

July 9, 2010

Research Update:

Banco de Comercio Exterior de Colombia S.A. Outlook Revised To Positive; 'BB+' Foreign Currency Rating Affirmed

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Overview

- Standard & Poor's recently revised its foreign currency outlook on the Republic of Colombia to positive from stable.
- Colombia's state-owned development bank, Banco de Comercio Exterior de Colombia (BANCOLDEX), plays a very important public policy role and has a very strong link with the sovereign.
- We are affirming our 'BB+' foreign currency rating on BANCOLDEX.
- We are revising our outlook on the bank to positive from stable, reflecting the positive outlook on Colombia.

Rating Action

On July 9, 2010, Standard & Poor's Ratings Services revised its outlook on Banco de Comercio Exterior de Colombia S.A. (BANCOLDEX), the Republic of Colombia's state-owned development bank, to positive from stable. At the same time, we affirmed our 'BB+' long-term foreign currency rating on the bank.

Rationale

We revised our outlook on BANCOLDEX following a similar change to the outlook on Colombia. BANCOLDEX's stand-alone credit profile is equivalent to the issuer credit rating on the bank. We believe the bank has a very strong link with Colombia and fulfills a very important role in the sovereign's economic development strategy. We also think that the likelihood of timely and extraordinary government support to BANCOLDEX during a period of financial distress is very high.

The Colombian government owns 99.7% of the bank, and the private sector owns the remaining portion. The bank likely will remain under almost full governmental control, at least over the next five years.

BANCOLDEX plays a key role in meeting the government's objective of promoting exports, industrial competitiveness, and the growth of small and medium-size enterprises and microcredits. The government is not involved in the daily management of the bank, but it does have strong oversight of its activities and has administrative mechanisms in place to monitor the bank's performance and respond in a timely manner in times of stress. The government does not provide a direct guarantee on the bank's debts, except on debt incurred from multilateral creditors.

Outlook

Standard & Poor's expects BANCOLDEX to continue to play a significant role as an instrument of public policy and to evolve into an institution similar to state-owned development banks in highly industrialized countries. We expect the bank will successfully manage the transition to a multibank with a wider range of services and clients. We could raise our rating on the bank if we were to raise the sovereign foreign currency rating. We could downgrade BANCOLDEX if its stand-alone credit profile deteriorates significantly, which we view as unlikely during our outlook horizon of one year, or if we lower our foreign currency rating on Colombia.

Related Criteria And Research

Enhanced Methodology And Assumptions For Rating Government-Related Entities,
June 29, 2009

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Banco de Comercio Exterior de Colombia S.A. (BANCOLDEX) Sovereign Credit Rating		
Foreign Currency	BB+/Positive/--	BB+/Stable/--

Ratings Affirmed

Banco de Comercio Exterior de Colombia S.A. (BANCOLDEX) Certificate Of Deposit	
Foreign Currency	BB+

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