



Tagging Info

Fitch Expects to Rate FINDETER's Senior Notes 'BBB' Ratings Endorsement Policy

05 Aug 2014 11:26 AM (EDT)

Fitch Ratings-New York-05 August 2014: Fitch Ratings expects to assign the following ratings to Financiera de Desarrollo Territorial S.A.'s (FINDETER) upcoming issuance:

- USD denominated five- to 10-year senior unsecured, unsubordinated notes maturing 2024 'BBB(Exp)';
- COP denominated five- to 10-year senior unsecured, unsubordinated notes maturing 2024 'BBB+(Exp,emr)'.

A list of FINDETER's current ratings follows at the end of this press release.

The notes, for an amount of USD500 million or its equivalent in Colombian Pesos (COP), will pay a fixed interest to be set at the time of issuance. The maturity will also be set at the time of issuance and interest payments will be made semi-annually - if the notes are denominated in USD - or annually - if denominated in COP, until maturity. The subscript - emr - was added to the rating of the local currency issuance to reflect the embedded market risk of the exchange rate fluctuation between the COP and the USD given that the issuance will be denominated in COP while the settlement will be in USD.

The final rating is contingent upon the receipt of final documents conforming to information already received.

The notes will rank pari passu with the existing and future senior unsecured obligations of FINDETER, other than senior unsecured obligations preferred by statute or labor, tax and other obligations that are privileged by law and External Indebtedness guaranteed by the Republic of Colombia. The notes will be senior to FINDETER's existing and future subordinated debt to its capital stock and to any other instruments that may qualify as Tier I capital according to Colombian regulation.

KEY RATING DRIVERS

Fitch's current long-term foreign currency Issuer Default Rating (IDR) for Findeter is 'BBB' and its local currency IDR is 'BBB+', both with a Stable Outlook. The IDRs are in line with the Colombian sovereign's ratings, as Fitch views FINDETER as an integral part of the government given its role in providing financing for infrastructure, investment projects and economic development. FINDETER's strategic importance in Colombia's national development plan underpins Fitch's opinion of the government's willingness of support, while the sovereign's investment grade ratings underpin its capacity, resulting in a Support Rating of '2' and Support Floor of 'BBB'.

Fitch will rate the notes at the same level as Findeter's IDRs, as the notes are senior unsecured, unsubordinated obligations.

FINDETER will use the proceeds of the issuance of the notes for general corporate purposes. Fitch expects FINDETER's leverage to increase slightly in the short run and that continued growth and positive returns, will allow the entity to sustain adequate Fitch core capital levels.

RATING SENSITIVITIES

The notes are sensitive to any changes in FINDETER's IDRs. FINDETER'S IDRs are sensitive to a change in the government's willingness or capacity to provide support, should it be needed.

PROFILE

FINDETER is a nationwide special official institution related to the Ministry of Finance and Public Credit that

focuses on economic development. The institution's main shareholder is the government of Colombia along with other public regional shareholders.

Fitch currently rates Findeter as follows:

- Long-term foreign currency IDR 'BBB'; Outlook Stable;
- Short-term foreign currency IDR 'F2';
- Long-term local currency IDR 'BBB+'; Outlook Stable;
- Short-term local currency IDR 'F2';
- Support Rating '2';
- Support floor 'BBB';
- National Long Term Rating 'AAA(col)';
- National Short Term Rating 'F1+(col)'.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
–'Global Financial Institutions Rating Criteria' (Jan. 31, 2014).

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Global Financial Institutions Rating Criteria

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