

Fitch Places Banco Agromercantil, Mercom Bank & Agromercantil Sr Trust on Positive Watch

Fitch Ratings, New York/San Salvador, 30 October 2015: Fitch Ratings has placed the ratings of Banco Agromercantil de Guatemala, S.A. (BAM), Mercom Bank Limited (Mercom) and Agromercantil Senior Trust's senior unsecured notes (AST) on Rating Watch Positive]. See the full list of rating actions at the end of this release.

The Rating Watch Positive denotes that Fitch will upgrade BAM, Mercom and AST's ratings once Bancolombia becomes their majority shareholder, based on the support these entities would receive from their new owner, if needed.

On Sept. 11, 2015, Bancolombia ('BBB+' /Stable Outlook) announced an agreement to acquire an additional 20% stake of Grupo Agromercantil Holding, S.A. (GAH) to reach a 60% stake. This agreement was approved by the rest of GAH's shareholders on Oct. 23, 2015. GAH is the current owner of BAM and Mercom. Fitch expects the transaction to close before the end of this year, after obtaining the relevant regulatory approvals.

BAM will be considered an important subsidiary for Bancolombia, based on Fitch's view of the role of the bank in Bancolombia's expansion and diversification in Central America. In this view, Bancolombia's propensity to supporting its new subsidiaries would be high due to the relevant reputational risk that a default from any of these entities would pose to Bancolombia. As of June 2015, BAM accounted for 4.6% of Bancolombia's consolidated assets (including BAM's assets) and 3.8% of its consolidated net income.

This transaction has no impact on BAM's Viability Rating (VR) as it reflects the bank's intrinsic credit profile.

KEY RATING DRIVERS - BAM's IDRs& NATIONAL RATINGS

BAM's current IDRs and national ratings are driven by its VR. BAM's operating environment and sound loss-absorption buffers highly influence its ratings. The bank's stable liquidity and funding, narrower franchise relative to larger domestic banks, aggressive credit growth, material borrower concentration and pressured earnings also weigh on the ratings.

KEY RATING DRIVERS - MERCOM's NATIONAL RATINGS

In Fitch's opinion, the institutional support from BAM underpins Mercom's ratings. Mercom is totally integrated with BAM and operates in complementary market segments enhancing its business model. As a result its national scale ratings are equalized with BAM's credit profile.

KEY RATING DRIVERS - AST

AST's rating is in line with BAM's IDR reflecting that the senior unsecured obligations rank equally with the bank's unsecured and unsubordinated obligations.

RATINGS SENSITIVITIES - BAM AND MERCOM's RATINGS

Fitch will upgrade BAM and Mercom's ratings once Bancolombia becomes their majority shareholder.

AST'S RATINGS SENSITIVITIES

Changes in the notes' rating would move in tandem with BAM's VR.

KEY RATING DRIVERS & RATING SENSITIVITIES - SUPPORT RATING AND SUPPORT RATING FLOOR

The Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's view that while support from the authorities is possible, it cannot be relied upon given BAM's limited systemic importance.

BAM's Support Rating will also be upgraded reflecting institutional support.

Fitch has placed the following ratings on Watch Positive:

Banco Agromercantil de Guatemala, S.A.

- Long-term foreign currency IDR of 'BB';
- Long-term local currency IDR of 'BB';
- Short-term local currency IDR of 'B';
- Support of '5';
- National scale long-term rating of 'A+(gtm)';
- National scale short-term rating of 'F1(gtm)'.

Agromercantil Senior Trust

- Long-term foreign currency loan participation notes of 'BB'.

Mercom Bank Limited

- National scale long-term rating of 'A+(gtm)';
- National scale short-term rating of 'F1(gtm)'.

The following ratings are unaffected:

Banco Agromercantil de Guatemala, S.A.

- Short-term foreign currency IDR of 'B';
- Support rating floor of 'NF';
- Viability rating of 'bb'.

Contact:

Primary Analyst (BAM & AST)

Diego Alcazar

Director

+1-212-908-0396

Fitch Ratings, Inc.

33 Whitehall St.

New York, NY 10004

Primary Analyst (Mercom); Secondary Analyst (BAM & AST)

Rolando Martinez

Director

+503 2516-6619

Secondary Analyst (Mercom Bank)

Rene Medrano
Senior Director
+503 2516-6610

Committee Chairperson
Theresa Paiz Fredel
Senior Director
+1 212-908-0534

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

Additional information is available on www.fitchratings.com.

Applicable Criteria and Related Research:

--'Global Bank Rating Criteria' (Mar. 20, 2015);