FitchRatings

RATING ACTION COMMENTARY

Fitch Takes Actions on Colombian and Central American FIs Following Colombia's Sovereign Downgrade

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Feedback

Fitch Ratings - San Salvador - 09 Jul 2021: Fitch Ratings has conducted a portfolio review of Colombian and Central American Financial Institutions (FI) following Colombia's sovereign downgrade to 'BB+' from 'BBB-'. The review also follows Fitch's adjustment of its operating environment (OE) assessment for Colombian FIs to 'bb'/Stable from 'bb+'/Negative. The stabilization of the operating environment trend indicates that Fitch expects any additional fallout from the pandemic to be manageable for Colombian FIs at their current rating levels. For additional details on the sovereign rating action see "Fitch Downgrades Colombia's Ratings to 'BB+' from 'BBB-'; Outlook Revised to Stable" at www.fitchratings.com.

This portfolio review includes Colombian FIs with Viability Ratings (VR) and Issuer Default Ratings (IDR) rated at the same level, or one notch below the sovereign. Fitch believes these ratings are more sensitive to operating environment deterioration, or further actions on the sovereign rating. Furthermore, the agency will not rate Colombian FIs higher than the sovereign rating, based on their current intrinsic credit profiles.

The banks' national ratings, as well as those of other financial institutions rated in Colombia, are not directly impacted, as these ratings reflect the relative strengths and weaknesses of each institution in a specific jurisdiction. In the short to medium term, Fitch will review the entities in Colombia.

Rating actions have also been taken on the Colombian FI's Central American subsidiaries, specifically in Guatemala and Panama. A full list of the rating actions follows at the end of this release.

KEY RATING DRIVERS

Government Support-Driven Ratings

This group considers state-owned banks or government financial institutions with IDRs, Support Ratings (SRs) and Support Rating Floors (SRFs) driven by implicit support from the sovereign: Banco de Comercio Exterior de Colombia (Bancoldex), Financiera de Desarrollo Territorial (Findeter), Financiera de Desarrollo Nacional (FDN) and Banco Agrario de Colombia S.A, (Banagrario).

The Colombian government is the shareholder and the source of any potential support, if required. The ratings were downgraded as the creditworthiness of these entities is linked to the sovereign, given their policy role and/or high strategic importance to the government. Therefore, their ratings have been traditionally aligned to the sovereign's.

Banagrario's VR has been affirmed at 'bb'. The VR is highly influenced by the OE and its concentrated business model. Banagrario's profitability, weak asset quality, adequate capitalization and diversified funding structure have a moderate influence on its VR.

Senior Unsecured Debt

Findeter's senior unsecured debt rating was also downgraded to 'BB+' from 'BBB-', as the likelihood of default for the debt issuance is the same as the likelihood of a default for the bank.

Large Private Sector Banks

Bancolombia S.A. (Bancolombia), Banco de Bogota (Bogota), Banco Davivienda S.A. (Davivienda) and Banco de Occidente S.A. (Occidente)'s VRs drive their IDRs, and therefore, are relatively sensitive to the OE. The downgrades reflect the recent downgrade of Colombia's ratings, as these banks are constrained by the sovereign's ratings based on their current intrinsic credit profiles. The ratings are highly influenced by the OE and robust company profiles due to their large franchises and diversified business models.

Foreign Owned Commercial Banks (BBVA Colombia)

BBVA Colombia's IDRs are driven by parent support (BBVA Spain rated BBB+/Stable). Fitch believes BBVA Colombia is a strategic subsidiary for its parent, mainly due to the relevance of the Latin American operations and the integration and synergies among the entities. Fitch has downgraded the Long-Term Foreign Currency IDR to 'BBB-' from 'BBB', since this rating is capped by Colombia's country ceiling, which was also downgraded.

The bank's Long-Term Foreign Currency IDR Outlook was revised to Stable from Negative. The Short-Term Foreign Currency IDR has been downgraded to 'F3' from 'F2'. As with the sovereign downgrade and the stabilization of its Rating Outlook, this indicates that there is limited downside rating potential over the rating horizon. Conversely BBVA Colombia's Long- and Short-Term Local Currency IDRs remain at 'BBB' and 'F2', respectively since these ratings are not directly affected by the sovereign downgrade. The bank's Long-Term Local Currency IDR Rating Outlook is Stable, in line with its parent.

BBVA Colombia's VR has also been downgraded to 'bb+' from 'bbb-' as the bank's intrinsic credit profile is not strong enough to be rated above the sovereign. The bank's VR is highly influenced by the deteriorating operating environment, and its company profile reflects its good asset quality metrics, resilient profitability, adequate capitalization and stable funding.

BBVA Colombia's IDRs will likely remain at the level determined by its Viability Rating (VR), or one notch below the parent's IDR, whichever is higher, but subject to sovereign rating and country ceiling considerations.

Mid-Sized Private Sector Banks

Banco GNB Sudameris and Itau Corpbanca Colombia's VRs were downgraded, as their VRs are highly influenced by the OE, and their financial and company profiles were not strong enough to rate these banks at the sovereign's level. GNB's ratings are also highly influenced by its weaker capitalization and leverage metrics compared to peers, while Itau Corpbanca Colombia's ratings are also highly influenced by tight operating profitability and limited internal capital generation. The downgrade of Gilex Holding's (GH) ratings mirrors that of its main operating subsidiary, GNB, and remain one notch lower.

Grupo Aval, Corificolombiana and Banco De Occidente Panama (BOP)

Grupo Aval's downgrade mirrors that of its main subsidiary, Bogota, and remains equalized. Grupo Aval's ratings are driven by the business and financial profile of its main operating subsidiary. Low double leverage, good cash flow metrics and a sound competitive position in multiple markets also support Grupo Aval's ratings.

Grupo Aval Limited's senior unsecured debt ratings are aligned with those of Grupo Aval, as this entity guarantees the senior bonds issued by the former.

Corficolombiana's downgrade reflects the impact of the sovereign rating downgrade and OE deterioration on its ratings. Corficolombiana's IDRs are driven by its Viability Rating (VR), which reflects with high importance the challenging OE and its company profile. The ratings also consider Corficolombiana's strong financial profile. Under Fitch's current assessment, Corficolombiana's IDR will likely remain at the level determined by its own Viability Rating (VR), or at the same level as its main shareholder and its controlling company, whichever is higher.

Banco de Occidente Panama's (BOP) downgrade mirrors that of its holding company, Banco de Occidente. BOP's IDRs reflect the potential support they would receive from Banco de Occidente and its ultimate parent Grupo Aval, if required. In Fitch's view, these entities are an integral part of its parent's business model and core to its strategy.

Sura AM

Fitch has affirmed Sura Asset Management SA's (Sura AM) ratings as the downgrade of Colombia has little impact on the blended OE score, given the relatively limited weight of the business in Colombia on the company´s consolidated EBITDA. Sura AM's ratings are highly influenced by its leading regional franchise and its strong and stable earnings, which Fitch views as commensurate with the company's rating category. Sura AM's ratings also consider its consistent investment performance, ample expertise and sound risk management, and debt service ratios that are consistent with rating category guidelines. Sura AM's ratings are also highly influenced by the operating environment of the countries in which it operates.

BAC International Bank, Inc.. (BIB) and Multibank, Inc.

BAC International Bank, Inc.'s (BIB) and Multibank, Inc.'s IDRs, and the latter's senior unsecured debt ratings were downgraded to mirror the downgrade of its parent Banco de Bogota's rating. BIB and Multibank's ratings are equalized with those of Banco de Bogota's, reflecting Fitch's assessment of the potential support they would receive from their parent, if required.

BIB and Multibank's national ratings were also downgraded to reflect changes in Banco de Bogota's creditworthiness relative to other rated issuers in Panama. The Stable Outlooks on their Long-Term IDRs and Long-Term National Ratings are aligned with Banco de Bogota's Stable Outlook. Multibank's Stable Outlook also considers the bank's standalone rating and the implied support-driven rating at the same level.

BIB and Multibank's Support Ratings (SR) were revised to '3' from '2', reflecting a moderate probability of support from its shareholder, given its rating, and Fitch's assessment of moderate ability and propensity to provide support to BIB and Multibank, if required

BIB Junior Subordinated Debt Issuance

BIB's perpetual subordinated bonds program's Long-Term National Rating was downgraded to remain four notches below its anchor rating, BIB's Long-Term National Rating. According to Fitch's criteria, this obligation is two notches below its anchor rating to reflect the loss severity arising from the bonds' deep subordination and an additional two notches down to reflect incremental non-performance risk.

Banco de America Central, S.A., BAC Bank, Inc., Credomatic de Guatemala, S.A., Financiera de Capitales, S.A.

Fitch downgraded the National Long-Term Ratings of the entities that comprise the BAC: Credomatic group in Guatemala to 'AA + (gtm)' from 'AAA (gtm)'. These include the following: Banco de America Central, S.A. (BAC Guatemala), BAC Bank, Inc. (BBI), Credomatic de Guatemala, S.A. (Credomatic) and Financiera de Capitales, S.A. (FC). The Rating Outlooks are Stable. The downgrade is the result of Fitch's assessment on the support they could receive from Banco de Bogota, which changed the relative strength of these banks' credit profiles with other Guatemalan entities following the downgrade of their parent company's Long-Term Local Currency IDR. In addition, Fitch has affirmed the Short-Term ratings for all the entities at 'F1 + (gtm)'.

Bancolombia Panama (BP) and Bancolombia Puerto Rico (BPR)

BP and BPR's IDRs reflect the potential support they would receive from Bancolombia, if required. In Fitch's view, these entities are an integral part of its parent's business model and core to its strategy. BP and BPR's IDR downgrade to 'BB+'/Stable from 'BBB-'/Negative mirror the downgrade of Bancolombia's IDRs and Outlook revision, as their ratings are fully aligned with those of its parent. The SR downgrade to '3' from '2' reflects a moderate probability of support from Bancolombia.

Banco Agromercantil (BAM), Mercom Bank and Financiera Agromercantil

BAM's IDRs and National Ratings are based on the potential support it would receive from its shareholder Bancolombia, if required. BAM's Local Currency IDR was downgraded to 'BB' from 'BB+', one notch above Guatemala's sovereign rating, following Bancolombia's downgrade, and reflects the parent's solid commitment to its subsidiary. The Long-Tern Foreign Currency IDR, which is at the same level as Guatemala's country ceiling of 'BB', is driven by support from a higher rated parent. Stable Outlooks reflect its parent and sovereign's Outlooks, respectively. BAM's SR of '3' reflects Bancolombia's moderate ability and propensity to support to BAM, if necessary. This rating is mostly influenced by the current country ceiling.

BAM, Mercom and Financiera Agromercantil's Long-Term National Ratings downgrades to 'AA+(gtm)' from 'AAA(gtm)', reflect the current relative strength of their parent with respect to other rated issuers in the country.

Banistmo

Banistmo S.A.'s ratings are based on Fitch's opinion on the ability and propensity of its parent Bancolombia to provide support if required, which results in Banistmo's IDRs being aligned with those of its parent, mirroring any changes in Bancolombia's IDRs and Outlook. The National Ratings reflect the current relative credit strength of its owner with respect to other issuers in Panama, and have been downgraded with a Stable Outlook to reflect that in the event of further downgrades, these ratings would be driven by the bank's 'bb+' VR. Senior unsecured debt is rated at the same level of Banistmo's ratings, as Fitch considers the likelihood of default of the debt the same as the issuer. Meanwhile, the Banistmo's SR was downgraded to '3' from '2', and reflects a moderate probability of support from Bancolombia, given its rating.

Subordinated Debt

Bogota's and Davivienda's plain vanilla subordinated notes were downgraded in line with the downgrade of these banks' VRs. The anchor rating for these obligations maintained the baseline scenario of one notch for loss severity (-1) and one notch for non-performance risk (-1).

The rating on Bancolombia's and Banco GNB Sudameris' Tier 2 notes were also downgraded in line with the VRs. These notes are rated two notches below Bancolombia's and Banco GNB Sudameris' VRs of 'bb+' and 'bb', respectively, and reflect loss severity exclusively. There is no notching due to incremental non-performance risk. The notes do not incorporate going-concern loss-absorption characteristics, given the relatively low write-off trigger (Regulatory CET1 at or below 4.5%), which in Fitch's view, would only be effective at the point of non-viability. Additionally, coupons are not deferred or cancellable before the principal write-off trigger is activated. As such, no notches are deducted from the VR for incremental non-performance risk.

Davivienda's AT1 notes move in the same direction of the bank's VR, four notches below Davivienda's 'bb+' VR. The baseline scenario reflects that the notching will likely remain at two notches for loss severity and two notches for incremental non-performance risk. According to Fitch's criteria, this is the minimum downward notching for deeply subordinated notes with fully discretionary coupon cancellation issued by banks with a VR anchor of 'bb+'.

The notching reflects the notes' higher loss severity in light of their deep subordination, and additional non-performance risk relative to the VR, given the high write-down trigger of CET1 at 5.125% and full discretion to cancel coupons.

Mirroring its anchor rating, BBVA Colombia´s subordinated debt has been downgraded to 'BB' from 'BB+', two notches below what Fitch considers the appropriate anchor rating, the bank's support-driven 'BBB-' Long-Term Foreign Currency IDR.

Support Ratings and Support Rating Floors

The SR was affirmed at '3' and SRF rating revised to 'BB' from 'BB+' for Bogota, Bancolombia and Davivienda due to the sovereign's reduced ability to provide support following the recent downgrade.

The SR was downgraded to '3' from '2' and SRF revised to 'BB+' from 'BBB-' for Bancoldex, Findeter, FDN and Banagrario due to the sovereign's reduced ability to provide support after the recent downgrade.

Banco de Occidente, Bancolombia Panama, Bancolombia Puerto Rico, and BOP's SRs were downgraded to '3' from '2' due to a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support.

BBVA Colombia´s SR was affirmed at '2', reflecting its role as one of BBVA's important subsidiaries in Latam. In Fitch's opinion, BBVA Colombia is strategically important for BBVA's strategy and institutional support should be forthcoming, if required. BBVA has a consistent track record of support for its subsidiaries and its ability to support them is illustrated by its 'BBB+' rating.

RATING SENSITIVITIES

Government Support-Driven Ratings

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-- Given the limitations of the operating environment an upgrade is unlikely in the medium term;

--As development banks that are majority owned by the state, Bancoldex, Findeter, FDN and Banco Bangrario's creditworthiness and ratings are directly linked to those of the sovereign. Hence, its ratings and Outlook will move in line with any potential change in Colombia's ratings.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--As a development banks that are majority owned by the state, Bancoldex, Findeter, FND and Banco Banagrario's creditworthiness and ratings are directly linked to those of the sovereign. Hence, its ratings and Outlook will move in line with any potential change in Colombia's ratings;

--Fitch will monitor any change in the government's support propensity, and particularly the potential impact on the development bank's ratings after the holding company legal framework is defined;

--Although not a baseline scenario, Bancoldex, Findeter, FDN and Banagrario's ratings could change if Fitch perceives a decrease in the bank's strategic importance to the government's public policies.

Support Ratings and Support Rating Floor

Potential changes in the public bank's Support Rating and Support Rating Floor would be driven by a change in Colombia's sovereign rating and/or a change in the expected propensity of support from the Colombian government.

Support Ratings and Support Rating Floors would be affected if Fitch changes its assessment of the government's ability and/or propensity to support Bancoldex, FDN, Banagrario and Findeter.

Senior Debt

Senior notes' ratings are sensitive to any changes in Findeter's IDRs.

Large Private Sector Banks

Bancolombia, Bogota, Davivienda and Banco de Occidente

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Bancolombia, Bogota, Davivienda and Banco de Occidente's VRs and IDRs are sensitive to a material deterioration in the local operating environment or a negative sovereign rating action;

--The ratings could be downgraded from a continued deterioration of the operating environment due to an extended period of economic disruption as a result of the coronavirus that leads to a significant deterioration of the asset quality and/or profitability (Operating profit to RWA consistently below 1.5%), resulting in an erosion of capital cushions if the CET1 ratio falls consistently below 10%.

--Bogota's ratings could also be negatively affected if the bank fails to restore its core and tangible capital ratios according to Fitch's expected projections during the 12 months after completion of MFG acquisition (tangible capital to tangible asset ratio consistently above 8.5%).

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Given the limitations of the operating environment, a ratings upgrade is unlikely in the medium term for Bancolombia, Bogota, Davivienda and Occidente.

--Over the longer-term, an improvement in the OE along with the restoration of capital metrics and profitability toward pre- pandemic levels could be positive for creditworthiness.

BBVA Colombia

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Negative rating actions on the Colombian sovereign rating would lead to similar actions on BBVA Colombia´s IDRs;

--BBVA Colombia's IDRs and Support Rating could also change if Fitch's assessment of its parent's ability and/or willingness to support the bank changes;

--BBVA Colombia's VR could be negatively affected if the bank's operating profit to RWA ratio or its FCC ratio decline consistently below 1.5% and 10%, respectively.

--An extended period of economic disruption as a result of the Coronavirus that leads to further deterioration in the operating environment, asset quality and/or profitability, resulting in an erosion of capital cushions would also be negative for the VR.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--While not likely in the current operating environment, a positive rating action on Colombia´s sovereign rating could lead to a similar action on BBVA Colombia's Foreign Currency IDRs and VR.

Support Rating and Support Rating Floor

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- The banks' SR and SRF are potentially sensitive to any positive change in assumptions as to the propensity or ability of Colombia to provide timely support to the bank.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- The banks' SR and SRF are potentially sensitive to any negative change in assumptions as to the propensity or ability of Colombia to provide timely support to the bank.

Subordinated Debt and Other Hybrid Securities

--Subordinated debt ratings will mirror any action on the bank's VRs for Bancolombia, Banco de Bogota and Banco Davivienda.

BBVA Colombia subordinated debt ratings will mirror any action on the anchor rating, which is the bank's support- driven Foreign Currency IDR.

Mid-Sized Private Sector Banks

Itau Corpbanca Colombia

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Itau Colombia's ratings could be downgraded if the operating profit to RWA ratio falls consistently below 0.5%, especially considering the sensitive margins and additional loan impairment charges;

--The ratings could also be pressured by a material deterioration of asset quality that leads to a sustained decline in the CET1 ratio to below 9% due to the disruption of economic activity and financial markets from the coronavirus pandemic and challenging operating environment.

--Ratings are also sensitive to a further OE deterioration.

--Additionally, although Fitch considers the subsidiary's credit profile to be mostly independent from that of its ultimate parent, the VR and IDRs may be pressured in a scenario of further downgrades of Itau Unibanco Holding (BB/Negative), because, under Fitch's criteria, the intrinsic credit profile of a subsidiary bank cannot be completely delinked from that of its parent.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-- Ratings could be positively affected if the OE stabilizes, reducing pressures on asset quality and if the bank is able to sustain or rebuild its profitability metrics;

--While unlikely in the current operating environment, positive rating actions could occur over the medium term if the bank demonstrates a capacity to relevantly improve earnings and asset quality metrics, while sustaining a CET1 ratio greater than 12% amid the relatively faster loan growth that the bank could have within a better operating environment.

Support Ratings and Support Rating Floor

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Upside potential for the SR and SRF is limited and can only occur over time with material growth of the bank's systemic importance;

--Upside potential on the SR could also occur over time from a material improvement of the parent company's ratings.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--The SR and SRF could be downgraded if the bank lose material market share in terms of loans and customer deposits.

GNB VR, IDRs, and Subordinated Debt

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Downside pressure for the VR and IDRs would arise from further deterioration of the CET1 ratio (consistently below 8%), especially if accompanied by negative trends in its profitability and/or asset quality metrics.

--Ratings are sensitive to a deterioration of the OE.

--As the subordinated debt rating is two notches below GNB's VR anchor, the rating is sensitive to a downgrade in the VR. The rating is also sensitive to a wider notching from the VR if there is a change in Fitch's view on the non-performance risk of these instruments on a going-concern basis, which is not the baseline scenario.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-- Ratings could be positively affected if the bank is able to sustain or rebuild its profitability metrics;

--Upside potential for the international ratings is heavily contingent on a material improvement on capitalization levels, which is currently one of the high influence rating factors under Fitch's rating approach. An upgrade of the VR and IDRs could arise if the bank is able to reach and sustain a capital ratio greater than 12%, while avoiding material deterioration of its other financial and qualitative credit fundamentals, with consistently better results, in the form of operating earnings over risk weighted assets greater than 2%.

As the subordinated debt rating is two notches below GNB's VR anchor, the rating is sensitive to an upgrade in the VR.

Support Ratings and Support Rating Floor

Upside potential for the SR and SRF is limited, as a significant growth of market share in Colombia is unlikely in the near and medium term. Should the bank's role as a market maker, or the market share of retail deposits decrease, the SR and SRF rating might eventually be revised downward.

Gilex Holding IDRs and Senior Debt

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--GH's ratings are sensitive to a change in GNB's ratings, and the rating of the former will likely move in line with potential rating changes in the latter. However, a material and consistent increase in GH's double leverage (above 120%), or deterioration in its debt servicing ability, could negatively impact GH's rating and widen the difference relative to GNB's ratings;

--The ratings for GH's senior debt would move in line with GH's Long-Term IDR.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--An upgrade in GNB's rating will mirror in GH's ratings.

Grupo Aval's, Aval Limited, Corficolombiana and BOP

Grupo Aval's IDR would remain at the same level as Bogota's and would move in tandem with any rating actions on its main operating subsidiary.

Under Fitch's current support assessment, Corficolombiana's IDR will likely remain at the level determined by its VR, or at the same level as its main shareholder and its controlling company, whichever is higher.

BOP's IDRs are support-driven and aligned with those of its parent's. Therefore, these ratings would mirror any changes in Banco de Occidente's IDRs.

Sura AM

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Given the limitations of the operating environments in the primary countries where Sura AM operates, an upgrade is unlikely in the medium term.

--Over the medium term, the ratings could be upgraded if Sura AM consistently improves its financial profile, with leverage (gross debt/EBITDA) improving and remaining below 1.5x and interest coverage (EBITDA/interest expense) rising and remaining above 12.0x.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Further negative revisions of the operating environments of its key markets or a significantly adverse change in regulation could affect Sura AM's ratings negatively.

--An erosion of Sura AM's credit metrics such that its debt to adjusted EBITDA ratio deteriorates and remains consistently above 3.0x, or its adjusted EBITDA/financial expense remains well below 6.0x, its ratings could be pressured downwards.

--Although not Fitch's base case, a severe deterioration of its parent's credit profile (Grupo de Inversiones Suramericana BBB-/Negative) would weigh on its ratings as a contagion effect cannot be ruled out.

--The senior unsecured debt would generally move together with Sura AM's Long-Term IDR.

BAC International Bank, Inc. (BIB) and Multibank, Inc.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Positive rating actions on BIB and Multibank's IDR, National Ratings and SR could be driven by positive rating actions on Banco de Bogota's IDR;

--Positive rating actions on Multibank's IDR and National Ratings could be driven by positive rating action on its VR.

--Multibank's senior unsecured debt would mirror any potential upgrade on the bank's ratings.

--BIB's perpetual subordinated bonds' National Rating would be upgraded in case of positive actions on BIB's National Ratings, as the bonds' ratings will maintain its four-notch difference with respect to the issuer's National Rating

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Any negative action on Banco de Bogota's IDRs would also lead to a similar action on BIB's IDRs; in addition, its IDR could also change if Fitch's assessment of its parent's willingness to support its subsidiary changes;

--A downgrade of Multibank's IDR and National Ratings could be possible only if both its VR and Banco de Bogota's IDRs are downgraded;

--A downgrade of BIB and Multibank's SR could result from a multi-notch downgrade of Banco de Bogota's IDR or from a reduced propensity of Banco de Bogota to support its subsidiary, both of which are unlikely at present.

--Multibank's senior unsecured debt would mirror any potential downgrade on its IDRs;

--BIB's perpetual subordinated bonds' National Rating would be downgraded in case of negative actions over BIB's National Ratings, as the bonds' ratings will maintain its four-notch difference respect to the issuer's National Rating.

BAC Guatemala, BB, Credomatic and FC

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Improvement in Fitch's assessment of Banco de Bogota's capacity or propensity to support its subsidiaries.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Lower capacity or propensity of its shareholder to support its subsidiaries in Guatemala;

BP and BPR

The IDRs of these entities are support-driven and aligned with those of its parent's. Therefore, these ratings would mirror any changes in Bancolombia's IDRs.

BAM, Mercom and Financiera Agromercantil

Factors that could, individually or collectively, lead to negative rating action/downgrade:

BAM

--A downgrade on Bancolombia's IDRs would lead to a similar action on BAM's IDRs;

--BAM's SR and IDRs are sensitive to a downgrade of the sovereign rating and country ceiling;

BAM, FINANCIERA AGROMERCANTIL and MERCOM

--The National Ratings could be downgraded if Fitch's assessment of Bancolombia's ability or willingness to support its subsidiaries is modified.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

BAM

--BAM's Foreign Currency IDR and SR have limited upside potential given the current sovereign rating and country ceiling;

--An upgrade on Bancolombia's IDRs would lead to a similar action on BAM's Local Currency IDR;

--An upgrade on Bancolombia's IDR, or a modification of Fitch's assessment of the parent bank's ability or willingness to support its subsidiaries, could result in a similar action on the National Ratings.

Banistmo

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Since Banistmo's support-driven IDR is at the same level as its standalone creditworthiness as reflected in its VR, a downgrade of the bank's IDRs and national ratings could be possible only if both its VR and Bancolombia's IDRs are downgraded;

--A downgrade of more than two or more notches of Bancolombia's IDRs would trigger similar rating action on the bank's SR. Also, a change in Fitch's support assessment that implies a reduction in Bancolombia's propensity to support the bank;

--Banistmo's senior unsecured debt would mirror any potential downgrade on the bank's International and national ratings.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--A positive rating action on Bancolombia's IDRs would trigger similar rating action on Banitsmo's IDRs, SR and national ratings;

--Banistmo's senior unsecured debt would mirror any potential upgrade on the bank's ratings

ESG CONSIDERATIONS

Banco GNB Sudameris S.A. has an ESG Relevance Score of '4' for Governance Structure due to key person risk, which has a negative impact on the credit profile, and is relevant to the rating[s] in conjunction with other factors.

Gilex Holding S.A. has an ESG Relevance Score of '4' for Group Structure due to key person risk, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579

SUMMARY OF FINANCIAL ADJUSTMENTS

ESG CONSIDERATIONS

Banco GNB Sudameris S.A. has an ESG Relevance Score of '4' for Governance Structure due to key person risk, which has a negative impact on the credit profile, and is relevant to the rating[s] in conjunction with other factors.

Gilex Holding S.A. has an ESG Relevance Score of '4' for Group Structure due to key person risk, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The IDRs and national ratings of the following entities are driven by support from Bancolombia's ratings: Bancolombia (Panama) SA; Bancolombia Puerto Rico; Banistmo; Banco Agromercantil de Guatemala; Mercom Bank and Financiera Agromercantil.

The IDRs and national ratings of the following entities are driven by support or are linked to Banco de Bogota's ratings: Grupo Aval; BAC International Bank Inc; Multibank; Banco de América Central (Guatemala); Credomatic de Guatemala; Financiera de Capitales and BAC Bank Inc..

The IDRs of Banco de Occidente Panama are driven by support from Banco de Occidente's ratings.

The IDRs of Gilex Holding are are linked to Banco GNB Sudameris' ratings.

The IDRs of BBVA Colombia are driven by support from BBVA's ratings.

The rating of Grupo Aval Limited issuance is linked to the rating of Grupo Aval Acciones y Valores.

The IDRs of Banco Agrario; Bancoldex; FDN and Findeter are driven by support from Colombia's sovereign ratings.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Financiera Agromercantil, S.A.	Natl LT	AA+(gtm) Rating Outlook Stable	Downgrade	AAA(gtm) Rating Outlook Stable

ENTITY/DEBT	RATING			PRIOR
	Natl ST	F1+(gtm)	Aff	F1+(gtm)

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Metodología de Calificación de Bancos (pub. 18 Sep 2019)

Metodología de Calificación de Instituciones Financieras no Bancarias (pub. 18 Sep 2019)

Non-Bank Financial Institutions Rating Criteria (pub. 28 Feb 2020) (including rating assumption sensitivity)

Bank Rating Criteria (pub. 28 Feb 2020) (including rating assumption sensitivity)

National Scale Rating Criteria (pub. 22 Dec 2020)

Metodología de Calificaciones en Escala Nacional (pub. 22 Dec 2020)

Future Flow Securitization Rating Criteria (pub. 04 May 2021) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

BAC International Bank, Inc.	EU Endorsed, UK Endorsed
Banco Agrario de Colombia S.A.	EU Endorsed, UK Endorsed
Banco Agromercantil de Guatemala S.A.	EU Endorsed, UK Endorsed
Banco Davivienda S.A.	EU Endorsed, UK Endorsed
Banco de Bogota, S.A.	EU Endorsed, UK Endorsed
Banco de Comercio Exterior de Colombia S.A.	EU Endorsed, UK Endorsed
Banco de Occidente (Panama), S. A.	EU Endorsed, UK Endorsed
Banco de Occidente S.A.	EU Endorsed, UK Endorsed
Banco GNB Sudameris S.A.	EU Endorsed, UK Endorsed
Bancolombia (Panama) S.A.	EU Endorsed, UK Endorsed
Bancolombia Puerto Rico Internacional Inc.	EU Endorsed, UK Endorsed
Bancolombia S.A.	EU Endorsed, UK Endorsed
Banistmo S.A.	EU Endorsed, UK Endorsed
BBVA Colombia S.A.	EU Endorsed, UK Endorsed
Corporacion Financiera Colombiana S.A. (Corficolombiana)	EU Endorsed, UK Endorsed
Financiera de Desarrollo Nacional S.A.	EU Endorsed, UK Endorsed
Financiera de Desarrollo Territorial S.A. - Findeter	EU Endorsed, UK Endorsed
Gilex Holding S.A.	EU Endorsed, UK Endorsed
Grupo Aval Acciones y Valores S.A.	EU Endorsed, UK Endorsed
Grupo Aval Limited	EU Endorsed, UK Endorsed
Itau CorpBanca Colombia S.A.	EU Endorsed, UK Endorsed
Multibank, Inc.	EU Endorsed, UK Endorsed

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Cayman Islands   Panama   Puerto Rico   Guatemala

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