

## **FITCH EXPECTS TO RATE DAVIVIENDA'S SENIOR NOTES 'BBB(EMR)'**

Fitch Ratings-New York-12 October 2017: Fitch Ratings has assigned an expected Long-Term rating of 'BBB(EXP)emr' to Banco Davivienda's upcoming COP-denominated senior unsecured, unsubordinated fixed-rate notes.

The notes (in an amount to be determined), will be issued in Colombian pesos and will pay a fixed interest rate to be set at the time of issuance. The notes' maturity date will also be set at the time of issuance and interest payments will be made annually until maturity. The subscript "emr" was added to the rating of the local currency-linked issuance to reflect the embedded market risk of exchange rate fluctuations between the COP and the USD given that the issuance will be denominated in COPs while settlement will be in USDs.

The notes will rank pari passu in right of payment with all of the bank's existing and future senior unsecured indebtedness. The settlement amount paid to the investors will be denominated in USDs as calculated by the calculation agent by converting the Colombian peso amount due into USDs at the average representative market rate on the applicable rate calculation date. Davivienda may issue additional notes having identical terms and conditions to these rated notes.

The net proceeds of these senior notes will be used to refinance an existing senior note due 2018 and any excess proceeds for general corporate purposes.

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

### **KEY RATING DRIVERS**

The expected rating assigned to Davivienda's new issuance is aligned to the company's Foreign Currency Issuer Default Rating (IDR), as the notes are senior unsecured, unsubordinated obligations. A list of Davivienda's current ratings follows at the end of this press release.

Fitch considers that the appropriate anchor for this issue rating is the bank's FC IDR. Given that the settlement of the notes is in USDs, there is transfer and convertibility risk, which is addressed by the entity's FC IDR, regardless of the fact that the issuer is not bearing any material currency risk, since these notes will be denominated in COPs.

### **RATING SENSITIVITIES**

The notes are sensitive to any change in Davivienda's foreign currency IDR.

Fitch currently rates Davivienda as follows:

- Long-Term Foreign and Local Currency IDR at 'BBB'; Outlook Stable
- Short-Term Foreign and Local Currency IDR at 'F3';
- Viability rating at 'bbb';
- Support Rating at '2';
- Support Rating Floor at 'BBB-';
- National Long-Term rating at 'AAA(col)'; Outlook Stable;
- National Short-term rating at 'F1+(col)';
- Senior unsecured debt at 'BBB';
- Subordinated debt at 'BBB-';

--National scale senior unsecured debt at 'AAA(col)';

--National scale subordinated debt at 'AA+(col)'.

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For additional details about Davivienda's ratings, including drivers and sensitivities of the ratings listed above, please see "Fitch Revises Banco Davivienda's Outlook to Stable; Affirms IDR at 'BBB'" dated June 30, 2017 at [www.fitchratings.com](http://www.fitchratings.com)

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

Applicable Criteria

Global Bank Rating Criteria (pub. 25 Nov 2016)

<https://www.fitchratings.com/site/re/891051>

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