FitchRatings

Banks
Other Banks
Colombia

Financiera de Desarrollo Territorial S.A.

Key Rating Drivers

Government Support Drives Ratings: Financiera de Desarrollo Territorial S.A.'s (Findeter) Issuer Default Ratings (IDRs) are driven by its Government Support Rating (GSR), which is equalized to Colombia's Long-Term IDR (BB+/Negative). The ratings reflect Fitch Ratings' assessment of the Colombian government's propensity and ability to provide timely support to Findeter if needed. Colombia's sovereign rating reflects its ability to support the development bank, while its propensity to support is reflected in Findeter's state ownership and policy bank role.

The GSR indicates the minimum level to which the entity's Long-Term IDRs could fall if Fitch does not change its view on potential sovereign support. Findeter's National Ratings are at the highest level in the ratings scale, reflecting potential sovereign support if needed. These ratings indicate relative creditworthiness within Colombia.

State Ownership: Fitch's support assessment considers with high importance that Findeter is fully owned by the state through Grupo Bicentenario, a government holding of the Ministry of Finance. Although the Colombian government does not explicitly guarantee all of Findeter's liabilities, Fitch views its ownership as long term and strategic.

Bank's Policy Role: Findeter's ratings reflect its policy role of high importance. The entity is an integral arm of the state, implementing the economic development policies of the National Development Plan and financing regional and urban infrastructure.

As a development bank, Findeter primarily structures general obligation loans to supervised financial institutions and direct lines generally backed by promissory notes from infrastructure projects. Consistent with the National Development Plan for 2022-2026, Findeter grants direct loans to special-purpose vehicles structured for investment projects in eligible sectors. This further supports Fitch's view on Findeter's relevant policy role.

Development Role Explains Financial Performance: As of June 2025, past due loans (PDLs) over 30 days totaled 2.5%, surpassing the average of the last four years, reflecting the deterioration of a direct exposure of an electricity sector borrower. By the same date, the operating profit-to-risk-weighted assets (RWA) ratio fell to -0.38% from 1.8% in December 2024. Operating profit weakened due to a 290% rise in loan impairment charges, largely reflecting that single-name exposure. Profitability was further pressured by a sustained narrowing of the net interest margin (NIM) amid monetary easing and 2024-2025 rate cuts, alongside a negative net result from trading and derivatives.

Strong Capital and Improved Loan-to-Deposit: As of June 2025, the common equity Tier 1 (CET1) ratio was 21.2%, above the result of December 2024 (19.75%) and compares favorably with local and international peers. The loans-to-customer deposits ratio improved to 113.2%, below the four-year average of 147.2%, but still exceeds the banking sector average. Following the maturity of two bonds in 2024, term deposit certificates now account for nearly 80% of total funding, with multilaterals as the next largest source.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Government Support Rating	bb+
National Rating	
National Long-Term Rating	AAA(col)
National Short-Term Rating	F1+(col)
Sovereign Risk (Colombia)	
Long-Term Foreign-Currency IDR	BB+
Long-Term Local-Currency IDR	BB+
Country Ceiling	BBB-
Outlooks	
Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative
National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

National Scale Rating Criteria (December 2020)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Findeter's GSR and IDRs could be downgraded if the sovereign rating is downgraded.
- Findeter's GSR, IDRs, and National Scale Ratings could also be downgraded if Fitch perceives a decline in the bank's policy role for the government, such as a shift in its role of transforming the regions by financing different sectors of the economy. However, this scenario is unlikely over the medium term.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Findeter's GSR and IDRs could be upgraded in the event of a similar action on Colombia's sovereign ratings, without any change in Fitch's view of the government's propensity to provide support to this bank.
- National Ratings have no upside potential because they are at the highest level in the national rating scale.

Ratings Navigator

				Financial Profile							
	Operating Environment	Business Profile 20%	Risk Profile 10%	Asset Quality 20%	Earnings & Profitability 15%	Capitalisation & Leverage 25%	Funding & Liquidity 10%	Implied Viability Rating	Viability Rating	Government Support Rating	LT Issuer Default Rating
aaa								aaa	aaa	aaa	AAA
aa+								aa+	aa+	aa+	AA+
aa								aa	aa	aa	AA
aa-								aa-	aa-	aa-	AA-
a+								a+	a+	a+	A+
a								a	a	a	A
a-								a-	a-	a-	A-
bbb+								bbb+	bbb+	bbb+	BBB+
bbb								bbb	bbb	bbb	BBB
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+ Neg
bb								bb	bb	bb	BB
bb-								bb-	bb-	bb-	BB-
b+								b+	b+	b+	B+
b								b	b	b	B
b-								b-	b-	b-	B-
ccc+								ccc+	ccc+	ccc+	CCC+
ccc								ccc	ccc	ccc	CCC
ccc-								ccc-	ccc-	ccc-	CCC-
cc								cc	cc	cc	CC
c								c	c	c	C
f								f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied Viability Rating (VR) is adjusted upward or downward to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

Stable Evolving Positive Negative

Company Summary and Key Qualitative Factors

Operating Environment

Fitch expects the operating environment (OE) for Colombian banks to remain neutral in 2025, with positive credit growth despite persistently challenging macroeconomic conditions due to the political landscape and ongoing government reforms. Lower inflation and a less restrictive monetary policy are expected to support higher consumption and investment, improving conditions for sectors sensitive to interest rates, such as construction. Funding and credit costs are declining, although NIMs for the largest banks could be pressured by lower interest rates, as these banks tend to be asset-sensitive. The agency expects key financial indicators to remain generally in line with their respective credit risk profiles. These indicators should be stable or show slight improvement after having faced recent challenges.

Business Profile

Findeter is a policy bank fully owned by the Colombian state through Grupo Bicentenario, a government holding of the Ministry of Finance and Public Credit. Findeter is the strategic partner of the national government and territorial entities for the planning, structuring, financing and execution of sustainable projects. Therefore, its strategy aligns with the government's long-term National Development Plan. It was established in 1989 as a development bank to promote financing of infrastructure projects in municipalities and departments across Colombia in sectors such as transport, energy, telecommunications, education, health and housing.

As a development bank, Findeter provides re-discount loans for private and public entities, financing up to 100% of the project costs. Since 2020, Findeter has strengthened its role as a local development bank by financing key sectors through special and direct lines of credit. Moreover, aligned with the National Development Plan for 2022-2026, Findeter started granting direct loans to special purpose vehicles structured for investment projects in eligible sectors. As of June 2025, direct credit represents 25% of total portfolio. The above further supports Fitch's opinion on the entity's relevant policy role.

Findeter's corporate governance is detailed in its highly detailed code of good governance and code of ethics, both of which follow international standards. The board of directors was structured according with Decree 1962 of 2023. It comprises nine members appointed by the shareholders assembly, including four women, three independent members and one employee representative. This new structure was defined by Grupo Bicentenario for all its companies, aiming to strengthen the corporate governance. Historically Findeter has demonstrated an effective execution of its strategic objectives and goals, positioning the bank as key lender for infrastructure while preserving credit quality, liquidity and capitalization.

Risk Profile

Findeter exhibits a moderate risk appetite in line with its mission and business model. Its loan portfolio consists primarily of loans and leasing arrangements to regulated financial intermediaries and local development entities (known as Institutos de Fomento y Desarrollo Territoria [NFIS)]) supervised by the Colombian Financial Superintendence, which channel these resources to development projects. Under its re-discount business model, loans to financial institutions are backed by promissory notes to final beneficiaries. Loans cover up to 100% of project cost for a maximum tenor of 15 years, up to a three-year grace period, in foreign or local currencies at fixed or floating interest rates. The entity also provides direct lending to finance strategic projects that improve quality of life in the regions, in line with Decree 468 of 2020.

Findeter's portfolio growth is susceptible to large fluctuations year to year, affected by changes in the relatively small pool of credits and the availability of subsidized interest rates. This is exacerbated by long pipeline development processes, large ticket sizes and relatively high levels of liquidity in the banking system. As of June 2025, gross loans grew 11,8% (December 2024: 11.3%), which reflects its countercyclical role to support its target market.

Financial Profile

Asset Quality

Good Asset Quality

In Fitch's view, Findeter has historically exhibited solid asset-quality metrics, supported by low delinquency and robust reserves. However, as of June 2025, the non-performing loan (NPL) ratio rose to 2.5%, above the four-year average of 0.6%, driven by a single-name exposure in the electricity sector.

Approximately 85% of impaired loans are concentrated in a single borrower in the electricity sector undergoing financial distress. These exposures are secured by guarantees that exceed the outstanding balances, which mitigates expected loss severity. Consistent with the entity's historically low levels of impaired loans and given that all exposures to this borrower have already been classified as impaired, Fitch does not expect a further material deterioration in asset-quality metrics absent new idiosyncratic events.

The bank's loan book is highly concentrated by economic group due to its business model. The top 20 exposures represented 84.7% as of June 2025, accounting for 8x of Findeter's capital. Loan quality indicators could be significantly impacted by a change in creditworthiness of one exposure. Despite the rapid increase in impaired loans, reserve coverage stood at 82.7% as of June 2025 and, together with the collateral on the affected exposures, helps mitigate concentration risk. To date, the bank has not recorded charge-offs.

Findeter holds a minor portion of its assets as securities, which made up 3.6% of total assets. These securities correspond to debt issued by largest local banks and government debt.

Earnings and Profitability

Pressured Profitability

As of June 2025, the operating profit-to-RWAs ratio fell to -0.38% from 1.8% in December 2024. Operating profit weakened due to a 290% rise in loan impairment charges, largely reflecting that single-name exposure. Profitability was further pressured by a sustained narrowing of the NIM amid monetary easing and 2024–2025 rate cuts, alongside a negative net result from trading and derivatives.

Historically, Findeter's profitability has reflected its development-bank model, with structurally narrow margins. Since late 2023, following a period of high interest rates, NIM has trended down amid a lower-rate environment, despite reductions in funding costs from term-deposit repricing and renegotiated rates with foreign lenders. NIM should gradually converge toward historical averages as policy rates continue to decline, with the pace tempered by slower-than-expected disinflation and a measured easing path.

Findeter has implemented an effective expense management, with a cost-to-income ratio below 60% historically. As of June 2025, the cost-to-income ratio decreased to 50% due to more dynamic performance of total operating income than the increase of personnel expenses. As of June 2025, loan impairment charges accounted for 108.2% of pre-impairment operating profit. This figure surpassed the average of the past four years, which was 19.3%, due to additional loan loss provisions of approximately COP140,000 million, resulting from the change in risk category of a specific debtor. In Fitch's opinion, impairment charges will normalize toward historical levels once provisioning related to the specific borrower that has pressured earnings is completed.

Capitalization and Leverage

Robust Capitalization

Fitch believes Findeter's capital is robust and sufficient to maintain growth and absorb potential losses. The high capitalization metrics are supported by recurrent profitability and the bank's legal restriction on the payment of cash dividends, as well as by benefits from the high level of loan loss allowances and the good asset quality. As of June 2025, the CET1 ratio was 21.12%, above the result of December 2024 (19.75%) and compares favorably with local and international peers.

Funding and Liquidity

Improvements in Funding Structure

As of June 2025, the loans-to-customer deposits ratio improved to 113.2%, below the 147.2% average of the past four years. However, the ratio still exceeds the banking sector average, as the bank uses longer tenor funding to better match its asset and liability structure.

Findeter's funding structure primarily comprises term deposits, which made up 80% of total funding as of June 2025. Additionally, Findeter has established market access to local and international debt markets and multilateral entities.

As of September 2024, the international bonds and local subordinated bonds have expired. There is only an issuance of local sustainable bonds outstanding, with maturity in June 2026. In addition, there is a high concentration by depositor due to its business model. The top nine depositors by economic group accounted 78% of total deposits.

As of 1H25, the bank held credit lines with international development banks and foreign banks, such as Interamerican Development Bank (IDB; 49%), BBVA Spain (25%), KFW (German state-owned development bank; 17%), Agence Française de Développement (5%) and JP Morgan (4%). IDB obligations are guaranteed by the government. The obligation with JP Morgan was paid in early September 2025.

As of June 2025, liquid assets accounted for 19.2% of customer deposits. For liquidity risk management, Findeter follows the standard model of the Colombian financial superintendence and monitors liquidity stress scenarios. In addition, Findeter has a liquidity contingency plan that activates when the liquidity risk ratio in the seven- or 30-days ranges is near zero.

Financials

Financial Statements

	December 31, 2022 12 months (COP Bil.)	December 31, 2023 12 months (COP Bil.)	December 31, 2024 12 months (COP Bil.)	June 30, 2025 1st half (COP Bil.)
Summary income statement				
Net interest and dividend income	367	581	572	293
Net fees and commissions	60	53	65	22
Other operating income	-40	-66	-99	-16
Total operating income	387	568	538	298
Operating costs	235	278	306	149
Pre-impairment operating profit	152	290	232	149
Loan and other impairment charges	16	33	102	161
Operating profit	136	257	131	-12
Other non-operating items (net)	0	0	0	-
Tax	49	129	67	-
Net income	86	127	64	-12
Other comprehensive income	-62	12	7	-
Fitch comprehensive income	24	139	71	-12
Summary balance sheet				
Assets				
Gross loans	11,105	12,246	13,632	15,237
– Of which impaired	16	19	300	384
Loan loss allowances	65	93	170	318
Net loans	11,040	12,153	13,462	14,919
Interbank	14	241	305	532
Derivatives	65	1	143	6
Other securities and earning assets	665	517	543	685
Total earning assets	11,784	12,911	14,453	16,142
Cash and due from banks	1,020	1,191	976	1,902
Other assets	606	733	831	1,003
Total assets	13,410	14,835	16,261	19,048
Liabilities				
Customer deposits	6,916	8,508	10,360	13,461
Interbank and other short-term funding	3,155	2,673	3,571	3,142
Other long-term funding	1,545	1,548	267	267
Trading liabilities and derivatives	15	205	3	196
Total funding and derivatives	11,631	12,935	14,201	17,066
Other liabilities	395	378	428	362
Preference shares and hybrid capital	-	-	-	-
Total equity	1,384	1,523	1,633	1,620
Total liabilities and equity	13,410	14,835	16,261	19,048
Exchange rate	USD1= COP4810.2001	USD1= COP3822.0499	USD1= COP4409.1499	USD1= COP4089.5000

Source: Fitch Ratings, Fitch Solutions, Findeter

Key Ratios

	December 31, 2022	December 31, 2023	December 31, 2024	June 30, 2025
Ratios (%; annualized as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.9	4.5	1.8	-0.4
Net interest income/average earning assets	3.3	4.8	4.2	3.8
Non-interest expense/gross revenue	60.7	49.0	56.8	50.0
Net income/average equity	6.5	8.7	4.0	-1.5
Asset quality				
Impaired loans ratio	0.2	0.2	2.2	2.5
Growth in gross loans	15.6	10.3	11.3	11.8
Loan loss allowances/impaired loans	394.7	478.5	56.6	82.7
Loan impairment charges/average gross loans	0.2	0.3	0.7	2.1
Capitalization				
Common equity Tier 1 ratio	21.8	22.1	19.8	21.2
Fully loaded common equity Tier 1 ratio	-	-	-	-
Fitch Core Capital ratio	-	-	-	-
Tangible common equity/tangible assets	10.3	10.2	10.0	8.5
Basel leverage ratio	6.9	7.9	7.6	6.5
Net impaired loans/common equity Tier 1	-4.7	-5.8	9.3	4.8
Net impaired loans/Fitch Core Capital	-	-	-	-
Funding and liquidity				
Gross loans/customer deposits	160.6	143.9	131.6	113.2
Gross loans/customer deposits + covered bonds	-	-	-	-
Liquidity coverage ratio	-	-	-	-
Customer deposits/total non-equity funding	59.5	66.8	73.0	79.8
Net stable funding ratio	-	-	-	-

Source: Fitch Ratings, Fitch Solutions, Findeter

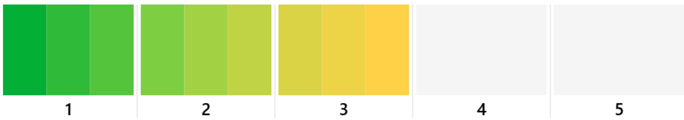
Support Assessment

Government Support

Sovereign		Colombia
Sovereign LT Issuer Default	●	BB+/RO:Neg
Total adjustment (notches)		0
Typical D-SIB Government Support for sovereign's rating level		bb+ or bb
Actual jurisdiction D-SIB Government Support		bb+
Government Support Rating		bb+/—
Government ability to support D-SIBs		
Sovereign financial flexibility (for rating level)		—
Government propensity to support D-SIBs		
Resolution legislation		—
Support stance		—
Government propensity to support bank		
Systemic importance		—
Liability structure		—
Ownership		—
Policy role and status		
Ownership	●	Equalized
Policy role	●	Equalized
Guarantees and legal status	●	No Impact

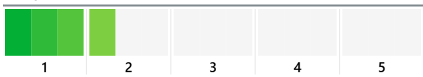
The colors below indicate the influence of each support factor in our assessment.
Influence: Lower ● Moderate ● Higher ●
Source: Fitch Ratings

Environmental, Social and Governance Considerations



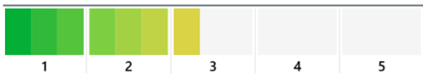
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality



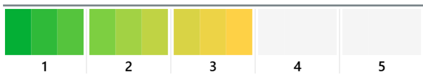
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalization & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)



ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualizations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarize rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.