

Rating Action: Moody's assigns (P)Ba2 to Agricola Senior Trust proposed senior debt issuance

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Assigns Ba1(cr)/Not Prime(cr) Counterparty Risk Assessments to Banco Agricola

New York, June 04, 2015 -- Moody's Investors Service has today assigned a (P)Ba2 foreign currency senior debt rating to a proposed issuance of 5-year fixed rate senior notes by Agricola Senior Trust, a Cayman Islands-based trust established for the sole purpose of acquiring a 100% participation interest in a senior unsecured loan made by Bank of America, N.A. (BofA) to El Salvador's Banco Agricola, S.A. (deposits Ba2, stable / BCA ba3). Agricola Senior Trust will thus provide a pass through of both interest and principal payments on the BofA loan to the Agricola Senior Trust noteholders. The rating assigned to Agricola Senior Trust is subject to receipt and review of final documentation related to the note issuance.

The outlook on the rating is stable.

In addition, Moody's assigned Counterparty Risk (CR) assessments of Ba1(cr) / Not Prime(cr) to Banco Agricola, S.A., in line with its new bank rating methodology.

The following rating was assigned to Agricola Senior Trust:

Foreign currency senior debt: (P)Ba2, stable outlook.

RATINGS RATIONALE

The (P)Ba2 foreign currency senior debt rating assigned to Agricola Senior Trust's proposed notes equals Banco Agricola's Ba2 foreign currency deposit rating, in line with Moody's approach to rating senior obligations and the expected transaction terms and conditions. According to the proposed transaction documents, the notes will pay interest semiannually in amounts equivalent to the amount payable by Banco Agricola, S.A. to BofA under the senior loan. Payment of principal and interest on the notes will be absolutely, unconditionally, and irrevocably guaranteed by Banco Agricola. An event of default under the senior loan would constitute an event of default under the notes.

The notes, the loan agreement and the guarantee will be governed by the laws of the State of New York.

The Ba2 foreign currency deposit rating of Banco Agricola, S.A. incorporates one notch of uplift from the bank's ba3 BCA given the high probability that its parent, Bancolombia (BCA baa3), will provide the bank support in light of Banco Agricola's importance to Bancolombia's Central American expansion strategy. Because El Salvador is a legally dollarized economy without a lender of last resort, the Ba2 deposit rating does not benefit from government support.

The ba3 BCA incorporates Banco Agricola's very strong profitability and strong capitalization and asset quality. These credit strengths are balanced by moderate, though well managed funding and liquidity risks, along with El Salvador's weak operating environment.

RATIONALE FOR COUNTERPARTY RISK ASSESSMENTS

Moody's has also assigned CR assessments to Banco Agricola. CR assessments are opinions of how counterparty obligations are likely to be treated if a bank fails, and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than expected loss and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

The CR Assessment takes into account the issuer's standalone strength as well as the likelihood of affiliate and government support in the event of need, reflecting the anticipated seniority of these obligations in the liabilities hierarchy. The CR Assessment also incorporates other steps authorities can take to preserve the key operations

of a bank should it enter a resolution.

In most cases, the starting point for the CR assessment, which is an assessment of the bank's ability to avoid defaulting on its operating obligations, is one notch above the bank's adjusted BCA, to which Moody's then typically adds the same notches of support uplift as applied to deposit and senior unsecured debt ratings. This reflects Moody's views that authorities are likely to honor the operating obligations the CR Assessment refers to in order to preserve a bank's critical functions and reduce potential for contagion. Banco Agricola's long-term Ba1(cr) CR assessment is one notch above the bank's ba2 adjusted BCA and does not benefit from government support. The Ba1(cr) translates to a short term CR assessment of Not Prime(cr).

The last rating action on Banco Agricola, S.A. was on 12 May 2015, when Moody's assigned the bank first time ratings.

The principal methodology used in these ratings was Banks published in March 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Banco Agricola, S.A. is domiciled in San Salvador, El Salvador, and is the largest bank in the country with market shares of 27% in loans and deposits. As of March 2015, Banco Agricola, S.A. reported consolidated assets of USD3.9 billion, deposits of USD2.7 billion, and shareholders' equity of USD496 million. Agricola Senior Trust is a Cayman Islands special purpose trust governed by the laws of the Cayman Islands.

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Georges Hatcherian
Analyst
Financial Institutions Group
Moody's de Mexico S.A. de C.V
Ave. Paseo de las Palmas
No. 405 - 502
Col. Lomas de Chapultepec
Mexico, DF 11000
Mexico
JOURNALISTS: 001-888-779-5833
SUBSCRIBERS: 52-55-1253-5700

Maria Celina Vansetti-Hutchins
MD - Banking

Financial Institutions Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



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