions in the Senior Unsecured Loan Agreement including the syndication or assignment of the Loan or sales of any participation of the Loan made in accordance with the Senior Unsecured Loan Agreement, including the Participation Agreement;
- “Valores Bancolombia” means Valores Bancolombia S.A. Sociedad Comisionista de Bolsa and its consolidated subsidiaries taken as a whole; and
- “We,” “us,” or “our” means the Bank and, unless otherwise specified or the context otherwise requires, its consolidated subsidiaries.

Average Balance Calculation

In certain sections of this offering memorandum, we refer to the average balance of our different portfolios. Average balances are calculated as the sum of the end-of-month balance for each month of the year divided by 12.

Rounding Adjustments

We have made rounding adjustments to certain numbers included in this offering memorandum. As a result, numerical figures may not be exact and numerical figures presented as totals may not always be the arithmetic aggregations of their components, as presented.

Information Relating to the Republic of El Salvador

Certain economic and financial data in this offering memorandum are derived from information previously published by the Central Bank and other governmental entities of El Salvador. These data are subject to updates and

change in subsequent publications. The Central Bank is currently in the process of implementing a new statistical methodology following the 1993 United Nations System of National Accounts recommendations. Some information relating to El Salvador in this offering memorandum is preliminary and in the process of being updated.

Market Share and Ranking Information

This offering memorandum contains statements about our competitive position and market share in, and the market size of, the Salvadoran banking industry and market for financial services. The market share percentages included in this offering memorandum express our share of the market constituted by the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA. This offering memorandum also includes financial and market share and ranking information for certain of our competitors. We have made these statements on the basis of statistics and other information from third-party sources that we believe are reliable, principally statistics reported by the SFS and by ABANSA as of December 31, 2014, 2013, and 2012. These statistics are compiled on the basis of publicly available information shared by each bank in the financial system or participating in ABANSA, respectively, and, in the case of information reported by ABANSA, includes the information of the Bank only on a stand-alone basis excluding its subsidiaries and the other entities of the Group. Although we have no reason to believe that any of the above-described information or reports is inaccurate in any material respect, neither we nor the Initial Purchasers have independently verified the data regarding our competitive position, market share, market size or market growth data or the information regarding our competitors contained in such reports and, therefore, neither we nor the Initial Purchasers can assure you that such information is accurate and complete.

OFFERING MEMORANDUM SUMMARY

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this offering memorandum. This summary highlights selected information from this offering memorandum and may not contain all the information that is important to you. For a more complete understanding of us and the offering made herein, you should read the entire offering memorandum, including the Risk Factors and the Financial Statements appearing elsewhere in this offering memorandum.

The Bank

We are a full-service commercial bank providing a wide range of financial services to nearly 1.1 million customers across our main business lines, which are Corporate & Government Banking, Retail & MyPEs (micro and small businesses) Banking and Treasury. We form part of the Bancolombia Group, which indirectly owns 97.35% of our common stock. The Bancolombia Group expanded its operations in Central America beginning in 2007 with their acquisition of the Bank and maintains an extensive presence in the region through its subsidiaries in El Salvador (us) and Panama (Bancolombia Panama and Banistmo) and through its affiliate in Guatemala (Banco Agromercantil). Although most of our operations are located in El Salvador, we have a commercial office in Costa Rica and representative offices in Guatemala and Honduras, and we lend to Costa Rican, Guatemalan and Honduran entities.

As of December 31, 2014, we ranked first out of the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA, with a 28.7% market share in terms of gross loans, with our nearest competitor having a 15.4% market share, and a 28.1% market share in deposits, with our nearest competitor having a 13.5% market share. As of December 31, 2014, we had total assets of \$3,984.5 million, total gross loans of \$2,864.0 million and total deposits of \$2,651.9 million. For the year ended December 31, 2014, we had consolidated net income of \$86.3 million, and we had total consolidated equity of \$556.4 million. In 2014, we had a 16.5% return on equity and our return on assets was 2.2%, compared to 10.1% and 1.3% for the members of ABANSA, respectively, in the same period. From 2012 through 2014, we posted an average return on equity of 17.1% and an average return on assets of 2.3%, in each case on a consolidated basis. Our efficiency ratio was 46.2% for 2014, 43.1% for 2013 and 42.9% for 2012, compared with 56.0%, 55.0% and 56.9% for the members of ABANSA on average, respectively.

As of December 31, 2014, 43.8% of our loan portfolio consisted of commercial loans, 40.1% consisted of retail loans (including personal loans, consumer loans and credit cards balances) and 16.1% consisted of mortgage loans. As of December 31, 2014, our retail & MyPEs (micro and small businesses) banking division maintained its leadership position in the retail loan sector with a 27.4% market share, with the most growth coming from retail loans, while also achieving a 40.8% market share in retail savings accounts. Our Corporate & Government Banking division enjoyed a 30.6% market share of all loans to legal entities, due mostly to the level of activity in the large companies, medium-sized companies and agroindustry segments, which resulted in a need for financing of regional expansion projects in the services sector, investments in plant expansions in the industrial sector, diversification of operations in agroindustrial companies and of working capital lines of credit for medium-sized companies.

We have experienced profitable growth over the last few years, with annual growth rates of 1.0%, 4.3% and 5.7% in terms of assets and 4.0%, 4.0% and 6.8% in terms of net loan portfolio in 2014, 2013 and 2012, respectively. From 2012 to 2014, we experienced a compounded annual growth rate of 2.7% in terms of assets and 3.7% in terms of gross loan portfolio. Despite the increase in the size of our loan portfolio, we have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012, compared with 2.4%, 2.3% and 2.9% for the members of ABANSA, respectively. Our Coverage Ratio was 223.2%, 230.2% and 194.5% in 2014, 2013 and 2012 compared with 119.5%, 122.5% and 113.5% for the members of ABANSA, respectively.

A key element of our strategy is the expansion of our retail banking platform, and we have grown our network from 799 to 957 points of service since 2012, mostly through the addition of ATMs, kiosks, and nonbanking agents. We now have the largest distribution network in El Salvador, with 549 ATMs, 206 kiosks, 104 nonbanking agents Banco Agrícola Amigo, 66 branches, 25 corporate banking locations, five express stations, two financial attention centers, and access to other bank ATMs through our affiliation with Visa Plus and Master Card Cirrus programs. Historically, retail banking penetration in El Salvador has been relatively low. According to the

World Bank's Global Findex Database 2014 report, as much as 34.6% of the Salvadoran population over the age of 15 currently has a banking account, and only 17.2% of the Salvadoran population over the age of 15 has bank borrowings, up from 13.8% and 3.9% in 2011, respectively. We believe these figures represent an expansion opportunity for the Bank.

One of our principal strengths is our strong capitalization, which allows us to expand our productive assets and withstand past due loans and foreclosed assets. Our Capital to Risk Weighted Assets Ratio on a consolidated basis as of December 31, 2014, 2013, and 2012 was 16.8%, 17.6% and 17.9%, respectively, for a minimum mandatory Capital to Risk Weighted Assets Ratio of 12.0% under local law. These figures compare favorably to the Salvadoran financial system average Capital to Risk Weighted Assets Ratio, which was 16.6%, 17.3% and 17.1% as of the same dates.

The following table shows certain indicators of our consolidated results of operations and financial position as of and for the periods indicated.

	As of and for the three months ended March 31,		As of and for the year ended December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Total assets	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8
Total net loans ⁽¹⁾	2,762.2	2,686.9	2,781.6	2,674.2	2,570.4
Total deposits.....	2,684.7	2,673.0	2,651.9	2,739.3	2,628.3
Net income.....	22.1	21.3	86.3	91.0	89.1
Stockholders' equity	496.4	491.3	556.4	556.5	546.6
Capital to Risk Weighted Assets Ratio.....	16.0%	16.5%	16.8%	17.6%	17.9%

(1) Total loans minus allowance for loan losses.

The following table shows certain financial indicators of our growth compared to some of our competitors as of the dates indicated on a stand-alone basis:

	Banco Agrícola S.A.			Banco Davivienda, S.A.			Scotiabank, S.A.			Banco de América Central, S.A.			Banco Citibank El Salvador, S.A.		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>														
Return on average total assets ⁽¹⁾	2.2%	2.4%	2.4%	1.1%	1.3%	0.9%	0.8%	1.3%	1.7%	1.5%	1.8%	1.7%	0.4%	1.3%	1.3%
Return on average stockholders' equity ⁽²⁾	16.5%	17.4%	17.2%	8.4%	8.8%	6.3%	5.8%	10.8%	15.4%	13.3%	15.5%	15.3%	2.4%	7.3%	8.0%
Efficiency ratio ⁽³⁾	46.2%	43.1%	42.9%	62.2%	63.2%	67.5%	60.4%	61.6%	54.8%	42.2%	46.4%	48.1%	70.6%	63.7%	72.8%
NPL Ratio	1.5%	1.6%	2.1%	2.7%	3.0%	4.2%	3.5%	3.0%	3.5%	1.4%	1.2%	1.5%	5.3%	5.0%	5.4%
Coverage Ratio.....	223.2%	230.2%	194.5%	88.8%	91.1%	84.3%	100.0%	101.0%	102.5%	127.8%	123.8%	118.9%	86.8%	83.4%	75.9%
Total assets.....	3,985	3,943	3,780	2,095	2,032	1,848	1,948	2,015	1,946	1,719	1,531	1,371	1,580	1,687	1,864
Total gross loans	2,864	2,763	2,665	1,544	1,446	1,278	1,511	1,503	1,469	1,190	1,060	918	1,054	1,105	1,158
Total deposits.....	2,652	2,739	2,628	1,270	1,333	1,285	1,256	1,279	1,312	1,179	1,092	1,026	1,189	1,262	1,372
Net loans to deposits	104.6%	97.3%	97.5%	118.7%	105.5%	95.9%	116.1%	113.9%	107.9%	99.1%	95.6%	87.8%	84.5%	83.9%	80.9%
Capital to Risk Weighted Assets Ratio	16.7%	17.5%	17.8%	16.9%	18.5%	18.7%	18.2%	16.7%	15.5%	14.2%	15.3%	14.9%	20.2%	22.5%	20.7%

Source: Based on information provided by ABANSA.

- (1) Net income for the period divided by average total assets for the same period.
(2) Net income for the period divided by average total stockholders' equity for the same period.
(3) Administrative expenses for the period divided by net operating income for the same period.

Our History

On March 24, 1955, the Bank started its operations with a capital of one million *colones*, contributed by 24 shareholders, and a workforce of 14 employees. Luis Escalante Arce, founder of Banco Agrícola Comercial started the Bank with this slogan: "A progressive bank serving a progressive country." In short order, he began the

development of personal savings, designed to benefit the informal commercial sector, small business owners and lower level employees, on which the Bank built its strength and its rapid growth.

On March 7, 1980, all banks in the Salvadoran financial system were nationalized, with the objective of democratizing credit, allowing the participation of employees in their company's capital and supporting agrarian reform.

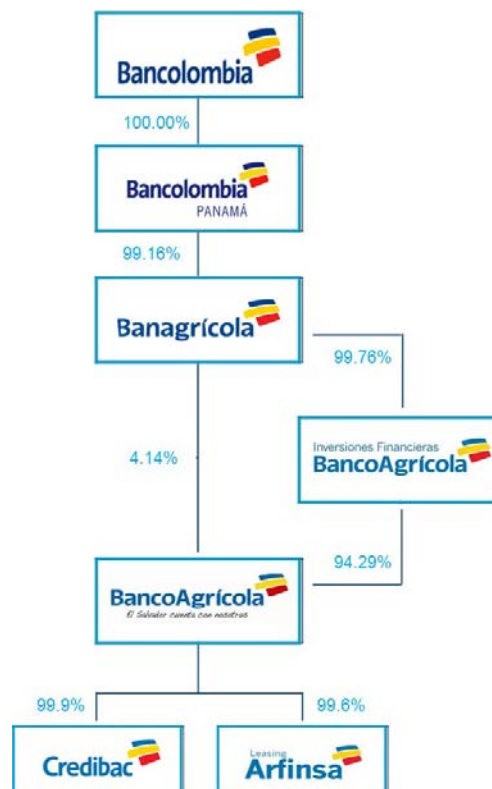
After this wave of nationalizations came a period of privatizations. The Bank was reprivatized in 1992. In May 1992, the Bank expanded its regional footprint with the acquisition of Banpro in Honduras and Caley Dagnall in Nicaragua, and the opening of a subsidiary in Panama.

In 2000, to strengthen its market leadership position, Banco Agrícola acquired Banco de Desarrollo, then the fifth largest bank in El Salvador, and, in 2001, Banco Agrícola acquired Banco Capital, then the sixth largest bank in El Salvador, establishing itself as one of the largest banks in El Salvador. Banpro and Caley Dagnall were divested in 2003, as part of a new strategy according to which Banco Agrícola redefined the markets in which it wanted to have a presence.

In December 2006, following in the steps of other Salvadoran banks sold to foreign banks since 2004, the Bank announced its acquisition by the Bancolombia Group, one of the most important financial groups in Latin America. This acquisition was completed in April 2007. The Bancolombia Group indirectly owns 97.35% of our common stock.

Our Stockholders and Group Affiliates

The following chart presents our corporate structure, indicating respective ownership interests, as of December 31, 2014:



Inversiones Financieras Banco Agrícola, S.A. a holding company incorporated under the laws of El Salvador, owns 94.29% of our capital stock, and Banagrícola S.A., a holding company incorporated under the laws of Panama, owns 4.14%. The remaining 1.57% of our shares is publicly traded on the El Salvador Stock Exchange.

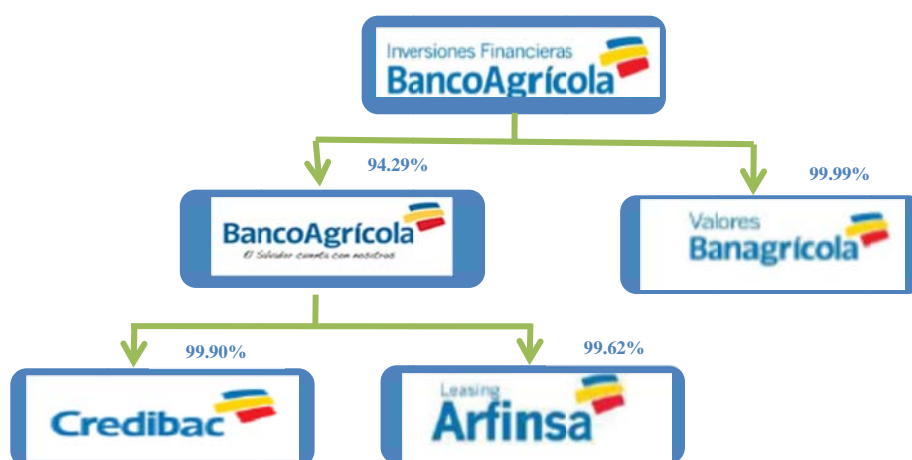
Our immediate parent company, Inversiones Financieras Banco Agrícola, S.A., invests in foreign and domestic financial companies or companies whose business is complementary to financial activities, to the extent permitted by Salvadoran law and subject to the authorization of the Superintendent of the Financial System. Our affiliate Valores Banagrícola, S.A. is a Salvadoran broker-dealer engaged primarily in the purchase and sale of securities in the primary and secondary market through the Stock Exchange of El Salvador, repurchase transactions, processing and financial advice. As of December 31, 2014, Banco Agrícola, S.A. and its subsidiaries represented approximately 99.9% of Inversiones Financieras Banco Agrícola’s total assets. Inversiones Financieras Banco Agrícola, S.A. is owned, in turn, by Banagrícola S.A.

Our other immediate parent company, Banagrícola S.A., is also the immediate parent company of Inversiones Financieras Banco Agrícola, S.A. and conducts the same activities, pursuant to the laws of Panama. Through its subsidiaries, Banagrícola S.A. provides a full range of banking products and financial services, including retail and wholesale banking, deposits, trade finance, trust services, leasing, foreign exchange brokerage, credit card, and consumer lending. Banagrícola S.A. is 99.16% owned by Bancolombia Panamá.

Bancolombia Panamá is a wholly-owned subsidiary of Bancolombia, S.A., which is Colombia’s largest bank in terms of total assets. Bancolombia offers a wide range of financial products and services to a diversified individual and corporate base of more than 7 million customers, and has 829 branches and 3,700 ATMs in Colombia. Other affiliates of Bancolombia, S.A. include Banco Agromercantil and Banistmo. Banco Agromercantil, a 40%-owned affiliate of Bancolombia, S.A., has 234 branches, over 2,800 ATMs and over 1.2 million clients and is ranked fourth by loans in Guatemala. Banistmo, a wholly-owned subsidiary of Bancolombia, S.A., has 91 branches, 305 ATMs, over 455 thousand clients and is ranked second by loans in Panama. The Bancolombia Group counts over 9 million clients and has 1,271 branches and 4,712 ATMs throughout the Central American and Andean regions. Bancolombia, S.A. is listed on the Colombian and the New York Stock Exchange. Its largest stockholder is Grupo de Inversiones Suramericana S.A., a large Latin American conglomerate, and owner of Sura Asset Management and Suramericana, amongst others.

Our Corporate Structure

The following is our corporate structure chart:



Our subsidiaries are as follows:

- Arrendadora Financiera, S.A. (Arfinsa), incorporated under the laws of El Salvador, which provides financial and operational leasing services. As of December 31, 2014, Arrendadora Financiera, S.A. had assets of \$7.5 million, financial obligations totaling \$4.1 million, and no active employees; and
- Credibac, S.A. de C.V., incorporated under the laws of El Salvador, the principal activity of which is the recovery of portfolio loans that were 100% written-off in previous years. As of December 31, 2014, Credibac, S.A. de C.V. had assets of \$227,198, two financial obligations totaling \$57,352 and no active employees.

Our Competitive Strengths

We believe we benefit from the following competitive strengths:

Unique sponsorship from the Bancolombia Group supporting our business strategy and future growth

Since 2007, we have been part of the Bancolombia Group, which indirectly owns 97.35% of our common stock. With over 140 years of experience in the financial industry, Bancolombia, S.A. is the largest bank in Colombia and is one of the leading banks in Latin America by loans, deposits, equity, branches and ATMs. Bancolombia offers a wide range of financial products and services to a diversified individual and corporate base of more than 7 million customers, and it is Colombia's largest privately owned banking network, with 829 branches and 3,700 ATMs in the country. Bancolombia is rated Baa3 by Moody's, BBB- by S&P and BBB by Fitch. Bancolombia had gross loans of \$44,955 million as of December 31, 2014 with a compound annual growth rate from 2011 to 2014 of 20.6%, deposits of \$39,848 million with a compound annual growth rate from 2011 to 2014 of 22.1%, an average return on average equity from 2011 to 2014 of 15.4% and an average efficiency ratio from 2011 to 2014 of 58.0%, with the ratios and compound annual growth rates computed in local currency and the local currency figures converted to US dollars at a rate of 2,392.5 Colombian pesos per U.S. dollar (as of December 31, 2014). In 2014, the Bancolombia Group had a return on average equity of 12.5%, a return on average assets of 1.4% and a net interest margin of 5.7%. The efficiency ratio for the Group 2014 was 58.6% and the NPL Ratio was 1.9%.

Under the leadership of the Group, our gross loans and our net income increased from \$2,272.8 million and \$61.8 million, respectively, in 2006, to \$2,864.0 million and \$86.3 million, respectively, in 2014. The Bank contributed 6.4% of the gross loans and 11.0% of the net income of the Group in 2014, and was its more profitable and efficient subsidiary, representing 6.4% of the Group's total assets, with the local currency figures converted to US dollars at a rate of 2,392.5 Colombian pesos per U.S. dollar (as of December 31, 2014). Due to our close relationship, we will be able to expand our cross-selling and product growth initiatives by leveraging Bancolombia's existing Salvadoran client platform. We are able to access Bancolombia's know-how with respect to best practices, especially in the retail banking sector, as well as Bancolombia's IT and operations platforms in order to exploit cost synergies and drive down our costs.

We expect to drive further growth through our partnership with Bancolombia by aligning our strategy with that of Bancolombia, enabling us to expand our retail banking presence, develop a broader range of products across our banking divisions, utilize opportunities for cross-sales across products and divisions, and capture new clients by continuing to promote and leverage our reputation for client service while exploiting Bancolombia's existing scale, with an extensive international branch network and services platform and world-class franchises in Guatemala and Panama.

Stable economy with a healthy, well-regulated and capitalized financial system with significant growth potential

El Salvador has had steady real GDP growth of 2.0% in 2014, 1.8% in 2013, 1.9% in 2012 and 2.2% in 2011, according to the Central Bank, and had a GDP per capita of \$3,987.7 and a 5.5% unemployment rate as of December 31, 2014, according to the International Monetary Fund. El Salvador is a well-diversified economy with a strong focus on manufacturing and commerce. According to the Central Bank, manufacturing represents 18.9% of GDP, and commerce 20.5%. The Salvadoran fiscal deficit has improved from 5.6% of GDP in 2009 to 3.5% in

2014. Historically, retail banking penetration in El Salvador has been relatively low. According to the World Bank's Global Findex Database 2014 report, as much as 34.6% of the Salvadoran population over the age of 15 currently has a banking account, and only 17.2% of the Salvadoran population over the age of 15 has bank borrowings, up from 13.8% and 3.9% in 2011, respectively. We believe these figures represent an expansion opportunity for the Bank.

The Salvadoran financial system is well-capitalized, and our capitalization levels compare favorably with the Salvadoran financial system averages, positioning us to take advantage of the room for expansion in the Salvadoran banking market. Our Capital to Risk Weighted Assets Ratio on a consolidated basis as of December 31, 2014, 2013, and 2012 was 16.8%, 17.6% and 17.9%, respectively, compared to the Salvadoran financial system averages of 16.6%, 17.3% and 17.1% as of the same dates. We have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012, compared with 2.4%, 2.3% and 2.9% for the members of ABANSA, respectively. Our Coverage Ratio was 223.2%, 230.2% and 194.5% in 2014, 2013 and 2012 compared with 119.5%, 122.5% and 113.5% for the members of ABANSA.

Leading financial institution in El Salvador

We have nearly 1.1 million active customers and, as of December 31, 2014, we ranked first out of the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA, with a 47.8% market share in terms of net income, 28.6% in terms of assets, 28.7% in terms of gross loans and 28.1% in terms of deposits—each a market-leading indicator and, in the case of the last two measures, nearly double that of our closest competitor. Being one of the oldest and most well established financial institutions in El Salvador, with a history dating to the 1950's, we believe we have strong brand recognition and a solid reputation in the Salvadoran financial market. We have pioneered landmark initiatives in El Salvador's financial system. We were the first bank in the country to introduce nonbanking agents starting in 2013 and the first to implement electronic signature contracts for salary advances in 2014.

Broadest nationwide network

We have a nationwide network of service channels with a presence in 134 municipalities in the country—the most extensive coverage of any bank in the Salvadoran financial system. At December 31, 2014, we had 957 total service points, consisting of 549 ATMs, 206 kiosks, 104 nonbanking agents, 66 branches, 25 corporate banking locations, five express stations and two financial attention centers. We aim to create closer and deeper relationships with customers, enabling them to complete their transactions quickly and easily. As a result, 83.3% of total transactions are made via electronic channels, confirming our customers' preference for accessibility and convenience and supporting our cost-efficient distribution.

The following table sets forth information on our points of service and electronic transactions for the past five years:

<u>As of December 31,</u>	<u>Points of Service</u>	<u>Branches, CE, CC, CAF and nonbanking agents⁽¹⁾</u>	<u>ATMs and Kiosks</u>	<u>Electronic transactions as a percentage of total transactions for the year ended December 31,</u>
2010	657	102	555	75.0%
2011	728	101	627	78.1%
2012	799	101	698	80.5%
2013	859	155	704	81.5%
2014	957	202	755	83.3%

(1) Express stations ("CE"), corporate banking locations ("CC"), and financial attention centers ("CAF"). Includes nonbanking agents Banco Agrícola Amigo starting in 2013.

Diversified business profile

We are a fully-fledged banking platform, with a diversified loan base. As of December 31, 2014, our loan portfolio comprised 43.8% commercial loans, 40.1% retail loans and 16.1% mortgage loans.

We benefit from a diversified business mix, with 17.4% of operating income derived from service fees and other sources, 7.8% from loan commissions and 74.8% from loan interest. We generate income from approximately 60 different types of fees, and among these some of the most important are: credit and debit card administrative fees, fees for the use of our salary advance product, fees for remittances payments, fees for life, damage and debt insurance, and ATM fees. The largest part of our revenues coming from interest, 96.2%, is comprised by interest on our loan portfolio, while the other 3.8% is comprised mainly by interest on our investment portfolio and a small part by interest on our deposits in other banks.

Additionally, through our different financial areas we can serve different segments of clients according to their needs. From salaried workers to wealthy investors, and from small companies to big corporations, Banco Agrícola is ready to serve all its clients with a qualified staff, products and services which meet all of their specific needs with efficient and quick solutions.

Superior asset quality

We maintain one of the highest asset quality levels in El Salvador, with a 1.5% NPL Ratio and a 223.2% Coverage Ratio as of December 31, 2014, compared to 2.4% and 119.5% for the members of ABANSA, respectively. Our NPL Ratio, which is the ratio of our NPLs to total loans, improved 10 basis points from 2013 to 2014, and has improved in each of the past five years. Our NPL portfolio continues to be a positive indicator, decreasing to 1.5% in year-end 2014 from 1.6% in 2013 and 2.1% in 2012. As of December 31, 2014, 94.3% of our total portfolio is comprised of risk category A1, A2 or B loans, which compares favorably with 93.5% for the other banks in the Salvadoran financial system for those risk categories based on information provided by the Superintendence of the Financial System.

Stable and diversified sources of funding

Banco Agrícola exhibits a well-diversified and growing deposit base capable of supporting further asset growth at a low cost. At December 31, 2014, our deposit base comprises 41.4% of savings deposits, 34.3% of time deposits and 24.3% of demand deposits. We have the highest market share (28.1%) in deposits in general, but have a particular leadership position in retail savings account where we have a 40.8% market share, capturing a broad and recurring depositor base. Retail deposits represent approximately 71.2% of our deposit base.

We have one of the lowest costs of funding in the system with an average rate on deposits of 1.3% for the year ended December 31, 2014 and a total cost of funding of 1.8% compared to an average of 1.7% and 2.1%, respectively, for the members of ABANSA. As of December 31, 2014, we were using 53.7% of our available credit lines. As of December 31, 2014, the structure of our funding was as follows: time deposits represented 27.3% of our total funding; savings accounts, 32.9%; checking accounts, 19.3%; local bonds, 6.5%; loans with foreign banks, 13.4%; and loans with local banks, 0.6%. Our strategy is to continue exploiting different sources of funding in accordance with cost and availability and to further diversify our funding base by gaining access to capital markets.

Proven track record of profitable growth supported by strong capitalization levels

Our profitability in the past five years has been above average, reflecting our innovative and efficient business strategy. For the year ended December 31, 2014, our return on equity was 16.5% and our return on assets was 2.2%, compared to 10.1% and 1.3% for the members of ABANSA, respectively, in the same period. Both metrics reflect our market-leading position among the five largest banks in El Salvador.

In terms of efficiency, our ratio of administrative expenses to net operating income was 46.2% and our ratio of administrative expenses to assets was 2.9%, which compared favorably with the financial system as a whole, which averaged 56.0% and 3.5%, reflecting our strength in generating bank profits over our competitors. We believe our healthy efficiency ratio reflects our solid cost-control initiatives and an extensive use of alternative distribution channels.

We are one of the highest capitalized banks in the country with a Capital to Risk Weighted Assets Ratio of 16.8% as of December 31, 2014, well above the 12% regulatory minimum. Our high capitalization puts us in a

favorable position to pursue growth opportunities in the underpenetrated but consistently growing Salvadoran banking market. In particular, we view the retail sector and credit card segments as especially ripe for expansion and growth, given the historically low levels of retail banking and credit card penetration in El Salvador.

Furthermore, we have experienced sustained profitable growth over the last few years, with annual growth rates of 1.0%, 4.3% and 5.7% in terms of assets and 4.0%, 4.0% and 6.8% in terms of net loan portfolio in 2014, 2013 and 2012, respectively. From 2012 to 2014, we experienced a compound annual growth rate of 2.7% in terms of assets and 3.7% in terms of gross loan portfolio. Despite the increase in the size of our loan portfolio, we have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012.

Solid credit risk policies and management risk policies:

We maintain a well-diversified and balanced credit portfolio across clients and sectors supported by a strict, systematic credit approval process which is tailored to the size of each potential credit and which we continue to align with Bancolombia's global standards for credit approval. We have a defined process to measure and monitor risks of all types, including market risk, credit risk, liquidity risk and operational risk, as well as the impact of these risks on our daily operations. We employ value-at-risk analyses and stress testing, and we employ analyses of interest rate metrics, liquidity and cash flow gaps per currency, and evaluation of liquid assets. As a result of our prudent credit risk policies, our asset quality metrics are among the strongest in the Salvadoran financial system.

Experienced management team with ability to deliver sustained growth while preserving a conservative risk profile

The members of our senior management team each have between 10 to 25 years of experience in the banking industry. All of our directors have between 10 and 30 years of experience in banking and financial activities. Our management team has significant experience in positions across the financial industry. For example, our Executive President since 2010, Rafael Barraza, was previously President and Vice President of the Salvadoran Central Bank, Governor of the International Monetary Fund, Alternate Governor of the World Bank and alternate governor of the Inter-American Development Bank, among other positions.

Our Strategy

The main tenets of our strategy are:

Leverage the support and sponsorship of our shareholder, the Bancolombia Group

We plan to continue to leverage off the continued support and sponsorship of the Bancolombia Group to remain the largest financial institution in El Salvador and to form part of its regional platform for all of Central America.

We are a key player in the growth strategy for the Group in Central America. By continuing to share and implement best practices learned from the Bancolombia Group, we will be able to further expand our branch network and presence in retail banking, reduce our cost structure, improve our risk assessment models and credit metrics and set ourselves on a path for sustainable growth in the future.

We have also served as an example of the Bancolombia Group's strategy in the region to maintain local brands which are well-recognized and positively viewed in their respective countries and to draw on local management experience and retain talented personnel with local know-how and well-established client relationships. Our successes since our acquisition by the Group in 2007 have transformed us into a model which the Group expects to replicate throughout its operations in Central America.

Together with other affiliates of the Bancolombia Group (Banistmo, Banco Agromercantil and Bancolombia Panama), we form an integral part of the regional platform of the Group in Central America that will eventually provide our regional clients with a streamlined portfolio of services which will allow us to deepen our commercial relationships with them and to grow internationally as our clients expand abroad. Furthermore, the

Group's continued support of us and its other subsidiaries provides us with a higher profile, which will allow us to develop product lines such as regional capital markets capabilities and cash management and accounts payable services throughout Central America.

Continue to strengthen our operational excellence

The growth of our business challenges us to strengthen our operations to provide our clients with reliable services across different platforms.

We intend to make a significant long-term investment in an operational center, to provide our clients with services of the highest quality and satisfy foreseeable future needs. The total investment in this project is expected to be \$55 million. In implementing this project, we will benefit from the technical support of the Bancolombia Group.

In addition, we are improving and simplifying critical processes of direct interaction with our clients, as well as strengthening our security systems to complement the high level of automation and digitalization reached in the operation of the business.

Maintain our leadership in the Salvadoran financial system and continue to improve our efficiency ratio

We focus on different initiatives to capture value through improving efficiency, reducing costs, and increasing and managing income. Some of the strategies we are implementing include the definition of a corporate model for pricing, the implementation of a regional cash management system for clients that operate in the countries where the Bancolombia Group is present, realization of structural efficiencies in key processes to operate the business, business protection, and generation of new business opportunities that are scalable in high-value segments and products.

Continue to innovate to improve customer experience

Following global trends in the financial industry, we are implementing mobile and digital experiences in order to always be "at hand" to support our clients. Our application Banca Móvil has been the first step in this direction, and we will continue improving it with more and better functionalities for the benefit of our clients.

Another strategic front is the development of self-service financial solutions. We were the first bank in El Salvador authorized to accept electronic signature, which represents a milestone and encourages us to continue developing products and services under this new format. We are targeting to achieve that 86% of our clients' transactions are made using electronic channels by year-end 2017.

The high coverage of our network of locations and physical channels is one of our strengths. We intend to improve our network according to clients' needs, with specialized and tailored service models that allow for simple and smooth transactions, such as for instance the Business Teller Service Model ("*Modelo de Servicio de Caja Empresarial*") and our nonbanking agents, and through various initiatives such as the recent update of our queue management system in our branches.

Create synergies with our clients by being a full-service bank

We are focused on the sustainability of the business by creating close and valuable relationships with stakeholders, creating innovative and comprehensive solutions for our clients and their commercial partners (suppliers and distributors), employees and customers.

We intend to generate a continuous experience, connecting people, businesses, decisions and information from an integral understanding of our clients' businesses and their communities through connections and synergies among different teams within the Bank.

Deepen our relationships with our clients

As part of our commitment of getting closer to our clients, we continue to broaden our distribution network, increasing our points of service. We plan on expanding our network from our 957 points of service as of December 31, 2014, to 1,157 by year-end 2017.

We intend to increase the number of our nonbanking agents, which allow us to get closer to communities that do not have access to the financial system, thereby promoting financial inclusion.

We are also developing models of data analysis that will help us tailor our commercial offers to potential clients, based on a better understanding of their characteristics and needs.

The Salvadoran Economy

El Salvador, a country of 6.4 million inhabitants as of December 31, 2014, is the fourth largest economy in Central America in terms of nominal GDP, representing 12% of the region's GDP, according to the International Monetary Fund. The country has had a steady real GDP growth of 2.0% in 2014, 1.8% in 2013, 1.9% in 2012 and 2.2% in 2011 according to the Central Bank, and has a GDP per capita of \$3,987.7 and an unemployment rate of 5.5% as of December 31, 2014, according to the International Monetary Fund. Remittances are one of the main drivers of the Salvadoran economy, representing around 16% of the GDP and increasing 6.7% in 2014 as a result of higher economic growth in the United States in the same period.

With respect to the monetary policy, the Monetary Integration Law (*Ley de Integración Monetaria*), which became effective on January 1, 2001, fixed the exchange rate between the colón, the local currency, and the U.S. dollar at ₡8.75 for US\$1 and allowed both currencies as legal tender. As a result, El Salvador has the lowest 5-year average inflation levels in the region—1.9%, compared to a regional average of 4.7%, according to the International Monetary Fund. In 2014, 2013 and 2012, foreign direct investment reached \$275.0 million, \$179.2 million, and \$481.9 million, respectively (at growth rates of 53.5% in 2014, -62.8% in 2013 and 120.7% in 2012). Public finances are being improved by the application of different tax reforms and public spending cuts, providing more fiscal flexibility. The fiscal deficit has improved from 5.6% of GDP in 2009 to 3.5% in 2014.

According to the World Bank's Global Findex Database 2014 report, only 37% of the population over the age of 15 has a bank account, which represents a strong growth opportunity for the banking industry.

The following table shows certain economic information about El Salvador as of the dates indicated:

	As of and for the year ended December 31,			
	2014	2013	2012	2011
	<i>(Amounts in US\$ millions)</i>			
Nominal GDP	25,163.7	24,350.9	23,813.6	23,139.0
Inflation ⁽¹⁾	0.5%	0.8%	0.8%	5.1%
Foreign direct investment	275.0	179.2	481.9	218.4
Net international reserves	2,661.2	2,720.7	3,172.9	2,502.0

Source: Salvadoran Central Bank.

(1) Measured according to the Salvadoran Consumer Price Index.

El Salvador is an open economy, and accordingly has signed several free trade agreements with the following countries and regions: United States, México, Colombia, Chile, Dominican Republic, European Union, Taiwan and Central America. Despite the several countries which have international trade agreements with El Salvador, United States is El Salvador's most important trade partner, accounting in 2014 for 41.0% of total imports, followed by Guatemala (9.5%) and China (7.3%), and 46.1% of total exports, followed by Honduras (14.2%) and Guatemala (13.4%). The sum of exports and imports of goods and services of El Salvador in 2014 was \$17.4 billion,

\$17.5 billion in 2013, 16.6 billion in 2012 and \$17.3 billion in 2011, reflecting a percentage of nominal GDP of 69.3% in 2014, 71.9% in 2013, 69.7% in 2012 and 74.6% in 2011.

El Salvador is a well-diversified economy with a strong focus on manufacturing and commerce. According to the Central Bank, manufacturing represents 18.9% of GDP, and commerce 20.5%. Within manufacturing, *maquila* (assembly for re-export) represents a key sector of the Salvadoran economy.

In May 2013, El Salvador enacted the Public-Private Partnerships Law to promote the development of infrastructure projects through public-private partnerships and boost GDP growth.

In September 2013, El Salvador was awarded a \$277 million second compact with the Millennium Challenge Corporation (MCC) that could result in a positive impact on competitiveness and productivity through the development of the coastal area and other infrastructure projects.

The Trust

The Trust was constituted on May 19, 2015, pursuant to a Declaration of Trust (as the same may be amended, supplemented or otherwise modified from time to time, the “Declaration of Trust”) made by the Cayman Trustee, and acknowledged by GTCS Enforcers Limited, as the enforcer (the “Enforcer”). The Trust is a Cayman Islands purpose trust (commonly known as a “STAR trust”) to which Part VIII of the Trusts Law (as amended) of the Cayman Islands applies. The legal name of the Trust is Agrícola Senior Trust.

The Cayman Trustee as trustee of the Trust holds a 100% participation interest, and certain related rights described herein, in a senior unsecured loan made by Bank of America, N.A. (the “Lender”) to the Bank with a principal amount equal to the principal amount of the Notes. The Declaration of Trust provides that the primary purposes of the Trust are to issue the Notes to investors pursuant to the Indenture, to pay all amounts owed under the Notes and the Indenture when such amounts are due solely out of the proceeds obtained from the Participation and other assets constituting the Trust Assets and to perform its obligations under the other Transaction Documents to which it is a party in connection with the issuance of the Notes and the transactions contemplated therein. The Declaration of Trust further provides that:

- The Cayman Trustee is entitled to resign as the trustee of the Trust on giving sixty days’ notice to the Indenture Trustee and the Enforcer.
- The Cayman Trustee will not be liable for the consequences of any act or omission of itself or any agent, delegate or adviser, or any breach of trust, unless it shall constitute gross negligence (as defined in the Declaration of Trust), willful default, fraud or reckless disregard of its duties and obligations under the Declaration of Trust.
- The Cayman Trustee is entitled to be remunerated in accordance with the provisions of the Expense Reimbursement and Indemnity Agreement among the Bank, the Lender, the Indenture Trustee, the Cayman Trustee as trustee of the Trust and the Enforcer (the “Expense Reimbursement and Indemnity Agreement”) and to be reimbursed for its expenses incurred by reason of its duties relating to the Trust.
- The Enforcer has a fiduciary duty to act responsibly with a view to the proper execution of the Trust.
- The Enforcer is entitled to be remunerated in accordance with the provisions of the Expense Reimbursement and Indemnity Agreement for acting as enforcer and the Declaration of Trust provides for the indemnification of the Enforcer under the circumstances described therein.

The Enforcer has no duty to supervise or investigate the administration of the Trust save that the Enforcer shall investigate any allegation of wrongdoing or unfitness on the part of the Cayman Trustee made by the Indenture Trustee or any other person named in the business plan of the Trust.

The Trust is not a legal entity. Accordingly, references to the Trust shall, where applicable, mean the Cayman Trustee acting as trustee of the Trust or its duly appointed agent or delegate. All references to the Cayman Trustee shall, for the avoidance of doubt unless otherwise stated, mean the Cayman Trustee acting as trustee of the Trust.

The Noteholders only have a contractual relationship with the Cayman Trustee under the Indenture. The Noteholders are not beneficiaries of the Trust and neither the Trust nor the Cayman Trustee owes them any fiduciary duties.

The Cayman Trustee is a wholly-owned subsidiary of Intertrust Holding (Cayman) Limited. The Cayman Trustee holds a trust license under the Banks and Trust Companies Law of the Cayman Islands (as amended). Subject to the provisions of the Declaration of Trust, the Cayman Trustee has overall responsibility for the trusteeship and administration of the Trust, save as may be delegated under such provisions.

The Enforcer is owned by Genesis Trust & Corporate Services Ltd., which is a fully licensed trust company in the Cayman Islands regulated by the Cayman Islands Monetary Authority.

The Senior Unsecured Loan Agreement and the Participation Agreement

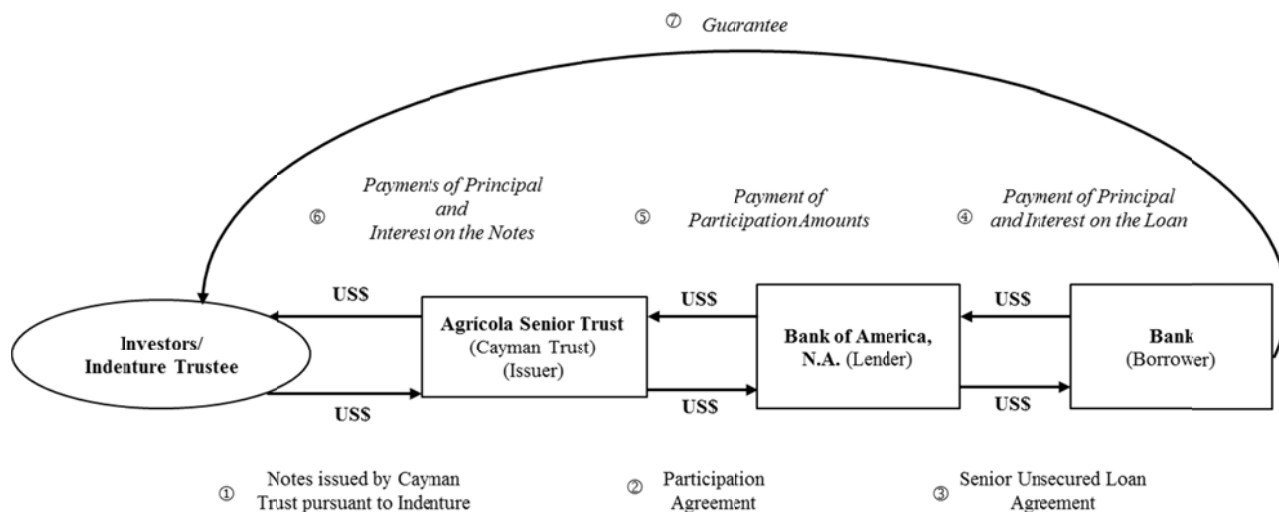
Concurrently with the closing of this offering, we will enter into a senior unsecured loan agreement in the aggregate amount of US\$ 300 million, which we refer to as the Senior Unsecured Loan Agreement. The loan under the Senior Unsecured Loan Agreement will be made in a single disbursement on the Closing Date. The Loan will rank *pari passu* in right of payment to all of our existing and future senior indebtedness, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws, and will be effectively subordinated to all of our secured indebtedness with respect to the value of the assets securing such indebtedness and to all of the existing and future liabilities of our subsidiaries. For further information on the Senior Unsecured Loan Agreement, see “The Senior Unsecured Loan Agreement and the Loan.”

As part of the closing of the Senior Unsecured Loan Agreement, the Lender, with our consent, will enter into the Participation Agreement with the Trust in order to grant a participation interest in substantially all of the rights and remedies of the Lender under the Senior Unsecured Loan Agreement. As a result of the Participation granted pursuant to the Participation Agreement, the Trust shall be entitled to receive all of the payments of principal, interest and other amounts payable by the Bank on, or with respect to, the Senior Unsecured Loan Agreement that are actually received by the Lender, together with all of the rights and remedies available to the Lender thereunder, subject to certain limited exceptions. Such rights and remedies will be exercisable by the Indenture Trustee, on behalf of the Noteholders, as a result of the pledge of the assets held by the Trust to the Indenture Trustee pursuant to the Indenture governing the Notes offered hereby. See “The Participation Agreement.”

We refer to the offering of the Notes, the incurrence of debt under the Senior Unsecured Loan Agreement (including the entering into the Participation Agreement) and the application of the proceeds therefrom as the “Transactions.” See “Use of Proceeds.” Bank of America, N.A., one of the Initial Purchasers, will act as a lender under the Senior Unsecured Loan Agreement. See “Plan of Distribution.”

TRANSACTION DIAGRAM

The following diagram illustrates generally the structure of the transaction described in this offering memorandum. The diagram is intended to provide an overview of the flow of funds to and from the Trust and investors. The diagram does not purport to be complete and is qualified in its entirety by, and should be reviewed in conjunction with, the more detailed information included elsewhere in this offering memorandum and the other documents described herein.



(1) The Trust issues US\$300,000,000 of 6.750% Senior Notes due 2020 pursuant to the Indenture entered into with the Indenture Trustee that are purchased by investors.

As described herein, the Trust is not a separate legal entity under Cayman Islands law. The Cayman Trustee, whose liability will be limited to the assets of the Trust, will carry out the purposes for which the Trust was established. All references herein to the Trust shall, where the context so requires, be construed as references to the Cayman Trustee acting as trustee under the Declaration of Trust described under “The Trust” below.

(2) The Trust uses the proceeds of such issuance to acquire from the Lender a loan participation (the “Participation”) pursuant to the Participation Agreement described under “The Participation Agreement.” Through the Participation Agreement, the Trust assumes the credit risk associated with the loan made by the Lender under the Senior Unsecured Loan Agreement.

(3) The Lender makes a loan to Banco Agricola S.A., as the Borrower, as provided in the Senior Unsecured Loan Agreement, in the amount of the principal amount of the Notes. See “The Senior Unsecured Loan Agreement and the Loan.”

(4) Banco Agricola S.A., as the Borrower, makes principal, interest and other payments to the Lender in accordance with the terms of the Senior Unsecured Loan Agreement.

(5) The payments payable to, or received by, the Lender are transferred to the Trust pursuant to the Participation and the Participation Agreement.

(6) Pursuant to the Indenture, the Trust has pledged its assets, including its interest in the Participation, certain rights under the Expense Reimbursement and Indemnity Agreement (as defined below) and certain other property, to the Indenture Trustee acting on behalf of the Noteholders and, as a result, distributes payments payable to, or received from, the Lender under the Participation Agreement and certain payments under the Expense Reimbursement and Indemnity Agreement to the Noteholders.

(7) The Borrower will guarantee the payment of principal and interest on the Notes net of any amounts paid by the Borrower to the Lender on account of the Loan and the performance of all other payment obligations of the Trust under the Indenture and the Notes, which guarantee is unconditional subject to the condition that the Loan shall have been fully disbursed to the Borrower.

Upon an event of default under the Senior Unsecured Loan Agreement and certain other circumstances, the Lender may assign to the Trust all of the Lender's right, title and interest under the Senior Unsecured Loan Agreement and certain related agreements. See "The Senior Unsecured Loan Agreement and the Loan — Assignments."

SUMMARY OF THE OFFERING

The following is a brief summary of certain terms of the offering. For a more complete description of the terms of the offering, see “The Senior Unsecured Loan Agreement and the Loan,” “The Participation Agreement,” “The Trust” and “Description of the Notes and the Note Guarantee” in this offering memorandum. Capitalized terms used but not defined herein have the meanings assigned to such terms therein and in the Transaction Documents. You should carefully consider the risk factors under the caption “Risk Factors” before purchasing any Notes.

General Terms of the Notes

The Issuer	Agricola Senior Trust, or the Trust. The Trust is not a separate legal or juridical entity and all actions of the Trust shall in fact be actions of the Cayman Trustee acting as trustee thereof.
	The Noteholders will only have a contractual relationship with the Cayman Trustee as a result of the Indenture. The Noteholders are not beneficiaries of the Trust and the Cayman Trustee does not owe the Noteholders any fiduciary duties.
Declaration of Trust.....	The Trust was established under a Declaration of Trust, dated May 19, 2015 which is governed by the laws of the Cayman Islands.
Notes Offered	US\$300,000,000 aggregate principal amount of 6,750% senior notes due 2020 payable in U.S. dollars.
Closing Date	June 18, 2015.
Maturity Date.....	June 18, 2020 being the stated maturity date of the Loan.
Note Interest	The Notes will bear interest equivalent to that payable by Banco Agrícola S.A. on the Loan at a fixed rate of 6.750% per annum, payable semiannually in arrears on June 18 and December 18 of each year, commencing on December 18, 2015. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.
Amounts Payable under the Loan.....	The principal amount of the Loan and the interest payable under the Senior Unsecured Loan Agreement are the same as the corresponding amounts owed in respect of the Notes, and the schedule of payments under the Loan corresponds to the schedule of payments under the Notes.
Ranking	The Notes will be senior secured obligations of the Trust and will rank <i>pari passu</i> , without any preference among themselves, with all other present and future obligations of the Trust (other than obligations preferred by statute or by operation of law).
The Trust Assets	The assets of the Trust will consist of all cash and other proceeds received or receivable in connection with the Indenture, the Participation Agreement and the Participation in the Loan, the Senior Unsecured Loan Agreement (if it has been assigned to the Trust pursuant to the terms thereof), certain rights under the Expense Reimbursement and Indemnity

	Agreement and the Transaction Documents, as applicable, and all rights related to the foregoing (the “Trust Assets”).
Security.....	As security for the Notes, all of the Trust Assets will be pledged to the Indenture Trustee for the benefit of the holders of the Notes pursuant to the Indenture. See “Description of the Notes and the Note Guarantee—Security.”
Note Guarantee	<p>The Borrower will guarantee the payment of principal and interest on the Notes net of any payments made by the Borrower to the Lender under the Loan, regardless of whether the Trust has received such amounts, and the performance of all other payment obligations of the Trust under the Indenture and the Notes, which guarantee is unconditional subject to the condition that the Loan shall have been fully disbursed to the Borrower.</p> <p>The Note Guarantee will constitute a general, senior, unsecured obligation of the Borrower, will rank <i>pari passu</i> in right of payment to all of the Borrower’s existing and future senior indebtedness, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws, and will be effectively subordinated to all of the Borrower’s secured indebtedness with respect to the value of the assets securing such indebtedness and to all of the existing and future liabilities of the Borrower’s subsidiaries.</p>
Limited Recourse Obligations	<p>Payments will be made on the Notes, and the Notes will be redeemed, only to the extent the Trust receives funds from the Trust Assets available to do so. See “Description of the Notes and the Note Guarantee—Source of Available Funds.” Remedies are subject to certain limitations described under “Description of the Notes and the Note Guarantee— Limitations on Remedies.” The Notes do not represent interests in or obligations of the Lender or any of its affiliates or any other person or entity other than the Trust, and are subject to the limited recourse provisions described under “Description of the Notes and the Note Guarantee.” However, claims under the Guarantee are direct claims on the Borrower.</p>
Use of Proceeds	The proceeds from the offering of the Notes will be used by the Trust on the Closing Date to acquire the Participation. The Lender will use the proceeds of the sale of the Participation to disburse the Loan to Banco Agrícola S.A.
Indenture.....	The Notes will be issued pursuant to the Indenture between the Cayman Trustee, on behalf of the Trust, as issuer, The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee, registrar, paying agent and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Transfer Agent thereunder.
Redemption.....	The Notes will be subject to redemption upon the occurrence of any optional or mandatory prepayment by the Borrower of the amounts outstanding from time to time under the Senior Unsecured Loan Agreement and the Loan due to the occurrence

of:

- an optional prepayment of the Loan described under “The Senior Unsecured Loan Agreement and the Loan—Optional Prepayments—Optional Prepayment with a Make-Whole Premium,”
- an optional prepayment of the Loan as described under “The Senior Unsecured Loan Agreement and the Loan—Optional Prepayments—Optional Prepayment upon a Withholding Tax Event,”
- a prepayment of the Loan as described under “The Senior Unsecured Agreement and the Loan—Mandatory Prepayments—Change of Control Prepayment,” and
- an acceleration of amounts as a result of the occurrence of an event of default under the Indenture.

See “Description of the Notes and the Note Guarantee—Redemption Events.”

Change of Control

Upon the Trust’s receipt from the Borrower of a notice of a Change of Control (as defined herein), pursuant to the Senior Unsecured Loan Agreement, the Trust will offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to the purchase date, and any Additional Amounts (as defined hereafter) thereon, pursuant to the Borrower’s change of control offer under the Senior Unsecured Loan Agreement. See “The Senior Unsecured Loan Agreement and The Loan—Mandatory Prepayments—Change of Control Prepayment” and “Description of the Notes and the Note Guarantee—Change of Control.”

Covenants

The terms of the Indenture will require the Cayman Trustee, acting as trustee of the Trust, among other things, to:

- pay all amounts owed by the Trust under the Notes and the Indenture when such amounts are due solely out of the proceeds obtained from the Participation;
- perform each of its obligations under the various other documents entered into in respect of the Trust in connection with the issuance of the Notes and the transactions contemplated herein;
- comply with all applicable laws;
- maintain all necessary governmental approvals and consents for its good standing and existence;
- pay any applicable taxes;
- preserve its existence;
- maintain an agent in New York for the purpose of service of process;
- give notice to the Indenture Trustee of certain events;
- provide financial statements, if any, to the Indenture Trustee; and

- maintain the books and records of the Trust in accordance with applicable law.

In addition, the terms of the Indenture will restrict the Cayman Trustee’s ability, among other things, to:

- create liens on the Trust Assets (other than the lien on the assets of the Trust securing the Notes);
- undertake certain mergers, consolidations or similar transactions with respect to the Trust; and
- terminate the Trust without the required consent of the holders of the Notes.

Events of Default under the Notes.....

The Indenture will set forth that an event of default under the Senior Unsecured Loan Agreement will constitute an “event of default” with respect to the Notes. There are no other events of default under the Notes. See “Description of the Notes and the Note Guarantee—Events of Default.”

The Senior Unsecured Loan Agreement contains events which may trigger an event of default and acceleration of the Loan. See “The Senior Unsecured Loan Agreement and the Loan—Events of Default.” An acceleration of the Loan would trigger the obligation to mandatorily prepay the Notes.

General Terms of the Loan Documents

Loan.....

US\$300,000,000 senior unsecured loan made by Bank of America, N.A., as Lender, to Banco Agrícola S.A. as Borrower, pursuant to the Senior Unsecured Loan Agreement.

Maturity Date.....

June 18, 2020.

Interest.....

The Loan will bear interest at a fixed rate of 6.750% per year (the “Interest Rate”). Interest on the Loan will be payable semiannually in arrears on June 18 and December 18 of each year (each such date, a “Payment Date”), or if such date is not a business day, the next succeeding business day, commencing on December 18, 2015. Interest on the Loan will be computed on the basis of a 360-day year of twelve 30-day months.

The Senior Unsecured Loan Agreement provides that if the Borrower fails to make any payment of principal or interest, or any other payment on or in respect of the Loan, on or before its due date as specified in the Senior Unsecured Loan Agreement or as notified to the Borrower after the occurrence of an Event of Default, the Borrower shall pay, in U.S. dollars, in respect of the overdue payment of principal, interest or other amounts due in respect of the Loan, interest at the rate of one percent (1%) per annum over and above the Interest Rate from the date such payment became due until the date of actual payment (after as well as before judgment) and such interest shall be payable on each Payment Date thereafter unless demanded or paid beforehand.

Ranking	The indebtedness evidenced by the Loan will be senior and unsecured, will rank <i>pari passu</i> in right of payment to all of the Borrower’s existing and future senior indebtedness, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws, and will be effectively subordinated to all of the Borrower’s secured indebtedness with respect to the value of the assets securing such indebtedness and to all of the existing and future liabilities of the Borrower’s subsidiaries.
Use of Proceeds	The Borrower intends to use the proceeds of the Loan for general corporate purposes, which may include, without limitation, working capital, funding the growth of the Borrower’s loan portfolio, and the offering of new products and services. See “Use of Proceeds.”
Optional Prepayment	At any time, or from time to time, the Borrower may prepay the Loan, in whole or in part, at a prepayment price equal to the greater of the outstanding principal amount of the Loan and a “make-whole” amount, plus accrued and unpaid interest thereon (including Additional Amounts (as defined in “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts”), if any) to the applicable prepayment date. See “The Senior Unsecured Loan Agreement and the Loan— Optional Prepayments— Optional Prepayment with a Make- Whole Premium.”
Optional Prepayment upon a Withholding Tax Event.....	The Borrower may prepay the Loan, in whole but not in part, at the Borrower’s option, subject to applicable Salvadoran laws, at a prepayment price equal to 100% of the outstanding principal amount of the Loan, plus accrued and unpaid interest (including Additional Amounts (as defined in “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts”), if any) to but excluding the prepayment date, if, as a result of any enactment of new laws or change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of El Salvador or the Cayman Islands, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction) thereof or because the Lender shall fail to maintain its Tax Qualification, the Borrower has or will become obligated to pay Excess Additional Amounts (as defined in “The Senior Unsecured Loan Agreement and the Loan— Additional Amounts”), if such change or amendment is announced or occurs on or after the date of the Senior Unsecured Loan Agreement and such obligation cannot be avoided by the Borrower taking reasonable measures available to it including, in the case of the Lender’s failure to maintain its Tax Qualification, by replacing the Lender (a “Withholding Tax Event”); provided that no notice of prepayment will be given earlier than 30 days prior to the earliest date on which the Borrower would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Loan then due. See “The Senior Unsecured Agreement and the Loan—Optional Prepayments— Optional Prepayment upon a Withholding Tax

Event.”

Additional Amounts

Subject to certain exceptions, the Borrower will pay such additional amounts in respect of any Taxes of El Salvador, the Cayman Islands or any other jurisdiction from or through which payments under the Senior Unsecured Loan Agreement, the Expense Reimbursement Agreement or the Notes and the Note Guarantee are made (including, in each case, any taxing authority or political subdivision thereof or therein) as may be necessary to ensure that the amounts received by the relevant parties after such withholding or deduction will equal the respective amounts that would have been receivable in respect of such Senior Unsecured Loan Agreement in the absence of such withholding or deduction. For additional information about these payments, see “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts.”

Change of Control

Upon the occurrence of a specified Change of Control as described in this offering memorandum, the Borrower will be required to make an offer to prepay all or any portion of the Loan at a prepayment price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of prepayment and any Additional Amounts due thereon. The actual amount of the Loan to be prepaid will be determined by the Borrower acting upon instructions of the Trust, which itself will act based upon the aggregate amount of Notes validly tendered and not validly withdrawn pursuant to the Trust’s Change of Control Offer (as defined herein), as certified to the Indenture Trustee by the Trust pursuant to notice received by the Trust from the applicable tender agent for the offer (which may be the Indenture Trustee). See “Description of the Notes and the Note Guarantee—Change of Control.”

“Change of Control” means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more Permitted Holders (as defined in “The Senior Unsecured Loan Agreement and the Loan”);

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that Bancolombia S.A. ceases to be the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of at least 50.1% of the outstanding Voting Stock of the Borrower, measured by voting power rather than number of shares;

(3) the Borrower consolidates with, or merges with or into, any Person, or any Person consolidates with, or

merges with or into, the Borrower, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Borrower outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

Covenants

The terms of the Senior Unsecured Loan Agreement will require the Borrower, among other things, to:

- meet certain conditions before the Borrower consolidates, merges or transfers all or substantially all its assets and properties to another person;
- pay all amounts owed by the Borrower under the Senior Unsecured Loan Agreement when those amounts are due and perform each of the Borrower's other obligations under the various Transaction Documents to which it is a party;
- maintain all necessary governmental and third-party approvals and consents;
- maintain its books and records;
- maintain an agent in New York to whom notices and demands may be served;
- give notice to the Lender of any default or event of default under the Senior Unsecured Loan Agreement and of certain other events;
- furnish certain reports to the Lender; and
- preserve its corporate existence.

See "The Senior Unsecured Loan Agreement and the Loan—Covenants."

Events of Default

The Senior Unsecured Loan Agreement will contain certain events of default, consisting of the following:

- failure to pay principal within 7 business days of the due date thereof whether at maturity or upon prepayment or otherwise;
- failure to pay interest or any Additional Amounts due on the Loan within 30 business days of the due date thereof;
- failure to perform certain obligations thereunder or any Additional Loan Documents, and such failure continues for 60 days after written notice of such default has been given to the Borrower by the Lender;
- the occurrence with respect to any of the Borrower's indebtedness or the indebtedness of any of the Borrower's "significant subsidiaries " (as defined in Article 1, Rule 1-

02 of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the Closing Date) having an outstanding principal amount of US\$15 million or more in the aggregate (x) of an event of default that results in such indebtedness being accelerated prior to its scheduled maturity or (y) failure to make any payment of such indebtedness when due and such defaulted payment is not made, waived or extended within the applicable grace period;

- failure by the Borrower or any of its significant subsidiaries to (i) pay one or more final judgments or (ii) comply with one or more final administrative or regulatory orders imposing payments against any of them, aggregating US\$15.0 million or more, for which, either (i) there is a period of 60 days or more following such judgment(s) or order(s) during which such judgment(s) or order(s) are not paid, discharged or stayed or (ii) an enforcement proceeding has been commenced by any creditor or administrative or regulatory authority upon such judgments or orders and is not dismissed within 60 days following commencement of any such enforcement proceeding; and
- certain events involving bankruptcy, liquidation, reorganization or insolvency proceedings, whether voluntary or involuntary.

For more information, see “The Senior Unsecured Loan Agreement and the Loan—Events of Default.”

Assignment of the Loan.....

The Lender’s interest in the Senior Unsecured Loan Agreement, the Loan and all rights related thereto may be assigned under the following circumstances:

(i) to the Cayman Trustee in its capacity as trustee of the Trust upon the occurrence of a Default or an Event of Default,

(ii) to the Cayman Trustee in its capacity as trustee of the Trust in the event that the Lender has determined that it shall be required to take any action which would violate or cause the Lender or any of its Affiliates to violate any Applicable Law or the provision of the Loan Documents, provided with respect to (i) and (ii) that the Lender shall thereafter provide the Borrower with prompt notice of the same, and such assignment shall not require the consent of the Borrower or

(iii) to any Person for any other reason with the consent of the Borrower (which shall not be unreasonably withheld) unless such transfer is to another banking or financial institution duly registered, supervised or regulated by a banking or financial Governmental Authority in its country of origin, or a multilateral lending institution, and such assignee assumes the Lender’s obligations under the Senior Unsecured Loan Agreement and the Participation.

In addition, in the case of the Lender's failure to maintain its Tax Qualification, the Borrower will have the right (at the Borrower's expense) to cause the Lender to assign the Loan in

whole to a Person designated by the Borrower (and that is not an Affiliate of the Borrower), pursuant to the terms of the Senior Unsecured Loan Agreement.

Participation Agreement

The Lender will, with the consent of the Borrower, enter into the Participation Agreement, dated as of the Closing Date, with the Trust and the Administrative Agent.

Pursuant to the Participation Agreement, the Lender will grant a participation interest in all of the rights and remedies of the Lender under the Senior Unsecured Loan Agreement and the Loan and all proceeds thereof and rights and related interests with respect thereto, subject to certain limited exceptions.

As a result of the Participation granted pursuant to the Participation Agreement, the Trust shall be entitled to receive all of the payments of principal, interest and other amounts payable by the Borrower on, or with respect to, the Senior Unsecured Loan Agreement and the Loan as are actually received by the Lender, together with all of the rights and remedies available to the Lender thereunder (other than certain rights and interests retained by the Lender). Such rights and remedies will be exercisable by the Indenture Trustee, on behalf of the holders of the Notes, as a result of the pledge of the Trust Assets to the Indenture Trustee pursuant to the Indenture. See “The Participation Agreement.”

Expense Reimbursement and Indemnity Agreement

The Borrower will also enter into an Expense Reimbursement and Indemnity Agreement with the Lender, the Cayman Trustee, the Enforcer, the Administrative Agent, the Indenture Trustee, for itself and for the benefit of the holders of the Notes and the Luxembourg Paying Agent, providing for reimbursement of specified expenses and indemnities, including indemnities with respect to securities law matters, taxes and other matters incurred in connection with the granting of the Loan and the issuance of the Notes, all as described under “The Senior Unsecured Loan Agreement and the Loan—Taxes and Expenses” and “The Trust—Expense Reimbursement and Indemnity Agreement.”

Governing Law

The Senior Unsecured Loan Agreement, the Participation Agreement and the Expense Reimbursement and Indemnity Agreement will be governed by the laws of the State of New York, United States of America. The Debt Acknowledgement under the Senior Unsecured Loan Agreement will be governed by the laws of El Salvador.

Specific Terms of the Notes

Plan of Distribution; Form of Notes

The Trust is offering the Notes in the United States only to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act who are also “qualified purchasers” as defined in Section 3(c)(7) of the Investment Company Act and outside the United States to non-U.S. persons in compliance with Regulation S of the Securities Act. The Notes will be in

fully registered form without interest coupons attached and will be represented by one or more Global Notes deposited with, or on behalf of, DTC. Definitive Notes will be available only under the limited circumstances described herein. See “Issuance, Form and Denomination.” Payments on the Notes will be settled in same-day funds to the extent received from the Lender.

Minimum Denominations.....	The Notes will be denominated and payable in U.S. dollars and will be issued in minimum denominations of US\$150,000 and integral multiples of US\$1,000 in excess thereof.
Transfer Restrictions; Trading.....	The Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States and are subject to certain restrictions on transfer and resale for the life of the Notes. There is currently no market for the Notes, and we cannot assure you as to the development or liquidity of a market for the Notes. See “Risk Factors—Risks Relating to the Notes—The Notes are subject to restrictions on transfer” and “—There is no established trading market for the Notes and Noteholders may not be able to sell them quickly or at the price that you paid.”
U.S. Federal Income Tax Consequences	For a discussion of the United States tax treatment of the Notes, see “Taxation—U.S. Federal Income Tax Matters.”
Clearance and Settlement	The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, <i>société anonyme</i> , or Clearstream. Beneficial interests in the Notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see “Issuance, Form and Denomination.”
Listing.....	The Cayman Trustee will apply to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF Market of the Luxembourg Stock Exchange.
Governing Law	The Indenture, the Notes and the Note Guarantee will be governed by, and construed in accordance with, the laws of the State of New York, United States of America. The Trust will be governed by, and construed in accordance with, the laws of the Cayman Islands.
Indenture Trustee, Paying Agent, Transfer Agent and Registrar.....	The Bank of New York Mellon.

Luxembourg Paying Agent, Transfer Agent,
and Listing Agent

The Bank of New York Mellon (Luxembourg) S.A.

Risk Factors

Prospective investors should carefully consider the information under “Risk Factors” in connection with the other information contained in this offering memorandum.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information as of and for each of the periods indicated. We have derived this summary historical financial information from our Financial Statements. The unaudited summary consolidated financial information as of and for the three months ended March 31, 2014 and 2015 includes all adjustments, consisting of only normal recurring adjustments, which in the opinion of management are necessary for the fair presentation of such information. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. Our consolidated financial statements for each period were prepared in accordance with Salvadoran Banking GAAP, which differs in certain material respects from IFRS; see Note 39 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 and Note 33 to our consolidated financial statements as of March 31, 2015 and 2014 and for the three-month periods ended March 31, 2015 and 2014.

The summary historical financial information presented below should be read in conjunction with “Presentation of Certain Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Financial Statements included elsewhere in this offering memorandum.

Summary Income Statement Information

	Banco Agrícola S.A. and Subsidiaries				
	For the three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Operating income:					
Loan interest	62.3	59.9	247.1	231.2	210.6
Commissions and other lending income	6.3	6.1	25.7	31.0	35.3
Interest and other investment income	1.9	2.9	9.4	10.8	10.2
Profit on sale of securities ..	0.3	0.1	0.8	2.8	1.8
Repos and securities exchange operations	0.0	0.0	0.2	0.1	0.1
Interest on deposits	0.1	0.0	0.3	0.3	0.3
Operations in foreign currency	0.2	0.2	0.7	0.9	0.7
Other services and contingencies	11.7	11.1	46.2	44.6	42.5
	82.8	80.3	330.4	321.7	301.5
Minus – Operating costs:					
Interest and other deposit costs	9.2	8.7	33.6	35.2	26.1
Interest on loans from financial institutions	3.0	2.6	11.7	5.0	5.1
Interest on securities issued	2.9	2.5	10.8	11.1	7.8
Loss on sale of securities	0.0	0.5	1.0	0.9	0.1
Operations in foreign currency	0.0	0.0	0.0	0.0	0.0
Other services and contingencies	6.5	6.1	26.4	24.7	24.0
	21.6	20.4	83.5	76.9	63.1
Net operating income	61.2	59.9	246.9	244.8	238.4
Loss reserves	7.0	9.0	34.9	39.7	42.4
Income before expenses	54.2	50.9	212.0	205.1	196.0

Banco Agrícola S.A. and Subsidiaries

	For the three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Administrative expenses:					
Salaries and employee benefits.....	15.0	13.6	60.7	55.0	53.9
General	11.5	10.2	44.2	42.4	39.7
Depreciation and amortization	2.6	2.1	9.1	8.2	8.6
	29.1	25.9	114.0	105.6	102.2
Operating profit.....	25.1	25.0	98.0	99.5	93.8
Dividends.....	-	-	0.2	0.4	0.4
Other income and expenses, net	6.7	5.1	24.0	28.6	31.7
Profit before taxes.....	31.8	30.1	122.2	128.5	125.9
Income tax	(9.7)	(8.8)	(35.9)	(37.5)	(36.8)
Profit before non-controlling interests.....	22.1	21.3	86.3	91.0	89.1
Non-controlling interests in subsidiaries.....	0.0	0.0	0.0	0.0	0.0
Net income.....	22.1	21.3	86.3	91.0	89.1

Summary Balance Sheet Information

	Banco Agrícola S.A. and Subsidiaries				
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Assets					
Intermediation assets					
Cash and deposits with banks.....	870.3	525.5	886.5	605.3	502.5
Repos and other securities exchange operations.....	9.6	22.6	6.5	4.6	2.2
Investments in securities, net.....	208.2	578.8	218.0	565.0	613.5
Loan portfolio, net of loss reserves.....	2,762.2	2,686.9	2,781.6	2,674.2	2,570.4
	3,850.3	3,813.8	3,892.6	3,849.1	3,688.6
Other assets					
Foreclosed assets, net of loss provision	10.2	11.3	10.8	11.9	11.2
Equity investments	4.7	4.4	4.7	4.4	4.0
Miscellaneous, net of loss reserves.....	20.2	21.3	17.5	20.2	15.0
	35.1	37.0	33.0	36.5	30.2
Property, plant and equipment					
Real estate, movables and others, net of accumulated depreciation	68.8	56.9	58.9	57.6	61.0
Total assets.....	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8
Liabilities and equity					
Intermediation liabilities					
Client deposits	2,684.7	2,673.0	2,651.9	2,739.3	2,628.3
Loans from BANDESAL	21.3	19.1	18.9	18.2	19.4

Banco Agrícola S.A. and Subsidiaries					
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Loans from other financial institutions.....	368.4	349.9	446.4	329.5	243.5
Securities issued	219.1	205.4	218.1	204.1	235.9
Miscellaneous	15.0	17.5	13.2	17.8	22.8
	3,308.5	3,264.9	3,348.5	3,308.9	3,149.9
Other liabilities					
Accounts payable.....	113.4	118.8	44.3	46.7	50.0
Provisions	15.5	13.2	15.5	11.8	11.3
Miscellaneous	20.4	19.5	19.8	19.3	22.0
	149.3	151.5	79.6	77.8	83.3
Total liabilities	3,457.8	3,416.4	3,428.1	3,386.7	3,233.2
Non-controlling interests in subsidiaries.....	0.0	0.0	0.0	0.0	0.0
Equity					
Paid-in capital stock.....	297.5	297.5	297.5	297.5	297.5
Capital reserve, accumulated results and unearned equity.....	198.9	193.8	258.9	259.0	249.1
Total equity	496.4	491.3	556.4	556.5	546.6
Total liabilities and equity	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8

Other Financial Data and Ratios

The selected financial data and ratios presented below have been derived from and should be read in conjunction with our Financial Statements and other financial information contained elsewhere in this offering memorandum.

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Profitability and efficiency:					
Return on average total assets ⁽¹⁾	2.3%	2.2%	2.2%	2.4%	2.4%
Return on average stockholders' equity ⁽²⁾	17.4%	16.8%	16.5%	17.4%	17.2%
Net interest margin ⁽³⁾	5.0%	5.1%	5.1%	5.1%	5.3%
Efficiency ratio ⁽⁴⁾	47.4%	43.3%	46.2%	43.1%	42.9%
Administrative expenses/average total assets	3.0%	2.7%	2.9%	2.8%	2.8%
Liquidity: ⁽⁵⁾					
Liquid assets/total deposits	32.8%	31.6%	33.7%	33.3%	30.2%
Liquid assets/total assets.....	22.3%	21.6%	22.4%	23.1%	21.0%
Net loans/total deposits plus securities issued	95.1%	93.3%	96.9%	90.9%	89.7%
Net liquidity ratio ⁽⁶⁾	30.5%	32.9%	29.3%	33.5%	32.9%
Capitalization:					
Risk Weighted Assets.....	2,963.7	2,840.1	2,965.4	2,836.8	2,724.6
Primary Capital.....	426.7	422.9	422.9	411.5	411.4
Complementary Capital	50.8	51.3	79.2	91.2	81.7
Deductions	(4.7)	(4.4)	(4.7)	(4.4)	(4.0)
Total Net Capital	472.9	469.8	497.4	498.3	489.0
Stockholders' equity as a percentage of total	12.6%	12.6%	14.0%	14.1%	14.5%

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
assets ⁽⁷⁾					
Primary Capital to Risk Weighted Assets ratio	14.4%	14.9%	14.3%	14.5%	15.1%
Capital to Risk Weighted Assets Ratio	16.0%	16.5%	16.8%	17.6%	17.9%
Capital to Liabilities Ratio	13.4%	13.4%	14.2%	14.4%	14.7%
Capital to Minimum Paid-In Capital Ratio	159.0%	157.9%	167.2%	167.5%	164.5%

- (1) Net income for the period divided by average total assets for the same period.
(2) Net income for the period divided by average total stockholders' equity for the same period.
(3) Financial Margin (excluding net profit on sale of securities) for the period divided by average total assets for the same period, calculated with annualized figures.
(4) Administrative expenses for the period divided by net operating income for the same period.
(5) Liquid assets correspond to cash and deposits with banks and CEDEL, and include liquidity reserves.
(6) Refers to (a) (i) liquid assets plus investments minus (ii) short-term loans from financial institutions plus accounts payable, divided by (b) client deposits.
(7) Refers to the end-of-period stockholders' equity divided by the end-of-period total assets.

Credit Quality Data

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Total performing loans	2,798.2	2,732.4	2,821.5	2,719.4	2,610.7
Total NPLs	40.4	42.9	42.5	43.9	54.8
NPLs/performing loans	1.4%	1.6%	1.5%	1.6%	2.1%
Past-due loans ⁽¹⁾	163.6	161.4	153.7	165.9	193.1
Past-due loans/loans	5.8%	5.8%	5.4%	6.0%	7.2%
Total loans	2,838.6	2,775.4	2,864.0	2,763.3	2,665.5
Loans graded "C," "D" and "E" ⁽²⁾	148.5	144.9	162	143	151
Allowance for loan losses	88.4	100.7	94.9	101.1	106.5
Allowance for loan losses as a percentage of total loans ⁽³⁾	3.1%	3.6%	3.3%	3.7%	4.0%
Coverage Ratio ⁽⁴⁾	218.8%	234.6%	223.2%	230.2%	194.5%
Allowance for loan losses as a percentage of loans graded "C," "D" and "E" ⁽⁵⁾	59.5%	69.5%	58.6%	70.7%	70.4%
NPL Ratio	1.4%	1.5%	1.5%	1.6%	2.1%
Write-offs/loans ⁽⁶⁾	1.3%	1.0%	1.2%	1.4%	1.2%

- (1) A loan is considered past-due when it has been in default for one day or more. Past due loans include NPLs.
(2) Refers to our loan portfolio classified pursuant to the regulations of the Superintendence of the Financial System, which provides that 100% of any loan portfolio must be graded on a scale ranging from "A" (highest quality) through "E" (lowest quality) and must be reserved in accordance with the specific reserve requirements. See "Selected Statistical Information—Risk Categories—Risk Classification."
(3) Refers to the end-of-period allowance for loan losses divided by the end-of-period total loans.
(4) Refers to the end-of-period allowance for loan losses divided by the end-of-period NPLs.
(5) Refers to the end-of-period allowance for loan losses divided by the end-of-period loans graded C, D and E.
(6) Write-offs for the period divided by average gross loans for the same period.

RISK FACTORS

Before making any investment in the Notes, you should carefully read this offering memorandum and should consider carefully, in light of your own financial circumstances and investment objectives, all of the information set forth in this offering memorandum, including, without limitation, the risk factors set forth below. These risks are not the only risks that affect our operations and our business. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and our business and operations. Our business, financial condition, results of operations and ability to satisfy our obligations under the Notes, could be materially adversely affected by any of these risks. The trading price of the Notes could decline if any of these risks occurs, and you could lose all or part of your investment.

Risks Relating to our Business

Our financial results are constantly exposed to market risk. We are subject to fluctuations in interest rates and other market risks, which may materially and adversely affect our financial position and results of operations.

Market risk refers to the probability of variations in our Financial Margin or in the market value of our assets and liabilities, due to interest rate volatility. Changes in interest rates affect the following areas, among others, of our business:

- Financial Margin;
- volume of loans originated;
- market value of our financial assets; and
- gains from sales of loans and securities.

Increases in short-term interest rates could reduce Financial Margin, which comprises the majority of our revenue. A significant portion of our assets, including our loans, are long-term assets. In contrast, most of our borrowings are short-term. When interest rates rise, we must pay higher interest on our borrowings while interest earned on our assets does not rise as quickly, which causes profits to decrease. Interest rate increases could result in adverse changes in our Financial Margin, reducing its growth rate or even resulting in losses against previous periods.

Increases in interest rates may reduce the volume of loans we originate. Sustained high interest rates have historically discouraged customers from borrowing and have resulted in increased delinquencies in outstanding loans and deterioration in the quality of assets.

Increases in interest rates may reduce the value of our financial assets. We hold a substantial portfolio of loans and debt securities that have both fixed and adjustable interest rates. The market value of a security with a fixed interest rate generally decreases when prevailing interest rates rise, which may have an adverse effect on our earnings and financial position. In addition, we may incur costs (which, in turn, will impact our results) as we implement strategies to reduce future interest rate exposure. The market value of an obligation with an adjustable interest rate can be adversely affected when interest rates increase, due to a lag in the implementation of repricing terms.

Intensifying competition from other Salvadoran banks, foreign banks and international financial institutions may adversely affect our results of operations.

We face significant competition in all facets of our business, and it constrains our ability to determine deposit and loan interest rates and attract and retain talented officers and employees with knowledge of the Salvadoran market. Increased competition could negatively affect our profitability, business, financial condition, cash flows and results of operations.

Our principal competitors are Banco de America Central, S.A; Banco Davivienda Salvadoreño, S.A; Scotiabank El Salvador, S.A. and Banco Citibank de El Salvador, S.A. We also face significant competition from non-bank financial entities, such as Tigo Money and PuntoXpress, who offer banking services like remittances, money transfer businesses and payment services.

Evolving Salvadoran banking regulations may adversely affect our results of operations and financial condition, and the value of our assets may be impaired due to regulatory initiatives and procedures.

We are subject to extensive banking and other regulations (in particular those of the Salvadoran Central Bank and the Superintendence of the Financial System) designed to maintain the safety and reliability of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations may increase our cost of doing business or limit our activities. In addition, a breach of regulatory guidelines could expose us to potential liabilities or sanctions. Laws or regulations may be changed, amended, adopted, enforced or interpreted in a manner that could have an adverse effect on our business, financial condition, cash flows and results of operations. For example, on September 1, 2014, the Salvadoran Financial Operations Tax Law (“*Ley de Impuesto a las Operaciones Financieras*”) came into effect, which imposes a 0.25% tax on any transaction that is equal to or exceeds \$1,000.0 for wire transfers or check including disbursements. In the fourth quarter of 2014, we paid \$854,616.2 in taxes as a result of the Salvadoran financial operations tax. Furthermore, any failure to adopt adequate responses to such changes in the regulatory framework may have an adverse effect on our business, financial condition, cash flows and results of operations.

Changes in the interest rate environment could reduce our net interest income, which could reduce our profitability.

As a financial institution, our earnings significantly depend on our net interest income, which is the difference between the interest income that we earn on interest-earning assets, such as investment securities and loans, and the interest expense that we pay on interest-bearing liabilities, such as deposits and borrowings. Therefore, any change in general market interest rates, including changes in federal fiscal and monetary policies, affects us more than non-financial institutions and can have a significant effect on our net interest income and total income. Our assets and liabilities may react differently to changes in overall market rates or conditions because there may be mismatches between the repricing or maturity characteristics of the assets and liabilities. As a result, an increase or decrease in market interest rates could have material adverse effects on our net interest margin and results of operations.

Liquidity risks may adversely affect our business.

Our banking assets have grown rapidly over the past several years, driven in part by the expansion of our business. Historically, one of our principal sources of funds has been customer deposits. Since we rely heavily on deposits and other short-term liabilities for our funding, there can be no assurance that in the event of a sudden or unexpected shortage of funds in the banking system or otherwise we will be able to maintain our levels of funding without adversely affecting our liquidity or increasing our cost of funding.

A decrease in the price of securities issued by the Salvadoran state or the Central Bank may adversely affect our results of operations or our financial condition.

From time to time, we hold a significant amount of Salvadoran state and Central Bank securities for investment purposes. By law, banks must maintain cash reserves in deposit at the Salvadoran Central Bank in an amount ranging from 20.0% to 25.0% of their liabilities. Until 2013, banks invested 50% of cash reserves in a 14 day bill issued by Central Bank, but due to a change of liquidity requirements, banks must maintain the complete liquidity reserve in deposits at Central Bank. Additionally, banks must hold an amount equivalent to 3% of the average balance of deposits for the prior month in investment-grade securities. As of December 31, 2014, we held \$85.5 million in securities issued by the Salvadoran state and \$9.9 million in securities issued by the Central Bank compared with \$189.4 million and \$12.8 million (excluding CEDEL), in 2013, respectively. We are exposed to the risk that the price of these securities declines or that the Central Bank may require us to hold a greater amount of liquidity or capital in securities, such as those issued by the Salvadoran state or the Central Bank. A decrease in the

price of such securities could have a material and adverse impact on our results of operations or our financial condition.

Failure to successfully implement and continue to improve our credit risk management system could materially and adversely affect our business operations and prospects.

As a commercial bank, one of the principal types of risks inherent in our business is credit risk. We may not be able to maintain and continue to improve our credit risk management system so that it can function effectively. For example, an important part of our credit risk management system is to employ an internal credit rating system to assess the particular risk profile of each client. As this process involves detailed analyses of the client or credit risk, taking into account both quantitative and qualitative factors, it is subject to human error. In exercising their judgment, our employees may not always be able to assign an accurate credit rating to a client or credit risk, which may result in our exposure to higher credit risks than indicated by our risk rating system. As a result, failure to effectively implement, consistently follow or continuously refine our credit risk management system may result in a higher risk exposure for us, which could materially and adversely affect us.

If we are unable to effectively control certain circumstances or situations that affect the level of non-performing or poor credit quality loans in our loan portfolio, or if our loan loss reserves are insufficient to cover actual loan losses, our financial condition and results of operations may be materially and adversely affected.

Non-performing or low credit quality loans can negatively impact our financial condition and results of operations. We cannot assure you that we will be able to effectively control and reduce the level of the impaired loans in our loan portfolio. In particular, the amount of our reported non-performing loans may increase in the future as a result of growth in our loan portfolio or factors beyond our control, such as the impact of macroeconomic trends and political events either local, regional or international affecting El Salvador or events affecting given industries. In addition, while we believe our current loan loss reserve is adequate to cover all loan losses in our loan portfolio and as required under applicable law, our current loan loss reserves may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of our loan portfolio. As a result, if the credit quality of our loan portfolio deteriorates we may be required to increase our loan loss reserves, which may adversely affect us. Moreover, there is no precise and accurate method for predicting loan and credit losses, and we cannot assure you that our loan loss reserves are or will be sufficient to cover actual losses. If we are unable to control or reduce the level of our non-performing or poor credit quality loans, our financial condition and results of operations could be materially and adversely affected.

We may need additional capital in the future, and may not be able to obtain such capital on acceptable terms, or at all.

In order for us to grow, remain competitive, enter into new businesses and meet regulatory capital adequacy requirements, we may require new capital in the future. Moreover, we may need to raise additional capital in the event of large losses in connection with any of our activities that result in a reduction of our stockholders' equity. Our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- any necessary Government regulatory approvals;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- economic, political and other conditions in El Salvador and elsewhere.

We may not be able to obtain additional capital in a timely manner or on acceptable terms or at all. If we are unable to obtain additional capital, our business, financial condition and results of operations could be materially and adversely affected.

Reductions in our credit ratings could increase our cost of borrowing funds and make our ability to raise new funds, attract deposits and renew maturing debt more difficult.

Our credit ratings are an important component of our liquidity profile. Among other factors, our credit ratings are based on the financial strength, credit quality and concentrations in our loan portfolio, the level and volatility of our earnings, our capital adequacy, the quality of management, the liquidity of our balance sheet, the availability of a significant base of core retail and commercial deposits and our ability to access a broad array of funding sources. Our lenders may be sensitive to the risk of a ratings downgrade. In addition, under rating agency methodologies which have been widely used, our foreign currency ratings will generally be linked to, or may be limited to, the actual or implied foreign currency ratings of the Government, over which we have no control. A downgrade in our credit ratings could increase the cost of refinancing our existing obligations, raising funds in the capital markets and borrowing funds from private lenders.

Our increasing focus on consumer banking and small businesses could result in loan losses.

As part of our business strategy, we seek to increase lending and other services to individuals and to companies. As a result, our loan portfolio may become increasingly vulnerable to macroeconomic events either local, regional or international that could negatively impact the income of these customers and result in increased loan losses. Furthermore, because the penetration of bank lending products in the Salvadoran retail sector historically has been low, there is no basis on which to evaluate how the retail sector will perform in the event of an economic crisis, such as a recession or a significant devaluation, and our historical loan loss experience may not be indicative of the performance of our loan portfolio in the future. Consequently, in the future we may experience higher levels of non-performing loans, which could result in higher provisions and higher loan losses.

We rely heavily on data collection, processing and storage systems, the failure of which could materially and adversely affect the effectiveness of our risk management and internal control systems as well as our financial condition and results of operations.

All of our principal businesses are highly dependent on the ability to timely collect and process a large amount of financial and other information across numerous and diverse markets and products at our various branches, at a time when transaction processes have become increasingly complex, with increasing volume. The proper functioning of financial control, accounting or other data collection and processing systems is critical to our businesses and to our ability to compete effectively. A partial or complete failure of any of these primary systems could materially and adversely affect our decision-making process and internal control systems, as well as our timely response to changing market conditions. If we cannot maintain an effective data collection and management system, our business operations, financial condition and results of operations could be materially and adversely affected.

Furthermore, we are dependent on information systems to process transactions and respond to customer inquiries on a timely basis and maintain cost-efficient operations. We may experience operational problems with our information systems as a result of system failures, viruses, computer “hackers” or other causes. Any material disruption or slowdown of our systems could cause information, including data related to customer requests, to be lost or to be delivered to our clients with delays or errors, which could reduce demand for our services and products and could materially and adversely affect our financial condition and results of operations.

Any failure to effectively improve or upgrade our information technology infrastructure and management information systems in a timely manner could adversely affect our competitiveness, financial condition and results of operations.

Our ability to remain competitive will depend in part on our ability to upgrade our information technology on a timely and cost-effective basis. We must continually make significant investments and improvements in our information technology infrastructure in order to remain competitive. In addition, we may experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growing customer base. Any failure to effectively improve or upgrade our information technology infrastructure and management information systems in a timely manner could materially and adversely affect our competitiveness, financial condition and results of operations.

Our corporate disclosure may be different or less substantial than that of issuers in other countries and the Financial Statements have been prepared and are presented in accordance with Salvadoran Banking GAAP, which is significantly different from U.S. GAAP and International Financial Reporting Standards (“IFRS”).

Banks in El Salvador are required to make public disclosures that are different and that may be less substantial than disclosures required in countries with highly developed capital markets. In addition, accounting and other reporting principles and standards for credit and other financial institutions in El Salvador and the financial results reported using such principles and standards may differ substantially from those results that would have been obtained using other principles and standards, such as U.S. GAAP or IFRS.

The Financial Statements have been prepared and are presented in accordance with Salvadoran Banking GAAP. Significant differences exist between Salvadoran Banking GAAP and U.S. GAAP or IFRS, which are material to the Financial Statements and other financial information included in this offering memorandum; see Note 39 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 and Note 33 to our consolidated financial statements as of March 31, 2015 and 2014 and for the three-month periods ended March 31, 2015 and 2014 included as part of this offering memorandum. We have made no attempt to identify or quantify the impact of those differences in this offering memorandum.

Resources may be devoted, or our business or business opportunities could be diverted to other entities within the Group, which is controlled by Bancolombia S.A., or operations of other subsidiaries of Bancolombia S.A. may be transferred to us.

We are part of a financial group which in turn is controlled by Bancolombia S.A. Bancolombia S.A. could, at any time, devote more resources or divert our business opportunities to other subsidiaries of Bancolombia S.A., including those that directly or indirectly compete with us, as well as transfer certain operations of other subsidiaries of Bancolombia S.A. to us, on grounds of capital efficiency, regulatory constraints, or other criteria. Should more of our resources be devoted, or our business opportunities diverted, to other subsidiaries of Bancolombia S.A. or if unprofitable operations of other subsidiaries of Bancolombia S.A. are transferred to us, our business, results of operations and financial condition could be adversely affected.

Guidelines for loan classification and provisions in El Salvador may be less stringent than those in other countries.

Salvadoran banking regulations require us to classify each loan or type of loan according to a risk assessment that is based on specified criteria, to establish corresponding reserves and, in the case of some non-performing assets, to write-off the loans. The criteria to establish reserves include both qualitative and quantitative factors. Salvadoran regulations relating to loan classification and determination of loan loss reserves are generally different or less stringent than those applicable to banks in the United States and certain other countries. Under U.S. rules, our level of loan loss reserves may be different than our current reserve levels. We may be required or deem it necessary to increase our loan loss reserves in the future. Increasing loan loss reserves could materially and adversely affect our business, results of operations and financial condition.

We may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business.

We are required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations regarding money laundering in El Salvador. These laws and regulations require us, among other things, to adopt and enforce “know your customer” policies and procedures and to report suspicious and uncommon transactions to the applicable regulatory authorities. While we have adopted policies and procedures aimed at detecting and preventing the use of our banking network for money laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where our operations may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent we may fail to fully comply with applicable laws and regulations, the relevant Government agencies to which we report have the power and authority to impose fines and other penalties on us. In addition, our business and reputation could suffer if customers use us for money laundering or illegal or improper purposes.

Low growth in the Salvadoran economy may inhibit our ability to increase our loan portfolio and banking penetration or otherwise grow our business.

El Salvador is the fourth largest economy in Central America in terms of nominal GDP, with a GDP of \$25.2 billion in 2014. Based on reports published by the Salvadoran Central Bank, after contracting by 3.1% in 2009, real GDP has grown steadily at a real rate of 1.4% in 2010, 2.2% in 2011, 1.9% in 2012, 1.8% in 2013 and 2.0% in 2014. These growth rates are relatively low for a developing economy, such as El Salvador's. This economic operating environment poses risks to our growth, particularly our ability to increase our loan portfolio and reach new customers. An inability to grow our business could negatively impact our results of operation and financial performance. For more information on the Salvadoran economy, see "Offering Memorandum Summary—The Salvadoran Economy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Operating Results—Economic Environment".

We are subject to Salvadoran capitalization and liquidity requirements that limit our capital flexibility.

Pursuant to the Salvadoran capitalization requirements, we are required to maintain specified levels of Total Net Capital as a percentage of Risk Weighted Assets, or Capital to Risk Weighted Assets Ratio, of 12.0% or above, a Capital to Liabilities Ratio of 7.0% and a Capital to Minimum Paid-In Capital ratio of 100% or above, on both a consolidated and stand-alone basis. As of December 31, 2014, we had a consolidated Capital to Risk Weighted Assets Ratio of 16.8%, a Capital to Liabilities Ratio of 14.2% and a Capital to Minimum Paid-In Capital Ratio of 167.2%. Our ability to comply with this requirement may be affected by changes in economic or business conditions (including a devaluation), results of operations or other events beyond our control. If we fail to comply with Salvadoran capitalization requirements, the Superintendence of the Financial System may in its discretion require us to take remedial actions, which could materially and adversely affect our business, results of operations and financial condition.

We are subject to Salvadoran regulatory inspections, supervision, examinations, inquiries and audits, and future sanctions, fines and other penalties resulting from such inspections, supervision and audits could materially and adversely affect our business, results of operations and financial condition or our reputation.

We are subject to comprehensive regulation and supervision by Salvadoran banking authorities. These regulatory authorities have broad powers to adopt regulations and other requirements affecting or restricting virtually all aspects of our capitalization, organization and operations, including the imposition of anti-money laundering or financing of terrorist activities measures and the authority to regulate the terms and conditions of credit that can be applied by Salvadoran banks. Moreover, Salvadoran financial regulatory authorities possess significant powers to enforce applicable regulatory requirements in the event of our non-compliance, including the imposition of fines, sanctions or the revocation of licenses or permits to operate our business. In the event we encounter significant financial problems or become insolvent or in danger of becoming insolvent, Salvadoran banking authorities would have the power to take over our management and operations.

Salvadoran banking and financial services laws and regulations are subject to continuing review and changes. Any such changes may have an adverse impact on, among other things, our ability to make and collect loans and extend credit on terms and conditions, including interest rates, that are adequately profitable, which could materially and adversely affect our results of operations and financial position.

Risks Relating to El Salvador

Our business, results of operations and financial condition may be adversely affected by the economic, political, social or legal developments in El Salvador.

We are a Salvadoran bank and substantially all of our operations and assets are located in El Salvador. As a result, our business, financial condition and results of operations may be affected by the general condition of the Salvadoran economy and political situation.

El Salvador is an emerging market country and, in general, operations of businesses in such countries may be subject to different stresses than operations of businesses in countries such as the United States. These include conditions influenced by political events such as social conflicts, civil unrest and significant changes in national economic policies or laws, all of which may be more likely to occur in an emerging market country. El Salvador is affected by political, social, security and other problems and conditions, including, among others, organized crime, high crime rates, human rights concerns and a need to implement political, economic and social reforms.

The Salvadoran government, as decision maker on public policies, from time to time exercises influence over the Salvadoran economy. The president of El Salvador, as head of the executive power, leads and influences governmental policies and actions related to the Salvadoran economy, which could have a significant effect on market conditions, prices and returns on Salvadoran and other securities, including the Loan and with respect to the Notes. These effects could impact the operations and performance of financial institutions, including the Bank. Furthermore, uncertainty regarding public policies, particularly fiscal and monetary policies, may contribute to slow economic growth. It is not possible to predict whether the policies of the current government or any succeeding governments will have an adverse effect on the Salvadoran economy and, consequently, on our results of operations and financial condition.

We cannot provide any assurance that future economic, political, social or legal developments in El Salvador, over which we have no control, will not have an unfavorable impact on our financial condition or our results of operations or impair our ability to make payments under the Loan and with respect to the Notes.

Our ability to make required payments on the Notes may be adversely affected if El Salvador were to end its dollarization policy.

Since January 1, 2001, pursuant to the Monetary Integration Act, the Salvadoran *colón* has been fixed to the U.S. dollar at ¢8.75 to US\$1.00 and the U.S. dollar freely circulates in the Salvadoran economy and is the unit of account for the financial system in El Salvador. There are currently no exchange controls or other restrictions imposed by Salvadoran law on payments in U.S. dollars by us, and capital moves freely in and out of the country, without local currency risk. Due to this dollarization, El Salvador cannot implement its own monetary policy in order to influence interest rates, inflation and other economic factors. Given El Salvador's dependence on the U.S. dollar and the U.S. economy, there can be no assurance that appreciation or depreciation of the U.S. dollar against other currencies or the existence of sustained higher levels of inflation in the U.S. economy (and the resultant effect on the value of the U.S. dollar) or increases or decreases in interest rates generally in the United States will not adversely affect the Salvadoran monetary system or, indirectly, us.

We cannot assure you that the Salvadoran government will continue its dollarization policy or maintain the fixed exchange rate of the *colón* to the U.S. dollar. Were the Salvadoran government to change its dollarization policy or fail to maintain the fixed exchange rate, such change or failure could adversely affect our ability to engage in foreign or local exchange activities and could also have a material adverse effect on our business, financial condition, results of operations or prospects and our ability to make payments under the Loan and consequently with respect to the Notes.

The Salvadoran government's inability to increase the money supply due to the country's dollarization policy may adversely affect our ability to obtain liquidity in a stress scenario.

The management of bank liquidity in El Salvador is based on the constitution of liquidity reserves. By law, banks must maintain cash reserves in deposits at the Salvadoran Central Bank in an amount between 20% and 25% of their liabilities and must hold an additional amount equivalent to 3% of the average total deposits for the prior month invested in investment-grade securities or other allowed local securities.

In 2012, the Salvadoran Central Bank approved the establishment and strengthening of instruments and mechanisms to address systemic liquidity crises within the existing legal framework. Specifically, the Salvadoran Central Bank approved the possibility of obtaining liquidity by selling loan portfolios, securities portfolios, or repurchase agreements made with local public securities to the Salvadoran Central Bank in exchange for cash. However, due to its dollarization policy, El Salvador cannot issue currency and the supply of money in the Salvadoran financial system requires a specific budget allocation from the Salvadoran State or the negotiation of

external financing lines by the Salvadoran Central Bank, in order to provide liquidity through portfolio purchases or credit participation mechanisms, as was done preventively in 2008-2009. As a result, our ability to obtain liquidity for our operations through government facilities may be limited in the event of a stress scenario, which could adversely affect our ability to make payments under the Loan and consequently with respect to the Notes.

Developments related to the perception of risk in other countries, especially emerging market countries, may adversely affect us and the prices of our debt securities.

Economic and market conditions in other countries may, to varying degrees, affect the market value of securities issued by Salvadoran institutions. Although economic conditions in other countries may differ significantly from economic conditions in El Salvador, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Salvadoran companies. A recession or economic slowdown in the United States may adversely affect the Salvadoran economy and remittance levels.

Developments or conditions in emerging market countries have from time to time significantly affected the availability of credit in the Salvadoran economy and resulted in considerable outflows of funds and declines in the amount of foreign direct investment in El Salvador. In addition, developments in the debt markets in the United States or other highly developed economies, including the current credit and subprime crisis, may affect securities issued in emerging markets. For example, the concern over the effects of the collapse of Long Term Capital Management in the United States in 1998 (occurring at approximately the same time as the Russian debt crisis), harmed the market for non-investment grade fixed income securities of all types, including most securities issued by emerging market companies in the fourth quarter of 1998. Increases in interest rates by the Federal Reserve Board in the United States often have been associated with subsequent adverse economic effects in emerging markets of the type described above.

For instance, the 2007-2008 financial crisis generated global effects affecting also the Salvadoran economy, including international remittances. Significant concerns regarding the sovereign debt of numerous countries have developed and required some of these countries to seek emergency financing and have led to concern for the long-term viability of a common currency of certain countries of the European Union. A sovereign debt crisis involving countries in the European Union or elsewhere could adversely impact the financial health of the global banking system and lower consumer confidence, which could impact global financial markets and economic conditions in the United States and throughout the world. The Salvadoran economy could be adversely affected by negative economic or financial developments in other countries.

It is uncertain whether these or similar circumstances may recur in the future and, if they do, the extent of the adverse secondary effects they may have on the Salvadoran economy, on our ability to obtain financing in the international and domestic capital markets and on the cost of such financing, on the market value of the Notes.

Certain economic risks are inherent in any investment in an emerging market country such as El Salvador.

Investing in an emerging market country such as El Salvador carries economic risks. These risks include many different factors that may affect El Salvador's economic results, including the following:

- interest rates in the United States and financial markets outside El Salvador;
- economic, political, governmental and monetary policies of the United States and other countries that are important trade partners of El Salvador or which economies or policies have a material influence or effect on El Salvador's economy or political sectors;
- changes in economic or tax policies;
- the imposition of trade barriers;
- changes in general economic, business, political or other conditions in El Salvador, Latin America or global markets;

- changes in capital markets that may affect policies or disposition toward investing in El Salvador;
- the ability of El Salvador to implement key economic reforms;
- the impact of hostilities or political unrest in other countries that may affect international trade, commodity prices and the global economy; and
- the decisions of international financial institutions regarding the terms of their financial assistance to El Salvador.

Any of these factors, as well as volatility in the markets for securities similar to the Notes, may adversely affect the liquidity of, and trading markets for, the Notes. See “Forward-Looking Statements” in this offering memorandum.

El Salvador’s economy remains vulnerable to external shocks, including global economic crises and any future significant economic difficulties of its major regional trading partners or by more general “contagion” effects, which could have a material adverse effect on El Salvador’s economic growth and its ability to service its public debt.

A significant decline in the economic growth of any of El Salvador’s major trading partners could adversely affect El Salvador’s economic growth. In 2014, the United States was our largest trading partner, accounting for 46.1% of our exports, followed by Honduras with 14.2% and Guatemala with 13.4%. In addition, because international investors’ reactions to the events occurring in one emerging market country sometimes appear to demonstrate a “contagion” effect, in which an entire region or class of investment is no longer favored by international investors, El Salvador could be adversely affected by negative economic or financial developments in other emerging market countries.

We cannot assure you that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including El Salvador. In addition, there can be no assurance that these events will not adversely affect El Salvador’s economy, its ability to raise capital in the external debt markets in the future or its ability to service its public debt.

El Salvador is affected by political, social, security and other challenges.

El Salvador is a developing country that faces certain political, social, security and other challenges and conditions, including, among others, organized crime, high crime rates, human rights concerns, and an ongoing process of political, economic and social reforms.

According to press reports, El Salvador recorded a homicide rate of roughly 61.1 per 100,000 people in 2014, a 57% increase from 2013. The U.N. Office on Drugs and Crime stated in 2012 that El Salvador has the highest concentration of gang members per capita in Central America. A 2012 gang war truce fell apart in mid-2014, leading to increased gang attacks, including on police and military officials. The U.S. State Department reported in its February 2014 *Country Report on Human Rights Practices* that some Salvadoran military and police have been accused of involvement in unlawful killings and torture. In response to the perceived weakness of the Civilian National Police (PNC) and the severity of the security challenges faced by the country, thousands of military troops have been deployed to help police carry out public security functions. When arrests are carried out by police, they rarely result in criminal convictions. It is reported that El Salvador’s criminal conviction rate is less than 5%, due to what the U.S. State Department has termed “inefficiency, corruption, political infighting, and insufficient resources.” In January 2015, President Cerén’s National Council for Citizen Security announced a new security plan called “El Salvador Seguro,” which is estimated to cost \$2 billion of five years, and is aimed at addressing the perceived causes of violence in El Salvador.

While the current administration intends to devote resources to address these challenges, no assurance can be given, that they will be successfully remedied or what the intentions of future administrations may be in this regard.

Risks Relating to the Notes

We may not have the ability to raise the funds necessary to finance the Change of Control offer required by the Senior Unsecured Loan Agreement and the indenture governing the notes.

Under the Senior Unsecured Loan Agreement, if a Change of Control (as defined in the Senior Unsecured Loan Agreement) occurs, we must prepay all or part of the amounts due under the Loan and an additional amount equal to 1.0% of the amount to be prepaid, plus any accrued and unpaid interest to the date of prepayment. Additionally, under the Indenture governing the Notes, if a Change of Control (as defined in the Indenture) occurs, the Trust must offer to purchase the Notes for a price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to the date of purchase. We may not have sufficient funds available to us to make any required prepayments and enable the Trust to repurchase the Notes upon a Change of Control. In the event we are required to prepay the Loan under the Senior Unsecured Loan Agreement pursuant to a Change of Control and the Trust is required to purchase the outstanding Notes pursuant to a Change of Control Offer, we may seek third-party financing to the extent we do not have available funds to meet our prepayment obligations and any other obligations we or the Trust may have. However, we cannot assure you that we would be able to obtain necessary financing.

The Notes are limited recourse obligations.

The Notes represent limited recourse obligations of the Cayman Trustee secured by, and repayable solely from, the Trust Assets (as defined below). The Notes are not direct obligations of any of the Lender, the Bank, except as set forth in the Note Guarantee, the Cayman Trustee (other than in its capacity as trustee subject to the limited recourse provisions described herein) or the Indenture Trustee. Payments on the Notes will be made solely from payments by the Lender under the Participation Agreement. If the proceeds from any payments by the Lender paid to the Trust under the Participation Agreement and the Transaction Documents (and indirectly from the Bank) are not sufficient to pay all amounts due to the Noteholders, no other assets will be available for payment of any shortfall. The obligations of the Lender under the Participation Agreement are non-recourse and are limited to its obligation to make payments to the extent they are received from the Bank.

The Trust's ability to pay principal, interest and other amounts due on the Notes will therefore be dependent upon its receiving payments under, or with respect to, the Senior Unsecured Loan Agreement and the Transaction Documents and, as a result, on the financial condition and results of operations of the Bank. If the financial condition or results of operations of the Bank is adversely affected, the Lender and, indirectly, the Trust and the Indenture Trustee may be unable to recover sufficient amounts under the Senior Unsecured Loan Agreement or the Note Guarantee provided by the Bank to repay all amounts with respect to the Notes at their scheduled maturity or earlier upon any redemption prior to the scheduled maturity date.

The ability of the Trust to make payments on the Notes depends in part on the performance by the Lender of its obligations under the Participation Agreement.

The ability of the Trust to make payments on the Notes is dependent in part on the performance by the Lender through the Administrative Agent of its obligations under the Senior Unsecured Loan Agreement and the Participation Agreement. Payments made by the Administrative Agent on behalf of the Lender to the Trust pursuant to the Participation Agreement will be the Trust's sole source of funds for payments made by the Trust pursuant to the Indenture. Accordingly, if the Lender defaults on or is otherwise unable to meet its obligations under the Participation Agreement, the Trust's sole source of funds for payment on the Notes will be any recovery on claims against the Lender, as payments made under the Note Guarantee by the Guarantor will be net of any payments made by the Borrower to the Lender pursuant to the Senior Unsecured Loan Agreement. In the event that the Lender enters into bankruptcy, receivership or similar proceedings and the asset owned by the Trust pursuant to the Participation Agreement is characterized as a nonrecourse unsecured debt obligation of the Lender rather than an undivided ownership interest in the Bank's payments made under the Senior Unsecured Loan Agreement, the ability of the Trust to receive payments from the Lender may be subject to delays, moratorium, or the claims of other

unsecured creditors of the Lender. Any failure or inability to make payments to the Trust by the Lender when the Lender has received payment of the requisite amounts from the Borrower under the Senior Unsecured Loan Agreement will not confer on the Noteholders any rights against the Bank.

There are very limited events of default under the Notes.

While the Indenture sets forth certain standard covenants with respect to the Cayman Trustee, failure by the Cayman Trustee to comply with these obligations will not give rise to any event of default under the Indenture that affords the Noteholders any claim against the Lender and/or us under the Senior Unsecured Loan Agreement, the Loan or give rise to any default, event of default or right to accelerate the Loan. However, any breach of the Cayman Trustee's payment obligations under the Indenture or the Notes will have the benefit of the Note Guarantee, subject to certain limitations. In addition, the Indenture will provide that an event of default under the Senior Unsecured Loan Agreement will constitute an event of default with respect to the Notes. If such an event of default shall have occurred and be continuing with respect to the Notes, either the Indenture Trustee or the holders of not less than 25% of the total principal amount of the Notes then outstanding may declare the principal of all outstanding Notes and the interest accrued thereon, if any, to be due and payable immediately. There are no other events of default under the Notes.

There are no restrictive covenants in the Loan limiting the Bank's ability to incur future indebtedness or complete other transactions.

The Senior Unsecured Loan Agreement does not contain any financial or operating covenants or restrictions on the Bank concerning the payment of dividends, the incurrence of indebtedness, transactions with affiliates, incurrence of liens or the issuance or repurchase of securities by the Bank or any of its subsidiaries. Accordingly, the Bank may incur additional indebtedness, including senior indebtedness, and engage in other transactions that may not be in the interests of the holders. The Loan will be unsecured, and the Lender will waive any rights of setoff.

An assignment of the Loan may lead to a possible redemption of Notes.

Bank of America, N.A. will be the initial lender with respect to the Loan. The Lender may, at its discretion, assign its interest in the Senior Unsecured Loan Agreement and the Loan (i) to the Cayman Trustee in its capacity as trustee of the Trust upon the occurrence of a Default or an Event of Default, (ii) to the Cayman Trustee in its capacity as trustee of the Trust in the event that the Lender has determined that it shall be required to take any action which would violate or cause the Lender or any of its Affiliates to violate any Applicable Law or the provision of the Loan Documents, provided with respect to (i) and (ii) that the Lender shall thereafter provide the Borrower with prompt notice of the same, and such assignment shall not require the consent of the Borrower, or (iii) to any Person for any other reason with the consent of the Borrower (which shall not be unreasonably withheld) unless such transfer is to another banking or financial institution duly registered, supervised or regulated by a banking or financial Governmental Authority in its country of origin, or a multilateral lending institution, and such assignee assumes the Lender's obligations under the Senior Unsecured Loan Agreement and the Participation. In addition, in the case of the Lender's failure to maintain its Tax Qualification, the Borrower will have the right (at the Borrower's expense) to cause the Lender to assign the Loan in whole to a Person designated by the Borrower (and that is not an Affiliate of the Borrower), pursuant of the terms of the Senior Unsecured Loan Agreement. In the event of any assignment of the Loan in part, the Lender and the assignee or assignees may enter into such intercreditor arrangements as they may determine to be necessary or advisable. See "The Senior Unsecured Loan Agreement and the Loan—Assignments."

Upon any such assignment, the Lender will have no further responsibility to the Trust or the Noteholders with respect to any matter relating to the Loan, and the Trust or such third party will succeed to all rights of the Lender under the Senior Unsecured Loan Agreement, the Loan and any Transaction Documents as Lender under the Loan. In such event, it is contemplated that the Noteholders and the Indenture Trustee will continue to have the right to direct the Trust with respect to all matters relating to the Loan. Any assignment of the Loan to the Trust or a third party that is not registered with the Salvadoran Central Bank as a financial institution, however, may give rise at such time to an increase in applicable Salvadoran tax withholding imposed on the Borrower, which increase may give the Borrower an option to redeem the Notes. Such a redemption of the Notes may, depending on prevailing

rates, result in losses of anticipated earnings to investors. See “The Senior Unsecured Loan Agreement and the Loan—Optional Prepayments—Optional Prepayment upon a Withholding Tax Event.”

The Lender and its affiliates have other relationships with the Bank.

The Lender and its affiliates have and may continue to have a wide range of banking, insurance, trust and other financial relationships with the Bank. As a consequence of these relationships, the Lender or its affiliates may take actions that, directly or indirectly, may entitle them to appear in proceedings with respect to claims against the Bank. As a result of such relationships, the Lender may take a position in favor of the Bank or contrary to the interests of the Trust and the Noteholders. In managing such relationships, the Lender and its affiliates are under no obligation to consider the effect of their actions on the Noteholders. In addition, in the course of such relationships or otherwise, the Lender or its affiliates may come into possession of material nonpublic information with respect to the Bank. The Lender will not be required to disclose any such information under the Senior Unsecured Loan Agreement or the Participation Agreement or in connection with the transactions described herein or to use such information for the benefit of the Noteholders, nor will the possession of such information prevent the Lender from taking actions under the Senior Unsecured Loan Agreement or the Participation Agreement.

Noteholders must direct the Lender, who is not an agent of the Trust, to take action with respect to the Loan and the Lender may decline to do so.

Under the terms of the Participation Agreement, so long as the Lender is the lender with respect to the Loan subject to such agreement, the Lender or the Administrative Agent on behalf of the Lender has agreed to seek the instructions of the Trust (and indirectly those of the Noteholders) with respect to the management and administration of the Senior Unsecured Loan Agreement and the Loan. In the absence of any such instructions, it is possible that the Lender may decline to take any action with respect to collection, management or enforcement of the Senior Unsecured Loan Agreement or the Loan.

Although it is expected that the Lender and the Administrative Agent on behalf of the Lender will generally follow such instructions, the Lender will not have any fiduciary duty to the Noteholders or the Trust. The Lender has retained the right to decline following such instructions if it believes that giving effect to the instructions of the Trust (and the Noteholders) will be in conflict with its other business interests as described under “The Participation Agreement—Administration of the Participation” and may decline to follow such instructions which may have an adverse effect on the Noteholders, including with respect to the recovery of amounts due in respect thereof.

The Notes are subject to restrictions on transfer.

The Trust is relying on an exemption under the Investment Company Act. As a result, the holders’ ability to transfer their Notes in the United States is limited for the life of the Notes to resales to “qualified purchasers” as that term is defined under the Investment Company Act. Furthermore, the Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. We have not registered the Notes under any other country’s securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “Transfer Restrictions.”

The rating of the Notes may be lowered or withdrawn depending on various factors, including the rating agencies’ assessments of the Bank’s financial strength and Salvadoran sovereign risk.

The rating of the Notes addresses the likelihood of payment of principal at their maturity. The rating also addresses the timely payment of interest on each scheduled payment date. The rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and the rating does not comment on market price or suitability for a particular investor. Neither the Bank nor the Trust can assure you that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. A downgrade in or withdrawal of the rating of the Notes will not be an event of default under the Indenture governing the Notes. An assigned rating may

be raised or lowered depending, among other things, on the respective rating agency's assessment of the Bank's financial strength, as well as its assessment of Salvadoran sovereign risk generally.

There is no established trading market for the Notes and Noteholders may not be able to sell them quickly or at the price that you paid.

The Notes are a new issue of securities and there is no established trading market for the Notes. The Noteholders will not have any right to require the Trust to register the resale of the Notes pursuant to the Securities Act. Application will be made to list the Notes on the Luxembourg Stock Exchange and trade the Notes on the Euro MTF Market. The Initial Purchasers has advised the Trust and the Bank that they intend to make a market in the Notes, but it is not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time, in its sole discretion. As a result, the Trust and the Bank cannot assure Noteholders as to the liquidity of any trading market for the Notes. The Trust and the Bank also cannot assure Noteholders that such holders will be able to sell their Notes at a particular time or that the prices that such holders receive when they sell will be favorable. Consequently, a Noteholder and an owner of beneficial interests in those Notes must be able to bear the economic risk of their investment in the Notes for the term of the Notes.

Future trading prices of the Notes will depend upon many factors, including:

- the operating performance and financial condition of the Bank;
- the interest of securities dealers in making a market in the Notes; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruptions may have a negative effect on the Noteholders, regardless of the Bank's prospects and financial performance.

The Volcker Rule may negatively impact the future market for the Notes.

Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (together with implementing regulations, the "Volcker Rule") generally prohibits certain banking entities from, among other things, acquiring or retaining an ownership interest in a "covered fund," subject to certain exemptions. The Volcker Rule includes as a "covered fund" any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Therefore, absent an exemption, the Trust would be a covered fund. The Bank expects that the Trust will qualify for the "loan securitization exemption," which applies to an asset-backed security issuer the assets of which, in general, consist only of loans and certain assets or rights designed to assure the servicing or timely distribution of proceeds to holders or that are related or incidental to purchasing or otherwise acquiring and holding the loans. If the Trust were determined to not qualify for the loan securitization exemption, or were otherwise determined to be a covered fund, there would be limitations on the ability of banking entities that are subject to the Volcker Rule to purchase or retain any "ownership interests," in the Trust, which would potentially include the Notes. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the Notes.

The U.S. federal income tax consequences of investing in the Notes are not entirely certain and potential alternative characterizations could result in adverse U.S. federal income tax consequences to investors.

The Trust will treat, and each holder of a Note and beneficial owner of a Note by acquiring a beneficial interest in a Note agrees to treat, solely for U.S. federal, state and local tax purposes, (a) the Notes as an ownership interest in the Loan, and (b) the Trust as a mere security arrangement that serves to secure and facilitate payment of principal, interest, and other amounts due under the Loan to Noteholders pursuant to the Participation Agreement. However, there are no statutory, judicial or administrative authorities that address the U.S. federal income tax treatment of a structure consisting of instruments and arrangements similar to the Notes, the Trust, the Participation Agreement, and the Loan and, accordingly, this treatment is not certain. There are possible alternative U.S. federal

income tax characterizations of the Notes and other aspects of the structure that may be adverse to beneficial owners of the Notes. See “Taxation—U.S. Federal Income Tax Matters— Possible Alternative Tax Treatments.” In particular, if the Notes were treated as an ownership interest in a foreign grantor trust, U.S. Holders (as defined below) may be subject to potentially onerous information reporting requirements. See “Taxation —U.S. Federal Income Tax Matters—Possible Alternative Tax Treatments—Notes May be Treated as Ownership Interests in a Grantor Trust for U.S. Federal Income Tax Purposes.” In addition, the identity of the obligor of the indebtedness giving rise to payment on the Notes for U.S. federal income tax purposes is not entirely clear. In the event that the obligor of such indebtedness is determined to be a U.S. person, Internal Revenue Service (“IRS”) Forms W-8 and W-9, as applicable, will need to be received by the Paying Agent from all beneficial owners of a Note in order to avoid potential U.S. withholding tax on payments on the Notes. In this event, so long as such forms are received, payments of interest (including Additional Amounts) on the Notes, in the case of a Non-U.S. Holder (as defined below), generally will be eligible for the portfolio interest exemption from U.S. withholding tax, unless such payments on the Notes are received by certain beneficial owners. Prospective investors are advised to consult their tax advisors regarding such alternative characterizations.

Changes in Tax Law; Imposition of Tax on Cayman Trustee

The Cayman Trustee is not currently subject to Cayman Islands tax, however, there can be no absolute assurance that the Cayman Trustee will not in the future be subject to tax by the Cayman Islands or some other jurisdiction as a result of a change in law. In the event that tax is imposed on the Cayman Trustee, its ability to repay the Notes may be impaired.

The Trust may force the sale of a Noteholder’s interest in the Notes in case such Noteholder fails to provide the Trust with the information necessary for the Trust to comply with its FATCA obligations

Under the Indenture and the Notes, each Noteholder must obtain and provide the Trust with information or documentation, and update or correct such information or documentation, as may be necessary or helpful to satisfy the Trust’s obligations under FATCA or applicable Cayman Islands law implementing the intergovernmental agreement in connection with FATCA. If a Noteholder fails to satisfy such reporting obligation, the Cayman Trustee, on behalf of the Trust, may compel such Noteholder to sell its interest in such Note, sell such interest on such Noteholder’s behalf, and/or assign to such Note or Notes a separate CUSIP or CUSIPs.

Noteholders may find it difficult to enforce civil liabilities against the Trust.

The Cayman Trustee has been advised by Walkers, its Cayman Islands counsel that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of the courts of the United States obtained against the Cayman Trustee, its directors or officers which judgments are predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, and (ii) be competent to hear original actions brought in the Cayman Islands against the Cayman Trustee or such persons predicated upon the securities laws of the United States or any state thereof.

The Trust is a Cayman Islands purpose trust (commonly known as a “STAR trust”) to which Part VIII of the Trusts Law (as amended) of the Cayman Islands shall apply. The Trust is not an entity with independent legal existence. The Cayman Trustee is a company with limited liability incorporated under the laws of the Cayman Islands.

Walkers has further advised the Trust that a final and conclusive judgment in federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings by way of an action commenced on the judgment debt in the courts of the Cayman Islands.

Noteholders and the Lender may find it difficult to enforce civil liabilities against the Bank.

The Bank is a private banking institution created, existing and organized under the laws of El Salvador and authorized to conduct banking activities pursuant to Salvadoran laws and regulations. Not all of its directors named

herein reside in El Salvador. With respect to those directors who do reside in El Salvador, all or a significant portion of the assets of such persons may be, and substantially all of the assets of the Bank are, located in El Salvador. As a result, it may not be possible for investors to effect service of process outside El Salvador upon these persons or to enforce against them or against the Bank in non-Salvadoran courts judgments predicated upon the civil liability provisions of non-Salvadoran securities laws.

Judgments of non-Salvadoran courts for civil liabilities predicated upon non-Salvadoran securities laws may be enforced in El Salvador, subject to certain requirements described below. A judgment against us or the persons described above obtained outside El Salvador would be enforceable in El Salvador against us or such persons in accordance with the following procedure.

The procedure by which the Supreme Court of Justice, by constitutional mandate, grants recognition for a judgment issued by a foreign court to be enforced in the country, consists in the fulfillment of the legal requirements set forth in Articles 555 to 558 of the Salvadoran civil and commercial procedure code. Such requirements are the following:

- 1) Submission of formal request to the Supreme Court of Justice, with original annexes and a copy of all documentation submitted.
- 2) The request must contain the clear intent of the judgment from the foreign court to be enforced in El Salvador, and should fulfill each of the requirements set forth in Salvadoran law. Such requirements are the following:
 - a. The judgment is *res judicata* in the country where it was pronounced and emanates from a competent court.
 - b. Service of process was legally served on the defendant or on the appropriate process agent. Even in the case of default judgments, evidence must be presented that the defendant was given the opportunity to exercise its right of defense and that the judgment was legally notified to the defendant.
 - c. The judgment meets the requirements necessary to be considered enforceable in the country where it was rendered.
 - d. Such judgment does not affect constitutional principles or contravene Salvadoran law, public policy of El Salvador and complying with the obligation is not unlawful in El Salvador.
 - e. The action in respect of which such judgment is rendered is not the subject matter of a lawsuit among the same parties pending before a Salvadoran court or there does not exist a final judgment in El Salvador rendered by a Salvadoran court with respect to the same action.
- 3) The request must contain the exact address of the defendant party, in the process before the foreign authorities, in order to be notified. In the case that the defendant is domiciled in a foreign territory, the notification shall be made by letters rogatory through diplomatic channels; otherwise, if the defendant is domiciled within the territory of El Salvador, notice must be provided according to the procedures established by local law, i.e., by notary public or through the same court of competent jurisdiction.
- 4) Filing of the original judgment, and any other necessary documentation, duly translated into the Spanish language, legalized by apostille, or when not available, legalized by consular means.
- 5) Once all the requirements mentioned above have been satisfied, the Civil Chamber of the Supreme Court of Justice will issue an Exequatur, in order to proceed with the enforcement of the foreign judgment through a lower tier court.

Notwithstanding the foregoing, no assurance can be given that enforcement will be obtained, that the process described above can be conducted in a timely manner or that a Salvadoran court would enforce a monetary judgment for violation of non-Salvadoran securities laws with respect to the Notes.

The Bank has been advised by its Salvadoran counsel, BLP ABOGADOS, that (i) original actions predicated upon non-Salvadoran securities laws may be brought in Salvadoran courts and that, subject to Salvadoran rules of international private law, public policy, public morality and national sovereignty, Salvadoran courts may enforce civil liabilities in such actions against the Bank, its directors, certain of its officers and the advisors named herein, (ii) a default judgment rendered against the Bank in a foreign jurisdiction would not be enforceable in El Salvador, and (iii) the ability of a judgment creditor or other persons named above to satisfy a judgment by attaching certain of our assets is limited by certain provisions of Salvadoran law, such as Article 45 of the Banking Law, which provides that compulsory deposits and securities maintained by financial institutions (including us) as liquidity reserve are immune from attachment and from certain tax liens, labor and employment liabilities and responsibilities, secured lender priorities and bankruptcy statutes that provide for special priority or preferred treatment with regards to attachment prior to judgment, attachment in aid of execution, execution or otherwise.

USE OF PROCEEDS

The gross proceeds from the issuance of the Notes offered hereby are estimated to be approximately US\$300 million. The Trust intends to use the proceeds from the offering of the Notes to purchase a 100% participation interest in the Loan made by the Lender pursuant to the Senior Unsecured Loan Agreement. The Bank intends to use the net proceeds from the borrowings under the Senior Unsecured Loan Agreement, estimated to be of approximately US\$298 million, for general corporate purposes, which may include, without limitation, working capital, funding the growth of its loan portfolio, and the offering of new products and services, and only to finance its non-U.S. operations or the non-U.S. operations of its affiliates located outside the United States.

EXCHANGE RATES AND CURRENCY

On November 30, 2000, the Salvadoran Congress approved the Monetary Integration Act (*Ley de Integración Monetaria*), which fixed the exchange rate of the Salvadoran *colón* to the U.S. dollar at $\text{¢}8.75$ to US\$1.00 effective January 1, 2001, recognized the U.S. dollar as legal tender in El Salvador, phased out the circulation of the Salvadoran *colón* and replaced it in circulation with the U.S. dollar as the functional currency of El Salvador. As a result, since January 1, 2001, the U.S. dollar has been legal tender in and the functional currency of El Salvador and the exchange rate of the Salvadoran *colón* to the U.S. dollar has been fixed at $\text{¢}8.75$ to US\$1.00.

The Monetary Integration Act allows free circulation of the U.S. dollar in the Salvadoran economy and establishes the U.S. dollar as the unit of account for the financial system in El Salvador. Pursuant to this legislation, the U.S. dollar is legal tender in El Salvador along with the *colón* and is allowed to circulate freely in the Salvadoran economy along with the *colón*, and obligations (such as the Notes) which are contracted in U.S. dollars must be repaid in U.S. dollars. Furthermore, the U.S. dollar is the unit of account for the financial system in El Salvador and all of the operations and accounting of the Salvadoran financial system are denominated in U.S. dollars. All deposits, credits, pensions and other operations of the Salvadoran financial system were converted to U.S. dollars on January 1, 2001. Non-financial firms may use either colones or U.S. dollars to express their financial records and accounting. Salaries and wages may be denominated in either colones or U.S. dollars. Prices of products and services can be specified in *colones* or U.S. dollars but were required to be labeled in both currencies until July 1, 2001.

The following table sets forth the high, low, average and period-end market exchange rates for the periods presented, expressed in *colones* per U.S. dollar and not adjusted for inflation, as published by the Salvadoran Central Bank. After February 7, 2006, the Federal Reserve Bank of New York no longer reports a noon buying rate for *colones*. Due to the Monetary Integration Act, the exchange rate between the U.S. dollar and the *colón* has remained unchanged since January 1, 2001.

Period	High ⁽¹⁾	Low ⁽²⁾	Average ⁽³⁾	Period-end ⁽⁴⁾
1999	8.79	8.71	8.75	8.79
2000	8.79	8.71	8.75	8.79
2001 ⁽⁵⁾	8.75	8.75	8.75	8.75
2002 ⁽⁵⁾	8.75	8.75	8.75	8.75
2003 ⁽⁵⁾	8.75	8.75	8.75	8.75
2004 ⁽⁵⁾	8.75	8.75	8.75	8.75
2005 ⁽⁵⁾	8.75	8.75	8.75	8.75
2006 (through February 7, 2006) ⁽⁵⁾	8.75	8.75	8.75	8.75

Source: Salvadoran Central Bank.

- (1) High of monthly average prices for the sale of U.S. dollars stated in *colones*.
- (2) Low of monthly average prices for the purchase of U.S. dollars stated in *colones*.
- (3) The average exchange rate is the average of the purchase and sale prices of U.S. dollars stated in *colones*.
- (4) Average price for the sale of U.S. dollars stated in *colones* in the last month of the period presented.
- (5) Since January 1, 2001, there is no differentiation between the high, low, average and period-end exchange rates among the U.S. dollar and the *colón* as the *colón*/U.S. dollar exchange rate is fixed at $\text{¢}8.75/\text{US}\$1.00$ pursuant to the Monetary Integration Act.

According to information made publicly available by the Government, as of December 31, 2003, 93.5% of all cash in circulation in El Salvador, or \$604.1 million, was in U.S. dollars. *Colones* in circulation in El Salvador decreased by approximately 93.1% from December 31, 2000 to June 2004, as the U.S. dollar was integrated into the Salvadoran economy.

The Salvadoran *colón*, though now largely replaced by the U.S. dollar in El Salvador's cash in circulation, nonetheless remains a lawful currency in El Salvador. The Central Bank exchanges *colones* for U.S. dollars through the banking system and banks are prohibited from charging commissions for the exchange of *colones* to U.S. dollars and U.S. dollars to *colones*.

Four cases were filed with the Supreme Court challenging the constitutionality of the Monetary Integration Act, however the Supreme Court of El Salvador dismissed the cases and has upheld the Monetary Integration Act.

CAPITALIZATION

The following table sets forth our short-term debt, long-term debt and stockholders' equity as of March 31, 2015:

- on an actual historical basis; and
- as adjusted to reflect the Transactions described in this offering memorandum and the application of the proceeds from such Transactions.

This table should be read in conjunction with the information contained in the sections "Selected Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of March 31, 2015	
	Actual	As adjusted for this transaction
	<i>(Amounts in US\$ millions)</i>	
Short term debt and deposits ⁽¹⁾		
Current account deposits	690.5	690.5
Savings account deposits	1,105.0	1,105.0
Time deposits	833.8	833.8
Loans from other financial institutions ..	231.6	231.6
Total short-term	2,860.9	2,860.9
Long-term debt and deposits ⁽²⁾		
Time deposits	55.5	55.5
Loans from other financial institutions ..	158.1	458.1
Securities issued	219.1	219.1
Total long-term	432.7	732.7
Total funding	3,293.6	3,593.6
Paid-in capital stock	297.5	297.5
Capital reserve, accumulated results and unearned equity	198.9	198.9
Total equity	496.4	496.4
Total funding and equity	3,790.0	4,090.0
Miscellaneous	15.0	15.0
Total funding, equity and miscellaneous ⁽³⁾	3,805.0	4,105.0
Long-term funds as percentage of total funding	13.1%	20.4%
Long-term funds as percentage of total funding and equity	11.4%	17.9%

(1) Short term debt and deposits includes liabilities with an original term of up to one year, inclusive.

(2) Long-term debt and deposits includes liabilities with an original term of over one year.

(3) Total funding, equity and miscellaneous is not equal to total assets due to the fact that Banco Agrícola's other liabilities, such as, among others, accounts payable and provisions, and its non-controlling interests in subsidiaries are not included in the calculation of total funding, equity and miscellaneous.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present our selected historical financial information as of and for each of the periods indicated. We have derived this selected historical financial information from our Financial Statements. The unaudited selected consolidated financial information as of and for the three months ended March 31, 2015 and 2014 includes all adjustments, consisting of only normal recurring adjustments, which in the opinion of management are necessary for the fair presentation of such information. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. Our consolidated financial statements for each period were prepared in accordance with Salvadoran Banking GAAP, which differs in certain material respects from IFRS; see Note 39 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 and Note 33 to our consolidated financial statements as of March 31, 2015 and 2014 and for the three-month periods ended March 31, 2015 and 2014.

The selected historical financial information presented below should be read in conjunction with “Presentation of Certain Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Financial Statements included elsewhere in this offering memorandum.

Selected Income Statement Information

	Banco Agrícola S.A. and Subsidiaries				
	For the three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Operating income:					
Loan interest	62.3	59.9	247.1	231.2	210.6
Commissions and other lending income	6.3	6.1	25.7	31.0	35.3
Interest and other investment income	1.9	2.9	9.4	10.8	10.2
Profit on sale of securities ..	0.3	0.1	0.8	2.8	1.8
Repos and securities exchange operations	0.0	0.0	0.2	0.1	0.1
Interest on deposits	0.1	0.0	0.3	0.3	0.3
Operations in foreign currency	0.2	0.2	0.7	0.9	0.7
Other services and contingencies	11.7	11.1	46.2	44.6	42.5
	82.8	80.3	330.4	321.7	301.5
Minus – Operating costs:					
Interest and other deposit costs	9.2	8.7	33.6	35.2	26.1
Interest on loans from financial institutions	3.0	2.6	11.7	5.0	5.1
Interest on securities issued	2.9	2.5	10.8	11.1	7.8
Loss on sale of securities	0.0	0.5	1.0	0.9	0.1
Operations in foreign currency	0.0	0.0	0.0	0.0	0.0
Other services and contingencies	6.5	6.1	26.4	24.7	24.0
	21.6	20.4	83.5	76.9	63.1
Net operating income	61.2	59.9	246.9	244.8	238.4
Loss reserves	7.0	9.0	34.9	39.7	42.4
Income before expenses	54.2	50.9	212.0	205.1	196.0

Banco Agrícola S.A. and Subsidiaries

	For the three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Administrative expenses:					
Salaries and employee benefits.....	15.0	13.6	60.7	55.0	53.9
General	11.5	10.2	44.2	42.4	39.7
Depreciation and amortization	2.6	2.1	9.1	8.2	8.6
	29.1	25.9	114.0	105.6	102.2
Operating profit.....	25.1	25.0	98.0	99.5	93.8
Dividends.....	-	-	0.2	0.4	0.4
Other income and expenses, net	6.7	5.1	24.0	28.6	31.7
Profit before taxes.....	31.8	30.1	122.2	128.5	125.9
Income tax	(9.7)	(8.8)	(35.9)	(37.5)	(36.8)
Profit before non-controlling interests.....	22.1	21.3	86.3	91.0	89.1
Non-controlling interests in subsidiaries.....	0.0	0.0	0.0	0.0	0.0
Net income.....	22.1	21.3	86.3	91.0	89.1

Selected Balance Sheet Information

	Banco Agrícola S.A. and Subsidiaries				
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Assets					
Intermediation assets					
Cash and deposits with banks.....	870.3	525.5	886.5	605.3	502.5
Repos and other securities exchange operations.....	9.6	22.6	6.5	4.6	2.2
Investments in securities, net.....	208.2	578.8	218.0	565.0	613.5
Loan portfolio, net of loss reserves.....	2,762.2	2,686.9	2,781.6	2,674.2	2,570.4
	3,850.3	3,813.8	3,892.6	3,849.1	3,688.6
Other assets					
Foreclosed assets, net of loss provision	10.2	11.3	10.8	11.9	11.2
Equity investments	4.7	4.4	4.7	4.4	4.0
Miscellaneous, net of loss reserves.....	20.2	21.3	17.5	20.2	15.0
	35.1	37.0	33.0	36.5	30.2
Property, plant and equipment					
Real estate, movables and others, net of accumulated depreciation	68.8	56.9	58.9	57.6	61.0
Total assets.....	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8
Liabilities and equity					
Intermediation liabilities					
Client deposits	2,684.7	2,673.0	2,651.9	2,739.3	2,628.3
Loans from BANDESAL	21.3	19.1	18.9	18.2	19.4

Banco Agrícola S.A. and Subsidiaries					
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Loans from other financial institutions.....	368.4	349.9	446.4	329.5	243.5
Securities issued	219.1	205.4	218.1	204.1	235.9
Miscellaneous	15.0	17.5	13.2	17.8	22.8
	3,308.5	3,264.9	3,348.5	3,308.9	3,149.9
Other liabilities					
Accounts payable.....	113.4	118.8	44.3	46.7	50.0
Provisions	15.5	13.2	15.5	11.8	11.3
Miscellaneous	20.4	19.5	19.8	19.3	22.0
	149.3	151.5	79.6	77.8	83.3
Total liabilities	3,457.8	3,416.4	3,428.1	3,386.7	3,233.2
Non-controlling interests in subsidiaries.....	0.0	0.0	0.0	0.0	0.0
Equity					
Paid-in capital stock.....	297.5	297.5	297.5	297.5	297.5
Capital reserve, accumulated results and unearned equity.....	198.9	193.8	258.9	259.0	249.1
Total equity	496.4	491.3	556.4	556.5	546.6
Total liabilities and equity	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8

Other Financial Data and Ratios

The selected financial data and ratios presented below have been derived from and should be read in conjunction with our Financial Statements and other financial information contained elsewhere in this offering memorandum.

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Profitability and efficiency:					
Return on average total assets ⁽¹⁾	2.3%	2.2%	2.2%	2.4%	2.4%
Return on average stockholders' equity ⁽²⁾	17.4%	16.8%	16.5%	17.4%	17.2%
Net interest margin ⁽³⁾	5.0%	5.1%	5.1%	5.1%	5.3%
Efficiency ratio ⁽⁴⁾	47.4%	43.3%	46.2%	43.1%	42.9%
Administrative expenses/average total assets	3.0%	2.7%	2.9%	2.8%	2.8%
Liquidity: ⁽⁵⁾					
Liquid assets/total deposits	32.8%	31.6%	33.7%	33.3%	30.2%
Liquid assets/total assets.....	22.3%	21.6%	22.4%	23.1%	21.0%
Net loans/total deposits plus securities issued	95.1%	93.3%	96.9%	90.9%	89.7%
Net liquidity ratio ⁽⁶⁾	30.5%	32.9%	29.3%	33.5%	32.9%
Capitalization:					
Risk Weighted Assets.....	2,963.7	2,840.1	2,965.4	2,836.8	2,724.6
Primary Capital.....	426.7	422.9	422.9	411.5	411.4
Complementary Capital.....	50.8	51.3	79.2	91.2	81.7
Deductions.....	(4.7)	(4.4)	(4.7)	(4.4)	(4.0)
Total Net Capital	472.9	469.8	497.4	498.3	489.0
Stockholders' equity as a percentage of total	12.6%	12.6%	14.0%	14.1%	14.5%

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
assets ⁽⁷⁾					
Primary Capital to Risk Weighted Assets ratio	14.4%	14.9%	14.3%	14.5%	15.1%
Capital to Risk Weighted Assets Ratio	16.0%	16.5%	16.8%	17.6%	17.9%
Capital to Liabilities Ratio	13.4%	13.4%	14.2%	14.4%	14.7%
Capital to Minimum Paid-In Capital Ratio	159.0%	157.9%	167.2%	167.5%	164.5%

- (1) Net income for the period divided by average total assets for the same period.
(2) Net income for the period divided by average total stockholders' equity for the same period.
(3) Financial Margin (excluding net profit on sale of securities) for the period divided by average total assets for the same period, calculated with annualized figures.
(4) Administrative expenses for the period divided by net operating income for the same period.
(5) Liquid assets correspond to cash and deposits with banks and CEDEL, and include liquidity reserves.
(6) Refers to (a) (i) liquid assets plus investments minus (ii) short-term loans from financial institutions plus accounts payable, divided by (b) client deposits.
(7) Refers to the end-of-period stockholders' equity divided by the end-of-period total assets.

Credit Quality Data

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Total performing loans	2,798.2	2,732.4	2,821.5	2,719.4	2,610.7
Total NPLs	40.4	42.9	42.5	43.9	54.8
NPLs/performing loans	1.4%	1.6%	1.5%	1.6%	2.1%
Past-due loans ⁽¹⁾	163.6	161.4	153.7	165.9	193.1
Past-due loans/loans	5.8%	5.8%	5.4%	6.0%	7.2%
Total loans	2,838.6	2,775.4	2,864.0	2,763.3	2,665.5
Loans graded "C," "D" and "E" ⁽²⁾	148.5	144.9	162	143	151
Allowance for loan losses	88.4	100.7	94.9	101.1	106.5
Allowance for loan losses as a percentage of total loans ⁽³⁾	3.1%	3.6%	3.3%	3.7%	4.0%
Coverage Ratio ⁽⁴⁾	218.8%	234.6%	223.2%	230.2%	194.5%
Allowance for loan losses as a percentage of loans graded "C," "D" and "E" ⁽⁵⁾	59.5%	69.5%	58.6%	70.7%	70.4%
NPL Ratio	1.4%	1.5%	1.5%	1.6%	2.1%
Write-offs/loans ⁽⁶⁾	1.3%	1.0%	1.2%	1.4%	1.2%

- (1) A loan is considered past-due when it has been in default for one day or more. Past due loans include NPLs.
(2) Refers to our loan portfolio classified pursuant to the regulations of the Superintendence of the Financial System, which provides that 100% of any loan portfolio must be graded on a scale ranging from "A" (highest quality) through "E" (lowest quality) and must be reserved in accordance with the specific reserve requirements. See "Selected Statistical Information—Risk Categories—Risk Classification."
(3) Refers to the end-of-period allowance for loan losses divided by the end-of-period total loans.
(4) Refers to the end-of-period allowance for loan losses divided by the end-of-period NPLs.
(5) Refers to the end-of-period allowance for loan losses divided by the end-of-period loans graded C, D and E.
(6) Write-offs for the period divided by average gross loans for the same period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Financial Statements and notes thereto included elsewhere in this offering memorandum. The Financial Statements have been prepared in accordance with Salvadoran Banking GAAP, which differs from IFRS, and Salvadoran Banking GAAP and IFRS differ from U.S. GAAP and SEC guidelines applicable to banking institutions in the United States. No reconciliation of our Financial Statements to IFRS or U.S. GAAP has been prepared for this offering memorandum. Any such reconciliation would result in material differences. See "Presentation of Certain Financial and Other Information". The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are the largest bank in El Salvador in terms of assets, loans, deposits, and other financial indicators that evidence our strength and the robustness of our business model. As of December 31, 2014, we had nearly 1.1 million active clients to which we provided services through the most extensive and diversified network in El Salvador, with 957 points of service, including 66 branches, 206 kiosks, 104 nonbanking agents Banco Agrícola Amigo and 549 ATMs, among others. We offer financial products and services through our three divisions: Corporate & Government Banking, Retail & MyPEs (micro and small businesses) Banking and Treasury Services.

Factors Affecting Operating Results

Our results of operations have been influenced and will continue to be influenced by the following key factors:

Economic Environment

El Salvador is the fourth largest economy in Central America in terms of GDP, with a GDP of \$25.2 billion in 2014. Based on reports published by the Salvadoran Central Bank, after contracting by 3.1% in 2009, real GDP has grown steadily at a real rate of 1.4% in 2010, 2.2% in 2011, 1.9% in 2012, 1.9% in 2013 and 2.0% in 2014. Inflation for the year ended December 31, 2014 was 0.5% compared to 0.8% in 2013, 0.8% in 2012 and 5.1% in 2011. El Salvador's international monetary reserves were approximately \$2,661.2 million at December 31, 2014, \$2,720.7 million at December 31, 2013, \$3,172.9 million at December 31, 2012 and \$2,502.0 million at December 31, 2011. In 2014, according to the Central Bank, El Salvador's fiscal deficit represented 3.5% of GDP, compared to 5.6% of GDP in 2009.

Manufacturing is a key sector of the Salvadoran economy. Since 2009, manufacturing has generated an annual average of 18.8% of El Salvador's nominal GDP. Manufacturing activity contracted by 3.0% in 2009, due to the effect of the global economic crisis, which generated weak external demand, leading to decreased exports, and reduced remittances that consequently reduced internal income and demand. During 2014, 2013, 2012 and 2011, manufacturing activity experienced a gradual recovery, with annual growth rates of 2.6%, 3.1%, 1.3% and 2.7%, respectively.

El Salvador has a healthy, well-capitalized and profitable banking sector. Although total loans have grown by 5.0% in 2014, total deposits have decreased by 1.04% in the same period.

El Salvador is a small open economy, and accordingly has signed several free trade agreements with the following countries and regions: United States, México, Colombia, Chile, Dominican Republic, European Union, Taiwan and Central America. Despite the several countries which have international trade agreements with El Salvador, the United States is by far El Salvador's most important trade partner, accounting in 2014 for 41.0% of total imports, followed by Guatemala (9.5%) and China (7.3%), and 46.1% of total exports, followed by Honduras (14.2%) and Guatemala (13.4%). Trade balance deficit diminished 0.8% in 2014 annually, mainly due to a reduction of oil imports.

El Salvador's exports consist primarily of textiles, *maquila* (assembly for re-export) and food, beverage and tobacco, which represent 30.0%, 19.4% and 14.3% of exports, respectively. Imports consist primarily of intermediate goods, with manufactured goods representing 34.5% of total imports, and consumer goods, with non-durable goods representing 32.3% of total imports.

In May 2013, El Salvador enacted the Public-Private Partnerships Law to promote the development of infrastructure projects through public-private partnerships and boost GDP growth.

In September 2013, El Salvador was awarded a \$277 million second compact with the Millennium Challenge Corporation (MCC) that could result in a positive impact on competitiveness and productivity through the development of the coastal area and other infrastructure projects.

Because El Salvador does not have a monetary policy (due to the Monetary Integration Law), fiscal policy is the Government's sole tool to control the budget. During 2010-2013, total government income (including taxes and donations) experienced growth due to tax reforms. Total government expenses grew steadily during the same period. In 2014, total government income growth was a modest 0.2% and total government expenses also showed moderate growth. Stable government income and reductions in government expenses resulted in a lower fiscal deficit, which fell from 5.6% in 2009 to 3.5% in 2014.

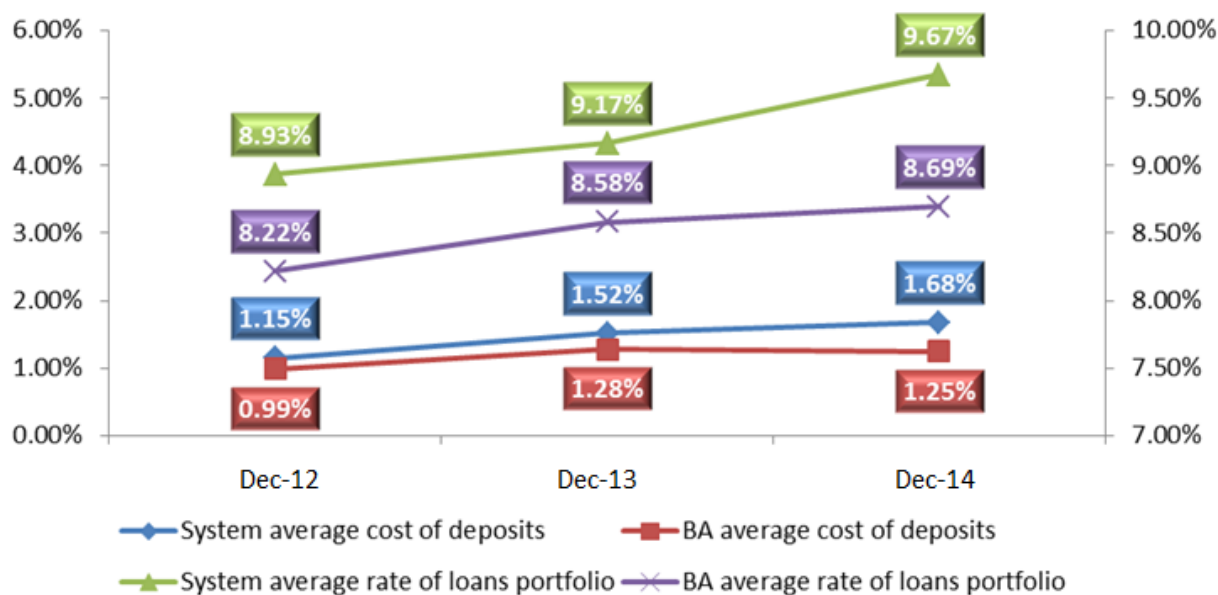
In 2014, remittances from Salvadorans living abroad continued to recover and reached a new record high as the U.S. economy strengthened. Remittances grew by 6.7% year on year and totaled US\$4.2 billion in 2014. Remittances amounted to \$4.0 billion in 2013, \$3.9 billion in 2012, \$3.6 billion in 2011 and \$3.5 billion in 2010.

Effects of Changes in Interest Rates

Interest rate fluctuations in El Salvador have an effect on our interest income and interest expense. Changes in interest rates in the market may lead to temporary gaps between our interest-earning assets and our interest-bearing liabilities. Most of our interest-earning assets and interest-bearing liabilities carry floating interest rates, which are subject to adjustment depending on market conditions. Adjustments to the interest rates that we charge and pay on future interest-earning assets and interest-bearing liabilities are continuously analyzed by our Assets, Liabilities and Investments Management Committee. The interest rate adjustments on our loans generally limit the effects of net risk exposures that regularly occur upon fluctuations in interest rates. The interest rates charged for any client by the Bank is based on the reference interest rate set by the Bank, published monthly in a national newspaper.

The chart below presents our weighted average interest rates on loans and deposits and those of the Salvadoran banking industry, for the periods indicated.

Interest Rate - Loans and Deposits



Source: ABANSA and our Financial Statements.

The average interest rate on loans for the Salvadoran banking industry saw an upward trend in recent years, reaching 9.7% in 2014 from 9.2% in 2013 and 8.9% in 2012. The average interest rate of our loan portfolio was 8.7% in 2014, 8.6% in 2013, and 8.2% in 2012.

The average cost of deposits for the members of ABANSA similarly rose in recent years, reaching 1.7% in 2014 from 1.5% in 2013 and 1.2% in 2012. In the same period, our average cost of deposits also increased, though it has continued to remain at levels below that of the banking industry: 1.3% for 2014, 1.3% for 2013 and 1.0% for 2012.

Effect of Changes in the Salvadoran Banking System

The Salvadoran banking system has recently seen a number of market entries and exits largely due to each banking institution's internal global strategies. As December 31, 2014, the Salvadoran banking system had a total of 13 banking institutions, of which 11 were foreign-owned banks and two were state-owned banks. According to the Superintendence of the Financial System, the amount of assets (excluding provisions for foreclosed assets) in the banking sector amounted to \$14,597.9 million, \$14,238.8 million and \$13,432.0 million as of December 31, 2014, 2013 and 2012, respectively.

In 2007, the Bancolombia Group (Colombia) acquired Banco Agrícola and Citibank (United States) acquired Banco Cuscatlán and Banco Uno. In September 2008, Banco Cuscatlán and Banco Uno merged and the surviving entity changed its name to Banco Citibank. In July 2009, Banco Azteca (Mexico) initiated operations in El Salvador. In November 2010, First Commercial Bank closed its affiliated office in El Salvador.

Since 2010, Banco de Bogotá (Colombia) has controlled the fourth largest financial institution in El Salvador, Banco de América Central (BAC), which is principally focused on credit card products. In July 2011, Banco Industrial (Guatemala) initiated operations in El Salvador. In 2012, Davivienda (Colombia) entered the market by acquiring the then second largest Salvadoran bank, HSBC Salvadoreño, which had a significant participation in the mortgage and consumer segments.

In October 2014, Citigroup announced that it was leaving the retail banking business in 11 countries, including Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and Peru. Citigroup is reported to have already begun negotiations to sell its Central America businesses. Citigroup's Nicaragua and Honduras operations were purchased by the Ficohsa group in July 2014 and March 2015, respectively. The Ficohsa group controls the largest bank and insurer in Honduras, has banking operations in Guatemala and Panama and offers financial services in the United States. A new bank called Banco Azul (El Salvador) is in the process of obtaining authorization to initiate operations in El Salvador.

Critical Accounting Policies

Our Financial Statements have been prepared in accordance with Salvadoran Banking GAAP, which are the accounting standards issued by the Salvadoran Superintendence of the Financial System, which establish the minimum content and procedures to prepare financial statements for banks (NCB-017), as well as the contents for financial statements and respective notices (NCB-018). These standards will prevail in the event of conflict with the international Financial Reporting Standards – IFRS. When IFRS provide accounting options for the same non-regulated event, the most conservative option will be adopted.

The following is a description of certain key accounting policies on which our financial condition and results of operations are dependent. These key accounting policies generally involve quantitative analyses or are based on subjective judgments or decisions. In the opinion of our management, the most critical accounting policies under Salvadoran Banking GAAP are those we discuss immediately below. For a further description of our accounting policies, see note 2 to our Financial Statements included as part of this offering memorandum.

Consolidated Financial Statements

Banco Agrícola, S. A. consolidates financial statements with companies of which it holds more than fifty percent of the company's common shares. These companies are referred to as subsidiaries in Articles 23, 24, 118 and 145 of the Banking Law. All significant accounts and intercompany operations have been eliminated in order to prepare consolidated financial statements.

Investments In Securities

Investments in securities are recorded at the lower of acquisition cost or market value. The market value of instruments regularly traded on the El Salvador Stock Exchange is calculated by averaging transactions that took place in the last four weeks. The market value of rated securities issued by locally-based and foreign-based companies not listed on the El Salvador Stock Exchange is estimated based on the risk category attributed by a risk rating agency. Securities not listed on the El Salvador Stock Exchange and with no risk rating are recorded at present value.

Securities issued or guaranteed by the Central Bank and other State entities, payable with National Budget funds, are shown at acquisition cost.

Income Recognition

Earned income is recognized on accrual basis. Interest provisions are discontinued on loans that are over ninety days delinquent and are recognized as income until they are collected in cash. Interest not recognized as income is recorded in memorandum accounts.

Commissions on 30-day term loans or contingency operations are recognized as income on the date they are collected or provisioned. Commissions on over 30-day term loans or contingency operations are recorded as deferred income, net of direct lending costs. Deferred income is periodically recognized, as originally established in the repayment conditions, according to the effective interest method using an internal rate of return.

Amortization of commissions on contingent operations and services is done on a monthly prorated basis during the term stipulated for guarantees, bonds, and other services, net of direct granting costs. Deferred income

recognition is discontinued when loans or contingent operations are reclassified as past due, and are recognized until such balances are recovered.

Interest that become part of assets as the result of refinancing are recorded as deferred liabilities, and are recognized as income until they are collected according to terms.

Non-Performing Loans and Interest

Non-performing loans are the total principal balances on loans that are over ninety days delinquent on capital or interest payments or when the entity has decided to resort to legal action for collection although they may not be past due as above mentioned. The criterion for transferring current loans and interest to past due is in accordance to standards established by the Superintendence of the Financial System.

Loss Reserves on Risk Assets

Loan loss reserves on loans, interest receivable and other risk assets have been established according to instructions issued by the Superintendence of the Financial System, pursuant to which the risks on each debtor of the Bank can be assessed based on the following criteria: management and repayment ability, responsibility, economic situation, and collateral coverage.

Such provisions or reserves may increase as a result of increases in debtor risk; decreases may be caused by risk reductions, or by writing-off debtors' balances from assets up to the provision amount. When the written-off asset amount is higher than the corresponding provision amount, the difference is charged to expense.

Generic reserves are created whenever to the Superintendence of the Financial System's opinion information deficiencies are affecting the financial statements.

Debtor rating risk reserves are created as the result of the verification conducted by the Superintendence of the Financial System, which establishes the need to reclassify to higher risk categories the number of debtors in excess of 15% of the examined sample. This reserve amount increases as a result of assessments conducted by the Superintendence of the Financial System and decreases by authorization of this institution whenever, to its judgment, the Bank has improved its debtor rating procedures.

Additionally, reserves can be created in excess of the minimum requirements established by the Superintendence of the Financial System; such reserves are disclosed as voluntary reserves. The Bank reserves of this kind based on a risk methodology that considers, among other factors, the prevailing market conditions, debtor characteristics, rate of expected losses, etc.

Loss Recognition on Loans and Accounts Receivable

The Bank recognizes loan portfolio losses by applying the loan balance to loan loss reserves, pursuant to the following criteria: a) balances secured by collateral with more than 24 months without a repayment of principal, provided they are not in the process of foreclosure; b) balances not secured by collateral with more than 12 months without a repayment of principal, provided they are not in the process of foreclosure; c) balances without an enforceable document to start foreclosure process; d) balances that after 24 months of initiating foreclosure, it has been impossible to enforce garnishment; e) cases where first instance ruling is in favor of debtor; f) when there is no evidence that a debtor has recognized the debt in the last five years; and g) when the Bank considers that repayment is not likely to occur.

Interest payable

Interest on deposits, securities issued, loans and other obligations are recognized on accrual basis.

Accounting estimates used in preparing financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements, as well as the revenue and expense amounts reported during the reporting period. Although such estimates are based on management's best judgment on the date of the financial statements, actual results could differ from estimates.

Results of Operations

Results of Operations for the three months ended March 31, 2015, compared to the three months ended March 31, 2014

The following table shows the principal components of our net income for the three months ended March 31, 2015 and March 31, 2014:

	For the three months ended March 31,		<i>Percentage Change %⁽¹⁾</i>
	2015	2014	
	<i>(Amounts in US\$ millions)</i>		
Operating income:			
Loan interest	62.3	59.9	4.0%
Commissions and other lending income	6.3	6.1	3.0%
Interest and other investment revenue	1.9	2.9	(34.5)%
Profit on sale of securities	0.3	0.1	371.1%
Repos and securities exchange operations ⁽²⁾	0.0	0.0	20.9%
Interest on deposits ⁽³⁾	0.1	0.0	95.2%
Operations in foreign currency	0.2	0.2	27.5%
Other services and contingencies	11.7	11.1	5.9%
	82.8	80.3	3.2%
Minus – Operating costs:			
Interest and other deposit costs	9.2	8.7	4.8%
Interest on loans from financial institutions	3.0	2.6	14.8%
Interest on securities issued	2.9	2.5	16.5%
Loss on sale of securities ⁽⁴⁾	0.0	0.5	(98.4)%
Operations in foreign currency ⁽⁵⁾	0.0	0.0	457.9%
Other services and contingencies	6.5	6.1	5.9%
	21.6	20.4	5.7%
Loss reserves	7.0	9.0	(21.2)%
Income before expenses	54.2	50.9	6.5%
Administrative expenses:			
Salaries and employee benefits	15.0	13.6	9.8%
General	11.5	10.2	12.5%
Depreciation and amortization	2.6	2.1	27.0%
	29.1	25.9	12.2%
Operating profit	25.1	25.0	0.6%
Dividends	-	-	-
Other income and expenses, net	6.7	5.1	30.1%
Income before taxes	31.8	30.1	5.6%

	For the three months ended March 31,		
	2015	2014	Percentage Change %⁽¹⁾
		<i>(Amounts in US\$ millions)</i>	
Income tax	(9.7)	(8.8)	10.2%
Income before non-controlling interests	22.1	21.3	3.7%
Non-controlling interests in subsidiaries ⁽⁶⁾	0.0	0.0	(85.7)%
Net income	22.1	21.3	3.7%

- (1) These percentages have been calculated using the balances from the Bank's consolidated unaudited financial statements without giving effect to rounding. Percentage amounts could differ if they were calculated based on the rounded balances figures presented in this table.
- (2) Exact amounts are \$48,257.79 as of March 31, 2015 and \$39,909.21 as of March 31, 2014.
- (3) Exact amounts are \$95,666.04 as of March 31, 2015 and \$49,021.62 as of March 31, 2014.
- (4) Exact amounts are \$7,190.14 as of March 31, 2015 and \$449,576.2 as of March 31, 2014.
- (5) Exact amounts are \$24,829.97 as of March 31, 2015 and \$4,450.73 as of March 31, 2014.
- (6) Exact amounts are \$35.81 as of March 31, 2015 and \$250.35 as of March 31, 2014.

An analysis of the components set forth in the foregoing table follows.

Operating Income

Operating income increased 3.2% to \$82.8 million for the three months ended March 31, 2015 from \$80.3 million for the same period of 2014. The increase in operating income was primarily due to a 4.0% increase in interest generated by our loan portfolio, equivalent to \$2.4 million.

The reported growth in loan interest income of 4.0% was primarily due to an increase in the balance of our net loan portfolio of \$75.3 million from \$2,686.9 million to \$2,762.2 million and to an increase in the annual average gross loan rate of seven basis points from the relevant period in 2014 to 2015.

Income from commissions and other lending income totaled \$6.3 million for the three months ended March 31, 2015, an increase of 3.0% compared to the three months ended March 31, 2014, due to an increase in credit card fees collected. Income from other services, including insurance services, remittances services and salary advance services, totaled \$11.7 million for the three months ended March 31, 2015, an increase of 5.9% compared to the first quarter of 2014, due to the commercialization of new insurance products by our partner Asesuisa, which generated greater commissions and the increase in remittances due to improving economic conditions in the United States.

Interest and other investment income totaled \$1.9 million for the three months ended March 31, 2015, a decrease of 34.5% compared to the three months ended March 31, 2014, due to a decrease in the amount of short-term Salvadoran sovereign debt held by the Bank in connection with the early redemption by the Salvadoran Government of certain of its securities. In addition, the balance of our investment portfolio decreased over the period due to a change in the instrument used to hold 50% of the Bank's liquidity reserve from *Certificado de Liquidez* (CEDEL), a short-term security, to deposits in restricted current accounts at the Salvadoran Central Bank in accordance with new regulations.

Operating Costs

Operating costs totaled \$21.6 million for the three months ended March 31, 2015, an increase of 5.7% compared to the same period in 2014, primarily due to an increase in our financing costs.

The costs of deposits increased by 4.8% from \$8.7 million for the three months ended March 31, 2014 compared to \$9.2 million for the first quarter of 2015, principally due to a general increase in interest rates on deposits throughout the Salvadoran financial system, particularly on time deposits. As of March 31, 2015, deposits accounted for 81.5% of our funding.

In addition, interest on loans from financial institutions increased 14.8% for the three months ended March 31, 2015 compared to the first quarter of 2014, due to a \$20.7 million increase in the balance of our outstanding loans and to an increase of 48 basis points in interest rates on loans resulting from an increase in the proportion of our loans from financial institutions consisting of long-term borrowings. Loans represented 11.8% of our total funding as of March 31, 2015, compared to 11.4% as of March 31, 2014.

Finally, interest on securities issued increased by 16.5% from \$2.5 million for the three months ended March 31, 2014 to \$2.9 million for the three months ended March 31, 2015, due to long-term securities issuances in the local market in the second quarter of 2014.

Loss reserves

Loss reserves totaled \$7.0 million for the three months ended March 31, 2015, a decrease of 21.2% compared to the first quarter of 2014, mainly as a result of an improvement in the quality of our loan portfolio, as our NPL Ratio decreased from 1.5% as of March 31, 2014 to 1.4% as of March 31, 2015.

Administrative Expenses

Administrative expenses totaled \$29.1 million for the three months ended March 31, 2015, an increase of 12.2% compared to the first quarter of 2014, primarily due to salary and benefits increases and to an increase in our general administrative expenses.

General administrative expenses totaled \$11.5 million for the three months ended March 31, 2015, and represented 39.5% of total administrative expenses. The increase of 12.5% for the three months ended March 31, 2014 compared to the three months ended March 31, 2015 corresponded to capital expenditures to update our network of points of service and also due to the implementation of a new tax on financial operations. See “Supervision and Regulation—Regulatory Framework of the Financial System.”

Other Income and Expenses, Net

Other net income and expenses totaled \$6.7 million for the three months ended March 31, 2015, an increase of 30.1% compared to the first quarter of March 31, 2014, due to greater loss reserves releases in connection with the improvement of the quality of our loan portfolio, as illustrated by the 5.9% decrease in the balance of NPLs at the end of the first quarter of 2015 from \$42.9 million as of March 31, 2014 to \$40.4 million as of March 31, 2015.

Income Taxes

Income tax expense totaled \$9.7 million for the three months ended March 31, 2015, an increase of 10.2% compared to the three months ended March 31, 2014. This increase was mostly due to a 5.6% increase in profits before taxes from \$30.1 million for the three months ended March 31, 2014 compared to \$31.8 million for the first quarter of 2015.

Net Income

As a result of the factors described above, net income totaled \$22.1 million for the three months ended March 31, 2015 compared to \$21.3 million for the first quarter of 2014, an increase of 3.7%.

Results of Operations for the Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

The following table shows the principal components of our net income for the years ended December 31, 2014 and 2013.

For the year ended December 31,			
2014	2013	Percentage Change %⁽¹⁾	
<i>(Amounts in US\$ millions)</i>			
Operating income:			
Loan interest	247.1	231.2	6.9%
Commissions and other lending income	25.7	31.0	(17.0)%
Interest and other investment income	9.4	10.8	(12.7)%
Profit on sale of securities	0.8	2.8	(72.6)%
Repos and securities exchange operations.....	0.2	0.1	27.1%
Interest on deposits	0.3	0.3	(1.2)%
Operations in foreign currency	0.7	0.9	(24.9)%
Other services and contingencies.....	46.2	44.6	3.6%
	<u>330.4</u>	<u>321.7</u>	<u>2.7%</u>
Minus – Operating costs:			
Interest and other deposit costs.....	33.6	35.2	(4.6)%
Interest on loans from financial institutions.....	11.7	5.0	131.9%
Interest on securities issued	10.8	11.1	(2.5)%
Loss on sale of securities	1.0	0.9	14.5%
Operations in foreign currency ⁽²⁾	0.0	0.0	12.4%
Other services and contingencies.....	26.4	24.7	6.8%
	<u>83.5</u>	<u>76.9</u>	<u>8.5%</u>
Net operating income	246.9	244.8	0.9%
Loss reserves	34.9	39.7	(11.9)%
Income before expenses	212.0	205.1	3.3%
Administrative expenses:			
Salaries and employee benefits.....	60.7	55.0	10.4%
General	44.2	42.4	4.0%
Depreciation and amortization.....	9.1	8.2	10.8%
	<u>114.0</u>	<u>105.6</u>	<u>7.9%</u>
Operating profit	98.0	99.5	(1.5)%
Dividends.....	0.2	0.4	(44.0)%
Other income and expenses, net	24.0	28.6	(15.9)%
Income before taxes	122.2	128.5	(4.9)%
Income tax	(35.9)	(37.5)	(4.2)%
Income before non-controlling interests	86.3	91.0	(5.1)%
Non-controlling interests in subsidiaries ⁽³⁾	0.0	0.0	(13.7)%
Net income	86.3	91.0	(5.1)%

(1) These percentages have been calculated using the balances from the Bank's consolidated audited financial statements without giving effect to rounding. Percentage amounts could differ if they were calculated based on the rounded balances figures presented in this table.

(2) Exact amounts are \$41,227.76 as of December 31, 2014 and \$36,672.07 as of December 31, 2013.

(3) Exact amounts are \$927.33 as of December 31, 2014 and \$1,074.71 as of December 31, 2013.

An analysis of the components set forth in the foregoing table follows.

Operating Income

Operating income increased 2.7% to \$330.4 million for 2014, from \$321.7 million in 2013. The increase in operating income was primarily due to an increase in interest generated by our loan portfolio of \$15.9 million, partly mitigated by a decrease in income from commissions and other lending income due to regulatory changes of \$5.3 million.

The reported growth in loan interest income of 6.9% was primarily due to growth in the volume of our net loan portfolio, which increased from \$2,674.2 million in 2013 to \$2,781.6 million in 2014. In addition to this increase in volume of our net loan portfolio, an increase in the annual average gross loan rate of 11 basis points from 2013 to 2014 also contributed to the reported growth in loan interest income.

Income from commissions and other lending income decreased by 17.0% from \$31.0 million in 2013 to \$25.7 million in 2014 due to the elimination of the management commissions on loans in connection with a reform to the Salvadoran Consumer Protection Act (*Ley de Protección al Consumidor*) in 2013. However, income from other services, including insurance services, remittances services and salary advance services, increased by 3.6% from \$44.6 million in 2013 to \$46.2 million in 2014, due to the release of new insurance products by our partner Asesuisa which generated greater commissions and improving economic conditions in the United States which resulted in an increase in remittances.

Interest and other investment income decreased by 12.7% from \$10.8 million in 2013 to \$9.4 million in 2014 due to the early redemption by the Salvadoran government of its short-term domestic bonds held by the Bank and lower income from the sales of securities and securities held for the Bank's own account.

Operating Costs

Operating costs increased 8.5% to \$83.5 million for 2014, from \$76.9 million in 2013, primarily due to an increase in the Bank's interest expense on loans from financial institutions from \$5.0 million in 2013 to \$11.7 million in 2014.

This increase in interest expense on loans from financial institutions is mostly due to an increase in the balance of our loans from financial institutions from \$347.7 million in 2013 to \$465.3 million in 2014, in relation with changes in the funding structure of the Bank, in order to take advantage of lower rates offered by foreign correspondent banks compared to interest rates on local deposits. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Funding." Loans from financial institutions, including BANDESAL, represented 10.6% of our total funding in 2013, and 14.0% in 2014.

Although 2014 saw an increase in interest expense on loans from financial institutions, this increase was partially offset by decreases in other components of operating costs. Deposits remained our most important source of funds (79.5%) in 2014. During 2014, our interest expense and other costs on deposits decreased by 4.6% from \$35.2 million in 2013 to \$33.6 million in 2014. This decrease was due to a 3.2% decrease in the balance of deposits from \$2,739.3 million in 2013 to \$2,651.9 million in 2014, primarily due to withdrawals of deposits from the entire Salvadoran banking system by certain of the Bank's institutional clients in order to finance certain government operations, and to a decrease in the annual average cost of deposits, calculated by dividing total interest expense for the year by the sum of the month-end deposit balances for each month of the year divided by 12, from 1.29% in 2013 to 1.26% in 2014.

The costs of other services and contingencies, consisting of costs associated with credit cards and other related financial costs, increased by 6.8% from \$24.7 million in 2013 to \$26.4 million in 2014, due to an increase in commissions paid by the Bank on credit cards and in relation to trade financing.

Loss reserves

Loss reserves decreased 11.9% to \$34.9 million in 2014, from \$39.7 million in 2013, mainly as a result of the decrease in the balance of NPLs from \$43.9 million in 2013 to \$42.5 million in 2014 due to recoveries in the Bank's corporate loan portfolio and a change in the Bank's voluntary reserves policy.

Administrative Expenses

Administrative expenses increased by 7.9% to \$114.0 million in 2014, from \$105.6 million in 2013.

This increase was mainly due to a 10.4% increase in officers and employees' payroll expense from \$55.0 million in 2013 to \$60.7 million in 2014, representing 53.3% of total administrative expenses. This increase in payroll expense was due to the increase in the number of employees of the Bank from 2,707 in 2013 to 2,868 in 2014, the enactment of a new law on voluntary resignation (*Ley Reguladora de la Prestación Económica por Renuncia Voluntaria*) providing for a minimum compensation and a change in the Bank's retirement policy, which resulted in higher provisions.

General administrative expenses increased by 4.0% from \$42.4 million in 2013 to \$44.2 million in 2014, representing 38.8% of total administrative expenses. The increase during 2014 corresponded to capital expenditures in relation with our efforts to expand and update our network of points of service and the development of new products such as self-service salary advances, as well as to develop new customer service channels. This increase was also due to the implementation of a new tax on financial operations. See "Supervision and Regulation—Regulatory Framework of the Financial System."

Other Income and Expenses, Net

Other net income and expenses decreased by 15.9% from \$28.6 million in 2013 to \$24.0 million in 2014, due to a decrease in the release of loan reserves, from \$10.8 million in 2013 to \$8.1 million in 2014, and to an increase in loss reserves on foreclosed assets from \$7.7 million in 2013 to \$11.0 million in 2014, partially offset by income from the recovery of loans, which increased from \$17.8 million in 2013 to \$20.6 million in 2014.

Income Taxes

Income tax expense decreased 4.2% to \$35.9 million in 2014, from \$37.5 million in 2013. This decrease was mostly due to a 4.9% decrease in income before taxes to \$122.2 million in 2014, from \$128.5 million in 2013.

Net Income

As a result of the factors described above, net income decreased by 5.1% to \$86.3 million in 2014, from \$91.0 million in 2013.

Results of Operations for the Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

The following table shows the principal components of our net income for the years ended December 31, 2013 and 2012.

	For the year ended December 31,		<i>Percentage Change %⁽¹⁾</i>
	2013	2012	
	<i>(Amounts in US\$ millions)</i>		
Operating income:			
Loan interest	231.2	210.6	9.8%
Commissions and other lending income	31.0	35.3	(12.2)%
Interest and other investment income	10.8	10.2	5.7%
Profit on sale of securities	2.8	1.8	58.9%
Repos and securities exchange operations	0.1	0.1	52.1%
Interest on deposits	0.3	0.3	(10.6)%
Operations in foreign currency	0.9	0.7	30.6%
Other services and contingencies	44.6	42.5	5.0%
	321.7	301.5	6.7%
Minus – Operating costs:			
Interest and other deposit costs	35.2	26.1	34.9%
Interest on loans from financial institutions	5.0	5.1	0.1%
Interest on securities issued	11.1	7.8	42.8%
Loss on sale of securities	0.9	0.1	583.2%

For the year ended December 31,			
	2013	2012	Percentage Change % ⁽¹⁾
	<i>(Amounts in US\$ millions)</i>		
Operations in foreign currency ⁽²⁾	0.0	0.0	65.4%
Other services and contingencies.....	24.7	24.0	2.9%
	76.9	63.1	22.0%
Net operating income	244.8	238.4	2.7%
Loss reserves	39.7	42.4	(6.6)%
Income before expenses	205.1	196.0	4.7%
Administrative expenses:			
Salaries and employee benefits.....	55.0	53.9	2.2%
General	42.4	39.7	6.8%
Depreciation and amortization.....	8.2	8.6	(5.2)%
	105.6	102.2	3.4%
Operating profit	99.5	93.8	6.2%
Dividends.....	0.4	0.4	(2.9)%
Other income and expenses, net	28.6	31.7	(10.1)%
Income before taxes	128.5	125.9	2.0%
Income tax	(37.5)	(36.8)	1.8%
Income before non-controlling interests	91.0	89.1	2.1%
Non-controlling interests in subsidiaries ⁽³⁾	(0.0)	(0.0)	(19.8)%
Net income	91.0	89.1	2.1%

(1) These percentages have been calculated using the balances from the Bank's consolidated audited financial statements without giving effect to rounding. Percentage amounts could differ if they were calculated based on the rounded balances figures presented in this table.

(2) Exact amounts are \$36,672.07 as of December 31, 2013 and \$22,168.25 as of December 31, 2012.

(3) Exact amounts are \$1,074.71 as of December 31, 2013 and \$1,339.50 as of December 31, 2012.

An analysis of the components set forth in the foregoing table follows.

Operating Income

Operating income increased 6.7% to \$321.7 million in 2013 from \$301.5 million in 2012. The increase in operating income was primarily due to a 9.8% increase in interest generated by our loan portfolio, equivalent to \$20.6 million.

The reported growth in loan interest income of 9.8% was primarily due to an increase in the balance of our net loan portfolio of \$103.8 million and to an increase in the annual average gross loan rate of 36 basis points from 2012 to 2013.

Income from commissions and other lending income decreased by 12.2% from \$35.3 million in 2012 to \$31.0 million in 2013 due to the elimination of the management fees on loans in connection with a reform to the Salvadoran Consumer Protection Act (*Ley de Protección al Consumidor*) in February 2013. Income from other services and contingencies increased by 5.0% from \$42.5 million in 2012 to \$44.6 million in 2013, due to an increase in the number of insurance products of our partner Asesuisa sold by the Bank, which generated greater commissions, and improving economic conditions in the United States that resulted in an increase in remittances, as well as the launch of our mobile banking services which generated additional commissions.

Interest and other investment income increased by 5.7% from \$10.2 million in 2012 to \$10.8 million in 2013 due to improved conditions in the international financial market.

Operating Costs

Operating costs increased by 22.0% to \$76.9 million in 2013 from \$63.1 million in 2012, primarily due to an increase in interests and other deposit costs, and to an increase in interest on securities issued by the Bank.

Deposits remained our most important source of funds (83.2%) in 2013. During 2013, our interest expense and other costs on deposits increased by 34.9% from \$26.1 million in 2012 to \$35.2 million in 2013. This increase was due to a 4.2% increase in the balance of deposits over the same period, primarily due to increased deposits from government-owned institutions as a result of secured debt issuances, and to an increase in the annual average cost of deposits from 1.0% in 2012 to 1.3% in 2013, due primarily to an increase in the volume and interest rate of time deposits.

The costs of securities issued by the Bank increased by 42.8% from \$7.8 million in 2012 to \$11.1 million in 2013, due to new issuances in the second quarter of 2013 carrying higher interests rates reflecting a general increase in interest rates throughout the Salvadoran financial system.

The balance of our borrowings from other financial institutions increased by \$84.8 million from 2012 to 2013, but interest expense on loans remained very stable from 2012 to 2013, with an increase of 0.1%, due to the level of interest rates in the international financial market.

Loss reserves

Loss reserves decreased by 6.6% to \$39.7 million in 2013 from \$42.4 million in 2012, mainly as a result of an improvement in credit quality of the Bank's loan portfolio and a change in our write-off policy in July 2013, with our NPL ratio decreasing from 2.1% in 2012 to 1.6% in 2013.

Administrative Expenses

Administrative expenses increased by 3.4% to \$105.6 million in 2013 from \$102.2 million in 2012, mostly due to an increase in our general expenses.

General administrative expenses increased by 6.8% from \$39.7 million in 2012 to \$42.4 million in 2013, representing 40.2% of total administrative expenses. The increase during 2013 corresponded to capital expenditures in relation to investments in infrastructure in order to improve the Bank's image, as well as the launch of our nonbanking agent network and of our mobile banking solution, the latter of which is part of our business strategy focused on personal and corporate banking.

This increase was also due to a 2.2% increase in officers and employees expense from \$53.9 million in 2012 to \$55.0 million in 2013, representing 52.1% of total administrative expenses. This increase was due to a change in our accounting policy for employee benefits, which resulted in additional provisions of \$1.4 million, and an increase in the number of the Bank's employees.

Other Income and Expenses, Net

Other net income and expenses decreased by 10.1% from \$31.7 million in 2012 to \$28.6 million in 2013, due to the improvement in the credit quality of the Bank's loan portfolio, which resulted in a decrease in amounts recovered from loans and interest receivable settled as uncollectable in previous from \$22.9 million in 2012 to \$17.8 million in 2013.

Income Taxes

Income tax expense increased 1.8% to \$37.5 million in 2013 from \$36.8 million in 2012. This increase was due to a 2.0% increase in income before taxes to \$128.5 million in 2013 from \$125.9 million in 2012.

Net Income

As a result of the factors described above, net income increased by 2.1% to \$91.0 million in 2013 from \$89.1 million in 2012.

Financial Position

The following table sets forth our financial position as of December 31, 2014, 2013 and 2012.

	Banco Agrícola S.A. and Subsidiaries				
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Assets					
Intermediation assets					
Cash and deposits with banks	870.3	525.5	886.5	605.3	502.5
Repos and other securities exchange operations.....	9.6	22.6	6.5	4.6	2.2
Investments in securities, net.....	208.2	578.8	218.0	565.0	613.5
Loan portfolio, net of loss reserves.....	2,762.2	2,686.9	2,781.6	2,674.2	2,570.4
	3,850.3	3,813.8	3,892.6	3,849.1	3,688.6
Other assets					
Foreclosed assets, net of loss provision	10.2	11.3	10.8	11.9	11.2
Equity investments	4.7	4.4	4.7	4.4	4.0
Miscellaneous, net of loss reserves.....	20.2	21.3	17.5	20.2	15.0
	35.1	37.0	33.0	36.5	30.2
Property, plant and equipment					
Real estate, movables and others, net of accumulated depreciation	68.8	56.9	58.9	57.6	61.0
Total assets	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8
Liabilities and equity					
Intermediation liabilities					
Client deposits	2,684.7	2,673.0	2,651.9	2,739.3	2,628.3
Loans from BANDESAL	21.3	19.1	18.9	18.2	19.4
Loans from other financial institutions.....	368.4	349.9	446.4	329.5	243.5
Securities issued	219.1	205.4	218.1	204.1	235.9
Miscellaneous	15.0	17.5	13.2	17.8	22.8
	3,308.5	3,264.9	3,348.5	3,308.9	3,149.9
Other liabilities					
Accounts payable.....	113.4	118.8	44.3	46.7	50.0
Provisions	15.5	13.2	15.5	11.8	11.3
Miscellaneous	20.4	19.5	19.8	19.3	22.0
	149.3	151.5	79.6	77.8	83.3
Total liabilities	3,457.8	3,416.4	3,428.1	3,386.7	3,233.2
Non-controlling interests in subsidiaries.....	0.0	0.0	0.0	0.0	0.0
Equity					
Paid-in capital stock.....	297.5	297.5	297.5	297.5	297.5
Capital reserve, accumulated results and unearned equity.....	198.9	193.8	258.9	259.0	249.1

Banco Agrícola S.A. and Subsidiaries					
	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Total equity	496.4	491.3	556.4	556.5	546.6
Total liabilities and equity.....	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8

Total Assets

As of March 31, 2015, we had total assets of \$3,954.2 million, compared to \$3,907.7 million as of March 31, 2014, representing an increase of 1.2%. This was primarily due to an increase in our net loan portfolio of \$75.3 million. A \$370.6 million decrease in our net investments in securities as of March 31, 2015 compared to March 31, 2014 was largely offset by a \$344.8 million increase in our cash and deposits with banks, in connection with a change in local regulations regarding liquidity reserves in 2014 pursuant to which 50% of the Bank's liquidity reserve, previously held in *Certificado de Liquidez* (CEDEL), is now deposited in restricted current accounts at the Salvadoran Central Bank. As of March 31, 2015, our total assets were composed by our net loan portfolio (69.9%), our cash positions (22.0%), our investment portfolio (5.3%), and other assets, including repurchase agreements and property, plant and equipment, among others (2.8%).

As of December 31, 2014, we had total assets of \$3,984.5 million, compared to \$3,943.2 million as of December 31, 2013, representing an increase of 1.0%. The variations in the balance of the three main components of our assets (cash and deposits with banks, net loan portfolio and investments) compensated each other. Cash and deposits with banks increased 46.5%, or \$281.2 million, due to the change in local regulations regarding liquidity reserves mentioned in the preceding paragraph, which resulted in an increase in the proportion of our assets held in cash and deposits with banks from 15.4% in 2013 to 22.2% in 2014.

As of December 31, 2013, we had total assets of \$3,943.2 million, compared to \$3,779.8 million as of December 31, 2012, representing an increase of 4.3%. This increase was primarily due to an increase in our cash and deposits with banks of \$102.9 million and an increase in our net loan portfolio of \$103.8 million.

The below table sets forth our market share and ranking among ABANSA members with respect to total assets, presented on a stand-alone basis:

	As of December 31, 2014,		
	Balance	Market Share	Ranking
	<i>(US\$ millions)</i>	<i>(%)</i>	
Banco Agrícola, S.A.....	3,985	28.6%	1
Banco Davivienda, S.A.	2,095	15.0%	2
Scotiabank, S.A.	1,948	14.0%	3
Banco de América Central, S.A.....	1,719	12.3%	4
Banco Citibank El Salvador, S.A.	1,580	11.3%	5
Banco Promerica, S.A.	900	6.5%	6
Banco Hipotecario, S.A.	786	5.6%	7
Banco G&T Continental, S.A.	500	3.6%	8
Banco Procredit, S.A.	272	1.9%	9
Banco Azteca de El Salvador, S.A.	136	1.0%	10
Citibank, N.A. Sucursal El Salvador	19	0.1%	11
TOTAL	13,939	-	-

Source: ABANSA

The changes in our net loan portfolio and net investments in securities are further described below.

Net Loan Portfolio

As of March 31, 2015, we had a net loan portfolio of \$2,762.2 million, compared to \$2,686.9 million as of March 31, 2014, representing an increase of 2.8%. This was primarily due to an increase of 4.5% in our retail loan portfolio and an increase of 3.3% in our mortgage portfolio. As of March 31, 2015, our NPL Ratio was 1.4%, representing an improvement of 12 basis points compared to March 31, 2014, and our Coverage Ratio was 218.8%, compared to 234.6% as of March 31, 2014.

We had a net loan portfolio of \$2,781.6 million as of December 31, 2014, compared to \$2,674.2 million as of December 31, 2013, representing an increase of 4.0%. The most significant growth by products was as follows: \$34.0 million in commercial loans, \$19.2 million in mortgage loans and \$47.6 million in retail loans. Most of these new commercial loans were in the utilities, commerce, services, and agroindustry sectors. Our Coverage Ratio decreased to 223.2% in 2014 from 230.2% in 2013. The average rate of return on the loan portfolio on a consolidated basis, calculated by dividing the loan portfolio income (including interest and commissions) by the average balance in gross loan portfolio for the reporting period, decreased to 9.6% in 2014 from 9.8% in 2013.

We had a net loan portfolio of \$2,674.2 million as of December 31, 2013, compared to \$2,570.4 million as of December 31, 2012, representing an increase of 4.0%. The most significant growth by product was as follows: \$12.4 million in commercial loans, \$14.4 million in mortgage loans and \$71.1 million in retail loans. Most of these new commercial loans were in the industry and services sectors. Our Coverage Ratio grew to 230.2% in 2013 from 194.5% in 2012. The average rate of return on the loan portfolio on a consolidated basis, calculated by dividing the loan portfolio income (including interest and commissions) by the average balance in gross loan portfolio for the reporting period, increased from 9.6% in 2012 to 9.8% in 2013.

Investments in Securities

As of March 31, 2015, we had investments in securities of \$208.2 million, compared to \$578.8 million as of March 31, 2014, representing a decrease of 64.0%. This decrease was primarily the result of a mandatory conversion ordered by the Salvadoran Central Bank of the Bank's investments in liquidity certificates CEDEL of \$287.9 million (as of June 2014, at the time of conversion), which constituted the Bank's third tier of liquidity reserves, into restricted deposits at the Salvadoran Central Bank for the same amount. From an accounting standpoint, this conversion constituted a reclassification of this asset (from investments to deposits with the Central Bank). This decrease was also the result of the redemption by the Salvadoran Government of \$157.9 million of treasury bonds effective as of September 24, 2014.

Investments in securities are securities and other investments in monetary instruments purchased for speculative purposes or to comply with regulatory requirements and consist of temporary investments, which are investments in securities acquired for the purpose of holding them in our portfolio for less than a year, and long-term investments, which are investments in securities acquired for the purpose of holding them until their maturity or for more than a year. As of December 31, 2014, our investment portfolio was comprised 44.6% of Salvadoran government and Central Bank securities, 29.3% of foreign corporate and government securities, and 26.1% of other entities (other Salvadoran banks, corporate securities and FICAFE). As of December 31, 2014, 100% of the non-Salvadoran securities in our investment portfolio were fixed income securities and 20.1% were investment-grade securities.

We had investments in securities (including repurchase agreements and other securities exchange operations) of \$224.6 million as of December 31, 2014, compared to \$569.6 million as of December 31, 2013, representing a decrease of 60.6%. This decrease was primarily the result of a mandatory conversion ordered by the Salvadoran Central Bank of the Bank's investments in liquidity certificates CEDEL of \$287.9 million (as of June 2014, at the time of conversion), which constituted the Bank's third tier of liquidity reserves, into restricted deposits at the Salvadoran Central Bank for the same amount. From an accounting standpoint, this conversion constituted a reclassification of this asset (from investments to deposits with the Central Bank). This decrease was also the result of the redemption by the Salvadoran Government of \$157.9 million of treasury bonds effective as of September 24, 2014. The average rate of return on our investments in securities, calculated by dividing investment portfolio income (including interest and commissions) by the average balance in the gross investment portfolio for the reporting period, increased from 1.9% in 2013 to 2.5% in 2014 on a consolidated basis.

We had investments in securities (including repurchase agreements and other securities exchange operations) of \$569.6 million as of December 31, 2013, compared to \$615.8 million as of December 31, 2012, representing a decrease of 7.5%. This decrease was primarily the result of a decrease in Salvadoran Central Bank securities of \$15.1 million, and a decrease securities issued by the Salvadoran state of approximately \$33.7 million. The average rate of return on our investments in securities, calculated by dividing investment portfolio income (including interest and commissions) by the average balance in the gross investment portfolio for the reporting period, increased from 1.8% in 2012 to 1.9% in 2013 on a consolidated basis.

In El Salvador, repurchase agreements are traded on the Salvadoran stock exchange (*Bolsa de Valores de El Salvador*). Under applicable local regulations, repurchase agreements have a minimum maturity of two days and a maximum maturity of 45 days. Most transactions have a two to seven day maturity. Securities delivered under a repurchase cannot be traded on the secondary market because the custodian restricts the securities in a special account where they cannot be transferred. During 2014, Banco Agrícola maintained a daily average of approximately \$3.1 million in reverse repos (pursuant to which it had an investment position in securities) while it had a minimal position in repos (or the sale of securities pursuant to a repurchase agreement).

Liabilities

The following table sets forth the principal components of our liabilities as well as the percentages each item represents of total liabilities as of March 31, 2015 and 2014, and as of December 31, 2014, 2013 and 2012.

	As of March 31,				As of December 31,					
	2015		2014		2014		2013		2012	
	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total	Balance	% of total
<i>(Amounts in US\$ millions)</i>										
Current account deposits.....	690.5	20.0%	669.6	19.6%	645.2	18.8%	688.5	20.3%	622.4	19.3%
Savings account deposits.....	1,105.0	32.0%	1,115.8	32.7%	1,096.5	32.0%	1,122.0	33.1%	1,137.1	35.2%
Time deposits.....	889.2	25.7%	887.6	26.0%	910.2	26.5%	928.8	27.4%	868.8	26.9%
Total deposits	2,684.7	77.7%	2,673.0	78.3%	2,651.9	77.3%	2,739.3	80.8%	2,628.3	81.4%
Loans from BANDESAL.....	21.3	0.6%	19.1	0.6%	18.9	0.5%	18.2	0.6%	19.4	0.6%
Loans from other financial institution.....	368.4	10.7%	349.9	10.2%	446.4	13.0%	329.5	9.7%	243.5	7.5%
Total loans from other financial institutions	389.7	11.3%	369.0	10.8%	465.3	13.5%	347.7	10.3%	262.9	8.1%
Securities issued.....	219.1	6.3%	205.4	6.0%	218.1	6.4%	204.1	6.0%	235.9	7.3%
Other intermediation liabilities.....	15.0	0.4%	17.5	0.5%	13.2	0.4%	17.8	0.5%	22.8	0.7%
Accounts payable.....	113.4	3.3%	118.8	3.5%	44.3	1.3%	46.7	1.4%	50.0	1.5%
Provisions.....	15.5	0.4%	13.2	0.3%	15.5	0.5%	11.8	0.4%	11.3	0.3%
Other.....	20.4	0.6%	19.5	0.6%	19.8	0.6%	19.3	0.6%	22.0	0.7%
Total liabilities	3,457.8	100.0%	3,416.4	100.0%	3,428.1	100.0%	3,386.7	100.0%	3,233.2	100.0%

Total Liabilities

As of March 31, 2015, we had total liabilities of \$3,457.8 million, compared to \$3,416.4 million as of March 31, 2014, representing an increase of 1.2%. This increase was mainly caused by an increase in our loans from other financial institutions of \$20.7 million and by an increase in deposits of \$11.7 million.

We had total liabilities of \$3,428.1 million as of December 31, 2014, compared to \$3,386.7 million as of December 31, 2013, representing an increase of 1.2%. This increase was primarily due to an increase in loans from financial institutions of \$117.6 million in order to diversify funding sources by the Bank, while deposits decreased by \$87.4 million in the same period.

We had total liabilities of \$3,386.7 million as of December 31, 2013, compared to \$3,233.2 million as of December 31, 2012, representing an increase of 4.7%. This increase was primarily due to an increase in loans from financial institutions of approximately \$84.8 million, and an increase in deposits of approximately \$111.0 million.

Deposits

As of March 31, 2015, we had \$1,105.0 million in savings account deposits, \$889.2 million in time deposits, and \$690.5 million in current account deposits.

As of March 31, 2015, we had \$2,684.7 million in total deposits, compared with \$2,673.0 million as of March 31, 2014, representing an increase of 0.4%. This increase was primarily caused by an increase in current account deposits of \$20.9 million, partially offset by a decrease in savings account deposits of \$10.8 million.

As of December 31, 2014, we had \$1,096.5 million in savings account deposits, \$910.2 million in time deposits, and \$645.2 million in current account deposits.

As of December 31, 2014, we had total deposits of \$2,651.9 million compared to \$2,739.3 million as of December 31, 2013, a decrease of 3.2%. This decrease was primarily the result of a decrease in current account deposits of \$43.3 million, and a decrease in savings account deposits of \$25.5 million and of time deposits of \$18.6 million.

As of December 31, 2013, we had total deposits of \$2,739.3 million compared to \$2,628.3 million as of December 31, 2012, an increase of 4.2%. This increase was primarily the result of an increase in current account deposits of \$66.1 million and an increase in time deposits of \$60.0 million.

The below table sets forth our market share and ranking among ABANSA members with respect to total deposits, presented on a stand-alone basis:

	As of December 31, 2014,		
	Balance <i>(US\$ millions)</i>	Market Share <i>(%)</i>	Ranking
Banco Agrícola, S.A.	2,652	28.1%	1
Banco Davivienda, S.A.	1,270	13.5%	2
Scotiabank, S.A.	1,256	13.3%	3
Banco de América Central, S.A.	1,179	12.5%	5
Banco Citibank El Salvador, S.A.	1,189	12.6%	4
Banco Promerica, S.A.	708	7.5%	6
Banco Hipotecario, S.A.	556	5.9%	7
Banco G&T Continental, S.A.	366	3.9%	8
Banco Procredit, S.A.	152	1.6%	9
Banco Azteca de El Salvador, S.A.	93	1.0%	10
Citibank, N.A. Sucursal El Salvador	0	0.0%	11
TOTAL	9,420	-	-

Source: ABANSA

Loans from Financial Institutions

As of March 31, 2015, we had \$389.7 million in loans from financial institutions, both local and foreign, compared with \$369.0 million as of March 31, 2014, representing an increase of 5.6%.

We had loans from financial institutions, both local and foreign, of \$465.3 million as of December 31, 2014, compared to \$347.7 million as of December 31, 2013, an increase of 33.9%. This increase was primarily the result of to fund the growth of loan assets, diversifying our funding sources and improving our Financial Margin due to this funding source having lower rates than the interest rates on local deposits.

We had loans from financial institutions of \$347.7 million as of December 31, 2013, compared to \$262.9 million as of December 31, 2012, an increase of 32.2%. This increase was primarily the result of increased borrowings due to attractive interest rates resulting from improvements in the situation of international financial markets.

Securities Issued

As of March 31, 2015, our financial obligations relating to securities issued by the bank were of \$219.1 million compared to \$205.4 million as of March 31, 2014, representing an increase of 6.7%.

As of December 31, 2014, our financial obligations relating to securities issued by the Bank were of \$218.1 million compared to \$204.1 million as of December 31, 2013, an increase of 6.9%.

As of December 31, 2013, our financial obligations in relation with securities issued by the Bank were of \$204.1 million compared to \$235.9 million as of December 31, 2012, a decrease of 13.5%.

Stockholders' Equity

As of March 31, 2015, our stockholders' equity was \$496.4 million, compared to \$491.3 million as of March 31, 2014, representing a 1.0% increase.

As of December 31, 2014, our stockholders' equity remained stable at \$556.4 million, compared to \$556.5 million as of December 31, 2013, as net income for the year ended 2014 compensated the dividends paid for the same period.

As of December 31, 2013, our stockholders' equity was \$556.5 million compared to \$546.6 million as of December 31, 2012, a 1.8% increase, as net income for the year exceeded dividends paid for the same period.

Dividend paid were \$86.5 million, \$80.9 million and \$108.7 million during the fiscal years ended December 31, 2014, 2013 and 2012, for a net income of \$91.0 million, \$89.1 million and \$110.4 million in each of the prior years, respectively. The dividend declared for the year ended December 31, 2015 is \$82.1 million, for a net income of \$86.3 million in the year ended December 31, 2014, which will be paid in four installments during 2015.

Liquidity and Funding

Through our asset and liability management policy, we seek to ensure that sufficient liquidity is available to honor withdrawals of deposits, repay other liabilities at maturity, extend loans or other forms of credit to customers and meet working capital needs. The minimum amount of liquidity we are required to maintain depends on the reserve and liquidity requirements established by the Salvadoran Central Bank. We meet these requirements by maintaining a proper balance between liquidity outflows (withdrawals, disbursements, repayments of our obligations at maturity) and obtaining new financing. As of March 31, 2015 and December 31, 2014, our net loan portfolio represented 95.1% and 96.9% of total deposits plus securities issued, respectively.

Our Assets, Liabilities and Investments Management Committee is responsible for managing our funding and liquidity positions and approving our investment strategy. We cover any shortfall by taking in additional deposits and by borrowing from financial institutions or through disbursement from available credit facilities. We seek to maximize the efficient use of our funding sources by investing any surplus in liquid investments in the repo market or through investment in short term facilities. Our trading desk is responsible for managing our investment portfolio. The size of our investment portfolio at any given time depends on the Bank's need for liquidity.

Our most important source of funds is our portfolio of deposits (current account, savings account and time deposits) and loans from local and foreign financial institutions. Demand deposits (current account and savings account) provide for us a source of low cost funding and are less affected by changes in market condition than other sources of funds, but are more volatile by nature. Our credit lines with foreign banks provide us with relatively flexible financing and a stable source of funds at a relatively low cost. However, conditions in the country of origin

of such foreign banks or in the international market can result in our lenders changing the interest rate charged and the amount of the line of credit. Time deposits provide us with a very stable source of short-term funding, but are generally more costly than the aforementioned alternatives depending on market conditions.

Between 2012 and 2014, we maintained our percentage of total funding comprised of deposits at an average of 82.3%. As of March 31, 2015 and 2014, our deposits amounted to \$2,684.7 million (or 81.5% of total funding) and \$2,673.0 (or 82.3% of total funding), respectively. Our deposits amounted to \$2,651.9 million (or 79.5% of total funding) as of December 31, 2014, \$2,739.3 million (or 83.2% of total funding) as of December 31, 2013, and \$2,628.3 million (or 84.0% of total funding) as of December 31, 2012. Although deposits remain our most important source of funds, these figures reflect how loans from financial institutions have progressively taken more importance in our financing structure in recent years.

Our net liquidity ratio, defined as our (a) (i) liquid assets plus investments minus (ii) short-term loans from financial institutions plus accounts payable, divided by (b) client deposits, compares favorably with the Salvadoran financial system average. As of December 31, 2014, 2013 and 2012, our net liquidity ratio was 29.3%, 33.5% and 32.9%, respectively, compared with 28.1%, 30.7% and 31.9% for the Salvadoran system average, and our ratio of liquid assets to total assets was 22.4%, 23.1% and 21.0%, respectively, compared with 22.0%, 22.6% and 22.3% for the members of ABANSA.

In September 2014, we entered into a \$100 million loan agreement on market terms with Bancolombia Panama for a one-year term. In September 2013, we entered into a \$90 million loan agreement with the Inter-American Development Bank with a maximum tenor of five years.

In addition to deposits and loans, we also have the ability to issue long-term securities in the local market on the Salvadoran stock exchange, which gives us access to a more structured type of financing.

Our funding strategy is to continue exploiting alternative sources of funding in accordance with their cost and availability.

As of March 31, 2015, our principal amounts of loan obligations outstanding with foreign banks, including capital but not interest, included the following:

	As of March 31, 2015,	
	Balance (US\$ millions)	Share of total (%)
Banco Interamericano de Desarrollo	90.0	24.6%
Mercantil Commercebank.....	16.0	4.4%
Bancolombia Panama	100.0	27.3%
Bank of New York.....	4.0	1.1%
The Bank of Nova Scotia.....	10.0	2.7%
Citibank, N.A.....	15.0	4.1%
Commerzbank AG Alemania.....	45.4	12.4%
Deutsche Bank.....	45.5	12.5%
Sumitomo Mitsui Banking.....	10.0	2.7%
Wells Fargo Bank, NA-NY	30.0	8.2%
TOTAL	365.9	100.0%

Capital Expenditures

During the years 2014, 2013 and 2012, our capital expenditures were \$7.5 million, \$3.6 million and \$5.9 million, respectively, consisting in each case primarily of computer equipment to improve our operating reliability. Our capital expenditures during the periods 2014, 2013 and 2012 were funded with cash generated by our operations.

Risk-Based Capital

Under Salvadoran banking laws, we are required to comply with certain capital requirements. Under Prudential Norm NPB 43-04 and article 41 of the Banking Law with the objective of constantly maintaining their solvency, banks must maintain at all times a ratio of Total Net Capital to Risk Weighted Assets, of at least 12%. This minimum capital requirement must be met both on a standalone and on a consolidated basis. The following table sets forth our actual capital ratios as compared to the minimum capital requirements as of the dates indicated, computed on a consolidated basis:

The selected financial data and ratios presented below have been derived from and should be read in conjunction with our Financial Statements and other financial information contained elsewhere in this offering memorandum.

	As of March 31,		As of December 31,		
	2015	2014	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Stockholders' equity as a percentage of total assets ⁽¹⁾	12.6%	12.6%	14.0%	14.1%	14.5%
Primary Capital.....	426.7	422.9	422.9	411.5	411.4
Risk Weighted Assets.....	2,963.7	2,840.1	2,965.4	2,836.8	2,724.6
Primary Capital to Risk Weighted Assets ratio	14.4%	14.9%	14.3%	14.5%	15.1%
Capital to Risk Weighted Assets Ratio ⁽²⁾	16.0%	16.5%	16.8%	17.6%	17.9%
Excess of Total Net Capital over minimum capital requirement.....	117.2	129.0	141.6	157.9	162.1
Capital to Liabilities Ratio ⁽³⁾	13.4%	13.4%	14.2%	14.4%	14.7%
Capital to Minimum Paid-In Capital Ratio ⁽⁴⁾	159.0%	157.9%	167.2%	167.5%	164.5%

(1) Refers to the end-of-period stockholders' equity divided by the end-of-period total assets.

(2) The minimum requirement in El Salvador for each period was a Capital to Risk Weighted Assets Ratio of 12.0%.

(3) The minimum requirement in El Salvador for each period was a Capital to Liabilities Ratio of 7.0%.

(4) The minimum requirement in El Salvador for each period was a 100.0% of Total Net Capital to Minimum Paid-In Capital.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to a number of off-balance sheet activities that have credit, market and operational risk and are not reflected in our Financial Statements. These activities include commitments to extend credit not otherwise accounted for as contingent loans, such as letters of credit and guarantees and surety bonds.

We provide our customers with services related to the issuance and confirmation of commercial and stand-by letters of credit and to the issuance of surety bonds and guarantees. Balances shown in these accounts represent rights that can become assets or liabilities at the completion of the transaction cycle or when a future and uncertain event occurs:

	As of March 31,		As of December 31,		
	2015	2015	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>				
Letters of credit issued.....	25.5	40.3	15.4	18.5	7.9
Guarantees and surety bonds	70.6	75.7	75.1	81.1	113.2
Total	96.1	116.0	90.5	99.6	121.1

The credit risk of both on- and off-balance sheet financial instruments varies based on many factors, including the value of collateral held and other security arrangements. To mitigate credit risk, we generally determine the need for specific covenant, guarantee and collateral requirements on a case-by-case basis, depending on the nature of the financial instrument and the customer's creditworthiness. We may also require comfort letters. The amount and type of collateral held to reduce credit risk varies, but may include real estate, machinery, equipment, inventory and accounts receivable, as well as cash on deposit, stocks, bonds and other marketable

securities that are generally held in our possession or at another appropriate custodian or depository. This collateral is valued and inspected on a regular basis to ensure both its existence and adequacy. Additional collateral is required when appropriate.

Derivatives Transactions

It is the Bank's policy not to enter into or trade in derivatives or hedging contracts for speculative purposes, but rather to use derivatives transactions only as tools for hedging interest rate risk. The Bank enters into derivatives transactions only with financial institutions that the Bank consider creditworthy. The Bank uses interest rate swaps and similar derivatives to hedge its exposure to interest rate risks by converting portions of the Bank's borrowings with floating interest rates into borrowings with fixed interest rates. Derivatives transactions are recorded off-balance sheet.

As of March 31, 2015 and 2014, and as of December 31, 2014, 2013 and 2012, the Bank maintained a swap contract to cover 6-month LIBOR rate from the risk associated to interest rate changes on the Bank's debt, with nominal amounts of \$1.3 million as of March 31, 2015, \$2.5 million as of March 31, 2014, \$1.3 million as of December 31, 2014, \$2.5 million as of December 31, 2013 and \$3.8 million as of December 31, 2012.

As of December 31, 2012, Banco Agrícola, S. A. maintained a cash flow hedging contract as protection from interest rate variations. This hedging contract for \$100 million expired on January 24, 2013.

Dividend Policy

Our yearly dividends are proposed by our board of directors and approved by our shareholders, in accordance with the Bank's strategic plan, taking into account net income, prudential limits and legal requirements, as well as growth projections and any expansion plan of the Bank, as applicable. Dividends are distributed to stockholders in quarterly payments within a year from the date of the ordinary annual stockholders' meeting in which the dividend was declared. For 2015, our stockholders approved the distribution of \$82.1 million in dividends on our common stock, which will be paid in four equal installments throughout the year.

Pursuant to Article 39 of the Banking Law, the Bank must maintain capital reserves in an amount at least equal to 25% of its paid-in capital stock. To form these capital reserves, the Bank must reserve at least 10% of its annual profits until the statutory minimum is reached. The Bank can maintain additional capital reserves, in accordance with its statutes. The ordinary annual stockholders' meeting of the Bank held on February 21, 2013 agreed to transfer \$39.6 million (before consolidation) to capital reserves - legal voluntary reserves, related to 2012 results. The legal reserve balance of the Bank as of December 31, 2014 was \$114.0 million, accounting for 38.3% of the paid-in capital stock.

Furthermore, pursuant to the first paragraph of Article 40 of the Banking Law, in addition to the capital reserve, the Bank must set aside a portion of its annual profits in an amount equal to the balance of proceeds receivables net of loss reserves. In 2014, our profit was \$86.3 million, which, after adjusting for non-distributable earnings from prior years and various adjustments, resulted in distributable earnings of \$85.8 million. See note 23 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 included as part of this offering memorandum.

Contractual Obligations

We enter into various contractual obligations which we recognize on our balance sheet that may require future cash payments. The following table summarizes our material contractual obligations by remaining maturity as of March 31, 2015.

	Payments due by period		
	Less than 1 year	1-5 years	More than 5 years
	<i>(Amounts in US\$ millions)</i>		
Loans from financial institutions	251.2	120.0	18.5

	Payments due by period		
	Less than 1 year	1-5 years	More than 5 years
	<i>(Amounts in US\$ millions)</i>		
Securities issued	5.0	84.0	130.1
Time deposits.....	870.4	18.9	0.0
Total	1,126.6	222.9	148.6

Quantitative and Qualitative Disclosures about Market Risk

Risk management consists of the identification and evaluation of risks affecting our operations and the implementation of a business strategy to manage those risks. We have market risk exposure as a result of changes in interest rates, foreign currency prices, asset prices or other financial contracts. The primary objective of our risk management strategy is to manage our balance sheet in light of interest rates, liquidity and foreign exchange risks, as well as the current domestic demand for credit, existing asset and liabilities positions and maturity mismatches, general market conditions and operational risks. For a discussion of these market risks as they impact our business, see “Risk Management.”

SELECTED STATISTICAL INFORMATION

Except where otherwise specified, the selected financial and statistical information in this section is provided with respect to the Bank on a stand-alone basis and derives from the books and records of the Bank. The excluded subsidiaries of the Bank do not engage in banking operations and represent approximately 1% of the Bank's consolidated total assets and, therefore, presenting such selected statistical information on a consolidated basis would not result in material differences in the selected statistical information presented below. This information should be read in conjunction with "Presentation of Certain Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements, included elsewhere in this offering memorandum. The selected statistical information included in this offering memorandum is as of and for the years ended December 31, 2014, 2013 and 2012.

Presentation of Selected Statistical Information

Presentation of the financial and statistical information included in this section may differ from the manner of presentation required by Salvadoran Banking GAAP for the presentation of our Financial Statements. The following information is presented solely for the convenience of the reader for analytical purposes.

Average Balances and Interest Rates/Yields Data

The tables below present the average balances for all of our assets and liabilities together with the related interest income and expense amounts for interest-earning assets and interest-bearing liabilities, resulting in the presentation of the average real yields and rates for each period. Average balances for assets and liabilities have been calculated using the sum of the month-end balances for each month of the year divided by 12. Interest income (expense) for each year is the total income (expense) for such period.

Average Assets and Yields

The following table presents the average balance of assets, interest income and average annual yields for the periods specified.

	For the year ended December 31, 2014			For the year ended December 31, 2013			For the year ended December 31, 2012		
	Average Balance	Interest Income	Average Yield (%)	Average Balance	Interest Income	Average Yield (%)	Average Balance	Interest Income	Average Yield (%)
<i>(Amounts in US\$ millions)</i>									
Total interest-earning									
assets	3,761.0	256.9	6.8%	3,618.0	242.3	6.7%	3,439.9	221.2	6.4%
Central Bank deposits & interest-earning									
deposits in other banks	569.8	0.3	0.1%	408.9	0.3	0.1%	366.8	0.3	0.1%
Investments	395.1	9.6	2.4%	564.9	10.9	1.9%	571.6	10.3	1.8%
Performing loans	2,796.1	247.0	8.8%	2,644.2	231.1	8.7%	2,501.5	\$210.6	8.4%
Other (accounts receivable)	-	-	-	-	-	-	-	-	-
Total non-interest- earning assets	191.8	-	-	216.2	-	-	231.4	-	-
Cash and due from banks	139.0	-	-	163.0	-	-	159.8	-	-
Non-performing loans	44.5	-	-	48.7	-	-	61.3	-	-
Loan loss provision	(99.9)	-	-	(103.8)	-	-	(108.3)	-	-
Property and equipment, net	56.2	-	-	57.6	-	-	66.5	-	-
Deferred charges	4.1	-	-	3.5	-	-	3.1	-	-
Financial products receivable	16.8	-	-	20.9	-	-	21.7	-	-
Foreclosed assets	12.0	-	-	9.8	-	-	11.8	-	-
Accounts receivable, net	18.7	-	-	16.1	-	-	15.1	-	-
Prepaid assets	0.4	-	-	0.4	-	-	0.4	-	-

	For the year ended December 31, 2014			For the year ended December 31, 2013			For the year ended December 31, 2012		
	Average Balance	Interest Income	Average Yield (%)	Average Balance	Interest Income	Average Yield (%)	Average Balance	Interest Income	Average Yield (%)
	<i>(Amounts in US\$ millions)</i>								
Total assets	3,952.8	-	-	3,834.2	-	-	3,671.3	-	-

Average Liabilities, Stockholders' Equity and Interest Rates

The following table presents the average balance of liabilities and stockholders' equity, interest expense and average annual rates for the periods specified.

	For the year ended December 31, 2014			For the year ended December 31, 2013			For the year ended December 31, 2012		
	Average Balance	Interest Expense	Average rate (%)	Average Balance	Interest Expense	Average rate (%)	Average Balance	Interest Expense	Average rate (%)
	<i>(Amounts in US\$ millions)</i>								
Total interest-bearing liabilities excluding interest-bearing demand deposits	2,623.8	52.1	2.0%	2,513.4	47.5	1.9%	2,349.0	35.3	1.5%
Deposits excluding interest-bearing									
demand deposits	1,985.0	29.6	1.5%	2,050.2	31.4	1.5%	1,930.3	22.5	1.2%
Savings deposits	1,098.7	4.4	0.4%	1,099.8	6.1	0.6%	1,062.1	5.8	0.5%
Time deposits	886.3	25.2	2.8%	950.4	25.3	2.7%	868.2	16.7	1.9%
Financial liabilities	209.8	10.8	5.1%	235.2	11.1	4.7%	221.9	7.8	3.5%
Loans obtained	429.0	11.7	2.7%	228.0	5.0	2.2%	196.8	5.0	2.5%
Total non-interest-bearing liabilities excluding non-interest-bearing demand deposits	133.2	-	-	134.8	-	-	135.2	-	-
Savings deposits	3.6	-	-	9.9	-	-	9.1	-	-
Financial expenses payable	4.4	-	-	2.9	-	-	2.3	-	-
Accounts payable	71.1	-	-	68.9	-	-	72.7	-	-
Provisions	14.3	-	-	12.6	-	-	10.9	-	-
Deferred credits	5.7	-	-	4.5	-	-	4.5	-	-
Other credit balances	34.1	-	-	36.0	-	-	35.7	-	-
Non-controlling interest ...	-	-	-	-	-	-	-	-	-
Total demand deposits⁽¹⁾	671.9	3.6	0.5%	663.4	3.40	0.5%	669.9	3.20	0.5%
Stockholders' equity	523.9	-	-	522.6	-	-	517.2	-	-
Total liabilities and stockholders' equity	3,952.8	-	-	3,834.2	-	-	3,671.3	-	-
Total interest-bearing liabilities	2,867.8	55.7	1.9%	2,761.7	50.9	1.8%	2,616.2	38.5	1.5%
Total non-interest-bearing liabilities	561.1	-	-	549.9	-	-	537.9	-	-

(1) Includes interest-bearing and non-interest-bearing demand deposits.

Changes in Interest Income and Expense—Volume and Rate Analysis

The following table sets forth the allocation of the changes in our interest income and expense between changes in volume and changes in rates for the year ended December 31, 2014 compared to the year ended December 31, 2013 and for the year ended December 31, 2013 compared to the year ended December 31, 2012. Volume and rate variances have been calculated based on changes in the average balances over the period and changes in interest rates on average interest-earning assets and average interest-bearing liabilities.

	December 31, 2014/2013 Increase (decrease) due to change in:			December 31, 2013/2012 Increase (decrease) due to change in:		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	<i>(Amounts in US\$ millions)</i>					
Total interest-earning assets	10.1	4.5	14.6	11.9	9.2	21.1
Central Bank deposits & interest- earning deposits in other banks	0.1	(0.1)	0.0	0.0	(0.0)	0.0
Investments.....	(3.3)	2.0	(1.3)	(0.1)	0.7	0.6
Performing loans	13.3	2.6	15.9	12.0	8.5	20.5
Other (accounts receivable).....	-	-	-	-	-	-
Total interest-bearing liabilities.....	1.4	3.4	4.8	2.8	9.6	12.4
Demand deposits	(0.1)	0.3	0.2	(0.2)	0.4	0.2
Savings deposits	(0.0)	(1.7)	(1.7)	0.2	0.1	0.3
Time deposits	(1.7)	1.6	(0.1)	1.6	7.0	8.6
Financial liabilities	(1.2)	0.9	(0.3)	0.5	2.8	3.3
Loans obtained	4.4	2.3	6.7	0.8	(0.8)	0.0

Interest-Earning Assets and Interest-Bearing Liabilities—Yield and Yield Spread

The following table sets forth the levels of our average interest-earning assets, average interest-bearing liabilities, net interest income, and gross and net yield and yield spread obtained, for each of the periods indicated.

	As of or for the years ended December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		
Total average interest-earning assets:	3,761.0	3,618.0	3,439.9
Total average interest-bearing liabilities:	2,867.8	2,761.7	2,616.2
Interest income:	256.9	242.3	221.2
Interest expense:	55.7	50.9	38.5
Net interest income:	201.2	191.4	182.7
Gross yield ⁽¹⁾ :	6.8%	6.7%	6.4%
Net yield ⁽²⁾ :	5.3%	5.3%	5.3%
Yield spread ⁽³⁾ :	4.9%	4.9%	5.0%

(1) Gross yield is interest income divided by average interest-earning assets.

(2) Net yield represents the total of net interest income divided by average interest-bearing liabilities.

(3) Yield spread represents the difference between gross yield on average interest-earning assets and average rate of interest-bearing liabilities.

Return on Equity and Assets

The following table shows selected financial data and selected financial ratios for the periods indicated.

	As of or for the years ended December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		
Net income.....	86.4	91.1	89.2
Average total assets	3,952.8	3,834.2	3,671.3
Average stockholders' equity ⁽¹⁾	523.9	522.6	517.2
Net income as a percentage of average total assets	2.2%	2.4%	2.4%
Net income as a percentage of average stockholders' equity	16.5%	17.4%	17.2%
Average stockholders' equity as a percentage of average total assets	13.3%	13.6%	14.1%

(1) Average month-end balances during each such period.

The below table sets forth our market share and ranking among ABANSA members based on net income on a stand-alone basis:

	As of December 31, 2014		
	Balance <i>(US\$ millions)</i>	Market Share <i>(%)</i>	Ranking
Banco Agrícola, S.A.	86.4	47.8%	1
Banco de América Central, S.A.	23.7	13.1%	2
Banco Davivienda, S.A.	23.3	12.9%	3
Scotiabank, S.A.	15	8.3%	4
Banco Promerica, S.A.	11.1	6.1%	5
Banco Hipotecario, S.A.	9.4	5.2%	6
Banco Citibank El Salvador, S.A.	6.6	3.7%	7
Banco Azteca de El Salvador, S.A.	4.4	2.4%	8
Banco G&T Continental, S.A.	2.8	1.5%	9
Citibank, N.A. Sucursal El Salvador.	(0.1)	0.0%	10
Banco Procredit, S.A.	(1.8)	(1.0)%	11
TOTAL	180.8	100.0%	-

Source: ABANSA

The below table sets forth our efficiency ratio and the average efficiency ratio of ABANSA members on a stand-alone basis as of December 31 of each year from 2006 to 2014:

As of December 31,	Banco Agrícola <i>(%)</i>	ABANSA average <i>(%)</i>
2006	40.8%	52.6%
2007	40.2%	50.2%
2008	42.5%	53.6%
2009	39.4%	56.3%
2010	34.6%	57.2%
2011	38.7%	56.9%
2012	42.9%	56.9%
2013	43.1%	55.0%
2014	46.2%	56.0%

Source: ABANSA

Interest Rate Sensitivity of Assets and Liabilities

Interest Rates

The regulations of the Salvadoran Central Bank do not mandate, and market practice in El Salvador is such that Salvadoran banks do not base their interest rates on loans and deposits on a fixed rate or a single reference rate published regularly by an official source. Rather, interest rates in El Salvador are determined individually by lenders based on market conditions. The agreements for loans and demand and savings deposits specify the initial interest rate and state that the applicable interest rate may change depending on market conditions. We evaluate interest rates on a regular basis for all deposit products.

A key component of our risk management policy is the management of interest rate sensitivity. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the repricing characteristics of liabilities. For any given period, the pricing structure is matched when an equal amount of assets and liabilities reprice. Any excess of assets or liabilities over these matched items results in a repricing gap or net exposure. A positive repricing gap normally means that an increase in interest rates would result in an increase in net income, while a decrease in interest rates would result in a decrease in net income.

Our interest rate sensitivity strategy takes into account, among other things, the rates of return and the underlying degree of risk, liquidity requirements, including minimum regulatory cash reserves, capital ratios, withdrawal and maturity deposits and additional demands for funds. Our rate and maturity mismatches and positions are constantly monitored by us.

The following table sets forth our interest-earning assets and interest-bearing liabilities as of December 31, 2014. Fixed rate instruments are classified according to their maturity date and other instruments are classified according to their repricing periods.

As of December 31, 2014						
	0 – 30 days	31 – 90 days	91 – 180 days	181 – 365 days	Non-rate sensitive or over one year	Total
	<i>(Amounts in US\$ millions)</i>					
Assets:						
Central Bank deposits & interest-earning deposits in other banks	103.2	331.1	300.8	-	-	735.1
Performing loans	832.3	746.9	746.6	4.8	507.4	2,838.0
Investments	5.0	45.4	26.6	68.9	78.7	224.6
Total interest-earning assets.....	940.5	1,123.4	1,074.0	73.7	586.1	3,797.7
Cash, property and other non-interest-earning assets	-	-	-	-	151.4	151.4
Other assets.....	-	-	-	-	36.4	36.4
Total non-interest-earning assets.....	-	-	-	-	187.8	187.8
Total assets	940.5	1,123.4	1,074.0	73.7	773.9	3,985.5
Liabilities:						
Demand deposits	215.5	-	-	-	-	215.5
Savings deposits	1094.0	-	-	-	-	1094.0
Time deposits	197.5	237.5	238.0	167.4	69.8	910.2
Total interest-bearing deposits	1,507.0	237.5	238.0	167.4	69.8	2,219.7
Bonds payable	25.0	26.0	5.0	-	162.1	218.1
Short-term debt	67.4	73.5	83.0	103.5	93.3	420.7
Long-term debt	6.0	13.0	25.9	-	-	44.9
Total interest-bearing liabilities	1,605.4	350.0	351.9	270.9	325.2	2,903.4
Other deposits	-	-	-	-	432.6	432.6
Other liabilities	-	-	-	-	92.4	92.4
Total liabilities	1,605.4	350.0	351.9	270.9	850.2	3,428.4
Stockholders' equity	-	-	-	-	557.1	557.1
Total liabilities and stockholders' equity	1,605.4	350.0	351.9	270.9	1,407.3	3,985.5
Interest rate maturity gap	664.9	(773.4)	(722.1)	197.2	633.4	-
Cumulative interest rate maturity gap	664.9	(108.5)	(830.6)	(633.4)	-	-
Cumulative gap as percentage of total interest-earning assets.....	17.5%	(2.9)%	(21.9)%	(16.7)%	0.0%	-

As of December 31, 2014, interest-earning assets totaled \$3,797.7 million. The portion of our loans bearing interest at floating rates is 98.2%.

As of December 31, 2014, interest-bearing liabilities totaled \$2,903.4 million. The portion of our interest-bearing liabilities consisting of deposits was 76.5% (or \$2,219.7 million). The remaining 23.5% of our interest-bearing liabilities consisted of short-term debt in the amount of \$420.7 million, long-term debt in the amount of \$44.9 million and bonds payable in the amount of \$218.1 million.

Deposit Balances and Interest Rates

The following table shows average balances of interest-bearing deposits we held and the average interest rates thereon for the periods indicated.

For the year ended December 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012	
Average Balance	Average Rate %	Average Balance	Average Rate %	Average Balance	Average Rate %
<i>(Amounts in US\$ millions)</i>					

Interest-bearing deposits:

	For the year ended December 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012	
Demand deposits ⁽¹⁾	244.0	1.5%	248.3	1.4%	267.2	1.2%
Savings deposits	1,098.7	0.4%	1,099.8	0.6%	1,062.1	0.5%
Time deposits	886.3	2.8%	950.4	2.7%	868.2	1.9%
Total	2,229.0	1.5%	2,298.5	1.5%	2,197.5	1.2%

(1) Excluding demand deposits with a 0% interest rate.

Our total deposits are comprised of demand deposits, savings deposits and time deposits. Demand deposits are checking accounts and only a proportion of clients, most of them corporate and government clients bear interest. Savings deposits are savings accounts on which checks cannot be issued and on average bear lower interest rates than demand deposits (excluding demand deposits with a 0% interest rate). Time deposits are fixed-term accounts that earn higher interest rates than demand deposits and savings accounts.

The average balance of our total interest-bearing deposits in 2014 was \$2,229.0 million, compared to \$2,298.5 million in 2013, a decrease of 3.0%. This decrease was primarily due to a 6.7% decrease in the average balance of time deposits in 2014 compared to 2013.

The average balance of our total interest-bearing deposits in 2013 was \$2,298.5 million, compared to \$2,197.5 million in 2012, an increase of 4.6%. This increase was primarily due to a 9.5% increase in the average balance of time deposits in 2013 compared to 2012.

Time Deposits in Excess of US\$125,000

Our time deposits in excess of \$125,000 are set forth in the following table according to the maturities indicated.

	December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		
Maturity within three months	120.3	93.4	83.0
Maturity after three months but within six months....	73.1	72.6	66.2
Maturity after six months but within twelve months	100.7	145.4	119.2
Maturity after twelve months.....	25.6	25.6	11.7
Total time deposits in excess of US\$125,000⁽¹⁾	319.7	337.0	280.1

(1) The percentage of time deposits in excess of US\$125,000 relative to our total time deposits as of December 31, 2014, 2013 and 2012 was 35.2%, 36.3%, and 32.3%, respectively.

Salvadoran Central Bank Compulsory Deposits

Banking institutions comply with reserve requirements by depositing cash with the Salvadoran Central Bank. The balance required to be deposited by the Bank with the Salvadoran Central Bank is determined every two weeks by the Superintendence of the Financial System and is calculated according to the average balance of deposits at the Bank in the two previous weeks. The reserves which must be maintained for each type of liability are the following: 25% for current account deposits, 20% for savings account deposits, 20% for time deposits, and 5% for loans from foreign banks. These reserve requirements have been stable for the last few years.

Half of these reserves is maintained in a current account used for the Bank's daily operations, while maintaining at all times a balance sufficient to meet the regulatory reserve requirements. The other half of these reserves is maintained in a restricted deposit account from and into which withdrawals or additional deposits can only be made every two weeks according to the indications of the regulator.

Cash deposited with the Salvadoran Central Bank in compliance with the reserve requirements does not earn a significant interest rate, with interest due on the current account deposits being paid quarterly and interest due on the restricted deposit account being paid semiannually.

The following chart sets forth the amounts of reserve requirements deposits with the Salvadoran Central Bank for the indicated periods.

	As of December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		
Balance with the Salvadoran Central Bank ⁽¹⁾ :			
Total	631.8	677.7	563.8

(1) Does not include interest.

Securities Issued

For the years ended December 31, 2014, 2013, and 2012, the Bank issued U.S. dollar-denominated bonds in the local market with aggregate principal amounts of \$218.1, \$204.0, and \$235.9 million, respectively.

Short-term Borrowings

The principal amounts outstanding as of December 31, 2014, in short-term borrowings, not including interest, from our correspondent banks for trade finance and working capital was:

Name of Bank	As of December 31, 2014
	<i>(US\$ millions)</i>
BAC Florida Bank	6.0
Mercantil Commercebank	16.0
Bancoldex	10.0
Bancolumbia Panama	100.0
BCIE.....	12.5
Bladex.....	5.0
Citibank, N.A.	20.0
Commerzbank AG Alemania	50.4
Deutsche Bank.....	50.0
Wells Fargo Bank, NA-NY	25.0
Total	294.9

The following table presents a summary of the uncommitted lines of credit from our relationship banks, as of the dates indicated. All credit lines are uncommitted and are denominated in U.S. dollars.

	As of December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		
Total authorized uncommitted lines of credit	825.0	709.5	647.5
Utilized amount	443.3	327.9	242.7
Available amount.....	381.7	381.6	404.8

The following table presents a summary of our outstanding repurchase agreements as of the dates and for the periods indicated.

Securities sold under repurchase agreements	As of or for the year December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ millions)</i>		

Securities sold under repurchase agreements	As of or for the year December 31,		
	2014	2013	2012
	(Amounts in US\$ millions)		
Amount outstanding	0.0	0.0	0.0
Maximum amount outstanding during the period	12.0	9.0	14.5

Securities Portfolio

In El Salvador, regulation of financial institutions' investments in securities focuses on two aspects: the solvency of the banking system and the balance between risk and return of each bank's investment portfolio.

In relation to solvency, the Salvadoran Central Bank issued Prudential Norm NPB3-11 "Normas para el requerimiento de activos líquidos de los Bancos", which requires banks to maintain a portfolio of investment-grade securities in an amount equal to 3% of the average of the daily deposits balances observed during the previous month. The Banking Law also monitors solvency by requiring banks to maintain a Capital to Risk Weighted Assets Ratio of at least 12%. For this purpose, the value of assets is weighted between 0% and 150% depending on the assets' risk rating.

We believe we manage our investment portfolio conservatively, as we only invest in fixed income securities, predominantly sovereign debt. As of December 31, 2014, our investment portfolio was comprised 44.6% of Salvadoran government and Central Bank securities, 29.3% of foreign corporate and government securities, and 26.1% of other entities (other Salvadoran banks, corporate securities and FICAFE). The chart below sets forth our investment portfolio as of December 31, 2014, 2013 and 2012.

	2014		At December 31, 2013		2012	
	Balance	Yield	Balance	Yield	Balance	Yield
(Amounts in US\$ millions)						
Salvadoran government & Central Bank securities	95.4	44.6%	503.5	90.2%	552.2	91.5%
Foreign corporate & government securities	62.5	29.3%	23.3	4.2%	21.9	3.6%
Local corporate securities	9.5	4.4%	1.0	0.2%	-	0.0%
Local banks and other financial institutions securities	20.1	9.4%	0.0	0.0%	-	0.0%
Others ⁽¹⁾	26.2	12.3%	30.4	5.4%	29.4	4.9%
Sub-total	213.7	100.0%	558.2	100.0%	603.5	100.0%
Investment valuation allowance	(0.2)		0.0		0.0	
Interests	4.5		6.8		10.0	
Total	218.0		565.0		613.5	

(1) FICAFE bonds

Maturity Distribution

The following table presents the maturities and weighted average nominal yields of our debt investment securities as of December 31, 2014 for our securities portfolio.

	At December 31, 2014								Total	
	Due in 1 year or less		Due after 1 to 5 years		Due after 5 to 10 years		Due after 10 years			
	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield
(Amounts in US\$ millions)										
Salvadoran government & Central Bank securities	79.8	3.3%	14.9	4.9%	0.7	6.0%	0.0	0.0%	95.4	3.5%
Foreign corporate & government securities	38.0	0.1%	11.5	3.7%	7.8	5.0%	5.2	5.4%	62.5	1.8%
Local corporate securities	2.0	5.5%	0.6	6.8%	1.9	7.7%	5.0	5.9%	9.5	6.2%
Local banks and other financial institutions securities	20.1	4.5%	0.0	0.0%	0.0	0.0%	0.0	0.0%	20.1	4.5%
Others ⁽¹⁾	6.1	4.9%	2.9	4.9%	1.9	8.1%	15.4	4.2%	26.2	4.7%
Sub-total	146.0		29.9		12.3		25.6		213.7	
Investment valuation allowance	(0.2)								(0.2)	

	At December 31, 2014									
	Due in 1 year or less		Due after 1 to 5 years		Due after 5 to 10 years		Due after 10 years		Total	
	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield	Balance	Yield
	(Amounts in US\$ millions)									
Interests	4.5		0.0		0.0		0.0		4.5	
Total	150.3	2.7%	29.9	4.5%	12.3	5.9%	25.6	4.8%	218.0	3.4%

Loan Portfolio

Except where otherwise specified, the financial and statistical information in this subsection “Loan Portfolio” is provided with respect to the Bank on a consolidated basis.

The following table summarizes our loan portfolio by client type as of December 31, 2014, 2013 and 2012. Percentages are percentages of gross loans.

	Banco Agrícola S.A. and Subsidiaries					
	At December 31,					
	2014		2013		2012	
	(Amounts in US\$ millions)					
Commercial	1,254.2	43.8%	1,220.2	44.1%	1,207.8	45.3%
Retail.....	1,149.3	40.1%	1,101.7	39.9%	1,030.6	38.6%
Mortgages.....	461.7	16.1%	442.5	16.0%	428.1	16.1%
Judicial recoveries	(1.2)	-	(1.1)	-	(1.0)	-
Gross loans	2,864.0	100.0%	2,763.3	100.0%	2,665.5	100.0%
Allowance for loan losses ⁽¹⁾	(94.9)	3.3%	(101.1)	3.7%	(106.5)	4.0%
Loans, net⁽²⁾	2,769.1	96.7%	2,662.2	96.3%	2,559.0	96.0%
Interest receivables	12.5		12.0		11.4	
Net loans plus interest receivables	2,781.6		2,674.2		2,570.4	

(1) Excludes recovery reserves on interest receivables.

(2) Excludes interest receivables and recovery reserves on interest receivables

As of December 31, 2014, 43.8% of our gross loan portfolio consisted of commercial loans, 40.1% consisted of retail loans (including personal loans, consumer loans and credit cards balances) and 16.1% consisted of mortgage loans. Our gross loan portfolio was 3.6% larger as of December 31, 2014 than it was as of December 31, 2013. As of December 31, 2013, 44.1% of our gross loan portfolio comprised commercial loans, 39.9% comprised retail loans and 16.0% comprised mortgage loans. Our gross loan portfolio was 3.7% larger as of December 31, 2013 than it was as of December 31, 2012. As of December 31, 2012, 45.3% of our gross loan portfolio was comprised of commercial loans, 38.6% of retail loans and 16.1% of mortgage loans.

The average yield on our loan portfolio in 2014 was 8.7%, compared to 8.6% in 2013. This increase in the average yield on our loan portfolio resulted from an increase in our participation in the credit card segment by \$20.7 million, as well as an increase in the consumer loan segment of \$27.3 million, both of which helped to increase the balance of our net loan portfolio (plus interest receivables) by \$107.4 million.

The average yield on our loan portfolio in 2013 was 8.6%, compared to 8.2% in 2012. This increase was due largely to a \$22.2 million increase in the credit card segment and a \$37.4 million increase in the consumer loan segment.

Our loan loss reserve decreased to \$94.9 million as of December 31, 2014 from \$101.1 million as of December 31, 2013 and \$106.5 million as of December 31, 2012, which represented an average decrease of 5.6% in both years. Our loan loss reserve coverage over non-performing loans was 223.2% as of December 31, 2014 as compared to 230.2% as of December 31, 2013 and 194.5% as of December 31, 2012. The increase between 2012 and 2013 was primarily due to a decrease in NPLs in connection with the implementation the Group’s write-off policy for commercial loans in July 2013 as well as NPL recoveries. The decrease between 2013 and 2014 was primarily a result of a decrease in loan loss reserves due to recoveries of non-performing loans.

Our net loan portfolio (including interest receivables) increased to \$2,781.6 million as of December 31, 2014, compared to \$2,674.2 million as of December 31, 2013 and \$2,570.4 million as of December 31, 2012, which represented an increase of 4.0% and 4.0% respectively over the net loan portfolio reported in the prior year.

Since 2012, non-performing loans as a proportion of total loans has decreased to 1.5% in 2014 from 1.6% in 2013 and from 2.1% in 2012. We believe these results reflect our stringent risk management practices, collection practices and improvement in the management and analysis of the loans of customers under financial stress as well as management's commitment to conform to international banking standards in order to better withstand sudden changes in economic conditions.

The below table sets forth our market share and ranking among ABANSA members based on gross loans on a stand-alone basis:

	As of December 31, 2014		
	Balance (US\$ millions)	Market Share (%)	Ranking
Banco Agrícola, S.A.	2,864	28.7%	1
Banco Davivienda, S.A.	1,545	15.4%	2
Scotiabank, S.A.	1,511	15.1%	3
Banco de América Central, S.A.....	1,190	11.9%	4
Banco Citibank El Salvador, S.A.	1,055	10.6%	5
Banco Promerica, S.A.	642	6.4%	6
Banco Hipotecario, S.A.	579	5.8%	7
Banco G&T Continental, S.A.....	333	3.3%	8
Banco Procredit, S.A.	210	2.1%	9
Banco Azteca de El Salvador, S.A.	66	0.7%	10
Citibank, N.A. Sucursal El Salvador	0	0.0%	11
TOTAL	10,000	100.0%	-

Source: ABANSA

Loans and Leases by Type of Borrower and by Maturity

The following table illustrates the distribution of our gross loan portfolio by maturity for each client type for the periods indicated.

Banco Agrícola S.A. and Subsidiaries									
As of December 31, 2014									
	90 days – 1			< 1 year	1-2 years	2-5 years	> 5 years	Total	As a % of gross loans
	< 30 days	30-90 days	year						
	<i>(Amounts in US\$ millions)</i>								
Commercial	22.9	107.8	304.8	435.5	93.2	368.3	357.2	1,254.2	43.8%
Retail.....	10.5	5.5	23.6	39.6	19.8	414.8	675.0	1,149.3	40.1%
Mortgages.....	0.5	0.1	1.6	2.2	2.4	19.5	437.6	461.7	16.1%
Judicial recoveries	-	-	-	-	-	-	-	(1.2)	-
Gross loans	33.8	113.4	330.0	477.3	115.4	802.6	1,469.8	2,864.0	100.0%

Banco Agrícola S.A. and Subsidiaries									
As of December 31, 2013									
	90 days – 1			< 1 year	1-2 years	2-5 years	> 5 years	Total	As a % of gross loans
	< 30 days	30-90 days	year						
	<i>(Amounts in US\$ millions)</i>								
Commercial	41.0	74.6	335.2	450.8	51.9	363.0	354.5	1,220.2	44.1%
Retail.....	12.0	5.1	39.6	56.7	50.9	340.6	653.5	1,101.7	39.9%
Mortgages.....	0.3	0.2	1.0	1.5	2.3	19.5	419.2	442.5	16.0%
Judicial recoveries	-	-	-	-	-	-	-	(1.1)	-
Gross loans	53.3	79.9	375.8	509.0	105.1	723.1	1,427.2	2,763.3	100.0%

Banco Agrícola S.A. and Subsidiaries								
As of December 31, 2012								

	< 30 days	30-90 days	90 days – 1 year	< 1 year	1-2 years	2-5 years	> 5 years	Total	As a % of gross loans
	<i>(Amounts in US\$ millions)</i>								
Commercial	37.6	160.2	259.0	456.8	67.1	303.5	380.4	1,207.8	45.3%
Retail	11.2	5.4	29.3	45.9	39.5	311.1	634.1	1,030.6	38.6%
Mortgages	0.2	0.1	1.1	1.4	3.0	17.6	406.1	428.1	16.1%
Judicial recoveries	-	-	-	-	-	-	-	(1.0)	-
Gross loans	49.0	165.7	289.4	504.1	109.6	632.2	1,420.6	2,665.5	100.0%

The below table sets forth our market share and ranking among ABANSA members based on corporate and institutional loans on a stand-alone basis:

As of December 31, 2014			
	Balance	Market Share	Ranking
	<i>(US\$ millions)</i>	<i>(%)</i>	
Banco Agrícola, S.A.	1,255	30.6%	1
Banco Davivienda, S.A.	672	16.4%	2
Banco Hipotecario, S.A.	460	11.2%	3
Banco de América Central, S.A.	394	9.6%	4
Scotiabank, S.A.	366	8.9%	5
Banco Promerica, S.A.	318	7.7%	6
Banco G&T Continental, S.A.	314	7.6%	7
Banco Citibank El Salvador, S.A.	287	7.0%	8
Banco Procredit, S.A.	36	0.9%	9
Banco Azteca de El Salvador, S.A.	4	0.1%	10
Citibank, N.A. Sucursal El Salvador	0	0.0%	11
TOTAL	4,106	100.0%	-

Source: ABANSA

The below table sets forth our market share and ranking among ABANSA members based on retail loans on a stand-alone basis:

As of December 31, 2014			
	Balance	Market Share	Ranking
	<i>(US\$ millions)</i>	<i>(%)</i>	
Banco Agrícola, S.A.	1,614	27.4%	1
Scotiabank, S.A.	1,145	19.5%	2
Banco Davivienda, S.A.	873	14.8%	3
Banco de América Central, S.A.	797	13.5%	4
Banco Citibank El Salvador, S.A.	768	13.0%	5
Banco Promerica, S.A.	324	5.5%	6
Banco Procredit, S.A.	173	2.9%	7
Banco Hipotecario, S.A.	118	2.0%	8
Banco Azteca de El Salvador, S.A.	62	1.1%	9
Banco G&T Continental, S.A.	19	0.3%	10
Citibank, N.A. Sucursal El Salvador	0	0.0%	11
TOTAL	5,893	100.0%	-

Source: ABANSA

Loans by Economic Activity

Our loan portfolio is diversified in terms of the economic sectors in El Salvador, with borrowers distributed among the consumer, mortgage, industry, commerce, and services sectors, among others. The following table shows the composition of our gross loan portfolio taking into account the indicated categories as of December 31, 2014, 2013 and 2012:

Banco Agrícola S.A. and Subsidiaries

As of December 31,

	2014		2013		2012	
	(US\$ millions)	(%)	(US\$ millions)	(%)	(US\$ millions)	(%)
Consumer.....	1,149.5	40.1%	1,101.5	39.8%	1,030.6	38.6%
Mortgage.....	461.7	16.1%	442.7	16.0%	428.2	16.1%
Industry ⁽¹⁾	497.8	17.4%	509.5	18.4%	471.1	17.7%
Commerce.....	296.0	10.3%	283.9	10.3%	309.7	11.6%
Services.....	252.3	8.8%	247.5	9.0%	209.9	7.9%
Energy.....	90.2	3.1%	56.3	2.0%	70.4	2.6%
Agroindustry.....	48.6	1.7%	39.4	1.4%	44.8	1.7%
Construction.....	14.9	0.5%	32.1	1.2%	39.9	1.5%
Other sectors.....	54.2	1.9%	51.5	1.9%	61.9	2.3%
Judicial recoveries.....	(1.2)	-	(1.1)	-	(1.0)	-
Gross loans	2,864.0	100.0%	2,763.3	100.0%	2,665.5	100.0%

(1) “Industry” refers to companies that produce or transform raw material and includes agroindustry, as opposed to “commerce” which refers to companies that sell finished products.

Loans by Geographic Concentration

The majority of our loan portfolio is concentrated in El Salvador (93% of the total loan portfolio) and the remaining 7% in the rest of Central America and other countries. Of our 20 largest loan clients by exposure, 16 are Salvadoran, one is Guatemalan and three are Costa Rican.

Non-Performing Loan Portfolio

Except where otherwise specified, the financial and statistical information in this subsection “Non-Performing Loan Portfolio” is provided with respect to the Bank on a consolidated basis.

In assessing the performance of our loan portfolio and calculating our allowance for loan losses, we review both the outstanding amount of our non-performing loan portfolio as well as applicable Salvadoran regulations. A loan is considered non-performing after all or a portion of the principal or interest owed are 90 days or more overdue or when the Bank has decided to resort to legal action for collection or has accelerated amounts for breach by the borrower.

The following table sets forth an analysis of non-performing loans distributed by economic sector and of our mandatory and voluntary loss reserves at the dates indicated:

	Banco Agrícola S.A. and Subsidiaries					
	As of December 31,					
	2014		2013		2012	
			<i>(Amounts in US\$ millions)</i>			
Consumer.....	20.5	47.0%	18.4	41.0%	19.3	34.6%
Mortgage.....	16.2	37.1%	18.4	41.0%	21.6	38.8%
Industry.....	2.0	4.6%	2.6	5.8%	2.9	5.3%
Commerce.....	1.2	2.8%	0.4	0.8%	3.0	5.4%
Services.....	1.0	2.1%	1.0	2.1%	1.8	3.1%
Agriculture.....	0.6	1.4%	1.6	3.5%	2.8	5.0%
Others sectors.....	2.2	5.0%	2.6	5.8%	4.4	7.8%
Judicial recoveries.....	(1.2)	-	(1.1)	-	(1.0)	-
NPLs	42.5	100.0%	43.9	100.0%	54.8	100.0%
Mandatory loss reserves.....	70.7		74.2		80.0	
Voluntary loss reserves.....	24.2		26.9		26.5	
Total loss reserves	94.9		101.1		106.5	
NPL coverage ratio	223.2%		230.2%		194.5%	

Non-performing loans decreased significantly from 2012 to 2013 with a decrease of \$10.9 million, mainly due to the implementation of a new write-off policy for commercial loans in July 2013, as we adopted our parent company’s policy, and to loan recoveries. Non-performing loans continued to decrease from 2013 to 2014, by \$1.4 million, due to collection strategies and proactive management of early NPLs.

Non-performing loans have shown a decreasing trend since 2010. They represented 3.4% of the loans of the Bank in 2010, 2.7% in 2011, 2.1% in 2012, 1.6% in 2013 and 1.5% in 2014, while the non-performing loans of the members of ABANSA represented 4.0%, 3.6%, 2.9%, 2.3%, and 2.4% of their loans on average respectively for the same years. Before that, non-performing loans represented 1.8% of the loans of the Bank in 2008, 1.5% in 2006 and 2.0% in 2004, while they represented 2.8%, 1.9% and 2.2% of the loans of the members of ABANSA on average respectively for the same years.

Our Coverage Ratio was 223.2% in 2014, 230.2% in 2013, 194.5% in 2012, 159.8% in 2011 and 151.2% in 2010, while the average Coverage Ratio of the members of ABANSA was 119.5%, 122.5%, 113.5%, 108.0% and 107.9%, respectively, for the same years. Before that, our Coverage Ratio was 153.7% in 2008, 130.8% in 2006 and 174.1% in 2004, while the average Coverage Ratio of the members of ABANSA was 110.7%, 116.1% and 134.7% respectively for the same years.

Risk Categories

Except where otherwise specified, the financial and statistical information in this subsection “Risk Categories” is provided with respect to the Bank on a consolidated basis.

The classification system we utilize to grade our loan portfolio is based on the “Norm to classify assets by credit risk and constitute loss reserves NCB- 022” (*Normas para clasificar los activos de riesgo crediticio y constituir las reservas de saneamiento*) issued by the Norm Committee of the Salvadoran Central Bank and is monitored by the Superintendence of the Financial System on an annual basis. In order to evaluate and classify assets by credit risk, assets are grouped in the following categories: commercial loans, mortgage loans and retail loans. For each borrower, all credit operations are taken together, so that the risk category assigned to the borrower corresponds to the credit with the highest recovery risk. Loss reserves are constituted for each type of borrower by applying the corresponding minimum reserve requirement. We evaluate our loan portfolio at least on a monthly basis. Each loan in our loan portfolio must be classified under one of the following eight categories, from lowest to highest risk. The eight categories and the resulting loan loss reserve requirement are set forth in the following table:

Category	Risk	Loan loss reserve requirement (%)
A1		0
A2	Normal risk	1
B	Above normal risk	5
C1		15
C2	Deficient credit	25
D1		50
D2	Difficult recovery	75
E	Unrecoverable	100

The regulations take into account the payment history of the loans, as well as certain payment capacity and financial condition criteria for commercial loans.

Risk Classification

As described below, different grading criteria apply to large and small commercial loans (based on numerous financial and payment capacity criteria, as well as payment history) and to mortgage and retail loans (based on payment history).

Commercial Loans

Commercial loans are evaluated and classified based on our evaluation of the borrower’s creditworthiness, taking into account various factors, including, but not limited to, the borrower’s financial profile, its payment history, its projected payment ability, and its liquidity level. However, borrowers or groups of borrowers are evaluated and reclassified each time a deterioration in the payment capacity or financial condition of such borrower or group of borrower is identified through monitoring.

With regard to commercial loans with a balance lower than \$350,000 (or lower than \$200,000 prior to February 2015), the Bank determines its own credit risk evaluation criteria and documentation required to extend credit in its internal policies. Large commercial loans are classified in one of five categories (A being the lowest risk level, and E the highest) according to the criteria set forth below. The fifty largest commercial loans are evaluated on a monthly basis, while other large commercial loans are evaluated at least once a year. In addition, our entire corporate loan portfolio is evaluated based on payment history on a monthly basis.

Category A

To receive a Grade A classification, a large corporate loan must comply with the following requirements:

Payment history criteria:

- To receive a Grade A1 classification, a debtor must have had no payment more than 14 days past due on any of its debt in the past 12 months (before February 2015, seven days).
- To receive a Grade A2 classification, a debtor must have had no payment more than 30 days past due on any of its debt in the past 12 months (before February 2015, 14 days).

Documentation and structure criteria:

- The debtor must present a sound credit structure given its projected cash flows and which meets the Bank's policies.
- The debtor must present complete and updated documentation that meet legal requirements and the Bank's policies.
- The use of the borrowed funds and sources of repayment must be identified and adequately supervised by the Bank.

Financial situation and payment capacity criteria:

- The debtor must present adequate profitability indicators, according to its documented history with the Bank and in compliance with the Bank's policies.
- The debtor must present adequate liquidity ratios, according to its documented history with the Bank and in compliance with the Bank's policies.
- The debtor must present adequate indebtedness levels, according to its documented history with the Bank and in compliance with the Bank's policies.
- The debtor's operating cash flow must exceed the anticipated repayment of capital and interests.
- The debtor must present an adequate turnover of accounts receivable and inventory, according to its documented history with the Bank and in compliance with the Bank's policies.

Category B

A large corporate loan will receive a Grade B classification if it has one or more of the following characteristics:

Payment history criteria:

- The borrower's payment of principal, interest and other amounts due is no more than 60 days overdue (before February 2015, 30 days).

Documentation and structure criteria:

- The debtor must present a sound credit structure given its projected cash flows, and any non-compliance must be justified by approved policies of the Bank.
- Minor curable non-compliance with information requirements under applicable regulations or the Bank's policies.

Financial situation and payment capacity criteria:

- Minor profitability issues, according to the debtor's documented history with the Bank and in compliance with the Bank's policies.
- Occasional liquidity issues, according to the debtor's documented history with the Bank and in compliance with the Bank's policies.
- Moderately high indebtedness levels, according to the debtor's documented history with the Bank and in compliance with the Bank's policies.
- Operational cash flows just sufficient to cover repayment of capital and interests.
- Moderately high turnover of accounts receivable and inventory, according to the debtor's documented history with the Bank and in compliance with the Bank's policies.

Category C

A large corporate loan will receive a Grade C classification if it has one or more of the following characteristics:

Payment history criteria:

- C1: The borrower's payment of principal, interest and other amounts due, is more than 60 days but less than 90 days overdue (before February 2015, 31 to 90 days).
- C2: The borrower's payment of principal, interest and other amounts due, is more than 90 days but less than 120 days overdue.

Documentation and structure criteria:

- The credit structure of the debtor given its projected cash flows presents unjustified exceptions to the Bank's policies.
- Non-compliance by the debtor with up to 10% of information and documentary requirements under applicable regulations.
- Lack of evidence of identification or supervision by the Bank of the use of borrowed funds and sources of repayment.
- Renewal of revolving credit lines with increases of the credit limit due to past due interests.

Financial situation and payment capacity criteria:

- Decreasing profitability, according to the debtor's documented history with the Bank and in compliance with the Bank's policies, either negative in the last period or with accumulated losses representing 25% or more of the debtor's capital
- Scarce liquidity, according to the debtor's documented history with the Bank and in compliance with the Bank's policies, or maintained exclusively through loans from banks or accounts receivable and low turnover inventory.
- High indebtedness level with an upward trend, according to the debtor's documented history with the Bank and in compliance with the Bank's policies, unjustified by the growth experienced by the debtor in the current year.
- Operational cash flows insufficient to cover the planned repayment of capital and interests.
- Tendency to accumulate inventory, accounts receivable and investments, without justification and without adequate evaluation of their fundamentals.

Category D

A large corporate loan will receive a Grade D classification if it has one or more of the following characteristics:

Payment history criteria:

- D1: The borrower's payment of principal, interest and other amounts due, is more than 120 days but less than 150 days overdue.
- D2: The borrower's payment of principal, interest and other amounts due, is more than 150 days but less than 180 days overdue.

Documentation and structure criteria:

- The structure and conditions of the credit is disproportional compared to the solvency and payment capacity of the debtor, giving rise to justified doubts regarding the repayment of the loan in accordance with its terms and conditions.
- Non-compliance by the debtor with up to 30% of information and documentary requirements under applicable regulations.
- Evidence that the borrowed funds will be used to finance losses or are being diverted to affiliates or outside the company, without alternative sources of repayment.
- Evidence that new credit extended will be used or are being diverted to repay past due outstanding obligations with other financial institutions or with affiliates of the debtor.

Financial situation and payment capacity criteria:

- Negative profitability in at least two of the last three periods, with accumulated losses representing 50% or more of the debtor's capital.
- Absence of liquidity, according to the debtor's documented history and in compliance with its internal policies, or maintained through accounts receivable or inventory with a low chance of recovery.

- Some suppliers have stopped extending credit to the debtor, reducing the supply of inventory to a level that compromises the operations of the debtor.
- Negative operational cash flows without evidence of the possibility of improvement in the short term. Although the debt is partially serviced, such debt service originates from external sources and the debtor operates with operational losses.
- Clear issues in the turnover of inventory, accounts receivable and investments, with justified doubts as to their realizable value.
- No evidence that the owners of the debtor have the means or the intention to recapitalize the company, while perspectives of future indebtedness and viability worsen.

Category E

A large corporate loan will receive a Grade E classification if it has one or more of the following characteristics:

Payment history criteria:

- The borrower's payment of principal, interest and other amounts due is more than 180 days overdue.

Documentation and structure criteria:

- Non-compliance by the debtor with more than 30% of information and documentary requirements under applicable regulations.
- No enforceable instrument.
- Deviation of the borrowed funds to use other than the declared use.
- Loans in judicial collection.

Financial situation and payment capacity criteria:

- Conditions of dissolution and liquidation set forth in the *Código de Comercio* met even though creditors have not requested it.
- Voluntary dissolution of the company by its owners.
- No liquidity for the debtor to meet its obligations.
- Sustained suspension of credit by the debtor's suppliers, reducing the supply of inventory to a level that makes it impossible for the debtor to operate.
- Operational cash flows insufficient to cover production and commercialization costs.
- Payment of the debtor's obligations with proceeds from the sale of fixed assets essential to the debtor's operations.
- Fire, sabotage, or other force majeure events not covered by insurance which affect the viability of the company.

Retail Loans

We classify retail loans in one of eight categories (A1 being the lowest risk level, E, the highest) depending on the length of time payments are overdue, as shown in the following table, on a monthly basis:

Category	Days past due
A1	7 days
A2	30 days
B	60 days
C1	90 days
C2	120 days
D1	150 days
D2	180 days
E	Over 180 days

Mortgage Loans

We classify mortgage loans in one of eight categories (A1 being the lowest risk level, E, the highest) depending on the length of time payments are overdue, as shown in the following table, on a monthly basis:

Category	Days past due
A1	7 days
A2	30 days
B	90 days
C1	120 days
C2	180 days
D1	270 days
D2	360 days
E	Over 360 days

Grading and Regulation

We must at all times duly classify 100% of our assets with credit risk.

If the Superintendence of the Financial System determines that the classification of a debtor does not comply with the applicable law, it may require the reclassification of the loan portfolio and require us to increase our allowance for loan losses to meet regulatory requirements.

Loan Portfolio Risk Classification

The following table sets forth our gross loan portfolio by risk category as of December 31, 2014, 2013 and 2012:

Risk Category	Banco Agrícola S.A. and Subsidiaries					
	As of December 31,					
	2014		2013		2012	
			<i>(Amounts in US\$ millions)</i>			
A1	2,596.4	90.6%	2,486.2	90.0%	2,376.4	89.1%
A2	63.4	2.2%	60.4	2.3%	68.6	2.6%
B	43.4	1.5%	74.8	2.7%	70.2	2.6%
C1	48.5	1.7%	28.5	1.0%	28.2	1.1%
C2	22.1	0.8%	17.5	0.6%	13.6	0.5%
D1	19.3	0.7%	15.2	0.5%	17.6	0.7%
D2	8.5	0.3%	11.7	0.4%	10.5	0.4%
E	63.6	2.2%	70.1	2.5%	81.4	3.0%
Judicial recoveries	(1.2)	–	(1.1)	–	(1.0)	–

Gross loans	2,864.0	100.0%	2,763.3	100.0%	2,665.5	100.0%
--------------------------	----------------	---------------	----------------	---------------	----------------	---------------

Loan Portfolio Risk Classification and Corresponding Allowances for Loan Losses

As of December 31, 2014, our allowance for loan losses was \$94.9 million, including \$70.7 million of mandatory reserves and \$24.2 million of voluntary reserves, representing 3.3% of gross loans. The following table shows our gross loans as of December 31, 2014, 2013 and 2012 for each risk category and the portions of the mandatory allowance for loan losses attributable to such loans (with A being the highest quality of rating and E the lowest). Mandatory allowances for loan losses are allocated on a monthly basis after the classification of the loan portfolio.

Banco Agrícola S.A. and Subsidiaries								
As of December 31,								
2014			2013			2012		
Loans	% of total	Allowance for loan losses	Loans	% of total	Allowance for loan losses	Loans	% of total	Allowance for loan losses
<i>(Amounts in US\$ millions)</i>								
Mandatory reserves								
A1	2,596.4	90.6%	-	2,486.2	90.0%	-	2,376.4	89.1%
A2	63.4	2.2%	0.5	60.4	2.3%	0.4	68.6	2.6%
B	43.4	1.5%	1.2	74.8	2.7%	3.0	70.2	2.6%
C1	48.5	1.7%	6.3	28.5	1.0%	2.6	28.2	1.1%
C2	22.1	0.8%	4.6	17.5	0.6%	3.5	13.6	0.5%
D1	19.3	0.7%	6.7	15.2	0.5%	5.7	17.6	0.7%
D2	8.5	0.3%	4.4	11.7	0.4%	6.8	10.5	0.4%
E	63.6	2.2%	47.0	70.1	2.5%	52.2	81.4	3.0%
Judicial recoveries	(1.2)	-	-	(1.1)	-	-	(1.0)	-
Gross loans	2,864.0	100.0%	70.7	2,763.3	100.0%	74.2	2,665.5	100.0%
Voluntary reserves			24.2			26.9		26.5
Total reserves...			94.9			101.1		106.5

As of December 31, 2014, 94.3% of our gross loan portfolio was classified in risk category A or B. Our policy is to maintain strong asset quality in our loan portfolio by implementing what we believe are strict credit approval policies and by systematic credit monitoring.

The Board of Directors delegates credit approvals to different authorized persons or committees. With regard to commercial loans, the aggregate amount that can be authorized for a single company or economic group at each level of delegation depends on the risk rating for the borrower and its economic group. Levels of delegation range from commercial area managers to the Loans Committee of the Board of Directors. With regard to retail loans and mortgages, the levels of delegations are principally within the Consumer Banking Credit Management and depend on the type of product.

In addition, we constantly monitor our commercial and individual clients' financial condition by updating their financial information on a semiannual basis, and sometimes quarterly basis. Both our Credit Risk and Commercial Banking teams are responsible for keeping current financial information on all commercial borrowers and to identify in a timely manner any problems that may arise due to the deterioration of the borrower's payment ability.

Allowance for Loan Losses

The allowance for loan losses is based on the outstanding amount due under the loan on the date of valuation, unless the loan is backed by collateral, in which case, the value of the collateral will be subtracted from the amount due under the loan in accordance with applicable regulations.

Our loan loss reserve methodology consists of the following:

- Our loan loss reserve must cover regulatory reserves
- In addition, we constitute additional voluntary reserves, for clients for which we have identified present or future risk of deterioration of payment capacity, weighted according to various factors such as the existence of guarantees, among others.
- In the case of our consumer loan portfolio, our voluntary loan loss reserve methodology makes reference to the coverage ratios of our parent company.

The following table sets forth the opening balance or our allowance for loan losses, net cost, write-offs and end-of-period balance of our allowance for loan losses for the years ended as of December 31, 2014, 2013 and 2012:

Banco Agrícola S.A. and Subsidiaries					
	As of December 31,			Percentage Change	
	2014	2013	2012	2014/2013	2013/2012
	<i>(Amounts in US\$ millions)</i>				
Opening balance	101.1	106.5	109.6	(5.1)%	(2.8)%
Net cost ⁽¹⁾	26.9	31.8	27.9	(15.4)%	14.0%
Write-offs	(33.1)	(37.2)	(31.0)	(11.0)%	20.0%
End-of-period balance	94.9	101.1	106.5	(6.1)%	(5.1)%

(1) Loan loss reserves created net of loan loss reserves released for the period.

Developments in Reserves and Write-offs

Our write-offs have decreased to \$33.1 million as of December 31, 2014 from \$37.2 million as of December 31, 2013, primarily due to the efficient management of the credit quality of our loan portfolio. Our write-offs had increased to \$37.2 million in 2013 from \$31.0 million in 2012 due to our adoption of the Group's corporate loan write-off policy in July 2013. Under this new write-off policy, commercial loans as to which no recoveries have been obtained for over 360 days are written off whether or not judicial proceedings have been initiated, whereas under our former policy these loans would only be written off if no judicial proceedings had been initiated.

Allowances by Type of Loan

The following table sets forth the composition of the allowance for loan losses by type of loan as of December 31, 2014, 2013 and 2012:

Banco Agrícola S.A. and Subsidiaries									
	As of December 31, 2014			As of December 31, 2013			As of December 31, 2012		
	Allocated allowance	Allocated allowance as a % of gross loans	Loan category as a % of gross loans	Allocated allowance	Allocated allowance as a % of gross loans	Loan category as a % of gross loans	Allocated allowance	Allocated allowance as a % of gross loans	Loan category as a % of gross loans
	<i>(Amounts in US\$ millions)</i>								
Commercial	22.2	0.8%	43.8%	28.9	1.0%	44.1%	35.5	1.3%	45.3%
Retail	35.1	1.2%	40.1%	30.3	1.1%	39.9%	28.1	1.1%	38.6%
Mortgage	13.4	0.5%	16.1%	15.0	0.5%	16.0%	16.4	0.6%	16.1%
Voluntary Reserves	24.2	0.8%	-	26.9	1.0%	-	26.5	1.0%	-
Total	94.9	3.3%	100.0%	101.1	3.6%	100.0%	106.5	4.0%	100.0%

Our Coverage Ratio was 223.2%, 230.2% and 194.5% as of December 31, 2014, 2013 and 2012, respectively.

The table below shows information related to our loan portfolio as of the dates indicated:

Banco Agrícola S.A. and Subsidiaries	
As of December 31,	

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(Amounts in US\$ millions)</i>		
Gross loans	2,864.0	2,763.3	2,665.5
Allowance for loan losses.....	94.9	101.1	106.5
NPLs.....	42.5	43.9	54.8
NPL Ratio.....	1.5%	1.6%	2.1%
Coverage Ratio	223.2%	230.2%	194.5%
Write-offs	33.1	37.2	31.0
Recoveries of Write-offs	20.6	17.8	22.9

As of December 31, 2014, our Coverage Ratio by type of loan was 321.0% for commercial loans, 170.7% for retail loans and 82.7% for mortgages.

Based on the available information regarding our borrowers, we believe our aggregate allowance for loan losses is sufficient to cover our NPL portfolio and the known losses in our loan portfolio.

Our Twenty Largest Borrowers by Outstanding Balances

The following table sets forth the economic sector and outstanding balance of our 20 largest borrowers as of December 31, 2014.

Economic sector of the Borrower		Outstanding Balance	% of Total Loan Portfolio
		<i>(in US\$ millions)</i>	
1	Industry.....	67.6	2.4%
2	Services	44.8	1.6%
3	Energy	43.9	1.5%
4	Services	40.2	1.4%
5	Energy	40.0	1.4%
6	Industry.....	40.0	1.4%
7	Services	37.5	1.3%
8	Services	26.4	0.9%
9	Services	23.1	0.8%
10	Commerce	20.9	0.7%
11	Services	20.6	0.7%
12	Industry.....	19.6	0.7%
13	Industry.....	18.7	0.7%
14	Industry.....	18.2	0.6%
15	Industry.....	18.2	0.6%
16	Industry.....	16.2	0.6%
17	Services	15.9	0.6%
18	Industry.....	15.0	0.5%
19	Services	14.7	0.5%
20	Industry.....	14.0	0.5%
	Total Top 20.....	555.5	19.4%
	Others	2,309.7	80.6%
	Judicial recoveries	(1.2)	—
	Gross loans	2,864.0	100.0%

To mitigate concentration of risks of our principal creditors, we set borrowing limits for individual borrowers and groups of related borrowers by performing an individual analysis, which takes into consideration the following factors: proven repayment capacity, financial position, management of the company, market, and credit history, among others. In addition, we apply the mandatory borrowing limits set by Salvadoran law for individual borrowers and groups of related borrowers. See “Risk Management—Bank Policies and Procedures—Credit Approval and Risk Policy.”

BUSINESS

The Bank

We are a full-service commercial bank providing a wide range of financial services to nearly 1.1 million customers across our main business lines, which are Corporate & Government Banking, Retail & MyPEs (micro and small businesses) Banking and Treasury. We form part of the Bancolombia Group, which indirectly owns 97.35% of our common stock. The Bancolombia Group expanded its operations in Central America beginning in 2007 with their acquisition of the Bank and maintains an extensive presence in the region through its subsidiaries in El Salvador (us) and Panama (Bancolombia Panama and Banistmo) and through its affiliate in Guatemala (Banco Agromercantil). Although most of our operations are located in El Salvador, we have a commercial office in Costa Rica and representative offices in Guatemala and Honduras, and we lend to Costa Rican, Guatemalan and Honduran entities.

As of December 31, 2014, we ranked first out of the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA, with a 28.7% market share in terms of gross loans, with our nearest competitor having a 15.4% market share, and a 28.1% market share in deposits, with our nearest competitor having a 13.5% market share. As of December 31, 2014, we had total assets of \$3,984.5 million, total gross loans of \$2,864.0 million and total deposits of \$2,651.9 million. For the year ended December 31, 2014, we had consolidated net income of \$86.3 million, and we had total consolidated equity of \$556.4 million. In 2014, we had a 16.5% return on equity and our return on assets was 2.2%, compared to 10.1% and 1.3% for the members of ABANSA, respectively, in the same period. From 2012 through 2014, we posted an average return on equity of 17.1% and an average return on assets of 2.3%, in each case on a consolidated basis. Our efficiency ratio was 46.2% for 2014, 43.1% for 2013 and 42.9% for 2012, compared with 56.0%, 55.0% and 56.9 % for the members of ABANSA on average, respectively.

As of December 31, 2014, 43.8% of our loan portfolio consisted of commercial loans, 40.1% consisted of retail loans (including personal loans, consumer loans and credit cards balances) and 16.1% consisted of mortgage loans. As of December 31, 2014, our retail & MyPEs (micro and small businesses) banking division maintained its leadership position in the retail loan sector with a 27.4% market share, with the most growth coming from retail loans, while also achieving a 40.8% market share in retail savings accounts. Our Corporate & Government Banking division enjoyed a 30.6% market share of all loans to legal entities, due mostly to the level of activity in the large companies, medium-sized companies and agroindustry segments, which resulted in a need for financing of regional expansion projects in the services sector, investments in plant expansions in the industrial sector, diversification of operations in agroindustrial companies and of working capital lines of credit for medium-sized companies.

We have experienced profitable growth over the last few years, with annual growth rates of 1.0%, 4.3% and 5.7% in terms of assets and 4.0%, 4.0% and 6.8% in terms of net loan portfolio in 2014, 2013 and 2012, respectively. From 2012 to 2014, we experienced a compounded annual growth rate of 2.7% in terms of assets and 3.7% in terms of gross loan portfolio. Despite the increase in the size of our loan portfolio, we have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012, compared with 2.4%, 2.3% and 2.9% for the members of ABANSA, respectively. Our Coverage Ratio was 223.2%, 230.2% and 194.5% in 2014, 2013 and 2012 compared with 119.5%, 122.5% and 113.5% for the members of ABANSA, respectively.

A key element of our strategy is the expansion of our retail banking platform, and we have grown our network from 799 to 957 points of service since 2012, mostly through the addition of ATMs, kiosks, and nonbanking agents. We now have the largest distribution network in El Salvador, with 549 ATMs, 206 kiosks, 104 nonbanking agents Banco Agrícola Amigo, 66 branches, 25 corporate banking locations, five express stations, two financial attention centers, and access to other bank ATMs through our affiliation with Visa Plus and Master Card Cirrus programs. Historically, retail banking penetration in El Salvador has been relatively low. According to the World Bank's Global Findex Database 2014 report, as much as 34.6% of the Salvadoran population over the age of 15 currently has a banking account, and only 17.2% of the Salvadoran population over the age of 15 has bank borrowings, up from 13.8% and 3.9% in 2011, respectively. We believe these figures represent an expansion opportunity for the Bank.

One of our principal strengths is our strong capitalization, which allows us to expand our productive assets and withstand past due loans and foreclosed assets. Our Capital to Risk Weighted Assets Ratio on a consolidated basis as of December 31, 2014, 2013, and 2012 was 16.8%, 17.6% and 17.9%, respectively, for a minimum mandatory Capital to Risk Weighted Assets Ratio of 12.0% under local law. These figures compare favorably to the Salvadoran financial system average Capital to Risk Weighted Assets Ratio, which was 16.6%, 17.3% and 17.1% as of the same dates.

The following table shows certain indicators of our consolidated results of operations and financial position as of and for the periods indicated.

	As of and for the three months ended March 31,		As of and for the year ended December 31,		
	2015	2014	2014	2013	2012
	(Amounts in US\$ millions)				
Total assets	3,954.2	3,907.7	3,984.5	3,943.2	3,779.8
Total net loans ⁽¹⁾	2,762.2	2,686.9	2,781.6	2,674.2	2,570.4
Total deposits.....	2,684.7	2,673.0	2,651.9	2,739.3	2,628.3
Net income.....	22.1	21.3	86.3	91.0	89.1
Stockholders' equity	496.4	491.3	556.4	556.5	546.6
Capital to Risk Weighted Assets Ratio	16.0%	16.5%	16.8%	17.6%	17.9%

(1) Total loans minus allowance for loan losses.

The following table shows certain financial indicators of our growth compared to some of our competitors as of the dates indicated on a stand-alone basis:

	Banco Agrícola S.A.			Banco Davivienda, S.A.			Scotiabank, S.A.			Banco de América Central, S.A.			Banco Citibank El Salvador, S.A.		
	As of and for the year ended December 31,														
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
	(Amounts in US\$ millions)														
Return on average total assets ⁽¹⁾	2.2%	2.4%	2.4%	1.1%	1.3%	0.9%	0.8%	1.3%	1.7%	1.5%	1.8%	1.7%	0.4%	1.3%	1.3%
Return on average stockholders' equity ⁽²⁾	16.5%	17.4%	17.2%	8.4%	8.8%	6.3%	5.8%	10.8%	15.4%	13.3%	15.5%	15.3%	2.4%	7.3%	8.0%
Efficiency ratio ⁽³⁾	46.2%	43.1%	42.9%	62.2%	63.2%	67.5%	60.4%	61.6%	54.8%	42.2%	46.4%	48.1%	70.6%	63.7%	72.8%
NPL Ratio	1.5%	1.6%	2.1%	2.7%	3.0%	4.2%	3.5%	3.0%	3.5%	1.4%	1.2%	1.5%	5.3%	5.0%	5.4%
Coverage Ratio.....	223.2%	230.2%	194.5%	88.8%	91.1%	84.3%	100.0%	101.0%	102.5%	127.8%	123.8%	118.9%	86.8%	83.4%	75.9%
Total assets	3,985	3,943	3,780	2,095	2,032	1,848	1,948	2,015	1,946	1,719	1,531	1,371	1,580	1,687	1,864
Total gross loans	2,864	2,763	2,665	1,544	1,446	1,278	1,511	1,503	1,469	1,190	1,060	918	1,054	1,105	1,158
Total deposits	2,652	2,739	2,628	1,270	1,333	1,285	1,256	1,279	1,312	1,179	1,092	1,026	1,189	1,262	1,372
Net loans to deposits.....	104.6%	97.3%	97.5%	118.7%	105.5%	95.9%	116.1%	113.9%	107.9%	99.1%	95.6%	87.8%	84.5%	83.9%	80.9%
Capital to Risk Weighted Assets Ratio	16.7%	17.5%	17.8%	16.9%	18.5%	18.7%	18.2%	16.7%	15.5%	14.2%	15.3%	14.9%	20.2%	22.5%	20.7%

Source: Based on information provided by ABANSA.

- (1) Net income for the period divided by average total assets for the same period.
- (2) Net income for the period divided by average total stockholders' equity for the same period.
- (3) Administrative expenses for the period divided by net operating income for the same period.

Our History

On March 24, 1955, the Bank started its operations with a capital of one million *colones*, contributed by 24 shareholders, and a workforce of 14 employees. Luis Escalante Arce, founder of Banco Agrícola Comercial started the Bank with this slogan: "A progressive bank serving a progressive country." In short order, he began the development of personal savings, designed to benefit the informal commercial sector, small business owners and lower level employees, on which the Bank built its strength and its rapid growth.

On March 7, 1980, all banks in the Salvadoran financial system were nationalized, with the objective of democratizing credit, allowing the participation of employees in their company's capital and supporting agrarian reform.

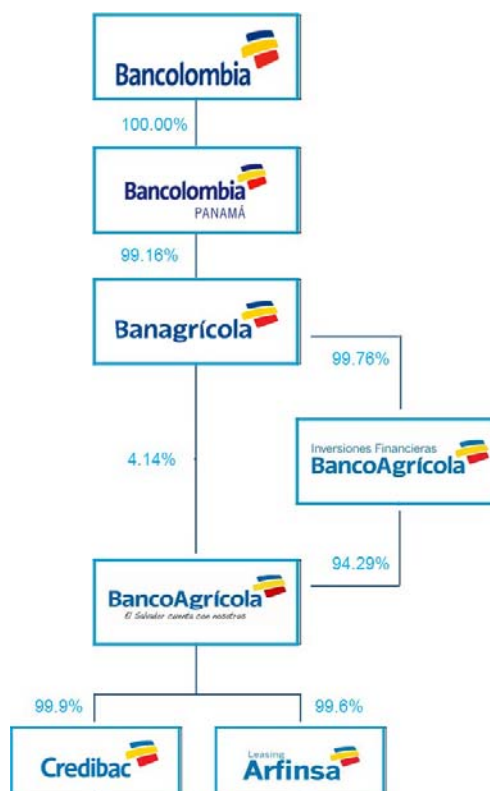
After this wave of nationalizations came a period of privatizations. The Bank was reprivatized in 1992. In May 1992, the Bank expanded its regional footprint with the acquisition of Banpro in Honduras and Caley Dagnall in Nicaragua, and the opening of a subsidiary in Panama.

In 2000, to strengthen its market leadership position, Banco Agrícola acquired Banco de Desarrollo, then the fifth largest bank in El Salvador, and, in 2001, Banco Agrícola acquired Banco Capital, then the sixth largest bank in El Salvador, establishing itself as one of the largest banks in El Salvador. Banpro and Caley Dagnall were divested in 2003, as part of a new strategy according to which Banco Agrícola redefined the markets in which it wanted to have a presence.

In December 2006, following in the steps of other Salvadoran banks sold to foreign banks since 2004, the Bank announced its acquisition by the Bancolombia Group, one of the most important financial groups in Latin America. This acquisition was completed in April 2007. The Bancolombia Group indirectly owns 97.35% of our common stock.

Our Stockholders and Group Affiliates

The following chart presents our corporate structure, indicating respective ownership interests, as of December 31, 2014:



Inversiones Financieras Banco Agrícola, S.A. a holding company incorporated under the laws of El Salvador, owns 94.29% of our capital stock, and Banagrícola S.A., a holding company incorporated under the laws of Panama, owns 4.14%. The remaining 1.57% of our shares is publicly traded on the El Salvador Stock Exchange.

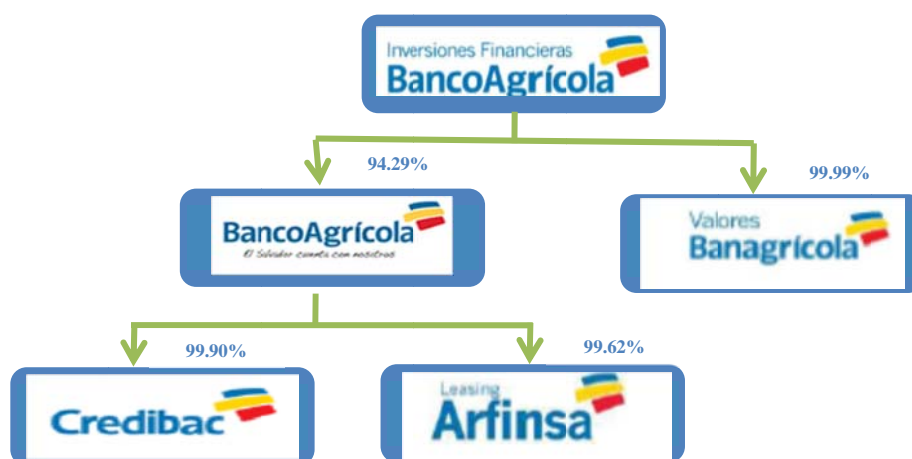
Our immediate parent company, Inversiones Financieras Banco Agrícola, S.A., invests in foreign and domestic financial companies or companies whose business is complementary to financial activities, to the extent permitted by Salvadoran law and subject to the authorization of the Superintendent of the Financial System. Our affiliate Valores Banagrícola, S.A. is a Salvadoran broker-dealer engaged primarily in the purchase and sale of securities in the primary and secondary market through the Stock Exchange of El Salvador, repurchase transactions, processing and financial advice. As of December 31, 2014, Banco Agrícola, S.A. and its subsidiaries represented approximately 99.9% of Inversiones Financieras Banco Agrícola's total assets. Inversiones Financieras Banco Agrícola, S.A. is owned, in turn, by Banagrícola S.A.

Our other immediate parent company, Banagrícola S.A., is also the immediate parent company of Inversiones Financieras Banco Agrícola, S.A. and conducts the same activities, pursuant to the laws of Panama. Through its subsidiaries, Banagrícola S.A. provides a full range of banking products and financial services, including retail and wholesale banking, deposits, trade finance, trust services, leasing, foreign exchange brokerage, credit card, and consumer lending. Banagrícola S.A. is 99.16% owned by Bancolombia Panamá.

Bancolombia Panamá is a wholly-owned subsidiary of Bancolombia, S.A., which is Colombia's largest bank in terms of total assets. Bancolombia offers a wide range of financial products and services to a diversified individual and corporate base of more than 7 million customers, and has 829 branches and 3,700 ATMs in Colombia. Other affiliates of Bancolombia, S.A. include Banco Agromercantil and Banistmo. Banco Agromercantil, a 40%-owned affiliate of Bancolombia, S.A., has 234 branches, over 2,800 ATMs and over 1.2 million clients and is ranked fourth by loans in Guatemala. Banistmo, a wholly-owned subsidiary of Bancolombia, S.A., has 91 branches, 305 ATMs, over 455 thousand clients and is ranked second by loans in Panama. The Bancolombia Group counts over 9 million clients and has 1,271 branches and 4,712 ATMs throughout the Central American and Andean regions. Bancolombia, S.A. is listed on the Colombian and the New York Stock Exchange. Its largest stockholder is Grupo de Inversiones Suramericana S.A., a large Latin American conglomerate, and owner of Sura Asset Management and Suramericana, amongst others.

Our Corporate Structure

The following is our corporate structure chart:



Our subsidiaries are as follows:

- Arrendadora Financiera, S.A. (Arfinsa), incorporated under the laws of El Salvador, which provides financial and operational leasing services. As of December 31, 2014, Arrendadora Financiera, S.A. had assets of \$7.5 million, financial obligations totaling \$4.1 million, and no active employees; and

- Credibac, S.A. de C.V., incorporated under the laws of El Salvador, the principal activity of which is the recovery of portfolio loans that were 100% written-off in previous years. As of December 31, 2014, Credibac, S.A. de C.V. had assets of \$227,198, two financial obligations totaling \$57,352 and no active employees.

Our Competitive Strengths

We believe we benefit from the following competitive strengths:

Unique sponsorship from the Bancolombia Group supporting our business strategy and future growth

Since 2007, we have been part of the Bancolombia Group, which indirectly owns 97.35% of our common stock. With over 140 years of experience in the financial industry, Bancolombia, S.A. is the largest bank in Colombia and is one of the leading banks in Latin America by loans, deposits, equity, branches and ATMs. Bancolombia offers a wide range of financial products and services to a diversified individual and corporate base of more than 7 million customers, and it is Colombia's largest privately owned banking network, with 829 branches and 3,700 ATMs in the country. Bancolombia is rated Baa3 by Moody's, BBB- by S&P and BBB by Fitch. Bancolombia had gross loans of \$44,955 million as of December 31, 2014 with a compound annual growth rate from 2011 to 2014 of 20.6%, deposits of \$39,848 million with a compound annual growth rate from 2011 to 2014 of 22.1%, an average return on average equity from 2011 to 2014 of 15.4% and an average efficiency ratio from 2011 to 2014 of 58.0%, with the ratios and compound annual growth rates computed in local currency and the local currency figures converted to US dollars at a rate of 2,392.5 Colombian pesos per U.S. dollar (as of December 31, 2014). In 2014, the Bancolombia Group had a return on average equity of 12.5%, a return on average assets of 1.4% and a net interest margin of 5.7%. The efficiency ratio for the Group 2014 was 58.6% and the NPL Ratio was 1.9%.

Under the leadership of the Group, our gross loans and our net income increased from \$2,272.8 million and \$61.8 million, respectively, in 2006, to \$2,864.0 million and \$86.3 million, respectively, in 2014. The Bank contributed 6.4% of the gross loans and 11.0% of the net income of the Group in 2014, and was its more profitable and efficient subsidiary, representing 6.4% of the Group's total assets, with the local currency figures converted to US dollars at a rate of 2,392.5 Colombian pesos per U.S. dollar (as of December 31, 2014). Due to our close relationship, we will be able to expand our cross-selling and product growth initiatives by leveraging Bancolombia's existing Salvadoran client platform. We are able to access Bancolombia's know-how with respect to best practices, especially in the retail banking sector, as well as Bancolombia's IT and operations platforms in order to exploit cost synergies and drive down our costs.

We expect to drive further growth through our partnership with Bancolombia by aligning our strategy with that of Bancolombia, enabling us to expand our retail banking presence, develop a broader range of products across our banking divisions, utilize opportunities for cross-sales across products and divisions, and capture new clients by continuing to promote and leverage our reputation for client service while exploiting Bancolombia's existing scale, with an extensive international branch network and services platform and world-class franchises in Guatemala and Panama.

Stable economy with a healthy, well-regulated and capitalized financial system with significant growth potential

El Salvador has had steady real GDP growth of 2.0% in 2014, 1.8% in 2013, 1.9% in 2012 and 2.2% in 2011, according to the Central Bank, and had a GDP per capita of \$3,987.7 and a 5.5% unemployment rate as of December 31, 2014, according to the International Monetary Fund. El Salvador is a well-diversified economy with a strong focus on manufacturing and commerce. According to the Central Bank, manufacturing represents 18.9% of GDP, and commerce 20.5%. The Salvadoran fiscal deficit has improved from 5.6% of GDP in 2009 to 3.5% in 2014. Historically, retail banking penetration in El Salvador has been relatively low. According to the World Bank's Global Findex Database 2014 report, as much as 34.6% of the Salvadoran population over the age of 15 currently has a banking account, and only 17.2% of the Salvadoran population over the age of 15 has bank borrowings, up from 13.8% and 3.9% in 2011, respectively. We believe these figures represent an expansion opportunity for the Bank.

The Salvadoran financial system is well-capitalized, and our capitalization levels compare favorably with the Salvadoran financial system averages, positioning us to take advantage of the room for expansion in the Salvadoran banking market. Our Capital to Risk Weighted Assets Ratio on a consolidated basis as of December 31, 2014, 2013, and 2012 was 16.8%, 17.6% and 17.9%, respectively, compared to the Salvadoran financial system averages of 16.6%, 17.3% and 17.1 % as of the same dates. We have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012, compared with 2.4%, 2.3% and 2.9% for the members of ABANSA, respectively. Our Coverage Ratio was 223.2%, 230.2% and 194.5% in 2014, 2013 and 2012 compared with 119.5%, 122.5% and 113.5% for the members of ABANSA, respectively.

Leading financial institution in El Salvador

We have nearly 1.1 million active customers and, as of December 31, 2014, we ranked first out of the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA, with a 47.8% market share in terms of net income, 28.6% in terms of assets, 28.7% in terms of gross loans and 28.1% in terms of deposits—each a market-leading indicator and, in the case of the last two measures, nearly double that of our closest competitor. Being one of the oldest and most well established financial institutions in El Salvador, with a history dating to the 1950’s, we believe we have strong brand recognition and a solid reputation in the Salvadoran financial market. We have pioneered landmark initiatives in El Salvador’s financial system. We were the first bank in the country to introduce nonbanking agents starting in 2013 and the first to implement electronic signature contracts for salary advances in 2014.

Broadest nationwide network

We have a nationwide network of service channels with a presence in 134 municipalities in the country—the most extensive coverage of any bank in the Salvadoran financial system. At December 31, 2014, we had 957 total service points, consisting of 549 ATMs, 206 kiosks, 104 nonbanking agents, 66 branches, 25 corporate banking locations, five express stations and two financial attention centers. We aim to create closer and deeper relationships with customers, enabling them to complete their transactions quickly and easily. As a result, 83.3% of total transactions are made via electronic channels, confirming our customers’ preference for accessibility and convenience and supporting our cost-efficient distribution.

The following table sets forth information on our points of service and electronic transactions for the past five years:

<u>As of December 31,</u>	<u>Points of Service</u>	<u>Branches, CE, CC, CAF and nonbanking agents⁽¹⁾</u>	<u>ATMs and Kiosks</u>	<u>Electronic transactions as a percentage of total transactions for the year ended December 31,</u>
2010	657	102	555	75.0%
2011	728	101	627	78.1%
2012	799	101	698	80.5%
2013	859	155	704	81.5%
2014	957	202	755	83.3%

(1) Express stations (“CE”), corporate banking locations (“CC”), and financial attention centers (“CAF”). Includes nonbanking agents Banco Agrícola Amigo starting in 2013.

Diversified business profile

We are a fully-fledged banking platform, with a diversified loan base. As of December 31, 2014, our loan portfolio comprised 43.8% commercial loans, 40.1% retail loans and 16.1% mortgage loans.

We benefit from a diversified business mix, with 17.4% of operating income derived from service fees and other sources, 7.8% from loan commissions and 74.8% from loan interest. We generate income from approximately 60 different types of fees, and among these some of the most important are: credit and debit card administrative fees, fees for the use of our salary advance product, fees for remittances payments, fees for life, damage and debt insurance, and ATM fees. The largest part of our revenues coming from interest, 96.2%, is comprised by interest on

our loan portfolio, while the other 3.8% is comprised mainly by interest on our investment portfolio and a small part by interest on our deposits in other banks.

Additionally, through our different financial areas we can serve different segments of clients according to their needs. From salaried workers to wealthy investors, and from small companies to big corporations, Banco Agrícola is ready to serve all its clients with a qualified staff, products and services which meet all of their specific needs with efficient and quick solutions.

Superior asset quality

We maintain one of the highest asset quality levels in El Salvador, with a 1.5% NPL Ratio and a 223.2% Coverage Ratio as of December 31, 2014, compared to 2.4% and 119.5% for the members of ABANSA, respectively. Our NPL Ratio, which is the ratio of our NPLs to total loans, improved 10 basis points from 2013 to 2014, and has improved in each of the past five years. Our NPL portfolio continues to be a positive indicator, decreasing to 1.5% in year-end 2014 from 1.6% in 2013 and 2.1% in 2012. As of December 31, 2014, 94.3% of our total portfolio is comprised of risk category A1, A2 or B loans, which compares favorably with 93.5% for the other banks in the Salvadoran financial system for those risk categories based on information provided by the Superintendence of the Financial System.

Stable and diversified sources of funding

Banco Agrícola exhibits a well-diversified and growing deposit base capable of supporting further asset growth at a low cost. At December 31, 2014, our deposit base comprises 41.4% of savings deposits, 34.3% of time deposits and 24.3% of demand deposits. We have the highest market share (28.1%) in deposits in general, but have a particular leadership position in retail savings account where we have a 40.8% market share, capturing a broad and recurring depositor base. Retail deposits represent approximately 71.2% of our deposit base.

We have one of the lowest costs of funding in the system with an average rate on deposits of 1.3% for the year ended December 31, 2014 and a total cost of funding of 1.8% compared to an average of 1.7% and 2.1%, respectively, for the members of ABANSA. As of December 31, 2014, we were using 53.7% of our available credit lines. As of December 31, 2014, the structure of our funding was as follows: time deposits represented 27.3% of our total funding; savings accounts, 32.9%; checking accounts, 19.3%; local bonds, 6.5%; loans with foreign banks, 13.4%; and loans with local banks, 0.6%. Our strategy is to continue exploiting different sources of funding in accordance with cost and availability and to further diversify our funding base by gaining access to capital markets.

Proven track record of profitable growth supported by strong capitalization levels

Our profitability in the past five years has been above average, reflecting our innovative and efficient business strategy. For the year ended December 31, 2014, our return on equity was 16.5% and our return on assets was 2.2%, compared to 10.1% and 1.3% for the members of ABANSA, respectively, in the same period. Both metrics reflect our market-leading position among the five largest banks in El Salvador.

In terms of efficiency, our ratio of administrative expenses to net operating income was 46.2% and our ratio of administrative expenses to assets was 2.9%, which compared favorably with the financial system as a whole, which averaged 56.0% and 3.5%, reflecting our strength in generating bank profits over our competitors. We believe our healthy efficiency ratio reflects our solid cost-control initiatives and an extensive use of alternative distribution channels.

We are one of the highest capitalized banks in the country with a Capital to Risk Weighted Assets Ratio of 16.8% as of December 31, 2014, well above the 12% regulatory minimum. Our high capitalization puts us in a favorable position to pursue growth opportunities in the underpenetrated but consistently growing Salvadoran banking market. In particular, we view the retail sector and credit card segments as especially ripe for expansion and growth, given the historically low levels of retail banking and credit card penetration in El Salvador.

Furthermore, we have experienced sustained profitable growth over the last few years, with annual growth rates of 1.0%, 4.3% and 5.7% in terms of assets and 4.0%, 4.0% and 6.8% in terms of net loan portfolio in 2014, 2013 and 2012, respectively. From 2012 to 2014, we experienced a compound annual growth rate of 2.7% in terms of assets and 3.7% in terms of gross loan portfolio. Despite the increase in the size of our loan portfolio, we have been able to reduce our NPL Ratio to 1.5% in 2014, from 1.6% in 2013 and 2.1% in 2012.

Solid credit risk policies and management risk policies:

We maintain a well-diversified and balanced credit portfolio across clients and sectors supported by a strict, systematic credit approval process which is tailored to the size of each potential credit and which we continue to align with Bancolombia's global standards for credit approval. We have a defined process to measure and monitor risks of all types, including market risk, credit risk, liquidity risk and operational risk, as well as the impact of these risks on our daily operations. We employ value-at-risk analyses and stress testing, and we employ analyses of interest rate metrics, liquidity and cash flow gaps per currency, and evaluation of liquid assets. As a result of our prudent credit risk policies, our asset quality metrics are among the strongest in the Salvadoran financial system.

Experienced management team with ability to deliver sustained growth while preserving a conservative risk profile

The members of our senior management team each have between 10 to 25 years of experience in the banking industry. All of our directors have between 10 and 30 years of experience in banking and financial activities. Our management team has significant experience in positions across the financial industry. For example, our Executive President since 2010, Rafael Barraza, was previously President and Vice President of the Salvadoran Central Bank, Governor of the International Monetary Fund, Alternate Governor of the World Bank and alternate governor of the Inter-American Development Bank, among other positions.

Our Strategy

The main tenets of our strategy are:

Leverage the support and sponsorship of our shareholder, the Bancolombia Group

We plan to continue to leverage off the continued support and sponsorship of the Bancolombia Group to remain the largest financial institution in El Salvador and to form part of its regional platform for all of Central America.

We are a key player in the growth strategy for the Group in Central America. By continuing to share and implement best practices learned from the Bancolombia Group, we will be able to further expand our branch network and presence in retail banking, reduce our cost structure, improve our risk assessment models and credit metrics and set ourselves on a path for sustainable growth in the future.

We have also served as an example of the Bancolombia Group's strategy in the region to maintain local brands which are well recognized and positively viewed in their respective countries and to draw on local management experience and retain talented personnel with local know-how and well-established client relationships. Our successes since our acquisition by the Group in 2007 have transformed us into a model which the Group expects to replicate throughout its operations in Central America.

Together with other affiliates of the Bancolombia Group (Banistmo, Banco Agromercantil and Bancolombia Panama), we form an integral part of the regional platform of the Group in Central America that will eventually provide our regional clients with a streamlined portfolio of services which will allow us to deepen our commercial relationships with them and to grow internationally as our clients expand abroad. Furthermore, the Group's continued support of us and its other subsidiaries provides us with a higher profile, which will allow us to develop product lines such as regional capital markets capabilities and cash management and accounts payable services throughout Central America.

Continue to strengthen our operational excellence

The growth of our business challenges us to strengthen our operations to provide our clients with reliable services across different platforms.

We intend to make a significant long-term investment in an operational center, to provide our clients with services of the highest quality and satisfy foreseeable future needs. The total investment in this project is expected to be \$55 million. In implementing this project, we will benefit from the technical support of the Bancolombia Group.

In addition, we are improving and simplifying critical processes of direct interaction with our clients, as well as strengthening our security systems to complement the high level of automation and digitalization reached in the operation of the business.

Maintain our leadership in the Salvadoran financial system and continue to improve our efficiency ratio

We focus on different initiatives to capture value through improving efficiency, reducing costs, and increasing and managing income. Some of the strategies we are implementing include the definition of a corporate model for pricing, the implementation of a regional cash management system for clients that operate in the countries where the Bancolombia Group is present, realization of structural efficiencies in key processes to operate the business, business protection, and generation of new business opportunities that are scalable in high-value segments and products.

Continue to innovate to improve customer experience

Following global trends in the financial industry, we are implementing mobile and digital experiences in order to always be “at hand” to support our clients. Our application Banca Móvil has been the first step in this direction, and we will continue improving it with more and better functionalities for the benefit of our clients.

Another strategic front is the development of self-service financial solutions. We were the first bank in El Salvador authorized to accept electronic signature, which represents a milestone and encourages us to continue developing products and services under this new format. We are targeting to achieve that 86% of our clients’ transactions are made using electronic channels by year-end 2017.

The high coverage of our network of locations and physical channels is one of our strengths. We intend to improve our network according to clients’ needs, with specialized and tailored service models that allow for simple and smooth transactions, such as for instance the Business Teller Service Model (“*Modelo de Servicio de Caja Empresarial*”) and our nonbanking agents, and through various initiatives such as the recent update of our queue management system in our branches.

Create synergies with our clients by being a full-service bank

We are focused on the sustainability of the business by creating close and valuable relationships with stakeholders, creating innovative and comprehensive solutions for our clients and their commercial partners (suppliers and distributors), employees and customers.

We intend to generate a continuous experience, connecting people, businesses, decisions and information from an integral understanding of our clients’ businesses and their communities through connections and synergies among different teams within the Bank.

Deepen our relationships with our clients

As part of our commitment of getting closer to our clients, we continue to broaden our distribution network, increasing our points of service. We plan on expanding our network from our 957 points of service as of December 31, 2014, to 1,157 by year-end 2017.

We intend to increase the number of our nonbanking agents, which allow us to get closer to communities that do not have access to the financial system, thereby promoting financial inclusion.

We are also developing models of data analysis that will help us tailor our commercial offers to potential clients, based on a better understanding of their characteristics and needs.

Lines of Business

We are a universal bank that offers a wide spectrum of financial services to more than a million people and corporations through our broad network of points of service throughout El Salvador. Our principal lines of business include Corporate & Government Banking, Retail & MyPEs Banking and Treasury services. Among the products that we offer are deposit products, which include various types of checking and savings accounts and time deposits, investment products, credit products, which include various types of loans, debit and credit cards, international products, which include currency exchange, bank transfers in foreign currencies, other services in foreign currencies and remittance services, and other specialized financial products and services. Remittances account for 13% of our total revenues from service fees in 2014 and accounted for over 3.4 million transactions. Our principal remittance partners are Bancomer Transfer Services, Inc., RIA, Money Transfer, Sigue Corp. and Wells Fargo. We currently have a 37% market share in the financial market for remittances in El Salvador and a 23% market share in the total market for remittances. Additionally, we also offer to our clients certain non-financial services, such as access to certain insurance products and other complementary services.

We have maintained a strong presence in the Salvadoran corporate sector and have developed a consistently growing retail business. Our growth strategy, which management views as critical for our success, is focused on the Salvadoran market and is supported by a strong technological platform.

Banking Activities

General Overview

Banco Agrícola maintains its position as the banking leader in El Salvador, with a market participation of 28.7% in gross loans and 28.1% in deposits, as of December 31, 2014. Our number of active clients exceeds more than one million, who are clients of the Corporate & Government Banking division and the Retail & MyPEs Banking division. Among the principle products we offer are retail loans, mortgage loans, commercial loans, specialized lines of credit, leasing, deposits, insurance and credit and debit cards, among others.

The Bank continues to improve the customer experience of its clients, creating products and processes that seek to make our clients' lives easier and improve their relationship with us. During 2014, we launched our new self-service model and began offering our salary advance product through electronic channels as a way to get closer to our customers and be always "at hand". Similarly, we worked to improve face-to-face interactions with our clients. For instance, we reduced the time needed to open a savings account, we improved our queue management system, we increased the transactions available through our mobile banking application, and we opened corporate banking locations, which are new service centers specializing in serving our corporate customers.

Our obligations owed to local and foreign financial institutions closed with a balance of \$465.3 million in 2014, reflecting a 33.9% increase with respect to the prior year, which was due to a rebalancing of our sources of funding. This same trend is observable in the other banks of the Salvadoran financial system, which have increased their external funding sources.

One of the principal strengths of the Bank, which supports our expansion of productive assets and our past-due portfolio and foreclosed assets, is the strength of our capitalization. Banco Agrícola closed 2014 with a ratio of Capital to Risk Weighted Assets Ratio of 16.8%, which is above the ratio required pursuant to Salvadoran law of 12.0%.

Organization

Our organizational structure promotes the development of products and services that meet the specialized needs of our clients.

Banco Agrícola is divided into three divisions as a front office to our clients:

- Corporate & Government Banking;
- Retail & MyPEs Banking; and
- Treasury,

and eight back office divisions, as follows:

- Internal Audit;
- Compliance;
- Operations;
- Risk;
- Legal and General Secretary;
- Financial Control;
- Human Resources and Communications; and
- Corporate Development.

Loan Portfolio

The following table summarizes the composition of our loan portfolio, excluding interest, by type of credit as of December 31, 2014, 2013 and 2012:

Banco Agrícola S.A. and Subsidiaries						
At December 31,						
	2014		2013		2012	
	<i>(Amounts in US\$ millions)</i>					
Commercial	1,254.2	43.8%	1,220.2	44.1%	1,207.8	45.3%
Retail.....	1,149.3	40.1%	1,101.7	39.9%	1,030.6	38.6%
Mortgages.....	461.7	16.1%	442.5	16.0%	428.1	16.1%
Judicial recoveries	(1.2)	-	(1.1)	-	(1.0)	-
Gross loans	2,864.0	100.0%	2,763.3	100.0%	2,665.5	100.0%
Allowance for loan losses ⁽¹⁾	(94.9)		(101.1)		(106.5)	
Loans, net⁽²⁾	2,769.1		2,662.2		2,559.0	
Interest receivables.....	12.5		12.0		11.4	
Net loans plus interest receivables	2,781.6		2,674.2		2,570.4	-

Corporate & Government Banking

Our Corporate & Government Banking division focuses on achieving sustainable growth and leadership in customer preference among the productive sector in general, which allowed it to maintain a 30.6% market share in commercial loans mostly in the large companies and agroindustry segments.

Through a personalized management model, we serve our clients and all the participants in their value chain, with a team of relationship managers and specialists.

We classify our business in the following divisions:

1. Large Companies Banking
2. Commercial Banking
3. Institutional and Government Banking

Large Companies Banking

The Large Companies Banking division is focused on serving as a creditor or as a depositor of legal entities with annual sales or annual income higher than \$25 million, with the potential of generating business individually or as an economic group, and gain the trust and loyalty from such clients. Currently, the division has more than 1,900 active clients, with loans of \$896.3 million and aggregate deposits of \$362.5 million.

Commercial Banking

The Commercial Banking division engages in planning, coordinating and supervising the implementation of business strategies for our mid-size companies, agricultural and construction clients, and is the market leader in those segments.

The mid-size companies subdivision provides financial advice to clients with annual income between \$1 million and \$25 million, offering products adequate to their needs with personalized assistance and financial assessment. As of December 31, 2014, this division reported loans of \$110.7 million and deposits of \$98.8 million.

The construction subdivision provides financing for housing projects and loans related to the construction business to clients with an annual income higher than \$1 million.

The agricultural subdivision manages and controls the use of funds devoted to financing agricultural and agroindustrial projects with an annual income higher than \$1 million.

Institutional and Government Banking

The Institutional and Government Banking division serves governmental and autonomous institutions, with the purpose of making the quality of our service a stamp that distinguishes us from other entities and of consolidating our leadership in the sector. This division serves more than 2,500 clients, with aggregate deposits of \$232.8 million.

Our Large Companies, Commercial and Institutional & Government Banking Divisions offer the following products and services:

Loans

Loans are used for short-term working capital, investment in property, plant and equipment and construction, among others, and are usually amortizing loans subject to one single disbursement (with the exception of revolving credit lines). The following are our main loan products:

- Revolving credit line
- Fixed credit line
- Supervised fixed credit line

- Discounts and advances on commercial papers
- Short-term loans
- Current account credits
- Automatic loan
- Bank guarantees line

Financing products

Financing products are created to solicit deposits from clients and generate financing to such clients' suppliers.

- Overdraft subject to POS invoices
- Business advances

Deposits

Checking accounts

Checking accounts provide immediate withdrawal through checks, with the security and support required by clients.

- Progressive checking account
- Interest-bearing checking account

Savings accounts

- Electronic saving accounts
- Regular savings accounts
- Term-restricted saving accounts

Time deposits

- Fixed time deposits

Cash Management Services

Cash management services aim to create an Internet platform where clients can access their saving accounts, checking accounts, loans, term-deposits, and engage in transactions in a way that facilitates their treasury management.

We are developing a single virtual branch that would allow clients to access to their products and make transactions within all the banks part of the Bancolombia Group, which include Bancolombia Colombia, Bancolombia Panamá, Banistmo in Panamá, Banco Agromercantil, Mercom Bank (a BAM subsidiary), and us.

Retail & MyPEs (Micro and Small Business) Banking

The Retail & MyPEs Banking division focuses on providing a full range of banking products and services to more than 1.06 million retail and personal banking customers as of December 31, 2014. As of December 31, 2014, our retail loan portfolio was 57.3% of our total loan portfolio and retail deposits represented 71.2% of our total deposits.

The products and services offered by this division are:

Loans

Our sales team advises our clients on the type of loan that best fits their needs: personal loan, personal loan without guarantor, credit cheque, study loan, salary advance, vehicle loan, mortgage loan.

Deposit accounts

Products used by our clients to entrust their funds to us, either for savings or for transactions. There are different options depending on our clients' needs, including Regular Savings, Electronic Savings, Christmas Savings, Dream Savings, Term Savings, Children Savings, *óptima clásica* and *cuenta unidos*.

Insurance Products

Through our relationship with the insurance provider Asesuisa, the Bank offer its clients access to exclusive life insurance and disability insurance products.

Each of the plans may include different covered risks.

Debit Cards and Credit Cards

Our debit cards and credit cards have the most extensive network in El Salvador of affiliated stores, which offer discounts ranging from 5% to 20% when our cards are used to pay for a transaction. Our debit cards and credit cards can be used worldwide either online or directly at stores abroad. There are different card categories depending of the characteristics of our clients for both our visa debit and credit cards, and our MasterCard debit and credit cards. In 2014, our credit card portfolio increased 16.1%.

Electronic channels

Electronic channels simplify our clients' lives so they can access our products and make transactions without visiting our offices. One of the benefits of the electronic channels is its accessibility 24/7. In this network we have kiosks, ATMs, Cajero Total +, online banking, mobile banking, inter-banking, Telebanca, and nonbanking agents.

Treasury Division

Our Treasury division is responsible for managing the Bank's investment portfolio, obtain funding according to the Banks liquidity needs, and manage its foreign exchange position. In addition, our Treasury division provides our customers with products such as foreign exchange services for international transactions, investment advice on securities and trust services.

Salvadoran law limits the types and amounts of securities in which we may invest and deal. See "Supervision and Regulation—Regulatory Framework of the Financial System."

During the last five years, our Treasury division has adopted the Group's business model, including internal policies and management standards, allowing the Bank to become more active in the various markets in which it operates: capital markets, money market and foreign exchange market. By adopting the Group's business model,

Banco Agrícola offers new products, better manages the risks associated to these markets, and has implemented a new organizational structure.

In addition, strategic initiatives such as the implementation of a new technological platform for the management of all our treasury products have contributed to increased efficiency.

The organizational structure of our Treasury division consists of:

Interest Rate Desk

The Interest Rate Desk is responsible for managing the Bank's securities portfolio, with the dual objective of ensuring the Bank's compliance with regulatory requirements and of generating additional profits for the Bank through the Bank's trading portfolio.

Exchange Rate and Correspondent Bank Desk

The Exchange Rate and Correspondent Desk trades currencies for the Bank's positions, and to provide for our clients' needs. The Exchange Rate and Correspondent Banks Desk also manages the procuring of funds through various financing modalities with correspondent banks, multilateral banks and other international funding sources such as securitizations.

Trusts and Distribution Desk

The Trusts and Distribution Desk is responsible for the commercialization of the Bank's treasury products, including trusts, and for managing the commercial relationship with the Bank's customers.

Division of Treasury Products

The Division of Treasury Products is responsible for the development of new treasury products to meet the treasury and investment needs of our current and prospective clients.

Treasury Products

Currency exchange

We buy currencies in exchange for U.S. dollars in the spot market. Currency exchange is limited to certain currencies listed in our Risk Policies.

Capital markets products

By law, Banco Agrícola may only purchase or sell, for its own account or for the accounts of clients, fixed income securities in the local and international markets. The purchase and sale of third party stock is considered to be a brokerage activity and is handled for the Bank's clients through the Bank's broker affiliate, Valores Banagrícola.

Trusts

Through our trusts services, clients can entrust us with a specified amount of funds or assets to be managed by the Bank for the benefit of such client or third parties in exchange for a management fee.

Distribution Channels

We maintain diverse distribution channels to serve our customers, including points of service at branches and ATMs, online banking, and telephone banking. We intend to continue to expand our distribution network and to

increase the use of electronic banking and transaction processing. To date, we have the most extensive coverage of any bank in the Salvadoran financial system with a presence in 134 municipalities in El Salvador.

The following table sets forth information on our points of service and electronic transactions for the past five years:

As of December 31,	Points of Service	Branches, CE, CC, CAF and nonbanking agents ⁽¹⁾	ATMs and Kiosks	Electronic transactions as a percentage of total transactions for the year ended December 31,
2010	657	102	555	75.0%
2011	728	101	627	78.1%
2012	799	101	698	80.5%
2013	859	155	704	81.5%
2014	957	202	755	83.3%

(1) Express stations (CE), corporate banking locations (CC), and financial attention centers (CAF). Includes nonbanking agents Banco Agrícola Amigo starting in 2013.

With respect to physical distribution channels, we have opened close to 100 additional points of service in 2014 and we have substantially improved the appearance of our branches, our most important distribution channel, modernizing 13 locations as of December 31, 2014. We have strengthened our ATM network in the last few years with new functionalities, updated operational platforms and the acquisition of new equipment, including deposit-taking ATMs. In addition, we started our Business Teller service (*Caja Empresarial*), an in-branch specialized service for business owners which seeks to generate in-branch transactions. As a next step, we intend to increase the number of our Business Teller service locations.

Banco Agrícola, in line with the Bancolombia Group's objective of fostering financial inclusion, pioneered a new way of providing financial services in El Salvador in 2013 with the implementation of a new network of nonbanking agents called "Banco Agrícola Amigo." This network allows us to be present in communities that did not have access to financial services before. We were the first bank authorized by the Superintendence of the Financial System to manage nonbanking agents.

Another innovative channel used by the Bank is our mobile banking platform, Banca Móvil. There are more than 89 thousand downloads of the application with more than 2.6 million transactions made on it. This has allowed us to be recognized as a modern bank that follows trends of the technology markets and innovation.

We have been developing new self-service and electronic solutions in recent years, to answer our clients' demands for fast and simple transactions. In 2014, we started offering our salary advance services (*Adelanto de Salario* or ADS) in ATMs, kiosks and online banking. We were the first bank authorized by the Superintendence of the Financial System to implement a substitute for handwritten signatures. We have improved interbanking self-service for individuals, by making fund transfer transactions, credit card payments and loan payments possible through Automated Clearing House (ACH). As of December 31, 2014, more than 4,000 transactions had been processed using this new option. As a consequence of this endeavor and of client's desirability of accessible and convenient channels, 83.3% of the transactions in 2014 were made through electronic channels.

We also strive to exploit alternative channels and new technology to improve our clients' customer experience. Among other innovations, we implemented a unique system to schedule in-office appointments with tellers, commercial advisors and service executives, including the possibility of scheduling appointments through branches or through our call center. We also implemented an innovative online chat on our website through which our clients can directly contact advisors. We have had more than 26 thousand chats with our advisors. Additionally, we started offering information and responses to clients through the email personas@bancoAgricola.com. On March 31, 2015, our Facebook page, launched in 2013 and which we view as an important channel for communicating with and receiving feedback from our customers, had 109,190 followers.

Competition

As December 31, 2014, the Salvadoran banking system had a total of 15 financial institutions, of which 11 were foreign-owned banks and four were state-owned financial institutions. As of December 31, 2014, the amount of assets in the banking sector had increased to \$14,598 million from \$14,239 million as of December 31, 2013 and \$13,432 million as of December 31, 2012. The banking sector has maintained NPL Ratios of 2.4% in 2014, 2.3% in 2013, 3.0% in 2012 and 3.6% in 2011, and Coverage Ratio levels of 119.5% in 2014, 122.5% in 2013, 113.5% in 2012 and 108.0% in 2011. The sector has also sustained profitability levels reflected in return on average equity of 10.0% in 2014, 12.4% in 2013, 12.4% in 2012 and 12.2% in 2011, and return on average assets of 1.3% in 2014, 1.6% in 2013, 1.6% in 2012 and 1.5% in 2011. Furthermore, the banking sector had an average Capital to Risk Weighted Assets Ratio of 16.6% in 2014, 17.3% in 2013, 17.1% in 2012 and 17.1% in 2011, and Capital to Liabilities Ratio of 13.4% in 2014, 13.6% in 2013, 13.4% in 2012 and 13.0% in 2011.

In 2007, the Bancolombia Group (Colombia) acquired Banco Agrícola and Citibank acquired Banco Cuscatlán and Banco Uno. In September 2008, Banco Cuscatlán and Banco Uno merged and the surviving entity changed its name to Banco Citibank. In July 2009, Banco Azteca (Mexico) initiated operations in El Salvador. In November 2010, First Commercial Bank closed its affiliated office in El Salvador.

Since 2010, Banco de Bogotá has controlled the fourth largest financial institution in El Salvador, Banco de América Central (BAC), which is principally focused on credit card products. In July 2011, Banco Industrial (Guatemala) initiated operations in El Salvador. In 2012, Davivienda entered the market by acquiring the then second largest Salvadoran bank, HSBC Salvadoreño, which had a significant participation in the mortgage and consumer segments.

In October 2014, Citigroup announced that it was leaving the retail banking business in 11 countries, including Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and Peru. Citigroup is reported to have already begun negotiations to sell its Central America businesses. Citigroup's Nicaragua and Honduras operations were purchased by the Ficohsa group in July 2014 and March 2015, respectively. The Ficohsa group controls the largest bank and insurer in Honduras, has banking operations in Guatemala and Panama and offers financial services in the United States. Banco Azul (El Salvador) is in the process of obtaining authorization to initiate operations in El Salvador.

In addition to the Central Bank, the state owns four other financial institutions, each of which was chartered for the purpose of extending credit to a specific sector of the economy:

- Banco Hipotecario de El Salvador, S.A.;
- Banco de Fomento Agropecuario;
- BANDESAL; and
- Fondo Social para la Vivienda.

Banco Agrícola, Banco Davivienda, Scotiabank and Banco de América Central are the four largest banks in the Salvadoran financial system. Combined, they accounted for 69.9% of total assets of the financial system as of December 31, 2014 according to figures provided by ABANSA. Their combined market shares for loans and deposits were 71.2% and 67.5%, respectively, as of the same date.

The banking market in El Salvador is competitive. The Salvadoran banking system experienced a compound annual growth rate in terms of gross loans outstanding and deposits of 5.0% and -1.0%, respectively, from December 31, 2013 to December 31, 2014. The low level of banking penetration has attracted new participants in the market.

As of December 31, 2014, we ranked first out of the 11 privately-owned financial institutions in the Salvadoran market that are members of ABANSA, with a 47.8% market share in terms of net income, 28.6% in

terms of assets, 28.7% in terms of gross loans and 28.1% in terms of deposits. In 2014, we had a 16.5% return on equity and our asset profitability was 2.2%—both of which are market-leading metrics among the five largest banks in El Salvador.

Employees

As of December 31, 2014, we had 2,868 employees all of which were located in El Salvador. None of our employees belong to a union. We offer our employees benefits beyond those required by Salvadoran law, such as life insurance, health insurance, medical visits, semiannual bonuses and vacation, among others.

Properties

We are domiciled in El Salvador and as of December 31, 2014, we operated a total of 101 sites across the country, including 14 administrative offices in San Salvador (13 owned and one leased from an unaffiliated third party), 83 branches and service centers distributed throughout the country (40 owned and 43 leased from unaffiliated third parties), and four recreational centers (owned). Additionally, we operate a network of 549 ATMs. We believe that our facilities are adequate for their intended purposes.

Licenses and Permits

Banco Agrícola is a public limited company incorporated under the laws of El Salvador established in the city of San Salvador, and authorized to operate as a bank by in accordance with a decree issued by the Executive in the Economics branch, dated May 31, 1955, and pursuant to the authorization ratified in the certification issued on November 28, 2002, issued by the Superintendence of the Financial System. The Bank is registered in the El Salvador Commercial Register (*Registro de Comercio*) under number 119 book 9 pages 239 to 242.

Legal Proceedings

We are subject to a number of legal and administrative proceedings arising in the ordinary course of business, none of which we believe will have a material adverse effect on our financial condition or results of operations. See note 29 to our consolidated financial statements as of December 31, 2014 and 2013 and for the two years ended December 31, 2014 and 2013 and Note 21 to our consolidated financial statements as of March 31, 2015 and 2014 and for the three-month periods ended March 31, 2015 and 2014 included as part of this offering memorandum.

RISK MANAGEMENT

General

Risk management involves maintaining the health of the Bank, through the evaluation and control of risk assumed by the Bank, recommending actions and policies, supplying management tools and monitoring risk, consistent with the desired risk profile of the Bank in order to meet the goal of maximizing profits and creating shareholder value.

In Banco Agrícola, the Vice President of Risk leads the definition of the strategy, policies and methodology to comprehensively manage the risks to which the Bank is exposed. With the support of the Risk Management Committee, the Vice President of Risk monitors the Bank's compliance with the legal requirements issued by the Superintendence of the Financial System and the Salvadoran Central Bank.

Liquidity Risk

Liquidity risk is the risk that arises out of the Bank's inability to fulfill its obligations in the short, medium and long term because it lacks liquid assets. The Direction of Financial Control (*Dirección de Control Financiera*) is responsible for planning, supervising and coordinating the Bank's liquidity management and funding, procuring the required resources to fulfill the Bank's obligations and finance the growth of its business, while managing costs. The Assets, Liabilities and Investments Management Committee is in charge of managing the Financial Margin and evaluating and controlling the liquidity risks that could affect it and the Bank's profits, through balance sheet restructuring strategies, investments, interest rates and hedging within the acceptable risk levels defined by the Bank, and promoting compliance with regulatory requirements set forth by the Superintendence of the Financial System and the Salvadoran Central Bank.

Liquidity reserves requirements are set forth in NPB3-06 "Liquidity Reserve" and NPB3-11 "Rules Related to Banks' Liquid Assets." Liquidity reserves must be equal to at least 20% of total liabilities, and 25% of liquidity reserves must be held in checking accounts, 20% in saving accounts and the rest in time deposits.

Interest Rate Risk

A key component of our risk management is the management of interest rate risk. Interest rate risk stems from the sensitivity of our results to fluctuations in interest rates. Interest rate sensitivity arises in our normal course of business, as the repricing characteristics of our interest-earning assets do not necessarily match those of our interest-bearing deposits and other borrowings. For further discussion of the interest rate risk we face, see "Selected Statistical Information—Interest Rate Sensitivity of Assets and Liabilities" and "Risk Factors—Risks Relating to our Business—Our financial results are constantly exposed to market risk. We are subject to fluctuations in interest rates and other market risks, which may materially and adversely affect our financial position and results of operations."

The principal objective of our interest rate risk management activities is to enhance profitability by limiting the effect of adverse interest rate movements and increasing interest income. To do this we carefully manage our variable interest-rate exposure through tracking the sensitivity of our assets and liabilities to variations in interest rates, and quantifying the risk of our exposure to certain interest rate changes.

Foreign Currency Risk

Exchange-rate sensitivity is the relationship between the fluctuations of exchange rates and other income and expenses, net resulting from the revaluation of our assets and liabilities denominated in foreign currency. The impact of variations in the exchange rate on our net other income and expenses depends on whether our assets denominated in foreign currency exceed our liabilities denominated in foreign currency or not. In the first case an increase/decrease in the exchange rate results in a gain/loss, respectively. In the second case, an increase/decrease in the exchange rate results in a loss/gain, respectively.

Currently, the exchange rate risk is regulated by “*Norma sobre la relación entre las operaciones activas y pasivas en moneda extranjera de los Bancos*”, issued by the Superintendence of the Financial System.

As of December 31, 2014, our total assets denominated in a foreign currency was \$110,139, of which 63.5% was in Euros, 28.8% in Swiss Francs and the other 7.7% was in Guatemalan Quetzals, Japanese Yen and Honduran Lempiras. Our total liabilities denominated in a foreign currency were equal to \$30,388, 90.7% of which were in Euros and the rest in Guatemalan Quetzals and Honduran Lempiras.

The following table sets forth our balances of assets and liabilities denominated in foreign currency, expressed in thousands of U.S. dollars, in accordance with Salvadoran regulations:

	As of December 31,		
	2014	2013	2012
	<i>(Amounts in US\$ thousands)</i>		
Assets	110.1	105.8	287.2
Liabilities	30.4	98.7	228.9

In addition, the Superintendence of the Financial System requires banks to maintain an absolute difference between assets and liabilities denominated in foreign currency of no more than the 10% of total equity. Our Treasury department is responsible for monitoring our foreign exchange position and changes in market conditions that might impact the net position.

Currency Credit Risk

Currency Credit Risk is the risk of suffering financial losses as a result of the default in the payment of our debt obligations denominated in foreign currency due to our inability to generate sufficient cash flows in foreign currency. Currently, the configuration of our portfolio provides low levels of exposure to this type of risk because the vast majority of it is denominated in U.S. dollars.

Operational Risk

Under the Superintendence of the Financial System’s Prudential Banking Norm NPB4-50 Norms for Operational Risk Management of Financial Institutions (*NPB4-50 Normas para la Gestión del Riesgo Operacional de las Entidades Financieras*), operational risk is defined as the possibility of incurring losses due to failures in processes, people, information systems and because of external events, including any legal risk in relation with failures in the execution of contracts, non-compliance with applicable regulation, as well as external factors such as regulatory changes and litigation, among others. To manage this risk, we rely on our internal controls, training of personnel, and increased technology including our transaction-monitoring software, all of which allows us to identify, analyze, quantify and prioritize possible loss events, as well as establish the proper actions to mitigate, transfer or assume operating risks, and monitor, control and register these risks.

Bank Policies and Procedures

Credit Approval and Risk Policy

In accordance to article 63 of the Banking Law, all banks and entities that are part of financial groups must have updated written policies related to lending, investment, assets quality assessment, and in general, policies for the adequate administration of risk. These policies are elaborated by our Risk Management Unit, reviewed by our Risk Management Committee and approved by our Board of Directors.

Our Board of Directors, and Risk Management Committee are responsible for approving and periodically reviewing the procedures and policies for risk management. Additionally, our activities are supervised by internal and external auditors as well as the Superintendence of the Financial System.

The Bank uses certain pre-established criteria and evaluation methodologies to analyze consumer, mortgage and small business loans (minor credits). The Bank also has a Business Credit Unit (*Gerencia de Créditos de Banca de Empresas*) to evaluate larger loans (major credits). The Business Credit Unit performs an exhaustive analysis of each potential loan, which includes a review of the financial statements of the credit at issue, as well as an evaluation of the sector in which the debtor operates, its economic group, and credit history, among others.

In our Retail & MyPEs Banking division, an important part of our credit risk management system assesses the particular risk profile of a client based on certain predefined factors and determines the client's eligibility for a loan.

In accordance with article 197 of the Banking Law, concentration limits for different loans applicable to all banks and entities that are part of financial groups are:

- a) 25% of Total Net Capital for one individual or legal entity or group of related individuals or legal entities part of the same unit of risk. Above 15% of Total Net Capital, such loans must be covered with sufficient collateral or guarantees from local or foreign banks.
- b) 10% of Total Net Capital for a person or group of persons not domiciled in El Salvador or if the loan extended is to be invested in a foreign country.
- c) The sum of all loans referred to in the paragraphs above must not exceed 75% of Total Net Capital, which can be raised to up to 150% with an authorization from the Superintendence of the Financial System.

The Superintendence of the Financial System presumes the existence of units of risk based on criteria that include ownership, management, and other elements.

Loan Loss Reserves

The Superintendence of the Financial System has established minimum loan-loss reserve requirements based on a system of risk classification. The Superintendence of the Financial System stipulates that 100% of any loan portfolio be graded on a scale ranging from "A1" (highest quality) through "E" (lowest quality) and be reserved in accordance with the reserve requirements set forth in the table below. See "Selected Statistical Information—Risk Categories—Risk Classification" for the definitions of such classifications.

Reserve Requirements on Loans

<u>Loan Category⁽¹⁾</u>	<u>Minimum Loan Loss Reserve Requirement</u>
Category A1.....	0%
Category A2.....	1%
Category B.....	5%
Category C1.....	15%
Category C2.....	25%
Category D1.....	50%
Category D2.....	75%
Category E.....	100%

Source: Superintendence of the Financial System.

(1) See "Selected Statistical Information—Risk Categories—Risk Classification" for further description of these categories.

We have complied with the reserve requirements of the Superintendence of the Financial System, with a Coverage Ratio of 223.2% as of December 31, 2014 and 230.2% as of December 31, 2013.

Retail & MyPEs (micro and small business) Banking Division Past Due Loans Recovery Policy

Our Collections Department handles the recovery of the Retail & MyPEs Banking division past due loans by means of an administrative processes, third party collection and/or judicial enforcement proceedings. In general, a loan is considered past due when a payment is missed. After being past due for more than 90 days, these loans are considered non-performing. The Collections Department may employ different collection strategies and prioritization schemes for early stage (or administrative) past due loans and for medium-length (or pre-judicial) past due loans: up to 90 days in the case of retail loans and 150 days in the case of mortgages (with collateral). The Collections Department can use third party collection services as necessary to recover retail loans that have been past due for more than 90 days as well as loans that have been written-off. For mortgages that are more than 150 days past due and for which the bank has collateral, if recovery of these loans through administrative means is unsuccessful, the relevant loans are transferred to the legal department, which will handle the judicial collection process.

Collections Department and Collections Agencies

During the collection process, debtors are offered various solutions to settle their past due loans. The Collections Department starts the negotiation with the client, and the external collections agencies continue with the cases that have been sent to them, with the objective of obtaining an agreement or promise to pay, seeking in the first instance that the client pays the amount in arrears in cash. For more complex cases where the client's credit-worthiness is validated, other solutions may be available, including refinancing, payment in kind and waivers.

Judicial Collection by the Legal Department

The department of judicial processes of the Legal Vice-presidency and General Secretary is in charge of managing all legal processes, while coordinating with the Collections Department the possibility of offering the client alternative solutions, such as payment in cash, payment in kind, or refinancing. The objective of this dual approach is to minimize costs and expenses for the client (*e.g.*, attorney fees, time, *etc.*), as well as for the Bank (legal fees, maintenance costs, costs associated with the sale of foreclosed properties, *etc.*).

Policy for the Recovery of Past Due Credits Arranged by the Commercial Banking Division

The commercial areas, through their assigned Account Managers, are responsible for the administrative collection and delinquency management for their portfolio beginning at one day past-due or whenever there is evidence of non-compliance with the loan terms, occasionally with the support of the Structured Finance Management of the Risks Vice-Presidency.

Administrative Collection and Third Party Collection

Administrative collection begins with the first day of default or whenever without default there is evidence that the debtor shows a certain probability of non-compliance with their debt obligations.

The assigned Account Manager is responsible for administering his loan portfolio, before and after the granting of the loan through its recovery, including during the early arrears period (up to 30 days past-due). In the case of intermediate or high (over 30 days past-due), the Structured Finance Management in the Risks Vice-Presidency provides advice through proposals for action plans and it can directly take control of the recovery of accounts that show a deterioration in their payment capacity and that require expert advice. During the collections process, alternative solutions seek, in the first instance, to have the customer pay the past-due amount in cash, or, if not possible, the Structured Finance Management may analyze and approve other means of bringing the client's payment up-to-date, including through refinancing and payment in kind, among others.

Judicial Collection by the Legal Department

Whenever it is not possible to recover or reach an agreement regarding amounts owed to the Bank through the foregoing methods, the Bank will analyze whether there is a possibility of recovery through judicial procedures.

If there is such a possibility, then the Department of Legal Recovery of the Legal Vice-presidency and the General Secretary will be responsible for initiating the legal recovery process and supervising the progress of the judicial process. Contemporaneously, through coordination with the assigned Account Managers or the Structured Finance Management, other alternatives, such as payment in cash, payment in kind or refinancing, can be considered.

Anti-Money Laundering and Anti-Terrorism Financing Policy

The Bank maintains policies and procedures designed to address money laundering and terrorism financing risks. We are in the process of updating our internal policies, procedures and systems to meet Group standards. Our Policy Manual for the System of Administration for the Risks of Money Laundering and Terrorism Financing defines our know-your-client (“KYC”) policies, which include the identification of risk factors by segment, including type of client, product, channel and jurisdiction. The Policy Manual also describes general KYC policies of the Bank, prohibitions on certain types of business deals or clients with high risk economic activities and penalties for non-compliance.

We also have a Manual of Procedures for the System of Administration for the Risks of Money Laundering and Terrorism Financing, which describes the specific processes required to open accounts and required actions with respect to high risk clients (such as politically exposed persons, non-governmental organizations, non-profits and others).

Finally, we have a policy for the maintenance of our lists of prohibited clients, which must be checked prior to entering into any relationship with a customer.

Our policies include the following rules and prohibitions:

1. It is prohibited to establish a banking relationship with anyone who does not provide the information required on our account opening forms.
2. Clients who do not comply with our identification requirements or who do not provide information regarding the origin of funds or the details of their economic activities are subject to the cancellation of their banking relationship with us.
3. It is prohibited to open accounts or establish relationships with persons or entities that are included on our internal list of high risk persons or on the OFAC or UN sanctions lists.
4. It is prohibited to open accounts for persons whose economic activity is operating a money exchange business or a casino.
5. It is prohibited to open accounts to move funds for the payment of family remittances to third parties or to bulk remittance services.
6. It is prohibited to open accounts to foreigners that are in transit through El Salvador or who do not demonstrate a permanent address in El Salvador or ties to El Salvador.
7. It is prohibited to establish business relationships or transfer funds with non-cooperating countries, as defined by the U.S. Financial Crimes Enforcement Network or the Financial Action Task Force.
8. It is prohibited to establish business relationships with shell banks.

MANAGEMENT

Board of Directors

Our Board of Directors currently comprises eight members, elected by the Bank's shareholders at the annual meeting which took place on February 12, 2014: the Chairman of the Board of Directors, a Vice Chairman, a secretary, a director and four alternate directors, all of whom have between 10 and 40 years of experience in banking and financial activities. Members of the Board of Directors are elected for two year terms at a general shareholders' meeting. The current board was elected in February 2014, and its term will be finished in February 2016.

Our Board of Directors meets at least every three months or according to the needs of our business, pursuant to article 32 of our bylaws. In accordance with article 31 of our by-laws, our Board of Directors is in charge, among other things, of establishing, within the law, the bank's policies and procedures, business leadership, objectives and strategy for the Bank, and the management and administration of the Bank. Our Board of Directors is the highest body within the Bank's administration. The Board of Directors must execute and implement any resolutions adopted at stockholders' meetings and is authorized to execute any other act related to the ordinary course of business of the Bank.

Candidates must meet the following requirements to be eligible:

- a) Have recognized honorability and ample knowledge and experience in financial and administrative matters;
- b) Must not be subject to any prohibitions or impediments under the Commerce Code and the Banks Law;
- c) The Chairman or his substitute must prove at least five years of experience in directive and upper management positions in banking institutions.

A majority of the members of the board is required to have a quorum, and decisions can be made by a majority of the members present at the meeting. In case of a tie, the chairman has a casting vote.

Of the eight directors, four are independent directors, all based in El Salvador and with technical and entrepreneurial experience, and four are external directors who are also part of senior management of the Bancolombia Group, which allows us to maintain the balance necessary between the global vision of the Group and its implementation in the local context.

The following table sets forth the composition of our Board of Directors as of the date of this offering memorandum:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jaime Alberto Velásquez Botero	54	Chairman
Gonzalo de Jesús Toro Bridge	54	Vice Chairman
Ramón Avila Qüehl	63	Secretary (Independent)
Joaquín Palomo Déneke	64	Director (Independent)
Luis Santiago Pérez Moreno	59	Alternate Director
Juan Carlos Mora Uribe	50	Alternate Director

Eduardo David Freund Waidergorn	50	Alternate Director (Independent)
Ricardo Antonio Juan Luis Balzarette Zepeda	37	Alternate Director (Independent)

Jaime Alberto Velásquez Botero – Chairman

Mr. Velásquez has been a member of our Board of Directors since 2007 and has served as its Chairman since February 2014. He served as Vice President of Finance of Bancolombia from 1997 to 2012, and since 2012 he has served as Vice President of Strategies and Finance of the same institution. Before that, he served as Director of the Economic Department and Director of Investors Relations of Bancolombia. From 1987 to 1989, he worked at CI Banacol. He holds a degree in Economics from Universidad de Antioquia, in Medellín.

Gonzalo de Jesús Toro Bridge – Vice Chairman

Mr. Toro has served as a director since 2007 and has served as Vice Chairman of the Board since 2014. He currently serves as Vice President of Corporate Banking of Bancolombia. Before that, he worked for 15 years in the Bancolombia Group, where he served as Vice President for the International Banking division of Bancolombia and Treasurer of Bancolombia Panama, among other positions. Mr. Toro has served as a director of Todo 1 Colombia, Todo 1 Internacional and Sinesa Holding Panama. He holds a degree in business administration from Universidad EAFIT and a diploma in international banking management from the University of Pennsylvania, in Philadelphia.

Ramón Avila Qüehl – Secretary (Independent)

Mr. Avila has served as a member of our Board of Directors since 2007. He acted as Member of the Board of Directors and Vice President of Fondo de Saneamiento y Fortalecimiento Financiero, President of Asociación Salvadoreña de Empresas de Seguros, Chairman of the Board of Directors of Banco de Comercio and Executive Director of Banco Cuscatlán. He has served as director at: the National Association of Private Enterprises (*Asociación Nacional de la Empresa Privada ANEP*), Banco Ahorromet, the Salvadoran Central Bank, and the Salvadoran Chamber of Commerce and Industry (*Cámara de Comercio e Industria de El Salvador*). He holds a Bachelor's degree in Economic Sciences from Universidad Centroamericana Jose Simeon Canas.

Joaquín Palomo Déneke – Director (Independent)

Mr. Palomo has served as a director since 1992. He also currently acts as Executive Vice President of Finance of Taca International Airlines, Vice President and Manager of Marine Midland Bank NA, Director of Credit of Banco Cuscatlán and is a member of the board of directors of Taca International Airlines and Líneas Aéreas Costarricenses. He worked for seven years in the Marine Midland Bank of New York and has valuable experience in the areas of bank management, financial planning, negotiation, organizational structure and process improvement. He holds a degree in Economics from the Texas A&M University.

Luís Santiago Pérez Moreno – Alternate Director

Mr. Perez has served as alternate director since 2007. He has served as Vice President of the Retail & Micro and Small Business division of Bancolombia since 1998. Before that, he served in various executive positions in the personal banking division of Banco Industrial Colombiano in Medellín. He holds a degree in Industrial Economy from Universidad de los Andes in Bogota, and a master's in business administration from EISE in Barcelona.

Juan Carlos Mora Uribe – Alternate Director

Mr. Mora has served as alternate director since 2014. He served in Banco Corfinsura from 1991 to 2005, where he held different positions, starting as a credit analyst and ending as the vice president of operations. Since 2005, when Banco Corfinsura was absorbed by the Bancolombia Group, Mr. Mora has been employed as the Vice President of Risks and the Vice President of Corporate Services. He holds a degree in business administration from

EAFIT University in Medellin, and a master in business administration from Babson College in Wellesley, Massachusetts.

Eduardo David Freund Waidergorn – Alternate Director (Independent)

Mr. Freund has served as alternate director since 2011. He currently serves as executive president and director secretary of Freund S.A. de C.V., a leading hardware store in the country, and as member of the Board of Directors of the Central American Investment Fund (*Fondo Centroamericano de Inversiones*). He is also director secretary and member of the executive committee of Sherwin Williams in Central America. Mr. Freund has held various executive positions in different commercial, industrial, hydro-electric and financial companies, and is a member of the Young’s President Organization. He holds a degree in business administration from Syracuse University.

Ricardo Antonio Juan Luis Balzaretti Zepeda – Alternate Director (Independent)

Mr. Balzaretti has served as alternate director since 2014. He currently serves as general director for El Salvador of Corporación Multi-inversiones, where he has worked since 2006. Mr. Balzaretti holds a degree in business administration with a specialization in finance from Francisco Marroquín University, in Guatemala, and a master in business administration from Georgetown University, in Washington D.C.

Executive Officers

The following table sets forth the information concerning the principal officers of the Bank as of the date of this offering memorandum:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Rafael Barraza Domínguez	49	Executive President
Carlos Mauricio Novoa González	54	Vice President of Operations
Hernando Suarez Sorzano	51	Vice President of the Retail & MyPE Banking Division
Ana Cristina Arango Escobar	43	Vice President of the Corporate & Government Banking Division
Silvia Bruni de Iraheta	45	Vice President of Risk Management
Ana Beatriz Marín Restrepo	39	Director of Financial Control
Claudia María López Novoa	46	Treasury Director
Pablo Arturo Rivas Alas	47	Director of Corporate Development
Cecilia Gallardo Mejia	63	Director of Human Resources and Communications
Dionisio Machuca	43	Legal Vice President and General Counsel

The members of the senior management team of the Bank each have between 10 to 25 years of experience in the banking industry.

Rafael Barraza – Executive President

Mr. Barraza has served as our Executive President since 2010. He previously held various executive positions such as Director of Banco Agrícola, General Director of the *Escuela Superior de Economía y Negocios*, President and Vice President of the Salvadoran Central Bank, director of the Salvadoran Chamber of Commerce and Industry, director of the Salvadoran Foundation for the Economic and Social Development (*Fundación Salvadoreña para el Desarrollo Económico y Social – FUSADES*), Governor of the International Monetary Fund, Alternate Governor of the World Bank, alternate governor of the Inter-American Development Bank, alternate governor of the Central American Bank for the Economic Integration, and president of the Central American Monetary Council, among other positions where he gained significant professional experience. He holds a BA from Rice University and a Bachelor's and Master's degrees in economics from Pontificia Universidad Católica de Chile.

Carlos Mauricio Novoa González – Vice President of Operations

Mr. Novoa has served as Vice President of Operations since 2012. Before that, he held different positions in the financial industry such as regional and technology manager at Citibank, director at Citibank, and general manager of credit cards at Citibank. He is a founding member of the Salvadoran Foundation for the Economic and Social Development. He holds a degree in Industrial Engineering and Systems and a master's in business administration from the Georgia Institute of Technology.

Hernando Suárez Sorzano – Vice President of the Retail & MyPE Banking Division

Mr. Suárez has served as Vice President of the Retail & Micro and Small Business Division since 2008. Before that, he served as manager for the Central Region, and Manager for Bucaramanga and Cúcuta of Bancolombia. He holds a degree in business administration from Universidad Autónoma, in Bucaramanga, and studied at the INALDE advance program in business management at Universidad La Sabana, in Bogota.

Ana Cristina Arango Escobar – Vice President of the Corporate & Government Banking Division

Ms. Arango has served as Vice President of the Corporate & Government Banking Division since 2012. Before that, she served as supervisor of financial analysis, analyst of the credit restructuring unit, manager of international loans, project manager of the Corporate & Government Banking Division, among other positions within Banco Agrícola. She holds a degree in business administration from the University of Texas, in Austin, and a master's in business administration from Universidad Centroamericana José Simeón Cañas.

Silvia Bruni de Iraheta – Vice President of Risk Management

Mrs. Bruni has served as Vice President of Risk Management since 2011. Before that, she served as loan manager and chief of financial analysis. She also served in the past as senior assistant to the regional coordinator of the United Nations Office for the Project Services (UNOPS) for Central America, assistant to the executive director of the American Commerce Chamber of El Salvador (*Cámara Americana de Comercio de El Salvador – AMCHAM*), and assistant of human resources at KPMG. She holds a degree in business management from Universidad Dr. José Matías Delgado.

Ana Beatriz Marín Restrepo – Director of Financial Control

Mrs. Marín has served as Director of Financial Control since 2014. She joined the Group in 2004, occupying different positions in the accounting area of Bancolombia and then was employed as the Director of Financial Control in Bancolombia Panamá. Prior to 2004, she worked in the areas of costs and budgets at Henkel Colombiana and Unilever Andina. She holds the title of Public Accounting from the University EAFIT of Medellín.

Claudia María López Novoa – Treasury Director

Ms. López has served as Treasury Director since 2008. Before that, she served as Director of Investment Banking, coordinator of foreign banks, and analyst at Banco Agrícola. She also served in the past in the financial planning team of Industrias Metálicas S.A. She also served as General Manager of Valores Banagrícola from 2005 to 2014. She is a Director of the Stock Exchange of El Salvador (since 2010) and of the Instituto de Garantía de

Depósitos (Deposit Insurance Fund) (since 2014). She holds a degree in Industrial Engineering from Universidad Centroamericana José Simeón Cañas, and a degree in finance from INCAE business school.

Pablo Arturo Rivas Alas – Director of Corporate Development

Mr. Rivas has served as Director of Corporate Development since 2009. Before that, he served as project management and financial control director. He holds a degree in Industrial Engineer from Universidad Centroamericana José Simeón Cañas, and a master's in business administration from Instituto Superior en Administración de Empresas (ISEADE).

Cecilia Gallardo – Director of Human Resources and Communications

Ms. Gallardo has served as Director of Human Resources and Communications since 2009. She is the former Salvadoran Minister of Education. From 2004 to 2009, she served as coordinator of the social cabinet (*gabinete social*) in charge of the design and management of programs related to poverty. She served as editor of *Prensa Gráfica* for six years. She also served as a director of the private school Children's World. She holds a degree in Psychology from Universidad Centroamericana José Simeón Cañas, and a degree in political sciences from Universidad Centroamericana José Simeón Cañas, and studied education at Harvard University, in Boston.

Dionisio Ismael Machuca Massis – Legal Vice President and General Counsel

Mr. Machuca serves as our Legal Vice President and General Counsel since 2014. He served as Legal Secretary – General Counsel to the President of the Republic of El Salvador in 2009 and 2010. He is a former Member of the Central Bank Board and former General Counsel for the Banco de Comercio Financial Conglomerate and the Scotiabank of El Salvador Financial Conglomerate, where he was part of the M&A teams for acquisitions in Guatemala and Costa Rica. He was also Legal Advisor at the Salvadoran Chamber of Commerce and Industry. He has served as president of the Latin American Committee of Banking Law (*Comité Latinoamericano de Derecho Bancario*) of the Latin American Federation of Banks (*Federación Latinoamericana de Bancos – FELABAN*) and as president of the legal committee of ABANSA. He holds a degree in law from Universidad Doctor José Matías Delgado, an MBA from Universidad Centroamericana UCA, studied finance at Pontificia Universidad Católica de Chile; pursued postgraduate studies in commercial law and European Community law at Universidad de Salamanca, Spain.

The titles and roles of our executive officers may change in the near future to be realigned with the management structure of the Group.

Committees

We strive to maintain a system of corporate governance that allows us to efficiently carry out our financial activities. Accordingly, our Board of Directors has created operations, management and control committees, as described below:

Executive Committee

The Executive Committee is comprised of the Executive President, the Vice President of Operations, the Vice President of the Retail & MyPE Banking Division, the Vice President of the Corporate & Government Banking Division, the Vice President of Risk Management, the Director of Financial Control, the Director of Corporate Development, the Treasury Director, the Director of Human Resources and Communications and the Legal Vice President and General Counsel.

The Executive Committee meets once a week and is chaired by the Executive President or his delegate and the decisions must be taken with the vote of at least six of its members.

The Executive Committee is responsible for:

- Following-up with the implementation of strategies to achieve our goals and coordinate priority projects;
- Authorizing operational and non-operational expenses and investments in accordance with our internal policies;
- Authorizing non-ordinary sales of assets;
- Deciding whether branches or other distribution channels should be opened or closed;
- Implementing corporate governance strategies;
- Authorizing our internal rules (*Reglamento*);
- Authorizing the general rules governing the steps to be followed by our banking divisions to implement specific policies and appoint supervisors thereof;
- Creating other committees and their rules; and
- Other responsibilities that may be delegated by the Board of Directors.

Audit Committee

The Audit Committee is comprised of two independent members of the Board of Directors with experience in the financial industry, the Chairman of the Board, the Executive President, the Director of Financial Control and the internal auditor. Under current regulations, at least one of the members of the Audit Committee must be a member an expert in financial matters. The Audit Committee meets once a month.

The Audit Committee is responsible for:

- Supervising compliance with the decisions adopted by our shareholders or by the Board of Directors and with the regulations issued by the Superintendence of the Financial System and the Salvadoran Central Bank;
- Supervising the compliance with the instructions given by the Superintendence of the Financial System and the observations of the internal auditor and the external auditor related to our financial statements;
- Replying to comments from the internal auditor and the external auditor in regards to the corrective measures taken in response to observations or recommendations;
- Giving an opinion to the Board of Directors with respect to any differences between management and the external auditors in regards to accounting policies and practices;
- Giving an opinion to the Board of Directors with respect to the external auditors' report;
- Giving an opinion to the Board of Directors about the technical convenience of hiring the same external auditor for subsequent periods or advice as to its substitution;
- Reporting frequently to the board of directors about the instructions and requirements sent by the Superintendence of the Financial System and about the observations made by the internal auditor and by the external auditor;
- Providing support to the Board of Directors in the supervision of the system of internal control;

- Promoting and evaluating the application of our code of ethics; and
- Other responsibilities as may be determined by the Superintendence of the Financial System.

Risk Management Committee

The Risk Management Committee is comprised of three members of the Board of Directors (including the Chairman of the Board), the Executive President, the Vice President of Risk Management of the Bank and the Vice President of Risk Management of the Bancolombia Group. This committee holds meetings at least every quarter and decisions must be made with the vote of at least four of its members.

The Risk Management Committee provides support and control to risk management strategies and aids the Board of Directors and the Executive President to understand the risks faced by the Bank.

The Risk Management Committee is also responsible for:

- Authorizing specific risk policies delegated by the Board;
- Authorizing methodologies and tools for risk management;
- Supervising the proper operation and resource allocation to the different risk management systems;
- Evaluating risk reports and considering the relevant activities for risk management and mitigation;
- Proposing to the Board of Directors different risk indicators and the criteria to determine the risk appetite of the Bank; and
- Supervising the proper capital allocation within the different divisions of the Bank.

Other committees created by the Board of Directors

Our Board of Directors has created the following supporting committees:

Loans Committee

The Loans Committee is composed of two Directors of the Board and three members of the management team (the Executive President, the Vice President of the Corporate & Government Banking Division and the Vice President of Risk Management).

The Loans Committee is responsible for granting loans within the delegated levels established in the rules for delegation of responsibilities of the Board of Directors to management for the approval of loans. The decisions of the committee must be taken by four affirmative votes, including the vote of the two Directors of the Board.

Extended Loans Committee

The Extended Loans Committee is composed of the same members as the Loans Committee, plus the Vice President of Risk Management of Bancolombia and the Chairman of the Board.

The Extended Loans Committee is responsible for granting loans within the delegated levels established in the rules for delegation of responsibilities of the Board of Directors to management for the approval of loans. The decisions of the committee must be taken by five affirmative votes, including the vote of the two Directors of the Board, the vote of two members of the management team, and the vote of the Vice President of Risk Management of Bancolombia.

Compliance Committee

The Compliance Committee is composed of the Executive President, an Independent Director, the Vice President of Operations, the Vice President of the Retail & MyPE Banking Division, the Legal Vice President and General Counsel and the compliance officer. The Compliance Committee meets at least every quarter.

The Compliance Committee is responsible for:

- Giving support to the compliance officer to create an institutional culture focused on compliance;
- Disclosing and promoting the activities of the division of compliance;
- Evaluating and making decisions on implementation when relationships with clients must be terminated;
- Analyzing investigations disclosed by the Superintendence of the Financial System and other authorities that may imply any reputational or transmission risks;
- Giving support to the compliance officer to manage or mitigate potential exposures to the risk of money laundering or terrorism finance;
- Making decisions upon requirement of the responsible officer or division on removals from control lists by former clients; and
- Analyzing audit reports.

Assets, Liabilities and Investments Management Committee

The Assets, Liabilities and Investments Management Committee is responsible for approving the Bank's policies regarding the management of its assets and liabilities, including its investment policy and negotiation strategies, periodically monitoring the risks the Bank is exposed to, approving interest rate and yield policies, diversifying the Bank's sources of funding, revising and managing the Bank's liquidity contingency plan and ensuring compliance with the requirements of the Superintendence of the Financial System and the Central Bank.

This committee is comprised of the Executive President, the Vice President of the Retail & MyPE Banking Division, the Vice President of the Corporate & Government Banking Division, the Vice President of Risk Management, the Director of Financial Control, the Treasury Director, and the Director of Corporate Development. In addition, the Product Manager of the Retail & MyPE Banking Division, the Product Manager of the Corporate & Government Banking Division, the Product Manager of the Treasury Division, the Manager of the Financial and Budget Management department, the Manager of the Interest rate Management Committee, and the Manager of Market Risk are always invited to meetings of the Assets, Liabilities and Investments Management Committee.

Compensation of Directors and Senior Management

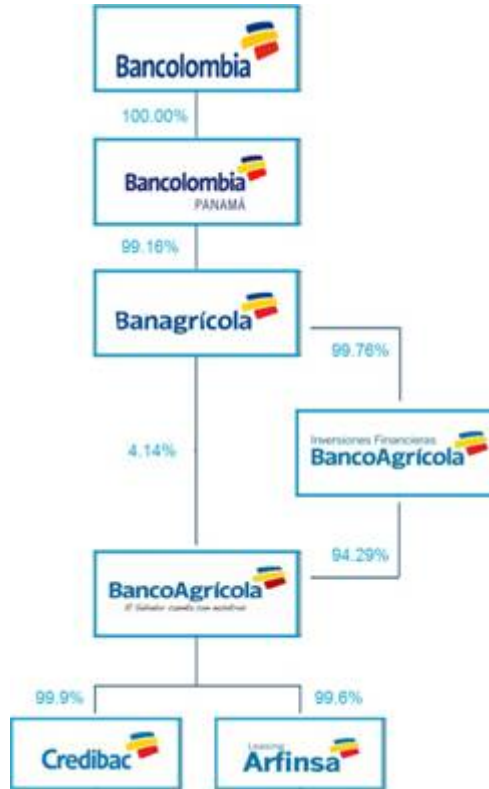
Our shareholders determine the compensation received by the members of our Board of Directors. Currently, our Directors do not receive compensation for their service on the board. Members of the Board do not receive director fees for the meetings attended as a director, no matter how many meetings will be scheduled or attended during the month.

Our Board of Directors is responsible for determining the compensation of the CEO and the Internal Auditor. Compensation is based on performance and is determined in accordance with corporate policy. The CEO determines the compensation received by each management team member, supervisor, coordinator, manager and deputy general manager of the Bank, according to the corporate compensation policy.

As of the date of this offering memorandum, none of our executive officers beneficially owns any of our capital stock.

SHARE OWNERSHIP

As of December 31, 2014, Banco Agrícola was 94.29% owned by Inversiones Financieras Banco Agrícola and 4.14% by Banagrícola, and 274,750 individual stockholders directly owned 1.57% of Banco Agrícola's equity as follows:



Bancolombia Panamá is a wholly owned subsidiary of the Bancolombia Group, the largest financial institution in Colombia with operations throughout the Central American and Andean regions. Bancolombia, S.A. is listed on the Colombian stock exchange and is one of only two Colombian entities listed on the New York Stock Exchange. Its largest stockholder is Grupo de Inversiones Suramericana S.A., a large Latin American conglomerate, and owner of Sura Asset Management and Suramericana, amongst others.

RELATED PARTY TRANSACTIONS

Limitations on Extending Credit to Related Parties

Articles 203, 204, 205 and 206 of the Banking Law ban banks and their consolidated subsidiaries from granting loans, credits, guarantees and bonds to individuals or legal entities that are directly or indirectly related to such banks' ownership or directly related to such banks' management, or from purchasing securities issued by such entities, in an aggregate amount that exceeds 5% of their paid-in capital and capital reserves.

The Banking Law identifies related parties as those holders of 3% or more of a bank's shares. Shares owned by spouses and first-degree relatives are considered as owned by those holders in order to determine this percentage, as well as their interest in companies that are bank shareholders. The term "related parties" also includes a group that the Banking Law calls "relevant shareholders," which are holders of at least 10 percent of the Bank's shares. Bank directors and managers are also considered related parties.

As of December 31, 2014, capital stock and capital reserves amounted to \$422.9 million and related party loans and credits, including loans granted to our employees, amounted to \$14.5 million, and accounted for 3.4% (3.0% in 2013) of the Bank's paid-in capital stock and capital reserves and 0.50% of our total loan portfolio at such date. This amount is distributed among 525 debtors.

Our loans to related parties are made on terms and conditions comparable to other loans made to third parties of similar quality and risk. Of all the related party loans outstanding as of December 31, 2014, 95.44% were graded "A1," 2.75% were graded "A2," 0.14% were graded "B," 0.03% were graded "C1" and 0.22% were graded "C2," 0.46% were graded "D1" and 0.96% were graded "E," under the regulations of the Superintendence of the Financial System. The majority of such loans are used for commercial and industrial activities, such as credit card consumption, professional services, vehicle purchases, housing purchases and housing construction or general retail purposes.

Limitations on Transactions with Related Parties

According to Article 208 of the Banking Law, the Superintendence of the Financial System may object to the signing of contracts between a bank and its related parties. Related parties are those individuals or legal entities who are directly or indirectly linked to a bank's ownership or directly related to management.

As of December 31, 2014, the Bank had no contracts signed with related parties as defined in Article 208 of the Banking Law.

During the year ended December 31, 2014, the Superintendence of the Financial System did not object to related party contracts to which the Bank was a party.

Limitations on Loans to Foreign Subsidiaries

Pursuant to Article 23 of the Banking Law, lending by banks to their foreign subsidiaries cannot exceed the lower of 50% of the equity and 10% of the loan portfolio of the lender.

As of December 31, 2014, the Bank had no loans with foreign subsidiaries as defined in Article 23 of the Banking Law.

Limitations on Loans to Salvadoran Subsidiaries

Pursuant to Article 24 of the Banking Law, lending by banks to their domestic subsidiaries cannot exceed the lower of 50% of equity and 10% of the loan portfolio of the lender.

As of December 31, 2014, the Bank's Total Net Capital was \$497.4 million and our gross loan portfolio plus interest was \$2,876.4 million. As of December 31, 2014, the total balance of loans granted to domestic

subsidiaries was \$4.1 million thousand, accounting for 0.82% of the Bank's Total Net Capital and 0.14% of our gross loan portfolio plus interest.

THE SALVADORAN FINANCIAL SYSTEM

Structure of the Financial System

El Salvador's financial system is divided in supervising entities and participating entities. The supervising entities are:

- The Salvadoran Central Bank: Its main purpose is to ensure the macroeconomic stability of the financial system;
- Superintendence of the Financial System: Its main purpose is to ensure compliance by the Central Bank, banks, insurance companies, non-bank financial intermediaries, stock exchanges and public credit institutions with the laws and regulations applicable to them. It is also responsible for the supervision of the aforementioned entities;
- Superintendence of Securities: Its main purpose is to ensure compliance by stock exchanges, brokers/dealers, bonded warehouses, companies specialized in deposit and custody of securities and credit rating companies with the laws and regulations applicable to them. It is also responsible for the supervision of the aforementioned entities, of issuers and of external auditors registered in the Securities Public Registry;
- Superintendence of Pensions: Its main purpose is to ensure compliance with the laws and regulations applicable to the Pension Savings System (which is private) and the Public Pension System. It is responsible for the supervision and control of the pension funds, the National Institute of Pensions of Public Employees and the Disability, Old Age and Death Program of the Salvadoran National Social Security Institute; and
- Deposit Insurance Fund: In the event of a dissolution or a liquidation of a bank, this institution will guarantee the public deposits up to US\$10,000. In addition, this institution contributes to the restructuring of banks with insolvency issues in defense of the rights of the depositors.

The participating entities are:

- Banks;
- Stock Exchange Entities:
 - Stock Exchanges; and
 - Dealers/Brokers;
- Corporations specialized in deposits and custody of securities;
- Pension fund institutions:
 - National Institute of Pension of Public Employees (Instituto Nacional de Pensiones de los Empleados Públicos);
 - Salvadoran National Social Security Institute (*Instituto Salvadoreño del Seguro Social*), particularly the Disability, Elder Retirement and Death Program;
 - National Welfare Institute of Armed Forces (*Instituto de Previsión Social de la Fuerza Armada*); and
 - Pension funds (*Administradoras de Fondo de Pensiones*);

- Bonded warehouses;
- Cooperative banks: Created for the provision of financial services. Included among these institutions are Rural Savings Banks (*Cajas de Crédito Rurales*) and Worker's Banks (*Banco de los Trabajadores*);
- Federations of cooperative banks;
- Saving and loan corporations (*Sociedades de Ahorro y Crédito*);
- Public Credit Institutions:
 - BANDESAL;
 - Bank for Agricultural Promotion (*Banco de Fomento Agropecuario*);
 - Salvadoran Corporation for Investments (*Corporación Salvadoreña de Inversiones*);
 - Housing Social Fund (*Fondo Social para la Vivienda*);
 - National Housing Fund (*Fondo Nacional para la Vivienda Popular*); and
 - Fund for Financial Restructuring and Strengthening (*Fondo de Saneamiento y Fortalecimiento Financiero*);
- Mutual guarantee companies;
- Insurance Companies; and
- Foreign Exchange Offices.

The Salvadoran Central Bank

The Salvadoran Central Bank was created on June 19, 1934 and began operations on July 5 of the same year. The Salvadoran Central Bank was created as an independent public institution, whose main purposes were to ensure the stability of the currency and to promote and maintain the most favorable monetary, credit and financial conditions possible. The Salvadoran Central Bank was also responsible for the issuance of the national currency at that time, the *colón*.

Since January 2001, with the entry in force of the Monetary Integration Law, a fixed and unalterable rate of exchange between the *colón* and the U.S. dollar was established and the U.S. dollar was recognized as legal tender. In addition, the Monetary Integration Law repealed some of the provisions of the Central Bank's Organic Law regarding the powers of the Central Bank and granted the Central Bank new powers such as:

- Regulation and monitoring of the financial system;
- Payment system and financial services;
- Statistic, analysis and macroeconomic projection in a short and medium term;
- Economic and financial investigation;
- Financial advisor to the Salvadoran government;

- Serves as financial agent of the Salvadoran government;
- Services to importers and exporters; and
- Management of international reserves.

The fundamental purpose of the Central Bank is to ensure the stability of the currency with the objective of promoting and maintaining the best credit and financial conditions in El Salvador in order to maintain the stability of the Salvadoran economy. The Central Bank is also responsible for:

- Forecasting or moderating inflationary or deflationary tendencies;
- Maintaining liquidity and stability of the financial system;
- Promoting a development of an efficient, competitive and solvent financial system;
- Regulating the expansion of credit of the financial system;
- Looking after the normal operation of national and foreign payment systems;
- Managing international reserves and the regime of international exchange operations;
- Enacting monetary, credit exchange and financial laws and policies; and
- Carrying out activities, operations and services that are established by law and are compatible with the bank's nature.

The supreme decision-making body of the Central Bank is the Board. The members of the Board must be Salvadoran by birth and have certified knowledge of economic and financial matters. The Board is formed by:

- A person appointed by the President of El Salvador;
- A person appointed by the Vice President of El Salvador;
- Two directors appointed by the President of El Salvador proposed by the Finance Ministry and the Economy Ministry;
- Two directors appointed by the President of El Salvador proposed by the “*Consejo de Vigilancia de la Contaduría Pública y Auditoría*”; and
- Two directors appointed by the President of El Salvador proposed by certain private universities.

The Superintendence of the Financial System

The Superintendence of the Financial System consists of a Board of Directors, the Superintendent (appointed by the President of El Salvador for a five-year term) and four Assistant Superintendents (also appointed by the President of El Salvador). The Assistant Superintendents are selected from a short list proposed by the cabinet, also for a five-year term. The Superintendence of the Financial System works closely with the Central Bank. It is a legal entity with independent finances and administrative and budgetary autonomy.

The main purpose of the Superintendence of the Financial System is to preserve the stability of the financial system of El Salvador. In addition, the Superintendence of the Financial System is charged with monitoring the efficiency and the transparency of the financial system in accordance with international best practices. In addition to the aforementioned, this institution is responsible for:

- the application and enforcement of laws, regulations, technical rules and other provisions applicable to the financial system;
- the preventive monitoring of risks of supervised institutions;
- the promotion of an efficient and transparent functioning of the financial system; and
- the supervision of the participating entities of the financial system to guarantee that their businesses, acts and operations are being carried out pursuant to law.

SUPERVISION AND REGULATION

General Legal Framework

The following legal framework mainly regulates the Salvadoran system:

Civil Code

The Civil Code provides general rules applicable to relationships between private parties and the general regime for obligations and contracts. In addition, the Civil Code contains statutory interpretation rules, which are also applicable to the Commercial Code and the Banking Law.

Commercial Code

The Commercial Code provides rules applicable to various types of corporate entities including *sociedades anónimas* or Salvadoran corporations, such as Banco Agrícola.

Consumer Protection Law

The main purpose of the Consumer Protection Law (*Ley de Protección al Consumidor*) is to protect consumer rights in order to provide balance, certainty and legal stability in the relationship between providers of goods and services and their consumers. This law is applicable to legal entities and individuals regarding activities related to the distribution, deposit, sale, leasing, or any other form of commercialization of goods or the provision of services. This law provides for special obligations and prohibitions relating to the provision of financial services, which require financial service providers to:

- a) collect only the interest, commissions and surcharges that have been agreed with the customer under the terms established in the relevant contract and according to the law;
- b) deliver to the consumer, upon the termination of the contract with the consumer, all securities and any other documents signed by the consumer;
- c) record, without any amendments to the contract, the terms and conditions pursuant to which any credit application was approved;
- d) respect the appointment of the Notary Public selected by the consumer in writing at the time of formalizing the loan;
- e) assume liability for intentional and non-intentional injuries to a consumer's rights;
- f) calculate the interest for all lending and deposits or investment operations on a calendar-year basis;
- g) grant the cancellation of any mortgage and any other collateral granted by the consumer (debtor) once the loan has been paid and deliver all documentation to the consumer no later than 15 days after the loan has been cancelled, subject to certain exceptions;
- h) provide without charge, upon the consumer's request, such consumer's credit history twice a year;
- i) announce in all relevant consumer communications the applicable interest rates, commissions and surcharges on different services;
- j) appoint a responsible person and create a formal customer support center to address all complaints in a reasonable manner and time;

- k) report, in writing and upon request of the consumer, the reasons why such consumer's loan was denied;
- l) receive from the consumer advance payments on any loan or any banking operation without any additional charges unless the loan is being funded by external funds and the supplier has to pay additional charges for advanced payment; and
- m) deliver to the consumer, free of charge, all bank statements in the time and manner established in the contract.

Under the Consumer Protection Law, financial service providers may not:

- n) impose directly or indirectly on the consumer, the appointment of a Notary Public or an insurance company;
- o) make unauthorized charges or use collateral other than the collateral granted by the consumer, if any, in the loan agreement;
- p) issue credit cards or other financial products that the consumer has not accepted or expressly requested; or
- q) collect commissions or surcharges for account management unless the balance is less than the minimum established to open a savings account.

Regulatory Framework of the Financial System

Banking Law

The principal purpose of the Banking Law is to regulate financial intermediation and all other banking operations that the banks are duly authorized to carry out. Under Salvadoran law, banks are defined as “those institutions that in a regular manner make a public call to obtain funds through deposits, issuance and placement of securities or any other investment transaction. These institutions are obligated to cover the principal, interest and accessories for the placement of issue to the public in lending transactions.”

Under the provisions of this law, all banks are required to be organized and operate under the legal vehicle called “*Sociedades Anónimas de Capital Fijo*”. The share capital of a bank is divided in nominative shares that must be registered in a stock exchange no later than 60 days after the relevant public deed has been registered in the Commercial Registry. However, the share capital may be further divided in different categories or classes, with special rights for each class.

All banks must have at least 10 shareholders. No shareholder shall be excluded from profit sharing. At least 10% of profits must be allocated to the constitution of a legal reserve, until the legal reserve reaches 20% of the paid capital. Once this percentage is reached, a bank may continue allocating profits to the legal reserve, apply the profits to other capital reserves or distribute them, as the bank deems convenient, provided that a bank must set aside from its profits an amount equal to non-performing loans net of loan loss reserves which cannot be distributed until the non-performing loans are actually collected. Furthermore, no profits can be distributed to shareholders when a bank is in a regularization process or when the bank's Capital to Risk Weighted Assets Ratio is less than 12%. A regularization process is required by the Superintendence of the Financial System when: a) the ratio of Total Net Capital to the sum of all risk-weighted assets is less than 10%; b) the ratio of Total Net Capital to the sum of all risk-weighted assets shows a deficiency of more than two percentage points; c) the ratio of Total Net Capital to total liabilities is less than six percent; d) Total Net Capital is less than US\$11, 428, 571.43; e) the Superintendence, based on a request of the bank, has authorized use of the bank's third tier of liquidity reserve in order to comply with the bank's obligations; f) a financial conglomerate exists and has not been reported to the Superintendence; g) based on a technical report, unlawful practices that threaten the deposits of the public occur; h) the solvency of the bank is at risk due to negligence; i) a subsidiary of a bank has liquidity problems that may affect the liquidity of the bank; or

j) one or more of the conglomerate members may affect the liquidity of the bank. This plan must be filed before the Superintendence of the Financial System no more than 10 business days after the notice of the Superintendence's decision has been received.

All banks have an obligation to send, within the first 10 business days of every month, a report of the transfers registered in the Shareholder Registry Book to the Superintendence of the Financial System. Additionally, all banks must send a list of their shareholders to the Superintendence of the Financial System and to the Ministry of Treasury no later than 30 days after the end of every fiscal year.

Banks are also required to give notice to the Superintendence of the Financial System of any plan to open or close any agency. In the event of the closing of any agency, the bank must notify the Superintendence of the Financial System at least 60 days prior to the closing of the agency.

All banks are obligated to publish their financial statements in two local newspapers within 60 days of the approval by the Board of Directors of those statements. Furthermore, all banks must publish in the same manner, and at least three times a year, current situation statements and provisional liquidation of profits accounts. The first publication must occur before June 30 of every year.

Each bank is required to have a legal reserve of at least 25% of its paid capital. In addition, banks must have a liquidity reserve. This reserve must be proportional to the deposits and obligations of the banks. This reserve may be set up with money deposits or securities and can also be invested abroad in deposits in leading banks. The Superintendence of the Financial System has issued technical regulations covering the liquidity reserve of deposits and other obligations (NPB3-06) and all requirements of liquid assets (NPB3-11).

Under the provisions of NPB3-11, banks must keep a 3% ratio of qualifying investments in relation to average daily balances of deposits in the previous month. The investments must be in foreign securities that are very liquid and have a good risk rating, such as foreign high-liquidity securities and *Certificado de Liquidez* (CEDEL). These securities, which are immune from attachment when held as liquidity reserve, must be free from liens and encumbrances and available at any time. Securities issued by foreign states or Central Banks that have AAA, AA, A or BBB ratings have the following risk weighting for purposes of the liquidity buffer: AAA to AA—no risk; A+ to A—20% risk and BBB+ to BBB—50% risk. If the internal policies of a bank prohibit this kind of investment, the 3% liquidity buffer can be achieved by keeping a demand deposit made in cash with the Salvadoran Central Bank or through an investment in Salvadoran treasury bills.

Regulation NPB3-06 provides the rules that all banks must follow to calculate and maintain the liquidity reserve. This regulation states that banks must keep liquidity reserves equal to 14 days' liquidity requirement, calculated based on the 14-day period that starts on a Tuesday and ends 14 days later on a Monday. The reserve must be formed with the equivalent of 25% of the reserve requirement in demand deposits in the Salvadoran Central Bank, an additional 25% of the reserve requirement in demand deposits in the Central Reserve Bank or in foreign bank or securities issued by the Salvadoran Central Bank, and the remaining 50% in securities issued by the Salvadoran Central Bank. The Superintendence of the Financial System supervises and monitors compliance with these requirements and calculates on a daily basis the amount of the required liquidity reserve based on the information provided by the banks. The demand deposits held at the Salvadoran Central Bank have an annual interest rate on the daily balances, at a rate determined by the Salvadoran Central Bank. The securities held as part of the liquidity reserve must be free from liens and encumbrances, but can be pledged through repurchase agreements with the Salvadoran Central Bank.

Supervision and Regulation of the Financial System Law

The Supervision and Regulation of the Financial System Law (*Ley de Supervisión y Regulación del Sistema Financiero*) designates the Superintendence of the Financial System and the Salvadoran Central Bank as the supervisors and regulators of the Salvadoran financial system and sets forth the powers and structure of these entities.

The Superintendence of the Financial System is the supervising entity and the Central Bank is responsible for the issuance of technical rules for the financial system. This law creates an appeals committee through which

financial entities may appeal any resolution of the Superintendence of the Financial System. The committee is formed by the President of the Board of the Superintendence, a member appointed by the Central Bank of Reserve, a member appointed by the Ministry of Treasury, a member appointed by the Ministry of Economy, and a member appointed by the Supreme Court.

Investment Funds Law

The Investment Funds Law (*Ley de Fondos de Inversión*) promotes economic activity by providing small investors with access to capital markets and promising a diversification of investments and channeling savings to productive sectors to contribute to the development and the economic growth of the country.

In addition, the Investment Funds Law sets forth the legal framework for the supervision of investment funds and companies that manage these funds. It also regulates the commercialization of participations shares in foreign investment funds. The law also creates fund management firms, which are entities that manage the funds.

Securities Law

The Securities Law (*Ley de Mercado de Valores*) regulates the offering of securities to the public, securities transactions, their relevant markets, intermediaries and issuers with the purpose of promoting the efficient development of those markets and to look after the interests of the investing public. Entities such as brokers/dealers, corporations specialized in deposit and custody of securities and credit-rating agencies are subject to this law. This law also created the Securities Public Registry, which assures that all information requirements set forth in the Securities Law are complied with.

Pursuant to the Securities Law, banks may offer treasury services regarding negotiable securities but cannot carry out any brokerage activities for negotiable securities. Brokerage activities must be carried out through a brokerage exchange firm, which is the only type of entity permitted by the Securities Law to perform such activities.

Other laws related to banking activities

Anti-Money Laundering Law

The main purpose of the Anti-Money Laundering Law (*Ley contra el Lavado de Dinero y de Activos*) is to prevent, investigate, penalize and eradicate money laundering. This law is applicable to any legal entity or individual, regardless of whether it is a financial institution or not. Those subject to the law must provide all the information that relevant authorities may request, including evidence of the lawful origin of any transaction.

All covered entities must, among other obligations, report all financial transactions that exceed a threshold of \$10,000 and that may be unlawful or suspicious; train a compliance officer; provide any technical assistance that the Financial Investigation Unit of the Attorney General's Office (UFI, for its acronym in Spanish) may request in any investigation related to money-laundering; and adopt, develop and execute programs, internal regulations, policies and procedures to prevent and detect all money-laundering activities.

The policies of covered entities must establish procedures that guarantee a high level of integrity of the entity's personnel, establish internal audit procedures and provide for the compilation of all information and documentation relating to suspected incidents of money laundering. In addition, policies must provide for the establishment of permanent training programs on the procedures and techniques of money laundering and specific methods of reporting suspicious situations. Under this law, a transaction is considered to be suspicious when it has features that are outside the regular patterns of financial transactions, including in respect of a particular client's transaction history, or have no legal or economic basis because they are not related to the economic activity of the client.

There is no legal obligation to have and maintain a system for detecting suspicious activities. Nevertheless, banks maintain such systems in order to carry out their activities. The aforementioned law states that banks must pay special attention to the following occurrences:

- a) When one or more clients carry out multiple transfers in a non-working day or hours from a bank account to another account, whether by a phone call or any electronic direct communication to the computer system of the institution;
- b) When a client makes advance payments on any loan exceeding the agreed schedule of repayment with no reasonable explanation for the origin of the money;
- c) The use of internationally used monetary instruments when there is no relationship between the instrument and the client's customer profile and activity;and
- d) Whenever a client tries to require any bank employee to keep a file regarding a specific transaction.

This law also states that the conduct of a client should also be considered suspicious when a client tries to avoid compliance with certain registration or informational requirements, such as when a client refuses to provide requested information after such client has been informed that such information is required.

All banks must report to the UFI no later than five business days after the day on which a suspicious cash transaction exceeding \$25,000.00 takes place. All banks must send to the UFI a report of all suspicious operations (whether in cash or not) no later than five business days counted from the day the analysis that classified the operations as suspicious takes place. The aforementioned analysis must be carried out within 15 business days after the operations were performed. Banks are required to file and keep all documentation on the reported financial operations for a term of five years from the date the reported operations were carried out and file and keep the personal data of the clients for a term of five years.

All banks must appoint a compliance officer with the following characteristics: the compliance officer must be certified by the Attorney General's Office on anti-money laundering, hold a management position, have skills relating to legal, business and regulation matters, have a college degree and knowledge of banking activities. The compliance officer must be independent and impartial. In the event of financial conglomerates, one compliance officer may serve for the group.

Failure to comply with this law could be considered to be the crime of "money laundering" or "concealment" and violators could be given between five to 10 years in prison. If the concealment is determined to be non-intentional, it is punishable by two to four years in prison.

Other laws, regulations and guidance important to AML efforts in El Salvador include: the *Regulation of the Anti-Money Laundering Law* ("Reglamento de la Ley Contra el Lavado de Dinero y Activos"), the *Circular of the Financial Investigation Unit for the Prevention of Money Laundering in Financial Intermediation Institutions* ("Instructivo de la Unidad de Investigación Financiera para la Prevención del Lavado de Dinero en Instituciones de Intermediación Financiera"), the *Regulation of Information Services on the Credit Record Law* ("Ley de Regulación de los Servicios de Información sobre el Historial de Crédito de las Personas") and the *Asset Forfeiture Law* ("Ley de Extinción de Dominio").

Certain laws related directly to banking activities

These special laws have an impact on the development of the banking business.

Financial Operations Tax Law

The Financial Operations Tax Law (*Ley de Impuesto a las Operaciones Financieras*), which came into force on September 1, 2014, imposes a tax on certain cash transactions and financial transfers carried out within the Salvadoran territory in legal tender, paid by banks' customers or by banks themselves.

The Financial Operations Tax Law imposes a 0.25% tax on the total amount of each of the following transactions: checks and debit card payments for purchases and provision of services in excess of \$750.0; wire transfers in excess of \$750.0; money transfers to third parties in excess of \$750.0; loan disbursements of any kind,

even if payments and funds transfers are made from the credit card of the holder; and all transactions carried out between financial institutions. Exemptions to the list of taxable transactions include: cash withdrawals from ATMs or bank facilities or from a deposit account; payment of goods and services in an amount lower than \$750.0; credit card and social security payments; and payments made by the State, municipalities and certain other entities.

In addition, the Financial Operations Tax Law imposes an additional 0.25% tax on all deposits, payments and cash withdrawals when they exceed \$5,000.00 in just one transaction or within a 30-day period. All banks must withhold this tax in order to control liquidity.

From September 1, 2014 through February 28, 2015, the Government collected \$10.2 million through this tax. The government's target collection for this tax was not met, as the forecast for this period was \$17.8 million.

Amendments to the Tax Code

In August 2014, the Tax Code was amended to require all POS networks to be registered with the Finance Ministry as cash registers, in order to ensure reporting of payments with credit or debit cards as income. The Salvadoran Government expects this amendment to result in an increase of almost \$10 million in collected income tax.

Financial Inclusion Law

The Congress is still discussing the Financial Inclusion Law (*Ley de Inclusión Financiera*) and it is expected to enter into force this year. The main purpose of this law will be to promote financial inclusion and healthy competition in the financial system. In addition, this law will seek to reduce costs for users in the financial system by providing a legal framework regarding the following:

- Creation and use of electronic money and related institutions;
- Incorporation and operating requirements for entities authorized to receive money and transform it into an electronic registry known as electric money;
- Opening and use of deposit savings and opening of accounts through simplified procedures, to promote these products among lower income populations or people that live far from traditional financial service points; and
- Promotion of money transfer mechanisms with mobile devices.

El Salvador Stock Exchange Requirements

Under the Banking Law, all authorized banks are required to list their shares on the El Salvador Stock Exchange. The Securities Law (*Ley de Mercado de Valores*) requires that all listed entities must provide the stock exchange promptly any and all information that may affect the legal, economic and financial condition of such entity or its securities in a positive or negative way. This information must be published by the stock exchange or in a newspaper with wide circulation.

Taxation

The Salvadoran Constitution authorizes the levying and collection of taxes by taxing authorities at the national level. The Salvadoran tax system is based on the territorial principle. The central government collects taxes on personal and corporate income and on transfers of real estate.

In addition, it collects import duties and a value-added tax on tangible assets and services. Companies with assets of US\$1,142,857 or gross income of US\$571,428 or more must file an annual tax certificate of their tax obligations issued by a certified public accountant. Dividends are subject to a 5% income tax, or a 25% income tax if the company is related to or is located in a low- or no- tax haven.

Value-Added Tax

The value-added tax rate, which was increased in June 1995, is currently 13% and applies to the provision of services and the sale of goods.

The increase in the value-added tax rate was a response to fiscal pressures caused by a reduction in tax revenues resulting from the decrease in custom duties and the elimination of coffee export taxes and asset taxes.

Income Tax

Personal income tax rates for residents and non-residents who file tax returns range from 10% to 30%. A flat 30% rate applies to non-resident taxpayers and corporate entities. Income derived from the following is subject to income tax:

- Movable and real estate property;
- Activities inside El Salvador; and
- Services rendered that are used in El Salvador.

Individuals

Income	Tax
Up to \$4,064	Exempt
From \$4,064 to \$9,142.86	10% of any amount above \$4,064 plus \$212.12
From \$9,142.86 to \$22,857.14	20% of any amount above \$9,142.86 plus \$720
\$22,857.14 and over	30% of any amount above \$22,857.14 plus \$3,462.86

Corporate

Corporations pay a 25% or a 30% flat fee rate, depending on their income.

Income	Tax
Up to \$150,000	25% flat rate
Over \$150,000	30% flat rate

Other Taxes

Import duties are the third-largest component of tax revenues. There is also a capital gains tax on the sale of real property, of 25% if the asset is sold in the first year and 10% thereafter.

New proposals include streamlining administrative processes and judicial procedures to ensure tax compliance and instituting measures to combat tax evasion and smuggling.

The government has also enacted laws and implemented systems designed to improve the collection of income taxes, which has historically been characterized by high rates of evasion and avoidance. Withholding now applies to payments made to entities domiciled outside El Salvador as follows:

- Countries considered tax havens, 25%;
- Banks, 10% to 20%;
- Insurance companies, 5%;

- International transportation, 5%; and
- Others, 20%.

Cayman Islands Anti-Money Laundering Regulations

The Cayman Trustee is subject to anti-money laundering legislation in the Cayman Islands pursuant to the Proceeds of Crime Law (as amended) (the “PCL”). Pursuant to the PCL, the Cayman Islands government enacted The Money Laundering Regulations (as amended), which impose specific requirements with respect to the obligation to “know your client”. If Notes are issued in certificated form, the Cayman Trustee may, except in relation to certain categories of institutional investors, require a detailed verification of the identity of the purchaser of such certificated Notes or any proposed transferee thereof and the source of the payment used by such purchaser or transferee for purchasing such certificated Notes. In addition, if any person who is resident in the Cayman Islands knows or has a suspicion that a payment to the Cayman Trustee (by way of investment or otherwise) contains the proceeds of criminal conduct, that person must report such suspicion to the Cayman Islands authorities pursuant to the PCL. If the Cayman Trustee was determined by the Cayman Islands government to be in violation of the PCL or The Money Laundering Regulations (as amended), the Cayman Trustee could be subject to substantial criminal penalties. The Cayman Trustee may be subject to similar restrictions in other jurisdictions. Such a violation could materially adversely affect the timing and amount of payments by the Cayman Trustee to the holders of the Notes.

THE SENIOR UNSECURED LOAN AGREEMENT AND THE LOAN

The following is a description of the material provisions of the Senior Unsecured Loan Agreement among the Lender and the Borrower. The following information does not purport to be a complete description of the Senior Unsecured Loan Agreement and is subject to, and qualified in its entirety by reference to, such documents, copies of which may be obtained by contacting the Administrative Agent at the address set forth above under the caption "Where You Can Find More Information." Capitalized terms used in this section but not defined herein shall have the meanings given to them in the Senior Unsecured Loan Agreement.

General

Pursuant to the terms of the Senior Unsecured Loan Agreement among the Lender, the Bank, as borrower (the "Borrower") and the Administrative Agent, the Lender will agree to make the Loan as provided in the Senior Unsecured Loan Agreement on or about the closing date for the issuance of the Notes (the "Disbursement Date") in the aggregate amount of US\$300 million (the "Loan"). The Loan will be made in a single disbursement on the Disbursement Date.

Amounts prepaid or repaid with respect to the Loan may not be reborrowed. The Loan will not be secured by any collateral.

The Senior Unsecured Loan Agreement provides that principal, interest and other amounts due, if any, on the Loan are payable only in U.S. dollars.

Principal and Maturity

The aggregate principal amount of the Loan will be US\$300 million, which will mature on June 18, 2020 (the "Maturity Date").

Interest

The Loan will bear interest at a fixed rate of 6.750% per year (the "Interest Rate"). Interest on the Loan will be payable semiannually in arrears on June 18 and December 18 of each year (each such date, a "Payment Date"), commencing on December 18, 2015.

The Senior Unsecured Loan Agreement provides that if the Borrower fails to make any payment of principal or interest, or any other payment on or in respect of the Loan, on or before its due date as specified in the Senior Unsecured Loan Agreement or as notified to the Borrower, the Borrower shall pay, in U.S. dollars, in respect of the overdue payment of principal, interest or other amounts due in respect of the Loan, interest at the rate of one percent (1%) per annum over and above the Interest Rate from the date such payment became due until the date of actual payment (after as well as before judgment) and such interest shall be payable on each Payment Date thereafter unless demanded or paid beforehand.

Evidence of Loan and Debt Acknowledgement

The Loan made by the Lender shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of its business. In addition, the Borrower shall execute and deliver to the Lender a Debt Acknowledgement, subject to the laws of El Salvador (the "Debt Acknowledgement"). The Debt Acknowledgement shall: (a) be payable to the order of the Lender and be dated the date of the Senior Unsecured Loan Agreement, (b) be in a stated principal amount equal to the amount of the Loan payable at the Maturity Date as set forth in the Debt Acknowledgement, (c) bear interest as provided in the Senior Unsecured Loan Agreement and (d) be considered the same obligation as the Loan.

Optional Prepayments

The Loan will not be subject to optional prepayment by the Borrower prior to the Maturity Date, except as described below.

Optional Prepayment with a Make-Whole Premium

Pursuant to the terms of the Senior Unsecured Loan Agreement, at any time or from time to time, the Borrower will have the right, at its option, to prepay the Loan, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the Loan being prepaid and, (2) the sum of the present values of each remaining scheduled payment of principal and interest on the principal amount of the Loan that is being prepaid to the Maturity Date (exclusive of interest for the current semi-annual interest period accrued to the prepayment date) discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 0.75%, plus, in each case, any accrued and unpaid interest (including Additional Amounts, if any) to but excluding the prepayment date on the principal amount of the Loan being prepaid (the "Make-Whole Amount"). The Borrower may prepay the Loan in part, provided, however that the aggregate amount outstanding under the Loan following any such optional partial prepayment shall not be less than \$100 million.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Loan to the Maturity Date.

"Comparable Treasury Price" means, with respect to any prepayment date (i) the average as determined by an Independent Investment Banker, of the Reference Treasury Dealer Quotations for such prepayment date after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (ii) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average, as determined by such Independent Investment Banker, of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Borrower.

"Reference Treasury Dealer" means Deutsche Bank Securities Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated or any of their respective affiliates which is a primary United States government securities dealer and two other primary United States government securities dealers in New York City designated by the Borrower from time to time; provided that, if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Borrower will substitute therefore another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any prepayment date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such prepayment date.

"Treasury Rate" means, with respect to any prepayment date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such prepayment date.

Optional Prepayment upon a Withholding Tax Event

Pursuant to the terms of the Senior Unsecured Loan Agreement, the Borrower may prepay the Loan, in whole but not in part, at the Borrower's option, subject to applicable Salvadoran laws, at a prepayment price equal to 100% of the outstanding principal amount of the Loan, plus accrued and unpaid interest (including Additional Amounts, if any) to but excluding the prepayment date, if, as a result of any enactment of new laws or change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of El Salvador, or any change in the

official application, administration or interpretation of such laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction) thereof or because the Lender shall fail to maintain its Tax Qualification, the Borrower has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of the Senior Unsecured Loan Agreement and such obligation cannot be avoided by the Borrower taking reasonable measures available to it including, in the case of the Lender's failure to maintain its Tax Qualification, by replacing the Lender (a "Withholding Tax Event"); provided that no notice of prepayment will be given earlier than 30 days prior to the earliest date on which the Borrower would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Loan then due. The Lender has agreed to use commercially reasonable efforts to maintain the Tax Qualification. Prior to the giving of notice of prepayment of the Loan, the Borrower will deliver to the Lender an Officer's Certificate to the effect that the Borrower is or at the time of the prepayment will be entitled to effect such a prepayment pursuant to the Senior Unsecured Loan Agreement, setting forth in reasonable detail the circumstances giving rise to such right of prepayment, and stating that the Borrower cannot avoid payment of such Excess Additional Amounts by taking reasonable measures available to the Borrower. The Officer's Certificate will be accompanied by a written opinion of recognized Salvadoran counsel, independent of the Borrower, to the effect, among other things, that the Borrower is, or is reasonably expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above.

"Excess Additional Amounts" means Additional Amounts in excess of the Additional Amounts payable as of the date of the Senior Unsecured Loan Agreement on or in respect of the Senior Unsecured Loan Agreement, the Indenture, the Notes or the Note Guarantee.

"Officer's Certificate" means a certificate signed by the President, Chairman of the board of directors, any Vice Chairman of the board of directors, any Director, the Chief Executive Officer, the Chief Financial Officer, any Senior Vice President, or the Secretary of the board of directors of any Person.

"Person" means any individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

Prepayments in Part

Any prepayment of the Loan in part shall be constrained by any procedures and requirements set forth in the Indenture or the Notes concerning the selection of Notes to be redeemed in part and related minimum denomination requirements.

Notice of Prepayment

The Borrower shall give notice of prepayment in the manner provided for in "—Notices," not less than 45 nor more than 60 days prior to the prepayment date to the Lender and the Administrative Agent (with a copy to the Cayman Trustee). All notices of prepayment shall state:

- the prepayment date;
- the prepayment price or the method of calculating it and the amount of accrued interest payable;
- whether or not the Borrower is prepaying the outstanding principal amount of the Loan in full or a portion thereof; and
- if the Borrower is not repaying the outstanding principal amount of the Loan in full, the aggregate principal amount of the Loan that the Borrower is repaying and the aggregate principal amount of the Loan that shall remain outstanding after the partial prepayment.

If the Borrower gives notice of prepayment in accordance with the Senior Unsecured Loan Agreement, the Loan, or the portion of the Loan, to be prepaid shall, on the prepayment date, subject to the provisions of the

prepayment notice given in accordance with the requirements described in the preceding paragraph, become due and payable at the repurchase price specified in the notice (together with accrued interest, if any, to the prepayment date) and from and after the prepayment date (unless the Borrower shall default in the payment of the redemption price and accrued interest) the Loan, or the portion of the Loan, that is prepaid, shall cease to bear interest.

Mandatory Prepayments

Change of Control Prepayment

Upon the occurrence of a Change of Control, the Borrower shall provide a Change of Control Notice and make an offer to prepay the Loan (the “Change of Control Offer”), pursuant to which the Borrower shall be required to purchase all or a portion of the Loan at the Change of Control Payment Price (the “Change of Control Payment”).

“Change of Control” means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more Permitted Holders;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that Bancolumbia S.A. ceases to be the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of at least 50.1% of the outstanding Voting Stock of the Borrower, measured by voting power rather than number of shares;

(3) the Borrower consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Borrower, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Borrower outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

“Change of Control Notice” means notice of a Change of Control Offer made pursuant to Section 3.04(a) of the Senior Unsecured Loan Agreement (see “Mandatory Prepayment—Change of Control Prepayment”), which shall be sent to the Lender and the Administrative Agent (with a copy to the Cayman Trustee) within 30 days following the date upon which a Change of Control occurs as provided for in Section 12.01 of the Senior Unsecured Loan Agreement (see “Notices”); and which notice shall govern the terms of the Change of Control Offer and shall state:

(1) that a Change of Control has occurred, the circumstances or events causing such Change of Control and that a Change of Control Offer is being made pursuant to Section 3.04(a) of the Senior Unsecured Loan Agreement;

(2) the Change of Control Payment Price and the Change of Control Payment Date;

(3) that the principal amount of the Loan repaid pursuant to the Change of Control Offer shall cease to accrue interest from and after the Change of Control Payment Date unless the Change of Control Payment is not made;

(4) that the Borrower will notify the Administrative Agent, the Lender and the Cayman Trustee of the principal amount to be repaid on or prior to close of business on the fourth Business Day preceding the Change of Control Payment Date; and

(5) any other information necessary to enable the Borrower to have any portion of the principal amount of the Loan prepaid pursuant to Section 3.04(a) of the Senior Unsecured Loan Agreement.

“Change of Control Payment Date” means a Business Day no earlier than 35 days nor later than 65 days subsequent to the date on which the Change of Control Notice is delivered by the Borrower to the Lender and the Administrative Agent (other than as may be required by applicable law) as set forth in such notice.

“Change of Control Payment Price” means a prepayment price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to the prepayment date and any Additional Amounts thereon.

Payments and Computations

The Borrower will make each payment under the Senior Unsecured Loan Agreement, without deduction, set-off or counterclaim, not later than 12:00 PM New York time three (3) Business Days prior to the date on which such payment shall become due in U.S. dollars to the Administrative Agent in immediately available funds.

All computations of interest on the Loan and fees under the Senior Unsecured Loan Agreement will be made on the basis of a 360-day year of twelve 30-day months.

Ranking

The Borrower’s obligations under the Loan will be senior, direct, unsecured, unconditional and unsubordinated obligations of the Borrower, will rank *pari passu* in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Borrower, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws, and will be effectively subordinated to all of the Borrower’s secured indebtedness with respect to the value of the assets securing such indebtedness and to all of the existing and future liabilities of the Borrower’s subsidiaries, except for liabilities preferred under mandatory provisions of Salvadoran laws, tax laws, labor and employment laws, secured lenders priorities and bankruptcy statutes.

Covenants

For so long as the Loan is outstanding and any amount remains unpaid under the Senior Unsecured Loan Agreement and the other Transaction Documents, the Borrower and all of its subsidiaries will comply with the terms of the covenants described below, among others:

Performance of Obligations Under the Loan. The Borrower will pay all amounts owed by it and comply with all its other obligations under the terms of the Loan and the Participation Agreement, the Debt Acknowledgement, the Expense Reimbursement and Indemnity Agreement, the Indenture, the Notes, the Note Guarantee and the Declaration of Trust entered into in connection with the transactions described herein (the “Transaction Documents”) to which it is a party in accordance with the terms thereof.

Maintenance of Approvals. The Borrower will, and will cause its Subsidiaries to, duly obtain and maintain in full force and effect all governmental approvals, consents or licenses of any Governmental Authority under the laws of El Salvador or any other jurisdiction having jurisdiction over it, its business or the transactions contemplated by the Transaction Documents, as well as of any third-party under any agreement to which the Borrower may be subject, in connection with its execution, delivery and performance of the Transaction Documents or validity or enforceability thereof, except to the extent that its failure to do so in jurisdictions other than El Salvador will not result in a material adverse effect on the Borrower’s ability to perform its obligations under the Senior Unsecured Loan Agreement or the other Transaction Documents.

Maintenance of Books and Records. The Borrower will, and will cause its Subsidiaries to, maintain books, accounts and records as may be necessary to comply with all Applicable Laws and to enable its financial statements to be prepared, and, upon prior request, it will allow the Lender and the Administrative Agent access to those books, accounts and records at reasonable times.

Maintenance of Office or Agency. The Borrower will appoint an agent in New York County, where notices to and demands upon the Borrower in respect of the Transaction Documents may be served. Initially, this agent will be CT Corporation System, 111 Eighth Avenue, New York, NY 10011, and the Borrower will agree not to change the designation of such office without prior written notice to the Lender and the Administrative Agent and designation of a replacement office or agency in New York County.

Notice of Certain Events. The Borrower will deliver to the Lender and the Administrative Agent upon becoming aware of any Default or Event of Default under the Senior Unsecured Loan Agreement a written notice setting forth the nature of such Default or Event of Default and what action the Borrower is taking or proposes to take in respect thereof. In addition, the Borrower shall deliver to the Lender and the Administrative Agent within 120 days after the end of each fiscal year of the Borrower commencing with the fiscal year ending December 31, 2015, an Officer's Certificate stating that in the course of the performance by the signer of its duties as officer of the Borrower he or she would normally have knowledge of any Default or Event of Default and whether, to the best of his or her knowledge, any Default or Event of Default has occurred during such period, and describing any such Default or Event of Default, its status and what action the Borrower is taking or proposes to take with respect thereto.

Reports to Lender. The Borrower will furnish to the Lender:

- (i) Within 120 days following the end of each of the Borrower's fiscal years, (a) its consolidated audited income statements, balance sheets and cash flow statements and the related notes thereto for the two most recent fiscal years in accordance with Salvadoran Banking GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X as promulgated by the U.S. Securities and Exchange Commission, together with an audit report thereon by the Borrower's independent auditors, (b) an English version of the Borrower's annual financial statements and (c) an English language summary management discussion of the results of operations of the Borrower and its Subsidiaries for the periods presented; and
- (ii) Within 60 days following the end of the Borrower's first three fiscal quarters in each of the Borrower's fiscal years, quarterly reports containing unaudited condensed balance sheets and statements of income and the related condensed notes thereto for the Borrower and its subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with Salvadoran Banking GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X as promulgated by the U.S. Securities and Exchange Commission.

Proper Legal Form. The Borrower shall, as promptly as practicable and in no event later than 90 days following request by the Lender or the Administrative Agent or as required by Applicable Law, cause at its expense the Senior Unsecured Loan Agreement and any other documents or agreements reasonably requested by the Lender to be consularized, notarized, protocolized and translated into Spanish and otherwise prepared in proper legal form in accordance with the laws of El Salvador to allow for its submission of the same into evidence in an enforcement or other legal proceeding in El Salvador.

Further Actions. The Borrower will, at its own cost and expense, and will cause its Subsidiaries to, at their own cost and expense, satisfy any condition or take any action (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required, as may be necessary or as the Lender may reasonably request, in accordance with Applicable Law and/or regulations, to be taken, fulfilled or done in order (a) to enable the Borrower to lawfully enter into, exercise its rights and perform and comply with its obligations under the Senior Unsecured Loan Agreement and each of the Transaction Documents entered into in connection therewith relating to the syndication of the Loan to which it is a party, (b) to ensure that the Borrower's obligations under the Senior Unsecured Loan Agreement and each of the Transaction Documents entered into in connection therewith to which it is a party, are legally binding and enforceable, (c) to make the Senior Unsecured Loan Agreement and each of the Transaction Documents entered into in connection therewith to which it is a party admissible in evidence in the courts of the State of New York or El Salvador and (d) to enable the Lender, the Indenture Trustee, each agent appointed under the Indenture and the Administrative Agent

to exercise and enforce its rights under and carry out the terms, provisions and purposes of the Senior Unsecured Loan Agreement and each of the Transaction Documents entered into in connection therewith to which it is a party.

Maintenance of Existence. Subject to the covenant described in “—Mergers, Consolidations, Sales, Leases,” the Borrower will, and will cause its Subsidiaries to, preserve and keep in full force and effect its corporate existence and rights; *provided, however*, that the Borrower will not be required to preserve any such right if its board of directors determines that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Lender or the Administrative Agent.

Mergers, Consolidations, Sales, Leases. The Borrower may not consolidate with or merge into, or convey or transfer, in one transaction or a series of transactions, all or substantially all of its properties and assets to any person, unless:

- (i) the resulting entity, if other than the Borrower, is organized and existing under the laws of El Salvador and assumes all of the Borrower’s obligations to:
 - (a) pay the principal of, and premium and interest on, the Loan; and
 - (b) perform and observe all of the Borrower’s other obligations under the Senior Unsecured Loan Agreement and any other documents entered into in connection therewith to which it is a party;
- (ii) the Borrower, or any successor entity is, as the case may be, not, immediately after any such transaction, in default under the Senior Unsecured Loan Agreement or any other documents entered into in connection therewith to which it is a party; and
- (iii) certain opinions and certificates of counsel (as described in the Senior Unsecured Loan Agreement) are delivered to the Lender.

Use of Proceeds. The Borrower will use proceeds of the Loan (less any fees and expenses then due and payable pursuant to the Fee Letter, under Section 13.02 of the Senior Unsecured Loan Agreement and otherwise related to the syndication of or sale of Participations in the Loan pursuant to the Additional Loan Documents) for general corporate purposes, which may include, without limitation, working capital, funding the growth of the Borrower’s loan portfolio, and the offering of new products and services solely for working capital purposes, and only to finance the non-U.S. operations of the Borrower or the Borrower’s affiliates located outside the United States, and not use such Loan proceeds, directly or indirectly, immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refinance or refund indebtedness originally incurred for such purpose.

Additional Amounts

All payments of principal, premium, interest or any other amount by, at the direction of or on behalf of the Borrower under any Transaction Documents will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority (as defined in the Senior Unsecured Loan Agreement), including any interest, additions to tax or penalties applicable thereto (“Taxes”), unless the Borrower is required by law to deduct or withhold such Taxes in which case, the Borrower will timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law.

If any such Taxes are required to be deducted or withheld, the Borrower will pay such additional amounts (“Additional Amounts”) in respect of Taxes as may be necessary to ensure that the amounts received by the Administrative Agent and the Lender after such withholding or deduction will equal the respective amounts that would have been receivable in respect of such Transaction Documents in the absence of such withholding or

deduction (taking into account any taxes imposed on such Additional Amounts), except that no such Additional Amounts will be payable:

- (i) to or on behalf of the Lender in respect of net income or franchise Taxes in respect of such Senior Unsecured Loan Agreement by reason of the Lender having a present or former connection with the jurisdiction imposing such Tax other than merely the holding or owning of the Transaction Documents or the enforcement of rights with respect to the Transaction Documents or the receipt of income or any payments in respect thereof;
- (ii) to or on behalf of the Lender in respect of Salvadoran Taxes that would not have been imposed but for the failure of the Lender to deliver or comply with any certification, identification, information, documentation or other reporting requirement that it is legally entitled to comply with (within 30 calendar days following a written request from the Borrower to the Lender for compliance) if such delivery or compliance is required by Applicable Law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Salvadoran Taxes;
- (iii) in respect of any estate, inheritance, gift, sales, transfer, personal assets or similar tax, assessment or other governmental charge other than any such tax that is an Other Tax (as defined below); or
- (iv) any combination of items (i) to (iii) above;

nor will Additional Amounts be paid in respect of Salvadoran Taxes (as defined in the Senior Unsecured Loan Agreement) with respect to any payment of the principal of, or any premium or interest on, the Senior Unsecured Loan Agreement to a Lender who is a fiduciary, partnership, limited liability company or other than the sole beneficial owner of such payment (*provided*, for this purpose, that a transfer of the Participation shall not in itself cause the Lender to be considered other than the sole beneficial owner of payments in respect of the Senior Unsecured Loan Agreement or the Loan, or otherwise under the Transaction Documents) to the extent such payment would be required by the laws of El Salvador to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership, limited liability company or beneficial owner who would not have been entitled to such Additional Amounts had it been the Lender.

All references in the Senior Unsecured Loan Agreement to principal, premium or interest payable thereunder are deemed to include references to any Additional Amounts payable with respect to such principal, premium or interest.

Notwithstanding anything to the contrary in Section 6.01 of the Senior Unsecured Loan Agreement, the Borrower shall not be required to pay any Additional Amounts with respect to any U.S. withholding or deduction of Tax imposed on or in respect of payments under the Senior Unsecured Loan Agreement pursuant to the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act (“FATCA”), the laws of any Relevant Taxing Jurisdiction implementing FATCA, or any agreement between any Borrower or Guarantor and the United States or any authority thereof entered into for FATCA purposes.

At least fifteen (15) Business Days before the first Interest Payment Date on which any Salvadoran Taxes described in this Section (the “Relevant Withholding Taxes”) shall be required to be deducted or withheld on any payment under the Loan Documents (and at least ten (10) Business Days before each succeeding Interest Payment Date if there has been any change with respect to such matters), the Borrower shall deliver to the Administrative Agent an Officer’s Certificate: (A) specifying the amount (if any) required to be so deducted or withheld and the Additional Amounts (if any) due in connection with such payment and (B) certifying that the Borrower will pay to the appropriate Governmental Authority such deduction or withholding on or before the date on which such amount is due.

On or before the due date for the payment of such Relevant Withholding Taxes, the Borrower shall pay any such Relevant Withholding Taxes to the relevant Governmental Authority, together with any penalties or interest applicable thereto.

Within three (3) days after paying such Relevant Withholding Taxes, the Borrower shall deliver to the Administrative Agent (for further delivery to the applicable recipient(s)) evidence of such payment and of the remittance thereof to the relevant taxing authority.

The Borrower shall pay any Additional Amounts due on any Interest Payment Date to the Administrative Agent.

The Borrower will pay promptly when due any present or future stamp, documentary, court, intangible, recording, filing or similar taxes or any other any excise or property taxes, charges or similar levies arising from any payment made under the Senior Unsecured Loan Agreement or any other Transaction Document or from the execution, delivery, registration or enforcement of, or otherwise with respect to the Senior Unsecured Loan Agreement or any other Transaction Documents (each such tax, an "Other Tax").

"Governmental Authority" means the Government of El Salvador or of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

Events of Default

The Senior Unsecured Loan Agreement will provide that each of the following constitutes an event of default (each, an "Event of Default"):

- (i) failure by the Borrower to pay all or any portion of the principal amount of the Loan when due and payable, whether at maturity or upon prepayment or otherwise (including, without limitation, any amounts payable by way of any optional prepayment or mandatory prepayment (including a Change of Control Payment), together with any applicable premium required to be paid in respect of any such prepayment), within seven (7) Business Days after the due date and in the place of payment and currency of payment as originally agreed;
- (ii) failure by the Borrower to pay any interest, any Additional Amount or other amount on, or with respect to, the Loan (including any additional amounts under the Expense Reimbursement and Indemnity Agreement) within thirty (30) Business Days after the due date and in the place of payment and currency of payment as originally agreed (excluding any other amount payable in respect of the principal amount of the Loan upon any prepayment, which shall be subject to clause (i) above);
- (iii) failure by the Borrower to perform or observe any covenant or agreement (not specified in clauses (i) or (ii) above) contained in the Senior Unsecured Loan Agreement or any Transaction Document on its part to be performed or observed, and such failure continues for 60 days after written notice of such default has been given to the Borrower by the Lender;
- (iv) the occurrence with respect to any of the Borrower's Indebtedness or the Indebtedness of any of the Borrower's "significant subsidiaries" (as defined in Article 1, Rule 1-02 of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the date of the Senior Unsecured Loan Agreement), having an outstanding principal amount of \$15.0 million or more in the aggregate for all such Indebtedness (a) of an event of default that results in such Indebtedness being accelerated prior to its scheduled maturity or (b) failure to make any payment of such Indebtedness when due and such defaulted payment is not made, waived or extended within the applicable grace period;
- (v) failure by the Borrower or any of its "significant subsidiaries" (as defined in Article 1, Rule 1-02 of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the Closing Date) to (i) pay one or more final judgments or (ii) comply with one or more final

administrative or regulatory orders imposing payments against any of them, aggregating US\$15.0 million or more, for which, either (i) there is a period of 60 days or more following such judgment(s) or order(s) during which such judgment(s) or order(s) are not paid, discharged or stayed or (ii) an enforcement proceeding has been commenced by any creditor or administrative or regulatory authority upon such judgments or orders and is not dismissed within 60 days following commencement of any such enforcement proceeding;

- (vi) the Borrower applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, interventor, administrator, trustee, examiner or liquidator of the Borrower or of all or a substantial part of its property;
- (vii) the Borrower makes a general assignment for the benefit of its creditors;
- (viii) the Borrower files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, suspension of payments, liquidation, dissolution, spin-off, arrangement or winding-up, or composition or readjustment of debts; or
- (xiv) the Borrower takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts described in (vi) through (viii) above.

Upon the occurrence and continuation of any Event of Default, the Lender may, by notice to the Borrower, declare the Loan, all interest thereon and all other amounts payable under the Senior Unsecured Loan Agreement to be forthwith due and payable, whereupon the Loan, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Borrower; *provided, however*, that any time after a declaration of acceleration has occurred and before a judgment for payment of the money due has been obtained by the Lender, the Lender, by written notice to the Borrower, may rescind and annul such declaration and its consequences if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, all existing Events of Default, other than the nonpayment of the principal of the Loan and interest on the Loan that have become due solely by such declaration of acceleration, shall have been cured or waived, and no such rescission shall affect any subsequent Default or impair any right consequent thereon; *provided, however*, that in the case of an Event of Default described in clauses (v) through (viii) above, all such interest and all such amounts shall be deemed to have been accelerated in full and shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are expressly waived by the Borrower.

For purposes of the above, "Indebtedness" means (i) money borrowed and premiums (if any) and accrued interest in respect thereof, (ii) liabilities under or in respect of any acceptance or credit, (iii) the principal and premium (if any) and any accrued and unpaid interest in respect of any bonds, notes, debentures, debenture stock, loan stock, certificates of deposit or other securities whether issued for cash or in whole or in part for a consideration other than cash, (iv) all obligations issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business), and (v) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (i) through (iv) above.

Fees and Expenses

The Borrower will agree to pay to each of the Lender and the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Lender or Administrative Agent, as the case may be, in connection with the administration of the Senior Unsecured Loan Agreement.

In addition, the Borrower will agree to pay (i) all reasonable and documented costs and out-of-pocket expenses incurred by the Administrative Agent, the Lender and their respective Affiliates (including the reasonable fees and expenses of their respective counsel), in connection with the preparation, negotiation, execution, delivery and administration of the Senior Unsecured Loan Agreement, the Transaction Documents, and any syndication or participation of the Senior Unsecured Loan Agreement on or before the Closing Date or any amendments,

modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented costs and out-of-pocket expenses incurred by the Administrative Agent or the Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent and the Lender in connection with the enforcement or, during the continuance of an Event of Default, protection of their respective rights (A) the Loan Documents or (B) in connection with the Senior Unsecured Loan Agreement or the Loan, including all such reasonable and documented costs and out-of-pocket expenses incurred during any workout, restructuring, negotiations or assignment with respect to the Senior Unsecured Loan Agreement or the Loan.

Amendment and Modification

No amendment or waiver of any provision of the Senior Unsecured Loan Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender and the Administrative Agent (and, in the case of an amendment, the Borrower), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Lender will consent to any such amendment or waiver only in accordance with the terms of the Transaction Documents.

Waiver of Set-off

The Lender will waive any right of set-off, counterclaim, deduction, diminution or abatement based upon any claim it may have against the Borrower under the Senior Unsecured Loan Agreement.

Assignments

The Lender's interest in the Senior Unsecured Loan Agreement, the Loan and all rights related thereto may not be assigned to any person except (i) to the Cayman Trustee in its capacity as trustee of the Trust upon the occurrence of a Default or an Event of Default, (ii) to the Cayman Trustee in its capacity as trustee of the Trust in the event that the Lender has determined that it shall be required to take any action which would violate or cause the Lender or any of its Affiliates to violate any Applicable Law or the provision of the Loan Documents, provided with respect to (i) and (ii) that the Lender shall thereafter provide the Borrower with prompt notice of the same, and such assignment shall not require the consent of the Borrower, or (iii) to any Person for any other reason with the consent of the Borrower (which shall not be unreasonably withheld) unless such transfer is to another banking or financial institution duly registered, supervised or regulated by a banking or financial Governmental Authority in its country of origin, or a multilateral lending institution, and such assignee assumes the Lender's obligations under the Senior Unsecured Loan Agreement and the Participation. In addition, in the case of the Lender's failure to maintain its Tax Qualification, the Borrower will have the right (at the Borrower's expense) to cause the Lender to assign the Loan in whole to a Person designated by the Borrower (and that is not an Affiliate of the Borrower), pursuant to the terms of the Senior Unsecured Loan Agreement. The Lender has agreed to use commercially reasonable efforts to maintain the Tax Qualification. In the event of any assignment of the Loan in part, the Lender and the assignee or assignees may enter such intercreditor arrangements as they may determine to be necessary or advisable.

"Tax Qualification" means the qualification as a foreign financial institution obtained by the Lender from the Central Bank, pursuant to Article 158(c) of the Salvadoran Tax Code (*Código Tributario*), Article 46(f) of the Value Added Tax Law (*Ley de Impuesto a la Transferencia de Bienes Muebles y a la Prestación de Servicios*) and the related Guide for the Qualification of Foreign Financial Institutions in the Context of the Income Tax Law, the Value Added Tax Law and the Tax Code (*Instructivo para Calificar Instituciones Domiciliadas en el Exterior, en el Contexto de la Ley de Impuesto sobre la Renta, Ley de Impuesto a la Transferencia de Bienes Muebles y a la Prestación de Servicios y Código Tributario*).

Governing Law

The Senior Unsecured Loan Agreement will be governed by the laws of the State of New York. The Debt Acknowledgement will be governed by the laws of El Salvador.

Jurisdiction

While the Borrower will consent to the exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan in The City of New York, New York, United States and any appellate court from any thereof, nothing in any Loan Document will affect any right that the Administrative Agent or the Lender may have to bring any action or proceeding relating to any Loan Document against the Borrower or its property in the courts of any jurisdiction. The Borrower has appointed CT Corporation System as its authorized agent upon which service of process may be served in any action or proceeding brought in any court of the State of New York or any U.S. federal court sitting in The City of New York in connection with the Senior Unsecured Loan Agreement. The Administrative Agent shall not be required and shall have no obligation to initiate or conduct any litigation, collection or enforcement under any Loan Document outside the United States.

Waiver of Immunities

To the extent that the Borrower may in any jurisdiction claim for itself or its assets immunity from a suit, execution, attachment, whether in aid of execution, before judgment or otherwise, or other legal process in connection with the Senior Unsecured Loan Agreement and to the extent that in any jurisdiction there may be immunity attributed to the Borrower or its assets, whether or not claimed, the Borrower has irrevocably agreed with the Lender not to claim, and irrevocably waive, the immunity to the full extent permitted by law except for such immunity of attachment as provided under Article 45 of the Banking Law and from certain tax liens, labor and employment liabilities and responsibilities, secured lender priorities and bankruptcy statutes that provide for special priority or preferred treatment with regard to attachment prior to judgment, attachment in aid of execution, execution or otherwise.

Judgment Currency

The obligations of the Borrower under the Senior Unsecured Loan Agreement and each of the Transaction Documents to the Lender or the Administrative Agent (each an “**Entitled Person**”) to make payment in U.S. dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that on the Business Day following receipt of any sum adjudged to be so due in the Judgment Currency (as defined below) such Entitled Person may in accordance with normal banking procedures purchase, and transfer to New York, New York, U.S. dollars in the amount originally due to such Entitled Person with the Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency (the “**Judgment Currency**”), the rate of exchange that shall be applied shall be that at which in accordance with normal banking procedures the Entitled Person could purchase such U.S. dollars at New York, New York, with the Judgment Currency on the Business Day immediately preceding the day on which such judgment is rendered. The Borrower will as a separate obligation and notwithstanding any such judgment, agree to indemnify such Entitled Person against, and to pay each Entitled Person on demand, in U.S. dollars, the amount (if any) by which the sum originally due to such Entitled Person in U.S. dollars hereunder exceeds the amount of the U.S. dollars purchased and transferred as aforesaid.

Notices

All notices, demands, requests, consents and other communications provided for in the Senior Unsecured Loan Agreement will be given in English and in writing, or by any telecommunication device capable of creating a written record (including electronic mail), and addressed to the party to be notified at the address provided in Section 12.01 of the Senior Unsecured Loan Agreement or at such other address as shall be notified in writing, in the case of the Borrower, to the Administrative Agent and the other parties hereto and, in the case of all other parties, to the Borrower and the Administrative Agent.

All such notices, demands, requests, consents and other communications will be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery, (ii) if delivered by mail, when received, and (iii) if delivered by electronic mail or any other telecommunications device, when transmitted to an electronic mail address (or by another means of electronic delivery) as provided in Section 12.01(a) of the Senior Unsecured Loan

Agreement and confirmed by the recipient, provided that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

THE PARTICIPATION AGREEMENT

General

The Lender, with the consent of the Borrower, will enter into the Participation Agreement with the Trust in order to grant a participation interest in substantially all of the rights and remedies of the Lender under the Loan pursuant to the Participation Agreement between the Trust, as participant, the Administrative Agent and the Lender, which will remain as lender of record and servicer of the Loan on behalf of the Trust. The Trust will purchase and pay for a 100% participation interest (the "Participation") in the Senior Unsecured Loan Agreement, the Loan and the proceeds thereof and all rights and related interests with respect thereto out of the net proceeds of the sale of the Notes. As a result of the purchase of the Participation, the Trust shall be entitled to receive an amount equal to all of the payments of principal, interest and other amounts payable by the Borrower on, or with respect to, the Senior Unsecured Loan Agreement and the Loan as are actually received by the Lender, together with the right to instruct the Lender with respect to all of the rights and remedies available to the Lender thereunder.

The Lender shall receive all funds from the Borrower for the account and benefit of the Trust and, as a result of the pledge of the Participation, also on behalf of the Indenture Trustee for the benefit of the Noteholders.

Administration of the Participation

Pursuant to the Participation Agreement, the Lender will agree to act in good faith and in a manner in which the Lender would act if acting for its own account and administer and service the Participation at the Trust's expense (subject to reimbursement by the Borrower pursuant to the Expense Reimbursement and Indemnity Agreement) in the ordinary course of business and in accordance with its usual practices, modified from time to time as it deems appropriate under the circumstances and be entitled to use its discretion in taking or refraining from taking any actions in connection with the Participation as if it were the sole party involved in the Loan. The Lender, or the Administrative Agent on behalf of the Lender, will pay over to a designated account established in connection with the issuance of the Notes all payments of principal, premium, interest and other amounts received from the Borrower from time to time on or with respect to the Loan (other than amounts received in connection with certain rights and interests retained by the Lender), so that all such amounts will be promptly paid over to the Trust pursuant to the Participation and thereafter to the Indenture Trustee for payment and distribution to the Noteholders. In addition, following any written request from the Trust, the Lender, or the Administrative Agent on behalf of the Lender, will direct the Borrower to furnish and will transmit to the Trust (and the Indenture Trustee) copies of the financial and other information required to be produced and furnished to the Lender pursuant to the terms of the Senior Unsecured Loan Agreement. See "The Senior Unsecured Loan Agreement and the Loan—Covenants—Notice of Certain Events."

In administering the Senior Unsecured Loan Agreement and the Loan, from time to time the Lender, or the Administrative Agent on behalf of the Lender, will seek instructions from the Trust, which shall in turn seek instructions from the Indenture Trustee who shall, in turn if required under the Indenture, seek instructions from the Noteholders in accordance with the terms of the Indenture, as to all actions that may be taken by the Lender under the Senior Unsecured Loan Agreement, the Loan and the Expense Reimbursement and Indemnity Agreement, including instructions relating to the exercise of rights and remedies with respect to any of the foregoing.

Notwithstanding the foregoing, (a) subject to the requirements of the Senior Unsecured Loan Agreement and the Loan, the Lender shall promptly notify, or instruct the Administrative Agent to notify, the Trust in writing of any matter in respect of which it may exercise any action in respect of which the Trust may vote and (b) to the extent permitted under the terms of the Senior Unsecured Loan Agreement and the Loan, the Lender (x) shall not take any action, or refrain from taking any action, with respect to the Borrower, the Loan or the Senior Unsecured Loan Agreement without the written consent of the Trust and (y) shall take all action, or refrain from taking any action, as the Trust shall direct in writing that the Lender is permitted to take or refrain from taking pursuant to the Senior Unsecured Loan Agreement; *provided, however*, that, notwithstanding anything in the Participation Agreement to the contrary, neither the Lender nor the Administrative Agent on behalf of the Lender shall be required to take, and shall not be required to refrain from taking, any action or inaction to the extent that doing the same would (1) be inconsistent with the Lender's corporate policies or adversely affect or conflict with any election made by the Lender or any of its affiliates in connection with loans, commitments or other claims held for its own account or for

the account of others or (2) violate or cause the Lender, the Administrative Agent or any of their respective affiliates to violate any provision of Applicable Law or any documents executed in connection with the Loan or require any new money advances.

As a result of the purchase of the interest in the Participation by the Trust, subject to having received instructions from the Indenture Trustee, acting to the extent necessary, on the instructions of the Noteholders, the Trust will be entitled to exercise substantially all of the rights and remedies of the Lender under the Senior Unsecured Loan Agreement and the Loan (other than certain rights and interests retained by the Lender), by directing the Lender or the Administrative Agent on behalf of the Lender, subject to the foregoing limitations, to take action or withhold any action including those that relate generally to (i) the Senior Unsecured Loan Agreement and amendments thereto (including directing the Lender to cause the Administrative Agent to take action under the Loan Documents (as defined under the Participation Agreement), by proxy or otherwise, *it being understood* that the Lender has no obligation to provide security or indemnification to the Administrative Agent pursuant the Senior Unsecured Loan Agreement and that the Administrative Agent is not required to act or refrain from acting unless it is indemnified to its satisfaction), (ii) appointment of any agent, (iii) additional payments due to the Lender as a result of prepayment of principal, (iv) waiver of set off by the Lender, (v) assignments and participations involving the Lender's rights and obligations under the Senior Unsecured Loan Agreement and the Loan (other than those relating to the rights and interests retained by the Lender) and (vi) all matters relating to expenses and indemnities of the Lender contemplated in the Senior Unsecured Loan Agreement.

The Lender, or the Administrative Agent on behalf of the Lender, will provide written notice to the Trust and the Indenture Trustee promptly of any and all matters relating to the Loan, including any request by the Borrower for amendment, waiver or consent or any other affirmative action it takes with respect to the Borrower and the Senior Unsecured Loan Agreement and the Loan. Notwithstanding anything to the contrary in the Participation Agreement, the Lender shall not, and shall not direct the Administrative Agent to, give notice of or declare any Event of Default or agree to any modification of the terms of the Senior Unsecured Loan Agreement or the Loan without having first received directions from the Trust (which directions the Lender shall follow), acting upon the direction of the Indenture Trustee, acting in accordance with the terms of the Indenture upon the written direction of holders of a majority of the aggregate outstanding principal amount of Notes, except that 100% of the Noteholders shall be required to agree on any action that would (A) change the date for any payment under the Senior Unsecured Loan Agreement, (B) reduce the principal amount of, or rate of interest on, the Senior Unsecured Loan Agreement, (C) change the place or currency of any payments due under any Loan Document (as defined in the Participation Agreement), (D) impair the right of the Lender to institute suit for enforcement of any Loan Document, (E) reduce the percentage of holders of the outstanding Notes required to consent to any of the foregoing or (F) consent to the waiver of any Event of Default under the Loan or the Senior Unsecured Loan Agreement relating to any of the actions set forth in clauses (A) through (E) above, in all cases in accordance with the Indenture. Notwithstanding anything herein to the contrary, the Lender may, at its discretion, assign the Loan pursuant to the conditions set forth in Section 13.04 of the Senior Unsecured Loan Agreement with or without the direction of the Participant.

None of the Lender, the Administrative Agent or the Indenture Trustee shall be required to take any action or refrain from taking any action under or pursuant to the Participation Agreement, the Senior Unsecured Loan Agreement or any other Transaction Document, unless such Person is indemnified to its satisfaction against any liability, cost or expense (including without limitation the fees and disbursements of counsel) which may be incurred in connection therewith. None of the Lender, the Administrative Agent or the Indenture Trustee will be under any obligation to take any action or refrain from taking any action under the Participation Agreement, the Senior Unsecured Loan Agreement or any other Transaction Document and nothing in the Participation Agreement, the Senior Unsecured Loan Agreement or any other Transaction Document shall require such Person to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Standard of Care

The Lender shall be required under the Participation Agreement to act in good faith and in a manner in which the Lender would act if acting for its own account. Notwithstanding the foregoing, the Participation Agreement will provide that:

neither the Lender nor the Administrative Agent shall have any liability in respect of (x) any action of the Lender, or any action of the Administrative Agent on behalf of the Lender, taken upon the instruction of the Trust and (y) the Lender's (or the Administrative Agent's on behalf of the Lender) omission to take any action for which notice to the Trust is (in the Lender's reasonable judgment) required, to the extent that the Trust has not agreed in writing that the Lender, and the Administrative Agent on the behalf of the Lender, may take such action and that the Lender and the Administrative Agent will be indemnified for any costs incurred in connection with taking such action;

the Trust will acknowledge that the sale of the Participation and the other matters related thereto is without recourse to the Lender and the Administrative Agent, and that the Trust expressly assumes all risk of loss in connection therewith as if the Trust had made the Loan directly to the Borrower;

neither the Lender nor the Administrative Agent shall have any liability, express or implied, for any action taken or omitted to be taken by the Lender or the Administrative Agent on behalf of the Lender, or for any failure or delay in exercising any right or power possessed by the Lender or the Administrative Agent in connection with the Participation, the Senior Unsecured Loan Agreement or the Loan (including, without limitation, any action taken upon the written instructions of the Trust or the Indenture Trustee upon an Event of Default), except for actual and direct damages, if any, suffered by the Trust that are directly caused by the Lender's or the Administrative Agent's gross negligence or willful misconduct (as determined by a final, non-appealable judgment by a court of competent jurisdiction);

the Lender and the Administrative Agent (a) shall not be deemed to be a trustee or agent for the Trust in connection with the Loan, the Senior Unsecured Loan Agreement, any of the other Transaction Documents or any extension of credit made pursuant to the sale of the Participation; *provided*, that the Lender agrees that any proceeds (other than proceeds related to certain rights and interests retained by the Lender) that the Lender receives in connection with the Participation shall be held by the Lender for the Trust's account and shall be paid over to the Trust on the terms and conditions, as provided in the Participation Agreement; (b) may serve as a voting member of a creditors' committee in regards to a plan of reorganization related to the Participation; (c) may or any of its affiliates may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of banking business with, the Borrower or any other person having obligations relating to the extensions of credit related to the Participation and receive payments on such extensions of credit and otherwise act with respect thereto freely and without accountability in the same manner as if the Participation did not exist; (d) may directly or indirectly, or any of its affiliates may, purchase or otherwise acquire any capital stock, shares, participations, certificates of interest, bonds, notes, debentures or other securities, or a beneficial interest therein, issued by the Borrower and other parties to the Transaction Documents and may make capital contributions and receive payments in connection with any such instrument; and (e) may, or any of its affiliates may, act as financial adviser to the Borrower and other parties to the Senior Unsecured Loan Agreement and the Loan or as a placement agent for any debt or equity securities of the Borrower, the Participant, the Indenture Trustee or other parties to the Senior Unsecured Loan Agreement and the Loan; and

the Lender shall have no liability to the Trust, the Cayman Trustee, the Indenture Trustee or the Noteholders from time to time of the Notes.

Lender's Retained Interest

Notwithstanding anything herein to the contrary, the Lender will retain its right, title and interest in, and to, any payments or distributions payable to the Lender in respect of any indemnification or expense reimbursement under the Senior Unsecured Loan Agreement or any of the Loan Documents.

Relationship with the Borrower

Except as otherwise provided in the Participation Agreement or in the event of an assignment of the Loan to the Trust, none of the Cayman Trustee, the Trust nor the Indenture Trustee may deal directly with the Borrower with respect to the Senior Unsecured Loan Agreement, the Loan or the Participation Agreement. The Lender will remain free to deal with and transact other business with the Borrower and its affiliates.

Transfer of the Participation

Other than as contemplated in the Indenture, the Trust will agree not to sell, assign, or otherwise transfer its rights and obligations under the Participation Agreement and not to grant any participation or subparticipation in those rights and obligations without the prior written consent of the Lender (which consent shall not be unreasonably withheld).

Assignment of the Lender's Rights and Obligations under the Loan and Acceptance by the Participant

The Lender's interest in the Senior Unsecured Loan Agreement, the Loan and all rights related thereto may not be assigned to any person except (i) to the Cayman Trustee in its capacity as trustee of the Trust upon the occurrence of a Default or an Event of Default, (ii) to the Cayman Trustee in its capacity as trustee of the Trust in the event that the Lender has determined that it shall be required to take any action which would violate or cause the Lender or any of its Affiliates to violate any Applicable Law or any provision of the Transaction Documents, provided with respect to (i) and (ii) that the Lender shall thereafter provide the Borrower with prompt notice of the same, and such assignment shall not require the consent of the Borrower or (iii) to any Person for any other reason with the consent of the Borrower (which shall not be unreasonably withheld) unless such transfer is to another banking or financial institution duly registered, supervised or regulated by a banking or financial Governmental Authority in its country of origin, or a multilateral lending institution, and such assignee assumes the Lender's obligations under the Senior Unsecured Loan Agreement and the Participation Agreement. Upon the Lender's determination to resign as Lender with respect to the Loan pursuant to clauses (i) and (ii) above, the Lender shall assign the Loan to the Trust and the Trust shall have the obligation to accept such assignment in exchange for the cancellation of the Participation and the Participation Agreement.

Relationship Between the Lender and the Trust

The Lender and the Trust will agree that the relationship between them is that of seller and buyer and not of debtor and creditor, that neither party is a trustee, agent, or partner of the other, and that neither party owes fiduciary obligations to the other. The Participation Agreement shall not be construed to create a partnership or joint venture between the Lender and the Trust.

Agreement by Lender with respect to the Cayman Trustee

The Lender will agree not to (i) take any action to, or give or make any consent, instruction, vote, claim, approval, filing or notice to commence (or oppose the dismissal of) any case, proceeding or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, rehabilitation, arrangement, adjustment, winding-up, liquidation, sequestration, dissolution, composition, or other relief with respect to the Cayman Trustee or any of the assets or debts of the Cayman Trustee (a "Bankruptcy Case"), (ii) join with, cause, solicit or instruct any other party to commence (or oppose the dismissal of) such a Bankruptcy Case, (iii) move, directly or indirectly, for appointment of a receiver, liquidator, assignee, trustee, custodian, examiner or sequestrator or similar official with respect to the Cayman Trustee or any of the assets or debts of the Cayman Trustee, or (iv) seek any order relating to the winding up, liquidation or dissolution of the Cayman Trustee or a general assignment for the benefit of the Cayman Trustee's creditors. Nothing in the Participation Agreement shall preclude, or be deemed to stop, the Lender (i) from taking any action in (A) any Bankruptcy Case voluntarily filed or commenced by the Cayman Trustee or (B) any involuntary insolvency Bankruptcy Case filed or commenced by a Person other than the Lender, or (ii) from commencing against the Cayman Trustee or any of its assets any legal action which is not a Bankruptcy Case. For the avoidance of doubt, the covenants given by the Lender herein shall restrict actions by it with respect to the Cayman Trustee in any capacity whether as trustee of the Trust, in its personal capacity or howsoever otherwise.

The obligations of the Trust are limited in recourse to the amounts remaining after application of the Trust Assets towards the redemption or repayment of the Notes in accordance with the Indenture and, to the extent there is any shortfall, any outstanding obligations of the Trust shall be extinguished and the Trust shall have no further liability to the Lender. No recourse shall be had for the payment of any amount owing to the Lender against any officer, member, director, employee, security holder or incorporator of the Cayman Trustee or its successors or

assigns. No action may be brought by or on behalf of the Lender against any officer, member, director, employee of the Cayman Trustee except in the case of gross negligence, willful misconduct or fraud on the part of such persons.

Additional Amounts

Pursuant to the Expense Reimbursement and Indemnity Agreement, subject to certain limitations described under “The Trust—Expense Reimbursement and Indemnity Agreement,” in the event that the laws of El Salvador, the United States, the Cayman Islands, Luxembourg, or any other jurisdiction from which payments are made, including, in each case, any political subdivision thereof, impose any withholding or similar tax on payments or distributions by the Lender to the Trust pursuant to the Participation Agreement on amounts received from the Borrower or certain other taxes, then, upon notice by the Trust to the Lender and by the Lender to the Borrower, the Borrower shall make additional payments to the Trust in an amount sufficient to provide the Trust with aggregate amounts equal to the amounts that the Trust would have received had no such taxes been imposed. See “The Trust—Expense Reimbursement and Indemnity Agreement.”

Amendment

No amendment of any provision of the Participation Agreement shall be effective unless it is in writing and signed by the Lender, the Administrative Agent and the Participant and no waiver of any provision of the Participation Agreement, nor consent to any departure by any of the Lender, the Administrative Agent or the Participant from it, shall be effective unless it is in writing and signed by each party thereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Governing Law

The Participation Agreement will be governed by the laws of the State of New York.

THE TRUST

General

The Trust

The Trust was constituted on May 19, 2015 under the laws of the Cayman Islands by Intertrust SPV (Cayman) Limited, herein referred to as the Cayman Trustee, pursuant to the Declaration of Trust. The legal name of the Trust is the Agrícola Senior Trust.

The Cayman Trustee, acting solely in its capacity as trustee of the Trust, has not, and will not have, prior to the Closing Date conducted any operations with respect to the Trust other than activities incidental to the formation of the Trust. On the Closing Date, the Trust will issue the Notes to the Initial Purchaser for sale to investors on such date or thereafter.

The Trust will not, as is the case under U.S. law, be a separate legal or juridical entity. The Noteholders only have a contractual relationship with the Cayman Trustee as a result of the Indenture. The Noteholders are not beneficiaries of the Trust and the Cayman Trustee does not owe them any fiduciary duties. For ease of reference, when used herein, the term “Trust” shall not refer to a separate legal entity but shall, unless the context otherwise requires, refer to the Cayman Trustee acting as trustee of the Trust under the Declaration of Trust.

The Cayman Trustee

The Cayman Trustee was incorporated in the Cayman Islands on December 14, 1995 and provides corporate and trustee services to a wide variety of clients. The corporate services involve, inter alia, providing administration, registered office and corporate director services for Cayman Islands companies. The trustee services involve establishing and acting as trustee of a variety of trusts including, but not limited to, trusts used as structured finance special purpose vehicles, orphan trusts for holding shares of SPVs, STAR trusts, charitable trusts and unit trusts. Intertrust SPV (Cayman) Limited is regulated in the Cayman Islands as an unrestricted trust company under the Banks and Trust Companies Law (as amended). The principal office of Intertrust SPV (Cayman) Limited is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Enforcer

The Enforcer of the Trust is GTCS Enforcers Limited. The Enforcer is owned by Genesis Trust & Corporate Services Ltd., which is a fully licensed trust company in the Cayman Islands regulated by the Cayman Islands Monetary Authority.

Purpose and Powers

The Trust will engage in only those activities required or expressly authorized by the Transaction Documents. The sole purposes of the Trust shall be to (i) issue the Notes pursuant to the Indenture, (ii) use the proceeds thereof to acquire the Participation in the Senior Unsecured Loan Agreement and the Loan, (iii) pledge the Trust Assets (as defined below) to secure the obligations of the Trust under the Notes and the Indenture, (iv) execute the Transaction Documents, as applicable, (v) receive funds and/or notices from the Lender under the Participation Agreement, (vi) provide the Lender with instructions as requested or required or as necessary under, or in connection with, the Participation and/or the Purchase Agreement, (vii) accept an outright assignment of the Senior Unsecured Loan Agreement and the Loan on terms and conditions described below under “—Assignment of Loan” and (viii) all matters reasonably incidental to any or all of the foregoing. The Trustee has or will be adopting on or before the closing date for this offering resolutions authorizing the actions described in clauses (i) to (viii) above.

Limited Recourse and Nature of Obligations of the Cayman Trustee

As noted above, unlike trusts established under U.S. law, the Trust is not a separate legal entity and cannot take actions in its own name. The Cayman Trustee is acting solely in its capacity as trustee of the Trust in relation

to the issuance of the Notes and entry into the Indenture and the Participation Agreement. Pursuant to the Indenture, the Notes will be secured obligations of the Cayman Trustee but are limited in recourse solely to the assets securing the Notes. The assets of the Trust will consist principally of all cash and other proceeds received or receivable in connection with the Transaction Documents, as applicable, and all rights related to the foregoing (the “Trust Assets”). Accordingly, the Noteholders must rely solely on amounts payable under or in respect of the Trust Assets as the source for the payment of principal of and interest and other amounts due on, or with respect to, the Notes. The Notes do not represent interests in or obligations of the Lender or any of its affiliates or any person or entity other than the contractual obligations of the Cayman Trustee referable to the Trust Assets and the Trust subject to the limited recourse provisions described herein.

To the extent that the Trust Assets are not sufficient to meet in full the claims of all Noteholders, the Noteholders may not take any action (including, without limitation, the filing of any petition for the bankruptcy, winding-up or insolvency of the Cayman Trustee) to enforce their rights other than to require the realization of such assets. Claims of the Noteholders in respect of any shortfall remaining after collection or other realization in respect of the Trust Assets will be extinguished.

Assignment of the Loan

Except as set forth under “The Senior Unsecured Loan Agreement and the Loan”, the Lender may not assign its rights or obligations under the Senior Unsecured Loan Agreement or the Loan without the prior written consent of the Borrower (which may not be unreasonably withheld). Any purported assignment without such prior written consent shall be null and void.

Except in connection with the termination of the Trust and a distribution of the Trust Assets to the Noteholders secured thereby as contemplated by the Indenture, the Trust will agree not to sell, assign, or otherwise transfer its rights and obligations under the Participation Agreement and not to grant any participation or sub-participation in those rights and obligations without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed.

Notwithstanding the foregoing, upon the occurrence of any Default or Event of Default with respect to the Loan and certain other events described under “The Senior Unsecured Loan Agreement and the Loan—Assignments and Participations,” the Lender shall have the right to assign the Lender’s interest in the Loan and the Senior Unsecured Loan Agreement outright to the Trust, and the Trust shall have the obligation to accept such assignment, in exchange for the cancellation of the Participation and termination of the Participation Agreement. Any such assignment shall be effected without any payment by or to the Lender or the Participant and upon consummation thereof, the Participation Agreement and the Participation shall be of no further force and effect. Upon any such assignment the Lender shall have no further responsibility to the Trust or the Noteholders with respect to any matter relating to the Loan.

Amendment, Supplement and Modification

Modification of Declaration of Trust

The Declaration of Trust may not be amended or modified except with the written consent of the Bank and the Indenture Trustee acting in accordance with the Indenture upon the written instruction of a majority of the Noteholders and as otherwise set forth under “Description of the Notes—Modification of the Senior Unsecured Loan Agreement and the Transaction Documents.”

Termination of the Trust

Each of the following events will trigger the termination of the Trust: (i) distribution to the Noteholders of the full principal amount of the Loan as payment of the Note Principal Amount and the final payment of all other amounts due in respect of the Loan and, as a result thereof, due in respect of the Notes, or (ii) the expiration of the term of the Trust as set forth in the Declaration of Trust. Upon any such termination event, the Trust will terminate and the Declaration of Trust will be of no further force or effect.

Covenants Relating to the Separateness of the Trust

Pursuant to the terms of the Declaration of Trust, in order to protect the separateness of the Trust, the Cayman Trustee will be required (i) not to commingle or pool funds or other assets attributable to the Trust with those of any other Person or with other assets of the Cayman Trustee; (ii) to maintain records and books of account relating to the Trust separate from those of any other Person; (iii) not to create, assume or incur any indebtedness or obligations of any kind or nature as trustee of the Trust, except pursuant to the Indenture, the Notes and the Participation Agreement; and (iv) not, as trustee of the Trust, to lend money to any person, or to guarantee or become obligated to provide funds for the purpose of supporting the indebtedness or obligations of any person, except pursuant to the Indenture, the Notes and the Participation Agreement, or, to the extent practicable, permit any person to guarantee, become obligated for, or hold itself or property out to be responsible for, or available to satisfy, the debts or obligations of the Trust. The Cayman Trustee shall make no transfer of the Trust Assets except in accordance with the applicable Transaction Documents and after adherence to requisite Cayman Islands trust formalities.

Standard of Care for the Cayman Trustee

Pursuant to the Declaration of Trust, the Cayman Trustee (or any present or former officer, employee or affiliate of the Cayman Trustee) shall not be liable for the consequences (including legal and other expenses) of any act or omission of itself or any agent, delegate or adviser, whether affiliated or unaffiliated, or any answer to any enquiries or generally any breach of any duty or trust unless it shall constitute gross negligence (as defined in the Declaration of Trust), willful default or fraud on the part of the Cayman Trustee or shall prove to have been made, given, or omitted with a sufficient absence of care to constitute reckless disregard on the part of the Cayman Trustee itself or its officers or employees of the duties and obligations imposed by the Declaration of Trust.

These protections extend to any present or former officer, employee or affiliate of the Cayman Trustee acting as a director, officer or agent of the company or other entity, and shall protect them for accepting in good faith any instructions, recommendations or advice from any authorized person given by word of mouth, letter, cable, telephone, telex, telefacsimile or any other means and the burden of proving that no such instructions, recommendations or advice have been given shall lie with the person making that allegation.

The Cayman Trustee shall not be liable for acting in accordance with the advice of qualified professional advisers with respect to the Trust unless when it does so it knows or has reasonable cause to suspect that the advice was given in ignorance of material facts or proceedings are pending to obtain the decision of the court on the matter.

The Cayman Trustee shall not be responsible for the default of a person to whom its powers are delegated (even if the delegation of this power was not strictly necessary or expedient), *provided* that the Cayman Trustee took reasonable care in his selection and supervision.

Appointment, Removal and Resignation of the Cayman Trustee

Pursuant to the Declaration of Trust, the Trustee at the written direction of the Required Holders (as defined in the Indenture) has the power to remove the Cayman Trustee as the trustee of the Trust and appoint a replacement trustee; *provided, however*, that the Cayman Trustee may not be removed until a successor trustee with the requisite qualifications stipulated in the Declaration of Trust has been appointed and has accepted the appointment in a written instrument signed by such successor trustee.

The Cayman Trustee may resign at any time by giving not less than 60 days' prior written notice to the Enforcer and the Indenture Trustee, in which event they will use their reasonable best efforts to promptly appoint a successor trustee that meets the standards set forth in the Declaration of Trust.

If no successor trustee shall have been appointed and accepted as provided in the Declaration of Trust within 30 days after delivery to the Enforcer and the Indenture Trustee of a notice of resignation, the Cayman Trustee, the Enforcer and the Indenture Trustee at the written direction of the majority of the Noteholders pursuant to the indenture may petition any court of competent jurisdiction at the expense of the Borrower to appoint a

successor trustee to act until such time as a successor trustee has been appointed and accepted as above provided. Such court may, after prescribing such notice, if any, as it may deem proper and prescribe, appoint a successor trustee. Any resignation of the trustee and appointment of a successor trustee will not become effective until written acceptance of the appointment and novation of the applicable Transaction Documents to the successor trustee or until the Trust Assets have been completely liquidated and the proceeds thereof distributed to the Noteholders. The successor trustee shall promptly notify the Rating Agencies in writing of its appointment.

Section 105 of the Trusts Law (as amended) of the Cayman Islands applies to the Trust, which means the Trust must have either a Cayman Islands licensed trust company or registered private trust company appointed as its trustee at all times.

Expense Reimbursement and Indemnity Agreement

The Borrower will enter into an Expense Reimbursement and Indemnity Agreement with the Lender, the Cayman Trustee, the Enforcer, the Administrative Agent, any agents as appointed pursuant to the Indenture and the Indenture Trustee for itself and for the benefit of the Noteholders providing for reimbursement of specified expenses and tax payments as described in the Expense Reimbursement and Indemnity Agreement.

Expenses

The Borrower will agree to reimburse the Cayman Trustee, the Enforcer, the Indenture Trustee, the Administrative Agent, any agents as appointed pursuant to the Indenture and the Noteholders for all reasonable costs and expenses from time to time incurred by the Cayman Trustee, the Enforcer, the Indenture Trustee, the Administrative Agent, any agents as appointed pursuant to the Indenture and the Noteholders, as applicable, relating to (i) the establishment and continued existence of the Trust and all matters contemplated by the Declaration of Trust and the performance by the Cayman Trustee of its duties thereunder or the taking of actions pursuant thereto, including any taxes and government and registrar fees and the fees, costs and expenses of the Cayman Trustee for acting as such under the Declaration of Trust, the Indenture and the Participation Agreement or otherwise as contemplated in the Expense Reimbursement and Indemnity Agreement, (ii) the fees, costs and expenses of the Enforcer for acting as such under the Declaration of Trust, (iii) any expenses, indemnities or other costs or liabilities provided, or required to be provided by the Cayman Trustee, on behalf of the Trust, to the Lender or the Administrative Agent under or in respect of the Participation Agreement, including the indemnity given to the Lender in the Expense Reimbursement and Indemnity Agreement in connection with the Lender's acting upon any instructions of the Cayman Trustee, the Indenture Trustee and/or the holders of the Notes (as appropriate, pursuant to their right under the Indenture to give instructions to the Cayman Trustee as to all matters relating to the Expense Reimbursement and Indemnity Agreement), (iv) the issuance of each of the Notes and the Note Guarantee pursuant to the Indenture, including without limitation, all compensation as the Bank, the Agents, the Administrative Agent and the Indenture Trustee shall from time to time agree in writing for all services rendered by the Indenture Trustee or such other Agents, as applicable, under the Indenture and the related documents (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all fees and expenses of each of the Indenture Trustee and the Agents (including, without limitation, the reasonable and documented fees and expenses of its counsel) from time to time incurred in connection with the issuance of the Notes and the Note Guarantee, the costs of arranging and maintaining the clearance of the Notes through The Depository Trust Company or otherwise, the listing of the Notes on the Luxembourg Stock Exchange and any costs incurred in administrating, exercising, maintaining, performing and enforcing all rights, powers, duties and obligations under the Indenture, the Notes, the Note Guarantee and each other Loan Document, including costs and expenses (including reasonable and documented counsel fees and disbursements) necessary to maintain the pledge contemplated thereunder, in connection with instructions from the holders of the Notes with respect to this Letter Agreement, the Indenture, the Senior Unsecured Loan Agreement, the Participation Agreement or otherwise, to implement any mandatory or optional redemption of the Notes as set forth under the Indenture and take all action contemplated to be taken by the Indenture Trustee and/or the Agents under the Indenture and/or the related documents or reasonably incidental thereto from time to time in connection with the performance or the exercise of the Indenture Trustee's or such Agent's duties and obligations and/or rights under the Indenture and/or the other Transaction Documents, (v) enforcing the rights of the Cayman Trustee, the Enforcer, the Indenture Trustee, the Administrative Agent, the Agents and the holders of the Notes with respect to the foregoing (including reasonable counsel fees and disbursements), and (vi) to the extent not provided above or otherwise provided for in the Expense

Reimbursement and Indemnity Agreement, any and all reasonable and documented expenses, indemnities or other costs (including all associated interest and penalties and reasonable and documented counsel fees and disbursements) of the Cayman Trustee, the Enforcer, the Indenture Trustee, the Administrative Agent, the Agents and the holders of the Notes in connection with the transactions contemplated in this offering memorandum relating to the issuance of the Notes and used in connection with the sale of the Notes or in any of the Transaction Documents (including, without limitation, the Participation Agreement).

Additional Amounts

Without duplication for amounts payable pursuant to the Senior Unsecured Loan Agreement, the Borrower will pay the Cayman Trustee for the following: (i) any and all Taxes levied or imposed upon the Cayman Trustee and the Trust and (ii) Taxes imposed upon Noteholders or otherwise imposed in respect of the issuance of the Notes, including, in each case, Taxes imposed on amounts payable under the Expense Reimbursement and Indemnity Agreement. For the avoidance of doubt, the Expense Reimbursement and Indemnity Agreement requires that the Borrower make payment of additional amounts sufficient to provide the Cayman Trustee or the Noteholders, as applicable, with aggregate amounts equal to the amounts that the Trust or the Noteholders, as applicable, would have received had no such Taxes been imposed. The Cayman Trustee shall take all reasonable actions within its control to eliminate or reduce any Taxes or Other Taxes described in (i) and (ii) above.

For purposes of the preceding paragraph, clauses (i) and (ii) above do not include any Tax that is imposed due to any of the following:

- (i) any Taxes that would not have been imposed but for the Noteholder (or beneficial owner of the Notes) having a present or former connection with the jurisdiction imposing such Tax other than merely holding or owning the Notes, the execution, delivery or registration of the Transaction Documents, or participation in the transactions effected by the Transaction Documents and the receipt of payments thereunder or the enforcement of rights in respect thereof;
- (ii) in respect of Salvadoran Taxes, any Taxes imposed or levied by or on behalf of the Cayman Islands or any authority therein having power to tax and U.S. backup withholding Tax, the failure of the Noteholder (or any intermediary or beneficial owner of the Notes) to comply with any certification, identification, information, documentation or other reporting requirement that each is legally entitled to comply with (within thirty calendar days following a written request from the Borrower to the Noteholder for compliance) if such compliance is required by Applicable Law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes;
- (iii) any estate, inheritance, gift, sales, transfer, use, personal assets or similar tax, assessments or governmental charge other than any such tax that is an Other Tax;
- (iv) the Noteholders (or beneficial owners of the Notes) presented evidence of the Note for payment (where presentation is required) more than thirty days after the date on which such payment became due; *provided, however*, that the Borrower will pay additional amounts to which such person would have been entitled had such evidence been presented on any day (including the last day) within such thirty-day period;
- (v) any Tax imposed on a payment on the Notes required to be made pursuant to Council Directive 2003/48/EC of the Council of the European Union on the taxation of savings income in the form of interest payments (or any European Union Directive otherwise implementing the conclusion of the ECOFIN Council Meeting of 26 and 27 November 2000) or any law implementing or complying with, or introduced in order to conform to, any such Directive; or
- (vi) any combination of items (i) to (v) above.

Without duplication of amounts payable pursuant to the Senior Unsecured Loan Agreement, the Borrower will pay the Lender any and all Taxes imposed on such Lender that arise in connection with the transactions contemplated under the Indenture, the Participation Agreement and the other Transaction Documents, as applicable, or in connection with the existence of the Cayman Trustee, other than Taxes in respect of which the Borrower has no obligation to pay Additional Amounts, as described under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts.”

Notwithstanding anything to the contrary in the preceding paragraph, Section 6.01(j) of the Senior Unsecured Loan Agreement, or any of the other Transaction Documents, the Borrower shall be required to pay Additional Amounts with respect to any U.S. withholding or deduction of Tax imposed on or in respect of any Note pursuant to the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act (“FATCA”), the laws of El Salvador or the Cayman Islands implementing FATCA, or any agreement between the Borrower and the United States or any authority thereof entered into pursuant to FATCA, in each case only if and to the extent that (i) such withholding or deduction is solely the result of an action or inaction on the part of the Cayman Trustee or the Trust, and (ii) the Cayman Trustee complies with its obligations under Section 2(a) of the Expense and Indemnity Reimbursement Agreement.

Payments in respect of the foregoing shall be made by the Borrower to the Lender at least 10 business days (defined as any day on which banks are required or authorized to close in New York, New York or San Salvador) before the deduction, withholding or payment of the taxes, duties, assessments or other governmental charges for which such amounts are being paid is required or due. At such time, the Borrower will deliver information that the Lender or the Trust, as applicable, shall reasonably request for tax purposes.

If the Borrower shall at any time be required to pay Additional Amounts to the Lender pursuant to the terms of the Expense Reimbursement and Indemnity Agreement, the Borrower, the Lender, the Trust and the Noteholders (or beneficial owners of the Notes) will use commercially reasonable endeavors to obtain any available exemption from, or reduction in, the payment of (or otherwise avoid the obligation to pay) the Tax which has resulted in the requirement that such additional amounts be paid. The foregoing obligations shall survive any termination of the Senior Unsecured Loan Agreement, the Participation Agreement, the Indenture, the Declaration of Trust or the Notes.

The Borrower has agreed to indemnify the Trust, the Cayman Trustee and the Indenture Trustee for certain liabilities, including liabilities under the U.S. securities laws as set forth in the Expense Reimbursement and Indemnity Agreement.

Available Information

For as long as the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Borrower will, to the extent required by law, furnish to the Indenture Trustee for delivery to any holder of the Notes, or to any prospective purchaser designated by such holder of the Notes upon request of such holder, financial and other information described in paragraph (d) (4) of Rule 144A under the Securities Act with respect to the Borrower to the extent required in order to permit such holder of the Notes to comply with Rule 144A with respect to any resale of its Notes, unless during that time the Borrower is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act and no such information about the Borrower is otherwise required pursuant to Rule 144A.

Delivery of such reports, information and documents to the Indenture Trustee is for informational purposes only and the Indenture Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Trust’s compliance with any of its covenants under the Indenture (as to which the Indenture Trustee is entitled to rely exclusively on Officers’ Certificates).

Liquidation/Termination

Upon a repayment in full of the Senior Unsecured Loan Agreement and the Loan, remaining Trust Assets (if any) will be liquidated and applied in the following order of priority: (i) *first*, to pay the costs and expenses of termination of the Trust; (ii) *second*, to any creditors of the Trust (including, without limitation, the Cayman Trustee, the Indenture Trustee and any agent appointed pursuant to the Indenture); (iii) *third*, to establish reserves reasonably adequate to meet any and all contingent liabilities or obligations of the Trust; (iv) *fourth*, to the Noteholders in an amount equal to such holders' *pro rata* interest in the Trust Assets; and (v) *fifth*, the balance to the Trust to be applied by the Cayman Trustee in accordance with the Declaration of Trust.

Governing Law

The Declaration of Trust will be governed by the laws of the Cayman Islands. The Expense Reimbursement and Indemnity Agreement will be governed by the laws of the State of New York, United States of America.

DESCRIPTION OF THE NOTES AND THE NOTE GUARANTEE

General

The Notes will be issued by the Trust in the international capital markets as a financing mechanism. The proceeds received from the sale of the Notes will be used by the Trust to invest in and purchase the Participation in the Loan that will be disbursed by the Lender to the Borrower.

The principal obligation of the Trust will be to account to the holders of the Notes (each, a “Noteholder”) for all such payments when, as and if actually received by the Lender and, as a result of the Participation, by the Trust pursuant thereto. The Notes do not represent an obligation of the Lender, the Administrative Agent, the Indenture Trustee, any agent appointed pursuant to the Indenture, the Cayman Trustee (other than in its capacity as trustee subject to the limited recourse provisions described herein), or the Borrower (except in its capacity as Guarantor) and none of the foregoing shall be required, in the event funds received in respect of the Loan are insufficient to make payments described below that are due on the Notes, to make up any such shortfall from their own respective funds.

The Notes will be unconditionally and irrevocably guaranteed on a general senior, unsecured and unsubordinated basis by Banco Agrícola, in its capacity as Guarantor. See “—Note Guarantee.”

Except where otherwise indicated, capitalized terms used in this section of this offering memorandum but not defined herein are used as defined elsewhere in this offering memorandum.

For the avoidance of doubt, wherever in this section of this offering memorandum it is provided that payments in respect of the Notes shall be made by the Trust or the Guarantor, as the case may be, to the Indenture Trustee, it shall be understood that such payments shall be made to the Indenture Trustee acting for the benefit and on behalf of the Noteholders.

The Trust and its operations are governed by Cayman Islands law. As described above, the Trust is not a separate legal entity, but is rather an equitable obligation binding the Cayman Trustee to deal with property in a particular way. All references herein to the Trust shall in fact refer to the Cayman Trustee acting as such under the Declaration of Trust. See “The Trust.” The Cayman Trustee acting in respect of the Trust will issue the Notes under the Indenture among the Cayman Trustee, the Guarantor, The Bank of New York Mellon, as Indenture Trustee, Registrar, New York Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Transfer Agent.

The Notes will have the following basic terms:

- The Notes will be in an aggregate principal amount (the initial outstanding “Note Principal Amount”) of US\$300,000,000. The Note Principal Amount will be payable in full in a single payment on , 20 (the “Maturity Date”) unless redeemed or repaid earlier as a result of one or more redemption events described herein pursuant to the terms of the Indenture as a result of a prepayment or acceleration of the Loan.
- The Notes will bear interest at a fixed rate of 6.750% per annum (the “Note Interest”) from the date of issuance until all required amounts due in respect thereof have been paid, which rate is equal to the rate of interest payable by the Borrower on the Loan. Interest on the Notes will be paid semiannually in arrears on June 18 and December 18 of each year, commencing on December 18, 2015, to the Noteholders registered as such as of the close of business on a record date being the tenth day preceding such payment date other than the interest payment date which is the same as the Maturity Date, (whether or not a Business Day) (the “Record Date”). Interest for the first interest period will accrue from June 18, 2015. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

- As security for the Notes, the Trust will pledge all of the Trust Assets to the Indenture Trustee, which Trust Assets will consist, as described under “The Trust,” of the Participation in the Loan (which will have a principal amount equal to the Note Principal Amount), all rights of the Trust under the Senior Unsecured Loan Agreement and all cash paid in respect thereof, any accounts into which such cash or the proceeds of the foregoing shall be deposited pursuant to the Senior Unsecured Loan Agreement, the Participation Agreement, certain rights under the Expense Reimbursement and Indemnity Agreement the Indenture or otherwise and the rights related thereto with respect to the Loan. All outstanding Notes will share *pari passu* in the proceeds from the Trust Assets, except to the extent Notes are repurchased as a result of a redemption as provided herein.
- The Notes will be limited recourse obligations of the Cayman Trustee referable to the Trust and will be payable solely out of the Trust Assets (including payments received from the Lender as a result of the Participation) and neither the Trust nor the Indenture Trustee or any agent appointed pursuant to the Indenture will have any duty, liability or responsibility in respect of all or any portion of the Senior Unsecured Loan Agreement. The Noteholders will be entitled to receive payments or be repurchased in a redemption as described herein only to the extent the Indenture Trustee receives funds from the Trust Assets.

The Notes are being offered and sold only (1) to investors that are U.S. Persons (as defined in Regulation S under the Securities Act) who are QIBs in reliance on Rule 144A under the Securities Act and who are also Qualified Purchasers (as defined in Section 2(a)(51)(A) of the United States Investment Company Act of 1940 (the “Investment Company Act”)) or (2) to persons who are not U.S. Persons in offshore transactions (within the meaning of Regulation S of the Securities Act). “*Business Day*” means a day (other than a Saturday or Sunday) on which commercial banks are not authorized or not required by law, regulation or executive order to close in New York, New York, San Salvador, San Salvador, or the Cayman Islands.

Note Principal Amount

The Indenture Trustee will make payments of principal and premium, if any, in respect of the Note Principal Amount to Noteholders out of (i) payments in respect of principal arising as a result of repayment at maturity or earlier as a result of an acceleration or prepayment of the Loan received by the Lender from the Borrower and paid over to the Trust pursuant to the Participation and (ii) any payments of premium or other amounts payable in connection with any prepayment or repayment of the principal of the Loan as provided in the Senior Unsecured Loan Agreement. The Note Principal Amount is US\$300,000,000. The Note Principal Amount will be due and payable in full, together with accumulated and unpaid Note Interest and other amounts due under the Indenture, on the same date as the maturity date for the Loan, such date being June 18, 2020, to the extent the Notes have not been redeemed prior thereto as provided below under “—Redemption Events.” No default under the Notes will occur in the event the Trust fails to receive payments from the Lender in respect of the Participation and amounts due in respect of the Note Principal Amount will be delayed until payments in respect of the principal amount of the Loan are received by the Trust pursuant to the Participation and paid over pursuant to the Indenture to the Indenture Trustee. The failure by the Trust to pay the Note Principal Amount when due and payable will not be an Event of Default under the Senior Unsecured Loan Agreement.

Note Interest

The Indenture Trustee will make payments in respect of the Note Interest to Noteholders out of payments of interest on the Loan received by the Lender from the Borrower and paid over to the Trust pursuant to the Participation on any day on which payments are received by the Trust. Note Interest will accumulate at 6.750% per annum (being the rate of interest payable on the Loan) and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Note Interest will be payable semiannually in arrears on June 18 and December 18 of each year and on the Maturity Date for the Loan, or, if such date is not a Business Day, the next succeeding Business Day, commencing on December 18, 2015. No default under the Notes will occur in the event the Trust fails to receive payments from the Lender in respect of the Participation and amounts due in respect of Note Interest will be delayed until payments in respect of interest on the Loan are received by the Trust pursuant to the Participation and paid over pursuant to the Indenture to the Indenture Trustee. The failure by the Trust to pay any

Note Interest when due and payable will not be an Event of Default under the Senior Unsecured Loan Agreement. Payments of Note Interest will be made to the Noteholders of record on the related Record Date.

Source of Available Funds

As provided above, the Trust will pay all amounts due on or with respect to the Notes solely from the periodic payments it receives from the Lender under the Participation Agreement representing funds received by the Lender, subject to certain limited exceptions, in respect of the Senior Unsecured Loan Agreement, the Loan and in respect of expenses, taxes and certain other amounts, the Expense Reimbursement and Indemnity Agreement.

Note Guarantee

General

Upon the receipt by the Borrower of the full amount of the Loan, Banco Agrícola, as guarantor (the “Guarantor”) will absolutely, unconditionally and irrevocably guarantee to the Indenture Trustee, for the benefit and on behalf of the Noteholders (the “Note Guarantee”) (i) the punctual payment of all principal of, premium, if any, and interest, if any, on the Notes and (ii) the performance of all other payment obligations of the Trust under the Indenture and the Notes (net, in each case, of any amounts paid by the Borrower pursuant to the Senior Unsecured Loan Agreement, whether or not those amounts have been paid to the Trust or the Indenture Trustee in accordance with the terms of the Participation Agreement and the Indenture) (such obligations being the “Guaranteed Obligations”). The Guarantor will guarantee the full and punctual payment when due, whether at the expected maturity date, by acceleration, redemption or otherwise, of the principal of, premium, if any, and interest, if any, on the Notes and agrees to pay any and all expenses (including, without limitation, reasonable fees, costs and expenses of counsel) incurred by the Indenture Trustee in enforcing any rights under the Note Guarantee or any other Transaction Document (as defined below).

For the avoidance of doubt, in the event that the Borrower pays the Lender any amounts due and owed under the Senior Unsecured Loan Agreement and the Lender for any reason fails to make the required payments to the Trust pursuant to the Participation and the Participation Agreement, the Note Guarantee shall not be available, and the Guarantor shall not be liable, with respect to such amounts.

The obligations of the Guarantor, in respect of the Note Guarantee will be limited to the maximum amount as will result in the obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law.

The Guarantor’s obligations under the Note Guarantee will be senior, direct, unsecured, unconditional and unsubordinated obligations of the Guarantor and will rank *pari passu* in right of payment with all other present and future senior, unsecured and unsubordinated indebtedness of the Guarantor, except for liabilities preferred or that have priority under statutory or mandatory provisions of Salvadoran laws and regulations, including banking laws.

Payment

Pursuant to the Note Guarantee, in the event that the Trust has not made payment to the Indenture Trustee under the Indenture, the Guarantor will be required to make full punctual payment of principal, interest or premium, if any, as is due and payable under the Notes and the Indenture, net of amounts paid under the Senior Unsecured Loan Agreement, in favor of the Trust and the Noteholders.

The Guarantor’s obligations under the Note Guarantee will remain in full force and effect until all the Guaranteed Obligations have been paid or satisfied in full. The Guarantor will agree that the Note Guarantee will continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal or of interest on any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Noteholder upon the bankruptcy or reorganization of the Trust or the Guarantor or otherwise.

All amounts payable by the Guarantor under the Note Guarantee shall be payable in immediately available funds at the direction of the Indenture Trustee. The Guarantor will not be relieved of its obligations under the Note Guarantee unless and until the Guaranteed Obligations have been paid or satisfied in full.

Subrogation

Until such time as the Noteholders have irrevocably been paid in full all amounts owing under the Notes, the Guarantor shall not be entitled to any right of subrogation against any of the rights of the Indenture Trustee or any Noteholder against the Trust or any other person or any collateral security or guarantee or right of offset held by the Indenture Trustee or any Noteholder for the payment of the Guaranteed Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Trust or any other person in respect of payments made by the Guarantor pursuant to the Note Guarantee. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Indenture Trustee and the Noteholders, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Indenture Trustee in the exact form received by the Guarantor (duly endorsed by the Guarantor to the Indenture Trustee, if required), to be applied against the Guaranteed Obligations.

Continuation of the Guarantee

The Note Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of all or any portion of the Guaranteed Obligations is rescinded or must otherwise be returned by the Indenture Trustee upon the insolvency, bankruptcy or reorganization of the Lender, the Trust or the Guarantor, all as though such payment had not been made.

The Note Guarantee and all rights related thereto will be assigned to, and continue in full force and effect for the benefit of, any person to whom the Indenture and the Notes are assigned. The covenants of the Borrower contained in the Senior Unsecured Loan Agreement will be deemed made in the Note Guarantee by the Guarantor for the benefit of the Indenture Trustee.

Additional Amounts

The Guarantor will make all payments of amounts due under the Note Guarantee free of taxes in the same manner set forth under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts” and “The Trust—Expense Reimbursement and Indemnity Agreement—Additional Amounts.”

Events of Default

The Indenture will provide that an Event of Default under the Senior Unsecured Loan Agreement will constitute an event of default under the Indenture. If such an event of default under the Indenture shall have occurred and be continuing, either the Indenture Trustee or the holders of not less than 25% of the total principal amount of the Notes then outstanding may declare the principal of all outstanding Notes and the interest accrued thereon, if any, to be due and payable immediately. Upon any such acceleration, the Guarantor will be obligated to make immediate payment to the Indenture Trustee as described herein.

Furthermore, the Senior Unsecured Loan Agreement contains events of default which may trigger the acceleration of the Loan pursuant to the Senior Unsecured Loan Agreement. Upon the acceleration of the Loan, the Notes will automatically become subject to mandatory redemption. Upon any such acceleration (including any acceleration arising out of the insolvency or similar events relating to the Guarantor), if the Borrower fails to pay all amounts then due under the Senior Unsecured Loan Agreement, the Guarantor will be obligated to make a payment as described herein. See “The Senior Unsecured Loan Agreement and the Loan—Events of Default.”

Amendments

The Note Guarantees may only be amended and waived in accordance with their terms pursuant to a written document which has been duly executed and delivered by the Guarantor and the Indenture Trustee at the written direction of the Required Holders (as defined below) as provided in the Guarantee.

Governing Law

The Note Guarantee will be governed by the laws of the State of New York, United States of America.

Jurisdiction

The Guarantor will consent to the non-exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan in The City of New York, New York, United States and any appellate court from any thereof. The Guarantor has appointed CT Corporation System, as its authorized agent upon which service of process may be served in any action or proceeding brought in any court of the State of New York or any U.S. federal court sitting in The City of New York in connection with the Note Guarantee.

Waiver of Immunities

To the extent that the Guarantor may, in any jurisdiction, claim for itself or its assets immunity from a suit, execution, attachment, whether in aid of execution, before judgment or otherwise, or other legal process in connection with the Note Guarantee (or, as applicable, the Senior Unsecured Loan Agreement) and to the extent that in any jurisdiction there may be immunity attributed to the Guarantor or its assets, whether or not claimed, the Guarantor will irrevocably agree with the Indenture Trustee not to claim, and irrevocably waive, immunity to the fullest extent permitted by law, subject to such immunity of attachment as provided under Article 45 of the Banking Law and from certain tax liens, labor and employment liabilities and responsibilities, secured lender priorities and bankruptcy statutes that provide for special priority or preferred treatment with regards to attachment prior to judgment, attachment in aid of execution, execution or otherwise.

Currency Rate Indemnity

The Guarantor will agree that, if a judgment or order made by any court for the payment of any amount in respect of any of its obligations under the Note Guarantee is expressed in a currency other than U.S. dollars, it will indemnify the recipient, against any deficiency arising from any variation in rates of exchange between the date as of which the denomination currency is notionally converted into the judgment currency for the purposes of the judgment or order and the date of actual payment. This indemnity will constitute a separate and independent obligation from the Guarantor's other obligations under the Note Guarantee, will give rise to a separate and independent cause of action, will apply irrespective of any waiver of such indemnity by the Lender under the comparable provisions of the Senior Unsecured Loan Agreement (or waiver by the Lender of any other provisions of the Senior Unsecured Loan Agreement or Note Guarantee) granted from time to time and will continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due in respect of the Senior Unsecured Loan Agreement or under any such judgment or order.

Security

The Notes will be secured by a first priority perfected security interest in the Trust Assets and, by virtue of the same, the Noteholders will have recourse to be repaid amounts due on or in respect of the Notes solely to the Trust Assets and no person or entity, other than the Trust (subject to the limited recourse provisions described herein), shall have any liability in respect thereof. Upon the occurrence of an Event of Default under the Senior Unsecured Loan Agreement and certain other circumstances described under "The Senior Unsecured Loan Agreement and the Loan—Assignments," the Lender will have the right to assign the Senior Unsecured Loan Agreement and the Loan to the Trust outright and, as a result of the Trust's pledge of the Trust Assets, the Noteholders will succeed to a first priority security interest in the same in consideration of a release of any security interest in the Participation.

Accounts

On or prior to the Closing Date, the Trust will establish or cause to be established a segregated trust account at the Indenture Trustee in the name of the Indenture Trustee (the “Loan Collection Account”). The Trust will deposit, or cause to be deposited (including pursuant to a request to the Lender), into the Loan Collection Account, so long as the Indenture Trustee has a security interest in the Trust Assets pursuant to the Indenture, all payments received by the Trust from the Lender or the Administrative Agent on behalf of the Lender under the Participation Agreement and any other Transaction Documents, including all periodic principal, interest and other payments received by the Trust in respect of the Participation representing funds received in respect of the principal, interest and other payments payable by the Borrower under the Senior Unsecured Loan Agreement.

The Indenture Trustee will also establish or cause to be established and maintain a segregated trust account at the Indenture Trustee into which it will deposit any amounts allocated for payment in respect of the Notes received by the Trust in respect of the Participation and on deposit in the Loan Collection Account (the “Note Payment Account”).

It is not expected that funds will remain on deposit in either the Loan Collection Account or the Note Payment Account for more than three Business Days and, as a result, neither the Declaration of Trust nor the Indenture provides for the investment of any such funds. In the event, for any reason, it becomes necessary for funds on deposit in either the Loan Collection Account and/or the Note Payment Account to remain on deposit pending payment or distribution to the Noteholders, the Indenture Trustee shall invest such funds in overnight investments in The Bank of New York Deposit Reserve Account Fund, all as set forth in the Indenture, and all earnings thereon shall be distributed *pro rata* to the Noteholders when final payment in respect of principal on the Notes is made.

Payments on the Notes

Pursuant to the Indenture, on each date a payment in respect of principal, interest or other amounts is due on, or with respect to, the Notes (a “Note Payment Date”), the Indenture Trustee shall withdraw all amounts then credited to the Loan Collection Account and apply such amounts in the following order of priority:

- (i) *first*, to the Lender, the Administrative Agent, Indenture Trustee and any agents appointed pursuant to the Indenture in an amount equal to any due but unpaid amounts owing by the Borrower under the Senior Unsecured Loan Agreement and/or the Expense Reimbursement and Indemnity Agreement in respect of fees and expenses to the extent the Borrower has not theretofore paid the same; and
- (ii) *second*, the remainder to the Note Payment Account for application in accordance with the terms of the Indenture.

Except as described below, pursuant to the Indenture, the Indenture Trustee, or such Paying Agent as the Trust shall appoint with respect to the Notes, will distribute the funds deposited into the Note Payment Account in the following order of priority, with the amount of each such distribution (and the components thereof) being determined as set forth in the Indenture and the Notes:

- (i) *first*, to each Noteholder, its proportionate interest of the accumulated and unpaid Note Interest then due and payable in respect of the Notes held by such Noteholder; and
- (ii) *second*, to each Noteholder, its proportionate interest of the Note Principal Amount then due and payable in respect of the Notes held by such Noteholder.

Pursuant to the Indenture, in the event of a Change of Control Offer (as defined below), the Indenture Trustee, or such Paying Agent as the Trust shall appoint with respect to the Notes, will distribute the funds deposited into the Note Payment Account only to the Noteholders who have properly tendered and not withdrawn their Notes pursuant to the Change of Control Offer.

The Indenture will provide that each Noteholder will be deemed to assent and agree, by its acceptance of a Note, that it will promptly remit to the Indenture Trustee any excess payment it has received on the Notes.

Payments under the Note Guarantee

If the Guarantor is required to make any payment under the Note Guarantee to the Indenture Trustee in respect of any amount due on the Notes, then all amounts so paid shall be deemed to be a payment by the Borrower to the Lender of an equivalent portion of the principal and/or interest (as applicable) outstanding under the Loan and shall reduce the amounts outstanding under the Loan such that the principal or interest amounts outstanding under the Loan (after giving effect to such payment under the Note Guarantee) shall be equal to the principal or interest amounts outstanding under the Indenture; provided that, in no event shall the amount of principal and interest outstanding under the Loan be less than the amount of principal and interest on the Notes then outstanding under the Indenture.

Upon receipt of any payment from the Guarantor under the Note Guarantee, the Indenture Trustee shall as soon as practicable (i) notify the Lender of such payment and (ii) provide the Lender the amount of principal and interest outstanding under the Notes after giving effect to such payment.

Payment Procedures

Payments in respect of the Note Principal Amount and Note Interest will be made at the Corporate Trust Office of the Indenture Trustee in New York by the Indenture Trustee or at the specified offices of any Paying Agent appointed by the Trust for such purpose; *provided, however*, that so long as the Notes are held in the name of a nominee of DTC, the Indenture Trustee, or such Paying Agent, and will make such payments to DTC or its nominee, as the case may be, in accordance with DTC's applicable procedures. The Note Principal Amount of any Note, whether due on the Maturity Date or on the date of a Mandatory Note Redemption, will be payable only upon surrender of such Note at the Corporate Trust Office of the Indenture Trustee or at the specified offices of any Paying Agent appointed by the Trust. All payments of interest will be made to the Noteholders of record as of the Record Date applicable to such Note Interest Payment and payments of principal and interest due on the Maturity Date will be paid to holders of record as of the Maturity Date.

Payments with respect to any Note will be made by wire transfer in immediately available funds to the account of such Noteholder at a bank or other entity having appropriate facilities therefor if such Noteholder has notified the Indenture Trustee or the Paying Agent, as applicable, in writing of wire instructions by the Record Date immediately prior to the applicable Note Payment Date. If a Noteholder does not provide the Indenture Trustee or the Paying Agent, as applicable, with such wire transfer instructions, the Indenture Trustee or the Paying Agent, as applicable, will make payments by U.S. dollar check to the mailing address of such Noteholder appearing in the note register maintained by the registrar. Until revoked in writing, such instructions will remain in effect with respect to any future payments payable to such Noteholder with respect to such Notes.

If the due date for payment of the Note Principal Amount in respect of any Note is not a Business Day, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day and will not be entitled to any further interest or other payment in respect of any such delay.

Subject to applicable abandoned property laws, the Indenture will provide that any funds deposited with the Indenture Trustee or any Paying Agent in trust for the payment of the Note Principal Amount and Note Interest on any Note and remaining unclaimed for two years after such Note Principal Amount and Note Interest have become due and payable will be paid to the Trust upon the written request of the Cayman Trustee, and the holder of such Notes will thereafter look only to the Trust for payment thereof, and all liability of the Indenture Trustee or such Paying Agent with respect to such funds will thereupon cease.

Redemption Events

General

The Notes shall be subject to mandatory redemption upon the occurrence of any optional prepayment by the Borrower of the amounts outstanding from time to time under the Senior Unsecured Loan Agreement and the Loan due to the occurrence of:

- (1) optional prepayment as set forth under “The Senior Unsecured Loan Agreement and the Loan—Optional Prepayments—Optional Prepayment with a Make-Whole Premium”;
- (2) a Withholding Tax Event, as set forth under “The Senior Unsecured Loan Agreement and the Loan—Optional Prepayments—Optional Prepayment upon a Withholding Tax Event”;
- (3) a Change of Control as set forth under “The Senior Unsecured Loan Agreement and the Loan—Mandatory Prepayments—Change of Control”; or
- (4) the acceleration of the Loan as a result of the occurrence of an Event of Default under the Senior Unsecured Loan Agreement (an “Acceleration Redemption”);

(the events described in clauses (1) and (2), the “Optional Redemptions,” and together with the redemption events described in clauses (3) and (4) the “Note Redemptions”).

Optional Prepayment with a Make-Whole Premium

Pursuant to the terms of the Senior Unsecured Loan Agreement, at any time or from time to time, the Borrower will have the right, at its option, to prepay the Loan, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the Loan being prepaid and, (2) the sum of the present values of each remaining scheduled payment of principal and interest on the principal amount of the Loan that is being prepaid to the Maturity Date (exclusive of interest for the current semi-annual interest period accrued to the prepayment date) discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 0.75%, plus, in each case, any accrued and unpaid interest (including Additional Amounts (as defined under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts”), if any) to but excluding the prepayment date on the principal amount of the Loan being prepaid (the “Make-Whole Amount”). The Borrower may prepay the Loan in part, provided, however that the aggregate amount outstanding under the Loan following any such optional partial prepayment shall not be less than US\$100 million. Such option may only be exercised, and prepayment shall only be made, if the Borrower is in compliance with applicable Salvadoran laws and regulations, including the regulations of the Central Bank and the Superintendence of the Financial System, in effect on the applicable prepayment date.

“*Comparable Treasury Issue*” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Loan to the Maturity Date.

“*Comparable Treasury Price*” means, with respect to any prepayment date (i) the average as determined by an Independent Investment Banker, of the Reference Treasury Dealer Quotations for such prepayment date after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (ii) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average, as determined by such Independent Investment Banker, of all such quotations.

“*Independent Investment Banker*” means one of the Reference Treasury Dealers appointed by the Borrower.

“*Reference Treasury Dealer*” means Deutsche Bank Securities Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated or any of their respective affiliates which is a primary United States government securities dealers and two other primary United States government securities dealers in New York City designated by the

Borrower; provided that, if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), the Borrower will substitute therefore another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotation*” means, with respect to each Reference Treasury Dealer and any prepayment date, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such prepayment date.

“*Treasury Rate*” means, with respect to any prepayment date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such prepayment date.

Optional Prepayment upon a Withholding Tax Event

Pursuant to the terms of the Senior Unsecured Loan Agreement, the Borrower may prepay the Loan, in whole but not in part, at the Borrower’s option, subject to applicable Salvadoran laws, at a prepayment price equal to 100% of the outstanding principal amount of the Loan, plus accrued and unpaid interest (including Additional Amounts (as defined under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts”), if any) to but excluding the prepayment date, if, as a result of any enactment of new laws or change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of El Salvador, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction) thereof or because the Lender shall fail to maintain its Tax Qualification, the Borrower has or will become obligated to pay Excess Additional Amounts, if such change or amendment is announced or occurs on or after the date of the Senior Unsecured Loan Agreement and such obligation cannot be avoided by the Borrower taking reasonable measures available to it including, in the case of the Lender’s failure to maintain its Tax Qualification, by replacing the Lender (a “Withholding Tax Event”); provided that no notice of prepayment will be given earlier than 30 days prior to the earliest date on which the Borrower would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Loan then due. The Lender has agreed to use commercially reasonable efforts to maintain the Tax Qualification. Prior to the giving of notice of prepayment of the Loan, the Borrower will deliver to the Lender an Officer’s Certificate to the effect that the Borrower is or at the time of the prepayment will be entitled to effect such a prepayment pursuant to the Senior Unsecured Loan Agreement, setting forth in reasonable detail the circumstances giving rise to such right of prepayment, and stating that the Borrower cannot avoid payment of such Excess Additional Amounts by taking reasonable measures available to the Borrower. The Officer’s Certificate will be accompanied by a written opinion of recognized Salvadoran counsel, independent of the Borrower, to the effect, among other things, that the Borrower is, or is reasonably expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above.

“*Excess Additional Amounts*” means Additional Amounts (as defined under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts”) in excess of the Additional Amounts payable as of the date of the Senior Unsecured Loan Agreement on or in respect of the Senior Unsecured Loan Agreement, the Indenture, the Notes or the Note Guarantee.

“*Officer’s Certificate*” means a certificate signed by the President, Chairman of the board of directors, any Vice Chairman of the board of directors, any Director, the Chief Executive Officer, the Chief Financial Officer, any Senior Vice President, or the Secretary of the board of directors of any Person.

“*Person*” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

Optional Redemption Procedures

Upon the Trust's receipt from the Lender or the Borrower of a notice of Optional Redemption in accordance with the Senior Unsecured Loan Agreement, the Trust shall deliver a copy of the notice to the Indenture Trustee and promptly send (or the Indenture Trustee, in the name of and at the expense of the Trust, upon the Trust providing written instruction to the Indenture Trustee at least 10 days before the notice of redemption is to be given (or such shorter times as is acceptable to the Indenture Trustee), shall give) to each Noteholder a notice of redemption setting forth the reason for the redemption (as set forth in the notice given by the Borrower to the Lender pursuant to the Senior Unsecured Loan Agreement and forwarded or provided to the Trust), the expected amount of Notes to be redeemed, the applicable redemption price payable per US\$1,000 principal amount of the Notes (including any make-whole premium), the applicable record date, the applicable CUSIP numbers and the applicable redemption date with respect to such redemption. Notice of an Optional Redemption will be given at least 35 but not more than 60 days before the redemption date to Noteholders holding the Notes to be redeemed in accordance with the provisions described below in "—Notices."

Upon payment by the Borrower to the Lender or the Administrative Agent on behalf of the Lender of the applicable prepayment or repayment amounts with respect to a Note Redemption, as provided for under "The Senior Unsecured Loan Agreement and the Loan" (a "Redemption Amount"), the Lender (or the Administrative Agent on behalf of the Lender) shall promptly pay over the Redemption Amounts so received from the Borrower for deposit to the Loan Collection Account for application in accordance with the Indenture as described in "—Payments on the Notes" and, as described herein, the Indenture Trustee on behalf of the Noteholders.

In the event of a redemption described under "—Redemption Events—Optional Prepayment with a Make-Whole Premium" the Notes may be redeemed in part, provided, however, that the aggregate amount of Notes outstanding following any such optional partial redemption shall not be less than US\$100 million. If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as the Indenture Trustee in its sole discretion will deem to be fair and appropriate, and in each case, as long as the Notes are in global form, the selection of the Notes to be redeemed shall be subject to customary DTC procedures (in integral multiples of US\$1,000; provided that the remaining principal amount of any Noteholder's Note will not be less than US\$150,000). Upon surrender of any Note redeemed in part, the Noteholder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note. Once notice of redemption is sent to the Noteholders, and unless such notice is revocable in accordance with its terms and is revoked prior to the redemption date or such shorter period as specified therein for such revocation, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest (unless the Trust defaults in the payment of the redemption price).

Notes called for redemption will become due on the date fixed for redemption. The Trust will pay the redemption price for the Notes together with accrued and unpaid interest thereon and Additional Amounts to but not including the date of redemption solely out of the Redemption Amount received from the Borrower with respect to such redemption. On and after the applicable redemption date, interest will cease to accrue on the Notes as long as the Trust has deposited with the Paying Agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon and Additional Amounts pursuant to the Indenture. Upon redemption of the Notes by the Trust, the redeemed Notes will be cancelled and cannot be reissued.

Notwithstanding anything herein to the contrary, the funds available to be used to so redeem the Notes shall be limited to funds in respect of the prepayment amount actually received in the Loan Collection Account by the Trust from the Lender (or the Administrative Agent on behalf of the Lender) following receipt of the same from the Borrower. To the extent amounts are due and owing and unpaid, there may be an Event of Default under the Senior Unsecured Loan Agreement. If fewer than all of the Notes are being redeemed, the Indenture Trustee, or such Paying Agent as the Trust shall appoint with respect to the Notes, will distribute the funds deposited into the Note Payment Account only to the Noteholders of Notes which have been selected for redemption.

Acceleration Redemption

The Notes will also be subject to mandatory redemption upon the occurrence of any acceleration of amounts due under the Senior Unsecured Loan Agreement as a result of the occurrence and continuation of an Event of Default under the Senior Unsecured Loan Agreement.

Change of Control

The Notes shall be subject to redemption upon the occurrence of any prepayment by the Borrower of amounts outstanding from time to time under the Senior Unsecured Loan Agreement and the Loan due to the occurrence of a Change of Control as set forth under “The Senior Unsecured Loan Agreement and the Loan—Mandatory Prepayments—Change of Control” (a “Change of Control Redemption”).

Pursuant to the terms of the Senior Unsecured Loan Agreement, upon the occurrence of a Change of Control, the Borrower shall provide a Change of Control Notice (as defined below) to the Lender and the Administrative Agent (with a copy to the Cayman Trustee) and make an offer to prepay the Loan (the “Change of Control Offer”), pursuant to which the Borrower shall be required to prepay all or a portion of the Loan, in the principal amount as shall be determined by the Borrower as described below, at the Change of Control Payment Price (the “Change of Control Payment”). The actual amount of the Loan to be prepaid will be determined by the Borrower acting upon instructions of the Trust, which itself will act upon instructions of the Indenture Trustee based upon the aggregate amount of Notes validly tendered and not validly withdrawn pursuant to the Trust’s Notes Change of Control Offer, as defined below, as certified to the Indenture Trustee by the Trust pursuant to notice received by the Trust from the applicable tender agent for the offer (which may be the Indenture Trustee).

The Borrower and the Trust will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the prepayment of all or any part of the Loan and the purchase of all or part of the Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Senior Unsecured Loan Agreement or the Indenture, the Borrower and the Trust will comply with such securities laws and regulations and will not be deemed to have breached the obligations under the Senior Unsecured Loan Agreement or the Indenture by doing so.

Other existing and future indebtedness of the Borrower may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that such existing or future Indebtedness also be prepaid or redeemed upon a Change of Control. Moreover, the consummation of a Change of Control Offer may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Borrower may not have available funds sufficient to make the Change of Control Payment for the full principal amount of the Loan that might be required to be repaid pursuant to the Change of Control Offer. In the event the Borrower is required to repay the Loan pursuant to a Change of Control Offer, the Borrower expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Borrower would be able to obtain necessary financing, and the terms of the Senior Unsecured Loan Agreement may restrict the ability of the Borrower to obtain such financing.

One of the events that constitutes a Change of Control is the disposition of “all or substantially all” of the Borrower’s assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of “all or substantially all” of the assets of a person. In the event that Noteholders elect to require the Trust to purchase the Notes and the Guarantor contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

“*Change of Control*” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more Permitted Holders;
- (2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that Bancolumbia S.A. ceases to be the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of at least 50.1% of the outstanding Voting Stock of the Borrower, measured by voting power rather than number of shares;
- (3) the Borrower consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Borrower, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Borrower or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Borrower outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or
- (4) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

“*Change of Control Notice*” means notice of a Change of Control Offer, which shall be sent by the Borrower to the Lender and the Administrative Agent within 30 days following the date upon which a Change of Control occurred in the manner provided for in “The Senior Unsecured Loan Agreement and the Loan— Notices” and which notice shall govern the terms of the Change of Control Offer and shall state:

- (1) that a Change of Control has occurred, the circumstances or events causing such Change of Control and that a Change of Control Offer is being made pursuant to the Senior Unsecured Loan Agreement;
- (2) the Change of Control Payment Price and the Change of Control Payment Date;
- (3) that the principal amount of the Loan repaid pursuant to the Change of Control Offer shall cease to accrue interest from and after the Change of Control Payment Date unless the Change of Control Payment is not made;
- (4) that the Borrower will notify the Lender, the Administrative Agent and the Cayman Trustee of the principal amount to be repaid on or prior to close of business on the fourth Business Day preceding the Change of Control Payment Date; and
- (5) any other information necessary to enable the Borrower to have any portion of the principal amount of the Loan prepaid pursuant to the Senior Unsecured Loan Agreement.

“*Change of Control Payment Date*” means a Business Day no earlier than 35 days nor later than 65 days subsequent to the date on which the Change of Control Notice is delivered by the Borrower to the Lender and the Administrative Agent (other than as may be required by applicable law).

“*Change of Control Payment Price*” means a prepayment price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the prepayment date and any Additional Amounts (as defined in the Senior Unsecured Loan Agreement) thereon.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Permitted Holders*” means Bancolombia S.A. or any direct or indirect subsidiary of Bancolombia S.A. that is at least 95%-owned by Bancolombia S.A.

“*Voting Stock*” means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the board of directors (or equivalent governing body) of such Person. The term “normally entitled” means without regard to any contingency.

Change of Control Redemption Procedures

The Borrower will provide a Change of Control Notice to the Trust on the same date it provides such notice to the Lender and the Administrative Agent under the Senior Unsecured Loan Agreement. Upon the Trust’s receipt from the Lender or the Borrower of a Change of Control Notice in accordance with the Senior Unsecured Loan Agreement, the Trust will deliver a copy of the notice to the Indenture Trustee and promptly (and in no event later than 30 days prior to the Change of Control Payment Date) send (or the Indenture Trustee, in the name of and at the expense of the Trust, upon the Trust providing written instruction to the Indenture Trustee at least 3 Business Days before the notice is to be given to the Noteholders (or such shorter time as is acceptable to the Indenture Trustee) shall give) notice as described in “—Notices” below to each Noteholders (with a copy to the Indenture Trustee unless the Indenture Trustee sends the notice) offering to purchase (subject to the receipt by the Trust from the Lender of the Change of Control Payment) the Notes on the Change of Control Payment Date at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the Change of Control Payment Date and any Additional Amounts thereon upon substantially identical terms as and pursuant to the Borrower’s Change of Control Offer (the “Notes Change of Control Offer”). In addition to the information contained in the Borrower’s Change of Control Notice, the notice of the Notes Change of Control Offer will include instructions and materials necessary to enable Noteholders to tender Notes pursuant to the Change of Control Offer. For the avoidance of doubt, the Change of Control Payment Date under the Senior Unsecured Loan Agreement and pursuant to the Indenture will be the same date.

Upon a Notes Change of Control Offer, each Noteholder will have the right to require that the Trust purchase (subject to the receipt by the Trust from the Lender of the Change of Control Payment) all or a portion of the Noteholder’s Notes in integral multiples of US\$1,000; provided that the remaining principal amount of such holder’s Note will not be less than US\$150,000. Tender of any Notes to be purchased in connection with the Notes Change of Control Offer must be received by the Trust no later than five Business Days preceding the Change of Control Payment Date and may also be withdrawn until the same.

The Trust will provide prompt notice (and in any event no later than four Business Days prior to the Change of Control Payment Date) to the Borrower of the aggregate principal amount of Notes validly tendered and not validly withdrawn, and upon notice to the Lender from the Borrower setting forth the aggregate principal amount of the Loan corresponding to the principal amount of the Notes validly tendered and not validly withdrawn, the Borrower will be required to prepay the Loan in the amount of the Change of Control Payment, pursuant to the Senior Unsecured Loan Agreement.

No later than four Business Days prior to the Change of Control Payment Date, the Trust will deliver to the Indenture Trustee an Officer’s Certificate stating the aggregate principal amount of Notes or portions thereof to be purchased by the Trust.

On the Change of Control Payment Date, the Trust will, to the extent lawful, accept for payment all Notes or portions thereof validly tendered and not validly withdrawn, make payment or cause payment to be made for such Notes or portions thereof accepted for payment and deliver or cause to be delivered to the Indenture Trustee the Notes so accepted, and the Trust shall instruct the Indenture Trustee to cancel such Notes in accordance with its applicable procedures.

Acceptance of the Loan by the Trustee

Under the Loan, the Lender has reserved the right to assign all of its rights under the Senior Unsecured Loan Agreement and the Loan outright without the consent of the Borrower to (i) the Trust upon the occurrence of a Default or an Event of Default on the Loan or (ii) the Trust upon a determination that the Lender is required to take any action which would violate or cause it or any of its affiliates to violate any applicable law or any provision of the Senior Unsecured Loan Agreement or any other Transaction Document, in which event, after giving Borrower notice of the same, the Lender will have no further obligations with respect to any of the foregoing. See “The Senior Unsecured Loan Agreement and the Loan—Assignments.” In such event, the Trust will succeed to all rights of the Lender under the Senior Unsecured Loan Agreement and the Loan pursuant to the pledge of the Trust Assets contemplated in the Indenture. In the event that the Trust succeeds to all rights of the Lender under the foregoing, the Indenture Trustee, acting pursuant to the written instructions of the Required Holders (as defined below (or such other percentage of Noteholders of outstanding Notes as may be permitted or required pursuant to the Indenture)), shall have the right to direct the Trust with respect to all matters relating to the Senior Unsecured Loan Agreement and the Loan as contemplated below under “—Voting Rights.”

To facilitate the assignment and distribution of the Senior Unsecured Loan Agreement, the Loan and the Expense Reimbursement and Indemnity Agreement to the Trust, each Noteholder will be deemed, by its purchase of a Note, to consent to any subsequent assignment to the Trust of all or any portion of the Senior Unsecured Loan Agreement, the Loan and the Expense Reimbursement and Indemnity Agreement to, or for the benefit of, such Noteholder.

Voting Rights

General

The Noteholders will have the right (unless otherwise specifically provided in the Indenture) to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or vote or direct the exercise of any trust or power conferred upon the Indenture Trustee under the Indenture, subject to the requirement that the Trust has obtained an opinion of a United States nationally recognized outside tax counsel experienced in such matters to the effect that following such action, the Trust will not be classified as an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes. Unless otherwise specified in the Indenture, all action to be taken by the Noteholders shall require the consent of holders of Notes holding more than 50% of the outstanding principal amount of the Notes (the “Required Holders”). For purposes of determining whether the Noteholders have taken any action authorized by the Indenture with respect to giving instructions, consents or approvals, or with respect to any other matter, any Notes that a responsible officer of the Indenture Trustee has received written notice that such Notes are directly or indirectly owned by the Guarantor or any of its affiliates, will be disregarded and not deemed to be outstanding.

Voting Rights With Respect to the Participation

Promptly upon receipt by the Trust of written notice from the Lender, the Administrative Agent on behalf of the Lender or the Borrower of any action upon which the Trust is entitled to exercise a right or remedy under the Senior Unsecured Loan Agreement or the Loan pursuant to the Participation Agreement, the Trust will send written notification to the Indenture Trustee, and the Indenture Trustee will within ten Business Days of the receipt of such notice from the Trust thereupon send to each Noteholder, a copy of such notice that will contain (i) a statement that the Noteholders at the close of business on a specified record date will be entitled, subject to any applicable provision of law or of the Indenture, to direct the Trust (and, indirectly, the Lender) as to the exercise of such right or remedy and (ii) a brief statement as to the manner in which such specific directions may be given. Any notice that is given in the manner provided in the Indenture to a Noteholder will be conclusively presumed to have been duly given, whether or not the Noteholder receives such notice.

With respect to the exercise of any right or remedy under the Senior Unsecured Loan Agreement or the Loan that requires the consent of the Lender, upon receipt by the Trust of specific written direction from the Required Holders (or such other percentage of Noteholders of outstanding Notes as may be permitted or required pursuant to the Indenture), approving the exercise of such right or remedy, the Trust will promptly notify the Lender

that it consents to such exercise and, to the extent necessary, the Lender shall so inform the Borrower subject to such limitations on the obligation of the Lender to take action, or refrain from taking action, as are specified in “The Participation Agreement—Administration of the Participation.”

The Indenture Trustee and the Trust will not take any such action in accordance with the directions of the Noteholders unless the Trust has obtained an opinion of a United States nationally recognized outside tax counsel experienced in such matters to the effect that such action will not result in the Trust being classified as an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes.

Modification of the Senior Unsecured Loan Agreement and the Transaction Documents

Amendment with Consent of Holders

The Lender or the Administrative Agent on behalf of the Lender will provide written notice to the Trust and the Trust will provide written notice to the Indenture Trustee promptly of any and all matters relating to the Transaction Documents, including any request by the Borrower for amendment, waiver or consent or any other affirmative action with respect to the Borrower and the Transaction Documents and at least ten Business Days prior to effectiveness of any such amendment, waiver or consent. Notwithstanding anything to the contrary therein, the Lender shall not agree to any modification of the terms of the Transaction Documents to which it is a party without having first received directions from the Trust, acting upon, as a result of the pledge described herein, the directions of the Indenture Trustee, acting upon the written instructions of the Required Holders, except as set forth below and under “—Amendments to Transaction Documents without Consent of Holders.”

However, no modification of any Transaction Documents may be made, without the consent or without the direction of the holder of each outstanding Note that would or, whose effect would be to:

- change the maturity of any payment of principal of or any installment of interest on any Note;
- reduce the principal amount or the rate of interest, or change the method of computing the amount of principal, interest or Additional Amounts, payable under any Transaction Document on any date;
- change any place of payment where the principal of or interest under any Transaction Document is payable;
- change the coin or currency in which the principal of or interest under any Transaction Document is payable;
- impair the right of the Noteholders to institute suit for the enforcement of any payment on or after the date due;
- release the security interest in the Trust Assets created under the Indenture or waive any of the payment obligations of the Trust that would otherwise be payable to the Noteholders;
- reduce the percentage in principal amount of the outstanding Notes, the consent of whose holders is required for any modification or the consent of whose holders is required for any waiver of compliance with certain provisions of the Indenture; or
- modify any of the provisions of certain sections of the Indenture except to increase any percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of each Noteholder.

Following the receipt of the consent of the Noteholder of each outstanding Note to any of the above, the Trust may amend the Transaction Documents to which it is a party and the Borrower may amend the Senior Unsecured Loan Agreement subject to the procedures described above.

“*Transaction Documents*” means the Notes, the Indenture, the Note Guarantee, the Senior Unsecured Loan Agreement, the Debt Acknowledgement, the Participation Agreement and the Expense Reimbursement and Indemnity Agreement.

Amendments to Transaction Documents without Consent of Holders

Notwithstanding the foregoing, the Borrower, the Lender, the Trust and the Indenture Trustee are permitted to amend or modify any Transaction Document without the direction of the Noteholders (i) to cure any ambiguity; (ii) to correct or supplement any provision in the Indenture, Senior Unsecured Loan Agreement and the Additional Transaction Documents or in any amendment thereto that may be defective or inconsistent with any other provision of the Transaction Documents or in any amendment to the Transaction Documents; (iii) to conform to any change in the Investment Company Act or securities law or any change in interpretation or application of the rules and regulations promulgated thereunder by any legislative body, court, government agency or regulatory authority; (iv) to modify, eliminate or add to any provisions of the Transaction Documents to such extent as shall be necessary to ensure that the Trust will not be classified as an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes; (v) to modify, eliminate and add to any provision of the Transaction Documents to such extent as may be necessary or desirable; provided that such amendments do not have an adverse effect on the rights, preferences or privileges of the Trust and, to the extent applicable, the Indenture Trustee and the Noteholders under the Transaction Documents; (vi) to conform any Transaction Document to this “Description of the Notes and the Note Guarantee,” “The Senior Unsecured Loan Agreement and the Loan,” “The Participation Agreement” or “The Trust” in this offering memorandum; or (vii) to make such other provisions in regard to matters or questions arising under the Transaction Documents as the Trust and, to the extent applicable, the Indenture Trustee and the Noteholders may deem necessary or desirable and which will not adversely affect the interests of the Trust and, to the extent applicable, the Indenture Trustee and the Noteholders thereunder.

Notwithstanding the foregoing, the Trust has agreed in the Indenture that it will not amend or waive or instruct the Lender to amend or waive any provision of the Senior Unsecured Loan Agreement or any Additional Transaction Document unless it has obtained an opinion of a United States nationally recognized outside tax counsel experienced in such matters to the effect that following such amendment, the Trust will not be classified as an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes.

Prior to the execution of any amendment to any Transaction Document, the Trust and the Indenture Trustee will be entitled to receive an opinion of counsel as to whether such amendment is permitted by, and conforms to the requirements of, the Indenture or such other additional Transaction Document, as applicable, and any conditions precedent to such amendment shall have been satisfied.

As long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Trust, or any person acting on behalf of the Trust, will notify the Luxembourg Stock Exchange of any modification or supplement to the Indenture.

Limitations on Remedies

The obligations of the Trust under the Notes and the Indenture are, from time to time and at any time, limited recourse obligations of the Cayman Trustee, payable solely from the Trust Assets at such time. The Trust will not sell or otherwise dispose of the Participation without the consent of all of the Noteholders and payment of all amounts owing to the Indenture Trustee, the Administrative Agent, and agents appointed pursuant to the Indenture. Following realization or collection of the Trust Assets and application of proceeds thereof in accordance with the terms of the Indenture, none of the Noteholders, the Indenture Trustee, the Trust (including the Cayman Trustee), the Lender or any of the other parties to the Transaction Documents will be entitled to take any further action to recover any sums due but remaining unpaid with respect to the Notes and all claims in respect of which will be extinguished and shall not thereafter revive.

No Personal Liability

The Trust will represent and warrant in the Indenture that the Trust is the legal owner of the Participation and other Trust Assets free and clear of all liens and the Trust (including the Cayman Trustee) has not made any other representation or warranty of any kind (other than in the Transaction Documents and/or Additional Transaction Documents) and neither the Trust nor the Indenture Trustee will assume responsibility with respect to (i) any statements, representations or warranties made by the Borrower in or in connection with the Senior Unsecured Loan Agreement, the Loan and the Expense Reimbursement and Indemnity Agreement or this offering memorandum, including the accuracy or completeness of the information set forth herein or in any other document used in connection therewith or herewith, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of any of the Senior Unsecured Loan Agreement and the Loan, (iii) the financial condition of the Borrower or any of its subsidiaries or affiliates or any other person for the performance or observance by any such person of any of its obligations under any of the Additional Transaction Documents entered into in connection with the issuance of the Notes or the making of the Loan or any instrument or document furnished pursuant thereto, or (iv) legality of the sale of the Notes for the effects of such sale.

In addition, there will be no recourse for the payment of any amount owing in respect of the Notes against any trustee, officer, director, authorized signatory, employee or shareholder of the Cayman Trustee, the Noteholders, the Indenture Trustee, the Cayman Trustee, the Lender, the Initial Purchaser, the Administrative Agent or any of their respective affiliates, any of their respective directors, officers, employees, agents or representatives, or any of their successors or assigns for any amounts payable under the Notes or the Indenture. Each Noteholder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Neither the Cayman Trustee (other than in its capacity as trustee and subject to the limited recourse provisions described herein) nor the Indenture Trustee nor any successor trustee will be personally liable under any circumstances, except for its own willful misconduct or gross negligence (as conclusively determined by a court of competent jurisdiction).

Additional Amounts

Pursuant to the Expense Reimbursement and Indemnity Agreement, subject to certain limitations as further described under “The Trust—Expense Reimbursement and Indemnity Agreement—Additional Amounts,” in the event that the laws of El Salvador, the United States, the Cayman Islands, Luxembourg, or any other jurisdiction from which payments are made by the Borrower, Lender, Trust, the Enforcer or any paying agent of the foregoing in respect of the Notes, including in each case, any political subdivision thereof, impose any withholding or similar tax on payments or distributions by the Trust to the Noteholders on amounts received by the Trust, indirectly or directly from the Lender or the Borrower or certain other taxes, then upon notice by the Trust to the Lender and by the Lender to the Borrower, the Borrower shall make additional payments to the Trust, for payment over to the Indenture Trustee on behalf of the Noteholders, in an amount sufficient to provide the Noteholders with aggregate amounts equal to the amounts that the Noteholders would have received had no such taxes been imposed (taking into account any taxes imposed by a Taxing Jurisdiction on such Additional Amounts). See “The Trust—Expense Reimbursement and Indemnity Agreement.”

The Trust will comply with all applicable withholding tax requirements (including, without limitation, any United States backup withholding tax requirements). The Noteholders will be obligated to provide the Trust with such forms or other documentation necessary to establish an exemption from withholding and backup withholding tax with respect to each Noteholder, and any representations, forms and documents as shall reasonably be requested by the Trust to assist it in determining the extent of, and in fulfilling, its withholding and backup withholding tax obligations, which shall include applicable IRS Form W-8 and W-9 as discussed under “Taxation—U.S. Federal Income Tax Matters.” The Trust will file (or cause to be filed) any required forms with all applicable tax authorities and, unless an exemption from withholding and backup withholding tax is properly established by a Noteholder, will remit amounts withheld with respect to the Noteholder to the applicable tax authorities. Under the Participation Agreement and Expense Reimbursement and Indemnity Agreement, subject to certain exceptions, the Trust shall receive payments of certain additional amounts in respect of any such taxes in an amount sufficient to provide the holders of the Notes with aggregate amounts equal to the amounts that such holders would have received had no such tax been imposed. The Trust will provide required notifications under the terms of the Indenture that such

additional amounts are payable and promptly upon receipt thereof, will cause such additional amounts to be paid over to holders of the Notes in the manner described above.

Covenants

For so long as any of the Notes are outstanding and the Trust has obligations under the Indenture and the Notes, the Trust will comply with the terms of the covenants set forth below.

Payment Obligations under the Notes and the Indenture

The Trust shall duly and punctually pay all amounts owed by it, and comply with all its other obligations, under the terms of the Notes and the Indenture.

Performance Obligations under the Transaction Documents

The Trust will agree to duly and punctually perform, comply with and observe all obligations and agreements to be performed by it set forth in the Indenture, the Notes, the Participation Agreement, the Expense Reimbursement and Indemnity Agreement and the DTC letter of representations.

Maintenance of Approvals

The Trust will duly obtain and maintain in full force and effect all governmental approvals, consents or licenses of any governmental authority under the laws of the Cayman Islands or any other jurisdiction having jurisdiction over it, its business or the transactions contemplated herein, as well as of any third party under any agreement to which the Trust may be subject, in connection with its execution, delivery and performance of the Transaction Documents to which it is a party (including, without limitation, any authorization required to obtain and transfer U.S. dollars or any other currency which at that time is legal tender in the United States out of the Cayman Islands in connection with the Notes, the Indenture, the Participation Agreement and the Declaration of Trust) or validity or enforceability thereof.

Maintenance of Books and Records

The Trust will maintain books, accounts and records as may be necessary to comply with all applicable laws and to enable its financial statements, if any, to be prepared, and it will allow the Indenture Trustee by prior written request access to copies of those books, accounts and records at reasonable times.

Maintenance of Office or Agency

Each of the Trust and the Guarantor will maintain agents in New York County, where notices to and demands upon the Trust and the Guarantor, as applicable, in respect of the Indenture, the Notes and the Note Guarantee may be served. Initially this office will be at the offices of CT Corporation System located at 111 Eight Avenue, New York, New York, and the Trust and the Guarantor will agree not to change the designation of such office without prior written notice to the Indenture Trustee and designation of a replacement office in the same general location.

Notice of Certain Events

Subject to receiving notice from the Lender or the Administrative Agent on behalf of the Lender, the Trust will give notice to the Indenture Trustee, promptly and in any event within ten Business Days after the Trust becomes aware, of the occurrence of any Event of Default under the Senior Unsecured Loan Agreement, accompanied by a certificate setting forth the details, if any, received by the Lender from the Borrower with respect to such Event of Default stating what action the Borrower has proposed to take with respect thereto.

Maintenance of Existence

The Cayman Trustee will maintain in effect the existence of the Trust and all registrations necessary therefor and take all actions to maintain all rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations; *provided, however*, that this covenant shall not require the Cayman Trustee to maintain any such right, privilege, title to property, franchise or the like of the Trust, if the failure to do so does not, and will not, have a material adverse effect on the Trust or have a material adverse effect on the rights of the Noteholders.

Consolidations, Merger, Conveyance or Transfer

The Cayman Trustee will not establish or acquire any subsidiaries as part of the Trust Assets or in one or a series of transactions, consolidate, amalgamate or merge the Trust into any other trust or convey, lease or transfer either all or substantially all of the Trust Assets to any other person or permit any person to merge with or into it other than an affiliate, or acquire the Trust Assets.

Negative Pledge

The Trust will not grant any lien, pledge, charge, security interest or encumbrance of any kind or nature on any of the Trust Assets except as described under the Indenture.

Compliance with Laws

The Trust will comply at all times with all applicable laws, rules, regulations, orders and directives of any government or government agency or authority having jurisdiction over the Trust, the Trust's business or any of the transactions contemplated herein, except where the failure by the Trust to comply would not have a material adverse effect on the Trust or have a material adverse effect on the rights of the Noteholders.

Limitation on Nature of Business

The Trust will not be permitted to engage in any lines of business with respect to the Trust and having reference to the Trust Assets other than (i) holding the Participation and issuing the Notes and other matters described under "The Trust—Purpose and Powers" and (ii) those matters that are reasonably related and ancillary to the ownership of, and enforcement of the Trust's rights with respect to, the same.

Payments of Taxes and Other Claims

Subject to reimbursement by the Borrower under the Expense Reimbursement and Indemnity Agreement, the Trust will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all taxes, assessments and governmental charges levied or imposed upon the Trust; *provided, however*, that the Trust will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith and, if appropriate, by appropriate legal proceedings or where the failure to do so would not have a material adverse effect on the Trust or have a material adverse effect on the rights of the Noteholders.

Ranking

The Trust will ensure that the Notes will constitute general senior, unsubordinated obligations of the Trust and will rank *pari passu*, without any preferences among themselves, with all other present and future obligations of the Trust (other than obligations preferred by statute or by operation of law).

Limitations on Sale and Lease-Back Transactions

The Trust will not enter into any sale and lease-back transaction with respect to any of the Trust Assets.

No Liquidation or Termination without Consent

To the extent applicable, the Trust or the Cayman Trustee shall not terminate or commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seek the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or make a general assignment or conveyance for the benefit of creditors, or take any corporate action to authorize any of the foregoing without the unanimous consent of the Noteholders. Insofar as the Trust operates through the Cayman Trustee, the Cayman Trustee will agree to refrain from taking any of the foregoing actions unless and until a successor trustee has assumed the obligations of the Cayman Trustee with respect to the Trust, including any obligations under the Transaction Documents.

Notice of Event of Default

Promptly, and in any event, within ten Business Days after a responsible officer of the Trust, acting on behalf of the Trust, has actual notice of an Event of Default under the Senior Unsecured Loan Agreement, the Trust will furnish written notice of the same to the Indenture Trustee, specifically stating the event or condition that caused the Event of Default, specifically stating that such event or condition has occurred and describing it and any action being or proposed to be taken by the Borrower with respect thereto. Upon receipt of such notice from the Trust, the Indenture Trustee will promptly give such notice to the Noteholders.

Provision of Financial Statements and Reports

For as long as the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Trust and the Guarantor will, to the extent required, furnish to any Noteholder holding an interest in a Restricted Global Note, or to any prospective purchaser designated by such Noteholder, upon request of such Noteholder, financial and other information described in paragraph (d) (4) of Rule 144A with respect to the Trust and/or the Guarantor to the extent required in order to permit such Noteholder to comply with Rule 144A with respect to any resale of its Notes (and the related Note Guarantee), unless during that time, the Trust and/or the Guarantor is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act and no such information about the Trust and/or the Guarantor is otherwise required pursuant to Rule 144A.

In addition, in the event the Trust shall be required under the law of the Cayman Islands to prepare any financial statements or reports or shall publish or otherwise make such statements or reports publicly available, the Trust shall promptly furnish a copy of such statements or reports to the Indenture Trustee for delivery to the Noteholders. It is not expected that the Trust will prepare any such financial statements and reports under Cayman Islands law and the only reports or information to be furnished by the Trust to the Indenture Trustee will be reports, financial statements or other materials provided for under the Indenture and reports, financial statements and other materials relating to the Borrower, the Senior Unsecured Loan Agreement and the Loan as are received by the Lender and furnished to the Trust pursuant to the Participation Agreement.

Noteholder Reporting Obligations

Each Noteholder will agree (A) to obtain and provide the Trustee, on the Trust’s behalf, (including its agents and representatives) with information or documentation, and to update or correct such information or documentation, as may be necessary or helpful (in the sole determination of the Trustee or its agents or representatives) to satisfy the Trust’s obligations under FATCA or applicable Cayman Islands law implementing the intergovernmental agreement in connection with FATCA (the “FATCA Obligations”) (the Noteholder’s obligations described in this clause (A), the “Noteholder Reporting Obligations”), (B) that the Trustee, on behalf of the Trust, or its agents or representatives may (1) provide such information and documentation and any other information concerning the Noteholder’s investment in the Notes to the Indenture Trustee, the Cayman Islands Tax Information Authority, the U.S. Internal Revenue Service and any other relevant tax authority and (2) take such other steps as the Trust deems necessary or helpful to satisfy the FATCA Obligations, (C) that if it fails for any reason to satisfy its Noteholder Reporting Obligations, the Trustee, on behalf of the Trust, will have the right, to (x) compel such

Noteholder to sell its interest in such Note, (y) sell such interest on such Noteholder's behalf, and/or (z) assign to such Note or Notes a separate CUSIP or CUSIPs, and (D) to indemnify the Trustee and the Trust for all damages, costs and expenses that result from such Noteholder's failure to comply with its Noteholder Reporting Obligations; this indemnification will continue even after the Noteholder ceases to have an ownership interest in such Notes.

Events of Default

The Indenture will provide that an Event of Default under the Senior Unsecured Loan Agreement will constitute an "Event of Default" under the Indenture. If such an event of default shall have occurred and be continuing under the Indenture, either the Indenture Trustee or the holders of not less than 25% of the total principal amount of the Notes then outstanding may declare the principal of all outstanding Notes and the interest accrued thereon, if any, to be due and payable immediately. There are no other events of default under the Indenture.

Purchase

The Borrower and its respective affiliates may at any time and from time to time purchase any Note in the open market or otherwise at any price, but no such Note shall be treated as outstanding for purposes of any vote to be taken by the Noteholders under the Indenture or otherwise, except in the circumstances described in "—Voting Rights."

Defeasance and Covenant Defeasance

The Notes are not subject to defeasance or covenant defeasance.

The Indenture Trustee

The Bank of New York Mellon is the Indenture Trustee under the Indenture and has been appointed by the Trust as registrar, transfer agent and paying agent with respect to the Notes. The Cayman Trustee, the Trust and the Indenture Trustee may have normal banking relationships with the Borrower in the ordinary course of business. The address of the Indenture Trustee is 101 Barclay Street, 7E, New York, New York 10286.

Paying Agents; Transfer Agents; Registrars

The Trust has initially appointed The Bank of New York Mellon as paying agent, registrar and transfer agent. The Trust may at any time appoint new paying agents, transfer agents and registrars. However, the Trust will at all times maintain a paying agent in New York City until the Notes are paid. The Trust will maintain a paying agent and transfer agent in Luxembourg to the extent required to do so or desirable in connection with the listing of the Notes on the Luxembourg Stock Exchange. The Trust will provide prompt notice of the termination, appointment or change in the office of any paying agent, transfer agent or registrar acting in connection with the Notes.

Listing

The Trust has made an application to list the notes on the Official List of the Luxembourg Stock Exchange and it has made an application for admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange. So long as the notes are listed on the Luxembourg Stock Exchange, the Trust will satisfy any reporting requirement of such exchange; *provided* that if the Trust deems such requirements to be unduly burdensome it may delist from such exchange and seek to list the notes with an alternative exchange.

Notices

The Trust will publish notices in a leading daily newspaper of general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require. A notice will be deemed given on the date of its first publication.

Notices to Noteholders of non-Global Notes will be mailed to them at their registered addresses. Notices to Noteholders of Global Notes will be given to DTC in accordance with its applicable procedures. Each person owning a beneficial interest in a Global Note who is not a participant in DTC must rely on the procedures of the participant through which the person owns its interest in the Global Note to receive notices provided to DTC.

Notices will be deemed to have been given on the date of delivery to DTC or the date of mailing, as applicable, or the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Governing Law

The Indenture, the Notes and the Note Guarantee will be governed by the laws of the State of New York, United States of America.

ISSUANCE, FORM AND DENOMINATION

General

The Notes are being offered and sold in this initial offering (1) in the United States solely to investors that are both QIBs under Rule 144A under the Securities Act who are also Qualified Purchasers as defined in Section 2(a)(51)(A) of the Investment Company Act (“Qualified Purchasers”) or (2) in offshore transactions to persons other than U.S. persons, as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following this offering, the Notes may be sold:

- to investors that are both QIBs under Rule 144A and Qualified Purchasers under the Investment Company Act;
- to non-U.S. persons outside the United States in reliance on Regulation S; and
- under other exemptions from, or in transactions not subject to, the registration requirements of the Securities Act, so long as any such transferee that is a U.S. person is also a Qualified Purchaser, as described under “Transfer Restrictions.”

The Notes will be issued on the Issue Date only against payment in full in immediately available funds. The Notes will be issued in registered form without interest coupons. No Notes will be issued in bearer form. The Notes will be issued in minimum denominations of US\$150,000 and in integral multiples of US\$1,000 in excess thereof.

Book-Entry, Delivery and Form

Notes offered and sold to QIBs who are also Qualified Purchasers in reliance on Rule 144A under the Securities Act will be represented by a single, permanent global note in definitive, fully registered form (the “Restricted Global Note”) which will be registered in the name of a nominee of DTC and deposited on behalf of the purchasers of the Notes represented thereby with a custodian for DTC for credit to the respective accounts of such purchasers (or to such other accounts as they may direct) at DTC.

Notes offered and sold in reliance on Regulation S will be represented by a single, permanent global note in definitive, fully registered form (the “Regulation S Global Note” and, together with the Restricted Global Note, the “Global Notes”) which will be registered in the name of a nominee of DTC and deposited on behalf of the purchasers of the Notes represented thereby with a custodian for DTC for credit to the respective accounts of such purchasers (or to such other accounts as they may direct) at DTC.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.”

The Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer and will bear restrictive legends as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to changes from time to time. Neither the Trust nor the Indenture Trustee takes any responsibility for these operations and procedures and urges investors to contact DTC or its participants directly to discuss these matters.

The Trust understands that DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. The Trust further understands that DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations (“Participants”). The Trust further understands that indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (“Indirect Participants”).

Persons who are not DTC Participants may beneficially own securities held by or on behalf of DTC only through the DTC Participants or the Indirect DTC Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the DTC Participants and the Indirect DTC Participants. DTC has also advised the Trust that, pursuant to procedures established by it, (i) upon deposit of the Global Notes, DTC will credit the accounts of the DTC Participants designated by the Initial Purchaser with portions of the face amount of the Global Notes and (ii) ownership of such interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the DTC Participants) or by the DTC Participants and the Indirect DTC Participants (with respect to other owners of beneficial interests in the Global Notes).

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or Noteholders thereof under the Indenture for any purpose.

Payments in respect of the Note Principal Amount, Note Interest or other amounts on the Global Notes will be payable to DTC (or its nominee) in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Trust, the Indenture Trustee and the agents appointed pursuant to the Indenture will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Trust, the Indenture Trustee or any agent of any of the same has or will have any responsibility or liability for (i) any aspect of DTC’s records or any DTC Participant’s or Indirect DTC Participant’s records relating to, or payments made on account of, beneficial interest in the Global Notes, or for maintaining, supervising or reviewing any of DTC’s records or any DTC Participant’s or Indirect DTC Participant’s records relating to the beneficial interests in the Global Notes or (ii) any other matter relating to the actions and practices of DTC or any DTC Participants or Indirect DTC Participants. DTC has advised the Trust that its current practice, upon receipt of any payment in respect of securities such as the Global Notes (including payment of the Note Principal Amount and Note Interest), is to credit the accounts of the relevant DTC Participants with the payment on each Note Payment Date, in amounts proportionate to their respective holdings in the Note Principal Amount of beneficial interest in the relevant security as shown on the records of DTC or its nominee unless DTC has reason to believe it will not receive payment on such Note Payment Date. Payments by the DTC Participants and the Indirect DTC Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the DTC Participants or the Indirect DTC Participants and will not be the responsibility of DTC, the Trust or the Indenture Trustee. None of the Trust, the Cayman Trustee, Indenture Trustee or any of their respective agents will be liable for any delay by DTC or any DTC Participants in identifying the beneficial owners of the Notes, and the Trust and the Cayman Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all such purposes.

Subject to the transfer restrictions set forth under “Transfer Restrictions,” transfers between DTC Participants will be effected in accordance with DTC’s procedures, and will be settled in same-day funds.

Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Before the 40th calendar day after the later of the commencement of the offering of the Notes and the issue date, transfers by an owner of a beneficial interest in the Regulation S Global Note to a transferee who takes delivery of such interest through the Restricted Global Note will be made only in accordance with the applicable procedures and upon receipt by the Indenture Trustee of a written certification from the transferor in the form provided in the Indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A.

Transfers by an owner of a beneficial interest in the Restricted Global Note to a transferee who takes delivery of such interest through the Regulation S Global Note, whether before, on or after the 40th calendar day referred to above, will be made only upon receipt by the Indenture Trustee of a certification from the transferor in the form provided in the Indenture to the effect that such transfer is being made in accordance with Regulation S. Any beneficial interest in a Global Note that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to have an interest in the first Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note.

Subject to compliance with the transfer restrictions applicable to the Notes, the Trust understands that crossmarket transfers between DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels or Luxembourg time, respectively). The Trust understands that Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the depositories of Clearstream or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Restricted Global Note from a DTC Participant will be credited during the securities settlement processing day immediately following the DTC settlement date, and such credit will be reported to the relevant Euroclear or Clearstream participant on such business day following the DTC settlement date. Cash received in Euroclear or Clearstream as a result of sales of interests in the Regulation S Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

The Trust expects that DTC will take any action permitted to be taken by a Noteholder only at the direction of the Participant to whom interests in the applicable Global Notes are credited and only in respect of the aggregate principal amount of Notes as to which such Participant has given such direction. Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants, they are under no obligation to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Trust, the Indenture Trustee or any paying agent will have any responsibility for the performance by Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Notes in certificated form in accordance with the terms of the Indenture only if an Event of Default has occurred and is continuing under the Senior Unsecured Loan Agreement or if DTC notifies the Trust that it is unwilling or unable to continue as depository for the Global Notes or that it has ceased to be a clearing agency registered under Section 17A of the Exchange Act and, in either case, the Trust thereupon fails to appoint a successor depository within 90 calendar days after the date of such notice. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures). Such certificated Notes will bear the restrictive legends referred to under “Transfer Restrictions,” and

will be subject to the transfer restrictions referred to in such legends, unless the Trust determines otherwise in compliance with applicable law.

Replacement, Transfer and Exchange

If any Note at any time is mutilated, defaced, lost, destroyed or stolen, then on the terms set forth in the Indenture, such Note may be replaced at the cost of the applicant (including legal fees and expenses of the Trust, the Indenture Trustee, and any agent appointed pursuant to the Indenture) at the office of the Indenture Trustee. The applicant for a new Note will, in the case of any mutilated or defaced Note, surrender such Note to the Indenture Trustee and, in the case of any lost, destroyed or stolen Note, furnish evidence satisfactory to the Indenture Trustee of such loss, destruction or theft, and, in each case, furnish evidence satisfactory to the Trust of the ownership and authenticity of a Note together with such indemnity as the Indenture Trustee and the Trust may require.

Initially, the Indenture Trustee will act as the note registrar and Notes may be presented for registration of transfer and exchange at the offices of the note registrar with a written instruction of transfer in form satisfactory to the note registrar, duly executed by such holder of the Notes or by such holder's attorney, duly authorized in writing. Such holder of the Notes will also provide a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer Restrictions." The registered holder of a Note will be treated as its owner for all purposes.

TAXATION

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

U.S. Federal Income Tax Matters

The following is a description of certain U.S. federal income tax consequences that may be relevant to the acquisition, ownership and disposition of the Notes. This description addresses only the U.S. federal income tax considerations applicable to holders that purchase Notes pursuant to this offering, and that will hold the Notes as capital assets (generally, assets held for investment). This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- certain financial institutions;
- insurance companies;
- real estate investment trusts or regulated investment companies;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of accounting for the Notes;
- tax-exempt entities;
- persons that are subject to the alternative minimum tax;
- persons that will hold the Notes as part of a “hedging” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- persons that purchase or sell Notes as part of a wash sale for tax purposes;
- U.S. Holders (as defined below) that have a “functional currency” other than the U.S. dollar;
- persons who own, directly or indirectly, 10% or more of the Bank’s voting stock; or
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes.

This description is based on the Internal Revenue Code of 1986, as amended (the “Code”), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. U.S. tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

This description does not address any U.S. federal tax consequences other than U.S. federal income tax consequences, such as the estate and gift tax or the Medicare tax on net investment income. It also does not address any U.S. state, local or non-U.S. tax consequences. Prospective investors should consult their own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of the Notes, in their particular circumstances.

For purposes of this description, a “U.S. Holder” is a beneficial owner of the Notes for U.S. federal income tax purposes that is:

- a citizen or individual resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if either a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or such trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

As used herein, the term “Non-U.S. Holder” means a beneficial owner of Notes that is neither a U.S. Holder nor a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

The U.S. federal income tax treatment of a partner in a partnership (including any entity or arrangement classified as a partnership for U.S. federal income tax purposes) that holds Notes generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and partners in such partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of the Notes by the partnership.

Characterization of the Structure for U.S. Federal Income Tax Purposes

There are no statutory, judicial or administrative authorities that address the U.S. federal income tax treatment of a structure consisting of instruments and arrangements similar to the Notes, the Trust, the Participation Agreement and the Loan and, accordingly, the proper characterization of the Notes is not certain. We believe that, for U.S. federal income tax purpose, the Notes should be treated as ownership interests in the Loan with the Trust serving as a mere security arrangement that facilitates and secures payment of distributions under the Loan and the Participation Agreement.

However, it is possible that the Notes may, instead, be characterized as: (1) ownership interests in the Trust, with the Trust in turn classified as a partnership for U.S. federal income tax purposes (assuming the timely and effective filing of an appropriate U.S. protective entity classification election on IRS Form 8832 or successor form); (2) ownership interests in the Trust, with the Trust in turn classified as a grantor trust for U.S. federal income tax purposes that represents ownership or participation interests in the Loan; (3) indebtedness of the Trust; or (4) interests in an obligation of the Lender. The U.S. federal income tax consequences to a U.S. Holder of a Note under any of these alternative characterizations of the structure may differ materially from the consequences described below.

The Trust intends to take the position, for U.S. federal income tax purposes, that the Notes are ownership interests in the Loan, with the Trust serving as a mere security arrangement that facilitates and secures payment of distributions due under the Loan to Noteholders, and that the Loan will be characterized as indebtedness of the Bank. Each holder and beneficial owner of a Note, by acquiring a beneficial interest in a Note agrees to treat, solely for U.S. federal, state and local tax purposes, (a) the Notes as ownership interests in the Loan, and (b) the Trust as a mere security arrangement that serves to facilitate and secure payment of distributions due under the Loan to Noteholders pursuant to the Participation Agreement. Each of the Bank and the Lender agrees that, in the absence of an administrative determination or judicial ruling to the contrary, it will take no position for U.S. federal income tax purposes that is inconsistent with the positions to be taken by the Trust and Noteholders. See discussion below under the caption “Possible Alternative Tax Treatments.”

Except as expressly noted, the discussion below assumes that the characterization of the Notes as ownership interests in the Loan, with the Trust serving as a mere security arrangement, and of the Loan as indebtedness of the Bank, will be respected.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances we might be required to make payments on a Note that would increase the yield of the Note. For instance, upon a Change of Control, each holder will have the right to require us to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest. See “Description of the Notes—Change of Control.” This obligation may implicate the provisions of Treasury Regulations relating to “contingent payment debt instruments.” According to the applicable Treasury Regulations, certain contingencies will not cause a debt instrument to be treated as a contingent payment debt instrument if such contingencies, as of the date of issuance, are “remote or incidental” or in certain other circumstances. We intend to take the position that the obligations are not contingent payment debt obligations. Our determination, however, is not binding on the Internal Revenue Service, or IRS, and if the IRS was to challenge this determination, U.S. Holders may be required to accrue income on the Notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. In the event that such contingency were to occur, it would affect the amount and timing of the income that U.S. Holders recognize. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

Interest (including Additional Amounts, if any) paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

Interest (including Additional Amounts) on the Notes will generally constitute foreign source income and will generally be treated as “passive category income” for most U.S. Holders, which may be relevant to a U.S. Holder in calculating its foreign tax credit for U.S. federal income tax purposes. If the U.S. Holder is considered, for U.S. tax purposes, to have paid the Salvadoran withholding taxes in respect of the Loan or payments by the Bank under the Note Guarantee, such U.S. Holder will have to include the amount withheld in ordinary income, notwithstanding that the U.S. Holder will also include the Additional Amounts for such withholding taxes in income. In that event, subject to limitations under the Code (including minimum holding period requirements), any such tax withheld from payments on the Loan or the Note Guarantee would be treated as a foreign income tax eligible for credit against a U.S. Holder’s U.S. federal income tax liability (or, at a U.S. Holder’s election, such tax may be deducted in computing taxable income if the U.S. Holder has elected to deduct all foreign income taxes paid or accrued for the relevant year). Under current law, it is unclear whether a U.S. Holder will be considered to have paid the Salvadoran withholding taxes in respect of the Loan or the Note Guarantee. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex, and U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits (or deductions) in respect of the withholding taxes imposed by El Salvador on payments on the Loan or the Note Guarantee, in their particular circumstances.

Sale, Exchange or Other Taxable Disposition of the Notes

A U.S. Holder generally will recognize taxable gain or loss on the sale, exchange or other taxable disposition of the Notes equal to the difference between the amount realized on the sale, exchange or other taxable disposition (other than amounts attributable to accrued but unpaid interest, which will be taxable as ordinary interest income) and the holder’s adjusted tax basis in the Notes. This gain or loss will generally be treated as from U.S. sources for U.S. foreign tax credit purposes, will be capital gain or loss, and will be long-term capital gain or loss if the Notes were held for more than one year at the time of such sale, exchange or other taxable disposition of the Notes. Long-term capital gains of a non-corporate U.S. Holder may be subject to tax at a preferential rate. The deductibility of capital losses is subject to limitations.

Possible Alternative Tax Treatments

Notes May Be Treated as Ownership Interests in a Partnership for U.S. Federal Income Tax Purposes

The Notes may be treated as ownership interests in the Trust for U.S. federal income tax purposes. In that case, unless the Trust is treated as a grantor trust for tax purposes (as discussed below), the Trust should be treated as a “foreign eligible entity” under the U.S. Treasury regulations relating to entity classification for business entities, which regulations likely would treat the Trust as an association taxable as a corporation in the absence of an election by the Trust to be classified as a pass-through entity for U.S. federal tax purposes. While such treatment is not expected, a protective entity classification election to classify the Trust for U.S. federal tax purposes as a pass-through entity will be made to prevent any potential adverse U.S. federal income tax consequences that could result to Noteholders in the event that the Trust were classified as a corporation. Each Noteholder and beneficial owner of a Note by acquiring a beneficial interest in a Note will be deemed to have consented to such protective election. Notwithstanding treatment as a partnership, under Section 7704 of the Code, partnerships that are “publicly traded partnerships” are generally treated in the same manner as corporations for U.S. federal income tax purposes, except in the case of publicly traded partnerships that recognize “qualifying income” (e.g., interest, dividends and certain capital gains) equal to at least 90% of their gross income. It is anticipated that the Trust will have sufficient qualifying income to satisfy this exception and avoid treatment as a publicly traded partnership taxable as a corporation.

In the event that the Notes are treated as ownership interests in the Trust and the Trust is classified as a partnership for U.S. federal tax purposes, each U.S. Holder would generally be treated in the same manner as described above if the Notes are treated as ownership interests in the Loan, except that a U.S. holder that is otherwise subject to the cash basis method of accounting would likely be required to include the interest on the Notes in income at the time such interest accrues (as opposed to including such amounts in income when received). In addition, under Section 6038B of the Code and the U.S. Treasury regulations issued thereunder, a U.S. Holder would be subject to certain information reporting requirements applicable to transfers of money to a foreign partnership in excess of US\$100,000 within a 12-month period with respect to an acquisition of Notes if such U.S. Holder paid more than US\$100,000 for the Notes. Substantial penalties may apply to the failure to comply with these requirements.

Notes May be Treated as Ownership Interests in a Grantor Trust for U.S. Federal Income Tax Purposes

Alternatively, if the Notes are treated as ownership interests in the Trust for U.S. federal income tax purposes, and the Trust is treated as a grantor trust for U.S. federal income tax purposes, then the Trust would not be subject to U.S. federal net income taxation, and a holder of a Note would be treated as the beneficial owner of its proportionate share of the assets that are beneficially owned by the Trust. In that case, a holder of a Note should be treated as the beneficial owner of its proportionate share of the Participation Agreement, which should be treated as an ownership interest in the Loan. Under this characterization, the U.S. federal income tax treatment of the Notes generally would be the same as the treatment described above if the Notes are treated as ownership interests in the Loan with the Trust serving as a mere security arrangement. It should be noted, however, that under Section 6048 of the Code and the U.S. Treasury regulations issued thereunder, a U.S. Holder would be subject to certain, potentially onerous, information reporting requirements applicable to ownership of, transfers of money or other property to, and distributions from, a foreign trust. Substantial penalties may apply to the failure to comply with these requirements.

Notes May Be Treated as Debt of the Trust for U.S. Federal Income Tax Purposes

It is also possible, although the Bank does not believe it is likely, that the Notes may be treated, in accordance with their form, as indebtedness of the Trust for U.S. federal income tax purposes. In that case, the Notes would be treated as indebtedness of a non-U.S. person, and payments on the Notes would be treated as foreign source income for U.S. federal income tax purposes. In addition, in that case, the Notes may be treated as debt instruments subject to special rules governing the taxation of contingent payment debt instruments (the “CPDI Rules”) if payments of principal, interest and other amounts on the Notes are contingent on the receipt by the Trust of such amounts under the Participation Agreement. We believe, however, that the contingency of non-receipt by the Trust of such amounts under the Participation Agreement is remote. Therefore, the CPDI Rules should not apply to the Notes.

Except as described above, if the Notes are treated as debt of the Trust for U.S. federal income tax purposes, the tax treatment of interest payments on the Notes and amounts received upon a sale or exchange of the Notes generally would be the same as the treatment described above if the Notes are treated as ownership interests in the Loan with the Trust serving as a mere security arrangement.

Notes May Be Treated as an Obligation of the Lender for U.S. Federal Income Tax Purposes

The identity of the obligor of the indebtedness giving rise to payment on the Notes for U.S. federal income tax purposes is not entirely clear and the Notes may, although unlikely, be treated as an obligation of the Lender. Under this treatment, payments of interest on the Notes could potentially be treated as U.S. source interest. In such event, if the U.S. Holder holds Notes through a foreign intermediary or institution, payments on the Notes and proceeds from the disposition of the Notes could be subject to the requirements of the Foreign Account Tax Compliance Act (“FATCA”), including the imposition of withholding tax under FATCA.

Non-U.S. Holders

Subject to the following paragraph, payments on the Notes to a Non-U.S. Holder will not be subject to U.S. withholding tax. A Non-U.S. Holder’s net income from the Notes also will not be subject to U.S. federal income taxation unless the income is effectively connected with such Non-U.S. Holder’s conduct of a trade or business within the United States. Gain realized by a Non-U.S. Holder on its disposition of the Notes will not be subject to U.S. federal income tax unless (1) the gain is effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States or (2) the Non-U.S. Holder is an individual who is present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met.

If payments on the Notes were treated as U.S. source interest, as discussed above under “*Notes May Be Treated as an Obligation of the Lender for U.S. Federal Income Tax Purposes*,” Non-U.S. Holders will be required to provide a duly executed applicable IRS Form W-8 to the paying agent and comply with certain additional requirements, if applicable, in order to avoid potential U.S. withholding tax on payment on the Notes at the rate of 30% (or a lower treaty rate, if applicable). While we do not intend to take the position that the Notes are an obligation of the Lender, other withholding agents could require Non-U.S. Holders to (i) provide an applicable IRS Form W-8 in order to receive payments of interest on the Notes without withholding tax and (ii) comply with the certification and identification requirements of FATCA to avoid withholding tax under FATCA. Non-U.S. Holders should consult their tax advisers about these issues.

Backup Withholding and Information Reporting

Payment of interest (including Additional Amounts) and proceeds from the sale or disposition of the Notes that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless (i) the holder is an exempt recipient and provides any required certification to establish its status or (ii) in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the holder’s U.S. federal income tax liability, *provided* the required information is timely furnished to the IRS.

“Specified Foreign Financial Asset” Reporting

Under legislation enacted in 2010, owners of “specified foreign financial assets” with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold), may be required to file an information report with respect to such assets with their U.S. federal income tax returns. “Specified foreign financial assets” generally include any financial accounts maintained by foreign financial institutions as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Certain Salvadoran Income Tax Consequences

The following summary contains a description of the principal Salvadoran tax consequences of the purchase, ownership and disposition of the Notes by a Non-Salvadoran holder (as defined below). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Notes. In addition, it does not describe any tax consequences: (1) arising under the laws of any taxing jurisdiction other than El Salvador; or (2) that are applicable to a resident of El Salvador for tax purposes.

The Salvadoran Tax Code of 2000 is in force since January 1, 2001. A “Non-Salvadoran Holder” is a holder who is not domiciled in El Salvador for tax purposes, as defined by the Salvadoran Tax Code (*Código Tributario*). In general, individuals or legal or corporate entities are considered non-domiciled if: (1) they do not usually reside in the territory of El Salvador; (2) their main place of ordinary or economic activity is not in El Salvador; (3) they did not establish El Salvador as their domicile in their previous tax filing; and/or (4) the situation that generated the tax obligation happened outside El Salvador; are not considered to be domiciled in El Salvador for income tax purposes and are not subject to income tax in El Salvador as a consequence thereof.

This summary is based upon the Tax Code and the Income Tax Law (*Ley de Impuesto sobre la Renta*) and its regulations in effect as of the date of this offering memorandum, which are subject to change. Prospective purchasers of the Notes should consult their own tax advisers as to the Salvadoran or other tax consequences of the purchase, ownership and acquisition of the Notes, including, in particular, the effect of any foreign state. The acquisition of the Notes by an investor who is a resident of or domiciled in El Salvador will be made under its own responsibility.

Under the Salvadoran Income Tax Law, and the regulations thereunder, payments of principal on the Notes made by the Issuer will not be subject to Salvadoran income tax withholding, VAT tax or other similar taxes.

There is an income tax withholding for interest payments made to non-domiciled entities outside El Salvador which is generally between 20% and 25% of the amount of such payments. The 20% withholding is the general rule, but if the entity receiving such payments is domiciled in a low or zero income jurisdiction or a tax haven, the withholding increases to 25%.

Such withholding is reduced to 10% with respect to interest payments of loans granted by financial institutions duly authorized and supervised in their country of origin previously qualified by the Central Bank, in accordance with Article 158 c) of the Tax Code (“Tax Code”) (*Código Tributario*) and Article 46 f) of the Movable Property and Service Provision Transfer Tax Law, also known as the Value Added Tax Law (*Ley de Impuesto a la Transferencia de Bienes Muebles y a la Prestación de Servicios*), and the related Guide for the Qualification of Foreign Financial Institutions in the context of the Income Tax Law, the Value Added Tax Law and the Tax Code (*Instructivo para Calificar Instituciones Domiciliadas en el Exterior, en el Contexto de la Ley de Impuesto sobre la Renta, Ley de Impuesto a la Transferencia de Bienes Muebles y a la Prestación de Servicios y Código Tributario*).

However, in case the Lender assigns its rights or obligations under the Senior Unsecured Loan Agreement or the Loan as set forth and pursuant to the Senior Unsecured Loan Agreement to (i) the Trust, or (ii) any third party that is not a financial institution fully licensed under the law of its country of origin and duly registered, supervised or regulated by a governmental authority in its country of origin, and the Trust becomes the outright lender of the Bank under the Loan, then the payments of interest under the Loan by the Bank to the Trust could be subject to a 20% or 25% income withholding tax depending on the jurisdiction of the Trust or third party.

Based on the rules described above, there will be a withholding tax of 10% imposed by the Government of El Salvador on interest payments made to the Lender; payments made on the Notes will not be subject to any similar withholding tax. Additionally, and as described above under “The Senior Unsecured Loan Agreement and the Loan—Additional Amounts,” Additional Amounts will be paid to the Lender in order for the Lender to receive the

entire coupon amount under the Senior Unsecured Loan Agreement and therefore the Trustee will be able to pay the full amounts owed under the Notes.

Capital gains related from the sale or other disposition of the Notes by a Non-Salvadoran Holder, outside El Salvador, will not be subject to any Salvadoran income or other taxes.

A Non-Salvadoran Holder will not be liable for Salvadoran estate, gift, inheritance or similar taxes with respect to the acquisition, ownership, or disposition of the Notes, nor will it be liable for any Salvadoran stamp, issue, registration or similar taxes, to the extent that the relevant transactions, the assets, or the beneficiaries are not situated within the jurisdiction of El Salvador.

Persons residing or domiciled in El Salvador, who may acquire the Notes through the Salvadoran Stock Exchange (*Bolsa de Valores de El Salvador*), are not subject to withholding tax on the transfer of funds for the purchase of the Notes. Payment of interest to persons residing or domiciled in El Salvador are not subject to withholding; however they may be subject to local Salvadoran taxes. Salvadoran holders should seek advice based on their particular circumstances from an independent tax advisor.

Cayman Islands Taxation

The Cayman Trustee will apply for, under Section 81 of the Trusts Law (as amended) of the Cayman Islands, and expects to receive an undertaking for a period of 50 years from the Governor in Cabinet of the Cayman Islands that no law thereafter enacted in the Cayman Islands imposing any tax or duty to be levied on income or on capital assets, gains or appreciation or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or income arising under the Trust or to the trustee thereof or any beneficiaries thereof in respect of any such property or income.

The following summary of Cayman Islands taxation is of a general nature and is included herein for information purposes only. It is not intended to be and should not be construed as legal or tax advice. Prospective investors in the Notes should consult their own tax advisers with respect to their particular circumstances and the effects of state, local or foreign laws, including Cayman Islands tax law, to which they may be subject.

Under existing Cayman Islands laws:

- (i) payments of interest, principal and other amounts on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal and other amounts on the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (ii) no stamp duty is payable in respect of the issue of the Notes although duty will be payable if Notes issued in bearer form are executed in or brought into the Cayman Islands; and
- (iii) certificates evidencing the Notes, in registered form, to which title is not transferable by delivery, should not attract Cayman Islands stamp duty. However, an instrument transferring title to a Note, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

Cayman Islands Intergovernmental Agreement and FATCA

The Cayman Islands government entered into a Model 1 intergovernmental agreement (an “IGA”) with the United States on 29 November 2013. Under the terms of the IGA, the Cayman Trustee will not be required to enter into an agreement with the IRS, but instead will be required to register the Trust with the IRS to obtain a Global Intermediary Identification Number (“GIIN”) and then comply with Cayman Islands legislation that was implemented on 4 July 2014 to give effect to the IGA. The Trust will be a “Reporting Cayman Islands Financial Institution” (as defined in the IGA). Under the terms of the IGA, withholding will not be imposed on payments

made to the Trust, or on payments made by the Trust to the holders of the Notes (other than perhaps certain pass-through withholding) unless the IRS has specifically listed the Trust as a non-participating financial institution.

Holders of the Notes who are resident in the United Kingdom for tax purposes should be aware that the United Kingdom has now signed an intergovernmental automatic information exchange agreement with the Cayman Islands (and is in the process of negotiating similar agreements with other United Kingdom Overseas Territories and Crown Dependencies), modeled on the intergovernmental agreement between the United Kingdom and the United States that implements the United States FATCA legislation. Under this automatic information exchange agreement, the Cayman Islands will, subject to any applicable exemptions, require the Cayman Trustee to identify any direct or indirect United Kingdom resident account holders (including debt holders and equity holders) in the Trust and obtain and provide to the Cayman Islands Tax Information Authority certain information about such United Kingdom resident account holders. Such information will be automatically exchanged by the Cayman Islands Tax Information Authority with the United Kingdom tax authorities. A holder of Notes that is resident in the United Kingdom for tax purposes or is an entity that is identified as having one or more controlling persons that is resident in the United Kingdom for tax purposes will generally be required to provide to the Cayman Trustee and its agents information which identifies such United Kingdom tax resident persons and the extent of their respective interests in the Cayman Trustee. Holders of the Notes who may be affected should consult their own tax advisers regarding the possible implications of these rules.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a Purchase Agreement among the Trust and the Initial Purchasers and the Facilitation Agreement among us and the Initial Purchasers, the Trust has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers have agreed, severally and not jointly, to purchase from the Trust, the principal amount of Notes set forth opposite their name below:

Initial Purchasers	Principal Amounts of the Notes
	US\$
Deutsche Bank Securities Inc.....	150,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	150,000,000
Total	300,000,000

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of these Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement and the Facilitation Agreement, such as the receipt by the Initial Purchasers of officers' certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Valores Bancolombia, a subsidiary of the Bancolombia Group, is acting as co-manager. Valores Bancolombia is not registered under the Exchange Act as broker-dealer and will not effect any offers or sales of the Notes in the United States. Valores Bancolombia may place notes outside of the United States as an agent for the Initial Purchasers.

Offering Terms

The Initial Purchasers have advised us that they propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Trust has not been registered and will not be registered as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7) thereof. The Notes are being offered and sold only to investors that are either (1) U.S. Persons (as defined in Regulation S under the Securities Act) who are both qualified institutional buyers in reliance on Rule 144A under the Securities Act and qualified purchasers within the meaning of Section 2(a)(51)(A) of the Investment Company Act or (2) non-U.S. Persons (within the meaning of Regulation S of the Securities Act) outside of the United States. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A and the exemptions from the definition of "investment company" under the Investment Company Act contained in Section 3(c)(7) thereof, although there may be additional exclusions or exemptions available to the sellers. The Bank and the Trust expect that the Trust will not constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in this offering memorandum).

The Notes will not be issued under or regulated by the Securities Law (*Ley del Mercado de Valores*) of El Salvador, nor registered for public offering with or approved by the Salvadoran Public Securities Registry (*Registro Público Bursátil*) of the Republic of El Salvador.

The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers and qualified purchasers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. It may also violate requirements of the Investment Company Act if the offer or sale is made to a person other than a qualified purchaser for purposes of Section 3(c)(7) thereof. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

New Issue of Notes

The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any national securities exchange or for inclusion of the Notes on any automated dealer quotation system except that the Trust has applied to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange. We have been advised by the Initial Purchasers that it presently intends to make a market in the Notes after completion of the offering. However, it is under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure you of the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about June 18, 2015, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as “T+5”). Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, directly or through a trust any U.S. dollar denominated debt securities of the Bank or securities exchangeable for, supported by or convertible into debt securities with a maturity of greater than one year of the Bank, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than it is required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Notes in the open

market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Volcker Rule

Section 619 of the Dodd-Frank Act added a provision to federal banking law to generally prohibit certain banking entities (including the Placement Agent and its affiliates) from engaging in proprietary trading or from acquiring or retaining an ownership interest in, or sponsoring or having certain relationships with, a hedge fund or private equity fund, subject to certain exemptions (such statutory provision together with implementing regulations, the "Volcker Rule"). The relevant U.S. federal agencies adopted final regulations with respect to the Volcker Rule on December 10, 2013. Banking entities that are subject to the Volcker Rule have until July 21, 2015 to bring any existing activities and investments into compliance, though the Federal Reserve announced on April 7, 2014 that it intends to grant two additional one-year extensions, which together would extend the conformance period until July 21, 2017. Although not required by the implementing regulations adopted December 10, 2013, the order issued by the Federal Reserve extending the conformance period to July 21, 2015 requires that banking entities develop and implement a conformance plan to terminate prohibited activities and divest impermissible investments by the end of the conformance period. Banks are expected to establish their compliance programs "as soon as practicable and in no case later than the end of the conformance period".

The Volcker Rule includes as a "covered fund" any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Therefore, absent an exemption, the Issuer would be a covered fund. The Issuer expects to qualify for the "loan securitization exemption," which applies to an asset-backed security issuer the assets of which, in general, consist only of loans, assets or rights (including certain types of securities) designed to assure the servicing or timely distribution of proceeds to holders or that are related or incidental to purchasing or otherwise acquiring and holding the loans. In order to qualify for the loan securitization exemption, the Issuer will not be permitted to purchase securities (such as bonds and floating rate notes), which may limit or reduce the returns available to the Notes. Notwithstanding such a requirement, no assurance can be made that the Issuer will qualify for the loan securitization exemption or for any other exclusion or exemption that might be available under the Volcker Rule and its implementing regulations. Moreover, the Indenture may be amended without the consent of the holders of the Notes, in order for the Issuer not to be a "covered fund" or the Notes not to constitute ownership interests or otherwise be exempt from the Volcker Rule. No assurance can be given as to the effect of the Volcker Rule, including whether any extension of the Volcker Rule conformance period would be applicable to such investors for investment in the Notes, and its implementing regulations on the ability of certain investors subject to the Volcker Rule to acquire or retain the Notes. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the Notes.

If the Issuer were determined to not qualify for the loan securitization exemption, or were otherwise determined to be a covered fund, there would be limitations on the ability of banking entities that are subject to the Volcker Rule to purchase or retain any Notes if, as expected, they were deemed to be "ownership interests." Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the Notes. Moreover, the ability of the Initial Purchasers to make a market in the Notes would be subject to certain limitations, which could, if the Initial Purchasers otherwise had decided to make a market in such securities, further negatively affect liquidity and market value of the Notes.

The Volcker Rule and guidance thereunder are still uncertain, may restrict or discourage the acquisition of Notes by such banking entities, and may adversely affect the liquidity of the Notes. Although the Volcker Rule provides limited exceptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. Investors in the Notes are responsible for analyzing their own regulatory position and none of the joint bookrunners and lead managers, the co-manager, the Indenture Trustee, the Cayman Trustee, nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer, or to such investor's investment in the Notes on the Closing Date or at any time in the future.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") no offer of Notes may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Initial Purchasers; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Bank or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Bank or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State. Any offer or sale of the Notes in any member state of the European Economic Area which has implemented the Prospectus Directive must be addressed to qualified investors (as defined in the Prospectus Directive) only.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").

This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Members of the Public in the Cayman Islands

No invitation is made to any person resident or domiciled in the Cayman Islands to subscribe for any of the Notes, other than an exempted or non-resident company incorporated in the Cayman Islands.

Chilean Selling Restriction

The offer of the Notes will begin on June 11, 2015 and is subject to General Rule No. 336 of the Chilean Securities Commission (*Superintendencia de Valores y Seguros de Chile*, or the “SVS”). The Notes being offered are not registered in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the Notes are not subject to the supervision of the SVS.

As unregistered securities, we are not required to disclose public information about the Notes in Chile. The Notes may not be publicly offered in Chile unless they are registered in the corresponding securities registry.

La oferta de los valores comienza el 11 de junio de 2015 y esta acogida a la NCG 336 de fecha 27 de junio de 2012 de la Superintendencia de Valores y Seguros de Chile (la “SVS”). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no pueden ser objeto de oferta pública a menos que sean inscritos en el registro de valores correspondiente.

Notice to Investors in El Salvador

The Notes will not be issued under or regulated by the Securities Law (*Ley del Mercado de Valores*) of El Salvador, nor registered for public offering.

The Bank through its brokerage house intends to cause the Notes to be registered as foreign securities, a special registration before the Salvadoran Stock Exchange that allows negotiation of the Notes in the secondary market. This registration is not equivalent to the registration of a public offering in El Salvador by the issuer and its consent is not required. The registration will also allow the Notes to be electronically registered in an account with the Salvadoran securities depository Central de Depósito de Valores, S.A. (CEDEVAL) in El Salvador. This registration must be authorized by the Superintendence of the Financial System and the El Salvador Stock Exchange. Such arrangement is intended to facilitate holding of the Notes in book-entry form by Salvadoran investors in the secondary market. Sales in El Salvador may only be made in compliance with applicable Salvadoran Law.

Other Relationships

The Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The Initial

Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Bank of America, N.A., an affiliate of one of the Initial Purchasers will act as lender under the Senior Unsecured Loan Agreement and the Bank will pay customary fees and expenses for these services to Bank of America, N.A. and its affiliates from time to time.

In addition, Valores Bancolombia, which is acting as co-manager in this offering, is a subsidiary of the Bancolombia Group.

TRANSFER RESTRICTIONS

The Notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act.

Accordingly, the Notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of Notes (other than the Initial Purchaser in connection with the initial issuance and sale of Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) both a qualified institutional buyer and a qualified purchaser and is aware that the sale to it is being made pursuant to Rule 144A and Section 3(c)(7) of the Investment Company Act or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the Notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that Notes initially offered in the United States to qualified institutional buyers that are also qualified purchasers will be represented by a global note and that Notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not resell or otherwise transfer any of such Notes except (a) to the Issuer, (b) within the United States to a qualified institutional buyer that is also a qualified purchaser in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, or (d) pursuant to an effective registration statement under the Securities Act;

(5) it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;

(6) it understands that the Trust has not registered and does not intend to register as an investment company under the Investment Company Act;

(7) it acknowledges that prior to any proposed transfer of Notes (other than pursuant to an effective registration statement) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(8) it acknowledges that the Indenture Trustee, registrar or transfer agent for the Notes may not be required to accept for registration or transfer of any Notes acquired by it, except upon presentation of evidence satisfactory to the Trust that the restrictions set forth herein have been complied with;

(9) it acknowledges that we, the Initial Purchaser and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements,

representations and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify us, the Trust and the Initial Purchaser;

(10) if it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account;

(11) if it, or any other person for which it is acting, is an investment company exempted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received consent of the beneficial owners who acquired their interest on or before April 30, 1996, with respect to its treatment as a qualified purchaser in the manner required by Section 2(a)(51)(c) of the Investment Company Act and the rules promulgated thereunder;

(12) it is not purchasing the Notes pursuant to an invitation made to the public in the Cayman Islands; and

(13) it understands that the Cayman Trustee is subject to anti-money laundering legislation in the Cayman Islands. Accordingly, if Notes are issued in certificated form, the Cayman Trustee may, except in relation to certain categories of institutional investors, require a detailed verification of the identity of the purchaser of such certificated Notes or any proposed transferee thereof and the source of the payment used by such purchaser or transferee for purchasing such certificated Notes. Each purchaser of the Notes further acknowledges that the laws of other major financial centers may impose similar obligations upon the Trust.

Legends

The following is the form of restrictive legend which will appear on the face of the Restricted Global Note and which will be used to notify transferees of the foregoing restrictions on transfer.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND AGRÍCOLA SENIOR TRUST (THE "ISSUER") HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF INVESTMENT COMPANY PROVIDED BY SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT. THE SECURITIES EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS BOTH A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND A "QUALIFIED PURCHASER" WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A WHO IS ALSO A "QUALIFIED PURCHASER" WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, (IV) IN AN OFFSHORE

TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON, EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT WHO IS ALSO A “QUALIFIED PURCHASER” WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE. THE TERMS “UNITED STATES” AND “U.S. PERSON” HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

Notice to Prospective Investors in the Cayman Islands

No invitation may be made by or on behalf of the Issuer to the public in the Cayman Islands to subscribe for the Notes, and no such invitation is made hereby.

General Information

Clearing Systems

The Notes have been accepted for trading in book-entry form by DTC. For the Restricted Global Note, the ISIN number is US00850YAA47 and the CUSIP number is 00850Y AA4. For the Regulation S Global Note, the ISIN number is USG4109CAA65 and the CUSIP number is G4109C AA6.

Listing

Application will be made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market. Copies of our bylaws, the indenture, as may be amended or supplemented from time to time, our published annual audited consolidated Financial Statements and any interim unaudited financial information published from time to time will be available at our principal executive offices, as well as at the offices of the Luxembourg paying agent, at such addresses as set forth in this offering memorandum. We will maintain a paying and transfer agent in Luxembourg for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange.

Responsibility and No Material Adverse Change

We accept responsibility for the information contained in this offering memorandum and, to the best of our knowledge and belief (after taking all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to have a material effect on such information. Except as disclosed in this offering memorandum, there has not been any significant change in our financial or trading position since the date of our last published annual financial statements included in this offering memorandum and there has not been any material adverse change in our business prospects since the date of our last published audited financial statements included in this offering memorandum.

No Litigation

Except as disclosed herein, we are not involved in any governmental litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes, nor so far as we are aware is any such governmental litigation or arbitration proceedings pending or threatened.

Notices

All notices to holders of Global Notes will be given to DTC in accordance with its applicable procedures. All notices to the registered holders of non-Global Notes will be mailed or delivered to such holders at their addresses indicated in records maintained by the registrar. In addition, as long as the Notes are listed on the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, notices will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or on the Luxembourg Stock Exchange website (www.bourse.lu). Any such notice shall be deemed to have been given on the date of such delivery or publication, as the case may be, or in the case of mailing, on the second business day after such mailing.

INDEPENDENT AUDITORS

The consolidated financial statements of Banco Agrícola S.A. and Subsidiaries as of December 31, 2014 and 2013 and for each of the years in the three-year period ended December 31, 2014, included in this offering memorandum, have been audited by PricewaterhouseCoopers, S. A. de C. V., independent accountants, as stated in their reports appearing herein. Their reports include an emphasis-of-matter paragraph which, without qualifying their opinion, draws attention to Note 2 to the financial statements that describes that the consolidated financial statements and the respective notes of Banco Agrícola, S.A. and subsidiaries are prepared according to the accounting standards for banks issued by the Superintendence of the Financial System of El Salvador, which establish the minimum content and the procedures for the preparation of financial statements of banks, as well as the content for the publication of the financial statements and their respective notes

LEGAL MATTERS

The validity of the Notes and the Guarantee and certain United States federal tax consequences of the issuance of the Notes will be passed upon for the Trust and the Bank by Sullivan & Cromwell LLP, New York, New York. Certain legal matters relating to the issuance of the Notes will be passed upon for the Initial Purchasers by Milbank, Tweed, Hadley & McCloy LLP, New York, New York. Certain legal matters relating to Salvadoran law will be passed upon by BLP ABOGADOS, El Salvador, counsel to the Trust and the Bank and Consortium Centro America Abogados in San Salvador, special counsel to the Initial Purchasers. Certain legal matters relating to Cayman Islands law will be passed upon by Walkers.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
BANCO AGRÍCOLA**

Consolidated Unaudited Financial Statements for the Three-Month Periods Ended March 31, 2015 and 2014	<u>Page</u>
Consolidated Unaudited Interim Balance Sheets as of March 31, 2015 and 2014	F-2
Consolidated Unaudited Interim Income Statements for the Three-Month Periods Ended March 31, 2015 and 2014	F-3
Notes to Consolidated Unaudited Interim Financial Statements as of March 31, 2015 and 2014	F-4
Consolidated Financial Statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013	<u>Page</u>
Report of Independent Auditors	F-26
Consolidated Balance Sheet as of December 31, 2014 and 2013	F-28
Consolidated Income Statements for the Years Ended December 31, 2014 and 2013	F-29
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2014 and 2013	F-30
Consolidated Statements of Cash Flows for the Years Ended December 31, 2014 and 2013	F-31
Notes to the Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013	F-32
Consolidated Financial Statements as of December 31, 2013 and for the years ended December 31, 2013 and 2012	<u>Page</u>
Report of Independent Auditors	F-63
Consolidated Balance Sheet as of December 31, 2013 and 2012	F-65
Consolidated Income Statements for the Years Ended December 31, 2013 and 2012	F-66
Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2013 and 2012	F-67
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013 and 2012	F-68
Notes to the Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012	F-69

Banco Agrícola, S. A. and Subsidiaries

Consolidated Interim Balance Sheet (unaudited)

March 31, 2015 and 2014

(In thousands of U.S. dollars)

	Notes	2015	2014
Assets			
Intermediation Assets			
Cash and deposits with banks		\$ 870,269.4	\$ 525,531.8
Repos and other securities exchange operations	3	9,564.0	22,581.7
Investments in securities, net	4	208,243.7	578,821.7
Loan portfolio, net of loss reserves	5 and 6	2,762,194.7	2,686,870.7
		<u>3,850,271.8</u>	<u>3,813,805.9</u>
Other Assets			
Foreclosed assets, net of loss provision	7	10,219.1	11,310.9
Equity investments	8	4,674.0	4,435.9
Miscellaneous, net of loss reserves		20,278.8	21,284.9
		<u>35,171.9</u>	<u>37,031.7</u>
Property, plant and equipment			
Real estate, movables and others, net of accumulated depreciation		68,788.2	56,884.3
Total Assets		<u>\$ 3,954,231.9</u>	<u>\$ 3,907,721.9</u>
Liabilities and Stockholders' Equity			
Intermediation liabilities			
Client deposits	9	\$ 2,684,708.3	\$ 2,672,993.9
	6 and		
Loans from Banco de Desarrollo de El Salvador	10	21,291.8	19,120.3
Loans from other financial institutions	11	368,417.0	349,904.6
	6 and		
Securities issued	13	219,133.4	205,415.7
Miscellaneous		14,988.2	17,433.4
		<u>3,308,538.7</u>	<u>3,264,867.9</u>
Other Liabilities			
Accounts payable		113,411.2	118,852.5
Provisions		15,490.6	13,176.3
Miscellaneous		20,381.8	19,470.9
		<u>149,283.6</u>	<u>151,499.7</u>
Total Liabilities		<u>3,457,822.3</u>	<u>3,416,367.6</u>
Non-controlling interests in subsidiaries		<u>12.7</u>	<u>12.2</u>
Equity:			
Paid-in capital stock		297,500.0	297,500.0
Capital reserve, accumulated results and unearned equity		198,896.9	193,842.1
		<u>496,396.9</u>	<u>491,342.1</u>
Total Equity		<u>496,396.9</u>	<u>491,342.1</u>
Total Liabilities and Equity		<u>\$ 3,954,231.9</u>	<u>\$ 3,907,721.9</u>

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Interim Income Statement (unaudited) For the three-month periods ended March 31, 2015 and 2014

(In thousands of U.S. dollars)

	Notes	2015	2014
Operating income:			
Loan interest		\$ 62,271.2	\$ 59,877.8
Commissions and other lending income		6,314.7	6,133.5
Interest and other investment income		1,860.3	2,840.8
Profit on sale of securities		255.9	54.3
Repos and securities exchange operations		48.3	39.9
Interest on deposits		95.7	49.0
Operations in foreign currency		216.2	169.5
Other services and contingencies		11,742.7	11,085.6
		<u>82,805.0</u>	<u>80,250.4</u>
Minus - Operating costs:			
Interest and other deposit costs		9,152.5	8,734.7
Interest on loans from financial institutions		2,995.4	2,608.6
Interest on securities issued		2,891.8	2,483.1
Loss on sale of securities		7.2	449.6
Operations in foreign currency		24.8	4.5
Other services and contingencies		6,486.6	6,123.1
		<u>21,558.3</u>	<u>20,403.6</u>
Loss reserves	5	<u>7,054.0</u>	<u>8,954.6</u>
		<u>28,612.3</u>	<u>29,358.2</u>
Income before expenses		<u>54,192.7</u>	<u>50,892.2</u>
Administrative expenses:			
Salaries and employee benefits	18	14,963.5	13,633.5
General		11,481.5	10,208.1
Depreciation and amortization		2,607.0	2,053.0
		<u>29,052.0</u>	<u>25,894.6</u>
Operating profit		25,140.7	24,997.6
Other income and expenses, net		6,699.2	5,150.5
Profit before taxes		31,839.9	30,148.1
Income tax		(9,739.5)	(8,838.9)
Profit before non-controlling interests		22,100.4	21,309.2
Non-controlling interests in subsidiaries		-	(0.3)
Net income		<u>\$ 22,100.4</u>	<u>\$ 21,308.9</u>

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

1. Operations

Banco Agrícola, S. A. is a Salvadoran limited liability company of fixed capital, whose main purpose is to engage in all banking and financial businesses allowed by the laws of El Salvador. The Bank is part of a financial conglomerate whose holding company of exclusive purpose is Inversiones Financieras Banco Agrícola, S. A. These financial statements are in thousands of U.S. Dollars.

2. Significant Accounting Policies

Following is a summary of significant accounting policies:

2.1 Technical Standards and Accounting Principles

The Bank has prepared the accompanying consolidated interim financial statements based on accounting standards issued by the Superintendence of the Financial System, which establish the minimum content and procedures to prepare financial statements (NCB-017), as well as the contents for publication of financial statements and the respective notes (NCB-018). These standards will prevail in the event of conflict with the International Financial Reporting Standards – IFRS (Note 33). When IFRS provide differing accounting options for the same event, the most conservative option will be adopted.

2.2 Consolidation of Financial Statements

Banco Agrícola, S. A. consolidates financial statements with companies where it holds more than fifty percent of common shares. These companies are referred to as subsidiaries in Articles 23, 24, 118 and 145 of the Banking Law. All significant accounts and intercompany operations have been eliminated in order to prepare consolidated financial statements. The Bank's subsidiaries are listed below:

Company	Type of business	Bank's interest subject to consolidation	Initial investment	Investment per books	Results for the period
2015					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 3,331.6	(\$92.2)
Credibac, S. A. de C. V.	Credit card issuer	99.90%	0.1	13.8	41.1
			<u>\$ 7,851.5</u>	<u>\$ 3,345.4</u>	<u>(\$ 51.1)</u>
2014					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 3,123.2	\$ 56.4
Credibac, S. A. de C. V.	Credit card issuer	99.90%	0.1	13.8	42.0
			<u>\$ 7,851.5</u>	<u>\$ 3,137.0</u>	<u>\$ 98.4</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

2.3 Mandatory Policies

The mandatory accounting policies refer to the following topics:

- (a) Investments in securities
- (b) Interest provision and suspension of the provision
- (c) Property, plant and equipment
- (d) Severance payment and voluntary retirement
- (e) Risk asset loss reserves
- (f) Past due loans and interests
- (g) Equity investments
- (h) Extraordinary assets
- (i) Foreign currency transactions
- (j) Interest payable
- (k) Income recognition
- (l) Loss recognition on loans and receivable accounts
- (m) General bank risk charges
- (n) Country risk reserve
- (o) Employee benefits
- (p) Charged and paid commissions
- (q) Membership charges for warranty and protection against fraud
- (r) Loyalty program
- (s) Credit Card operations exchange

The above mentioned policies are published by the Superintendence of the Financial System in bulletins and other media.

2.4 Currency Unit

The Monetary Integration Law of November 30, 2000 stipulates that starting on January 1, 2001 the U.S. Dollar will be legal tender and that all transactions conducted through the financial system will be presented in Dollars. The Bank's books are kept in U.S. Dollars represented by the \$ sign in the accompanying financial statements.

2.5 Accounting Estimates Applied in Preparing Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements, as well as the revenue and expense amounts reported during the reporting period. Although such estimates are based on management's best judgment on the date of the financial statements, actual results could differ from estimates.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

3. Repurchase Agreements and Securities Exchange Operations

As of March 31, 2014, the Bank has repurchase agreements and other securities for \$9,564.0 (\$22,581.7 in 2014), which are securities traded in El Salvador Stock Exchange.

4. Investments in securities and Related Provisions

As of March 31, 2015 and 2014, the Bank has investments in securities in the amount of \$208,243.7 and \$578,821.7, respectively.

As of March 31, 2015, the Bank has constituted a provision for the valuation of investments for \$190.0, over a bond investment of \$1,900.0 equivalent to a provision rate of 10.0%.

The coverage rate is the quotient in percentage, result by dividing the amount of provisions over the asset amount.

As of March 31, 2015 and 2014, the Bank has no securities securing loans received from correspondent banks.

As of March 31, 2015 and 2014, the Bank has no restricted investments.

On June 12, 2014, the republic of El Salvador through the Ministry of Finance authorized the redemption of Salvadoran treasury bills with maturities between September 25, 2014 and August 10, 2015. This movement was recorded through a reclassification entry within the general ledger and no cash flow was involved. Under this redemption, as of September 24, 2014, to Banco Agrícola was redeemed \$157,963.8 of those bonds.

As of July 1, 2014 entered into force the provision of the Regulation Committee of Central Bank of El Salvador related to a new remuneration scheme of the sections I and II of the liquidity reserve for customer deposits, replacing the emission Liquidity Certificates (CEDEL), to constitute the Section III of the liquidity reserve (Note 34).

The average rate of return on investments is 3.55% in 2015 (1.97% in 2014), in the consolidated financial statements taken as a whole. The average rate of return is the percentage obtained by dividing income (including interest and fees) of the average amount of investment portfolio by the reporting period.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

5. Loans, Contingencies and Related Provisions

As of March 31, 2015 and 2014, the Bank maintains the following balances in credit risk asset portfolio:

	2015		2014	
	Loans	Contingencies	Loans	Contingencies
Gross Loans	\$ 2,850,622.6	\$ 96,091.8	\$2,787,595.6	\$ 116,002.3
Minus: Reserves	88,427.9	13,654.0	100,724.9	14,272.4
Net Loans	<u>\$ 2,762,194.7</u>	<u>\$ 82,437.8</u>	<u>\$ 2,686,870.7</u>	<u>\$ 101,729.9</u>

As of March 31, 2015 and 2014, the bank maintains loss reserves to cover contingent losses for a total of \$102,081.9 and \$114,997.3. A summary of movements recorded during this period in loss reserve accounts are as follows:

	Loans and interests	Contingencies	Total
Balances as of December 31, 2013	\$ 101,083.3	\$ 14,147.5	\$ 115,230.8
Plus: Reserves created	7,852.1	158.1	8,010.2
Minus: Reserves released	(1,338.9)	(4.5)	(1,343.4)
Loan settlement	(6,871.6)	(28.7)	(6,900.3)
Balances as of March 31, 2014	<u>\$ 100,724.9</u>	<u>\$ 14,272.4</u>	<u>\$ 114,997.3</u>
Balances as of December 31, 2014	\$ 94,868.3	\$ 13,499.9	\$108,368.2
Plus: Reserves created	6,584.9	157.5	6,742.4
Minus: Reserves released	(3,867.4)	(3.4)	(3,870.8)
Loan settlement	(9,157.9)	0.0	(9,157.9)
Balances as of March 31, 2015	<u>\$ 88,427.9</u>	<u>\$ 13,654.0</u>	<u>\$102,081.9</u>

Loss reserves on contingencies are included in miscellaneous liabilities.

As of March 31, 2015, the Bank released \$3,870.9 (\$1,343.4 in 2014) from loss reserves. This amount is reported as “other income and expenses, net” in the consolidated income statement.

As of March 31, 2015 and 2014, the Bank respectively maintains voluntary reserves of \$24,088.1 and \$29,158.4, as are required by the Superintendence of the Financial System.

The coverage rate is 3.46% (3.96% in 2014). The coverage rates determined by each type of reserve are a quotient expressed as percentage obtained by dividing the provision amount by the asset amount.

The average rate of return on the loan portfolio is 9.86% in 2015 and 9.53% in 2014. The average rate of return is the percentage obtained by dividing the loan portfolio income (including interests and commissions) by the average gross loan portfolio balance for the reporting period.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

Adjustable interest rate loans represent 97.93% (99.63 % in 2014) of the loan portfolio, and the fixed interest rate loans represent 2.07% (0.37% in 2014).

Interests earned on the loan portfolio and not recognized in the results of the reporting period are \$1,651.8 (\$1,792.6 in 2014).

As of March 31, 2015, the Bank recovered loans and interest receivable that had been liquidated as uncollectable in previous periods, in a total amount of \$3,317.8 (\$3,833.9 in 2014). This amount is presented as “other income and expenses, net” in the consolidated income statement.

6. Pledged Portfolio

The Bank has raised funds using the following loan portfolio as collateral:

- a. Loans from Banco de Desarrollo de El Salvador (formerly Banco Multisectorial de Inversiones) in the original amount of \$27,169.1 (\$25,107.9 in 2014), which are secured by category “A” and “B” loans in the original amount of \$27,169.1 (\$25,107.9 in 2014); as of March 31, 2015, the loan balance plus interest is \$21,291.8 (\$19,120.3 in 2014) and a collateral of \$21,250.3 (\$19,064.3 in 2013).
- b. Loan from the International Finance Corporation (IFC), a World Bank member, paid on June 15, 2014. As of March 31, 2014, the original amount was of \$50,000.0, which was secured by category “A” loans; the loan balance plus interest was of \$2,961.5 and a collateral of \$14,699.1.
- c. CIBACS14, investment certificates issue, placed through El Salvador Stock Exchange, for \$51,000.0 (\$51,000.0 in 2014), and accrued interest of \$198.4 (\$176.8 in 2014), which is secured by category “A” mortgage loans for \$64,509.9 (\$64,961.4 in 2014) and Bank equity. Maturity date is September 4, 2016.
- d. CIBACS15, investment certificates issue, placed through El Salvador Stock Exchange, for \$45,769.1 (\$40,508.1 in 2014), and accrued interest of \$81.9 (\$64.7 in 2014), which is secured by category “A” mortgage loans for \$27,605.3 (\$31,449.6 in 2014) and Bank equity since 2011. Maturity date is August 24, 2022.
- e. CIBACS16, investment certificates issue, placed through El Salvador Stock Exchange, for \$122,000.0 (\$60,000.0 in 2014), and accrued interest of \$84.0 (\$17.8 in 2014), which is secured by category “A” mortgage loans for \$137,788.5 (\$76,300.4 in 2014). Maturity date is April 30, 2025.

Records of the loans listed above are identifiable in order to answer to creditors for legal liabilities derived from the relevant contracts.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

7. Foreclosed Assets

As of March 31, 2015 and 2014, the Bank maintains \$10,219.1 and \$11,310.9, respectively, in foreclosed assets.

The movements in foreclosed assets during the reporting periods are summarized as follows:

	Asset amount	Reserve amount	Net of reserve amount
Balances as of December 31, 2013	\$ 62,773.7	\$ 50,890.6	\$ 11,883.1
Plus - Write ins	1,927.2	1,718.8	208.4
Minus - Write offs	(2,509.1)	(1,728.5)	(780.6)
Balances as of March 31, 2014	<u>\$ 62,191.8</u>	<u>\$ 50,880.9</u>	<u>\$ 11,310.9</u>
Balances as of December 31, 2014	\$ 64,773.1	\$ 53,972.9	\$ 10,800.2
Plus - Write ins	1,508.5	1,748.3	(239.8)
Minus - Write offs	(1,633.8)	(1,292.5)	(341.3)
Balances as of March 31, 2015	<u>\$ 64,647.8</u>	<u>\$ 54,428.7</u>	<u>\$ 10,219.1</u>

As of March 31, 2015, the Bank created loss reserves on foreclosed assets in the amount of \$1,748.3 (\$1,718.8 in 2014). This amount is presented in "other income and expenses, net" in the consolidated interim statement of income.

During the reporting periods the following foreclosed assets were written-off:

a. Sales:

	Selling price	Purchase price	Provision created	Profit
2015	<u>\$ 1,439.0</u>	<u>\$(1,633.9)</u>	<u>\$1,292.5</u>	<u>\$1,097.6</u>
2014	<u>\$2,222.8</u>	<u>\$(2,509.1)</u>	<u>\$1,728.5</u>	<u>\$1,442.2</u>

b. Transfer to Property, plant, and equipment assets:

During the periods ended, March 31, 2015 and 2014, no foreclosed assets were transferred to the Bank's property, plant, and equipment account.

c. Destruction/liquidation:

During the period ended, March 31, 2015 and 2014, no foreclosed assets were destroyed or liquidated.

d. Donation:

During the period ended, March 31, 2015 and 2014, no foreclosed assets were donated.

The provisions from assets received as payment are registered in equity accounts. For presentation purposes such provisions decrease the related asset.

8. Equity Investments

The Bank's equity securities in joint ventures are as follows:

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

Company Name	Type of business	Participation (%)	Initial Investment		Investment in books
			Date	Amount	
March 31, 2015					
SERFINSA, S. A. de C. V.	Financial services	47.8%	August 18, 1993	\$114.3	\$ 1,052.0
SERSAPROSA	Armored transportation services	25.0%	February 23, 1993	\$403.6	\$3,240.8
Garantías y Servicios SGR, S. A. de C. V.	Mutual guarantee services	2.5%	May 5, 2004	\$114.3	\$170.6
ACH de El Salvador, S. A. de C. V.	ATM services	25.0%	May 31, 2010	\$50.0	\$210.6
Total				\$682.2	\$4,674.0
March 31, 2014					
SERFINSA, S. A. de C. V.	Financial services	47.8%	August 18, 1993	\$114.3	\$ 1,029.2
SERSAPROSA	Armored transportation services	25.0%	February 23, 1993	\$403.6	\$3,062.7
Garantías y Servicios SGR, S. A. de C. V.	Mutual guarantee services	2.5%	May 5, 2004	\$114.3	\$168.8
ACH de El Salvador, S. A. de C. V.	ATM services	25.0%	May 31, 2010	\$50.0	\$175.2
Total				\$682.2	\$4,435.9

During the reported periods as of March 31, 2015 and 2014, no equity income was recorded in relation to the above companies.

9. Client Deposits

The Bank's deposits portfolio is distributed as follows:

	2015	2014
Deposits from the public	\$ 2,382,400.2	\$ 2,373,755.3
Deposits from other banks	24,801.3	33,108.0
Deposits from government entities	214,804.1	204,396.7
Restricted and inactive deposits	62,702.7	61,733.9
Total	<u>\$ 2,684,708.3</u>	<u>\$ 2,672,993.9</u>

The Bank's deposits portfolio in foreign currency equivalent in U.S. Dollars as of March 31, 2015 and 2014 amounts to \$48.7 and \$216.0, respectively, and these are client deposits.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

The Bank's different types of deposits are as follow:

	2015	2014
Current account deposits	\$ 690,473.7	\$ 669,587.4
Savings account deposits	1,104,977.0	1,115,784.5
Time deposits	889,257.6	887,622.0
Total	<u>\$ 2,684,708.3</u>	<u>\$ 2,672,993.9</u>

The following is a description of the Bank's type of deposits in foreign currency equivalent in U.S. Dollars, for the reporting periods:

	2015	2014
Current account deposits	<u>\$ 48.7</u>	<u>\$ 216.0</u>

The average cost rate is 1.37% (1.29% in 2014), in the context of the consolidated interim financial statements taken as a whole.

The average cost rate of the deposits portfolio is the percentage that results from dividing the funding cost by the average balance in deposits portfolio.

10. Loans from Banco de Desarrollo de El Salvador (BANDESAL)

As of March 31, 2015, the bank registers loan obligations with Banco de Desarrollo de El Salvador for a total amount of \$21,291.8 (\$19,120.3 in 2014), amount that includes principal plus interest.

11. Loans from other Financial Institutions

As of March 31, 2015, the loan obligations with other foreign financial institutions amount to \$368,417.0 (\$349,904.6 in 2014), amount that includes principal plus interest.

12. Repurchase Agreements and Other Stock Exchange Obligations

As of March 31, 2015 and 2014, the Bank does not show any related balance.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

13. Securities Issued

The securities issued based on article 53 of the Banking Law to raise funds from public funds are:

Issue	Issued Amount	Amount placed	Capital plus Interest Balance	Interest Rate	Date of Issue	Term Agreed	Type of Guarantee
March 31, 2015							
CIBACS14	\$100,000.0	\$51,000.0	\$51,198.4	5.67%	May 25, 2009	2 to 7 years	CATEGORY "A" LOANS AND EQUITY
CIBACS15	150,000.0	45,769.0	45,850.9	4.43%	August 01, 2011	2 to 10 years	CATEGORY "A" LOANS AND EQUITY
CIBACS16	200,000.0	122,000.0	122,084.1	5.32%	April 30, 2013	12 years	CATEGORY "A" LOANS
TOTAL	<u>\$450,000.0</u>	<u>\$218,769.0</u>	<u>\$219,133.4</u>				
March 31, 2014							
CIBACS12	\$100,000.0	\$53,630.0	\$53,648.3	4.34%	July 30, 2007	2 to 7 years	CATEGORY "A" LOANS AND EQUITY
CIBACS14	100,000.0	51,000.0	51,176.8	5.06%	July 10, 2009	2 to 7 years	CATEGORY "A" LOANS AND EQUITY
CIBACS15	150,000.0	40,508.1	40,572.8	4.43%	August 01, 2011	2 to 10 years	CATEGORY "A" LOANS AND EQUITY
CIBACS16	200,000.0	60,000.0	60,017.8	5.40%	April 30, 2013	12 years	CATEGORY "A" LOANS
TOTAL	<u>\$550,000.0</u>	<u>\$205,138.1</u>	<u>\$205,415.7</u>				

14. Bonds convertible into shares

As of March 31, 2015 and 2014, the Bank does not show any related balance.

15. Loans convertible into shares

As of March 31, 2015 and 2014, the Bank does not show any related balance.

16. Recovery of written down assets

As of March 31, 2015 and 2014, the Bank does not show any related balance.

17. Earnings per share

Earnings per share for the reporting periods are as follows:

	2015	2014
Earnings per share (in U.S. dollars)	\$ 1.26	\$ 1.22

The above amount is based on net earnings shown in the income statement and the average outstanding amount of shares of 17,500,000 in 2015 and 2014.

18. Administrative Expenses

Administrative expenses are as follows:

	2015	2014
Salaries and employees benefits		
Salary	\$ 8,727.2	\$ 8,018.8
Personnel benefits	5,755.0	5,165.8
Severance payments	108.9	120.3

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

Directors expenses	19.2	19.6
Other personnel expenses	353.2	309.0
	<hr/>	<hr/>
General expenses	14,963.5	13,633.5
Depreciations and amortization	11,481.5	10,208.1
	2,607.0	2,053.0
Total	<u>\$ 29,052.0</u>	<u>\$ 25,894.6</u>

19. Trusts

As of March 31, 2015, the Bank manages \$46,938.1 (\$45,298.1 in 2014) in total trust assets. During the periods ended on March 31, 2015 and 2014, trusts results amounted to \$56.8 and \$60.3, respectively. The trust amounts, based on the Bank's accounting records, are as follows:

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

Trust	2015		2014	
	Asset Amount	Bank proceeds	Asset Amount	Bank proceeds
Trust "A"	\$ 2,412.2	\$ 2.8	\$ 2,097.4	\$ 2.6
Trust "B"	248.6	0.3	242.8	0.3
Trust "C"	8.6	-	8.5	-
Trust "D"	1,322.9	2.6	2,990.6	3.9
Trust "E"	26.0	-	25.6	-
Trust "F"	253.8	0.2	754.9	0.5
Trust "G"	1.4	-	2.5	-
Trust "H"	-	-	-	-
Trust "I"	819.9	1.5	851.7	1.6
Trust "J"	7,191.3	6.3	6,887.3	6.1
Trust "K"	6,666.0	5.7	6,456.1	5.7
Trust "L"	5,870.7	5.0	6,007.4	5.5
Trust "M"	860.7	0.6	1,038.8	0.8
Trust "N"	-	-	0.7	-
Trust "Ñ"	127.2	0.2	246.8	0.3
Trust "O"	345.3	0.4	305.9	0.4
Trust "P"	3,163.7	11.7	3,126.3	11.5
Trust "Q"	-	-	2.3	-
Trust "R"	540.1	0.3	539.7	0.3
Trust "S"	4,548.1	2.6	3,894.7	2.4
Trust "T"	2,288.7	1.3	2,000.1	1.2
Trust "U"	1,392.2	1.5	1,016.2	1.2
Trust "V"	1,375.9	2.0	1,320.7	1.9
Trust "W"	320.0	0.6	337.5	0.6
Trust "X"	3,082.3	3.8	3,303.0	4.0
Trust "Y"	288.9	0.7	289.0	0.7
Trust "Z"	100.0	0.2	95.6	0.2
Trust "AA"	1,049.5	1.6	1,036.1	1.5
Trust "AB"	0.2	-	49.3	4.5
Trust "AC"	-	-	6.2	1.6
Trust "AD"	392.8	1.0	364.4	1.0
Trust "AE"	944.6	1.8	-	-
Trust "AF"	201.3	0.4	-	-
Trust "AG"	294.3	0.5	-	-
Trust "AH"	197.1	0.3	-	-
Trust "AI"	99.2	0.2	-	-
Trust "AJ"	504.6	0.7	-	-
Total	\$ 46,938.1	\$ 56.8	\$ 45,298.1	\$ 60.3

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

20. Human Resources Indicators

In 2015, the Bank maintained an average (estimated based on the number of employees at the end of each month divided by 12) of 2,837 employees (2,730 in 2014). Of this number of employees, according to payroll records, approximately 60.7% (60.8% in 2014) belongs to banking business areas and the rest belongs to human resources, management and support areas.

21. Pending Lawsuits

During the ordinary course of businesses, the Bank and its subsidiaries are party to lawsuits brought against them by various interested parties. Usually, these actions relate to essential facts or information that may positively or negatively affect the legal, economic or financial situation of the Bank and its subsidiaries. As of March 31, 2015, the Bank has no relevant judicial or administrative litigations.

22. Related Parties and Relevant Stockholders

The Banking Law identifies related parties as those holders of three percent or more of the bank's shares. Shares owned by spouses and first-degree relatives are considered owned in order to determine this percentage, as well as their interest in companies that are bank shareholders. The term related parties also includes a group that the Banking Law calls relevant shareholders, and these are holders of at least ten percent of the Bank's shares. Bank directors and managers are also considered related parties.

23. Related Loans

Pursuant to Articles 203, 204, 205 and 206 of the Banking Law, banks and their subsidiaries are banned from granting loans, credits, guaranties, and sureties to individuals or legal entities directly or indirectly related to an entity's ownership or directly to an entity's management, or from purchasing securities issued by such entities in a global amount that exceeds five percent (5%) of the paid in capital and capital reserves of each of the consolidated entities.

As of March, 2015 and 2014, total capital stock and capital reserves amount to \$426,713.9 and \$411,487.8 respectively. Total related party loans and credits as of March 31, 2014, amount to \$14,447.8 (\$12,524.1 in 2014), which represents the 3.39% (3.04% in 2014) of the Bank's paid in capital stock and capital reserves, such amount is distributed among 521 (516 in 2014) debtors.

During the reporting period, in the context of the consolidated interim financial statements taken as a whole, the Bank was in compliance with above mentioned related loans provisions.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

24. Loans to Foreign Subsidiaries

Pursuant to Article 23 of the Banking Law, lending by banks to their foreign subsidiaries cannot exceed the lower of fifty percent (50%) of the equity and ten percent (10%) of the loan portfolio of the lender.

As of March 31, 2015 and 2014, there are no loans to foreign subsidiaries pursuant to provisions in Article 23 of the Banking Law.

During the reporting period, in the context of the consolidated interim financial statements taken as a whole, the Bank was in compliance with above mentioned related loans provisions.

25. Loans to Domestic Subsidiaries

Pursuant to Article 24 of the Banking Law, lending by banks to their domestic subsidiaries cannot exceed the lower of fifty percent (50%) of equity and ten percent (10%) of the loan portfolio of the lender.

As of March 31, 2015, the Bank's equity is \$472,888.2 (\$469,795.6 in 2014) and the gross loan portfolio is \$2,850,622.5 (\$2,787,595.6 in 2014). As of March 31, 2015, Total loans granted to domestic subsidiaries amount to \$3,747.5 (\$4,154.7 in 2014), which represents 0.8% (0.9% in 2014) of the entity's equity and 0.1% (0.1% in 2014) of the gross loan portfolio.

During the periods ended on March 31, 2015 and 2014, in the context of the consolidated interim financial statements taken as a whole, the Bank was in compliance with above mentioned related loans provisions.

26. Lending Limits

Article 197 of the Banking Law stipulates that banks and their subsidiaries cannot grant loans nor own capital stock in a global amount that exceeds twenty-five percent (25%) of their own equity to the same individual or group of individuals with economic relations. Furthermore, any excess over fifteen percent (15%) on loans, relative to its own net equity shall be covered by sufficient real guarantees or guarantees from local or foreign first rate banks.

As of March 31, 2015 and 2014, no loans have been granted to an individual or economic group exceeding twenty-five percent (25%) of the bank's net equity.

During the reporting period, in the context of the consolidated financial statements taken as a whole, the Bank was in compliance with above provisions in Article 197 of the Banking Law.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

27. Related Party Contracts

Pursuant to Article 208 of the Banking Law, the Superintendence of the Financial System may object to the execution of contracts between a bank and its related parties. Related parties are those individuals directly or indirectly linked to a bank's equity ownership or directly related to its management.

As of March 31, 2015 and 2014, in the context of the consolidated interim financial statements taken as a whole, there are no contracts signed with related parties pursuant to provisions in Article 208 of the Banking Law.

During the period ended March 31, 2015 and 2014, the Superintendence of the Financial System did not object to related party contracts.

28. Foreign Currency Assets and Liabilities Ratios

Pursuant to Article 62 of the Banking Law, the Superintendence of the Financial System will determine bank assets and liabilities ratios in order to maintain the exchange rate risk within reasonable ranges. For this purpose the Superintendence of the Financial System has established that the absolute difference between foreign currency assets and liabilities cannot exceed 10% of equity. As of March 31, 2015 and 2014, the Bank was in compliance with above provision by maintaining a 0.01% (0.01% in 2014) ratio.

29. Equity or Net Equity Requirements

Pursuant to Article 41 of the Banking Law, with the purpose of remaining solvent, banks must show at all times the following minimum ratios: i) 12.0%, Capital to Risk Weighted Assets amount; ii) 7.0%, Capital to Liabilities; and iii) 100% or more Capital to Minimum Paid-In Capital referred to in Article 36 of the Banking Law.

As of March 31, 2015 and 2014, in the context of the consolidated interim financial statements taken as a whole, the Bank's ratios are as follows:

	2015	2014
Capital to Risk Weighted Assets Ratio	<u>15.96%</u>	<u>16.54%</u>
Capital to Liabilities Ratio	<u>13.36%</u>	<u>13.35%</u>
Capital to Minimum Paid-In Capital Ratio	<u>158.95%</u>	<u>157.91%</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

30. Risk ratings

Article 235 of the Banking Law requires the Bank to publish risk ratings given by a risk rating agency registered with the Superintendence of Securities (currently the Superintendence of the Financial System). Bank's ratings are as follows:

	Local ratings			
	Fitch Ratings	Equilibriu m, S. A. de C. V.	Fitch Ratings	Equilibriu m, S. A. de C. V.
Issuer Rating	2015 ⁽¹⁾ EAAA (slv)	2015 ⁽¹⁾ EAAA.sv	2014 ⁽²⁾ EAAA (slv)	2014 ⁽²⁾ EAAA.sv

The reference date for 2015 risk ratings is June 30, 2014.

The reference date for 2014 risk ratings is December 31, 2013.

Ratings definitions:

EAAA Given to entities that show the highest repayment capability on their obligations under agreed terms and conditions, and which would not be affected by changes in the entity, its industry, and the economy. Risk factors are insignificant.

“+” The plus sign indicates an upward trend toward the immediately higher rating category, while the “-” sign shows a downward trend toward the immediately lower category.

“sv” and “slv” in risk ratings means El Salvador.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements

March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

31. Information by segments

As of March 31, 2015 and 2014, the consolidated Bank engaged mainly in banking services in El Salvador.

32. Derivatives

As of March 31, 2015 and 2014, the Bank had a 6-month LIBOR interest rate swap as hedging against the risk from interest rate changes on the Bank's debt, with \$1,263.2 (\$2,526.3 in 2014) in nominal amount.

33. Summary of significant differences between International Financial Reporting Standards and accounting standards issued by the Superintendence of the Financial System

Management has initially established the following significant differences, relative to its line of business, between the International Financial Reporting Standards (IFRS) and accounting standards issued by the Superintendence of the Financial System.

1. IFRS 1 sets out basic requirements for first time adoption of International Financial Reporting Standards. It stipulates that an entity must use the same accounting policies to prepare its opening balance sheet and for all the periods presented in the first IFRS-based financial statements. Furthermore, such accounting policies must relate to all and each one of the IFRS in effect as of the date of the first IFRS report.
2. Investments are classified as securities held to maturity and tradable securities, and they are presented at the lower of cost or market value. IFRS require investments be classified in the following categories: financial assets at their fair value through profits or losses; loans and accounts receivable originated by the entity; tradable financial assets; and investments held to maturity. Investment classification is the basis for determining the corresponding valuation method. Furthermore, when writing-off a financial asset entails the addition of a new one, the entity must recognize the new financial asset at fair value. Additionally, not all disclosures related to the use of financial instruments are currently made; for example:
 - i. Objectives and policies related to financial risk management, including its hedging policy, itemized by each of the main types of expected transactions.
 - ii. Information on the nature of the risks covered, such as credit risk, market risk, currency risk, and interest rate risk.
3. IFRS require conducting maturity analyses on derivatives and non-derivative financial liabilities (including financial guarantee contracts), showing the remaining contract maturity.
4. IFRS require the disclosure of information on the fair value of each class or group of financial assets and liabilities.
5. Minimum provisions for credit risk are established based on regulations issued by the Superintendence of the Financial System; additionally, the Bank's policy is to establish reserves in excess of the requirements established by the regulatory body; in accordance with IFRS, the loan portfolio risk profile must be considered in preparing financial statements, taking into

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

consideration variables such as the economy's performance, historic delinquency trends, geographic location, economic activity, etc., in order to establish adequate reserves to loan recovery risks. IFRS suggest conducting an analysis to establish reserves based on future cash flows by applying historical loss rates, including present value for the realization of the guarantee.

6. According to IFRS, voluntary reserves are not part of profits and losses; rather than they are appropriations on retained earnings.
7. The releases of reserves established in previous years are credited to other non-operating income; according to IFRS transactions of same nature must be shown net.
8. The accounting policy on interest recognition indicates that interest is not calculated on past due loans. IFRS39 requires the accounting recognition of interest on all financial assets, as well as the respective impairment. In addition, the recognition of commissions charged and paid out to affiliated businesses and/or other credit card issuers shall take place upon rendering the respective service.
9. Fixed asset revaluations are approved by the Superintendence of the Financial System to the request of the Bank and are not updated regularly; IFRS require periodic updates of fixed asset revaluations in order to reflect the fair market value of revaluated assets. The useful life of property, plant and equipment is determined based on fiscal periods; IFRS determine the useful life of property, plant and equipment based on the economic life of the asset; furthermore, IFRS revised the definition of the residual value of assets.
10. Deferred taxes are not recorded; IFRS require the recognition of deferred taxes when the basis for tax assessment of assets and liabilities differs from the financial accounting basis.
11. IFRS5 shall be applied to extraordinary assets, and according to such standard an impairment loss shall be recognized on any asset written-off originally or afterward at fair value minus the selling costs. Under IFRS statutory reserves established on extraordinary assets are not part of the profit or loss for the period; they are appropriations on retained earnings.
12. Current standards state that profits on the sale of extraordinary assets with financing shall be recognized as income until such profits are received, which is not in accordance with IFRS.
13. According to IFRS, asset impairment estimates shall be recorded as a function of future asset-related cash flows, discounted at a proper discount rate. This process shall take place when impairment indicators previously established are met. The accounting policy does not require this type of estimates.
14. The consolidation of financial statements is based on interest. IFRS require consolidation based on control, and to show the non-controlling interest in the balance sheet, statement of income, and statement of changes in stockholders' equity as equity.
15. IFRS require the disclosure of qualitative and quantitative information on risk exposure emerging from financial instruments, including credit, liquidity and market risks. They also require the disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed, as well as the methods and assumptions used. The current accounting policy does not require this type of disclosures.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

16. The accounting policy related to the loyalty program consists in recording a provision to cover redemptions emerging from the program. IFRS require recording a deferred income liability for the fair value of non-redeemed miles from the loyalty program, when these become known.
17. There is no disclosure of an accounting policy regarding fiduciary activity. The accounting policy does not require this disclosure.
18. Derivatives are disclosed only in a specific note to financial statements. IFRS require accounting for assets and liabilities arising from derivative operations. Additionally, the Bank is required to assess the existing relationship between hedging instruments and the hedged financial instruments in order to establish the accounting treatment of the resulting profits and losses arising from the hedging instruments and the hedged financial instruments.
19. IFRS stipulate that interim financial information must include at least the following: condensed balance sheet, condensed comprehensive income statement, condensed statement of changes in stockholders' equity, condensed cash flow statement, and selected explanatory notes. Furthermore, the condensed balance sheet shall be presented in comparison with the balance sheet for the immediately prior accounting period.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

34. Relevant and subsequent events

Following is a summary of the most relevant developments for the periods ended on March 31, 2015 and 2014:

1. The Ordinary General Shareholders' Meeting of Banco Agrícola, S. A. held February 11, 2015 (February 12, 2014), agreed to distribute dividends per share in the amount of four U.S. dollars and sixty-nine cents (four U.S. dollars and ninety-four cents per share in 2014); the total distribution amount is \$82,075.0 (\$86,450.0 in 2014); furthermore, they also agreed to transfer \$15,226.1 to the capital reserves – voluntary reserves account related to 2014 results (\$11,425.5 to capital reserves (legal reserves – voluntary reserves) related to 2013 results).
2. The Ordinary and Extraordinary General Shareholders' Meeting of Credibac, S.A. de C.V. held on February 10, 2015 (February 11, 2014) agreed to distribute dividends in the amount of one hundred thirty-four U.S. dollars and sixteen cents per share (two hundred twenty seven U.S. dollars and thirteen cents per share in 2014); the total distribution amounted to \$154.3 (\$261.2 in 2014) from distributable net earnings and voluntary capital reserves related to 2014 and 2013, respectively.
3. On January 6, 2015, the Bank signed a service contract for the construction of a building in which the operation center and management offices will be located. The contract amount is for \$28,550,000 (tax included) covering the delivery of the finished building in perfect working conditions. The maturity of the contract is April 6, 2016. During the term of the agreement the Bank will pay the established advance and partial amounts on a monthly basis.
4. The General Shareholders' Meeting held February 12, 2014 restructured the Board of Directors for the 2014-2016 period, as follows:

<u>Position</u>	<u>Director</u>
President:	Jaime Alberto Velásquez Botero
Vice President:	Gonzalo de Jesús Toro Bridge
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Juan Carlos Mora Uribe
Alternate Director:	Ricardo Antonio Juan Luis Balzaretti Cepeda

5. During the Board meeting held December 6, 2013, Doctor Sergio Restrepo Isaza's resignation to the position of Board president was announced. As a result, then Vice President, Jaime Alberto Velásquez Botero, was called to assume the position of President, and Gonzalo de Jesús Toro Bridge, then Alternate Director, was called to assume the position of Vice President, both positions to be held for the remaining of the term until a new Board of Directors is elected. The Board of Directors was formed as follows:

<u>Position</u>	<u>Director</u>
President:	Jaime Alberto Velásquez Botero
Vice President:	Gonzalo de Jesús Toro Bridge
Secretary:	Ramón Fidelio Avila Qüehl

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

6. The General Shareholders' Meeting held February 21, 2013 agreed to restructure the Board of Directors to complete the 2012-2014 period, as follows:

<u>Position</u>	<u>Director</u>
President:	Sergio Restrepo Isaza
Vice President:	Jaime Alberto Velásquez Botero
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Gonzalo de Jesús Toro Bridge
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

7. On June 27, 2013, the Central Bank of El Salvador Standards Committee in its session number CN 08/13 approved contingent measures to prevent liquidity issues, to be in effect for one year starting July 15, 2013. These measures are described below:
- An additional 2% liquidity reserve requirement is established, calculated on a mobile basis, on obligations subject to reserves on each 14-day blocks between July 17, 2013 and the 14-day block ended December 3 of that same year, at a rate of one tenth accumulated on each 14-day block. On the following 14-day blocks, the additional two-percent requirement will be based on obligations subject to reserve in the corresponding calculation period.
 - Entities may invest up to 50% of the required additional reserve through purchases in the primary market for El Salvador Treasury Bonds issued by the Central Government, and Tradable Liquidity Certificates issued by the Central Bank. These investments must be free of any encumbrance, they must be unseizable, and their availability must have no restriction whatsoever.

On May 15, 2014, the Central Bank's Regulations Committee of El Salvador during session CN 06/14 agreed to revoke the "Contingency measures to prevent liquidity problems" starting on June 18, 2014.

8. On June 15, 2014, the loan with International Finance Corporation (IFC), member of the World Bank, was paid, for an original amount of \$50,000.0 and principal plus interest amount of \$2,976.1, which was secured with category "A" loans. As of March 31, 2014, the balance amount plus interest was \$2,961.5.
9. On June 9, 2014, the Board of the Central Bank of El Salvador, in session No. CD-21/2014 agreed to the new remuneration scheme of the liquidity reserve, which is effective from July 1, 2014. Following the agreement described:
- Authorize the implementation of the compensation scheme for the three sections of the liquidity reserve, constituted in the Central Bank of El Salvador by the banks, and the opening of accounts paid in favor of banks for the composition of the third section of the

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

liquidity reserve approved by the Board of Directors, during Session No. CD-12/2014, on March 24, 2014, current since July 1, 2014.

- b. Authorize the last pay period to be 13 days, for Sections I and II of the Liquidity Reserve and the issuance of CEDEL Liquidity Certificates to constitute the Section III of the liquidity reserve under the current scheme, from June 18 to 30, 2014, to be paid on July 1, 2014.
 - c. Revoke the agreements of the Board of Directors current to date, that refer to the Compensation Scheme of Sections I and II of the Liquidity Reserve; and also everything related to CEDEL Liquidity Certificates issued by the Central Bank for the constitution of Section III of the liquidity reserve.
10. The Legislative Assembly approved the Legislative Decree No. 764 on July 31, 2014, which includes the "Law of Financial Transaction Tax" current since September 1, 2014. This law establishes a tax levied on the amount paid on any type of check and wire transfers above \$1.0, in any of the country's financial entities of the financial system; this law also includes a withholding tax by controlling excess liquidity over \$5.0 on deposit transactions, payments or cash withdrawals. The tax base and withholding tax has been determined at 0.25%, which is equivalent to 2.5 per thousand of the amount of the check or transfer and the excess of \$5.0 in individual operations or cash accumulated during the month.
11. On August 15 and 27, 2014, CIBACS16 investment certificates amounts of \$12,000.0 and \$50,000.0 were respectively placed, section 2 and 3. This issue was authorized by the Superintendence of the Financial System in session CD No. 12/2013 on March 20, 2013, for the amount of \$200,000.0.

Banco Agrícola, S. A. and Subsidiaries

Notes to Consolidated Interim Financial Statements March 31, 2015 and 2014 (unaudited)

(In thousands of U.S. dollars, except amount per share)

11. On September 28, 2014, the issue of CIBACS12 investment certificates expired that were placed through the Stock Exchange of El Salvador for \$100,000.0. On March 31, 2014, amount issued was \$53,630.0, and accrued interest of \$18.3, which was secured by mortgages category "A" for amount \$80,446.2 and the Bank's equity.
12. On December 18, 2013, the Legislative Assembly of El Salvador decreed the Law Regulating the Economic Benefit for Voluntary Resignation, published in the official gazette on January 21, 2014. This act seeks to regulate the conditions under which permanent employees working in the private sector, and autonomous institutions that generate own resources shall enjoy a financial benefit for voluntary resignation of their job. For employees to be able to apply for this financial benefit, they must have at least two years of continuous and effective service for the same employer and this will be equivalent to fifteen days of basic salary for each year of service. No reward will be greater than two times the current legal minimum daily wage that corresponds to the company's sector. This act has been current since January 1, 2015.

The Bank has an accounting policy for employee benefits since December 31, 2014 based on an analysis and actuarial study and has posted an estimate related to the effects of this Act against the results of the period.

13. On January 27, 2015, the Bank was notified of the resolution by the Appeals Committee of the Financial System, reference CA-11-2014, corresponding to a case promoted by the Superintendence of the Financial System and the resolution confirmed that the Bank must pay fines of a total amount of \$595.0.



**Report of Independent Auditors
(A Free Translation from the Original Report Prepared in Spanish)**

To the Shareholders and
Board of Directors of Banco Agrícola, S. A.

We have audited the accompanying consolidated financial statements of Banco Agrícola, S. A. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014 and the consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards for banks issued by the Superintendence of Financial System of El Salvador, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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



To the Shareholders and
Board of Directors of Banco Agrícola, S. A.
Page 2

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects the consolidated financial position of Banco Agrícola, S. A. and its subsidiaries as at December 31, 2014, and its consolidated financial performance and cash flows for the year then ended in accordance with the accounting standards for banks issued by the Superintendence of Financial System of El Salvador.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2 that describes that the consolidated financial statements and the respective notes of Banco Agrícola, S. A. and subsidiaries are prepared according to the accounting standards for banks issued by the Superintendence of Financial System of El Salvador, which establish the minimum content and the procedures for the preparation of financial statements of banks (NCB-017), as well as the content for the publication of the financial statements and their respective notes (NCB-018).

PricewaterhouseCoopers, S. A. de C. V.
Registration number 214

Wilfredo Peralta
Partner

February 2, 2015

Banco Agrícola, S. A. and Subsidiaries

Consolidated Balance Sheet December 31, 2014 and 2013

(In thousands of U.S. dollars)

	Notes	2014	2013
Assets			
Intermediation Assets			
Cash and deposits with banks	3	\$ 886,489.4	\$ 605,309.4
Repos and other securities exchange operations	4	6,508.2	4,633.9
Investments in securities, net	5	218,075.1	564,981.3
Loan portfolio, net of loss reserves	6, 7	2,781,550.4	2,674,203.2
		<u>3,892,623.1</u>	<u>3,849,127.8</u>
Other Assets			
Foreclosed assets, net of loss provision	9	10,800.2	11,883.1
Equity investments	10	4,674.0	4,435.9
Miscellaneous, net of \$2,112.8 in loss reserves (\$2,697.0 in 2013)		17,479.6	20,213.2
		<u>32,953.8</u>	<u>36,532.2</u>
Property, plant and equipment			
Real estate, movables and others, net of accumulated depreciation	11	58,947.3	57,563.9
Total Assets		<u>\$ 3,984,524.2</u>	<u>\$ 3,943,223.9</u>
Liabilities and Stockholders' Equity			
Intermediation liabilities			
Client deposits	12	\$ 2,651,887.6	\$ 2,739,337.7
Loans from Banco de Desarrollo de El Salvador	8, 13	18,937.8	18,152.2
Loans from other financial institutions	14	446,449.4	329,535.6
Securities issued	8, 16	218,086.0	204,048.9
Miscellaneous		13,184.6	17,802.8
		<u>3,348,545.4</u>	<u>3,308,877.2</u>
Other Liabilities			
Accounts payable		44,254.0	46,727.0
Provisions		15,522.0	11,837.3
Miscellaneous		19,818.5	19,287.4
		<u>79,594.5</u>	<u>77,851.7</u>
Total liabilities		<u>3,428,139.9</u>	<u>3,386,728.9</u>
Non-controlling interests in subsidiaries		12.8	12.1
Stockholders' Equity			
Paid-in capital stock		297,500.0	297,500.0
Capital reserve, accumulated results and unearned equity		258,871.5	258,982.9
Total stockholders' equity		<u>556,371.5</u>	<u>556,482.9</u>
Total Liabilities and Stockholders' Equity		<u>\$ 3,984,524.2</u>	<u>\$ 3,943,223.9</u>

The accompanying notes are an integral part of these consolidated Financial Statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Income Statement Years ended December 31, 2014 and 2013

(In thousands of U.S. dollars)

	Notes	2014	2013
Operating income:			
Loan interest		\$ 247,108.5	\$ 231,193.9
Commissions and other lending income		25,725.9	30,981.4
Interest and other investment income		9,420.1	10,785.2
Profit on sale of securities		767.2	2,803.1
Repos and securities exchange operations		186.6	146.8
Interest on deposits		268.8	272.0
Operations in foreign currency		686.6	914.7
Other services and contingencies		46,202.4	44,616.9
		<u>330,366.1</u>	<u>321,714.0</u>
Minus - Operating costs:			
Interest and other deposit costs		33,598.0	35,221.4
Interest on loans from financial institutions		11,671.2	5,033.6
Interest on securities issued		10,792.3	11,071.9
Loss on sale of securities		957.2	836.2
Operations in foreign currency		41.2	36.7
Other services and contingencies		26,400.7	24,709.3
		<u>83,460.6</u>	<u>76,909.1</u>
Loss reserves	7	34,927.3	39,643.1
		<u>118,387.9</u>	<u>116,552.2</u>
		<u>211,978.2</u>	<u>205,161.8</u>
Income before expenses			
Administrative expenses:			
Salaries and employee benefits	25	60,727.6	54,997.7
General		44,163.9	42,445.3
Depreciation and amortization		9,067.2	8,186.4
		<u>113,958.7</u>	<u>105,629.4</u>
Operating profit		98,019.5	99,532.4
Dividends		224.5	401.1
Other income and expenses, net	6,7 and 9	24,009.0	28,561.8
Profit before taxes		<u>122,253.0</u>	<u>128,495.3</u>
Income tax	24	(35,913.4)	(37,494.6)
Profit before non-controlling interests		86,339.6	91,000.7
Non-controlling interests in subsidiaries		(0.9)	(1.1)
Net income		<u>\$ 86,338.7</u>	<u>\$ 90,999.6</u>

The accompanying notes are an integral part of these consolidated Financial Statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity Years ended December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

	Balances as of December 31, 2012	Increases	Reductions	Balances as of December 31, 2013	Increases
Stockholders' Equity					
Paid-in capital stock (1)	\$ 297,500.0	-	-	\$ 297,500.0	-
Legal reserve (Note 22)	74,375.1	\$ 38,930.4	-	113,305.5	-
Voluntary reserves	38,868.4	-	\$ (38,868.4)	-	\$ 11,371.7
Distributable earnings (Note 23)	80,911.9	97,875.6	(80,965.7)	97,821.8	87,360.0
	<u>491,655.4</u>	<u>136,806.0</u>	<u>(119,834.1)</u>	<u>508,627.3</u>	<u>98,731.7</u>
Restricted Stockholders' Equity					
Non-distributable earnings (Note 23)	20,885.7	-	(2,839.4)	18,046.3	-
Property, plant and equipment revaluation	11,603.5	-	(288.3)	11,315.2	-
Country risk reserve	22,476.9	-	(3,982.8)	18,494.1	1,484.1
	<u>54,966.1</u>	<u>-</u>	<u>(7,110.5)</u>	<u>47,855.6</u>	<u>1,484.1</u>
Total Stockholders' Equity	<u>\$ 546,621.5</u>	<u>\$ 136,806.0</u>	<u>\$ (126,944.6)</u>	<u>\$ 556,482.9</u>	<u>\$ 100,215.8</u>
Book value per Share					
(In U.S. Dollars)	<u>\$ 31.24</u>	<u>-</u>	<u>-</u>	<u>\$ 31.80</u>	<u>-</u>

- (1) As of December 31, 2014 and 2013, the Bank's capital stock is represented by 17,500,000 common and registered shares at \$17.00 per share, all of which are fully subscribed and paid.

The accompanying notes are an integral part of these consolidated Financial Statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Statement of Cash Flows Years ended December 31, 2014 and 2013

(In thousands of U.S. dollars)

	Notes	2014	2013
Operating activities:			
Net income		\$ 86,338.7	\$ 90,999.6
Adjustment to reconcile net income to cash from (used in) operating activities:			
Loan loss reserves	7	34,927.3	39,643.1
Other reserves	9	10,970.2	7,739.6
Interest in affiliates		(224.5)	(401.1)
Depreciations	11	5,782.6	5,704.4
Amortizations		3,284.6	2,482.0
Gain on sale of foreclosed assets	9	(5,895.6)	(5,790.2)
Gain on sale of property, plant and equipment		(19.9)	(2,699.7)
Minority interest		0.9	1.1
Interest and commissions receivable		(16,937.9)	(18,856.9)
Interest and commissions payable		4,734.2	3,058.1
Property, plant and equipment asset retirement		285.4	718.2
Changes in operating assets and liabilities:			
(Increase) in loan portfolio		(142,811.7)	(142,145.3)
Decrease in other assets		8,427.7	70.3
Increase (decrease) in customer deposits		(88,651.6)	109,954.2
Increase (decrease) in other liabilities		(2,875.3)	(10,436.6)
Net cash from (used in) operating activities		<u>(102,664.9)</u>	<u>80,040.8</u>
Investment activities:			
Investments in securities – net		\$351,396.9	\$ 55,360.4
Property, plant and equipment:			
Purchases	11	(7,451.4)	(3,648.7)
Sales	11	19.9	3,385.0
Net cash from investment activities		<u>343,965.4</u>	<u>55,096.7</u>
Financing activities:			
Repos and securities exchange operations		(1,874.3)	(2,384.9)
Loans payable – net		114,513.7	83,077.5
Sale of securities issued		67,320.1	62,878.9
Redemption of securities issued		(53,630.0)	(95,000.0)
Dividends paid out	43	(86,450.0)	(80,850.0)
Net cash from (used in) financing activities		<u>39,879.5</u>	<u>(32,278.5)</u>
Cash equivalent		281,180.0	102,859.0
Cash at beginning of year		605,309.4	502,450.4
Cash at end of year	3	<u>\$ 886,489.4</u>	<u>\$ 605,309.4</u>

The accompanying notes are an integral part of these consolidated Financial Statements.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

1. Operations

Banco Agrícola, S. A. is a Salvadoran corporation (*sociedad anónima*) of fixed capital, whose main purpose is to engage in all banking and financial businesses allowed by the laws of El Salvador. The Bank is part of a financial conglomerate whose holding company of exclusive purpose is Inversiones Financieras Banco Agrícola, S. A. These financial statements are in thousands of U.S. Dollars.

2. Significant accounting policies

Below is a summary of significant accounting policies:

Technical standards and accounting principles

The Bank prepared the accompanying consolidated financial statements based on accounting standards issued by the Superintendence of the Financial System, which establish the minimum content and procedures to prepare financial statements for banks (NCB-017), as well as the contents for financial statements and respective notes (NCB-018). These standards will prevail in the event of conflict with the International Financial Reporting Standards – IFRS (Note 39). When IFRS provide different accounting alternatives for the same event, the most conservative alternative will be adopted.

Consolidated financial statements

Banco Agrícola, S. A. consolidates financial statements with companies where it holds more than fifty percent of common shares. These companies are referred to as subsidiaries in Articles 23, 24, 118 and 145 of the Banking Law. All significant accounts and intercompany operations have been eliminated in order to prepare consolidated financial statements. The Bank's subsidiaries are listed below:

<u>Company</u>	<u>Type of business</u>	<u>Bank's interest subject to consolidation</u>	<u>Initial investment</u>	<u>Investment per books</u>	<u>Results for the period</u>
2014					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 3,331.5	\$ 209.1
Credibac, S. A. de C. V.	Credit card issuer (*)	99.90%	0.1	168.0	154.3
			<u>\$ 7,851.5</u>	<u>\$ 3,499.5</u>	<u>\$ 363.4</u>
2013					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 3,123.2	\$ 223.4
Credibac, S. A. de C. V.	Credit card issuer (*)	99.90%	0.1	274.8	261.2
			<u>\$ 7,851.5</u>	<u>\$ 3,398.0</u>	<u>\$ 484.6</u>

(*) The main current activity of this Company is the recovery of portfolio cleaned in previous years.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Investments in securities

Investments in securities are recorded at the lower of acquisition cost or market value. The market value for instruments regularly traded in the Salvadoran stock exchange is set by a simple average of transactions that took place in the last four weeks; a reserve is established based on the risk category given by a risk rating agency for securities issued by locally based and foreign based companies non-listed in the Salvadoran stock exchange; and securities non-listed in the Salvadoran stock exchange and with no risk rating, at present value.

Securities issued or guaranteed by the Central Bank and other government entities, payable with National Budget funds, are shown at acquisition cost.

Income recognition

Earned income is recognized on accrual basis. Interest provisions are discontinued on loans that are over ninety days delinquent and are recognized as income until they are collected in cash. Interest not recognized as income is recorded in memorandum accounts.

Commissions on 30-day term loans or contingency operations are recognized as income on the date they are collected or provisioned. Commissions on over 30-day term loans or contingency operations are recorded as deferred income, net of direct lending costs. Deferred income is periodically recognized, as originally established in the repayment conditions, according to the effective interest method using an internal rate of return.

Amortization of commissions on contingent operations and services is done on a monthly prorate basis during the term stipulated for guarantees, bonds, and other services, net of direct granting costs. Deferred income recognition is discontinued when loans or contingent operations are reclassified as past due, and are recognized until such balances are recovered.

Interest that become part of assets as the result of refinancing are recorded as deferred liabilities, and are recognized as income until they are collected according to terms.

Past due loans and interest

Past due loans are the total principal balances on loans that are over ninety days delinquent on capital or interest payments or when the entity has decided to resort to legal action for collection although they may not be past due as above mentioned. The criterion for transferring current loans and interest to past due is in accordance to standards established by the Superintendence of the Financial System.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Loan loss reserves on risk assets

Loan loss reserves on loans, interest receivable and other risk assets have been established according to instructions issued by the Superintendence of the Financial System, where the risks on each debtor can be assessed based on the following criteria: management and repayment ability, responsibility, economic situation, and real guarantee coverage.

Such provisions or reserves may increase as a result of increases in debtor risk; decreases may be caused by risk reductions, or by writing-off debtors' balances from assets up to the provision amount; when the written-off asset amount is higher than the corresponding provision amount, the difference is an expense.

Generic reserves are created whenever to the Superintendence's opinion information deficiencies are affecting the financial statements.

Loan loss reserves due to related party lending in excess of regulatory ceilings are created pursuant to the Superintendence of the Financial System's requirements in Article 206 of the Banking Law, which regulates related party lending by presumption. The provision amount is equal to the excess related party lending amount determined by the Superintendence of the Financial System, and which will decrease with credit to results as the related excess is eliminated.

Debtor rating risk reserves are created as the result of verification conducted by the Superintendence of the Financial System, where the need to reclassify to higher risk categories the number of debtors in excess of fifteen percent of the sample examined is establish. This reserve amount increases as a result of assessments conducted by the Superintendence of the Financial System and decreases by authorization of this institution whenever, to its judgment, the Bank has improved its debtor rating procedures.

Additionally, reserves can be created in excess of the minimum requirements established by the Superintendence of the Financial System; such reserves are disclosed as voluntary reserves. The Bank creates this type of reserves based on a risk methodology that considers, among other factors, the prevailing market conditions, debtor characteristics, rate of expected losses, etc.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Loss recognition on loans and accounts receivable

The Bank recognizes as loan portfolio losses by applying the balance to loan loss reserves, under the following criteria: a) balances secured by real guarantee with more than twenty-four months not showing repayments of principal, provided they are not in the process of foreclosure; b) balances not secured by real guarantee with more than twelve months not showing principal repayments, provided they are not in the process of foreclosure; c) balances without enforceable document to start foreclosure process; d) balances that after twenty-four months of initiating foreclosure, it has been impossible to enforce garnishment; e) cases where first instance ruling is in favor of debtor; f) when there is no evidence that a debtor has recognized the debt in the last five years; and g) when the Bank considers that repayment is not likely to occur.

Equity investments

Equity investments in joint ventures are recorded based on the equity method. For presentation purposes in consolidated financial statements, investments in subsidiaries are eliminated.

When the cost amount is higher than the book value of the issuing company, the Bank transfers the excess amount to a deferred charges account and it is amortized annually throughout a period of up to three years starting on the date the investment is made.

Derivative financial instruments

Derivative financial instruments contracted by the Bank, including interest rate cap contracts and swaps, are disclosed only in specific note to financial statements. Resulting profits or losses are recognized on the date of the periodic redemption of such instruments.

Property, plant and equipment

Real estate is recorded at acquisition cost, construction cost, or amounts determined by independent appraisers and approved by the Superintendence of the Financial System. Office furniture and equipment are valued at acquisition cost. Resulting differences between the real estate and movable assets book value and the value determined by independent appraisals are recorded charged or credited to the surplus account due to property, plant and equipment revaluation in restricted equity. Depreciation is estimated using the straight line method over the life of the asset. The revaluation amount of depreciable property, plant and equipment is amortized according with the remaining estimated life of the assets. Depreciation rates used are as follows: office furniture and equipment between 10% and 50%, vehicles 20%, facilities in leased space between 10% and 33%, and buildings 2% and 5%. Profits or losses on write-offs or disposals, as well as maintenance and repair expenses that do not extend significantly the life of the asset are charged to results for the year in which they are incurred.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Foreclosed assets

Foreclosed assets are recorded at the lower of cost or market value. Cost is established based on the amount set in the assignment deed, in the event of foreclosure; or the amount established in the award certification, in the event of judicial award; plus improvements that increase the intrinsic value of the asset. For these purposes, market value of non-monetary assets is the appraisal value provided by an expert appraiser registered with the Superintendence.

Foreclosed assets must be liquidated within five years from the date of acquisition, and they must be provisioned as a loss during the first four years through uniform monthly provisions.

A profit on the sale of foreclosed assets with financing is recognized when the receivable is collected.

Interest payable

Interest on deposits, securities issued, loans and other obligations are recognized on accrual basis.

Employee benefits

Banco Agrícola, S. A.'s policy is to grant employee bonuses that are determined mainly by complying with certain performance indicators and goals approved by the Board of Directors. Furthermore, other bonuses are granted to the rest of the staff determined based on the current salary. The accounting policy requires the creation of a liability based on an estimate of such obligations. During the year ended December 31, 2014, the Bank recognized \$6,422.1 (\$3,933.6 in 2013) for this expense.

Severance payments

Compensations that accumulate in favor of the Bank's employees according to the number of years of employment, in accordance with current Labor Laws, could be paid to employees in the event of unjustified dismissal. The Bank's policy is to record severance payment expenses in the period when the obligation becomes known. During the year ended December 31, 2014, maximum contingency for this expense in the context of the financial statements taken as a whole, amounts to \$13,193.5 (\$11,773.6 in 2013).

The Bank has a voluntary resignation policy pursuant to the Monetary Compensation for Voluntary Resignation Regulatory Law, under which employees with at least two years of continued and effective employment have the right to a financial benefit equal to fifteen days basic salary per each year of employment. This benefit became effective on January 1, 2015.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Commissions charged and paid out

Commissions charged to affiliated businesses are based on a percentage of sales made by the business, and are recognized as income when the affiliated businesses submit their invoices for payment. Commissions paid out to other credit card issuers are recognized in results the date the operations are settled.

Membership charges

These charges are recognized as income when credit cards are issued and renewed.

Debt and fraud insurance charges

Debt and fraud insurance charges are recognized as income when these are charged to card holders. Losses and fraud claims and stolen cards timely reported are charged directly to expenses. The Bank has a credit and debit card theft insurance policy through which eligible fraud charges will be absorbed by the insurance company after considering the established deductible amount.

Loyalty program

The Bank has a loyalty program called “*megamillas*” that consists in the accumulation of miles based on purchases made by cardholders using debit and credit cards issued by the Bank. *Megamillas* are valid for three years and are redeemable for products, services, and can be also transferred to other loyalty programs. The policy is to record a provision to cover redemptions derived from the loyalty program, which takes into consideration current, expired miles and the average unit cost of redemption of the last two years. During the year ended December 31, 2014 this expense amounted to \$5,959.2 (\$5,696.5 in 2013).

Credit card operations exchange

This account is used to record cardholders operations of other credit card issuers that are pending settlement. Typically, these balances are settled within the following three working days.

Operations in foreign currency

Operations in foreign currency different from legal tender currencies are recorded at the current exchange rate on the date of the transaction, and related balances are adjusted at the current exchange rate on the date of the monthly closing; profits and losses arising from this adjustment are recognized in the results for the current period.

Currency unit

The Monetary Integration Law of November 30, 2000 stipulates that the U.S. Dollar will be legal tender starting on January 1, 2001 and that all transactions conducted through the financial system will be presented in Dollars. The Bank's books are kept in U.S. Dollars represented by the \$ sign in the accompanying financial statements.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

General bank risk charges

The Bank has made no charges of this type.

Country risk reserve

The Bank creates country risk provisions for placement operations conducted abroad. This risk is attributable to the country of domicile of the debtor or the obliged and from where the investment funds must return, except when the parent company acts as joint debtor and/or when the guarantor is domiciled in a country with investment grade.

Institutions that place or commit their resources in other countries must use, in order to determine the country risk rating, the country's sovereign risk ratings issued by internationally renowned rating agencies on long term obligations. Provision increases cause debits in applicable results—earnings from previous periods account and credits in the restricted equity-earnings from previous periods account. Provision decreases cause reversion of the provision.

Accounting estimates used in preparing financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements, as well as the revenue and expense amounts reported during the reporting period. Although such estimates are based on management's best judgment on the date of the financial statements, actual results could differ from estimates.

3. Cash and deposits with banks

This item includes cash available in legal tender and foreign currency, and it amounts to \$886,489.4 (\$605,309.4 in 2013), of which \$886,379.3 (\$605,203.6 in 2013) are deposits in legal tender and \$110.1 (\$105.8 in 2013) are deposits in foreign currency. The majority of bank deposits yield interest. Below is a summary of this item:

	2014	2013
Cash	\$ 98,103.8	\$ 86,707.9
Deposits with the Central Bank of El Salvador	631,901.8	376,459.9
Deposits with foreign banks	132,152.6	103,541.0
Documents held by other banks	24,331.2	38,600.6
Total	<u>\$ 886,489.4</u>	<u>\$ 605,309.4</u>

As of December 31, 2014 and 2013, there are no restricted deposits.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

As of December 31, 2014, liquidity reserve for client deposits amounts to \$631,912.5; this reserve is backed by sight deposits.

As of December 31, 2013, liquidity reserve for client deposits amounts to \$677,706.6; this reserve is backed by a deposit account and investment securities of the Central Bank of El Salvador, it includes an additional liquidity reserve amount of \$30,352.4, required by the Central Bank Standards Committee to prevent liquidity issues in El Salvador's financial system (Note 43).

4. Repurchase agreements and securities exchange operations

As of December 31, 2014, the Bank maintains repurchase agreements and other securities in the amount of \$6,508.2 (\$4,633.9 in 2013) that are securities traded in El Salvador Stock Exchange.

5. Investments in securities

These are securities and other investments in monetary instruments purchased for speculative purposes or by decision of the monetary authorities, and details are as follows:

	2014	2013
Securities held to maturity		
Issued by the Central Bank	-	\$ 301,246.7
Issued by the Government	-	12.6
	<u>-</u>	<u>301,259.3</u>
Tradable securities		
Issued by the Central Bank	\$ 9,882.7	12,758.1
Issued by the Government	85,547.9	189,376.2
Issued by foreign institutions	62,553.7	23,311.2
Issued by FICAFE	26,241.3	30,439.9
Issued by local banks	20,089.2	-
Issued by private companies	9,459.7	1,000.0
	<u>213,774.5</u>	<u>256,885.4</u>
	213,774.5	558,144.7
Interest provision	4,490.6	6,836.6
Minus: Valuation provision	(190.0)	-
	<u>\$ 218,075.1</u>	<u>\$ 564,981.3</u>

As of December 31, 2014, the Bank established a provision for investment valuation of \$190.0, on investment securities of \$1,900.0. The coverage rate is 10.0%.

The coverage rate is a quotient expressed as a percentage, which is the result of dividing the provision amount by the asset amount.

As of December 31, 2014 and 2013, the Bank has no securities securing loans received from correspondent banks.

As of December 31, 2014 and 2013, the Bank has no restricted investments.

On June 12, 2014, the Government of El Salvador through the Ministry of Finance authorized a call to holders of securities called *Letras de Tesoro de El Salvador* or Treasury Bonds, with expiry date

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

between September 25, 2014 and August 10, 2015, for early redemption. Effective September 24, 2014, the Bank redeemed \$157,936.8 of such securities.

On July 1, 2014, a provision established by El Salvador Central Bank Standards Committee related with a new payment scheme for tranches I and II of the Liquidity Reserve for customer deposits became effective, replacing Liquidity Certificates CEDEL issue, to constitute Tranche III of Liquidity Reserve. (Note 43).

As of December 31, 2013, the balance invested in securities issued by the Government includes \$29,524.1 as an additional liquidity reserve amount, required according to provisions from El Salvador Central Bank Standards Committee to prevent liquidity problems in the financial system of El Salvador (Note 43).

The average rate of return on investments in securities is 2.45% (1.92% in 2013), in the context of the consolidated financial statements taken as a whole. The average rate of return is the percentage that results dividing investment portfolio income (including interest and commissions) by the average balance in the gross investment portfolio for the reporting period.

6. Loan portfolio

The Bank's loan portfolio is diversified in economic sectors as shown in the following table:

	<u>2014</u>	<u>2013</u>
<u>Current loans:</u>		
Commercial loans	\$ 1,183,309.1	\$ 1,153,783.1
Mortgage loans	420,982.7	400,170.1
Consumer loans	1,064,992.1	1,026,702.9
Loans to government entities	0.6	0.7
	<u>2,669,284.5</u>	<u>2,580,656.8</u>
<u>Refinanced or rescheduled loans:</u>		
Commercial loans	49,455.6	55,920.7
Consumer loans	102,732.7	82,778.2
	<u>152,188.3</u>	<u>138,698.9</u>
<u>Past due loans:</u>		
Commercial loans	3,521.3	4,427.1
Mortgage loans	3,122.0	4,973.6
Consumer loans	35,855.4	34,509.8
	<u>42,498.7</u>	<u>43,910.5</u>
	<u>2,863,971.5</u>	<u>2,763,266.2</u>
Interest on loans	12,447.2	12,020.3
Minus: Loss reserve	(94,868.3)	(101,083.3)
Net portfolio	<u>\$ 2,781,550.4</u>	<u>\$ 2,674,203.2</u>

The average rate of return on the loan portfolio is 9.62% (9.75% in 2013), in the context of the consolidated financial statements taken as a whole. The average rate of return is the percentage that results dividing the loan portfolio income (including interest and commissions) by the average balance in gross loan portfolio for the reporting period.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Loans with adjustable interest rate account for 98.16% (99.63% in 2013) of the loan portfolio, and fixed interest rate loans 1.84% (0.37% in 2013).

Interest earned on the loan portfolio and not accumulated and not recognized as results in the reporting period amount to \$7,415.3 (\$7,218.7 in 2013).

During the year ended December 31, 2014, the Bank recovered \$20,603.6 (\$17,841.3 in 2013) in loans and interest receivable settled as uncollectable in previous years. This amount is presented as "other income and expenses, net" in the consolidated income statement.

7. Loan loss reserves

As of December 31, 2014 and 2013, the Bank maintains \$108,368.1 and \$115,230.8, respectively, in loan loss reserves to cover possible losses. The movement during the reporting periods in loss reserve accounts is as follows:

a. Reserves on commercial loans:

	On loans and interest	On contingencies (Note 28)	Total
Balances as of December 31, 2012	\$ 35,491.0	\$ 17,773.9	\$ 53,264.9
Plus - Reserves created	8,209.8	435.4	8,645.2
Minus - Reserves released	(762.2)	(3,882.7)	(4,644.9)
Loan settlement	(14,003.3)	(179.1)	(14,182.4)
Balances as of December 31, 2013	<u>28,935.3</u>	<u>14,147.5</u>	<u>43,082.8</u>
Plus - Reserves created	-	527.9	527.9
Minus - Reserves released	(763.3)	(884.3)	(1,647.6)
Reclassification	(1,787.0)	-	(1,787.0)
Loan settlement	(4,075.2)	(291.3)	(4,366.5)
			\$
Balances as of December 31, 2014	<u>\$ 22,309.8</u>	<u>\$ 13,499.8</u>	<u>\$ 35,809.6</u>

Coverage ratio is 2.7% (3.3% in 2013).

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

b. Reserves on mortgage loans

	2014	2013
Balance at beginning of period	\$ 15,010.2	\$ 16,405.1
Plus - Reserves created	461.1	342.8
Minus - Reserves released	(1,975.1)	(1,618.5)
Loan settlement	(80.4)	(119.2)
Balance at end of period	<u>\$ 13,415.8</u>	<u>\$ 15,010.2</u>

Coverage ratio is 3.2% (3.7% in 2013).

c. Reserves on consumer loans

	2014	2013
Balance at beginning of period	\$ 30,264.1	\$ 28,117.3
Plus - Reserves created	32,991.6	26,208.3
Minus - Reserves released	(1,100.1)	(961.3)
Reclassification	1,787.0	-
Loan settlement	(28,954.5)	(23,100.2)
Balance at end of period	<u>\$ 34,988.1</u>	<u>\$ 30,264.1</u>

Coverage ratio is 4.9% (5.0% in 2013).

d. Voluntary reserves

	2014	2013
Balance at beginning of period	\$ 26,873.7	\$ 26,504.0
Plus - Reserves created	-	2,425.1
Minus - Reserves released	(2,719.1)	(2,055.4)
Balance at end of period	<u>\$ 24,154.6</u>	<u>\$ 26,873.7</u>

The coverage ratio for each type of reserve is the quotient expressed as a percentage, which results dividing the provision amount by the asset amount.

Loss reserves on contingencies are shown in other liabilities--miscellaneous.

As of December 31, 2014 and 2013, maintains \$24,154.6 and \$26,873.7 in voluntary reserves, respectively, to those required by the Superintendence of the Financial System.

During the year ended December 31, 2014, the Bank released \$7,441.9 (\$9,280.1 in 2013) from loss reserves. This amount is shown in "other income and expenses, net" in the consolidated income statement.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

8. Pledged portfolio

The Bank has raised the following funds using loan portfolio as collateral:

- a. Loans from Banco de Desarrollo de El Salvador originally in the amount of \$24,642.2 (\$24,710.5 in 2013), which are secured by category "A" and "B" loans originally in the amount of \$24,642.2 (\$24,710.5 in 2013); as of December 31, 2014, the loan balance plus interest is \$18,937.8 (\$18,152.2 in 2013) and \$18,881.0 (\$18,081.7 in 2013) as collateral.
- b. CIBAC\$14 investment certificates issue, c placed through El Salvador Stock Exchange, for \$51,000.0 (\$51,000.0 in 2013), and \$184.5 (\$169.7 in 2013) in accrued interest, which is secured by category "A" mortgage loans for \$64,660.9 (\$64,949.5 in 2013). Maturity date is September 4, 2016.
- c. CIBAC\$15 investment certificates issue, c placed through El Salvador Stock Exchange, for \$44,739.0 (\$39,153.1 in 2013), and \$78.5 (\$60.3 in 2013) in accrued interest, which is secured by category "A" mortgage loans for \$26,890.1 (\$31,042.0 in 2013) and Bank equity. Maturity date is August 24, 2022.
- d. CIBAC\$16 investment certificates issue, placed through El Salvador Stock Exchange, for \$122,000.0 (\$60,000.0 in 2013), and \$84.0 (\$17.7 in 2013) in accrued interest, which is secured by category "A" mortgage loans for \$138,013.4 (\$77,230.2 in 2013) and Bank equity. Maturity date is April 30, 2025.

Records of the loans listed above are identifiable in order to answer to creditors for legal liabilities derived from the relevant contracts.

9. Assets received as repayment (foreclosed assets)

As of December 31, 2014 and 2013, the Bank maintains \$10,800.2 and \$11,883.1, respectively, in foreclosed assets. The movement in foreclosed assets during the reporting periods is summarized as follows:

	Asset amount	Reserve amount	Net of reserve amount
Balances as of December 31, 2012	\$ 62,481.0	\$ 51,273.2	\$ 11,207.8
Plus - Write ins	10,701.2	7,739.6	2,961.6
Minus - Write-offs	(10,408.5)	(8,122.2)	(2,286.3)
Balances as of December 31, 2013	62,773.7	50,890.6	11,883.1
Plus - Write ins	12,984.4	10,970.2	2,014.2
Minus - Write-offs	(10,984.8)	(7,887.7)	(3,097.1)
Balances as of December 31, 2014	<u>\$ 64,773.3</u>	<u>\$ 53,973.1</u>	<u>\$ 10,800.2</u>

During the year ended December 31, 2014, the Bank created loss reserves on foreclosed assets in the amount of \$10,970.2 (\$7,739.6 in 2013). This amount is presented in "other income and expenses, net" in the consolidated statement of income.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

During the reporting periods the following foreclosed assets were written-off:

a. Sales:

	<u>Selling price</u>	<u>Purchase Price</u>	<u>Provision created</u>	<u>Profit</u>
2014	<u>\$ 9,009.4</u>	<u>\$ (10,563.7)</u>	<u>\$ 7,467.8</u>	<u>\$ 5,913.5</u>
2013	<u>\$ 8,076.5</u>	<u>\$ (10,194.6)</u>	<u>\$ 7,908.3</u>	<u>\$ 5,790.2</u>

b. Transfer to property, plant and equipment:

During the periods ended December 31, 2014 and 2013, no assets received as repayment were transferred to the Bank's property, plant and equipment account.

c. Destruction/liquidation:

During the period ended December 31, 2014, foreclosed assets with acquisition cost of \$347.1 (\$179.5 in 2013) and a reserve of \$347.1 (\$179.5 in 2013) were liquidated.

d. Donation:

During the period ended December 31, 2014, foreclosed assets with acquisition cost of \$74.0 (\$34.4 in 2013) and a reserve of \$72.8 (\$34.4 in 2013) were donated.

Provisions on assets received as repayment are recorded in equity accounts. For presentation purposes, such provisions are deducted from the related asset.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

10. Equity investments

Bank's Equity investments in joint ventures are as follows:

<u>Company name</u>	<u>Type of Business</u>	<u>Interest subject to Consolidation</u>	<u>Date of Initial investment</u>	<u>Original purchase amount</u>	<u>Investment in books</u>	<u>Result for the period (unaudited)</u>
December 31, 2014						
SERFINSA, S. A. de C. V. SERSAPROSA	Financial services	47.8%	August 18, 1993	\$114.3	\$1,052.0	\$ 22.9
Garantías y Servicios SGR, S. A. de C. V.	Armored transportation services	25.0%	February 23, 1993	403.6	3,240.8	178.1
ACH de El Salvador, S. A. de C. V.	Mutual guarantee services ATM services	2.4%	May 5, 2004	114.3	170.6	1.8
		25.0%	May 31, 2010	<u>50.0</u>	<u>210.6</u>	<u>21.8</u>
Totals				<u>\$682.2</u>	<u>\$4,674.0</u>	<u>\$224.6</u>
December 31, 2013						
SERFINSA, S. A. de C. V. SERSAPROSA	Financial services	47.8%	August 18, 1993	\$114.3	\$1,029.2	\$ 18.0
Garantías y Servicios SGR, S. A. de C. V.	Armored transportation services	25.0%	February 23, 1993	403.6	3,062.7	381.3
ACH de El Salvador, S. A. de C. V.	Mutual guarantee services ATM services	2.5%	May 5, 2004	114.3	168.8	0.4
		25.0%	May 31, 2010	<u>50.0</u>	<u>175.2</u>	<u>23.4</u>
Totals				<u>\$682.2</u>	<u>\$4,435.9</u>	<u>\$423.1</u>

11. Property, plant and equipment (movable assets and real estate)

The Bank's movable assets and real estate are as follows:

	<u>2014</u>	<u>2013</u>
Cost:		
Buildings	\$ 43,803.7	\$ 43,803.7
Furniture and equipment	58,335.0	54,493.6
Total	<u>102,138.7</u>	<u>98,297.3</u>
Minus - Accumulated depreciation	<u>(77,625.8)</u>	<u>(73,213.4)</u>
	24,512.9	25,083.9
Plus -		
Land	20,813.3	20,813.3
Amortizable	2,446.6	492.2
	<u>47,772.8</u>	<u>46,389.4</u>
Revaluations:		
Buildings	3,097.3	3,097.3
Minus - Accumulated depreciation	<u>(3,097.3)</u>	<u>(3,097.3)</u>
	-	-
Land	<u>11,174.5</u>	<u>11,174.5</u>
Total	<u>\$ 58,947.3</u>	<u>\$ 57,563.9</u>

During 2014 and 2013, there were no property, plant and equipment revaluations.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Following is a summary of movements in property, plant and equipment during the reporting periods:

	2014	2013
Balance at beginning of period	\$57,563.9	\$61,023.0
Plus - Write-ins	7,451.4	3,648.7
Minus - Write-offs	(285.4)	(1,403.4)
Depreciations	(5,782.6)	(5,704.4)
Balance at end of period	<u>\$58,947.3</u>	<u>\$57,563.9</u>

12. Client deposits

The Bank's deposits portfolio is distributed as follows:

	2014	2013
Deposits from the public	\$ 2,379,418.2	\$2,436,063.2
Deposits from other banks	21,496.0	24,702.6
Deposits from government entities	192,803.4	215,667.4
Restricted and inactive deposits	58,170.0	62,904.5
Total	<u>\$ 2,651,887.6</u>	<u>\$ 2,739,337.7</u>

The Bank's deposits portfolio in foreign currency equivalent in U.S. Dollars for the reporting period's amounts to \$21.7 and \$89.0, respectively, and these are deposits from the public.

The Bank's different types of deposits are as follows:

	2014	2013
Current account deposits	\$ 645,204.7	\$ 688,524.5
Savings account deposits	1,096,502.8	1,122,021.8
Time deposits	910,180.1	928,791.4
Total	<u>\$ 2,651,887.6</u>	<u>\$ 2,739,337.7</u>

Following is a description of the Bank's type of deposits in foreign currency equivalent in U.S. Dollars, for the reporting periods:

	2014	2013
Current account deposits	<u>\$ 21.7</u>	<u>\$ 89.0</u>

The average cost rate is 1.26% (1.29% in 2013), in the context of the consolidated financial statements taken as a whole.

The average cost rate of the deposits portfolio is the percentage that results dividing the funding cost by the average balance in deposits portfolio.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

13. Loans from Banco de Desarrollo de El Salvador (BANDESAL)

The loans from Banco de Desarrollo de El Salvador (BANDESAL) amount to \$24,642.2 (\$24,710.5 in 2013), destined to funding capital formation and development projects, with principal plus interest balance as of December 31, 2014 of \$18,937.8 (\$18,152.2 in 2013), at an annual interest rate ranging between 2.0% and 6.75% both years, secured by category "A" and "B" loans. These obligations mature between February 2015 and July 2029.

14. Loans from other financial institutions

As of December 31, 2014 and 2013, loan obligations with foreign banks amount to \$446,449.4 and \$329,535.6, respectively, including principal plus interest as follows:

December 31, 2014

Correspondent bank	Use	Principal and interest balance	Annual interest rate %	Guarantee	Due date
A	Foreign trade	\$ 20,135.7	1.4307	Without real guarantee	January 26, 2015
B	Foreign trade	50,309.7	1.7366	Without real guarantee	March 9, 2015
C	Operations	5,042.3	2.5789	Without real guarantee	March 3, 2015
D	Foreign trade	25,068.0	1.3302	Without real guarantee	January 6, 2015
E	Operations	10,088.1	2.6889	Without real guarantee	March 3, 2015
F	Foreign trade	50,994.6	1.9905	Without real guarantee	August 31, 2015
G	Operations	16,040.0	1.6384	Without real guarantee	May 6, 2015
H	Operations	6,043.3	2.2000	Without real guarantee	March 3, 2015
I	Operations	12,769.7	2.6320	Without real guarantee	March 7, 2015
J	Operations	101,012.2	3.2126	Without real guarantee	September 3, 2015
K	Foreign trade	58,522.9	0.5318	Without real guarantee	November 10, 2016
L	Operations	90,422.9	3.8111	Without real guarantee	May 15, 2018
		<u>\$ 446,449.4</u>			

December 31, 2013

Correspondent bank	Use	Principal and interest balance	Annual interest rate %	Guarantee	Due date
A	Foreign trade	\$ 25,333.1	1.3947	Without real guarantee	June 18, 2014
B	Foreign trade	8,915.1	1.5695	Without real guarantee	June 13, 2014
C	Foreign trade	30,060.9	1.3566	Without real guarantee	June 13, 2014
D	Operations	21,087.7	3.3209	Without real guarantee	August 12, 2014
E	Foreign trade	33,605.1	1.3217	Without real guarantee	May 23, 2014
F	Operations	20,204.4	2.7060	Without real guarantee	February 18, 2014
G	Foreign trade	27,792.2	2.0737	Without real guarantee	December 5, 2014
H	Operations	20,082.2	1.3614	Without real guarantee	April 25, 2014
I	Operations	5,042.5	2.0000	Without real guarantee	January 28, 2014
J	Foreign trade	5,009.7	1.4549	Without real guarantee	May 13, 2014
K	Foreign trade	4,008.2	1.3516	Without real guarantee	May 6, 2014
L	Foreign trade	35,008.6	0.6177	Without real guarantee	January 21, 2015
M	Operations	90,441.7	3.8111	Without real guarantee	May 15, 2018
N	Operations	2,944.2	2.3450	With real guarantee	June 15, 2014
		<u>\$ 329,535.6</u>			

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

15. Repurchase agreements (Repos) and other stock exchange obligations

As of December 31, 2014 and 2013, the Bank does not show any related balance.

16. Securities issued

The following table shows securities issued based on Article 53 of the Banking Law to raise funds from the public:

Issue	Issue amount	Amount placed	Capital plus interest balance	Interest rate	Date of issue	Term agreed	Type of guarantee
2014							
CIBACS14	\$ 100,000.0	\$ 51,000.0	\$ 51,184.5	5.29%	July 10, 2009	2 to 7 years	Category "A" loans
CIBACS15	150,000.0	44,739.0	44,817.5	4.43%	August 01, 2011	2 to 10 years	Category "A" loans and equity
CIBACS16	200,000.0	122,000.0	122,084.0	5.32%	April 30, 2013	12 years	Category "A" loans and equity
Total	<u>\$ 450,000.0</u>	<u>\$ 217,739.0</u>	<u>\$ 218,086.0</u>				

Issue	Issue amount	Amount placed	Capital plus interest balance	Interest rate	Date of issue	Term agreed	Type of guarantee
2013							
CIBACS12	\$ 100,000.0	\$ 53,630.0	\$ 53,648.1	4.25%	July 30, 2007	2 to 7 years	Category "A" loans and equity
CIBACS14	100,000.0	51,000.0	51,169.7	4.85%	July 10, 2009	2 to 7 years	Category "A" loans and equity
CIBACS15	150,000.0	39,153.1	39,213.4	4.43%	August 01, 2011	2 to 10 years	Category "A" loans and equity
CIBACS16	200,000.0	60,000.0	60,017.7	5.40%	April 30, 2013	12 years	Category "A" loans
Total	<u>\$ 550,000.0</u>	<u>\$ 203,783.1</u>	<u>\$ 204,048.9</u>				

17. Bonds convertible into shares

As of December 31, 2014 and 2013, the Bank does not show any related balance.

18. Loans convertible into shares

As of December 31, 2014 and 2013, the Bank does not show any related balance.

19. Recovery of written down assets

As of December 31, 2014 and 2013, the Bank does not show any related balance.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

20. Assets and liabilities maturity

As of December 31, 2014, assets and liabilities agreed maturity for the next five and following years are as follows:

	2015	2016	2017	2018	2019	2020 onward	Total
Assets							
Repos	\$ 6,508.2	-	-	-	-	-	\$ 6,508.2
Investments in securities	150,177.3	\$ 8,988.9	\$ 12,104.2	\$ 7,663.4	\$ 1,230.1	\$ 37,911.2	218,075.1
Loans	901,392.0	540,128.8	455,002.3	373,375.9	318,009.8	193,641.6	2,781,550.4
Total assets	\$ 1,058,077.5	\$ 549,117.7	\$ 467,106.5	\$ 381,039.3	\$ 319,239.9	\$ 231,552.8	\$ 3,006,133.7
Liabilities							
Deposits	\$ 1,098,198.3	\$ 1,553,676.2	\$ 13.1	-	-	-	\$ 2,651,887.6
Loans	313,804.8	67,440.0	2,337.3	\$ 72,536.4	\$ 1,972.2	\$ 7,296.5	465,387.2
Securities issued	5,347.0	71,765.9	10,973.1	-	-	130,000.0	218,086.0
Total liabilities	1,417,350.1	1,692,882.1	13,323.5	72,536.4	1,972.2	137,296.5	3,335,360.8
Net amount	(359,272.6)	(1,143,764.4)	\$ 453,783.0	\$ 308,502.9	\$ 317,267.7	\$ 94,256.3	\$ (329,227.1)

As of December 31, 2013, assets and liabilities operations agreed maturities for the next five years onward are as follows:

	2014	2015	2016	2017	2018	2019 onward	Total
Total assets	\$ 1,342,834.9	\$ 435,265.0	\$ 438,286.0	\$ 352,689.0	\$ 266,125.0	\$ 408,618.5	\$ 3,243,818.4
Total liabilities	1,414,870.7	1,623,962.0	80,493.0	13,169.0	72,373.0	86,206.7	3,291,074.4
Net amount	\$ (72,035.8)	\$ (1,188,697.0)	\$ 357,793.0	\$ 339,520.0	\$ 193,752.0	\$ 322,411.8	\$ (47,256.0)

For disclosure purposes, the savings and current account deposits in the amount of \$1,741,707.5 in 2014 and \$1,810,546.3 in 2013 that do not show definite maturity are included in first year maturity, and cash and deposits with banks balances of \$886,489.4 and \$605,309.4 are not included, as of December 31, 2014 and 2013, respectively.

21. Earnings per share

Earnings per share for the reporting periods are as follows:

	2014	2013
Earnings per share (in U.S. Dollars)	<u>\$ 4.93</u>	<u>\$ 5.20</u>

The above amount is based on net earnings shown in the income statement and the average outstanding amount of shares of 17,500,000 in 2014 and 2013.

22. Legal reserve

Based on Article 39 of the Banking Law, the Bank must take from its annual profits at least ten percent (10%) to create a statutory reserve to reach at least twenty-five percent (25%) of the paid-in capital stock.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

The legal reserve balance as of December 31, 2014 and 2013 is \$113,305.5, accounting for 38.3% of the paid-in capital stock.

The Ordinary General Shareholders' Meeting of Banco Agrícola, S. A. held February 21, 2013 agreed to transfer \$38,930.4 to capital reserves - legal voluntary reserves, related to 2012 results in the context of consolidated financial statements taken as a whole.

23. Distributable earnings

Pursuant to the first paragraph of Article 40 of the Banking Law, a portion of the earnings must be withheld, after deducting the legal reserve, equal to the proceeds receivable net of loan loss reserves, and thus, these amounts are determined as shown below:

	<u>2014</u>		<u>2013</u>
Profit for the period	\$ 86,338.7		\$ 90,999.6
Plus - Non distributable earnings from prior years	18,046.3		20,885.7
Minus:			
Interest, commissions and fees receivable	(17,078.8)		(18,046.3)
On deposits	\$ (124.6)	\$ (1.3)	-
On investments	(4,490.6)	(6,836.6)	-
On loans	(12,463.6)	(11,208.4)	-
Country risk reserve	(1,484.1)		3,982.8
Current year's distributable earnings	<u>\$ 85,822.1</u>		<u>\$ 97,821.8</u>

24. Income tax

Companies established in El Salvador pay income tax pursuant to the Income Tax Law included in the Legislative Decree N°134 of December 18, 1991, which became effective January 1st, 1992. For the year ended December 31, 2014, estimated taxes amount to \$35,913.4 (\$37,494.6 in 2013); the Bank shows \$29,467.3 (\$30,964.4 in 2013) in income tax liabilities, net of advance payments and withheld taxes of \$6,446.1 (\$6,446.8 in 2013).

25. Administrative expenses

Administrative expenses are as follows:

	<u>2014</u>	<u>2013</u>
Salaries and employees benefits:		
Salary	\$ 34,255.9	\$ 32,838.1
Personnel benefits	24,397.4	19,832.7
Severance payments	434.1	662.3
Directors expenses	99.2	69.5
Other personnel expenses	1,541.0	1,595.1
	<u>60,727.6</u>	<u>54,997.7</u>
General expenses	44,163.9	42,445.3
Depreciations and amortizations	9,067.2	8,186.4
Total	<u>\$ 113,958.7</u>	<u>\$ 105,629.4</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

26. Trusts

As of December 31, 2014, the Bank manages \$43,578.2 (\$42,901.6 in 2013) in total trust assets. During the years ended December 31, 2014 and 2013, trust results amounted to \$256.6 and \$267.9, respectively. The trust amounts, based on the Bank's accounting records, are as follows:

Trust	2014		2013	
	Asset amount	Bank proceeds	Asset amount	Bank proceeds
Trust "A"	\$ 2,269.5	\$ 10.8	\$ 2,113.4	\$ 10.1
Trust "B"	246.6	1.3	241.2	1.3
Trust "C"	8.5	0.1	8.6	0.1
Trust "D"	2,013.2	17.8	2,968.4	15.6
Trust "E"	25.9	0.2	25.4	0.2
Trust "F"	433.8	1.6	804.6	2.0
Trust "G"	1.4	-	4.8	0.1
Trust "H"	-	-	20.2	14.4
Trust "I"	811.1	6.3	778.6	5.7
Trust "J"	6,455.3	30.5	6,018.6	29.3
Trust "K"	5,687.3	29.1	5,508.8	25.8
Trust "L"	5,060.8	27.1	5,215.3	27.3
Trust "M"	659.0	2.3	1,193.7	0.5
Trust "N"	-	-	0.7	2.3
Trust "Ñ"	158.7	1.0	265.0	1.2
Trust "O"	336.5	1.6	301.5	1.7
Trust "P"	3,147.2	47.0	3,115.8	46.4
Trust "Q"	2.3	-	2.3	0.4
Trust "R"	540.0	1.3	539.5	1.3
Trust "S"	4,034.4	9.9	3,824.5	8.9
Trust "T"	2,052.7	5.0	1,917.0	4.6
Trust "U"	732.5	4.7	637.1	3.9
Trust "V"	1,361.8	8.0	1,307.8	7.8
Trust "W"	326.6	2.5	344.2	2.6
Trust "X"	3,152.6	15.9	2,900.1	15.0
Trust "Y"	288.7	2.9	288.0	2.9
Trust "Z"	100.0	0.8	100.6	0.9
Trust "AA"	1,043.7	6.2	1,032.0	6.2
Trust "AB"	0.2	7.5	57.6	18.0
Trust "AC"	-	1.5	1,006.2	7.6
Trust "AD"	384.8	3.9	360.1	3.8
Trust "AE"	943.6	5.0	-	-
Trust "AF"	203.9	1.0	-	-
Trust "AG"	296.0	1.3	-	-
Trust "AH"	197.6	1.0	-	-
Trust "AI"	99.6	0.4	-	-
Trust "AJ"	502.4	1.1	-	-
Total	\$ 43,578.2	\$ 256.6	\$ 42,901.6	\$ 267.9

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

27. Human resources indicators

In 2014, the Bank maintained an average (estimated based on the number of employees at the end of each month divided by 12) of 2,868 employees (2,707 in 2013) in the context of the financial statements taken as a whole. Of this number of employees, according to payroll records, approximately 60.8% (60.5% in 2013) is involved in the banking business and the rest work in human resources, administration and support areas.

28. Contingent operations

As of December 31, 2014 and 2013, amounts shown in these accounts represent rights that can become assets or liabilities at the completion of the transaction cycle or when a future and uncertain event occurs. These accounts show the following balances:

	2014	2013
Letters of credit issued	\$ 15,453.1	\$ 18,501.1
Guarantees and bonds	75,079.8	81,146.7
Total	<u>\$ 90,532.9</u>	<u>\$ 99,647.8</u>

As of December 31, 2014 and 2013, the loss risk provision on these operations amounts to \$13,499.8 and \$14,147.5, respectively, and is recorded in other liabilities – miscellaneous (Note 7).

29. Pending lawsuits

During the ordinary course of operations, the Bank and its subsidiaries are party to lawsuits brought against them by various interested parties. Typically these actions relate to facts or essential information that may positively or negatively affect in a significant way the Bank's or its subsidiaries' legal, economic or financial situation. As of December 31, 2014, the Bank does not report any pending significant legal or administrative lawsuits.

30. Related parties and relevant stockholders

The Banking Law identifies related parties as those holders of three percent or more of a bank's shares. Shares owned by spouses and first-degree relatives are considered as owned by those holders in order to determine this percentage, as well as their interest in companies that are bank shareholders. The term related parties also includes a group that the Banking Law calls relevant shareholders, and these are holders of at least ten percent of the Bank's shares. Bank directors and managers are also considered related parties.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

31. Related loans

Articles 203, 204, 205 and 206 of the Banking Law ban banks and their subsidiaries from granting loans, credits, guarantees and bonds to individuals or legal entities directly or indirectly related to an entity's ownership or directly to an entity's management, or from purchasing securities issued by such entities in a global amount that exceeds five percent (5%) of the paid in capital and capital reserves of each of the consolidated entities.

As of December 31, 2014 and 2013, capital stock and capital reserves amount to \$422,913.3 and \$411,487.8, respectively. Related party loans and credits, as of December 31, 2014, in the context of the financial statements taken as a whole, amount to \$14,511.3 (\$12,348.7 in 2013), and account for 3.4% (3.0% in 2013) of the Bank's paid-in capital stock and capital reserves. This amount is distributed among 525 debtors (515 in 2013).

In 2014 and 2013, in the context of the consolidated financial statements taken as a whole, the Bank complied with above mentioned related lending provisions.

32. Loans to foreign subsidiaries

Pursuant to Article 23 of the Banking Law, lending by banks to their foreign subsidiaries cannot exceed the lower of fifty percent (50%) of the equity and ten percent (10%) of the loan portfolio of the lender.

As of December 31, 2014 and 2013, there are no loans with foreign subsidiaries pursuant to provisions in Article 23 of the Banking Law.

During the reporting period, in the context of the consolidated financial statements as a whole, the Bank complied with above referred provisions on lending to subsidiaries.

33. Loans to domestic subsidiaries

Pursuant to Article 24 of the Banking Law, lending by banks to their domestic subsidiaries cannot exceed the lower of fifty percent (50%) of equity and ten percent (10%) of the loan portfolio of the lender.

As of December 31, 2014, the Bank's equity is \$497,421.6 (\$498,284.2 in 2013) and the gross loan portfolio is \$2,876,418.7 (\$2,775,286.5 in 2013). As of December 31, 2014, total credits granted to domestic subsidiaries is \$4,084.9 (\$4,444.8 in 2013), accounting for 0.82% (0.89% in 2013) of the entity's equity and 0.14% (0.16% in 2013) of the gross loan portfolio.

In 2014 and 2013, in the context of the consolidated financial statements taken as a whole, the Bank complied with above referred provisions on lending to subsidiaries.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

34. Lending limits

Pursuant to Article 197 of the Banking Law, banks and their subsidiaries cannot grant loans nor have an interest that exceeds twenty-five percent (25%) of their own equity, to one individual or group of individuals with economic relations. It also establishes that the excess over fifteen percent (15%) in loans, relative to their own equity must be covered by enough real guarantees or guarantees from first rate local or foreign banks.

As of December 31, 2014 and 2013, there are no loans granted to one individual or economic group exceeding twenty-five percent of the Bank's equity.

In 2014 and 2013, in the context of the consolidated financial statements taken as a whole, the Bank complied with provisions in Article 197 of the Banking Law.

35. Related party contracts

Pursuant to Article 208 of the Banking Law, the Superintendence of the Financial System may object to the signing of contracts between a bank and its related parties. Related parties are those individuals who are directly or indirectly linked to a bank's ownership or directly related to management.

As of December 31, 2014 and 2013, in the context of the consolidated financial statements taken as a whole, there are no contracts signed with related parties pursuant to Article 208 of the Banking Law.

During the years ended December 31, 2014 and 2013, the Superintendence of the Financial System did not object to related party contracts.

36. Lending and borrowing operations ratios in foreign currency

Pursuant to Article 62 of the Banking Law, the Superintendence of the Financial System will determine standards related to banks' lending and borrowing ratios with the aim of maintaining currency exchange risk within reasonable limits. To fulfill this purpose, the Superintendence of the Financial System has established that the absolute difference between assets and liabilities in foreign currency cannot exceed 10% of equity. As of December 31, 2014 and 2013 in the context of the consolidated financial statements taken as a whole, the Bank complied with the mentioned provision by maintaining a ratio of 0.02% (0.001% in 2013).

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

37. Equity or net equity requirements

Pursuant to Article 41 of the Banking Law, with the purpose of remaining solvent, banks must show at all times the following minimum ratios: i) 12.0%, capital to risk weighted assets amount; ii) 7.0%, capital to liabilities; and iii) 100% or more, capital to minimum paid in capital referred to in Article 36 of the Banking Law.

The Bank's situation, in the context of the consolidated financial statements taken as a whole, is as follows:

	2014	2013
Capital to risk weighted assets ratio	<u>16.8%</u>	<u>17.6%</u>
Capital to liabilities ratio	<u>14.2%</u>	<u>14.4%</u>
Capital to minimum paid in capital ratio	<u>167.2%</u>	<u>167.5%</u>

38. Derivatives

As of December 31, 2014 and 2013, the Bank maintains a "Swaps" contract to cover 6-month LIBOR rate from the risk associated to interest rate changes on the Bank's debt, with nominal amount of \$1,263.2 (\$2,526.3 in 2013).

39. Summary of significant differences between International Financial Reporting Standards (IFRS) and accounting standards issued by the Superintendence of the Financial System

Management has initially established the following significant differences, regarding its line of business, between the International Financial Reporting Standards (IFRS) and accounting standards issued by the Superintendence of the Financial System.

1. IFRS 1 sets out the procedures that an entity must follow when adopting IFRSs for the first time. Additionally, an entity must use the same accounting policies to prepare its opening balance sheet and for all the periods presented in the first IFRS financial statements. Furthermore, such accounting policies must relate to all and each of the IFRS in effect as of the date of the first IFRS report.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

2. Investments are classified as securities held to maturity and tradable securities, and are presented at the lower of cost or market value. IFRS require entities to classify investments in the following categories: financial assets at fair value through profits and losses; loans and accounts receivable originated by the entity; tradable financial assets; and investments held to maturity. Investment classification is the basis to determine the corresponding method of valuation. Additionally, when written off financial assets entail the purchase of a new financial asset, the entity will recognize the new financial asset at fair value. Furthermore, not all disclosures related to the use of financial instruments are being made; for example:
 - i. Objectives and policies related to financial risk management, including hedging policy, itemized by each type of main expected operations.
 - ii. Information on the nature of the risks covered, such as credit risk, market risk, currency risk, and interest rate risk.
3. IFRS require maturity analysis on derivatives and non-derivative financial liabilities (including financial guarantee contracts) that show remaining contract maturities.
4. IFRS require entities to disclose the fair value of each class or group of financial assets and liabilities.
5. Minimum credit risk provisions are established based on standards issued by the Superintendence of the Financial System; additionally, the Bank policy is to create reserves in excess to requirements established by the regulator; according to IFRS, when preparing financial statements the portfolio's credit risk profiles must be considered based on variables such as economy's behavior, delinquency historic trends, geographic location, economic activity, etc., in order to establish reserves adequate to the risk of recovering these loans. IFRS suggest an analysis to establish reserves would have to be based on future cash flows applying historic loss rates, including the guarantee's present realization value.
6. According to IFRS, voluntary reserves are not part of results; rather they are appropriations on retained earnings.
7. Reserves created in previous years that are later released, become credits to other non-operating income; according to IFRS operations of same nature must be shown net.
8. The accounting policy on interest recognition reveals that no interest is estimated on past due loans. IFRS require the entity to recognize interest on all financial assets, as well as their impairment. Furthermore, commissions charged and paid out to affiliated businesses and/or other credit card issuers shall be recognized upon completion of the respective service.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

9. Property, plant and equipment revaluations are approved by the Superintendence of the Financial System to the request of the Bank, and are not updated periodically; IFRS require periodic update of property, plant and equipment revaluations in order to reflect fair market values of such revaluated assets. Fixed asset life is determined based on fiscal periods; according to IFRS, fixed asset life must be determined based on the economic life of the asset; furthermore, IFRSs have revised the definition of residual value of assets.
10. There are no records related to deferred taxes; IFRS require entities to recognize deferred taxes when the tax basis of assets and liabilities valuation differs from financial accounting amounts.
11. IFRS 5 shall be applied to foreclosed assets, and it states that an impairment loss shall be recognized on any asset written off originally or subsequently at fair value minus selling costs. Under IFRS statutory reserves on foreclosed assets are not part of results for the period; they are appropriations on retained earnings. Note 2, shows a summary of the current accounting policy.
12. Current standards state that profits on the financed sale of foreclosed assets shall be recognized as income until such profit is received, which is not in accordance to IFRS.
13. IFRS require entities to record estimates on asset impairment as a function of future asset related cash flows, discounted at the proper interest rate. This process shall be completed when previously established impairment indicators are met. The accounting policy does not require such estimates.
14. The consolidation of financial statements is based on interest. IFRS require consolidation based on control, showing minority interest in the balance sheet, statement of income and statement of changes in equity as equity.
15. IFRS require the statement of changes in net stockholders' equity to show, among other items, the results for the period. The current accounting policy does not require showing the results for the period in the statement of changes in net stockholders' equity.
16. IFRS require entities to disclose qualitative and quantitative information on their exposure to risks arising from financial instruments, including credit, liquidity and market risks. Additionally, entities are required to disclose a sensitivity analysis on each type of market risk to which they are exposed, as well as the methods used and assumptions made. The current accounting policy does not require this type of disclosures.
17. The accounting policy related to the loyalty programs requires creating a provision to cover program redemptions. IFRS require entities to recognize obligations arising from a liability related to a deferred income at fair value from miles not redeemed from the loyalty program when they become known.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

18. There is no disclosure of an accounting policy on fiduciary activity. The current accounting policy does not require such disclosure.
19. Derivatives are disclosed only in specific note to the financial statements. IFRS require entities to account for assets and liabilities resulting from derivative operations. Furthermore, the Bank is required to assess the existing ratio between hedge instruments and hedged financial instruments in order to establish the accounting treatment of resulting profits or losses between the hedging and hedged instruments.

40. Risk rating

Article 235 of the Banking Law requires the Bank to publish risk ratings given by a risk rating agency registered with the Superintendence of Securities (currently the Superintendence for the Financial System). The Bank's ratings are as follows:

	Local rating			
	Fitch Ratings	Equilibrium, S. A. de C. V.	Fitch Ratings	Equilibrium, S. A. de C. V.
	2014	2014	2013	2013
Rating given as issuer	EAAA (slv)	EAAA.sv	EAAA (slv)	EAAA.sv

The date of reference for the risk ratings is June 30, 2014 and 2013.

Ratings descriptions are as follows:

EAAA Given to entities that show the highest repayment ability on their obligations under agreed terms and conditions, which would not be affected by changes in the entity, its industry, and the economy. Risk factors are insignificant.

The "+" sign indicates an upward trend toward the immediately higher rating category, while the "-" sign reflects a downward trend toward the immediately lower category.

"sv" and "slv" in the ratings mean El Salvador.

41. Treasury shares

The Banking Law requires banks to issue treasury shares for an amount equal to equity or equity requirement for the individual entity by December 31 of each year, the higher.

These shares shall be offered, with authorization by the Superintendence of the Financial System, first to the Bank's shareholders and then to the public.

Non subscribed and unpaid treasury shares do not carry equity or social rights.

As of December 31, 2014 treasury shares amount to \$495,486,2 (\$483,732.9 in 2013). In 2014 and 2013, the Bank did not use treasury shares.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

42. Segment information

As of December 31, 2014 and 2013, the consolidated Bank engaged mainly in banking services in El Salvador.

43. Relevant facts and subsequent events

The most relevant events that took place during the years ended December 31, 2014 and 2013, are summarized below:

1. The Ordinary General Shareholders' Meeting of Banco Agrícola, S. A. held February 12, 2014 (held February 21, 2013), agreed to a dividend payment of four U.S. dollars and ninety-four cents (four U.S. dollars and sixty-two cents per share in 2013); total distribution amount was \$86,450.0 (\$80,850.0 in 2013); additionally, a decision was made to transfer \$11,425.5 to capital reserves - voluntary reserves from 2013 results (\$39,612.8 to capital reserves (legal reserve - voluntary reserves) from 2012 results).
2. The General Shareholders' Meeting, held February 12, 2014, agreed to appoint the following Board of Directors for the period 2014-2016, as follows:

<u>Position</u>	<u>Director</u>
President:	Jaime Alberto Velásquez Botero
Vice President:	Gonzalo de Jesús Toro Bridge
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Juan Carlos Mora Uribe
Alternate Director:	Ricardo Antonio Juan Luis Balzaretti Cepeda

3. The Ordinary and Extraordinary General Shareholders' Meeting of Credibac, S. A. de C. V., held February 11, 2014 (February 20, 2013), agreed to a dividend payout of two hundred twenty-seven U.S. dollars and thirteen cents per share (six hundred thirty U.S. dollars and twenty cents per share in 2013); total distribution amount was \$261.2 (\$630.2 in 2013) from distributable net earnings and voluntary capital reserves from 2013 and 2012, respectively.
4. Effective June 15, 2014, a loan provided by the International Finance Corporation (IFC), a World Bank member, with initial amount of \$50,000.0 was repaid and principal plus interest amount of \$2,976.1, which was secured with category "A" loans. As of December 31, 2013, the loan plus interest balance was \$2,944.3.
5. On June 9, 2014, the Central Bank of El Salvador Managing Council, in session No. CD-21/2014 agreed to the new scheme for Liquidity Reserve Compensation, in effect since July 1, 2014. Below is a description of such agreement:
 - a. Authorize the implementation of a Compensation scheme for the three Liquidity Reserve tranches established by banks at the Central Bank, approved by the Managing Council in Session No. CD-12/2014 dated March 24, 2014, starting July 1, 2014 and the opening of

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

compensated deposit accounts in favor of banks to establish a Liquidity Reserve Third tranche.

- b. Authorize the last compensation period for Liquidity Reserve Tranches I and II, as well as issuing Liquidity Certificates CEDEL to establish Liquidity Reserve Tranche III under the current scheme, to be equal to 13 days, from June 18 to June 30, 2014, to be paid July 1, 2014.
 - c. Repeal agreements made by the Managing Council that are in effect to this date, regarding the Compensation Scheme for Liquidity Reserve Tranches I and II; as well as everything related to Liquidity Certificates CEDEL issued by the Central Bank to establish Liquidity Reserve Tranche III.
6. Effective July 31, 2014, the Legislature passed the Legislative Decree No. 764, containing the "Taxation of Financial Operations Law" effective since September 1, 2014, which levies a tax on the amount of any type of checks and electronic transfers above \$1.0, performed in the country through financial system entities; furthermore, this law includes a tax withholding for liquidity control above \$5.0 originated through deposit, payment, and cash withdrawal operations. The tax rate and withholding is 0.25% equivalent to 2.5 per thousand on the check or transfer amount; and above \$5.0 on individual or accumulated cash operations in the month.
 7. CIBAC\$16 investment certificates, tranche 2 and 3 for \$12,000.0 and \$50,000.0 respectively were placed on August 15 and 27, 2014. This issue was authorized by the Superintendence of the Financial System in session No. CD-12/2013 dated March 20, 2013, for \$200,000.0.
 8. Investment certificates CIBAC\$12 placed through El Salvador Stock Exchange for \$100,000.0, matured on September 28, 2014. As of December 31, 2013, the amount placed was \$53,630.0 and accrued interest of \$18.1, secured by category "A" mortgage loans for \$79,910.8 and Bank equity.
 9. As of September 30, 2014, investment certificates CIBAC\$15 tranches 5 and 6 were placed in the amount of \$3,789.0 and \$618.0 respectively. As of March 31, 2013 investment certificates CIBAC\$15 tranche 3 for \$5.0 was placed.

On December 18, 2013 El Salvador's Legislature passed the Monetary Compensation for Voluntary Resignation Regulatory Law, which was published in the Official Journal dated January 21, 2014. The purpose of this law is to regulate the conditions under which permanent employees in the private sector and autonomous institutions that generate their own resources, will receive a payment when they voluntarily resign to their jobs. In order to be entitled to this economic benefit, employees must have at least two years of continued and effective employment with the same employer, and the benefit will be equivalent to fifteen-day basic salary per year of work; no salary could exceed the amount of twice the minimum daily legal wages in effect in the relevant business sector. This law will be effective the first of January two thousand fifteen.

The Bank has in place an employee benefits policy and based on actuary analysis and quantification has recorded the estimated effects of this law to be charged to results of this period.

10. During the Board meeting held December 6, 2013, Sergio Restrepo Isaza's resignation to the position of Board president was announced. As a result, then Vice President, Jaime Alberto Velasquez Botero was called to assume the position of President, and Gonzalo de Jesus Toro

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

Bridge, then Alternate Director, was called to assume the position of Vice President, both positions to be held for the remaining of the term until a new Board of Directors is elected. The Board of Directors was formed as follows:

<u>Position</u>	<u>Director</u>
President:	Jaime Alberto Velásquez Botero
Vice President:	Gonzalo de Jesús Toro Bridge
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

11. Investment certificates CIBACS11, placed through El Salvador Stock Exchange for \$25,000.0, matured on October 16, 2013. As of June 30, 2013, the amount placed was \$25,000.0 and accrued interest of \$10.7, secured by category “A” mortgage loans for \$36,680.0.
12. On June 27, 2013, the Central Bank of El Salvador Standards Committee during session number CN 08/13 approved contingency measures to prevent liquidity problems, which will be in effect for one year starting July 15, 2013. These measures are described below:
 - a. An additional 2% liquidity reserve requirement is established, calculated on a moving basis, on obligations subject to reserves on each 14-day block between July 17, 2013 and the 14-day block ended December 3 of that same year, at a rate of one tenth accumulated on each 14-day block. On the following 14-day blocks, the additional two-percent requirement will be based on obligations subject to reserves in the corresponding calculation period.
 - b. Entities may invest up to 50% of the required additional reserve through purchases in the primary market of El Salvador Treasury Bonds issued by the Central Government, and Tradable Liquidity Certificates issued by the Central Bank. These investments must be free of any encumbrance, they must be unseizable, and have unrestricted availability.

On May 15, 2014 the Central Bank Standards Committee during session CN 06/14 agreed to revoke these “Contingency Measures to Prevent Liquidity Problems”, starting June 18, 2014.

13. Investment certificates CIBACS16, tranche 1 for \$60,000.0 were placed April 30, 2013. The Superintendence of the Financial System authorized this issue in session No. CD-12/2013 dated March 20, 2013, for \$200,000.0.
14. The Bank placed CIBACS15 investment certificates tranche 3, for \$5.0 on March 31, 2013.
15. The General Shareholders’ Meeting held February 21, 2013 restructured the Board of Directors for the remaining of the period 2012-2014, as follows:

<u>Position</u>	<u>Director</u>
President:	Sergio Restrepo Isaza
Vice President:	Jaime Alberto Velásquez Botero
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2014 and 2013

(In thousands of U.S. dollars, except amount per share)

<u>Position</u>	<u>Director</u>
Alternate Director:	Gonzalo de Jesús Toro Bridge
Alternate Director:	Luís Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

16. On January 27, 2015, the Bank was notified of resolution by the Financial System Appeals Committee, reference CA-11-2014, related to a case brought about by the Superintendence of the Financial System, confirming that the Bank must pay fines in the amount of \$595.0.



Report of Independent Auditors
(A Free Translation from the Original Report Prepared in Spanish)

To the Shareholders and
Board of Directors of Banco Agrícola, S. A.

We have audited the accompanying consolidated financial statements of Banco Agrícola, S. A. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2013 and the consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards for banks issued by the Superintendence of Financial System of El Salvador, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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



To the Shareholders and
Board of Directors of Banco Agrícola, S. A.
Page 2

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects the consolidated financial position of Banco Agrícola, S. A. and its subsidiaries as at December 31, 2013, and its consolidated financial performance and cash flows for the year then ended in accordance with the accounting standards for banks issued by the Superintendence of Financial System of El Salvador.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2 that describes that the consolidated financial statements and the respective notes of Banco Agrícola, S. A. and subsidiaries are prepared according to the accounting standards for banks issued by the Superintendence of Financial System of El Salvador, which establish the minimum content and the procedures for the preparation of financial statements of banks (NCB-017), as well as the content for the publication of the financial statements and their respective notes (NCB-018).

PricewaterhouseCoopers, S. A. de C. V.
Registration number 214

Wilfredo Peralta
Partner

February 3, 2014

Banco Agrícola, S. A. and Subsidiaries

Consolidated Balance Sheet

December 31, 2013 and 2012

(In thousands of U.S. dollars)

	Notes	2013	2012
Assets			
Intermediation Assets			
Cash and deposits with banks	3	\$ 605,309.4	\$ 502,450.4
Repos and other securities exchange operations	4	4,633.9	2,249.0
Investments in securities, net	5	564,981.3	613,505.1
Loan portfolio, net of loss reserves	6, 7	2,674,203.2	2,570,381.9
		<u>3,849,127.8</u>	<u>3,688,586.4</u>
Other Assets			
Foreclosed assets, net of loss provision	9	11,883.1	11,207.8
Equity investments	10	4,435.9	4,020.4
Miscellaneous, net of loss reserves of \$2,697.0 (\$2,528.1 in 2012)		20,213.2	14,991.5
		<u>36,532.2</u>	<u>30,219.7</u>
Property, plant and equipment			
Real estate, movables and others, net of accumulated depreciation	11	57,563.9	61,023.0
Total Assets		<u>\$3,943,223.9</u>	<u>\$3,779,829.1</u>
Liabilities and Stockholders' Equity			
Intermediation liabilities			
Client deposits	12	\$2,739,337.7	\$2,628,291.5
Loans from Banco de Desarrollo de El Salvador	8, 13	18,152.2	19,350.9
Loans from other financial institutions	14	329,535.6	243,559.1
Securities issued	8, 16	204,048.9	235,904.2
Miscellaneous		17,802.8	22,751.1
		<u>3,308,877.2</u>	<u>3,149,856.8</u>
Other Liabilities			
Accounts payable		46,727.0	49,971.8
Provisions		11,837.3	11,308.2
Miscellaneous		19,287.4	22,059.2
		<u>77,851.7</u>	<u>83,339.2</u>
Total Liabilities		<u>3,386,728.9</u>	<u>3,233,196.0</u>
Non-controlling interests in subsidiaries		12.1	11.6
Stockholders' Equity			
Paid-in capital stock		297,500.0	297,500.0
Capital reserve, accumulated results and unearned equity		258,982.9	249,121.5
Total Stockholders' Equity		<u>556,482.9</u>	<u>546,621.5</u>
Total Liabilities and Stockholders' Equity		<u>\$3,943,223.9</u>	<u>\$3,779,829.1</u>

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Income Statement Years ended December 31, 2013 and 2012

(In thousands of U.S. dollars)

	Notes	2013	2012
Operating income:			
Loan interest		\$ 231,193.9	\$ 210,652.6
Commissions and other lending income		30,981.4	35,284.2
Interest and other investment income		10,785.2	10,203.4
Profit on sale of securities		2,803.1	1,763.9
Repos and securities exchange operations		146.8	96.5
Interest on deposits		272.0	304.3
Operations in foreign currency		914.7	700.1
Other services and contingencies		44,616.9	42,474.6
		<u>321,714.0</u>	<u>301,479.6</u>
Minus - Operating costs:			
Interest and other deposit costs		35,221.4	26,118.2
Interest on loans from financial institutions		5,033.6	5,030.9
Interest on securities issued		11,071.9	7,752.6
Loss on sale of securities		836.2	122.4
Operations in foreign currency		36.7	22.2
Other services and contingencies		24,709.3	24,016.1
		<u>76,909.1</u>	<u>63,062.4</u>
Loss reserves	7	39,643.1	42,464.4
		<u>116,552.2</u>	<u>105,526.8</u>
		<u>205,161.8</u>	<u>195,952.8</u>
Income before expenses			
Administrative expenses:			
Salaries and employee benefits	25	54,997.7	53,821.5
General		42,445.3	39,734.1
Depreciation and amortization		8,186.4	8,635.8
		<u>105,629.4</u>	<u>102,191.4</u>
Operating profit		99,532.4	93,761.4
Dividends		401.1	413.2
Other income and expenses, net	6, 7, 9	28,561.8	31,770.7
Profit before taxes		<u>128,495.3</u>	<u>125,945.3</u>
Income tax	24	(37,494.6)	(36,828.3)
Profit before non-controlling interests		91,000.7	89,117.0
Non-controlling interest in subsidiaries		(1.1)	(1.3)
Net income		<u>\$ 90,999.6</u>	<u>\$ 89,115.7</u>

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity Years ended December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

	Balances as of December 31, 2011	Increases	Reductions	Balances as of December 31, 2012	Increases
Stockholders' Equity					
Paid-in capital stock (1)	\$ 297,500.0	-	-	\$ 297,500.0	-
Legal reserve (Note 22)	74,375.1	-	-	74,375.1	\$ 38,930.4
Voluntary reserves	38,997.1	\$ 39,497.5	\$ (39,626.2)	38,868.4	-
Distributable earnings (Note 23)	108,546.4	89,115.7	(116,750.2)	80,911.9	97,875.6
	<u>519,418.6</u>	<u>128,613.2</u>	<u>(156,376.4)</u>	<u>491,655.4</u>	<u>136,806.0</u>
Restricted Stockholders' Equity					
Non-distributable earnings (Note 23)	18,505.8	2,379.9	-	20,885.7	-
Property, plant and equipment revaluation	11,775.8	-	(172.3)	11,603.5	-
Country risk reserve	16,653.0	5,823.9	-	22,476.9	-
	<u>46,934.6</u>	<u>8,203.8</u>	<u>(172.3)</u>	<u>54,966.1</u>	<u>-</u>
Total Stockholders' Equity	<u>\$ 566,353.2</u>	<u>\$ 136,817.0</u>	<u>\$ (156,548.7)</u>	<u>\$ 546,621.5</u>	<u>\$ 136,806.0</u>
Book value per Share					
(In U.S. Dollars)	<u>\$ 32.36</u>	<u>-</u>	<u>-</u>	<u>\$ 31.24</u>	<u>-</u>

- (1) As of December 31, 2013 and 2012, the Bank's capital stock is represented by 17,500,000 common and registered shares at \$17.00 per share. All shares are totally subscribed and paid.

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Consolidated statement of cash flows ***Years ended December 31, 2013 and 2012***

(In thousands of U.S. dollars)

	Notes	2013	2012
Operating activities:			
Net income		\$ 90,999.6	\$ 89,115.7
Adjustment to reconcile net income to cash from (used in) operating activities:			
Loan loss reserves	7	39,643.1	42,464.4
Other reserves	9	7,739.6	9,585.6
Interest in affiliates		(401.1)	(436.9)
Depreciations	11	5,704.4	5,556.4
Amortizations		2,482.0	3,079.1
Gain on sale of foreclosed assets	9	(5,790.2)	(3,761.0)
Gain on sale of property, plant and equipment		(2,699.7)	(512.4)
Minority interest		1.1	1.3
Interest and commissions receivable		(18,856.9)	(21,371.1)
Interest and commissions payable		3,058.1	2,079.3
Property, plant and equipment retirement		718.2	1,650.9
Changes in operating assets and liabilities:			
(Increase) in loan portfolio		(142,145.3)	(203,133.1)
Decrease in other assets		70.3	1,224.7
Increase in customer deposits		109,954.2	76,668.9
Increase (decrease) in other liabilities		(10,436.6)	21,288.7
Net cash from operating activities		<u>80,040.8</u>	<u>23,500.5</u>
Investment activities:			
Investments in securities – net		\$ 55,360.4	\$ (26,860.3)
Property, plant and equipment:			
Purchases	11	(3,648.7)	(5,930.3)
Sales	11	3,385.0	8,499.2
Net cash from (used in) investment activities		<u>55,096.7</u>	<u>(24,291.4)</u>
Financing activities:			
Repos and securities exchange operations		(2,384.9)	4,425.3
Loans payable – net		83,077.5	92,957.9
Sale of securities issued		62,878.9	30,728.9
Redemption of securities issued		(95,000.0)	
Dividends paid out	43	(80,850.0)	(108,675.0)
Net cash from (used in) financing activities		<u>(32,278.5)</u>	<u>19,437.1</u>
Cash equivalent		<u>102,859.0</u>	<u>18,646.2</u>
Cash at beginning of year		<u>502,450.4</u>	<u>483,804.2</u>
Cash at end of year	3	<u>\$ 605,309.4</u>	<u>\$ 502,450.4</u>

The accompanying notes are an integral part of these consolidated financial statements.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

1. Operations

Banco Agrícola, S. A. is a Salvadoran corporation (*sociedad anónima*) of fixed capital, whose main purpose is to engage in all banking and financial businesses allowed by the laws of El Salvador. The Bank is part of a financial conglomerate whose holding company of exclusive purpose is Inversiones Financieras Banco Agrícola, S. A. These financial statements are in thousands of U.S. Dollars.

2. Significant accounting policies

Following is a summary of significant accounting policies:

Technical standards and accounting principles

The Bank has prepared the accompanying consolidated financial statements based on accounting standards issued by the Superintendence of the Financial System, which establish the minimum content and procedures to prepare financial statements (NCB-017), as well as the contents for publication of financial statements and the respective notes (NCB-018). These standards will prevail in the event of conflict with the International Financial Reporting Standards – IFRS (Note 39). When IFRS provide different accounting alternatives for the same event, the most conservative alternative will be adopted.

Consolidation of financial statements

Banco Agrícola, S. A. consolidates financial statements with companies where it holds more than fifty percent of common shares. These companies are referred to as subsidiaries in Articles 23, 24, 118 and 145 of the Banking Law. All significant accounts and intercompany operations have been eliminated in order to prepare consolidated financial statements. The Bank's subsidiaries are listed below:

<u>Company</u>	<u>Type of business</u>	<u>Bank's interest subject to consolidation</u>	<u>Initial investment</u>	<u>Investment per books</u>	<u>Results for the period</u>
2013					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 3,123.2	\$ 223.4
Credibac, S. A. de C. V.	Credit card issuer	99.90%	0.1	274.8	261.2
			<u>\$ 7,851.5</u>	<u>\$ 3,398.0</u>	<u>\$ 484.6</u>
2012					
Arrendadora Financiera, S. A.	Financial leasing	99.62%	\$ 7,851.4	\$ 2,900.7	\$ 208.7
Credibac, S. A. de C. V.	Credit card issuer	99.90%	0.1	643.4	630.2
			<u>\$ 7,851.5</u>	<u>\$ 3,544.1</u>	<u>\$ 838.9</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Investments in securities

Investments in securities are recorded at the lower of acquisition cost or market value. The market value for instruments regularly traded in the Salvadoran stock exchange is set by a simple average of transactions that took place in the last four weeks; a reserve is established for securities issued by locally based and foreign based companies non-listed in the Salvadoran stock exchange based on the risk category given by a risk rating agency; and securities non-listed in the Salvadoran stock exchange and with no risk rating, at present value.

Securities issued or guaranteed by the Central Bank and other government entities, payable with National Budget funds, are shown at acquisition cost.

Income recognition

Earned income is recognized on accrual basis. Interest provisions are discontinued on loans that are over ninety days delinquent and are recognized as income until they are collected in cash. Interest not recognized as income is recorded in memorandum accounts.

Commissions on 30-day term loans or contingency operations are recognized as income on the date they are collected or provisioned. Commissions on over 30-day term loans and contingency operations are recorded as deferred income, net of direct lending costs. Deferred income is periodically recognized, as originally established in the repayment conditions, according to the effective interest method using an internal rate of return.

Amortization of commissions on contingent operations and services is done on a monthly a prorata basis during the term stipulated for guarantees, bonds, and other services, net of direct costs. Deferred income recognition is discontinued when loans or contingent operations are reclassified as past due loan, and are recognized until such balances are recovered.

Interest that become part of assets as the result of refinancing are recorded as deferred liabilities, and are recognized as income until they are collected according to terms.

Past due loans and interest

Past due loans are the total principal balances on loans that are over ninety days past due on capital or interest payments or when the entity has decided to resort to legal action for collection although they may not be past due as above mentioned. The criterion to transfer current loans and interest to past due is in accordance to standards established by the Superintendence of the Financial System.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Loan loss reserves on risk assets

Loan loss reserves on loans, interest receivable and other risk assets have been established according to instructions issued by the Superintendence of the Financial System, where the risks on each debtor can be assessed based on the following criteria: management and repayment ability, responsibility, economic situation, and real guarantee coverage.

Such provisions or reserves may increase as a result of increases in debtor risk; decreases may be caused by risk reductions, or by writing-off debtors' balances from assets up to the provision amount; when the written-off asset amount is higher than the corresponding provision amount, the difference is an expense.

Generic reserves are created whenever to the Superintendence's opinion information deficiencies are affecting the financial statements.

Loan loss reserves due to related party lending in excess of regulatory ceilings are created pursuant to the Superintendence of the Financial System's requirements based on Article 206 of the Banking Law, which regulates related party lending by presumption. The provision amount is equal to the excess amount in related party lending determined by the Superintendence of the Financial System, and which will decrease with credit to results as the related excess is eliminated.

Debtor rating risk reserves are created as the result of verification conducted by the Superintendence of the Financial System, where the need is establish to reclassify to higher risk categories the number of debtors in excess of fifteen percent of the sample examined. This reserve amount increases as a result of assessments conducted by the Superintendence of the Financial System and decreases by authorization of this institution whenever, to its judgment, the Bank has improved its debtor rating procedures.

Additionally, reserves can be created in excess of the minimum requirements established by the Superintendence of the Financial System; such reserves are disclosed as voluntary reserves. The Bank creates this type of reserves based on a risk methodology that considers, among other factors, the prevailing market conditions, debtor characteristics, rate of expected losses, etc.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Loss recognition on loans and accounts receivable

The Bank recognizes as loan portfolio losses by applying the balance to loan loss reserves, under the following criteria: a) balances secured by real guarantee with more than twenty-four months not showing principal repayments, provided they are not in the process of foreclosure; b) balances not secured by real guarantee with more than twelve months not showing principal repayments, provided they are not in the process of foreclosure; c) balances without enforceable document to start foreclosure process; d) balances that after twenty-four months of initiating foreclosure, it has been impossible to enforce garnishment; e) cases where first instance ruling is in favor of debtor; f) when there is no evidence that a debtor has recognized the debt in the last five years; and g) when the Bank considers that repayment is not likely to occur.

Equity investments

Equity investments in joint ventures are recorded based on the equity method. For presentation purposes in consolidated financial statements, investments in subsidiaries are eliminated.

When the cost amount is higher than the book value of the issuing company, the Bank transfers the excess amount to a deferred charges account and it is amortized annually throughout a period of up to three years starting on the date the investment is made.

Derivative financial instruments

Derivative financial instruments contracted by the Bank, including interest rate cap contracts and swaps, are disclosed only in specific note to financial statements. Resulting profits or losses are recognized on the date of the periodic redemption of such instruments.

Property, plant and equipment

Real estate is recorded at acquisition cost, construction cost, or amounts determined by independent appraisers and approved by the Superintendence of the Financial System. Office furniture and equipment are valued at acquisition cost. Resulting differences between the real estate and movable assets book value and the value determined by independent appraisals are recorded charged or credited to the surplus account due to fixed asset revaluation in restricted stockholders' equity. Depreciation is estimated using the straight line method over the life of the asset. The revaluation amount of depreciable property, plant and equipment is amortized according with the remaining estimated life of the assets. Depreciation rates used are as follows: office furniture and equipment between 10% and 50%, vehicles 20%, facilities in leased space between 10% and 33%, and buildings 2% and 5%. Profits or losses on write-offs or disposals, as well as maintenance and repair expenses that do not extend significantly the life of the asset are charged to results for the year in which they are incurred.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Foreclosed assets

Foreclosed assets are recorded at the lower of cost or market value. Cost is established based on the amount set in the assignment deed, in the event of foreclosure; or the amount established in the award certification, in the event of judicial award; plus improvements that increase the intrinsic value of the asset. For these purposes, market value of non-monetary assets is the appraisal value provided by an expert appraiser registered with the Superintendence.

Foreclosed assets must be liquidated within five years from the date of acquisition, and they must be provisioned as a loss during the first four years through uniform monthly provisions.

A profit on the sale of foreclosed assets with financing is recognized when the receivable is collected.

Interest payable

Interest on deposits, securities issued, loans and other obligations are recognized on accrual basis.

Employee benefits

Banco Agrícola, S. A. follows a policy of granting employee bonuses that are determined mainly by complying with certain performance indicators and goals approved by the Board of Directors. Likewise, other bonuses are granted to the rest of the staff established based on the current salary. The accounting policy requires the creation of a liability based on an estimate of such obligations. During the year ended December 31, 2013, the Bank recognized \$3,933.6 (\$5,996.7 in 2012) for this expense.

Severance payments

Compensations that accumulate in favor of the Bank's employees according to the number of years of employment, in accordance with current Labor Laws, could be paid to employees in the event of unjustified dismissal. The Bank's policy is to record severance payment expenses in the period when the obligation becomes known. During the year ended December 31, 2013, maximum contingency for this expense in the context of the financial statements taken as a whole, amounts to \$11,773.6 (\$10,335.6 in 2012).

Commissions charged and paid out

Commissions charged to affiliated businesses are based on a percentage of sales made by the business, and are recognized as income when the affiliated businesses submit their invoices for payment. Commissions paid out to other credit card issuers are recognized in results the date the operations are settled.

Membership charges

These charges are recognized as income as credit cards are issued and renewed.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Debt and fraud insurance charges

Debt and fraud insurance charges are recognized as income when charged to card holders. Losses and fraud claims and stolen cards timely reported are charged directly to expenses. The Bank has a credit and debit card theft insurance policy through which eligible fraud charges will be absorbed by the insurance company after considering the established deductible amount.

Loyalty program

The Bank has a loyalty program called “*megamillas*” that consists in the accumulation of miles based on purchases made by cardholders using debit and credit cards issued by the Bank. *Megamillas* are valid for three years and are redeemable for products, services, and can be also transferred to other loyalty programs. The policy is to record a provision to cover redemptions derived from the loyalty program, which takes into consideration current, expired miles and the average unit cost of redemption of the last two years. During the year ended December 31, 2013 this expense amounted to \$5,696.5 (\$5,120.7 in 2012).

Credit card operations exchange

This account is used to record cardholders operations of other credit card issuers that are pending settlement. Typically, these balances are settled within the following three working days.

Operations in foreign currency

Operations in foreign currency different from legal tender currencies are recorded at the current exchange rate on the date of the transaction, and related balances are adjusted at the current exchange rate on the date of the monthly closing; profits and losses derived from this adjustment are recognized in the results for the current period.

Currency unit

The Monetary Integration Law of November 30, 2000 stipulates that starting on January 1, 2001 the U.S. Dollar will be legal tender and that all transactions conducted through the financial system will be presented in Dollars. The Bank's books are kept in U.S. Dollars represented by the \$ sign in the accompanying financial statements.

General bank risk charges

The Bank has made no charges of this type.

Country risk reserve

The Bank creates country risk provisions for placement operations conducted abroad. This risk is attributable to the country of domicile of the debtor or the obliged and from where the investment funds must return, except when the parent company acts as joint debtor and/or when the guarantor is domiciled in a country with investment grade.

Institutions that place or commit their resources in other countries must use, in order to determine the country risk rating, the country's sovereign risk ratings issued by internationally renowned rating agencies on long term obligations. Provision increases cause debits in applicable results—earnings from previous periods account and credits in the restricted stockholders' equity-income from previous periods account. Provision decreases cause reversion of the provision.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

Accounting estimates used in preparing financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements, as well as the revenue and expense amounts reported during the reporting period. Although such estimates are based on management's best judgment on the date of the financial statements, actual results could differ from estimates.

3. Cash and deposits with banks

This item includes cash available in legal tender and foreign currency, and it amounts to \$605,309.4 (\$502,450.4 in 2012), of which \$605,203.6 (\$502,163.2 in 2012) are deposits in legal tender and \$105.8 (\$287.2 in 2012) are deposits in foreign currency. The majority of bank deposits yield interest. Following is a summary of this item:

	2013	2012
Cash	\$ 86,707.9	\$ 92,106.8
Deposits with the Central Bank of El Salvador	376,459.9	273,497.8
Deposits with foreign banks	103,541.0	83,205.3
Documents held by other banks	38,600.6	53,640.5
Total	<u>\$ 605,309.4</u>	<u>\$ 502,450.4</u>

As of December 31, 2013 and 2012, there are no restricted deposits.

As of December 31, 2013, liquidity reserve for client deposits amounts to \$677,706.6 (\$563,824.5 in 2012); this reserve is backed by a deposit account and Central Bank of El Salvador investment securities; it includes an additional liquidity reserve amount of \$30,352.4 required by the Central Bank Standards Committee to prevent liquidity issues within El Salvador's financial system (Note 43).

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

4. Repurchase agreements and securities exchange operations

As of December 31, 2013 the Bank maintains repurchase agreements and other securities in the amount of \$4,633.9 (\$2,249.0 in 2012) that are securities traded in El Salvador Stock Exchange.

5. Investments in securities

These are securities and other investments in monetary instruments purchased for speculative purposes or by decision of the monetary authorities, and they are as follows:

	2013	2012
Securities held to maturity		
Issued by the Central Bank	\$ 301,246.7	\$ 290,326.7
Issued by the Government	12.6	61.6
	<u>301,259.3</u>	<u>290,388.3</u>
Tradable securities		
Issued by the Central Bank	12,758.1	38,750.0
Issued by the Government	189,376.2	223,043.5
Issued by foreign institutions	23,311.2	21,928.5
Issued by FICAFE	30,439.9	29,428.7
Issued by the private sector	1,000.0	-
	<u>256,885.4</u>	<u>313,150.7</u>
	558,144.7	603,539.0
Interest provision	6,836.6	9,966.1
	<u>\$ 564,981.3</u>	<u>\$ 613,505.1</u>

As of December 31, 2013 and 2012 the Bank does not have any securities securing loans from correspondent banks.

As of December 31, 2013 and 2012 the Bank has no restricted investments.

As of December 31, 2013, the investment balance in securities issued by the Government includes an additional liquidity reserve amount of \$29,524.1, required by the Central Bank Standards Committee to prevent liquidity issues within El Salvador's financial system (Note 43).

The average rate of return on investments in securities is 1.92% (1.77% in 2012), in the context of the consolidated financial statements taken as a whole. The average rate of return is the percentage that results dividing investment portfolio income (including interest and commissions) by the average balance in the gross investment portfolio for the reporting period.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

6. Loan portfolio

The Bank's loan portfolio is diversified in economic sectors as shown in the following table:

	<u>2013</u>	<u>2012</u>
<u>Current loans:</u>		
Commercial loans	\$ 1,153,783.1	\$ 1,138,923.6
Mortgage loans	400,170.1	384,783.0
Consumer loans	1,026,702.9	957,631.7
Loans to government entities	0.7	0.2
	<u>2,580,656.8</u>	<u>2,481,338.5</u>
<u>Refinanced or rescheduled loans:</u>		
Commercial loans	55,920.7	50,996.0
Consumer loans	82,778.2	78,385.1
	<u>138,698.9</u>	<u>129,381.1</u>
<u>Past due loans:</u>		
Commercial loans	4,427.1	10,234.0
Mortgage loans	4,973.6	5,149.9
Consumer loans	34,509.8	39,390.7
	<u>43,910.5</u>	<u>54,774.6</u>
	2,763,266.2	2,665,494.2
Interest on loans	12,020.3	11,405.1
Minus: Loss reserve	(101,083.3)	(106,517.4)
Net portfolio	<u>\$ 2,674,203.2</u>	<u>\$ 2,570,381.9</u>

The average rate of return on the loan portfolio is 9.75% (9.61% in 2012), in the context of the consolidated financial statements taken as a whole. The average rate of return is the percentage that results dividing the loan portfolio income (including interest and commissions) by the average balance in gross loan portfolio for the reporting period.

Loans with adjustable interest rate account for 99.63% (99.52% in 2012) of the loan portfolio, and fixed interest rate loans the 0.37% (0.48% in 2012).

Interest earned on the loan portfolio and not recognized as results in the reporting period amount to \$16,457.1 (\$18,792.4 in 2012).

During the year ended December 31, 2013, the Bank recovered \$17,841.3 (\$22,910.7 in 2012) in loans and interest receivable settled as uncollectable in previous years. This amount is presented as "other income and expenses, net" in the consolidated income statement.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

7. Loan loss reserves

As of December 31, 2013 and 2012, the Bank maintains \$115,230.8 and \$124,291.3, respectively, in loan loss reserves to cover possible losses. The movement during the reporting periods in loan loss reserve accounts is as follows:

a. Reserves on commercial loans:

	On loans and interest	On contingencies (Note 28)	Total
			\$
			60,094.
Balances as of December 31, 2011	\$ 41,665.0	\$ 18,429.9	9
Plus - Reserves created	7,177.7	835.1	8,012.8
Minus - Reserves released	(5,989.9)	(1,128.5)	(7,118.4)
Loan settlement	(7,755.6)	(362.6)	(8,118.2)
Reserves reclassification	393.8	-	393.8
Balances as of December 31, 2012	35,491.0	17,773.9	53,264.9
Plus - Reserves created	8,209.8	435.4	8,645.2
Minus - Reserves released	(762.2)	(3,882.7)	(4,644.9)
Loan settlement	(14,003.3)	(179.1)	(14,182.4)
			\$
			43,082.
Balances as of December 31, 2013.....	\$ 28,935.3	\$ 14,147.5	8

Coverage Ratio is 3.3% (4.02% in 2012).

b. Reserves on mortgage loans

	2013	2012
Balance at beginning of period	\$ 16,405.1	\$ 13,568.0
Plus - Reserves created	342.8	3,850.5
Minus - Reserves released	(1,618.5)	(770.3)
Loan settlement	(119.2)	(243.1)
Balance at end of period	\$ 15,010.2	\$ 16,405.1

Coverage Ratio is 3.7% (4.2% in 2012).

c. Reserves on consumer loans

	2013	2012
Balance at beginning of period	\$ 28,117.3	\$ 24,653.1
Plus - Reserves created	26,208.3	27,320.9
Minus - Reserves released	(961.3)	(459.9)
Loan settlement	(23,100.2)	(23,003.0)
Reserves reclassification	-	(393.8)
Balance at end of period	\$ 30,264.1	\$ 28,117.3

Coverage Ratio is 5.0% (5.06% in 2012).

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

	2013	2012
d. Voluntary reserves		
Balance at beginning of period	\$ 26,504.0	\$ 29,762.8
Plus - Reserves created	2,425.1	1,663.4
Minus - Reserves released	(2,055.4)	(4,922.2)
Balance at end of period	<u>\$ 26,873.7</u>	<u>\$ 26,504.0</u>

The coverage ratio for each type of reserve is the quotient expressed as percentage which results dividing the provision amount by the asset amount.

Loan loss reserves on contingencies are shown in other liabilities--miscellaneous.

During the year ended December 31, 2013, the Bank released a total of \$9,280.1 (\$13,270.8 in 2012) from loss reserves. This amount is shown in "other income and expenses, net" in the consolidated income statement.

As of December 31, 2013 and 2012, the Bank maintains voluntary reserves of \$26,873.7 and \$26,504.0, respectively, to those required by the Superintendence of the Financial System.

8. Pledged portfolio

The Bank has raised the following funds using loan portfolio as collateral:

- a. Loans from Banco de Desarrollo de El Salvador (formerly Banco Multisectorial de Inversiones) in the original amount of \$24,710.5 (\$25,119.8 in 2012), which are secured by category "A" and "B" loans in the original amount of \$24,710.5 (\$25,119.8 in 2012); as of December 31, 2013, the loan balance plus interest is \$18,152.2 (\$19,350.9 in 2012) and a collateral of \$18,081.7 (\$19,266.7 in 2012).
- b. Loan from the International Finance Corporation (IFC), a World Bank member, in the original amount of \$50,000.0 (\$50,000.0 in 2012), which is secured by category "A" loans; as of December 31, 2013, the loan balance plus interest is \$2,944.3 (\$8,832.9 in 2012), and a collateral of \$15,560.5 (\$19,411.4 in 2012).
- c. CIBACS12, investment certificates issue, placed through El Salvador Stock Exchange, for \$53,630.0 (\$63,630.0 in 2012), and accrued interest of \$18.1 (\$24.9 in 2012), which is secured by category "A" mortgage loans for \$79,910.8 (\$81,495.5 in 2012) and Bank equity. Maturity date is September 28, 2014.
- d. CIBACS14, investment certificates issue, placed through El Salvador Stock Exchange, for \$51,000.0 (\$51,000.0 in 2012), and accrued interest of \$169.7 (\$145.5 in 2012), which is secured by category "A" mortgage loans for \$64,949.5 (\$65,860.4 in 2012) and Bank equity. Maturity date is September 4, 2016.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

- e. CIBAC\$15, investment certificates issue, placed through El Salvador Stock Exchange, for \$39,153.1 (\$20,000.0 in 2012), and accrued interest of \$60.3 (\$49.6 in 2012), which is secured by category "A" mortgage loans for \$31,042.0 (\$29,264.1 in 2012) and Bank equity. Maturity date is August 24, 2022.
- f. CIBAC\$16, investment certificates issue, placed through El Salvador Stock Exchange, for \$60,000.0, and accrued interest of \$17.7, which is secured by category "A" mortgage loans for \$77,230.2 in 2013. Maturity date is April 30, 2025.

Records of the loans listed above are identifiable in order to answer to creditors for legal liabilities derived from the relevant contracts.

9. Assets received as repayment (foreclosed assets)

As of December 31, 2013 and 2012, the Bank maintains \$11,883.1 and \$11,207.8, respectively, in foreclosed assets. The movement in foreclosed assets during the reporting periods is summarized as follows:

	Asset amount	Reserve amount	Net of reserve amount
Balances as of December 31, 2011	\$ 59,786.0	\$ 46,387.1	\$ 13,398.9
Plus - Write ins	9,400.0	9,585.6	(185.6)
Minus - Write-offs	(6,705.0)	(4,699.5)	(2,005.5)
Balances as of December 31, 2012	62,481.0	51,273.2	11,207.8
Plus - Write ins	10,701.2	7,739.6	2,961.6
Minus - Write-offs	(10,408.5)	(8,122.2)	(2,286.3)
Balances as of December 31, 2013	<u>\$ 62,773.7</u>	<u>\$ 50,890.6</u>	<u>\$ 11,883.1</u>

During the year ended December 31, 2013, the Bank created loss reserves on foreclosed assets in the amount of \$7,739.6 (\$9,585.6 in 2012). This amount is presented in "other income and expenses, net" in the consolidated statement of income.

During the reporting periods the following foreclosed assets were written-off:

- a. Sales:

	Selling price	Purchase price	Provision created	Profit
2013	<u>\$ 8,076.5</u>	<u>\$ (10,194.6)</u>	<u>\$ 7,908.3</u>	<u>\$ 5,790.2</u>
2012	<u>\$ 5,766.5</u>	<u>\$ (6,705.0)</u>	<u>\$ 4,699.5</u>	<u>\$ 3,761.0</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

- b. Transfer to Property, plant, and equipment assets:
During the periods ended December 31, 2013 and 2012, no assets received as repayment were transferred to the Bank's Property, plant, and equipment assets.
- c. Destruction/liquidation:
During the period ended December 31, 2013, foreclosed assets with acquisition cost of \$179.5 and a reserve of \$179.5 were liquidated. During the period ended December 31, 2012, no foreclosed assets were destroyed or liquidated.
- d. Donation:
During the period ended December 31, 2013, foreclosed assets with acquisition cost of \$34.4 and a reserve of \$34.4 were donated. During the period ended December 31, 2012, no foreclosed assets were donated.

10. Equity investments

The Bank's equity investments in joint ventures are as follows:

<u>Company name</u>	<u>Type of Business</u>	<u>Interest subject to consolidation</u>	<u>Date of Initial investment</u>	<u>Original purchase amount</u>	<u>Investment in books</u>	<u>Result for the period (unaudited)</u>
December 31, 2013						
SERFINSA, S. A. de C. V. SERSAPROSA	Financial services	47.8%	August 18, 1993	\$114.3	\$1,029.2	\$ 18.0
	Armored transportation services	25.0%	February 23, 1993	403.6	3,062.7	381.3
Garantías y Servicios SGR, S. A. de C. V.	Mutual guarantee services	2.5%	May 5, 2004	114.3	168.8	0.4
ACH de El Salvador, S. A. de C. V.	ATM services					
		25.0%	May 31, 2010	<u>50.0</u>	<u>175.2</u>	<u>23.4</u>
Total				<u>\$682.2</u>	<u>\$4,435.9</u>	<u>\$423.1</u>
December 31, 2012						
SERFINSA, S. A. de C. V. SERSAPROSA	Financial services	47.8%	August 18, 1993	\$114.3	\$1,018.7	\$ 7.5
	Armored transportation services	25.0%	February 23, 1993	403.6	2,681.4	394.5
Garantías y Servicios SGR, S. A. de C. V.	Mutual guarantee services	2.5%	May 5, 2004	114.3	168.4	11.2
ACH de El Salvador, S. A. de C. V.	ATM services					
		25.0%	May 31, 2010	<u>50.0</u>	<u>151.9</u>	<u>23.7</u>
Totals				<u>\$682.2</u>	<u>\$4,020.4</u>	<u>\$436.9</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

11. Property, plant and equipment (movable assets and real estate)

The Bank's movable assets and real estate are as follows:

	2013	2012
Cost:		
Buildings	\$ 43,803.7	\$ 45,502.3
Furniture and equipment	54,493.6	52,562.8
Total	<u>98,297.3</u>	<u>98,065.1</u>
Minus - Accumulated depreciation	<u>(73,213.4)</u>	<u>(69,463.5)</u>
	25,083.9	28,601.6
Plus -		
Land	20,813.3	21,018.5
Amortizable	492.2	-
	<u>46,389.4</u>	<u>49,620.1</u>
Revaluations:		
Buildings	3,097.3	3,348.1
Minus - Accumulated depreciation	<u>(3,097.3)</u>	<u>(3,348.1)</u>
	-	-
Land	<u>11,174.5</u>	<u>11,402.9</u>
Total	<u>\$ 57,563.9</u>	<u>\$ 61,023.0</u>

During 2013 and 2012, no property, plant and equipment revaluations were performed.

Following is a summary of movements in property, plant and equipment during the reporting periods:

	2013	2012
Balance at beginning of period	\$ 61,023.0	\$ 70,286.8
Plus - Additions	3,648.7	5,930.3
Minus - Write-offs	(1,403.4)	(9,637.7)
Depreciations	(5,704.4)	(5,556.4)
Balance at end of period	<u>\$ 57,563.9</u>	<u>\$ 61,023.0</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

12. Client deposits

The Bank's deposits portfolio is distributed as follows:

	2013	2012
Deposits from the public	\$2,436,063.2	\$2,367,843.3
Deposits from other banks	24,702.6	14,340.2
Deposits from government entities	215,667.4	175,270.5
Restricted and inactive deposits	<u>62,904.5</u>	<u>70,837.5</u>
Total	<u>\$2,739,337.7</u>	<u>\$2,628,291.5</u>

The Bank's deposits portfolio in foreign currency equivalent in U.S. Dollars for the reporting period's amounts to \$89.0 and \$219.5, respectively, and these are client deposits.

The Bank's different types of deposits are as follows:

	2013	2012
Current account deposits	\$ 688,524.5	\$ 622,359.5
Savings account deposits	1,122,021.8	1,137,092.4
Time deposits	<u>928,791.4</u>	<u>868,839.6</u>
Total	<u>\$2,739,337.7</u>	<u>\$2,628,291.5</u>

Following is a description of the Bank's type of deposits in foreign currency equivalent in U.S. Dollars, for the reporting periods:

	2013	2012
Current account deposits	<u>\$89.0</u>	<u>\$219.5</u>

The average cost rate is 1.29% (1.0% in 2012), in the context of the consolidated financial statements taken as a whole.

The average cost rate of the deposits portfolio is the percentage that results dividing the funding cost by the average balance in deposits portfolio.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

13. Loans from Banco de Desarrollo de El Salvador (BANDESAL)

The loans from Banco de Desarrollo de El Salvador BANDESAL (formerly Banco Multisectorial de Inversiones BMI) amount to \$24,710.5 (\$25,119.8 in 2012), destined to funding capital formation and development projects, with principal plus interest balance of as of December 31, 2013 of \$18,152.2 (\$19,350.9 in 2012), at an annual interest rate ranging between 2.0% and 6.75% both years, secured by category "A" and "B" loans. These obligations mature between January 2014 and November 2028.

14. Loans from other Financial Institutions

As of December 31, 2013 and 2012, loan obligations with foreign banks amount to \$329,535.6 and \$243,559.1, respectively, amount that includes principal plus interest; as follows:

December 31, 2013

Correspondent bank	Use	Principal and interest balance	Annual interest rate %	Guarantee	Due date
A	Foreign trade	\$ 25,333.1	1.3947	Without real guarantee	June 18, 2014
B	Foreign trade	8,915.1	1.5695	Without real guarantee	June 13, 2014
C	Foreign trade	30,060.9	1.3566	Without real guarantee	June 13, 2014
D	Operations	21,087.7	3.3209	Without real guarantee	August 12, 2014
E	Foreign trade	33,605.1	1.3217	Without real guarantee	May 23, 2014
F	Operations	20,204.4	2.7060	Without real guarantee	February 18, 2014
G	Foreign trade	27,792.2	2.0737	Without real guarantee	December 5, 2014
H	Operations	20,082.2	1.3614	Without real guarantee	April 25, 2014
I	Operations	5,042.5	2.0000	Without real guarantee	January 28, 2014
J	Foreign trade	5,009.7	1.4549	Without real guarantee	May 13, 2014
K	Foreign trade	4,008.2	1.3516	Without real guarantee	May 6, 2014
L	Foreign trade	35,008.6	0.6177	Without real guarantee	January 21, 2015
M	Operations	90,441.7	3.8111	Without real guarantee	May 15, 2018
N	Operations	<u>2,944.2</u>	2.3450	With real guarantee	June 15, 2014
		<u>\$329,535.6</u>			

December 31, 2012

Correspondent bank	Use	Principal and interest balance	Annual interest rate %	Guarantee	Due date
A	Foreign trade	\$ 16,808.1	1.4569	Without real guarantee	March 15, 2013
B	Operations	24,132.5	2.9216	Without real guarantee	March 11, 2013
C	Foreign trade	41,361.7	1.7875	Without real guarantee	February 25, 2013
D	Operations	10,016.0	2.2823	Without real guarantee	April 12, 2013
E	Foreign trade	15,191.9	2.4906	Without real guarantee	September 12, 2013
F	Operations	17,440.9	1.6997	Without real guarantee	April 10, 2013
G	Operations	8,059.4	2.3005	Without real guarantee	January 23, 2013
H	Foreign trade	4,937.7	1.5170	Without real guarantee	June 11, 2013
I	Foreign trade	8,948.7	2.0294	Without real guarantee	January 11, 2013
J	Operations	30,004.1	3.5000	Without real guarantee	January 08, 2013
K	Foreign trade	57,825.2	0.9330	Without real guarantee	December 26, 2014
L	Operations	<u>8,832.9</u>	2.5130	With real guarantee	June 15, 2014
		<u>\$243,559.1</u>			

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

15. Repurchase agreements and other stock exchange obligations

As of December 31, 2013 and 2012, the Bank does not show any related balance.

16. Securities issued

The following table shows securities issued based on Article 53 of the Banking Law to raise funds from the public:

<u>Issue</u>	<u>Issue amount</u>	<u>Amount placed</u>	<u>Capital plus interest balance</u>	<u>Interest rate</u>	<u>Date of issue</u>	<u>Term agreed</u>	<u>Type of guarantee</u>
2013							
CIBACS12	\$100,000.0	\$ 53,630.0	\$ 53,648.1	4.25%	July 30, 2007	2 to 7 years	Category "A" loans and equity
CIBACS14	100,000.0	51,000.0	51,169.7	4.85%	July 10, 2009	2 to 7 years	Category "A" loans and equity
CIBACS15	150,000.0	39,153.1	39,213.4	4.43%	August 01, 2011	2 to 10 years	Category "A" loans and equity.
CIBACS16	<u>200,000.0</u>	<u>60,000.0</u>	<u>60,017.7</u>	5.40%	April 30, 2013	12 years	Category "A" loans
Total	<u>\$550,000.0</u>	<u>\$203,783.1</u>	<u>\$204,048.9</u>				

<u>Issue</u>	<u>Issue amount</u>	<u>Amount placed</u>	<u>Capital plus interest balance</u>	<u>Interest rate</u>	<u>Date of issue</u>	<u>Term agreed</u>	<u>Type of guarantee</u>
2012							
CIBACS11	\$ 50,000.0	\$ 25,000.0	\$ 25,009.8	3.56%	August 31, 2006	2 to 7 years	Category "A" loans and equity
CIBACS12	100,000.0	63,630.0	63,654.9	3.68%	July 30, 2007	2 to 7 years	Category "A" loans and equity
CIBACS13	100,000.0	60,000.0	60,086.3	4.15%	May 30, 2008	5 years	Bank equity
CIBACS14	100,000.0	51,000.0	51,145.5	4.17%	July 10, 2009	2 to 7 years	Category "A" loans and equity
CIBACS15	<u>150,000.0</u>	<u>35,958.1</u>	<u>36,007.7</u>	4.50%	August 01, 2011	2 to 10 years	Category "A" loans and equity
Total	<u>\$500,000.0</u>	<u>\$235,588.1</u>	<u>\$235,904.2</u>				

17. Bonds convertible into shares

As of December 31, 2013 and 2012, the Bank does not show any related balance.

18. Loans convertible into shares

As of December 31, 2013 and 2012, the Bank does not show any related balance.

19. Recovery of written down assets

As of December 31, 2013 and 2012, the Bank does not show any related balance.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

20. Assets and liabilities maturity

As of December 31, 2013, assets and liabilities agreed maturity for the next five and following years are as follows:

	2014	2015	2016	2017	2018	2019 onward	Total
Assets							
Repurchase agreements	\$ 4,633.9	-	-	-	-	-	\$ 4,633.9
Investments in securities	494,016.0	\$ 1,564.0	\$ 2,999.0	\$ 7,942.0	\$ 6,388.0	\$ 52,072.3	564,981.3
Loans	<u>844,185.0</u>	<u>433,701.0</u>	<u>435,287.0</u>	<u>344,747.0</u>	<u>259,737.0</u>	<u>356,546.2</u>	<u>2,674,203.2</u>
Total assets	<u>\$1,342,834.9</u>	<u>\$ 435,265.0</u>	<u>\$438,286.0</u>	<u>\$352,689.0</u>	<u>\$266,125.0</u>	<u>\$ 408,618.5</u>	<u>\$3,243,818.4</u>
Liabilities							
Deposits	\$1,126,019.7	\$ 1,613,205.0	\$ 113.0	-	-	-	\$2,739,337.7
Loans	234,955.0	9,546.0	22,401.0	\$ 2,206.0	\$ 72,373.0	\$ 6,206.8	347,687.8
Securities issued	<u>53,896.0</u>	<u>1,211.0</u>	<u>57,979.0</u>	<u>10,963.0</u>	-	<u>79,999.9</u>	<u>204,048.9</u>
Total liabilities	<u>1,414,870.7</u>	<u>1,623,962.0</u>	<u>80,493.0</u>	<u>13,169.0</u>	<u>72,373.0</u>	<u>86,206.7</u>	<u>3,291,074.4</u>
Net amount	<u>\$ (72,035.8)</u>	<u>\$ (1,188,697.0)</u>	<u>\$357,793.0</u>	<u>\$339,520.0</u>	<u>\$193,752.0</u>	<u>\$ 322,411.8</u>	<u>\$ (47,256.0)</u>

As of December 31, 2012, assets and liabilities operations agreed maturities for the next five years onward are as follows:

	2013	2014	2015	2016	2017	2018 onward	Total
Total assets	<u>\$1,227,241.3</u>	<u>\$ 89,719.2</u>	<u>\$137,010.4</u>	<u>\$148,486.3</u>	<u>\$269,429.3</u>	<u>\$1,314,249.5</u>	<u>\$3,186,136.0</u>
Total liabilities	<u>1,758,389.1</u>	<u>1,274,950.7</u>	<u>1,640.5</u>	<u>57,801.7</u>	<u>12,689.9</u>	<u>21,633.8</u>	<u>3,127,105.7</u>
Net amount	<u>\$ (531,147.8)</u>	<u>\$ (1,185,231.5)</u>	<u>\$135,369.9</u>	<u>\$ 90,684.6</u>	<u>\$256,739.4</u>	<u>\$1,292,615.7</u>	<u>\$ 59,030.3</u>

For disclosure purposes, the savings and current account deposits in the amount of \$1,810,546.3 in 2013 and \$1,759,451.9 in 2012 that do not show definite maturity are included in first year maturity; additionally, cash and deposits with banks balances of \$605,309.4 and \$502,450.4, as of December 31, 2013 and 2012, respectively.

21. Earnings per share

Earnings per share for the reporting periods are as follows:

	2013	2012
Earnings per share (in U.S. Dollars)	<u>\$5.20</u>	<u>\$5.09</u>

The above amount is based on net earnings shown in the income statement and the average outstanding amount of shares of 17,500,000 in 2013 and 2012.

22. Legal reserve

Based on Article 39 of the Banking Law, the Bank must take from its annual profits at least ten percent (10%) to create a statutory reserve that will reach at least twenty-five percent (25%) of the paid-in capital stock.

The Ordinary General Stockholders' Meeting of Banco Agrícola, S. A. held February 21, 2013 agreed to transfer \$38,930.4 to capital reserves - legal voluntary reserves, related to 2012 results in the context of consolidated financial statements taken as a whole.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

As of December 31, 2013, the legal reserve balance is \$113,305.5 (\$74,375.1 in 2012) accounting for 38.3% (25% in 2012) of paid-in capital stock.

23. Distributable earnings

Pursuant to the first paragraph of Article 40 of the Banking Law, a portion of the earnings must be withheld, after deducting the legal reserve, equal to the proceeds receivable net of loan loss reserves, and thus, these amounts are determined as shown below:

	2013		2012
Profit for the period	\$90,999.6		\$89,115.7
Plus - Non distributable earnings from prior years	20,885.7		18,505.8
Minus:			
Interest, commissions and fees receivable	-	(18,046.3)	(20,885.7)
On deposits	\$ (1.3)	-	\$ (0.5)
On investments	(6,836.6)	-	(9,966.0)
On loans	<u>(11,208.4)</u>	-	<u>(10,919.2)</u>
Country risk reserve	<u>3,982.8</u>		<u>(5,823.9)</u>
Current year's distributable earnings	<u>\$97,821.8</u>		<u>\$80,911.9</u>

24. Income tax

Companies established in El Salvador pay income tax pursuant to the Income Tax Law included in the Legislative Decree N°134 of December 18, 1991, which became effective January 1st, 1992. For the year ended December 31, 2013, estimated taxes amount to \$37,494.6 (\$36,828.3 in 2012); the Bank shows income tax liabilities of \$30,964.4 (\$30,834.1 in 2012), net of advance payments and withheld taxes of \$6,446.8 (\$5,994.2 in 2012).

25. Administrative expenses

Administrative expenses are as follows:

	2013	2012
Salaries and employees benefits:		
Salary	\$ 32,838.1	\$ 30,792.0
Personnel benefits	19,832.7	21,138.8
Severance payments	662.3	303.4
Directors expenses	69.5	191.0
Other personnel expenses	<u>1,595.1</u>	<u>1,396.3</u>
	54,997.7	53,821.5
General expenses	42,445.3	39,734.1
Depreciations and amortizations	<u>8,186.4</u>	<u>8,635.8</u>
Total	<u>\$105,629.4</u>	<u>\$102,191.4</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

26. Trusts

As of December 31, 2013, the Bank manages \$42,901.6 (\$42,435.3 in 2012) in total trust assets. During the years ended December 31, 2013 and 2012, trust results amounted to \$267.9 and \$242.6, respectively. The trust amounts, based on the Bank's accounting records, are as follows:

<u>Trust</u>	2013		2012	
	<u>Asset amount</u>	<u>Bank proceeds</u>	<u>Asset amount</u>	<u>Bank proceeds</u>
Trust "A"	\$ 2,113.4	\$ 10.1	\$ 1,995.4	\$ 10.0
Trust "B"	241.2	1.3	234.7	1.3
Trust "C"	8.6	0.1	8.4	0.1
Trust "D"	2,968.4	15.6	2,884.3	15.1
Trust "E"	25.4	0.2	24.8	0.2
Trust "F"	804.6	2.0	808.4	2.0
Trust "G"	4.8	0.1	18.3	0.2
Trust "H"	20.2	14.4	42.0	14.4
Trust "I"	778.6	5.7	743.5	5.5
Trust "J"	6,018.6	29.3	6,025.2	24.8
Trust "K"	5,508.8	25.8	5,525.3	23.2
Trust "L"	5,215.3	27.3	5,426.4	22.7
Trust "M"	1,193.7	0.5	1,007.7	1.1
Trust "N"	0.7	2.3	267.9	1.6
Trust "Ñ"	265.0	1.2	366.2	1.5
Trust "O"	301.5	1.7	333.2	1.7
Trust "P"	3,115.8	46.4	3,079.7	46.2
Trust "Q"	2.3	0.4	131.5	0.8
Trust "R"	539.5	1.3	539.2	1.3
Trust "S"	3,824.5	8.9	3,432.5	8.0
Trust "T"	1,917.0	4.6	1,767.3	4.2
Trust "U"	637.1	3.9	184.5	2.7
Trust "V"	1,307.8	7.8	1,288.4	7.6
Trust "W"	344.2	2.6	353.5	2.7
Trust "X"	2,900.1	15.0	3,111.0	16.5
Trust "Y"	288.0	2.9	281.9	2.8
Trust "Z"	100.6	0.9	100.7	0.8
Trust "AA"	1,032.0	6.2	1,017.8	5.8
Trust "AB"	57.6	18.0	71.9	12.0
Trust "AC"	1,006.2	7.6	1,004.4	5.0
Trust "AD"	<u>360.1</u>	<u>3.8</u>	<u>359.3</u>	<u>0.8</u>
Total	<u>\$42,901.6</u>	<u>\$267.9</u>	<u>\$42,435.3</u>	<u>\$242.6</u>

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

27. Human resources indicators

In 2013, the Bank maintained an average (estimated based on the number of employees at the end of each month divided by 12) of 2,707 employees (2,674 in 2012) in the context of the financial statements taken as a whole. Of this number of employees, according to payroll records, approximately 60.5% (61.4% in 2012) is involved in the banking business and the rest work in human resources, administration and support areas in.

28. Contingent operations

As of December 31, 2013 and 2012, amounts shown in these accounts represent rights that can become assets or liabilities at the completion of the transaction cycle or when a future and uncertain event occurs. These accounts show the following balances:

	2013	2012
Letters of credit issued	\$ 18,501.1	\$ 7,890.2
Guarantees and bonds	81,146.7	113,216.2
Total	<u>\$ 99,647.8</u>	<u>\$ 121,106.4</u>

As of December 31, 2013 and 2012, the loss risk provision on these operations amounts to \$14,147.5 and \$17,773.9, respectively, and is recorded in other liabilities – miscellaneous (Note 7).

29. Pending lawsuits

During the ordinary course of operations, the Bank and its subsidiaries are party to lawsuits brought against them by various interested parties. Typically these actions relate to facts or essential information that may positively or negatively affect in a significant way the Bank's or its subsidiaries' legal, economic or financial situation. As of December 31, 2013, the Bank does not report any pending significant legal or administrative lawsuits.

30. Related parties and relevant stockholders

The Banking Law identifies related parties as those holders of three percent or more of a bank's shares. Shares owned by spouses and first-degree relatives are considered owned in order to determine this percentage, as well as their interest in companies that are bank shareholders. The term related parties also includes a group that the Banking Law calls relevant shareholders, and these are holders of at least ten percent of the Bank's shares. Bank directors and managers are also considered related parties.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

31. Related loans

Articles 203, 204, 205 and 206 of the Banking Law ban banks and their subsidiaries from granting loans, credits, guarantees and bonds to individuals or legal entities directly or indirectly related to an entity's ownership or directly to an entity's management, or from purchasing securities issued by such entities in a global amount that exceeds five percent (5%) of the paid in capital and capital reserves of each of the consolidated entities.

As of December 31, 2013 and 2012, capital stock and capital reserves amount to \$411,487.8 and \$411,372.5, respectively. Related party loans and credits, as of December 31, 2013, in the context of the financial statements taken as a whole, amount to \$12,348.7 (\$10,493.3 in 2012 and account for 3.0% (2.55% in 2012)) of the Bank's paid-in capital stock and capital reserves. This amount is distributed among 515 debtors (471 in 2012).

In 2013 and 2012, in the context of the consolidated financial statements taken as a whole, the Bank complied with above mentioned related lending provisions.

32. Loans to foreign subsidiaries

Pursuant to Article 23 of the Banking Law, lending by banks to their foreign subsidiaries cannot exceed the lower of fifty percent (50%) of the equity and ten percent (10%) of the loan portfolio of the lender.

As of December 31, 2013 and 2012, there are no loans with foreign subsidiaries pursuant to provisions in Article 23 of the Banking Law.

During the reporting period, in the context of the consolidated financial statements as a whole, the Bank complied with above referred provisions on lending to subsidiaries.

33. Loans to domestic subsidiaries

Pursuant to Article 24 of the Banking Law, lending by banks to their domestic subsidiaries cannot exceed the lower of fifty percent (50%) of equity and ten percent (10%) of the loan portfolio of the lender.

As of December 31, 2013, the Bank's equity is \$498,284.2 (\$489,028.8 in 2012) and the gross loan portfolio is \$2,775,286.5 (\$2,676,899.3 in 2012). As of December 31, 2013, total credits granted to domestic subsidiaries is \$4,444.8 (\$3,811.0 in 2012), which accounts for 0.89% (0.78% in 2012) of the entity's equity and 0.16% (0.14% in 2012) of the gross loan portfolio.

During 2013 and 2012, in the context of the consolidated financial statements taken as a whole, the Bank complied with above referred provisions on lending to subsidiaries.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

34. Limits on lending

Pursuant to Article 197 of the Banking Law, banks and their subsidiaries cannot grant loans nor have an interest that exceeds twenty-five percent (25%) of their own equity, to one individual or group of individuals with economic relations. The same article also establishes that the excess over fifteen percent (15%) in loans, relative to their own equity must be covered by enough real guarantees or guarantees from first rate local or foreign banks.

As of December 31, 2013 and 2012, there are no loans granted to one individual or economic group exceeding twenty-five percent of the Bank's equity.

During 2013 and 2012, in the context of the consolidated financial statements taken as a whole, the Bank complied with provisions in Article 197 of the Banking Law.

35. Related party contracts

Pursuant to Article 208 of the Banking Law, the Superintendence of the Financial System may object to the signing of contracts between a bank and its related parties. Related parties are those individuals that are directly or indirectly linked to a bank's ownership or directly related to management.

As of December 31, 2013 and 2012, in the context of the consolidated financial statements taken as a whole, there are no contracts signed with related parties pursuant to Article 208 of the Banking Law.

During the years ended December 31, 2013 and 2012, the Superintendence of the Financial System did not object to related party contracts.

36. Lending and borrowing operations ratios in foreign currency

Pursuant to Article 62 of the Banking Law, the Superintendence of the Financial System will determine standards related to banks' lending and borrowing ratios with the aim of maintaining currency exchange risk within reasonable ranges. To fulfill this purpose, the Superintendence of the Financial System has established that the absolute difference between assets and liabilities in foreign currency cannot exceed 10% of equity. As of December 31, 2013 and 2012, in the context of the consolidated financial statements taken as a whole, the Bank complied with the mentioned provision by maintaining a ratio of 0.001% (0.01% in 2012).

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

37. Equity or net equity requirements

Pursuant to Article 41 of the Banking Law, with the purpose of remaining solvent, banks must show at all times the following minimum ratios: i) 12.0%, Capital to Risk Weighted Assets amount; ii) 7.0%, Capital to Liabilities; and iii) 100% or more Capital to Minimum Paid-In Capital referred to in Article 36 of the Banking Law.

The Bank's situation, in the context of the consolidated financial statements taken as a whole, is as follows:

	2013	2012
Capital to Risk Weighted Assets Ratio	<u>17.6%</u>	<u>17.9%</u>
Capital to Liabilities ratio	<u>14.4%</u>	<u>14.6%</u>
Capital to Minimum Paid-In Capital Ratio	<u>167.5%</u>	<u>164.4%</u>

38. Derivatives

As of December 31, 2013 and 2012, the Bank has a "Swaps" contract to cover 6-month LIBOR rate of the risk associated to interest rate changes on the Bank's debt, with nominal amount of \$2,526.3 (\$3,789.4 in 2012).

As of December 31, 2012, Banco Agrícola, S. A. has an Interest Rate Caps (cash flow hedging), as protection from interest rate variations, setting a limit to the risk from such variations. This hedge contract for \$100,000.0 expired January 24, 2013.

39. Summary of significant differences between International Financial Reporting Standards (IFRS) and accounting standards issued by the Superintendence of the Financial System

Management has initially established the following significant differences, regarding its line of business, between the International Financial Reporting Standards (IFRS) and accounting standards issued by the Superintendence of the Financial System.

1. IFRS 1 sets out the procedures that an entity must follow when it adopts IFRSs for the first time. Additionally, an entity must use the same accounting policies to prepare its opening balance sheet and for all the periods presented in the first IFRS financial statements. Furthermore, such accounting policies must relate to all and each of the IFRS in effect as of the date of the first IFRS report.
2. Investments are classified as securities held to maturity and tradable securities, and are presented at the lower of cost or market value. IFRS require entities to classify investments in the following categories: financial assets at fair value through profits and losses; loans and accounts receivable originated by the entity; tradable financial assets; and investments held to maturity. Investment classification is the basis to determine the corresponding method of valuation.

Likewise, when written off financial assets entail the purchase of a new financial asset, the entity will recognize the new financial asset at fair value. Furthermore, not all disclosures related to the use of financial instruments are being made; for example:

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

- i. Objectives and policies related to financial risk management, including hedging policy, itemized by each type of main expected operations.
 - ii. Information on the nature of the risks covered, such as credit risk, market risk, currency risk, and interest rate risk.
3. IFRS require maturity analysis on derivatives and non-derivative financial liabilities (including financial guarantee contracts) that show remaining contract maturities.
4. IFRS require entities to provide disclosures on the fair value of each class or group of financial assets and liabilities.
5. Minimum credit risk provisions are established based on standards issued by the Superintendence of the Financial System; additionally, the Bank has the policy of establishing reserves in excess to requirements established by the regulator; according to IFRS, when preparing financial statements the portfolio's credit risk profiles must be considered based on variables such as economy's behavior, delinquency historic trends, geographic location, economic activity, etc., in order to establish reserves adequate to the risk of recovering these loans. IFRS suggest the analysis conducted to establish reserves be based on future cash flows applying historic loss rates, including the guarantee's present realization value.
6. According to IFRS, voluntary reserves are not part of results; rather they are appropriations on retained earnings.
7. Reserves created in previous years that are later released, become credits to other non-operating income; according to IFRS operations of same nature must be shown net.
8. The accounting policy on interest recognition reveals that no interest is estimated on past due loans. IFRS 39 requires the entity to recognize interest on all financial assets, as well as their impairment. Likewise, commissions charged and paid out to affiliated businesses and/or other credit card issuers shall be recognized upon completion of the respective service.
9. Property, plant and equipment revaluations are approved by the Superintendence of the Financial System to the request of the Bank, and are not updated periodically; IFRS require periodic update of property, plant and equipment revaluations in order to reflect fair market values of such revaluated assets. Fixed asset life is determined based on fiscal periods; according to IFRS, fixed asset life must be determined based on the economic life of the asset; likewise, IFRSs have revised the definition of residual value of assets.
10. There are no records related to deferred taxes; IFRS require entities to recognize deferred taxes when the tax basis of assets and liabilities valuation differs from their reported amounts in financial statements.
11. IFRS 5 shall be applied to foreclosed assets, and this standard states that an impairment loss shall be recognized on any asset written off originally or subsequently at fair value minus the selling costs. Under IFRS statutory reserves on foreclosed assets are not part of results for the period; they are appropriations on retained earnings. Note 2 shows a summary of the current accounting policy.
12. Current standards state that profits on the financed sale of foreclosed assets shall be recognized as income until such profit is received, which is not in accordance to IFRS.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements

December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

13. IFRS require entities to record estimates on asset impairment as a function of future asset related cash flows, discounted at the proper interest rate. This process shall be completed when previously established impairment indicators are met. The accounting policy does not require such estimates.
14. The consolidation of financial statements is based on interest. IFRS require consolidation based on control, and to show the minority interest in the balance sheet, statement of income and statement of changes in stockholders' equity as equity.
15. IFRS require the statement of changes in stockholders' net equity to show, among other items, the results for the period. The current accounting policy does not require showing the results for the period in the statement of changes in stockholders' equity.
16. IFRS require entities to disclose qualitative and quantitative information on their exposure to risks derived from financial instruments, including credit, liquidity and market risks. Additionally, entities are required to disclose a sensitivity analysis on each type of market risk to which they are exposed, as well as the methods used and assumptions made. The current accounting policy does not require this type of disclosures.
17. The accounting policy related to the loyalty programs requires creating a provision to cover program redemptions. IFRS require entities to recognize obligations derived from a liability related to a deferred income at fair value from miles not redeemed derived from the loyalty program when they become known.
18. There is no disclosure of an accounting policy for fiduciary activity. The current accounting policy does not require such disclosure.
19. Derivatives are disclosed only in specific note to the financial statements. IFRS require entities to account for assets and liabilities resulting from derivative operations. Furthermore, the Bank is required to assess the existing ratio between hedge instruments and hedged financial instruments in order to establish the accounting treatment of resulting profits or losses between the hedging and hedged instruments.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

40. Risk rating

Article 235 of the Banking Law requires the Bank to publish risk ratings given by a risk rating agency registered with the Superintendence of Securities (currently the Superintendence for the Financial System). The Bank's ratings are as follows:

	Fitch Ratings	Equilibrium, S. A. de C. V.	Local rating Fitch Ratings	Equilibrium, S. A. de C. V.
	2013	2013	2012	2012
Rating given as issuer	EAAA (slv)	EAAA.sv	EAAA (slv)	EAAA.sv

The date of reference for the risk ratings is June 30, 2013 and 2012.

Ratings descriptions are as follows:

EAAA Given to entities that show the highest repayment ability on their obligations under agreed terms and conditions, which would not be affected by changes in the entity, its industry, and the economy. Risk factors are insignificant.

The "+" sign indicates an upward trend toward the immediately higher rating category, while the "-" sign reflects a downward trend toward the immediately lower category.

"sv" and "slv" in the ratings mean El Salvador.

41. Treasury shares

The Banking Law requires banks to issue treasury shares for an amount equal to equity or equity requirement for the individual entity by December 31 of each year, the higher.

These shares shall be offered, with authorization by the Superintendence of the Financial System, first to the Bank's shareholders and then to the public.

Non subscribed and unpaid treasury shares do not carry equity or social rights.

As of December 31, 2013, treasury shares amount to \$483,732.9 (\$500,028.7 in 2012). During 2013 and 2012, the Bank did not use treasury shares.

42. Segment information

As of December 31, 2013 and 2012, the consolidated Bank engaged mainly in banking services in El Salvador.

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

43. Relevant facts and subsequent events

Following are the most relevant events that occurred during the years ended December 31, 2013 and 2012:

1. The Ordinary General Stockholders' Meeting Banco Agrícola, S. A. held February 21, 2013 (February 9, 2012), agreed to a dividend payment of four U.S. dollars and sixty-two cents per share (six U.S. dollars and twenty-one cents per share in 2012); total payout was \$80,850.0 (\$108,675.0 in 2012); additionally, a decision was made to transfer \$38,930.4 in the context of the financial statements taken as a whole (\$39,497.5 in 2012) to capital reserves (legal reserves - voluntary reserves) from 2012 and 2011 results, respectively.
2. In Board meeting held December 6, 2013, Doctor Sergio Restrepo Isaza's resignation to the position of Board president became known. As a result, the then Vice President, Jaime Alberto Velasquez Botero, was called to assume the position of President, and Gonzalo de Jesus Toro Bridge, a then Alternate Director, was called to assume the position of Vice President, both positions to be held for the remaining of the term up to election of a new Board of Directors. The Board of Directors was formed as follows:

<u>Position</u>	<u>Director</u>
President:	Jaime Alberto Velásquez Botero
Vice President:	Gonzalo de Jesús Toro Bridge
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

3. The General Stockholders' Meeting held February 21, 2013, restructured the Board of Directors for the remaining of the 2012-2014 period, as follows:

<u>Position</u>	<u>Director</u>
President:	Sergio Restrepo Isaza
Vice President:	Jaime Alberto Velásquez Botero
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke
Alternate Director:	Gonzalo de Jesús Toro Bridge
Alternate Director:	Luis Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

4. The Ordinary General Stockholders' Meeting held February 9, 2012 appointed the following Board of Directors:

<u>Position</u>	<u>Director</u>
President:	Carlos Alberto Rodríguez Lopez
Vice President:	Jaime Alberto Velásquez Botero
Secretary:	Ramón Fidelio Avila Qüehl
Director:	Joaquín Alberto Palomo Déneke

Banco Agrícola, S. A. and Subsidiaries

Notes to consolidated financial statements December 31, 2013 and 2012

(In thousands of U.S. dollars, except amount per share)

<u>Position</u>	<u>Director</u>
Alternate Director:	Gonzalo de Jesús Toro Bridge
Alternate Director:	Luís Santiago Pérez Moreno
Alternate Director:	Eduardo David Freund Waidergorn
Alternate Director:	Pedro Luis Apostolo

5. On June 27, 2013, the Central Bank of El Salvador Standards Committee in its session number CN 08/13 approved contingent measures to prevent liquidity issues, to be in effect for one year starting July 15, 2013. These measures are described below:
 - a. An additional 2% liquidity reserve requirement is established, calculated on a mobile basis, on obligations subject to reserves on each 14-day blocks between July 17, 2013 and the 14-day block ended December 3 of that same year, at a rate of one tenth accumulated on each 14-day block. On the following 14-day blocks, the additional two-percent requirement will be based on obligations subject to reserve in the corresponding calculation period.
 - b. Entities may invest up to 50% of the required additional reserve through purchases in the primary market for El Salvador Treasury Bonds issued by the Central Government, and Tradable Liquidity Certificates issued by the Central Bank. These investments must be free of any encumbrance, they must be unseizable, and their availability must have no restriction whatsoever.
6. On April 30, 2013, CIBACS16, tranche 1 investment certificates were sold for \$60,000.0. The Superintendence of the Financial System authorized this issue in session No. CD-12/2013 of March 20, 2013, in the amount of \$200,000.0.
7. On March 31, 2013, CIBACS15 investment certificates tranche 3 was sold for \$5.0. On February 27, March 23, and August 24, 2012, CIBACS15, tranches 2, 3, and 4, five- to ten-year term investment certificates were sold for \$30,958.1. The Superintendence of Securities (Currently the Superintendence of the Financial System) authorized this issue in session No. CD-10/2011 of May 31, 2011, in the amount of \$150,000.0.
8. On August 30 and September 18, 2006, Banco Agrícola, S. A. signed an obligation for \$1,000.0 and \$99,000.0, respectively, as a result of a 7-year sales contract for diversified payment rights (DPR) signed with Banagrícola DPR Funding, Ltd., which issued securities in the U.S. market secured by flows of diversified payment rights (DPR) generated by Banco Agrícola, S. A. Citigroup structured this issue. This obligation was settled June 15, 2012.

ISSUER AND THE BANK

Agrícola Senior Trust
c/o Intertrust SPV (Cayman) Limited
190 Elgin Avenue
George Town, Grand Cayman
KY1-9005, Cayman Islands

Banco Agrícola S.A.
Blvd. Constitución No. 100
San Salvador, El Salvador

INITIAL PURCHASERS

Deutsche Bank Securities Inc.
60 Wall Street
New York, New York 10005

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
50 Rockefeller Plaza, NY 1-050-12-02
New York, New York 10020

LEGAL ADVISORS

To the Trust and the Bank

As to U.S. Federal and New York Law:
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
U.S.A.

As to Salvadoran Law:
BLP ABOGADOS
Avante Building 9-10
Urbanización Madre Selva.
Antiguo Cuscatlán
La Libertad, El Salvador

As to Cayman Islands Law:
Walkers
190 Elgin Avenue
George Town, Grand Cayman
KY1-9001, Cayman Islands

To the Initial Purchasers

As to U.S. Federal and New York
Law:
Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005
U.S.A.

As to Salvadoran Law:
Consortium Centro América Abogados
Edificio Avante Local 313
Urb. Madre Selva
Calle Llama del Bosque Poniente
Antiguo Cuscatlán
La Libertad, El Salvador

INDEPENDENT AUDITORS OF THE BANK

PricewaterhouseCoopers, S. A. de C. V.
Centro Profesional Presidente
Ave. La Revolución y Calle Circunvalación
Colonia San Benito
San Salvador, El Salvador

INDENTURE TRUSTEE, REGISTRAR AND PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon
101 Barclay Street, Floor 7 East
New York, New York 10286
U.S.A.

LUXEMBOURG PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

LUXEMBOURG LISTING AGENT

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

US\$300,000,000
Agrícola Senior Trust
(a Cayman Islands Trust)

6.750% Senior Notes due 2020



Supported by senior
unsecured obligations of

Banco Agrícola S.A.

Bookrunners and Lead Managers

BofA Merrill Deutsche Bank
Lynch Securities

Valores Bancolombia

Offering Memorandum

June 24 , 2015