
Fitch has affirmed credit rating of Findeter at 'AAA(col)' and 'F1+(col)'; Stable Outlook.

Fitch Ratings – Bogotá – November 23, 2015; Fitch has affirmed Financiera de Desarrollo Territorial S.A.'s (Findeter) local short and long term in 'AAA (col)' and 'F1+(col)', respectively. The outlook of the long-term credit rating is Stable. The details of the rating actions are at the end of this rating.

KEY RATING DRIVERS

Findeter's ratings are aligned with those of the sovereign, reflecting Fitch's assessment of the Colombian government's willingness and capacity to provide timely support to Findeter if needed. Although the Colombian government does not explicitly guarantee Findeter's liabilities, Fitch views the entity as an integral arm of the state as a Special Financial Institution, its strategic alignment with the government's National Development Plan, its importance for the financing of regional and urban infrastructure, and its majority ownership by the state.

Findeter is a wholesale development bank which structures general obligation loans to supervised financial institutions. Its loan portfolio has historically exhibited near 0% delinquency, benefitting from exposure to the largest commercial banks in the country. In addition, Findeter has historically maintained loan loss reserves at or near the minimum level of 1% of gross loans. Fitch considers reserves to be only adequate given Findeter's elevated levels of borrower concentration, characteristic of its wholesale business model. Its top 20 borrowers represented approximately 97% of gross loans at June 2015.

Fitch considers Findeter's capital position to be adequate, but compares unfavourably with other apex banks in the region. Its Fitch Core Capital ratio stood at 14.6% at June 2015, a slight decline from yearend 2014. Despite benefitting from a legal restriction on the payment of cash dividends, Findeter's capital position has been under longterm pressure due to a moderate outpacing of asset growth over internal capital generation.

In terms of financial performance, Findeter remains limited by its low margins. Profitability has declined moderately from 2013 levels stemming primarily from increased operating expenses related to technical assistance services and an increase in interest expense related to its COP946 billion international issuance in 2014. The issuance is part of a general improvement in the diversification of Findeter's funding, as well as a better matching of assets and liabilities by tenor.

The Stable Outlook is in line with Fitch's outlook of the sovereign.

RATING SENSITIVITIES IDRS

As a development bank that is majority owned by the state, Findeter's creditworthiness and ratings are directly linked to those of the sovereign. Hence, its ratings should move in line with any potential change in Colombia's ratings.

Fitch affirms the following ratings:

Financiera de Desarrollo Territorial S.A.

--Longterm national scale rating at 'AAA(col)'; Outlook Stable;

--Shortterm national scale rating at 'F1+(col)';

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Date of the Rating Technical Committee: November 20, 2015.

Minute Number: 4215

Purpose of the Committee: Periodical Revision

Definitions: Obligations rated at 'AAA (col)' have the highest credit quality. It represents the highest rating granted by Fitch Ratings in the domestic rating scale. This rating is granted to the best credit quality compared to other issuers or issues in the country and usually corresponds to the financial obligations issued or guaranteed by the government. Similarly, credit rating 'F1 + (col)' indicates the strongest capacity for timely payment of financial commitments relative to other issuers or issues. Under the domestic rating scale of Fitch Colombia, this category is granted to the best credit quality of all other risks in the country and is normally granted to the financial commitments issued or guaranteed by the

government. When the characteristics of the issue or issuer is particularly strong, a "+" sign is added to the category.

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

Applied Rating Criteria and Related Research:

-- 'Global Rating Methodology for Banks, (May 29, 2015).

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Members of the Technical Rating Committee who participated in the meeting: Alejandro Garcia, Andres Márquez, Theresa Paiz Fredel, Diego Alcázar and Mark Narron. * The resumes of the members of the Technical Committee are available on the website of the Rating Company: www.ficthratings.com.co

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***This document has been translated to English by Findeter.**

The original credit rating document was elaborated in Spanish by Fitch Ratings Colombia: http://www.findeter.gov.co/publicaciones/calificacion_de_riesgos_pub