MOODY'S
RATINGS

# Rating Action: Moody's Ratings affirmed BBVA Colombia's Baa3 deposit ratings; outlook stable

16 Jun 2026

New York, June 16, 2026 -- Moody's Ratings (Moody's) has today affirmed BBVA Colombia S.A.'s (BBVA Colombia) long- and short-term local and foreign currency deposit ratings of Baa3 and Prime-3 and its baseline credit Assessment (BCA) of ba2 and adjusted BCA of ba1. We also affirmed the bank's long- and short-term local and foreign currency counterparty risk ratings at Baa3 and Prime-3, respectively, and long- and short-term counterparty risk assessments at Baa3(cr) and Prime-3(cr), respectively. The outlook on the long-term deposit ratings is stable.

RATINGS RATIONALE

The affirmation of BBVA Colombia's ba2 BCA reflects its strong funding profile, supported by a sizable base of core deposits and solid liquidity, underpinned by its position as one of the country's largest banks. The rating also captures the bank's gradual recovery, as it continues to manage asset risk and improve profitability despite ongoing challenges in Colombia's operating environment, particularly in consumer lending. The bank's BCA is limited by its modest a capitalization, evidenced by a modest buffer above minimum requirements.

BBVA Colombia's annualized return on tangible assets of 0.72% in March 2026 marks a continued improvements from 0.12% in March 2025, although still below the 1.25% average between March 2021 and December 2022. The recovery of earnings will benefit from improving cost efficiency and expanded commercial lending. A sustained recovery of profitability will depend on the bank's ability to widen margins and keep loan-loss provisions under control, however, elevated interest rates will continue weighing on consumer lending activity.

The ba2 BCA also reflects BBVA Colombia's improving asset risk profile. The ratio of stage 3 loans to gross loans declined to 4.15% from 5.75% at the end of 2024, driven by a strategy focused on expanding commercial lending while tightening underwriting standards in the consumer segment. We expect asset risk to improve modestly in 2026, as individuals' repayment capacity remains pressured.

BBVA Colombia's capitalization is still a relative weakness compared with its domestic peers. Further strengthening of capital metrics will depend on the bank's ability to generate sustained earnings to support future growth. The bank's tangible common equity (TCE) to risk-weighted assets (RWA) remains low at 10.4% in March, up from 9.5% a year earlier, despite recent improvement driven by retained earnings.

BBVA Colombia's main financial strengths are its funding and liquidity, supported by its established retail franchise in Colombia. With an 11% share of system deposits, the bank has a stable and granular core deposit base.

The Baa3 long-term deposit ratings of BBVA Colombia and the stable outlook reflect: (1) the bank's standalone BCA of ba2; (2) our assumption of moderate affiliate support from its parent, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA Spain, deposits A1/debt A2, BCA baa1); and (3) our assessment of a high probability of support from the Government of Colombia (Baa3 stable) to the bank, given its large market share of deposits in the country and the significant systemic consequences that would result from an unsupported failure.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Upward pressure on BBVA Colombia's BCA would stem from material and consistent improvements in asset quality, particularly as a result of successful loan portfolio cleanup. Additionally, a BCA upgrade would hinge on consistently reporting positive bottom-line results and strengthening profitability metrics. The bank's BCA would also benefit from more robust capitalization.

Conversely, downward pressure on BBVA Colombia's ba2 BCA would arise from the bank consistently reporting additional net losses. Furthermore, the BCA would face negative pressure if asset quality were to weaken significantly, leading to higher provisioning needs and adversely affecting earnings and capitalization.

The principal methodology used in these ratings was Banks published in November 2025 and available at https://ratings.moodys.com/rmc-documents/454566. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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