

## Fitch Assigns 'AA+(col)' Rating to Findeter's Subordinated Bond Issuance

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**Fitch Ratings - Bogotá - (January 6, 2017):** Fitch Ratings assigned an expected long-term national rating 'AA+(col)' to the COP 400 billion subordinated bond issuance of Financiera de Desarrollo Territorial S.A. (Findeter). It is contemplated that the bonds will be issued in three series, at variable and fixed rate, whose coupons have not been defined, with maturity between 5 and 10 years after their issuance. The assignment of the final rating depends on the final conditions and that the documentation is in accordance with the information already received by Fitch. Details of the rating action are presented at the end of this statement.

### KEY FACTORS OF THE RATING

#### Subordinated Debt:

The expected rating of the issuance is one level below Findeter's long-term 'AAA (col)' rating, the latter with a Stable Outlook. This difference reflects its subordinated nature and the potential for a lower recovery with respect to senior liabilities in the event of default or liquidation thereof.

For the rating of this issuance, Fitch employs as an anchor or starting point the rating as Findeter's issuer, which in turn reflects sovereign support. This is because Fitch believes that, given the terms of the issuance in conjunction with the nature of this issuer, the external support can be considered for this particular type of emissions.

It should be noted that, although Colombian regulation permits subordinated bonds to be counted as part of regulatory capital, Fitch does not consider these securities for the calculation of the Capital Base, which is the principal measure of capital adequacy monitored by the agency. Findeter maintains adequate capital levels.

### SENSITIVITY OF THE RATING

#### Subordinated Debt:

As a development bank with majority owned by the National Government, Findeter's ratings are directly related to those of the sovereign. Therefore, the expected rating of subordinated bonds could be sensitive if there were a change in Colombia's ratings or in the event that Findeter loses majority ownership of the state.

Fitch performed the following rating action:

- Assigns the expected 'AA + (col)' credit rating to the COP 400 billion subordinated bonds issuance of Financiera de Desarrollo Territorial S.A.

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The above mentioned ratings were requested by the issuer, or on its behalf, and therefore, Fitch has received the corresponding fees for the provision of its rating services.

Additional information available at [www.fitchratings.com](http://www.fitchratings.com) and [www.fitchratings.com.co](http://www.fitchratings.com.co).

Applied methodologies:

- Bank Global Qualification Methodology (October 21, 2016); -  
Methodology of National Qualifications (December 13, 2013).

## Annex 1. Regulatory Information

NAME ISSUER	Financiera de Desarrollo Territorial S.A. Findeter
ACCOUNT NUMBER	4631
DATE OF THE COMMITTEE	January 5, 2017
PURPOSE OF THE MEETING	Initial Qualification
MEMBERS OF THE COMMITTEE	Alejandro García/Presidente
	Theresa Paiz-Fredel
	Andrés Márquez
The resumes of the Members of the Technical Committee can be consulted on the website:	<a href="http://www.fitchratings.com.co/DocumentosWeb/23112016%20Lista%20Comite%20Tecnico.pdf">http://www.fitchratings.com.co/DocumentosWeb/23112016%20Lista%20Comite%20Tecnico.pdf</a>
The credit ratings of Fitch Ratings Colombia S.A. Sociedad Calificadora de Valores constitutes a professional opinion and at no time implies a recommendation to buy, sell or maintain a value, nor does it constitute a guarantee of compliance with the obligations of the qualified.	
In the cases in which it applies, for the assignment of this rating Fitch Ratings considered the aspects referred to in article 4 of Decree 610 of 2002, in accordance with article 6 of the same Decree, which are now included in articles 2.2. 2.2.2. And 2.2.2.2.4, respectively, of Decree 1068 de 2015.	

## Annex 2. Definition of National Rating Scales

### LONG-TERM NATIONAL CREDIT RATINGS:

**AAA (col).** The 'AAA' National Ratings indicate the highest rating assigned by Fitch on that country's national rating scale. This rating is assigned to issuers or obligations with the lowest expectation of default risk in relation to all other issuers or obligations in the same country.

**AA (col).** The 'AA' National Ratings denote expectations of very low risk of default in relation to other issuers or obligations in the same country. The risk of default differs only slightly from that of the issuers or obligations with the highest ratings of the country.

**A (col).** The 'A' National Ratings denote expectations of low risk of default in relation to other issuers or obligations in the same country. However, changes in economic circumstances or conditions can affect the capacity for timely payment in a greater degree than it would in the case of financial commitments within a category of higher grade.

**BBB (col).** The 'BBB' National Ratings indicate a moderate risk of default in relation to other issuers or obligations in the same country. However, changes in economic circumstances or conditions are more likely to affect timely payment capacity than in the case of financial commitments that are in a higher rating category.

**BB (col).** The 'BB' National Ratings indicate a high risk of default in relation to other issuers or obligations in the same country. Within the context of the country, payment is to some extent uncertain and timely payment capacity is more vulnerable to adverse economic changes over time.

**B (col).** The 'B' National Ratings indicate a significantly elevated risk of default in relation to other issuers or obligations in the same country. The financial commitments are being met but there is a limited safety margin and continuous timely payment capacity is subject to a favorable and stable economic and business environment. In the case of individual obligations, this rating may indicate obligations in problems or in default with a potential to obtain extremely high recoveries.

**CCC (col).** The 'CCC' National Ratings indicate that default is a real possibility. The capacity to meet financial commitments depends exclusively on favorable and stable economic and business conditions.

**CC (col).** The 'CC' National Ratings indicate that default of some kind seems likely.

**C (col).** The 'C' National Ratings indicate that default is imminent.

**RD (col).** The 'RD' National Ratings indicate that in the opinion of Fitch Ratings, the issuer has experienced a "restricted default" or a default of unrecovered payment of a bond, loan or other material financial obligation, although the entity is not subject to bankruptcy procedures, administration, liquidation or other formal dissolution processes, and has not otherwise ceased its business activities.

**D (col).** The 'D' National Ratings indicate an issuer or instrument in default.

**E (col).** Description: Suspended rating. Obligations that, before repeated requests of the qualifier, do not present adequate information.

*Note: The "+" or "-" modifiers can be added to a rating to denote the relative position within a particular rating category. These suffixes are not added to the 'AAA' category, or to categories below 'CCC'.*

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**The original credit rating document was elaborated in Spanish by Fitch Ratings**

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