LAAD

2016 ANNUAL REPORT

Latin American Agribusiness Development Corporation S.A.

Latin American Agribusiness Development Corporation S.A. (LAAD) is a private investment and development company. Its shareholders are 12 leading agribusiness and financial corporations. LAAD finances and develops private agribusiness projects in Latin America and the Caribbean involving all phases of production, processing, storage, services, technology and marketing in the fields of agriculture, livestock, forestry and fishing.

Coffee farm in Unai, Minas Gerais, Brazil, owned by Irmo Casavechia.

LAAD Financial Highlights Consolidated Data October 31,

FOR THE YEAR	2016	2015	2014	2013	2012
Operating Income ('000)	**$ 23,042**	$ 20,826	$ 19,147	$ 17,442	$ 14,477
Net Income ('000)	**$ 19,492**	$ 17,646	$ 15,967	$ 14,262	$ 12,327
Basic Earnings per Share of Common Stock*	**$ 40,610**	$ 36,764	$ 33,265	$ 29,712	$ 25,682
FINANCIAL RATIOS					
Return on Average Net Worth	**12.8%**	12.9%	12.9%	12.8%	12.2%
Return on Average Total Assets	**2.8%**	2.9%	2.9%	3.0%	3.0%
Total Net Debt to Net Worth	**3.2:1**	3.1:1	3.0:1	2.8:1	2.7:1
Operating Expenses to Gross Profit**	**39.6%**	40.0%	38.5%	38.5%	40.4%
Operating Expenses to Average Total Assets	**2.2%**	2.2%	2.2%	2.3%	2.4%
Reserve to Portfolio	**2.2%**	2.3%	2.4%	2.4%	2.4%
AT YEAR END					
Agribusiness Loans ('000)	**$ 657,380**	$ 568,617	$ 508,799	$ 447,128	$ 387,266
Assets ('000)	**$ 734,049**	$ 648,889	$ 499,841	$ 499,841	$ 439,544
Net Worth ('000)	**$ 160,602**	$ 144,142	$ 129,826	$ 117,544	$ 105,922

**Based on the weighted average number of shares of common stock outstanding during the year.*
***Gross Profit = Total Income - Interest Expense*

Disbursements for 2016 reached US$236.1 million, a 22% increase over 2015.
At this rate, LAAD is well on its way to achieve the target portfolio of US$1.0 billion by 2020.

Letter to Shareholders - 2016

We are proud to once again present a very favorable report on LAAD's 2016 fiscal year. The year was marked by continuing low commodity prices, unfavorable weather, and political changes in many of the countries where we operate. Despite this, your Company achieved remarkable results by disbursing US$236 million to 266 projects in 15 countries, creating over 9,600 new jobs and generating almost US$200 million in foreign exchange for the region.

In its June 2016 article, "The Future of Agriculture", *The Economist* magazine highlighted that between today and 2050, the world's population could increase from 7.3 billion to 9.7 billion. This growth would require a drastic increase in agricultural production that must forcibly come from increases in average yields, since most arable land is already under production. Not only will this increased population need to eat, but it will be more demanding than current consumers in regards to the quality, safety and environmental impact of their food. *The Economist* poses the question: ***"How can the world be fed in the future without putting irreparable strain on the Earth's soils and oceans?"*** The article responds that, to achieve this, farming will need to become more like manufacturing in order to minimize the effects of the "vagaries of nature" and guarantee reliable yields. This, in turn, is requiring greater development and application of technology in irrigation, genomics, and information management. Innovation, in essence, is becoming increasingly necessary for farmers to succeed.

From its position as an agricultural financier, LAAD has witnessed this trend firsthand, as it has been developing over the past years. We have also seen that, during 2016, Latin American agribusiness faced challenges from unfavorable weather that mainly affected Brazil, Colombia and Central America. Aggravating this situation, several important commodities, such as soybeans and corn, faced severe price drops that affected producers in Brazil, Argentina, Paraguay and Uruguay.

This series of external factors have forced producers to strengthen their productive units via consolidation and vertical integration, trends that are expected to increase in the future as efficiency and lower production costs become necessities in order to succeed. In addition to this, LAAD has seen a trend among producers to innovate through new and improved plant varieties and even diversification into new products that have come into high demand. Farmers also continue to invest in new technologies in greenhouse infrastructure, smart irrigation systems, and precision agriculture. They are also investing in new fruit and vegetable varieties, which are developing at a faster pace than in the past. These new technologies are helping farmers achieve greater yields and higher-quality crops, while new varieties are enabling them to enter key markets such as Japan, Korea, China, the United States and the European Union. LAAD has partnered with clients to develop several innovative projects throughout Latin America and some of the most significant cases are highlighted in the following paragraphs.

In Chile, LAAD granted a US$1.8 million loan to Frutícola Montegiallo to establish a Jintao kiwifruit vineyard in the Curico Valley, 200 km south of the city of Santiago. Jintao is a yellow-fleshed kiwifruit variety that is in great demand in the Asian markets. Thus, the Montegiallo project is pioneering the effort to renew Chile's old green-fleshed kiwifruit vineyards with higher-priced yellow varieties. The project was carried out with innovative state-of-the-art technology, including a roof system in order to contend with unfavorable weather events and diseases, thus ensuring greater yields of high-quality fruit. The primary technology for the project was imported from Italy, improved in Chile, and is revitalizing the Chilean kiwifruit industry. Based on the favorable results obtained, this project has already had a great impact on the industry.

Agricolombia, a Colombian palm oil company located in the Municipality of San Pablo, 300 kilometers northeast of Bogota, was granted a US$2.0 million loan. San Pablo was a dangerous area in the nineties, with great insecurity and violence. Agricolombia has been working in this region for the past 10 years and currently owns 1,255 hectares of plantations. The company generates over 160 permanent jobs, hiring most of its employees from vulnerable communities that previously had few employment opportunities. Thanks to the investments and operations of companies like Agricolombia, which is currently in the process of obtaining Roundtable on Sustainable Palm Oil (RSPO) certification, the San Pablo municipality has become very dynamic and focused on the sustainable economic and social development of its rural communities. The palm oil industry has generated permanent employment, brought in foreign currency with its exports and concurrently is friendly to the environment by preserving groundcover and protecting water resources.

In Costa Rica, your Company expanded its support to Agroindustrial Las Mellizas, S.A., a fourth-generation coffee production/export company located in Sabalito de Coto Brus, Puntarenas, close to the Panamanian border. This region's primary economic activity is agriculture, with ideal conditions for the cultivation of strictly hard bean coffee. Tourism is still negligible in the area and thus, Agroindustrial Las Mellizas' 690-ha coffee farm is one of the greatest employers for local communities. With LAAD's support, the company purchased a state-of-the-art full color optical sorter that incorporates advanced digital image processing software and automatic image adjustment functions. This enables Las Mellizas to not only improve its quality assurance program but also reduce rejection volumes by 10% to 15%.

LAAD's Mexican office continues to support the expansion of the berry fruit industry. The healthy lifestyle trend in global markets is fueling demand for various berry fruits (such as blueberries, raspberries, strawberries and blackberries) that are recognized for their antioxidant benefits. From 2009 to 2015, the country's berry production area had almost doubled from 22,000 to 42,000 hectares. The social impact of this growth is very significant in terms of employment generation, which helps reduce rural migration to urban areas. LAAD has financed a variety of berry projects, ranging from greenfield projects to plantation expansion investments. Even clients that have been successful producing other fruits and/or vegetables are now entering the berry business for diversification. This is the case of Hassiba, S.A. de C.V., a large avocado producer that was granted a US$2.0 million loan to develop a 20-hectare blueberry plantation. Another example is Grupo Industrial Anguiano, S.A. de C.V., which owns 7 hectares of greenhouses to produce bell peppers and, with the support of LAAD, has established 5 and 25 hectares, respectively, of raspberry and blueberry plantations.

Despite the previously-mentioned external difficulties, LAAD surpassed the operating and financial results of 2015, establishing new records in several indicators. Disbursements for 2016 reached US$236 million, a 22% increase over 2015. These funds were granted to 266 projects in 15 countries and have driven our agribusiness portfolio to US$657 million, a 15.6% increase over 2015 and an all-time record. At this rate, LAAD is well on its way to achieve the target portfolio of US$1.0 billion by 2020.

With disbursements of US$36.3 million, Nicaragua broke through to become LAAD's largest disbursement market. The 37 loans granted in Nicaragua were mainly involved in cocoa, coffee, cattle and peanuts. For the first time since initiating activities in the country, Brazil dropped to LAAD's second-largest disbursement market with US$32.8 million granted to 29 projects. Ecuador continued to contribute significantly to LAAD's portfolio growth with US$28.3 million granted to 31 clients. After several years of relatively slow growth, Chile became LAAD's fourth largest disbursement market in 2016 with US$20.9 million granted to 32 projects. Our cumulative financing over 46 years has risen to US$2.08 billion granted to 4,146 agribusiness projects in 28 countries.

Even under "normal" market conditions, LAAD's 2016 operational results would be considered excellent. Given the hardships of the year, they should be qualified as outstanding. LAAD's net income reached US$19.5 million in 2016, a 10.5% increase from 2015. These earnings yield a 12.8% return on average net worth, similar to the 12.9% achieved the previous year.

At 3.2:1, LAAD's financial leverage continues to be extremely low for the industry. Write-offs for the year reached 0.38% of the agribusiness portfolio, slightly above the 0.35% of 2015 but still an excellent measure of our loan portfolio quality. Over the years, LAAD's write-off history has proven that it is possible to effectively finance agriculture as long as you thoroughly understand the business and know your clients.

LAAD's management continues to focus on developmental impact as its primary concern when analyzing new loan requests. However, we consider profitability is the most pragmatic measure of our operational effectiveness. This measure has continued to improve and in 2016 paid a dividend of US$9,190 per share, a 10.5% increase over the prior year and a record high. This dividend represented 25% of our prior year net earnings.

This past year was one during which we feel a special recognition to our clients is necessary. Their hard work, positivity and tenacity have been an inspiration to all of us at LAAD and something we have tried to emulate. It has been an honor for us to stand with them and face the challenges of the year. In a similar manner, LAAD's Board of Directors gave us the support and guidance we needed to reach the excellent results achieved. Team effort is frequently touted at many companies, but we feel LAAD could compete favorably with any company on this measure. The commitment and dedication of LAAD's staff make LAAD not only a highly effective company, but also a second home for all who work here.

A significant milestone was reached at the end of our 2016 fiscal year, as LAAD carried out the transition of the Chief Executive Officer position from Mr. Benjamin Fernandez III to Mr. Gustavo Martinez, who started with LAAD in 1998 as a financial analyst, was later promoted to Regional Vice President, and then to Chief Financial Officer in 2009. This process was implemented after a four-year selection and training process in which LAAD's Board of Directors, Senior Management and the consulting firm, Aon Hewitt, participated actively. At the same time, Mr. Rafael Cestti was promoted to Chief Financial Officer and, together with Mr. Oscar Luzuriaga, they are the new members of LAAD's Management Board. After 40 years with LAAD and the last 18 years serving as CEO, Mr. Benjamin Fernandez III is now your Company's Chairman of the Board. All parties should feel proud of this smooth transition during which LAAD never lost its "heading" toward continued growth and greater achievements in the future.

Finally, even though the IMF recently lowered the growth forecast for Latin America to 1.2% in 2017, we are confident that LAAD and its clients will continue to succeed in 2017, doing our part to increase Latin America's agricultural production and contributing to feed the world's growing population.

Benjamin Fernandez III
President

Marcelo Melchior
Chairperson

Agribusiness Operations

The economy in Latin America, our region of operations, faced many challenges in 2016. Many countries suffered from adverse weather and others from internal political struggles that in turn caused an economic downturn. The Brazilian, Argentinian and Venezuelan economies continued to perform poorly with the short-term outlook not being positive. In the Pacific Alliance made up of Chile, Colombia, Mexico and Peru, only the latter had a strong economic performance due to healthy private consumption and strong external demand. The economic performance of Central America was solid, as it benefited from the recovery of the U.S. economy.

Angy Roses from Ecuador exports all its production directly through its brand to North America, Eastern Europe and Western Europe.

Despite the economic hardships faced in many countries, LAAD achieved record operational results, including disbursement and net income for the fiscal year ended October 31, 2016. Disbursements for the fiscal year reached US$236 million, which is 22% above the previous fiscal year. These disbursements were distributed among 266 projects in 15 different countries.

Grupo Industrial Anguiano, S.A. de C.V. from Mexico owns 7 ha of greenhouses dedicated to the production of bell peppers.

The projects financed by LAAD in 2016 created over 10,000 new jobs and US$194 million per year in foreign currency for the region.

Projects involving bananas led the way with 16% of total disbursements during the year. Soybeans and coffee followed with 12% each and cattle with 8%. The four products represented 47% of total disbursements. The remaining percentage was constituted by various other products. As a result, LAAD's agribusiness loan portfolio grew by 15.6% on a year-to-year basis, reaching US$657 million at the end of fiscal year 2016.

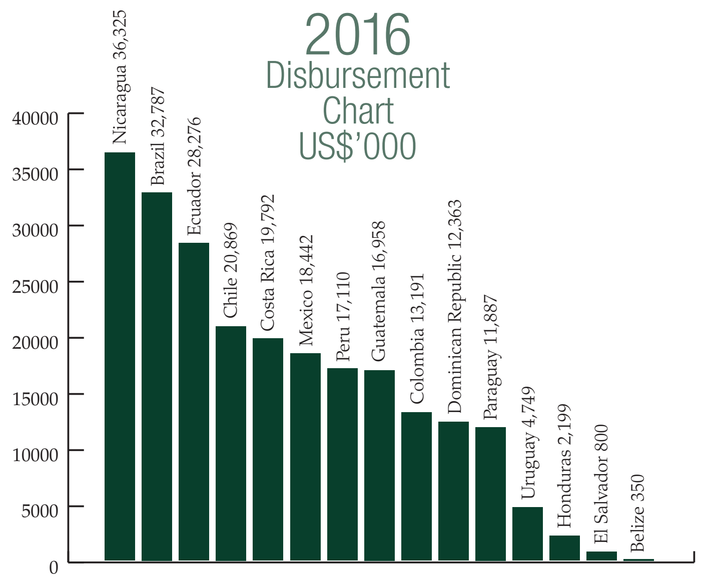
Nicaragua led the way with total disbursements of US$36.3 million during fiscal year 2016. These funds were disbursed to 37 new projects in different sectors such as: coffee, cocoa, cattle, plantain, peanuts, sesame seeds, and forestry. It is a well-diversified portfolio that has grown steadily and reached US$82.6 million at the end of the fiscal year. With the creation of 615 permanent jobs, over 1,750 part-time jobs, and facilitating US$19 million in additional annual revenues, LAAD continues to make a social impact on rural communities. We also continue to support social programs promoted by our clients by donating funds to a school in the community of Jinotega that educates over 80 kids.

The objective in **Brazil** during 2016 was to assist existing clients in overcoming the present crisis that is impairing normal operations at the field level, as weather events, the reduction of commodity prices and lack of financing have been affecting our clients. Our assistance was then limited to finance working capital only to existing clients or to finance the sale of farms on existing loans to new clients. Despite these restrictions, the country reached US$32.8 million in disbursements distributed among 29 different projects. A total of 159 new jobs were created with US$11 million in foreign exchange. The portfolio reached by the end of the fiscal year was US$142.1 million.

Ecuador continued to be a key market for LAAD operations. LAAD's portfolio in Ecuador reached US$81.9 million in 2016, disbursing a total of US$28.3 million to 31 projects, averaging US$857,000 per loan. The new projects will generate over US$38 million in additional exports and more than 1,764 new jobs. Over the last few years, one of the goals has been to diversify the portfolio of mainly flowers and bananas. Although they continue to be main drivers, the new disbursements included mango, cocoa, palm oil and other products.

Chile had one of its best years in history, disbursing US$20.9 million. During the year, the Chilean operation financed 32 small and medium sized projects located mainly in the southern region for amounts equal or below USD$500,000. These projects were in several industries such as apples, table grapes, wine grapes, cherries, walnuts and kiwi. It is important to mention that we opened the third office in the country, which is located in Chillan, 200 kilometers south of Curicó and 400 kilometers south of Santiago. LAAD generated US$10 million in foreign exchange while creating 568 new jobs.

Agroindustrial Las Mellizas, S.A. is a fourth generation coffee production/export company in Costa Rica.



Costa Rica was another country that had record disbursements, reaching US$19.8 million. These disbursements were distributed among 13 new projects in different industries such as coffee, African palm, banana, foliage and pineapple. LAAD's financing will generate an additional US$12.5 million in foreign exchange and over 120 new jobs. Despite record disbursements, the portfolio did not grow as expected. We received US$7 million in prepayments due to the concentration of some key players in the banana and pineapple industries. However, the potential was demonstrated and the country can be considered a future driver of growth.

DISBURSED
Guatemala
US$ **17**
MILLION

Rubber tapping and rubber tree plants (inset) at Victor Hugo Martinez's plantation in Guatemala.

During our fourth full year of operations in **Mexico**, LAAD disbursed a total of US$18.4 million to 29 new projects in the berry, coffee, mango and avocado industries, despite a 15% devaluation of the local currency. All projects are located in the South-Southeast and Central-Western regions of the country, our current geographic target market. Our funding supported the generation of 741 new jobs in the region and will generate US$12.2 million in additional exports. Mexico's total exposure stood at US$38.3 million, with outstanding portfolio quality.

During 2016, LAAD disbursed a total of US$17.1 million in **Peru**. These disbursements were distributed to a total of 20 different projects in industries such as tables grapes, avocados, asparagus, citrus, and bananas. With LAAD's support, these projects generated over US$30.5 million in foreign exchange and almost 2,000 new jobs. We expect Peru to play a vital role in LAAD's future growth.

Our **Guatemalan** operation continued to have an impressive turn around. The management team was able to fund 19 excellent new projects in 2016. A total of US$17 million was disbursed to ten industries, the three most important being African oil palm, coffee, and cattle. The remaining disbursements were distributed between ornamental plants, macadamia nuts, food processing, shrimp, avocado, mango and timber. With LAAD's financial support, these projects created close to 1,100 new jobs and US$4 million in additional exports.

The new management team in **Colombia** was able to disburse a total of US$13.2 million, an increase of 14% over previous fiscal year. The main reason for this growth was the surge of new business ventures in the Eastern and Western regions of the country. Products such as flower and palm oil were targeted, as well as banana projects in Santa Marta. A total of 15 projects were financed, generating US$30 million in additional foreign exchange and over 500 new jobs. With the new management in place and the diversification into new areas, the outlook for 2017 is very positive.

DISBURSED
Peru
US$ **17.1**
MILLION

Gandules INC S.A.C. is the top agroexporter of peppers in Peru, shipping to markets in Europe, the US, Latin America, Australia and Asia.

A total of US$12.4 million to 20 new projects was disbursed during 2016 in the **Dominican Republic**. Lending operations included industries such as organic bananas, mangoes, cocoa and passion fruit. These projects supported by LAAD generated US$14 million in additional foreign exchange and close to 700 new jobs.

The decrease in commodity prices had an effect in the agribusiness sector in **Paraguay**. Despite this, LAAD was able to disburse a total of US$11.9 million. These disbursements were distributed among 9 clients, generating US$2.2 million in foreign exchange and 9 new jobs. The supported projects were concentrated in soybeans and cattle.

The dairy industry in **Uruguay** caused severe problems for the agribusiness sector in the country. Notwithstanding this fact, LAAD was able to disburse a total of US$4.7 million distributed among 7 clients. Despite the low level of disbursements, the projects generated over US$10 million in foreign exchange and a total of 25 jobs.

LAAD also continued to support current clients in the Central American countries of **Belize**, **El Salvador** and **Honduras**. Five projects were financed in these countries for a total of US$3.4 million. These projects generated a total of 32 jobs and US$500,000 in foreign exchange. New clients are being marketed in Belize and El Salvador.

Palm oil plants and trees cultivated by Palmasol S.A. in San Martin, Meta Department, Colombia.

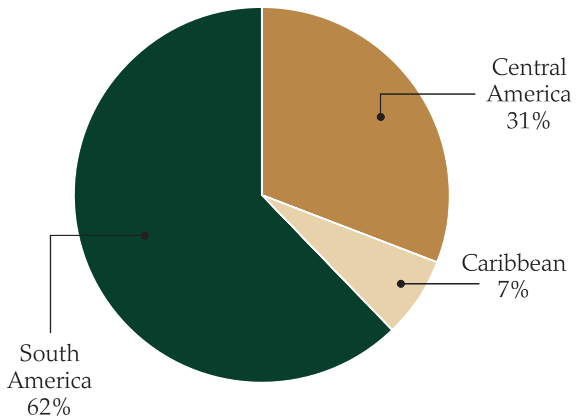
DISBURSED
Colombia
US$ **13.2**
MILLION

Kiwi plantation in Curico Valley, Chile, owned by Fruticola Montegiallo SpA.

Agribusiness Portfolio by Country US$'000

Country	No. of Projects	Disbursed	Present Holding	Percentage of Holding
Brazil	238	263,077	140,562.9	21.06%
Ecuador	394	238,186	81,848.0	12.27%
Nicaragua	351	241,216	79,437.6	11.90%
Peru	233	175,628	50,240.0	7.53%
Chile	348	146,816	46,085.5	6.91%
Guatemala	455	169,714	45,384.7	6.80%
Colombia	105	81,348	42,975.4	6.44%
Dominican Republic	478	158,714	41,329.5	6.19%
Mexico	97	54,681	38,268.4	5.73%
Paraguay	33	47,177	32,997.0	4.94%
Costa Rica	329	165,894	32,328.5	4.84%
Uruguay	66	44,435	16,950.9	2.54%
Honduras	246	104,306	13,332.2	2.00%
Belize	76	32,306	2,862	0.43%
Bolivia	354	105,640	1,562	0.23%
El Salvador	67	20,061	1,079	0.16%
Venezuela	34	12,488	61	0.01%
Panama	99	21,801	0	0.00%
Haiti	34	3,904	0	0.00%
St Vincent	9	1,213	0	0.00%
Turks & Caicos	2	334	0	0.00%
Barbados	3	280	0	0.00%
Dominica	2	215	0	0.00%
Jamaica	1	200	0	0.00%
Anguilla	1	35	0	0.00%
Others	10	1,687	0	0.00%
Overall Result	4,065	$2,091,356	$667,305	100%

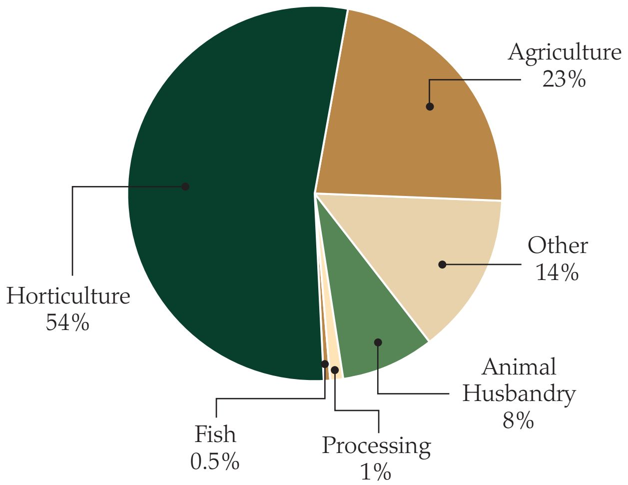
Geographic Distribution



Agribusiness Portfolio by Industry US$'000

Purpose of Loan	No. of Projects	Disbursed	Present Holding	Percentage of Holding
Fruits and Vegetables	1584	849,282	317,147	47.5%
Grains	577	359,251	134,723	20.2%
Cattle	303	137,617	53,881	8.1%
Miscellaneous	163	86,762	42,186	6.3%
Cut Flowers	474	217,205	40,266	6.0%
Vegetable Oils	66	44,247	19,432	2.9%
Agriculture	241	111,918	16,382	2.5%
Wood Products	127	47,627	15,178	2.3%
Food Processing	285	130,055	8,500	1.3%
Hogs and Poultry	54	28,772	8,341	1.2%
Dairy	29	16,095	6,860	1.0%
Fishing	93	43,380	3,653	0.5%
Agro-technology	12	4,365	510	0.1%
Farm Equipment	26	9,279	246	0.0%
Marketing Services	31	5,502	0	0.0%
Overall Result	4,065	$2,091,356	$667,305	100%

Industrial Distribution



Financial Results

The Company reported a net income of US$19.5 million for the fiscal year ended October 31, 2016. This represented a great achievement, as it is 10.5% above last year's value. The average return on net worth is 12.8%, and earnings per share reached US$40,610. LAAD's average return on total assets is 2.8%.

Company disbursements amounted to US$236.1 million in loans during the year, increasing the agribusiness loan portfolio by 15.6% to US$657.4 million. Interest income from Agribusiness loans increased by 15% to US$56.7 million. Interest expenses for US$19.9 million were 24.8% higher than the previous year, primarily due to higher borrowings used to fund the agribusiness loan portfolio growth and the value of LIBOR.

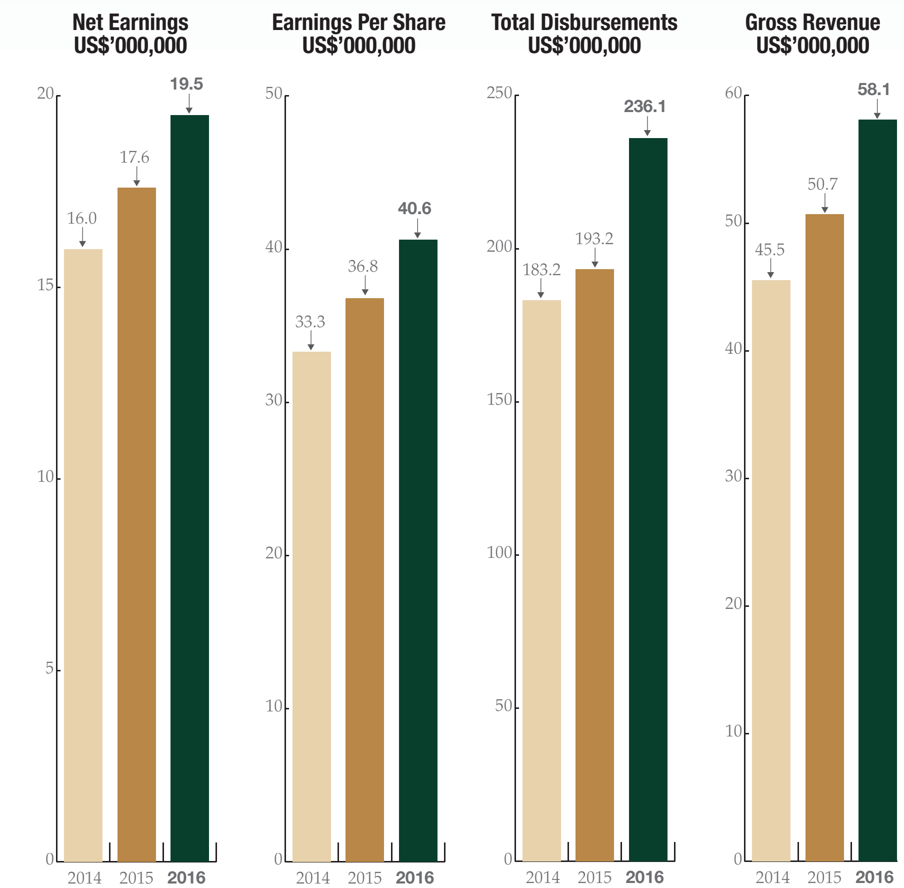
Salaries and employee benefits slightly increased to US$7.6 million from the US$7.4 million incurred in 2015. This reflects new hires as well as increased costs, in particular for the new field offices. Professional fees increased from US$1.3 million in 2015 to US$ 1.6 million in 2016, primarily the result of additional legal and AML consulting fees. Office expenses increased by approximately 6% and travel and communications increased by just 1.5%. These increases are primarily due to the additional costs incurred in the relocation of some of our offices, as well as the new offices in Chillan, Chile, and Curacao.

Total Assets of the Company reached (net of loan-loss reserve) US$734 million at the end of fiscal year 2016, which is 13% higher than the previous year, mainly due to the growth of the agribusiness portfolio. Non-performing assets of US$27.6 million represented 4.01% of the portfolio, higher than the 3.7% reported in 2015 but in line with our corporate goal of 4.0%. The Company wrote off US$2.5 million in loans to 27 clients in 10 countries, representing 0.38% of the total portfolio. The reserve for possible losses stands at 2.2% of the agribusiness loan portfolio.

The Company secured over US$181 million in term loans and lines of credit from several sources during the year. Despite the Company's consolidated debt increase of US$67.9 million (13.7%), the net debt-to-equity ratio rose to only 3:2:1 in 2016, from 3.1:1 in 2015.

The Company paid cash dividends of US$4.4 million on common stock, or US$9,190 per share; this represented 25% of the net earnings for fiscal year 2015.

Due to the fruit's increasing popularity worldwide, Mexican producers like Hassiba, S.A. de C.V. are diversifying their business with blueberry plantations.



Net Income
US$19.5 Million

Consolidated Financial Statements

Consolidated Balance Sheets

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	October 31, (in thousands, except share data)	
	2016	2015
Assets		
Cash and cash equivalents	**$ 46,280**	$ 52,505
Loans, including $129,384 and $113,870 maturing within one year in 2016 and 2015, respectively	**657,380**	568,617
Less: Allowance for loan losses	**(14,583)**	(13,560)
Net loans	**642,797**	555,057
Accrued interest receivable	**21,481**	16,587
Fixed assets, net	**12,743**	9,037
Other assets	**10,748**	15,703
Total assets	**$ 734,049**	$ 648,889
Liabilities and Stockholders' Equity		
Liabilities		
Borrowings	**$ 565,267**	$ 497,346
Interest rate swap agreements	**732**	1,403
Accrued interest payable and other liabilities	**7,448**	5,998
Total liabilities	**573,447**	504,747
Commitments (Notes 5 and 9)		
Stockholders' equity		
Common stock, $5,000 par value, 2,000 shares authorized, 640 shares issued, 480 outstanding	**3,200**	3,200
Treasury stock, 160 shares, at cost	**(2,422)**	(2,422)
Capital in excess of par value	**39**	39
Retained earnings	**158,518**	143,437
Accumulated other comprehensive loss	**(625)**	(1,220)
Total LAAD stockholders' equity	**158,710**	143,034
Non-controlling interest	**1,892**	1,108
Total stockholders' equity	**160,602**	144,142
Total liabilities and stockholders' equity	**$ 734,049**	$ 648,889

Statements of Comprehensive Income

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	October 31, (in thousands, except share data)	
	2016	2015
Interest income		
Loans	**$ 56,705**	$ 49,319
Other	**-**	1
Total interest income	**56,705**	49,320
Interest expense	**19,943**	15,977
Net interest income	**36,762**	33,343
Provision for loan losses	**3,550**	3,180
Net interest income after provision for loan losses	**33,212**	30,163
Noninterest income		
Other loan fee income	**688**	632
Gain on sale of assets	**544**	360
Other income	**175**	370
Total noninterest income	**1,407**	1,362
Noninterest expense		
Salaries and employee benefits	**7,605**	7,392
Depreciation and amortization	**434**	414
Professional fees	**1,672**	1,342
Office expenses	**1,422**	1,342
Travel and communication	**1,445**	1,424
Other general and administrative	**1,869**	1,722
Total noninterest expense	**14,447**	13,636
Income before income taxes	**20,172**	17,889
Provision for income taxes	**680**	243
Net income	**$ 19,492**	$ 17,646
Other comprehensive income (loss)		
Change in fair value of derivative instruments (Note 6)	**$ 595**	$ (446)
Comprehensive income	**$ 20,087**	$ 17,200
Basic and fully diluted earnings per share	**$ 40,610**	$ 36,764

Consolidated Statements of Stockholders' Equity

Latin American Agribusiness Development Corporation S.A. and subsidiaries

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total LAAD Stockholders' Equity	Non-Controling Interest	Total Stockholders' Equity
Balances, October 31, 2014	640	$ 3,200	160	$ (2,422)	$ 39	$ 129,783	$ (774)	$ 129,826	$ -	$ 129,826
Dividends	-	-	-	-	-	(3,992)	-	(3,992)		(3,992)
Net income	-	-	-	-	-	17,646	-	17,646	-	17,646
Change in fair value of derivative instruments	-	-	-	-	-	-	(446)	(446)	-	(446)
Non-controling interest	-	-	-	-	-	-	-	-	1,108	1,108
Balances, October 31, 2015	640	3,200	160	(2,422)	39	143,437	(1,220)	143,034	1,108	144,142
Dividends	-	-	-	-	-	(4,411)	-	(4,411)	-	(4,411)
Net income	-	-	-	-	-	19,492	-	19,492	-	19,492
Change in fair value of derivative instruments	-	-	-	-	-	-	595	595	-	595
Non-Controlling interest	-	-	-	-	-	-	-	-	784	784
Balances, October 31, 2016	**640**	**$ 3,200**	**160**	**$ (2,422)**	**$ 39**	**$ 158,518**	**$ (625)**	**$ 158,710**	**$ 1,892**	**$ 160,602**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Latin American Agribusiness Development Corporation S.A. and subsidiaries

For the years ended October 31,
(in thousands)

	2016	2015
Cash flows from operating activities		
Net income	**$ 19,492**	$ 17,646
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	**3,550**	3,180
Amortization, depreciation and accretion, net	**1,532**	1,629
Change in fair value of derivatives recognized in earnings	**(76)**	79
Net gain on sale of assets	**(544)**	(360)
Undistributed income from equity investee	**-**	(121)
Changes in assets and liabilities		
Accrued interest receivable	**(5,352)**	(2,890)
Other assets	**(1,577)**	(3,184)
Accrued interest payable and other liabilities	**1,450**	1,231
Net cash provided by operating activities	**18,475**	17,210
Cash flows from investing activities		
Net increase in loans	**(87,721)**	(62,292)
Proceeds from sale of real estate owned and other assets	**1,260**	970
Improvements to other real estate owned	**-**	(264)
Proceeds from sales of fixed assets	**92**	155
Purchases of fixed assets	**(1,841)**	(936)
Net cash used in investing activities	**(88,210)**	(62,367)
Cash flows from financing activities		
Net borrowings (repayments) under bank revolving lines of credit	**32,500**	(11,750)
Proceeds from multilateral institution debt	**60,000**	70,000
Repayments of multilateral institution debt	**(29,698)**	(35,463)
Proceeds from bank term debt	**115,000**	120,100
Repayments of bank term debt	**(109,881)**	(95,044)
Cash dividends paid	**(4,411)**	(3,992)
Net cash provided by financing activities	**63,510**	43,851
Net decrease in cash and cash equivalents	**(6,225)**	(1,306)
Cash and cash equivalents		
Beginning of the year	**52,505**	53,811
End of the year	**$ 46,280**	$ 52,505
Supplemental disclosure of cash activity		
Interest paid	**$ 19,070**	$ 14,798
Supplemental disclosure of noncash transactions		
Unrealized gain (loss) on derivative instruments	**671**	(525)
Real estate received as payment in-kind	**200**	4,123
Sales of equity investments financed as loans	**3,450**	300
Sales of other real estate owned financed as loans	**280**	3,720
Other real estate owned transferred to real estate held for investment	**1,607**	2,608
Fixed asset contributions received in exchange for noncontrolling interest	**784**	1,108

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Latin American Agribusiness Development Corporation S.A. and subsidiaries

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Latin American Agribusiness Development Corporation S.A. and its wholly owned subsidiaries (the "Company" or "LAAD") principally extend medium-term loans to agribusiness private enterprises located in Central and South America, and the Caribbean. The objective of the Company's lending program is to improve the production, distribution, and marketing of agricultural-based products and encourage the development of private enterprise in the region.

The following is a description of the significant accounting policies and practices followed by the Company in the preparation of the accompanying consolidated financial statements. These policies conform with accounting principles generally accepted in the United States of America (US GAAP).

Consolidation

The consolidated financial statements include the accounts of Latin American Agribusiness Development Corporation S.A., its wholly owned subsidiaries, LAAD Americas N.V., LAAD Americas S.A., LAAD de Centroamerica S.A., LAAD Caribe S.A., LAAD Panama S.A., LAAD Agro Services Inc. and Agronegocios LAAD S.A. de C.V.,SOFOM ENR ("SOFOM"). All the above entities are incorporated in the Republic of Panama, except for LAAD Americas N.V. which is incorporated in Curacao, formerly the Netherlands Antilles and SOFOM which is incorporated in Mexico.

In addition, the Company maintains wholly owned subsidiaries and majority controlled subsidiaries for the purpose of operating and maintaining certain properties acquired through foreclosure which are classified as held for investment and consolidated within the consolidated financial statements of LAAD.

The Company reviews the structure and activities of its unconsolidated related entities for possible required consolidation under US GAAP. A variable interest entity (VIE) is a legal entity used to conduct activities or hold assets that either: (1) does not have investors with sufficient equity at risk for the entity to finance its activities without additional investor subordinated financial support, or 2) as a group, the investors lack any of the following: a) power, through voting or similar rights, to direct the entity's activities which significantly impact its economic performance, b) obligation to absorb the majority of any expected entity losses or c) right to receive expected residual entity returns. A VIE often holds financial assets, including loans or receivables, real estate or other property. The Company would consolidate a VIE if management concluded that the Company is the primary beneficiary of the VIE's operations and activities. A VIE's primary beneficiary is the party that both: (1) has the power to direct the VIE's activities that most significantly impact its economic performance and (2) has the obligation to absorb any significant losses or the right to receive any significant benefits of the VIE.

As indicated in Note 4, at October 31, 2016 and 2015, the Company had equity investments in unconsolidated entities totaling approximately $0 and $3,659,000, respectively. The Company has reviewed the structure and activities of these entities as of October 31, 2016 and 2015 and determined that consolidation is not required.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are susceptible to change in the short-term relate mainly to the allowance for loan losses and the valuation of equity investments, real estate owned and derivative instruments.

Income Recognition

Interest income on loans is recognized on the accrual basis using the interest method. Consideration is given to accrued but unpaid interest in the determination of the allowance for loan losses.

Loan origination fees and direct loan origination costs are deferred and recognized in interest income over the estimated life of the loans using the interest method, adjusted for actual prepayments.

Other loan fee income is recognized as earned on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consists primarily of cash and deposits with banks, all of which have original maturities of 90 days or less.

Loans and Allowance for Loan Losses

Loans are reported at their outstanding principal balance net of charge-offs, deferred fees and costs, participations and the allowance for loan losses.

Loans are considered past due if the required principal and/or interest payments have not been received based on the contractual terms of the loan. All classes of loans are generally placed on non-accrual status when the loan is past due, for either principal or interest, more than 6 months from when the payment is due. In certain instances, LAAD may place a loan on non-accrual status even when payments of principal or interest are not currently in default due to certain circumstances which may indicate a borrower's inability to pay in the future. When a loan is placed on non-accrual status, all accrued interest for the current year is reversed against interest income. Collection of interest while the loan is in non-accrual status is recognized as income on a cash basis, unless collection of principal is doubtful, in which case cash collections are applied to unpaid principal. Loans are restored to accrual status when the loan becomes fully current and is expected to perform in the future according to its contractual terms. The Company generally initiates the foreclosure process at the time that the principal and/or interest balance is determined to be uncollectible.

The Company segregates its loan portfolio into three segments in order to determine its allowance for loan losses. The Company's loan segments are: Caribbean, Central America and Mexico and South America. Each segment consists of specific countries where the geographical composition of each country provides comparable markets. The portfolio segments also represent the Company's loan classes, as described below:

Caribbean – consisting of Dominican Republic, Belize and Eastern Caribbean Islands

Central America and Mexico – consisting of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama

South America – consisting of Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela

The allowance for loan losses reflects management's reasonable estimate of probable credit losses inherent in the loan portfolio based on their evaluation of credit risk as of period end. Loans are charged off against the allowance when management believes the loan is not collectible. Any recoveries of amounts previously charged off are credited to the allowance.

The allowance consists of two components. The first component of the allowance relates to loans that are individually evaluated for impairment. Loans identified as non-performing or troubled debt restructures are evaluated individually for impairment twice a year. Once an individual loan is found to be impaired, an evaluation is performed to determine if a specific reserve needs to be assigned to the loan based on the estimated fair value of the collateral, less cost to sell.

The second component of the allowance relates to groups of loans that have common characteristics and therefore are evaluated in pools in order to estimate the inherent losses within the portfolio. This component of the allowance is further divided into quantitative and qualitative components. The quantitative component is determined by multiplying the outstanding loan exposure balance by the probability of default in the country and the loss given at default, based on Moody's Sovereign ratings. The qualitative component is a dollar amount assigned to each country based on an analysis performed incorporating several factors, including but not limited to, the level of delinquencies and restructurings, the concentration of product Company-wide, economic and business conditions, and other external factors.

In certain situations, for economic or legal reasons related to a borrower's financial difficulties, LAAD could grant a concession to the borrower that it would not otherwise consider. When such a concession is granted, the related loan is classified as a troubled debt restructuring ("TDR"). The restructuring of a loan may include modifications of the loan principal and/or interest terms as established on the original loan contract. It excludes the sole movement of principal payments while maintaining the tenor of the loan without making any interest rate concessions or the sole change of interest rate to reflect a change in current market interest rates for borrowers with similar credit risk profiles. TDRs of loans on non-accrual status reside on a cash basis until the borrower demonstrates a period of sustained performance. If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized through a specific allowance.

Equity Investments

The Company's investments in common stock of privately held companies are included in other assets and initially carried at cost. Carrying amounts are subsequently adjusted to recognize the Company's share of investee earnings or losses and reduced by any distributions received and impairment charges.

Disclosure of Significant Concentrations of Credit Risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Substantially all of the Company's business activity is conducted with customers located in Latin America. Loans outstanding represent transactions with Latin American customers secured by assets located in the customers' country of origin.

Fixed Assets

Fixed assets are carried at cost, less accumulated depreciation and amortization. Depreciation expense is calculated using the straight line method over the estimated useful lives of the assets (ranging from 3 to 30 years). Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements.

Other Real Estate Owned

Other real estate owned consists of real estate acquired through foreclosure or as payment in-kind, and is initially recorded at the lower of the fair value of the property less estimated selling costs or the balance of the loan at the date of foreclosure, with impairments at the time of foreclosure recorded through the allowance for loan losses. Subsequent impairments are recorded in other general and administrative expenses. Upon the Company's disposition of the property, realized gains or losses are recorded based on the difference between the net proceeds received and the net carrying value of the assets.

Interest Rate Swap Agreements

Interest rate swap agreements are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of the variability of cash flows to be paid on certain variable rate debt ("cash flow hedge"). Changes in the fair value of those derivatives that are designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss). Management considers that the derivatives are highly effective in offsetting the variability in cash flows on the variable rate debt that they hedge. Amounts recognized in accumulated other comprehensive income (loss) are indirectly recognized in earnings as periodic settlements of the interest rate swap agreements occur over the period of hedged cash flows and the fair value of the derivative declines to zero.

Income Taxes

The Company is a foreign corporation for income tax purposes in the United States of America. Under the provisions of the Internal Revenue Code, the Company is subject to Federal income tax solely on income derived from sources in the United States of America and on that portion of its foreign income attributable to the conduct of its business in the United States of America. During the years ended October 31, 2016 and 2015, the Company had no taxable income in the United States of America. The Company also provides, where applicable, for income taxes of the foreign countries in which it operates. When applicable, the Company records income taxes using the liability method.

Basic and Fully Diluted Earnings Per Share

Basic and fully diluted earnings per share are based on the weighted average number of shares of common stock outstanding during the year (480 shares in 2016 and 2015).

New Accounting Pronouncements

In May 2014, the FASB issued new guidance related to *Revenue from Contracts with Customers*. This guidance supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Accounting Standards Codification. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In May 2015, the FASB changed the effective date of this guidance to annual reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations and cash flows.

In August 2014, the FASB issued new guidance related to *Presentation of Financial Statements-Going Concern (Subtopic 205-40)—Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in this update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In January 2015, the FASB issued new guidance related to *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. The guidance removes the concept of extraordinary items from GAAP and eliminates the requirement for extraordinary items to be separately presented in the statement of income. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2015, the FASB issue new guidance related to *Consolidation (Topic 810) - Amendments to the Consolidation Analysis*, which (1) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIE) or voting interest entities; (2) eliminates the presumption that a general partner should consolidate a limited partnership; (3) affects the consolidation analysis of reporting entities involved with VIEs that have fee arrangements and related party relationships; and (4) provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, and interim periods beginning after December 15, 2017. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2015, the FASB issued new guidance related to *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This update requires that debt issuance costs related to a recognized debt liability be presented in the Statement of Financial Condition as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In August 2015, the FASB issued new guidance related to *Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*. This update addresses the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements absent in *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* issued in April 2015. The update notes that there would not be an objection to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The standard is effective for annual and interim reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In January 2016, the FASB issued new guidance related to *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update requires all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). The amendments also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendments in this guidance eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The amendments in this guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2016, the FASB issued new guidance related to Leases (Topic 842). The amendments in this guidance require a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for lease terms longer than one year. Accounting for leases by a lessor will not be significantly impacted by this guidance. The amendments in this guidance are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued new guidance related to *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*. The amendments in this guidance clarify that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The amendments in this guidance are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2016, the FASB issued guidance relating to *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The update introduces the CECL model which applies to financial assets subject to credit losses and measured at amortized cost, as well as certain off-balance sheet credit exposures. This includes loans, loan commitments and held-to-maturity debt securities. The CECL model requires an entity to estimate credit losses expected over the life of an exposure, considering historical, current and forecast information. The guidance amends the current OTTI model for debt securities and requires an estimate of expected credit losses only when the fair value of an available for sale debt security is below its amortized cost. Credit losses on available for sale debt securities will be limited to the difference. The amendments in this guidance are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations and cash flows.

In August 2016, the FASB issued guidance relating to *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The objective of this guidance is to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and Other Topics. It addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The amendments in this guidance are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted including adoption in an interim period. The amendments in this guidance should be applied using a retrospective transition method to each period presented. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

2. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by country are summarized as follows (dollars in thousands):

	October 31, 2016		2015	
Caribbean				
Dominican Republic	**$ 39,724**	6.1%	$ 32,378	5.7%
Belize	**2,862**	0.4%	3,147	0.6%
Central America and Mexico				
Costa Rica	**31,880**	4.9%	27,788	4.9%
El Salvador	**1,079**	0.2%	375	0.0%
Guatemala	**39,106**	6.0%	29,881	5.3%
Honduras	**12,656**	1.8%	13,648	2.4%
Mexico	**38,268**	5.8%	27,625	4.9%
Nicaragua	**79,438**	12.1%	67,237	11.8%
South America				
Bolivia	**1,562**	0.2%	2,447	0.4%
Brazil	**140,563**	21.4%	137,135	24.2%
Chile	**43,906**	6.7%	35,534	6.3%
Colombia	**42,975**	6.6%	34,228	6.0%
Ecuador	**81,848**	12.5%	66,964	11.8%
Paraguay	**32,997**	5.0%	26,043	4.6%
Peru	**50,240**	7.7%	48,464	8.5%
Uruguay	**16,951**	2.6%	14,755	2.6%
Total gross loans	**656,055**	100%	567,649	100%
Deferred loan costs	**1,325**		968	
Allowance for loan losses	**(14,583)**		(13,560)	
Net loans	**$ 642,797**		$ 555,057	

Approximately 81.5% of the outstanding principal loan balances will mature within five years based on current terms.

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. The total allowance reflects management's best estimate of loan losses inherent in the loan portfolio at the balance sheet date. As of October 31, 2016 and 2015, LAAD considers the allowance for loan losses to be sufficient to absorb losses in the loan portfolio in accordance with US GAAP.

Changes in the allowance for loan losses summarized by portfolio segment for the years ended October 31, 2016 and 2015 are as follows (dollars in thousands):

2016	Caribbean	Central America and Mexico	South America	Total
Balances at beginning of the year	**$ 1,555**	**$ 2,847**	**$ 9,158**	**$ 13,560**
Provision for loan losses	**247**	**1,067**	**2,236**	**3,550**
Loans charged off	**(177)**	**(686)**	**(1,664)**	**(2,527)**
Recoveries	**-**	**-**	**-**	**-**
Balances at end of the year	**$ 1,625**	**$ 3,228**	**$ 9,730**	**$ 14,583**
Allowance for loan losses				
On loans individually evaluated for impairment	**$ 2**	**$ -**	**$ 37**	**$ 39**
On loans collectively evaluated for impairment	**$ 1,623**	**$ 3,228**	**$ 9,693**	**$ 14,544**
Loans				
Individually evaluated for impairment	**$ 1,852**	**$ 4,996**	**$ 28,291**	**$ 35,139**
Collectively evaluated for impairment	**$ 40,734**	**$ 197,431**	**$ 382,751**	**$ 620,916**
Ending balance	**$ 42,586**	**$ 202,427**	**$ 411,042**	**$ 656,055**

2015	Caribbean	Central America and Mexico	South America	Total
Balances at beginning of the year	$ 1,628	$ 2,616	$ 8,161	$ 12,405
Provision for loan losses	246	962	1,972	3,180
Loans charged off	(319)	(731)	(975)	(2,025)
Recoveries	-	-	-	-
Balances at end of the year	$ 1,555	$ 2,847	$ 9,158	$ 13,560
Allowance for loan losses				
On loans individually evaluated for impairment	$ 1	$ -	$ 75	$ 76
On loans collectively evaluated for impairment	$ 1,554	$ 2,847	$ 9,083	$ 13,484
Loans				
Individually evaluated for impairment	$ 1,910	$ 4,875	$ 23,160	$ 29,945
Collectively evaluated for impairment	$ 33,615	$ 161,679	$ 342,410	$ 537,704
Ending balance	$ 35,525	$ 166,554	$ 365,570	$ 567,649

At least semi-annually, the sufficiency of the allowance for loan losses is reviewed by the Credit Risk Manager and the Chief Financial Officer and discussed with the Chief Executive Officer. As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related primarily to (i) the loan payment status, (ii) non-performing loans, (iii) loan modifications and (iv) the general economic conditions in the main geographies where the Company's borrowers conduct their businesses.

The following tables include an aging analysis of the recorded investment of past due loans as of October 31, 2016 and 2015 (dollars in thousands):

2016

	Current and < 3 Months Past Due	> 3 Months and < 6 Months Past Due	> 6 Months Past Due	Total Loans	Loans > 6 Months and Accruing
Caribbean	$ 40,438	$ 296	$ 1,852	$ 42,586	$ -
Central America and Mexico	193,605	5,937	2,885	202,427	-
South America	375,886	14,767	20,389	411,042	-
	$ 609,929	$ 21,000	$ 25,126	$ 656,055	$ -

2015

	Current and < 3 Months Past Due	> 3 Months and < 6 Months Past Due	> 6 Months Past Due	Total Loans	Loans > 6 Months and Accruing
Caribbean	$ 33,065	$ 550	$ 1,910	$ 35,525	$ -
Central America and Mexico	161,066	3,890	1,598	166,554	-
South America	328,709	22,952	13,909	365,570	-
	$ 522,840	$ 27,392	$ 17,417	$ 567,649	$ -

The following table includes the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount, if applicable. Also presented are the average recorded investments in the impaired loans and the related amount of interest recognized during the period that the loans were impaired. The average balances are calculated based on the year-end balances of the periods reported as of October 31, 2016 and 2015 (dollars in thousands).

As of October 31, 2016

Impaired Loans by Class with no specific allowance recorded	Recorded Investment [1]	Unpaid Principal Balance	Valuation Allowance	Average Recorded Investment	Interest Income Recognized	Cash Basis Income Recognized
Caribbean	$ 1,819	$ 1,941	$ -	$ 1,848	$ -	$ -
Central America and Mexico	4,996	5,403	-	4,935	-	310
South America	26,791	27,850	-	23,563	131	694
	$ 33,606	$ 35,194	$ -	$ 30,346	$ 131	$ 1,004
With specific allowance recorded						
Caribbean	$ 33	$ 44	$ 2	$ 33	$ -	$ -
Central America and Mexico	-	-	-	-	-	-
South America	1,500	2,027	37	2,163	-	-
	$ 1,533	$ 2,071	$ 39	$ 2,196	$ -	$ -

As of October 31, 2015

Impaired Loans by Class with no specific allowance recorded	Recorded Investment [1]	Unpaid Principal Balance	Valuation Allowance	Average Recorded Investment	Interest Income Recognized	Cash Basis Income Recognized
Caribbean	$ 1,877	$ 2,125	$ -	$ 2,112	$ -	$ 28
Central America and Mexico	4,875	4,875	-	4,879	-	278
South America	20,335	20,696	-	18,674	303	336
	$ 27,087	$ 27,696	$ -	$ 25,665	$ 303	$ 642
With specific allowance recorded						
Caribbean	$ 33	$ 44	$ 1	$ 17	$ -	$ -
Central America and Mexico	-	-	-	-	-	-
South America	2,825	2,996	75	1,414	-	-
	$ 2,858	$ 3,040	$ 76	$ 1,431	$ -	$ -

(1) Recorded investment is defined as unpaid principal balance less charge downs.

Loans on non-accrual status by loan segment are as follows (dollars in thousands):

	October 31, 2016	2015
Caribbean	$ 1,852	$ 1,910
Central America and Mexico	1,885	1,598
South America	20,389	13,909
Total non-accrual loans [1]	$ 25,126	$ 17,417

(1) This table excludes TDRs accounted for on a cash basis as discussed below.

There was approximately $5,000 and $70,000 in interest income recognized during 2016 and 2015, respectively, attributable to nonaccrual loans outstanding at October 31, 2016 and 2015, respectively. Interest income on these loans for 2016 and 2015 would have been approximately $2,765,000 and $1,919,000, respectively, had these loans performed in accordance with their original terms.

In situations where the borrower is experiencing financial difficulties, the Company may further agree to a restructure where the borrower is granted concessions which the Company would not otherwise consider. The concessions granted may include rate modifications below market rate and other actions intended to minimize economic loss. Such changes are considered TDRs and their granting of such loan modifications are considered indicative of overall credit deterioration of the borrower. Loans modified as TDRs during the years ended October 31, 2016 and 2015, by loan segment, were as follows (dollars in thousands):

	2016	2015
Caribbean	$ -	$ -
Central America and Mexico	1,572	2,710
South America	5,979	8,874
Total troubled debt restructurings	$ 7,551	$ 11,584

There were ten loans in 2016 and twelve loans in 2015 which were modified as a TDR. Concessions granted for loans in 2016 and 2015 related to significant delays in payment. In 2016 and 2015, interest of approximately $401,000 and $353,000 was recognized on a cash basis in relation to four and seven loans which were modified as TDR's, respectively.

Total TDRs at October 31, 2016 and 2015, by loan segment, were as follows (dollars in thousands):

	2016	2015
Caribbean	$ -	$ -
Central America and Mexico	3,341	3,777
South America	11,422	11,072
Total troubled debt restructurings	$ 14,763	$ 14,849

At October 31, 2016 and 2015, approximately $13,760,000 and $10,809,000 of loans classified as TDRs, respectively, were accounted for on the cash basis of accounting. Interest recognized on these loans totaled approximately $1,000,000 and $619,000, for 2016 and 2015, respectively.

Loans that were modified as TDRs were evaluated for impairment in accordance with the Company's policy. No specific reserves were allocated as of October 31, 2016 due to adequate collateral coverage on the loans. There were no troubled debt restructurings within the previous 12 months for which there was a payment in default during 2016.

3. FIXED ASSETS

Fixed assets at October 31, 2015 and 2014 include the following (dollars in thousands):

	2016	2015
Computer equipment	$ 2,854	$ 2,722
Computer software	1,539	858
Furniture, fixtures and equipment	2,343	1,722
Land	5,280	3,474
Plantation	1,180	501
Building	2,974	2,843
Leasehold improvements	809	744
Other	279	207
	17,258	13,071
Less: Accumulated depreciation and amortization	(4,515)	(4,034)
Fixed assets, net	$ 12,743	$ 9,037

During the years ended October 31, 2016 and 2015, the Company recorded approximately $434,000 and $414,000, respectively, in related depreciation and amortization expense.

During 2016, the Company sold a parcel of land located in Guatemala for $92,000 in cash. The Company did not recognize a gain or loss on the sale.

During 2015, the Company sold a building located in Guatemala for $155,000 in cash. The Company recognized a $127,000 gain on the sale which is included in gain on sale of assets in the consolidated statement of operations.

4. OTHER ASSETS

Included in other assets at October 31, 2015 are equity investments of approximately $3,659,000 representing ownership in one operating farm located in the Dominican Republic. During fiscal 2015, the Company recorded approximately $121,000 in undistributed income from this equity investment. There were no impairments to equity investments in 2015. There were no equity investments included in other assets at October 31, 2016.

The Company has reviewed the structure and activities of its remaining equity investments and determined that consolidation is not required in 2015. The Company's most significant investment is approximately $3,659,000 at October 31, 2015 resulting from a 50% ownership in Managu, a mango farm in Dominican Republic consisting of Managu Frutos Del Sol, S.A, Rancho Cayman, S.A. and Frusol Packing Services, S.A. Managu's other 50% ownership is held by unrelated third parties, including the operator of the farm.

In its review relative to whether Managu should be consolidated, the Company considered the significance of: (1) its overall involvement in Managu, (2) its role as an investor, (3) its decision making powers and (4) the rights of the other shareholders. The Company has concluded that Managu is jointly controlled with none of the investors designated as its primary beneficiary.

During 2016, the Company sold its equity investment located in the Dominican Republic for approximately $4,600,000. The Company received approximately $1,150,000 in cash and financed the remaining $3,450,000. The Company recognized an approximate $639,000 gain on the sale which is included in gain on sale of assets in the consolidated statement of operations.

Also included in other assets is approximately $2,519,000 and $4,548,000 at October 31, 2016 and 2015, respectively, in other real estate owned, consisting of properties foreclosed or received as payment in-kind which are held for sale. Properties held at October 31, 2016 are located in Chile, Costa Rica, Dominican Republic, Guatemala, Honduras and Venezuela. Management estimates that the net carrying amounts of these properties do not exceed their fair value less estimated costs to sell.

During 2016 and 2015, the Company had approximately $200,000 and $4,123,000, respectively, in loan balances transferred to other real estate owned. During 2016 and 2015, the Company sold other real estate owned properties. Of the aggregate sales price of $390,000 and $4,650,000, respectively, the Company financed the sale of one and four other real estate owned properties in the amounts of $280,000 and $3,720,000, respectively. The Company met the minimum investment requirements for these sales, and accordingly, recognized the sales and the resulting losses of $95,000 and gains of $233,000 under the full accrual method, respectively. There were no impairments of other real estate owned in 2016 or 2015.

5. BORROWINGS

Borrowings are summarized as follows (dollars in thousands):

	October 31, 2016	October 31, 2015
Banks		
Unsecured variable rate term loans payable in semiannual principal installments through 2023. Interest ranging from 2.00% to 2.75% over LIBOR. (2.98% to 3.99% at October 31, 2016)	**$ 65,642**	$ 150,114
Unsecured variable rate term loan payable in semiannual equal principal installments through 2018. Interest at the Prime Rate with a 3.25% floor.	**-**	4,500
Unsecured variable rate term loans payable in quarterly installments through 2017. Interest at 2.00% over LIBOR.	**-**	25,800
Unsecured variable rate term loans payable in semiannual equal installments through 2023. Interest ranging from 2.25% to 3.00% over LIBOR. (2.78% to 4.24% at October 31, 2016)	**217,278**	73,000
Unsecured fixed rate term loans payable in semiannual equal principal installments through 2020. Interest ranging from 3.40% to 4.00%.	**46,153**	68,440
Unsecured fixed rate term loan payable in quarterly compounded principal installments through 2017. Interest fixed at 4.00%.	**1,632**	3,732
Unsecured fixed rate revolving line of credit. Interest fixed at 4.00% payable through 2021.	**-**	6,500
Unsecured revolving lines of credit including $55,000 and $30,000 with stockholders, respectively. Interest ranging from 1.90% to 2.25% over LIBOR payable through 2018. (2.52% to 3.14% at October 31, 2016)	**69,000**	30,000
	$ 399,705	$ 362,086
Multilateral institutions		
Unsecured term loans with Bladex payable in yearly equal principal installments through 2020. Interest at 2.50% over LIBOR. (3.73% to 3.74% at October 31, 2016)	**$ 32,000**	$ 40,000
Unsecured term loan with Deutsche Investitions – und Entwicklungsgesellschaft mbH, a stockholder, payable in semiannual equal principal installments through 2022. Interest at 3.00% over LIBOR. (4.26% at October 31, 2016)	**27,500**	30,000
Unsecured term loan with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. payable in semiannual principal installments through 2022. Interest at 3.00% to 3.50% over LIBOR. (4.25% to 4.75% at October 31, 2016)	**42,500**	22,500
Unsecured term loans with NOR FUND payable in semiannual principal installments through 2021. Interest at 3.35% over LIBOR. (4.60% at October 31, 2016)	**7,500**	10,416[1]
Unsecured term loan with FINN FUND payable in semiannual equal principal installments through 2016. Interest at 2.00% over LIBOR.	**-**	889
Unsecured term loan with Société de Promotion et de Participation pour la Cooperation Economique (PROPARCO) payable in semiannual principal installments through 2022. Interest at 3.35% to 3.41% over LIBOR. (4.60% at October 31, 2016)	**22,728**	5,454
Unsecured term loan with The OPEC Fund for International Development payable in semiannual equal principal installments through 2019. Interest at 3.00% to 3.15% over LIBOR. (4.26% to 4.35% at October 31, 2016)	**7,500**	10,500
Unsecured term loan with Oesterreichische Entwicklungsbank AG payable in semiannual equal principal installments through 2022. Interest at 3.00% to 3.15% over LIBOR. (3.94% to 4.09% at October 31, 2016)	**22,500**	10,500
Unsecured term loan with Société belge d'Investissement pour les Pays en Développment - BIO SA/Belgische Investeringsmaatschappij voor Ontwikkelingslanden - BIO NV - payable in semiannual principal installments through 2018. Interest at 3.50% over LIBOR. (4.48% at October 31, 2016)	**3,334**	5,001
	165,562	135,260
	$ 565,267	$ 497,346

(1) Includes a $1,250 loan with a 4.50% floor on interest in 2015.

The differences in spreads in the above table are due to the use of different LIBOR rates ranging from one-month LIBOR to six-month LIBOR.

In 2016 and 2015, LAAD had approximately $679,000 and $955,000, respectively, in amortization of deferred borrowing costs included in interest expense in the accompanying consolidated statement of operations.

Principal maturities of borrowings are as follows (dollars in thousands):

Years Ending October 31,	Amount
2017	$ 198,600
2018	110,225
2019	96,459
2020	71,884
2021	46,534
Thereafter	41,565
	$ 565,267

Principal maturities in 2017 and 2018 include $39,000,000 and $30,000,000, respectively, in unsecured revolving lines of credit of which $55,000,000 in 2016 relate to lines held with stockholder banks. These lines have been historically renewed prior to maturity.

At October 31, 2016, the Company had $147,000,000 in unsecured revolving lines of credit of which $120,000,000 are from two stockholder banks. From the stockholder bank lines, $55,000,000 were in use as of October 31, 2016 and $65,000,000 was unused and available through June 2018.

The Company incurred interest expense of approximately $3,597,000 and $2,604,000 in 2016 and 2015, respectively, on loans from stockholders.

No one creditor of the Company holds a superior position to any other under current terms of the borrowing agreements.

Certain borrowing agreements require the Company to comply with stated financial covenants and contain restrictions on uses of loan proceeds. As of October 31, 2016, management believes that the Company was in compliance with its debt covenants or has or will receive waivers for any covenant violations.

6. Derivative Instruments

The Company uses derivative instruments solely as cash flow hedges to manage exposure to interest rate risk. Through this cash flow hedging strategy, periodic cash payments for interest on the linked floating rate debt are effectively fixed at each derivative's agreed upon rate. Accordingly, the Company limits its risk related to future rate increases on this debt as a result of changes in the benchmark interest rates. These derivative transactions are measured in terms of notional value, which are used only as a basis on which interest payments are made, and are not recorded in the balance sheet and not exchanged. When viewed in isolation, these amounts are not a meaningful measure of the risk profile of the instruments. As determined at inception, the notional amounts on the contracts are reduced periodically to match the principal reductions of the variable rate debt to which these contracts hedge.

At October 31, 2016 and 2015, the Company's derivative instruments consisted of interest rate swap agreements with two stockholders, resulting in the Company paying a fixed rate of interest on notional amounts in exchange for a floating rate, determined as the one-month LIBOR (0.53% and 0.20% in October 2016 and 2015, respectively), three-month LIBOR (0.88% and 0.32% in October 2016 and 2015, respectively) and six-month LIBOR (1.26% and 0.53% in October 2016 and 2015, respectively). These contracts are considered 100% effective hedges of the underlying debt. Each of the Company's derivatives at October 31, 2016 and 2015 is in a liability position. Therefore, the fair values of these derivatives are reported as interest rate swap agreement liabilities on the balance sheet at each respective year end. Other required qualitative disclosures regarding the Company's derivative strategies and policies are included in Note 1.

Interest rate swap agreements held are as follows (dollars in thousands):

Maturity	Notional Amount	Pay Fixed Rate	Receive Floating Rate	Estimate Fair Value
As of October 31, 2016				
March 2017	**$ 1,500**	**0.95%**	**3-month LIBOR**	**$ -**
April 2017	**1,500**	**1.07%**	**3-month LIBOR**	**(1)**
October 2017	**2,727**	**1.82%**	**6-month LIBOR**	**(11)**
March 2018	**6,000**	**1.70%**	**3-month LIBOR**	**(44)**
April 2018	**4,500**	**1.03%**	**1-month LIBOR**	**(13)**
June 2018	**3,333**	**2.01%**	**6-month LIBOR**	**(35)**
December 2018	**7,500**	**1.33%**	**6-month LIBOR**	**(14)**
February 2019	**7,500**	**1.99%**	**6-month LIBOR**	**(79)**
June 2019	**7,200**	**1.21%**	**3-month LIBOR**	**(19)**
March 2020	**17,500**	**2.11%**	**6-month LIBOR**	**(261)**
April 2020	**5,000**	**1.99%**	**6-month LIBOR**	**(62)**
June 2020	**14,800**	**1.46%**	**6-month LIBOR**	**(50)**
April 2021	**22,500**	**1.20%**	**1-month LIBOR**	**(143)**
	$ 101,560			**$ (732)**
As of October 31, 2015				
April 2016	$ 1,500	1.47%	6-month LIBOR	$ (7)
October 2016	4,500	1.14%	6-month LIBOR	(19)
March 2017	4,500	0.95%	3-month LIBOR	(18)
April 2017	4,500	1.07%	3-month LIBOR	(24)
October 2017	5,455	1.82%	6-month LIBOR	(70)
March 2018	10,000	1.70%	3-month LIBOR	(145)
April 2018	7,500	1.03%	1-month LIBOR	(43)
June 2018	5,000	2.01%	6-month LIBOR	(108)
December 2018	10,500	1.33%	6-month LIBOR	(91)
February 2019	10,500	1.99%	6-month LIBOR	(214)
March 2020	22,500	2.11%	6-month LIBOR	(534)
April 2020	6,429	1.99%	6-month LIBOR	(130)
	$ 92,884			$ (1,403)

The effect of derivative instruments on the Company's statements of operations is as follows (dollars in thousands):

Description	Amount
Year Ended October 31, 2016	
Gains recognized in OCI	**$ 671**
Losses reclassified from OCI to interest expense	**(76)**
Net gain in OCI	**$ 595**
Year Ended October 31, 2015	
Losses recognized in OCI	$ (525)
Gains reclassified from OCI to interest expense	79
Net loss in OCI	$ (446)

During 2016 and 2015, the Company's interest expense was increased by approximately $992,000 and $1,196,000, respectively, as a result of the interest rate swap agreements.

7. Stockholders' Equity

The Company declared and paid cash dividends of $9,191 and $8,316 per share of common stock in 2016 and 2015, respectively.

8. Employee Benefit Plans

The Company has a defined contribution plan covering substantially all employees. Annual plan costs are accrued in the fiscal year incurred and funded in the subsequent fiscal year. For the years ended October 31, 2016 and 2015, plan costs expensed totaled approximately $760,000 and $484,000, respectively. For the year ended October 31, 2015, plan costs paid in 2016 totaled approximately $556,000.

In addition, certain key employees of the Company participate in a deferred compensation plan. The plan is a long-term incentive program with a cash award paid for the achievement of organizational performance goals over a multi-year period (3 years). The plan is separate from and in addition to the annual bonus. During the years ended October 31, 2016 and 2015, expenses in connection with the plan aggregated to approximately $710,000 and $1,115,000, respectively.

9. Commitments

The Company is committed through September 2021 under a non-cancelable operating lease for its principal office in the United States of America. The Company is also committed under leases for branch offices in Bolivia, Brazil, Colombia, Curacao, Dominican Republic, Ecuador, Guatemala, Mexico, Nicaragua, Paraguay, Peru and Uruguay. Minimum total rental payments under these leases are as follows (dollars in thousands):

Years Ending October 31,	Amount
2017	$ 736
2018	661
2019	546
2020	538
2021	470
Thereafter	-
	$ 2,951

During the years ended October 31, 2016 and 2015, rental expense related to operating leases amounted to approximately $924,000 and $902,000, respectively.

At October 31, 2016, the Company had loan commitments of approximately $27,874,000. This amount is not recorded on the balance sheet and represents the maximum credit loss from these commitments. Management believes that no significant losses will be sustained as a result of these loan commitments.

10. Fair Value Measurement

The accounting guidance defines fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also defines valuation techniques and a fair value hierarchy to prioritize the inputs used in valuation techniques. There are three main valuation techniques to measuring fair value of assets and liabilities: the market approach, the income approach and the cost approach. The input fair value hierarchy has three broad levels and gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The valuation techniques are summarized below:

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The income approach uses financial models to convert future amounts to a single present amount. These valuation techniques include present value and option-pricing models.

The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. This technique is often referred to as current replacement cost approach.

The input fair value hierarchy is summarized below:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at each reporting date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); and inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).

Level 3 Inputs are unobservable inputs for the asset or liability. Unobservable inputs are only used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The following table presents major categories of the Company's financial liabilities measured at fair value on a recurring basis (dollars in thousands):

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying Amount
October 31, 2016				
Interest rate swap agreements	**$ -**	**$ 732**	**$ -**	**$ 732**
October 31, 2015				
Interest rate swap agreements	$ -	$ 1,403	$ -	$ 1,403

The valuation of the swap agreements is based on estimates provided by the issuer for the current replacement cost of similar agreements based on observable market inputs and represents the amount by which the liability could be settled in a current transaction with the issuer.

The following table presents major categories of the Company's financial assets measured at fair value on a nonrecurring basis at October 31, 2016 and 2015 and total related impairments recorded during the years then ended (dollars in thousands):

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Valuation Technique	Significant Unobservable Imput	Carrying Amount	Total Impairments
October 31, 2016							
Loans measured for impairment using fair value of collateral	**$ -**	**$ -**	**$ 12,014**	Fair Value of Collateral	Third Party Appraisal	**$ 12,014**	**$ 2,528**
October 31, 2015							
Loans measured for impairment using fair value of collateral	$ -	$ -	$ 3,910	Fair Value of Collateral	Third Party Appraisal	$ 3,910	$ 2,024

Loans Measured for Impairment and Impaired Real Estate Owned

The Company's impaired loans and real estate owned are generally valued using third party appraisals of the underlying real estate. These appraisals generally use the market or income approach valuation technique and use market observable data to formulate an opinion of the fair value. However, the appraiser uses professional judgment in determining the fair value and, when current appraisals are not available, the Company adjusts previous values for subsequent changes in market conditions based on Management's judgment. As a consequence, the fair value of these investments is considered a Level 3 valuation. During 2016 and 2015, there were no impairments of other real estate owned.

There were no financial assets measured at fair value on a recurring basis and no financial or nonfinancial liabilities measured at fair value on a nonrecurring basis in the Company's financial statements.

Fair Value Disclosures About Financial Instruments Not Carried at Fair Value

The estimated fair values of the Company's financial instruments not carried at fair value are as follows (dollars in thousands):

	Book Value	Estimated Fair Value
October 31, 2016		
Cash and cash equivalents	**$ 46,280**	**$ 46,280**
Net loans	**642,797**	**637,919**
Borrowings	**565,267**	**565,197**
October 31, 2015		
Cash and cash equivalents	$ 52,505	$ 52,505
Net loans	555,057	552,934
Borrowings	497,346	496,641

The following methods and assumptions were used to estimate fair value of each class of financial instrument for which it is practicable to estimate fair value:

- The carrying value of cash and cash equivalents is deemed to approximate fair value because of the short maturity of those instruments.
- The carrying value of loans with floating interest rates is deemed to approximate fair value. Fair values of fixed rate loans are estimated by discounting the expected future cash flows using current rates at which loans with comparable credit ratings and terms would be issued. Fair values of impaired loans are estimated through reducing principal amounts outstanding by the estimated haircut third parties would require in purchasing loans with comparable risk profiles.
- The carrying value of borrowings with floating interest rates is deemed to approximate fair value. Fair values of fixed rate borrowings are estimated by discounting the future cash flows at the Company's incremental rate of borrowing for similar debt.

11. Subsequent Events

Management has evaluated subsequent events from October 31, 2016 through December 20, 2016, the date of issuance of the consolidated financial statements. There were no events that have occurred subsequent to the balance sheet date through December 20, 2016 that would require adjustment to or disclosure in the consolidated financial statements.

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Report of Independent Certified Public Accountants

To the Board of Directors and Stockholders of
Latin American Agribusiness Development Corporation S.A.

We have audited the accompanying consolidated financial statements of Latin American Agribusiness Development Corporation S.A. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of October 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of stockholders' equity, and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 our 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, we consider internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Latin American Agribusiness Development Corporation S.A. and its subsidiaries as of October 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Fort Lauderdale, Florida
December 20, 2016

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