

## Fitch Assigns 'BB+' Final Rating to Agricola Senior Trust's Loan Participation Notes

Fitch Ratings, New York, 24 June 2015: Effective June 15, 2015, Fitch Ratings has assigned Agricola Senior Trust's (AST) five-year USD loan participation notes (the notes) a final long-term foreign currency rating of 'BB+'.

The final rating is in line with the expected rating Fitch assigned to the notes on June 3, 2015 (see 'Fitch Expects to Rate Agricola Senior Trust's Loan Participation Notes 'BB+' at [www.fitchratings.com](http://www.fitchratings.com)).

### KEY RATING DRIVERS

The final rating of the notes is at the same level of Banco Agricola's (Agricola) long-term Issuer Default Rating (IDR) of 'BB+', reflecting that the notes will be AST's senior obligations and will be secured by the trust's sole asset, a 100% participation in and to a senior unsecured loan (the loan) from Bank of America N.A. to Agricola. Banco Agricola will guarantee the payment obligations of AST.

As part of the transaction, AST will acquire a 100% participation in the loan, and AST will in turn pledge its rights under the loan to the indenture trustee (The Bank of New York Mellon) as collateral for the notes. The notes will mirror the conditions of the loan. Accordingly, the notes will rank pari passu to Agricola's senior unsecured and unsubordinated obligations.

Principal under the notes will mature in five years (June 18, 2020), and interest payments will be made semi-annually while capital will be paid at the maturity of the loan/notes. The notes will carry a fixed interest rate of 6.750%. Agricola will use the net proceeds of the loan for general corporate purposes, which may include, without limitation, working capital, funding the expansion of the bank's loan portfolio, and the offering of new products and services.

Agricola's IDR is driven by its Viability Rating (VR). In addition to the challenging operating environment, Agricola's robust capitalization and ample and diversified deposit base highly influence its ratings. The ratings also consider Agricola's strong franchise, sound and stable profitability and good asset quality. The bank's performance has shown a proven resilience to downturns in economic cycles.

Agricola's IDR is currently constrained by the Country Ceiling and, together with its VR, remains two notches above El Salvador's Sovereign Rating. Fitch believes there is a close link between banks and sovereigns credit risk (and therefore ratings), and it is exceptional for banks to be rated above their domestic sovereign.

On the other hand, even in the absence of a strong stand alone performance and provided that the Country Ceiling remains unchanged, Agricola's IDRs would remain at the same level given the support it would likely receive from its parent, Bancolombia (rated 'BBB'/Positive Outlook by Fitch), should it be required.

### RATING SENSITIVITIES

#### Agricola Senior Trust's Loan Participation Notes

The rating of the notes is in line with Agricola's IDR and is therefore sensitive to any changes in the latter.

The Negative Outlook for Agricola's IDR reflects that an eventual downgrade of El Salvador's sovereign rating ('BB-/Negative Outlook) could result in a lower Country Ceiling. This would, in turn, lead to a downgrade of Agricola's IDRs.

If the sovereign ratings are eventually affirmed at 'BB-' and the Rating Outlook is revised to Stable from Negative, it is highly likely that Agricola's IDR would also be affirmed with a Stable Outlook.

Fitch currently rates Agricola as follows:

- Long-term IDR 'BB+'; Outlook Negative;
- Viability Rating 'bb+';
- Short-term IDR 'B';
- Support '3';
- Long-term national rating 'AAA(slv)'; Outlook Stable;
- Short-term national rating 'F1+(slv)';
- Senior unsecured debt long-term rating 'AAA(slv)';
- Senior secured debt long-term rating 'AAA(slv)'.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**Applicable Criteria**

[Global Bank Rating Criteria \(20 Mar 2015\)](#)