FitchRatings

Banks
Universal Commercial Banks
Colombia

BBVA Colombia S.A.

Key Rating Drivers

Parent Support: BBVA Colombia S.A.'s Issuer Default Ratings (IDRs), Shareholder Support Rating (SSR) and national ratings reflect the support it would receive from its parent, Banco Bilbao Vizcaya Argentaria S.A. (BBVA S.A.; BBB+/Stable) should it be required. Fitch Ratings 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 between the entities.

Relevant Market Position and Group Benefits: The bank's Viability Rating (VR) at 'bb+' considers BBVA Colombia's business profile, with a leading market position in retail banking in Colombia. As of September 2024 (3Q24), it was the second largest bank in consumer loans with a market share of 14%, the third largest in mortgages with 13.6%, the fourth largest in deposits with 11.5%, and the fourth by total assets and liabilities.

BBVA Colombia's rating also considered the bank's integrated corporate governance and risk management structure with that of its parent. Fitch's capitalization assessment incorporates the ordinary support provided and expected from its parent.

Deteriorating Asset Quality: As of September 2024, the 90-day past due loans (PDL) ratio increased to 3.5% from 2.4% at year-end 2023. The increase in the ratio reflects further deterioration in the retail segment. However, BBVA Colombia's PDL ratio compares favorably with the financial system average of 3.7% and its peers. The modest 1.5% growth in the bank's total loan portfolio also contributed to the increased pressure on the PDL ratio.

BBVA Colombia's strategic shift towards more corporate lending and improvements in its loan collection processes should mitigate the impact of a sluggish economic recovery. As a result, Fitch does not expect the PDL ratio to deteriorate beyond 3.5% by the end of 2024. Looking ahead to 2025, the agency anticipates that higher loan growth prospects will contribute to a recovery in PDLs.

Loan Impairment Charges Pressure Profitability: As of 3Q24, the operating profit-to-risk weighted assets (RWA) ratio was -0.6%, below the average of the past four years of 1.9%. Despite the increase of 13.4% in total operating income as of 3Q24, loan impairment charges accounted for 115.4% of pre-impairment operating profit, resulting in a negative operational income.

Although BBVA Colombia has demonstrated a resilient trend in asset quality compared to the financial system average, loan loss impairments continue to significantly impact its operating income. Fitch does not expect further deterioration by the end of 2024. For 2025, Fitch anticipates a slow recovery in profitability levels due to the improvement prospects in PDLs, higher loan growth and lower funding costs. We expect the profitability ratio to remain below 1%.

Improvement in Capitalization: The common equity Tier 1 (CET1) ratio improved to 9.1% as of 3Q24 from its lowest level of 7.8% in 1Q24, mainly due to the issuance of 3,401,037,037 common shares. However, this ratio still compares unfavorably to its regional peers and is one of the weakest factors of the bank's credit profile.

Fitch views the bank's capital ratios as adequate, considering the potential ordinary support from BBVA S.A., if needed, and the subordinated loan from its parent company, which qualifies as Additional Tier 1 Capital (AT1), providing an additional capital buffer. The Tier 1 capital ratio (CET1+AT1) was 10.4% at the end of 3Q24.

Ratings

Foreign Currency	
Long-Term IDR	BBB-
Short-Term IDR	F3
Local Currency	
Long-Term IDR	BBB
Short-Term IDR	F2
Viability Rating	bb+
Shareholder Support Rating	bbb-
National Rating	
National Long-Term Rating	AAA(col)
National Short-Term Rating	F1+(col)
Sovereign Risk (Colombia)	
Long-Term Foreign-Currency IDR	BB+
Long-Term Local-Currency IDR	BB+
Country Ceiling	BBB-
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

National Scale Rating Criteria (December 2020)

Bank Rating Criteria (March 2024)

Related Research

Major Colombian Banks – 2024 Peer Review (February 2024)

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Stable Funding and Adequate Liquidity: BBVA Colombia has an adequate funding structure and liquidity. The loans-to-customer deposits ratio was 98.7% as of 3Q24, which compares favorably with its peers. The bank's liquidity position is ample, aligned with the parent's strict guidelines, which include Basel III and European regulatory requirements. BBVA Colombia's liquid assets covered 26.4% of deposits as of 3Q24. Fitch expects the bank to maintain its stable funding structure given the growth prospects for loans relative to deposits.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

IDRs and Shareholder Support Rating

- Negative rating action on BBVA S.A.'s IDRs would lead to similar actions in BBVA Colombia's IDRs and potentially its SSR if the parent is downgraded by two notches or more.
- Negative rating action on the Colombian sovereign's ratings would also lead to a similar action on the Long-Term Foreign-Currency IDR and its SSR, as they are capped by the Country Ceiling.
- BBVA Colombia's IDRs and SSR could also change if Fitch's assessment of its parent's ability and/or willingness to support the bank changes.

VR

- BBVA Colombia's VR could face negative impact if asset quality continues to deteriorate, leading to operating profit-to-RWAs ratio falling consistently below 1.25%, which would result in a sustained erosion of the CET1 ratio, accompanied by a change in Fitch's assessment of the parent's ordinary support to this subsidiary.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

IDRs and Shareholder Support Rating

- BBVA Colombia's IDR will likely remain at the level determined by its own VR, or one notch below the parent's IDR subject to sovereign rating and Country Ceiling considerations, whichever is higher.

VR

- Upside potential for the VR is limited in the near future, as reflected by the operating environment assessment and Outlook.
- 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 VR.

Other Debt and Issuer Ratings

Rating Level	Rating
Senior Unsecured: National Long-Term	AAA(col)
Subordinated: Long-Term	BB
Subordinated: National Long-Term	AAA(col)

Source: Fitch Ratings

Senior Unsecured Debt

BBVA Colombia's national senior unsecured debt rating is at the same level as the bank's 'AAA(col)' National Long-Term Rating, as the likelihood of default for the debt issuance is the same as the likelihood of a default for the bank.

Subordinated Debt

BBVA Colombia's subordinated debt is rated two notches below what Fitch considers the appropriate anchor rating, which is the bank's support driven Long-Term Foreign-Currency IDR of 'BBB-'.

BBVA Colombia's national subordinated debt is rated at the same level as the bank's 'AAA(col)' National Long-Term Rating. There are no differences in the rating of senior unsecured and subordinated debt with respect to the bank's rating due to the presence of institutional support from its parent.

Rating Sensitivities

Senior Unsecured Debt

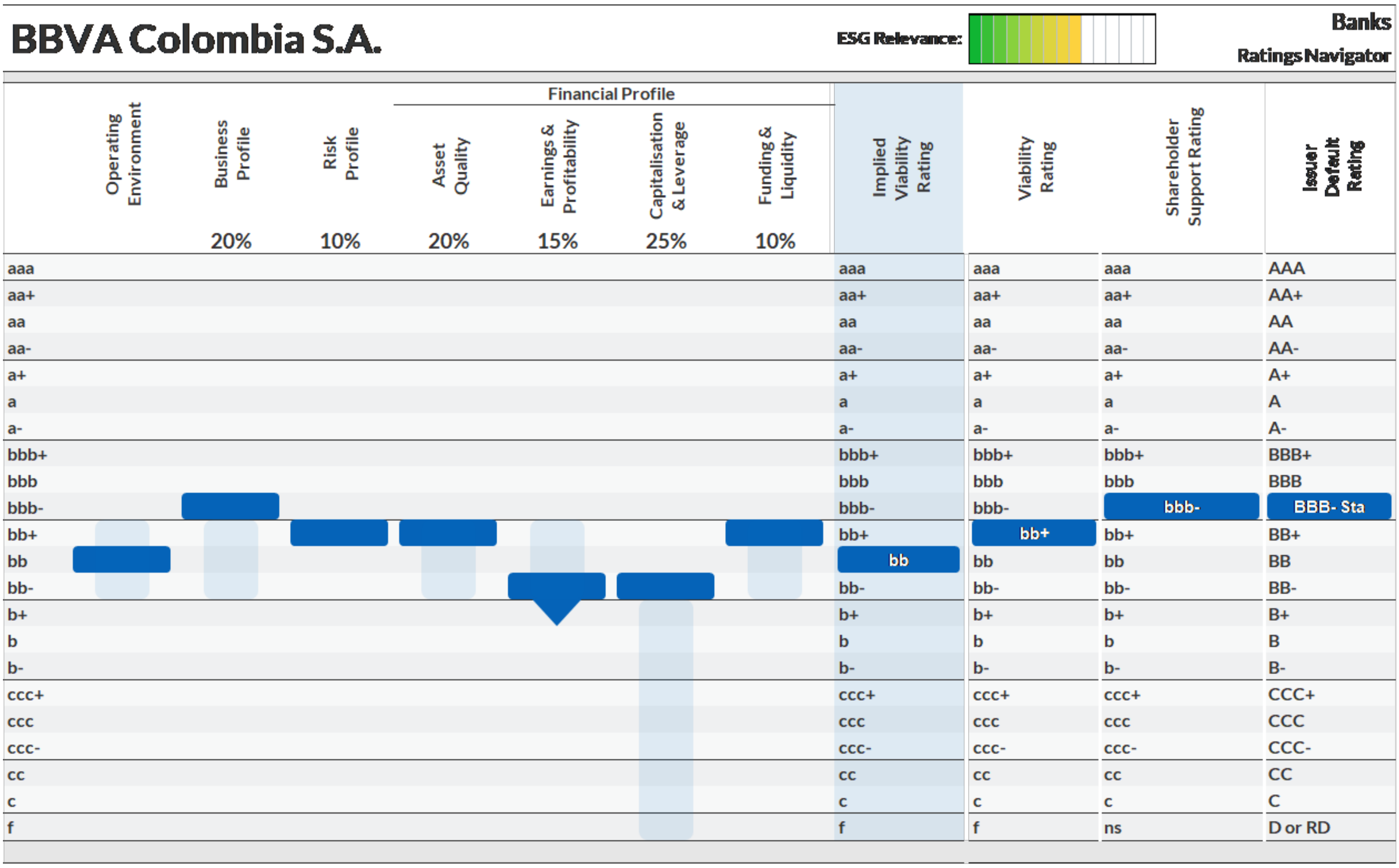
National senior unsecured debt ratings are sensitive to any changes in BBVA Colombia's national scale long-term ratings.

Subordinated Debt

Subordinated debt ratings will mirror any action on the anchor rating, the bank's support-driven Long-Term Foreign-Currency IDR.

National subordinated debt ratings are sensitive to any changes in BBVA Colombia's national scale long-term ratings.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The Viability Rating has been assigned above the implied Viability Rating due to the following adjustment reason(s): Business Profile (positive).

The Business Profile score has been assigned above the implied score due to the following adjustment reason(s): Group Benefits and Risk (positive).

The Capitalization and Leverage score has been assigned above the implied score due to the following adjustment reason: Capital Flexibility and Ordinary Support (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Gradual Recovery on Operating Environment

Fitch expects the operating environment for Colombian banks to remain neutral in 2025, as credit growth is expected to recover amid still challenging macroeconomic conditions due to the political environment and the government reforms. We expect lower inflation and less restrictive monetary policy to drive higher consumption and investment, as well as improving conditions for interest-rate-sensitive sectors, such as construction. Funding and credit costs are decreasing even though the largest banks' net interest margins (NIMs) could be impacted due to the lower interest rates, as they tend to be asset-sensitive. Fitch expects that core financial metrics will continue generally commensurate with their respective credit risk profiles. These metrics should remain stable or slightly improve after withstanding headwinds.

Business Profile

Strong Market Position in Consumer Loans

BBVA Colombia has a leading franchise in retail banking in Colombia. As of 3Q24, it was the second largest bank in consumer loans with a market share of 14%, the third largest in mortgage with 13.6%, the fourth largest in deposits with 11.5%, and the fourth by total assets and liabilities. The bank's deposit structure is concentrated, since 68.8% of its deposits come from institutional investors, which limits its pricing power. The bank is a subsidiary of BBVA S.A., and its operation covers corporate, commercial, consumer and mortgage loans. The bank uses its parent's common brand name, IT and risk-management systems, and a wide product offering adapted to the local market's characteristics.

As of 3Q24, BBVA's loan portfolio consisted 42.2% commercial loans, 37.9% retail loans and 20% mortgage loans. Despite the high concentration in retail loans, the majority (56.4%) corresponds to the low risk segment of payroll loans. In recent years, the loan's portfolio mix has changed, with corporate loans gaining participation in the total portfolio, reflecting the bank's strategy to grow while preserving its risk profile.

BBVA Colombia benefits from the support that the parent organization provides to its franchises worldwide, particularly considering the value of BBVA's international operations and their strategic importance for the future of the entity. As the rest of the subsidiaries in the region, BBVA Colombia is completely aligned with the policies of its parent and has implemented all the necessary controls in key areas to comply with the group's in-house policies and regulatory requirements.

BBVA Colombia has a management team with depth, stability and relevant experience that has guided the bank and helped it to successfully implement its strategy. The bank's operations are supervised and supported by managers from the different areas of the parent, to whom they report directly. Colombian operations are part of BBVA's presence in Latin America and are strategic in BBVA's business dynamics, in Fitch's view.

BBVA Colombia has a clear long-term strategy. BBVA Colombia's 2025-2029 strategy focuses on enhancing its commercial segment by increasing market share and excelling in wealth solutions, global markets and transaction banking, which are essential for private employee payrolls. For SMEs, the goal is to boost retail deposits and wealth clients, optimizing the distribution model for e-commerce acquiring and foreign exchange.

Individual deposits strategy targets large savers and private employee payroll growth. The payments strategy aims to enhance transactionality with larger companies, e-commerce-focused small businesses, and wealth clients. Additionally, the bank is transforming its distribution model to be more digital and customer-centric, with the digital open market strategy under review. Historically, BBVA Colombia has achieved its objectives, and it has been able to maintain an adequate financial performance under stressed scenarios.

Risk Profile

Strong Risk Management Aligned with the Group's Policies

Despite BBVA Colombia's retail focus, Fitch believes that the bank's risk appetite is conservative due to its lending requirements and sound risk management, with well-defined systems and procedures that have proven effective during periods of market turmoil. The bank's risk management structure is fully integrated with that of its parent, and it applies all of BBVA's global risk management policies. The risk appetite of the entity follows a global statement of core and specific risk metrics and capital consumption.

In terms of operational risk, BBVA Colombia follows both BBVA's local policies and the international policies set by its parent. These combine with the bank's monitoring systems and are more advanced than those of its local peers.

Gross loan growth was 1.5% as of 3Q24, significantly below the four-year average of 11.4%. This slower growth aligns with the bank's strategy to manage asset quality deterioration. Specifically, the consumer segment decreased by 1.6%, the mortgage segment increased by 1.4%, and the corporate and commercial segment grew by 4.4%. With economic recovery prospects and lower interest rates expected in 2025, we anticipate an 8% increase in loans by the end of 2025.

Moderate Market Risk

BBVA Colombia follows the policies and procedures of its parent organization to handle market risk. Using its measurement, control and monitoring tools, the bank calculates an internal value-at-risk (VaR) parameter with 99% reliability using historical data. It also calculates a stressed VaR and a regulatory VaR. Additional tools include back-testing models that examine stress situations, internal models to evaluate interest risk exposures, economic value added, stop loss policies, Volker rules and Greeks measures. Limits are approved by the board of directors. The market and structural risk division performs the measurement, monitoring and control in a weekly and monthly basis. The bank's total VaR limit is COP13.7 billion. As of June 2024, VaR totaled COP6.7 billion, or 0.1% of equity.

Financial Profile

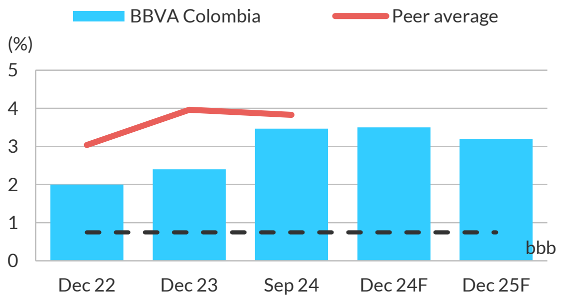
Asset Quality

In Fitch's opinion, BBVA Colombia's asset quality metrics are adequate, supported by a conservative risk management, high coverage of loan loss allowances and moderate loans' concentrations. The PDL ratio increased to 3.5% as of September 2024 from 2.4% at year-end 2023, reflecting further deterioration in the retail segment. However, the ratio compares favorably with the financial system average of 3.7% and its peers. The modest 1.5% growth in the bank's total loan portfolio also contributed to the increased pressure on the PDL ratio.

BBVA Colombia's strategic shift toward more corporate lending and improvements in its loan collection processes should mitigate the impact of a sluggish economic recovery. As a result, Fitch does not expect the PDL ratio to deteriorate beyond 3.5% by the end of 2024. For 2025, the agency anticipates that higher loan growth prospects will contribute to a recovery in PDLs.

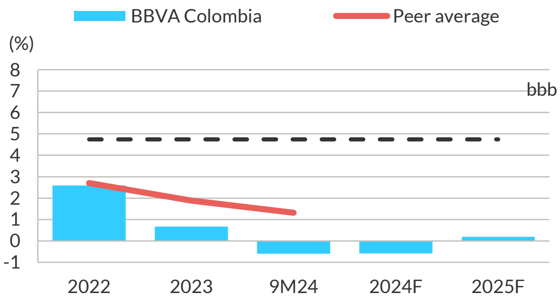
The loan loss allowances ratio was 148% as of September 2024, declining from 198.1% in 2023 due to the increase in past due loans. However, in Fitch's opinion, BBVA Colombia has an adequate level of loan loss allowances to offset the risk from unexpected loan impairments. Concentration by industry is moderate. On a consolidated basis, its top 20 group exposures represented 15.5% of gross loans or 1.7x capital as of June 2024. Historically, charge-offs have remained below 1%. Net charges- offs to average gross loans increased to 2.2% as of 3Q24.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

As of 3Q24, the operating profit-to-RWA ratio was -0.6%, below the average of the past four years of 1.9%. Despite the increase of 13.4% in total operating income as of 3Q24, loan impairment charges accounted for 115.4% of pre-impairment operating profit, resulting in a negative operational income. Although BBVA Colombia has demonstrated a resilient trend in asset quality compared to the financial system average, loan loss impairments continue to significantly impact the bank's operating income. This is largely due to the bank's limited utilization of the countercyclical provisions release authorized by the Financial Superintendence, compared to its peers. Fitch does not expect further deterioration by the end of 2024. For 2025, due to the improvement prospects in PDLs, higher loan growth, and lower funding costs, Fitch anticipates a slow recovery in profitability levels. However, the profitability ratio is expected to remain below 1%.

The Bank benefited from lower funding costs due to the downward trend in interest rates. In addition, the slower pace of loan repricing relative to the pace of funding cost repricing allowed the net interest margin (NIM) to improve. In addition, to the increase of 10.5% in other operating income, the total operating income increased by 13,4% as of 3Q24.

Non-interest expenses increased 8.9%, boosted by an increase in taxes that have increased its tariff in different cities, in addition to an increase in personnel expenses. Due to a higher increase of the operating income, the cost to income ratio improve to 55.5% as of 3Q24 from 57.8% as of 2024-year end.

Due to the surge in PDLs, loan impairment charges increased significantly by 71.3%, weighing heavily on the bank's profitability. These charges accounted for 115.4% of pre-impairment operating profit, thereby offsetting the positive results in operating income. Compared to its peers, BBVA Colombia's profitability metrics are unfavorable; this is partly because the bank made limited use of the countercyclical provisions release authorized by the Financial Superintendence. In 2025, the bank will have to rebuild around COP 240 billion in countercyclical provisions.

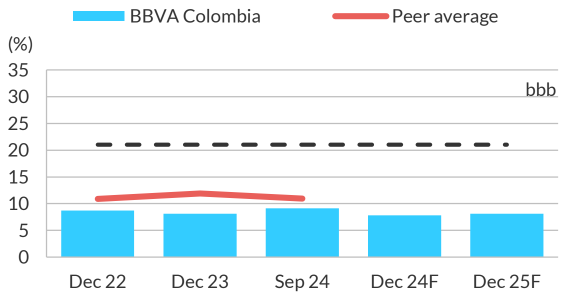
Capitalization and Leverage

The CET1 ratio improved to 9.1% as of 3Q24 from its lowest level of 7.8% in 1Q24, mainly due to the issuance of 3,401,037,037 common shares. This ratio still compares unfavorably to its regional peers and is the weakest aspect of the bank's credit profile. Fitch considers the bank's capital ratios to be adequate, considering the potential ordinary support from BBVA S.A., if needed, and the subordinated loan from its parent company. This loan qualifies as Additional Tier 1 Capital (AT1), providing an additional capital buffer. The Tier 1 capital ratio (CET1+AT1) was 10.4% at the end of 3Q24.

The bank's capitalization has been supported by recurring profitability and a conservative dividend policy with a 50% payout ratio. However, no dividend was declared on ordinary shares from 2023's net income at the general shareholders meeting held in March 2024. After reaching its highest CET1 ratio of 10.3% at year-end 2021, capital ratios have tightened due to the increase in RWAs and pressured profitability. Capital buffers over minimum requirements are thin, but they align with the group's policy of maintaining efficient capital levels.

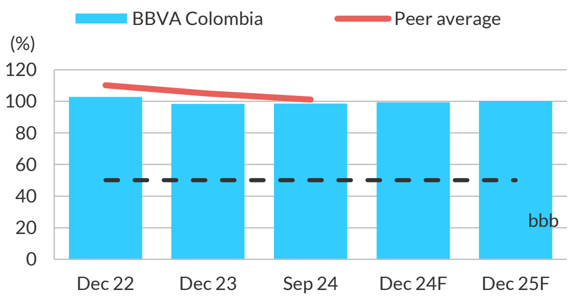
Fitch believes that the parent will provide BBVA Colombia with additional capital if necessary due to the bank's importance in Colombia, its regional franchise, and the parent's financial capacity. This support was demonstrated through the issuance of 3,401,037,037 common shares in three stages in 3Q24, which contributed to an increase of COP918.2 billion in the bank's core equity.

CET1 Ratio



F - Forecast.
Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



F - Forecast.
Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

BBVA Colombia has an adequate funding structure and liquidity. The loans-to-customer deposits ratio was 98.7% as of 3Q24, which compares favorably with its peers. The bank's liquidity position is ample, aligned with the parent's strict guidelines, which include Basel III and European regulatory requirements. BBVA Colombia's liquid assets covered 26.4% of deposits as of 3Q24. Fitch expects the bank to maintain its stable funding structure given the growth prospects for loans relative to deposits.

Customer deposits accounted for 88.6% of total funding as of 3Q24. The deposit base consisted primarily of term deposits (47.9%), saving accounts (40.6%) and current accounts (10.1%). The bank has a moderate concentration by depositor, with the top 20 representing 23% of deposits as of June 2024. In recent years, the bank has been decreasing its concentration from institutional depositors, improving depositor concentration. However, 68.8% of deposits came from institutional investors as of 3Q24, resulting in higher funding costs compared to banks with a wider retail deposit base. Additional funding sources include borrowings from banks (4.7% of total funding) and subordinated and senior bonds (3.3%), which allows the bank to manage the mismatch of assets and liabilities.

BBVA S.A. has a clear policy defining how liquidity is managed and the minimum levels of liquidity to be maintained. The bank's liquidity position is ample, aligned with the parent's strict guidelines, which include Basel III guidelines and European regulatory requirements. The bank uses statistical analysis to measure the stability and volatility of deposits, leverage levels, assets and liability structure, availability of financing lines, among others, to maintain the sufficient liquidity to offset liquidity stress scenarios.

The bank has liquidity warning indicators, which allows it to establish and determine the strategies to implement as needed. The core metrics include loan-to-stable customer deposits ratio, liquidity coverage ratio and net stable funding ratio (NSFR). These were 109.2%, 148.8% and 112.2%, respectively, as of 3Q24 w. The bank also complies with local regulatory liquidity requirements.

The bank's liquidity contingency plan includes different measures, such as financing operations and discount of the investment portfolio with the central bank; liquidation of the investment portfolio; issuance of mortgage securitizations; issuances of bonds and term deposits; sale of gross loans; limits to the disbursements of commercial loans; and strategic assets monetization.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bb' category.

Peer average includes Banco Davivienda S.A. (VR: bb+), Bancolombia S.A., Banco de Bogota, S.A. (bb+), Banco de Credito del Peru S.A. (bbb). Unless otherwise stated, financial year (FY) end is December 31 for all banks in this report.

Financials

Financial Statements

	September 30, 2024		December 31, 2023	December 31, 2022	December 31, 2021
	9 months	9 months	12 months	12 months	12 months
	(USD Mil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)
	Reviewed – unqualified	Reviewed – unqualified	Audited – unqualified	Audited – unqualified	Audited – unqualified
Summary income statement					
Net interest and dividend income	563	2,346	2,703	3,599	3,283
Net fees and commissions	78	324	470	365	218
Other operating income	353	1,472	1,716	1,077	660
Total operating income	995	4,142	4,890	5,040	4,161
Operating costs	554	2,307	2,825	2,017	1,847
Pre-impairment operating profit	441	1,835	2,065	3,023	2,314
Loan and other impairment charges	509	2,118	1,649	1,443	978
Operating profit	-68	-283	416	1,580	1,336
Other non-operating items (net)	–	–	–	–	0
Tax	-17	-69	170	553	444
Net income	-51	-214	246	1,028	892
Other comprehensive income	88	368	73	-2	-26
Fitch comprehensive income	37	155	319	1,026	866
Summary balance sheet					
Assets					
Gross loans	18,495	77,016	75,901	71,149	58,953
- Of which impaired	641	2,670	1,818	1,421	1,537
Loan loss allowances	949	3,952	3,603	3,481	3,223
Net loans	17,546	73,064	72,298	67,668	55,730
Interbank	–	–	2,605	923	761
Derivatives	1,149	4,786	9,540	10,061	3,291
Other securities and earning assets	3,152	13,127	10,085	8,954	7,453
Total earning assets	21,847	90,977	94,528	87,606	67,235
Cash and due from banks	1,825	7,598	8,580	9,390	10,269
Other assets	1,078	4,489	2,802	2,585	2,417
Total assets	24,750	103,064	105,910	99,580	79,920
Liabilities					
Customer deposits	18,747	78,068	77,153	69,145	59,166
Interbank and other short-term funding	409	1,703	1,970	3,204	3,697
Other long-term funding	1,666	6,936	6,532	8,048	5,363
Trading liabilities and derivatives	1,281	5,336	10,514	10,191	3,455
Total funding and derivatives	22,103	92,043	96,168	90,588	71,680
Other liabilities	620	2,580	2,247	2,272	2,100
Preference shares and hybrid capital	198	823	920	–	–
Total equity	1,829	7,618	6,574	6,720	6,140
Total liabilities and equity	24,750	103,064	105,910	99,580	79,920
Exchange rate		USD1 = COP4164.21	USD1 = COP3822.05	USD1 = COP4810.2	USD1 = COP3997.71

Source: Fitch Ratings, Fitch Solutions

Key Ratios

	September 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Ratios (%; annualized as appropriate)				
Profitability				
Operating profit/risk-weighted assets	-0.6	0.7	2.6	2.7
Net interest income/average earning assets	3.4	3.0	4.6	5.2
Non-interest expense/gross revenue	55.5	57.8	40.0	44.4
Net income/average equity	-4.2	3.6	16.3	15.6
Asset Quality				
Impaired loans ratio	3.5	2.4	2.0	2.6
Growth in gross loans	1.5	6.7	20.7	12.6
Loan loss allowances/impaired loans	148.0	198.1	245.0	209.7
Loan impairment charges/average gross loans	3.7	2.2	2.2	1.8
Capitalization				
Common equity Tier 1 ratio	9.1	8.1	8.7	10.3
Fully loaded common equity Tier 1 ratio	–	–	–	–
Fitch Core Capital ratio	–	–	–	12.1
Tangible common equity/tangible assets	7.1	6.0	6.6	7.5
Basel leverage ratio	–	–	–	–
Net impaired loans/common equity Tier 1	–	-34.8	-38.9	–
Net impaired loans/Fitch Core Capital	–	–	–	-28.1
Funding and Liquidity				
Gross loans/customer deposits	98.7	98.4	102.9	99.6
Gross loans/customer deposits + covered bonds	–	–	–	–
Liquidity coverage ratio	–	–	–	–
Customer deposits/total non-equity funding	88.6	88.1	86.0	86.7
Net stable funding ratio	–	–	–	–

Source: Fitch Ratings, Fitch Solutions

Support Assessment

Shareholder Support	
Parent IDR	BBB+
Total Adjustments (notches)	-2
Shareholder Support Rating	bbb-
Shareholder ability to support	
Shareholder Rating	BBB+/ Stable
Shareholder regulation	1 Notch
Relative size	Equalised
Country risks	2+ Notches
Shareholder propensity to support	
Role in group	1 Notch
Reputational risk	1 Notch
Integration	1 Notch
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	2+ Notches

The colors indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

The bank's SSR of 'bbb-' reflects its role as one of BBVA S.A.'s important subsidiaries in Latin America. In Fitch's opinion, BBVA Colombia is strategically important for BBVA S.A.'s strategy, and institutional support should be forthcoming if required. The parent has a consistent track record of support for its subsidiaries and its ability to support them is illustrated by its 'BBB+' IDR with Stable Rating Outlook.

Subsidiaries and Affiliates

BBVA Valores Colombia S.A. and BBVA Asset Management S.A.

BBVA Valores Colombia's and BBVA Asset Management's national ratings reflect the potential support they would receive from their ultimate parent, BBVA S.A., should it be required. Fitch views the entities as strategic subsidiaries for their ultimate parent, as they complement the universal banking model of BBVA operations in Colombia. Fitch's assessment of support also considers the integration and synergies between the entities and its parent.

BBVA Valores Colombia's and BBVA Asset Management's ratings could change if Fitch's assessment of their parent's ability and/or willingness to support changes.

Environmental, Social and Governance Considerations

FitchRatings **BBVA Colombia S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

BBVA Colombia S.A. has 5 ESG potential rating drivers

- BBVA Colombia S.A. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.