

08 Apr 2020 | Downgrade

Fitch Takes Actions on Colombian FIs & Related Entities After Sovereign Downgrade

Fitch Ratings-Monterrey-08 April 2020:

Fitch Ratings has taken various negative rating actions on Colombian Financial Institutions and their foreign subsidiaries' Long-Term Issuer Default Ratings (IDRs) and Viability Ratings, following the country's sovereign downgrade and Rating Outlook revision. Fitch recently downgraded the Colombia's sovereign rating to 'BBB-' and maintained its Rating Outlook Negative. Colombia's downgrade reflects the likely weakening of key fiscal metrics in the wake of the economic downturn caused by a combination of shocks stemming from the sharp fall in the oil price and efforts to combat the coronavirus pandemic. For additional details see "Fitch Downgrades Colombia's Rating to 'BBB-'; Outlook Remains Negative", dated April 1, 2020 at www.fitchratings.com.

The VRs, IDRs and senior debt ratings of Colombian FIs that have been rated at the sovereign level have been downgraded to reflect a materially weakened operating environment, as Fitch does not expect to rate banks in Colombia higher than the respective sovereign rating, based on their intrinsic credit profiles. Other subordinated debt was also downgraded mirroring the downgrade on the anchor ratings.

Fitch has adjusted its assessment of the operating environment faced by financial institutions in Colombia to 'bb+' with a negative outlook. Fitch's assessment of the operating environment not only has a direct influence on bank ratings, but the revision of this score to sub-investment level also has implication on the core benchmark metrics used to assess banks' financial profiles, as per Fitch's criteria. The negative outlook on the operating environment score reflects that this has further downside potential, depending on the local implications of the rapidly developing external shocks.

Fitch has also taken rating actions on selected Colombian entities whose IDRs are support driven and currently at a certain level above the sovereign (e.g. BBVA Colombia S.A.), since the uplift relative to the sovereign level is constrained under Fitch's criteria, while the recently downgraded country ceiling of Colombia imposes a hard cap on banks' foreign-currency IDRs. Certain banks that were already rated below the sovereign before the recent sovereign downgrade have also seen negative rating actions, mostly in the form of outlook revisions to Negative from Stable, even when not constrained by the sovereign. This reflects the downside potential of these ratings in the

event of further worsening of Fitch's assessment of the operating environment in Colombia, coupled with a relatively tighter assessment of their financial profiles, given the changed benchmark metrics once the score for the operating environment has been revised to 'bb+' with a negative outlook.

The Central American subsidiaries, whose ratings are directly linked to their Colombian parent, have also been included in this portfolio review. A list of all the rating actions is included at the end of this commentary.

As part of this review, Fitch has also taken rating actions on certain hybrid and subordinated securities issued by some of these entities, which had been placed on the status of "Under Criteria Observation" (UCO) upon the release of Fitch's latest Bank Rating Criteria. These actions are also listed at the end, while being described and explained in the Drivers and Sensitivities sections below.

Banco de Comercio Exterior de Colombia S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg

; Short Term Issuer Default Rating; Downgrade; F3

; Support Rating; Affirmed; 2

; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg

; Local Currency Short Term Issuer Default Rating; Downgrade; F3

; Support Rating Floor; Support Rating Floor Revision; BBB-

Financiera de Desarrollo Territorial S.A. - Findeter; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg

; Short Term Issuer Default Rating; Downgrade; F3

; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg

; Local Currency Short Term Issuer Default Rating; Downgrade; F3

; Support Rating; Affirmed; 2

; Support Rating Floor; Support Rating Floor Revision; BBB-

---senior unsecured; Long Term Rating; Downgrade; BBB-

Multi Financial Group, Inc.; National Long Term Rating; Affirmed; AA(pan); RO:Sta

; National Short Term Rating; Affirmed; F1+(pan)

Multibank, Inc.; Long Term Issuer Default Rating; Affirmed; BBB-; RO:Neg

; Short Term Issuer Default Rating; Affirmed; F3; RW: Off

; National Long Term Rating; Affirmed; AA(pan); RO:Sta

; National Short Term Rating; Affirmed; F1+(pan)

; Viability Rating; Affirmed; bbb-

; Support Rating; Rating Watch Maintained; 5; RW: Pos
; Support Rating Floor; Affirmed; NF
----senior unsecured; Long Term Rating; Affirmed; BBB-; RW: Off
----senior unsecured; National Long Term Rating; Affirmed; AA(pan); RW: Off
----senior unsecured; National Short Term Rating; Affirmed; F1+(pan)
Banco de Occidente (Panama), S. A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F3
; Support Rating; Affirmed; 2
Banco GNB Sudameris S.A.; Long Term Issuer Default Rating; Affirmed; BB+; RO:Neg
; Short Term Issuer Default Rating; Affirmed; B
; Local Currency Long Term Issuer Default Rating; Affirmed; BB+; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; B
; Viability Rating; Affirmed; bb+
; Support Rating; Affirmed; 4
; Support Rating Floor; Affirmed; B+
----subordinated; Long Term Rating; Downgrade; BB-
Banco Davivienda S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; F3
; Viability Rating; Downgrade; bbb-
; Support Rating; Downgrade; 3
; Support Rating Floor; Support Rating Floor Revision; BB+
----senior unsecured; Long Term Rating; Downgrade; BBB-
----subordinated; Long Term Rating; Downgrade; BB
Grupo Aval Acciones y Valores S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; F3
; Support Rating; Affirmed; 5
; Support Rating Floor; Affirmed; NF
Financiera de Desarrollo Nacional S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Downgrade; F3
; Support Rating; Affirmed; 2
; Support Rating Floor; Support Rating Floor Revision; BBB-
Banco Agrario de Colombia S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg

; Short Term Issuer Default Rating; Downgrade; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Downgrade; F3
; Viability Rating; Affirmed; bb
; Support Rating; Affirmed; 2
; Support Rating Floor; Support Rating Floor Revision; BBB-
Bancolombia Puerto Rico Internacional Inc.; Long Term Issuer Default Rating; Downgrade; BBB-;
RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Support Rating; Affirmed; 2
Grupo Aval Limited
----senior unsecured; Long Term Rating; Downgrade; BBB-
Banco de Occidente S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; F3
; Viability Rating; Downgrade; bbb-
; Support Rating; Affirmed; 2
Bancolombia (Panama) SA; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Support Rating; Affirmed; 2
----long-term deposits; Long Term Rating; Downgrade; BBB-
----short-term deposits; Short Term Rating; Downgrade; F3
Sura Asset Management S.A.; Long Term Issuer Default Rating; Affirmed; BBB+; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F2
; Local Currency Long Term Issuer Default Rating; Affirmed; BBB+; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; F2
----senior unsecured; Long Term Rating; Affirmed; BBB+
BAC International Bank, Inc.; National Long Term Rating; Downgrade; AA(pan); RO:Neg
; National Short Term Rating; Affirmed; F1+(pan)
Credomatic International Corporation; Long Term Issuer Default Rating; Withdrawn; WD
; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Withdrawn; WD
; Short Term Issuer Default Rating; Downgrade; F3
; Support Rating; Affirmed; 2
; Support Rating; Withdrawn; WD
Gilex Holding S.A.R.L.; Long Term Issuer Default Rating; Affirmed; BB; RO:Neg
; Short Term Issuer Default Rating; Affirmed; B

; Local Currency Long Term Issuer Default Rating; Affirmed; BB; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; B
----senior secured; Long Term Rating; Affirmed; BB
BBVA Colombia S.A.; Long Term Issuer Default Rating; Downgrade; BBB; RO:Neg
; Short Term Issuer Default Rating; Rating Watch Maintained; F2; RW: Neg
; Local Currency Long Term Issuer Default Rating; Rating Watch Maintained; BBB+; RW: Neg
; Local Currency Short Term Issuer Default Rating; Rating Watch Maintained; F2; RW: Neg
; Viability Rating; Downgrade; bbb-
; Support Rating; Affirmed; 2
----subordinated; Long Term Rating; Affirmed; BBB-
Banco de Bogota, S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Downgrade; F3
; Viability Rating; Downgrade; bbb-
; Support Rating; Downgrade; 3
; Support Rating Floor; Support Rating Floor Revision; BB+
----subordinated; Long Term Rating; Downgrade; BB
----senior unsecured; Long Term Rating; Downgrade; BBB-
Corporacion Financiera Colombiana S.A. (Corficolombiana); Long Term Issuer Default Rating;
Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Downgrade; F3
; Viability Rating; Downgrade; bbb-
; Support Rating; Affirmed; 2
Bancolombia S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3
; Local Currency Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Downgrade; F3
; Viability Rating; Downgrade; bbb-
; Support Rating; Downgrade; 3
; Support Rating Floor; Support Rating Floor Revision; BB+
----senior unsecured; Long Term Rating; Downgrade; BBB-
----subordinated; Long Term Rating; Downgrade; BB
----subordinated; Long Term Rating; Downgrade; BB
Banistmo S.A.; Long Term Issuer Default Rating; Downgrade; BBB-; RO:Neg
; Short Term Issuer Default Rating; Downgrade; F3

; National Long Term Rating; Downgrade; AA+(pan); RO:Sta
; National Short Term Rating; Affirmed; F1+(pan)
; Support Rating; Affirmed; 2
----senior unsecured; Long Term Rating; Downgrade; BBB-
----senior unsecured; National Long Term Rating; Downgrade; AA+(pan)
Itau CorpBanca Colombia S.A.; Long Term Issuer Default Rating; Affirmed; BBB-; RO:Neg
; Short Term Issuer Default Rating; Affirmed; F3
; Local Currency Long Term Issuer Default Rating; Affirmed; BBB-; RO:Neg
; Local Currency Short Term Issuer Default Rating; Affirmed; F3
; Viability Rating; Affirmed; bbb-
; Support Rating; Affirmed; 3
; Support Rating Floor; Affirmed; BB+

The ratings were withdrawn for commercial purposes.

Key Rating Drivers

LARGE PRIVATE SECTOR BANKS

The downgrade of the Viability Ratings, and Foreign and Local Currency IDRs for Bancolombia S.A., Banco de Bogota, S.A., Banco Davivienda S.A., and Banco de Occidente S.A., reflect Fitch's revised assessment of the operating environment in Colombia to 'bb+', and the impact of this action on their overall credit profiles. These ratings have been downgraded accordingly to remain at a level not higher than the sovereign rating.

STATE-OWNED FINANCIAL INSTITUTIONS

In turn, Banco de Comercio Exterior de Colombia S.A.(Bancoldex), Financiera de Desarrollo Territorial S.A. (Findeter), inanciera de Desarrollo Nacional S.A.'s (FDN) and Banco Agrario de Colombia S.A.'s (Banagrario) long-term and short-term IDRs are fully aligned with the sovereign, reflecting Fitch's assessment of the government's willingness and capacity to provide timely support if needed. While Bancoldex and Findeter have a partial explicit guarantee from the sovereign and FDN and Banagrario only benefit from implicit sovereign support, Fitch views these entities as an integral arm of the state given their importance to the implementation of the government's National Development Plan, and its majority ownership by the state. Colombia's ability to support these entities is reflected in its sovereign rating (BBB-/Negative).

Banagrario's VR has been affirmed at 'bb' to reflect that the bank's capital position is still

commensurate with the high risk of its loan book. Nevertheless, Fitch believes that profitability remains vulnerable to changes in asset quality that may increase credit costs.

BBVA COLOMBIA

BBVA Colombia S.A.'s IDRs are driven by parent support. 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 maintained BBVA Colombia's Local Currency Long-Term and Short-term IDR on rating watch negative (RWN), since these ratings are not directly affected by the sovereign downgrade, but the RWN reflects that they can be affected by a potential downgrade of the parent's ratings. The FC long-term IDR has been downgraded to 'BBB' and removed from RWN, since this rating is capped by Colombia's country ceiling, which was also downgraded. The ST FC IDR of 'F2' has been maintained on RWN, in line with the respective LC ST IDR.

BBVA Colombia's subordinated debt has been affirmed at 'BBB-', mirroring its anchor rating, the bank's support-driven LT IDR.

ITAU CORPBANCA COLOMBIA, BANCO GNB SUDAMERIS AND GILEX HOLDINGS

Itau Corpbanca Colombia S.A.'s (Itau Colombia) and Banco GNB Sudameris S.A.'s (GNB) Long-Term IDRs were affirmed at 'BBB-' and 'BB+' to reflect their relatively tighter profitability and capital adequacy metrics, respectively.

The Outlook of Gilex Holding S.a r. L (Gilex) ratings has been revised to Negative from Stable, mirroring that of GNB's, since Fitch expects the notching between the two to remain unchanged in the foreseeable future.

GRUPO AVAL, CORFICOLOMBIANA AND BOP

Grupo Aval Acciones y Valores S.A.'s (Grupo Aval) ratings are driven by the business and financial profile of its main operating subsidiary, Banco de Bogota. The ratings for Grupo Aval Limited's senior unsecured debt are aligned with those of Grupo Aval, as this entity guarantees the senior bonds issued by the former.

Corporacion Financiera Colombiana S.A. (Corficolombiana) ratings reflect the potential support it would receive from its main shareholder and its controlling company, Banco de Banco de Bogota and Grupo Aval, respectively, should it be required.

Banco de Occidente Panama S.A. (BOP) 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.

CIC AND BAC International Bank, Inc. (BIB)

Credomatic International Corporation's (CIC) IDRs were downgraded as result of Banco de Bogota's negative rating action. Subsequently, Fitch withdrew CIC's ratings for commercial reasons. At the moment of the withdrawal, CIC's Long Term IDR Outlook was Negative and aligned to Banco de Bogota's LT IDR Negative Outlook. As from this moment, Fitch will no longer monitor CIC's ratings or produce any CIC-related research.

BAC International Bank, Inc. (BIB) National Scale Ratings are based on the potential support it would receive from its parent, Banco de Bogota if required. BIB's Long-term National Scale Rating was downgraded as Bogota de Bogota's downgrade implies changes in BIB's support driven national ratings relative to other rated issuers in Panama, while the Short-term National Rating was affirmed. The Negative Outlook on BIB's National Long Term Ratings is aligned with the Negative Outlook on Bogota.

The agency's support assessment is driven by the fundamental role that BIB has on Banco de Bogota's international strategy and regional operations, providing core services and products to a core market to Banco de Bogota. BIB's consistent track record of adequate performance is also considered by Fitch in the support opinion. Fitch also considers that Banco de Bogota has high incentives to provide timely support given the existence of cross-default clauses, which indicate that a default of BIB would grant acceleration rights to Banco de Bogota's creditors.

BANCOLOMBIA PANAMA (BP), BANCOLOMBIA PUERTO RICO (BPR) AND BANISTMO

Bancolombia Panama SA (BP) and Bancolombia Puerto Rico Internacional Inc. (BPR) 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.

Banistmo S.A IDRs and senior unsecured debt ratings are equalized to its shareholder's reflecting the potential support the entity would receive from its shareholder if required. The National ratings reflect the relative strength of the shareholder compared to other issuers in Panama, and are downgraded with a Stable Outlook to reflect that in the event of further downgrades the national ratings would be driven by the bank's VR of bbb-.

Banistmo's Support Rating (SR) of '2' reflects a high probability of support.

SURA AM

SURA Asset Management S.A.'s (SURA AM) ratings are highly influenced by its leading regional franchise and a conservative risk appetite that Fitch views as commensurate with the company's ratings. SURA AM's ratings also consider its consistent investment performance, stable earnings and cash flow, its ample expertise and sound risk management, as well as its debt service ratios that are consistent with rating category guidelines.

The revision of SURA AM's Rating Outlook to Negative from Stable follows the downgrade of Colombia's sovereign rating and the recent revision of the outlook of Chile's IDR (see "Fitch Revises Chile's Outlook to Negative; Affirms IDR at A" published on March 12, 2020). Currently, the sovereign ratings of Chile, Colombia and Uruguay have Negative Outlooks. While SURA AM's risk appetite is conservative and its financial profile is sound, the magnitude of the economic and financial implications of the coronavirus crisis is not yet clear and, hence, the downside risks in the medium term on the operating environments of the countries where the company operates and in SURA AM's financial profile have increased.

In addition, Capital markets volatility is likely to continue and affect SURA AM's assets under management (AUM) and, therefore, impact its EBITDA as fees in Mexico depend on AUM volumes, and as valuation losses impact its legal reserve (encaje).

The rating assigned to SURA AM's senior unsecured bonds corresponds to the company's Long-Term IDR, considering that the probability of default is the same than that of the issuer.

Multibank and MFG

Fitch has affirmed Multibank Inc.'s VR at 'bbb-' its Long-Term IDRs at 'BBB-', Outlook Negative, and removed the Rating Watch Positive on the Bank IDRs and the National ratings of the bank and its holding Multi Financial Group (MFG). The national ratings have been affirmed with a Stable Outlook.

The Rating Watch Positive has been removed as there is no further support-driven upside potential from institutional support from Banco de Bogota for Multibank and its local holding. The group's potential buyer, Banco de Bogota is now rated at the same level of Multibank's standalone rating. The ratings were affirmed with a Negative outlook, aligned to Fitch's Negative Outlook on the Panamanian operating environment. The Negative Outlook was also aligned with the Potential Buyer's Rating Outlook.

Multibank's ratings are driven by its intrinsic financial strength, as reflected by its 'bbb-' Viability Rating. The bank's VR reflects, with high importance the operating environment in Panama and the bank's modest franchise. The bank's financial profile remains consistent with its rating, with commensurate asset quality metrics and a positive trend in capital position. Multibank's liquidity

position is sufficient to meet near-term financial obligations during this uncertain period and its profitability is good but expected to decrease further as low economic activity decreases business volumes and limits fees and commissions.

Multibank's Support rating of '5' is being maintained on Rating Watch Positive to reflect that after the acquisition this rating would be upgraded by more than one category and driven by institutional support.

Multibank's ratings of its outstanding senior unsecured obligations are at the same level of the company's IDR as the likelihood of default of the obligations is the same as the one of Multibank.

Multi Financial Group Inc. y Subsidiarias (MFG)'s ratings reflect the adequate creditworthiness of its main subsidiary, Multibank, Inc. (Multibank), rated in international and national scale for the long and short term at 'BBB-' and 'F3', and 'AA(pan)' and 'F1+(pan)', respectively. The national scale ratings are equalized to those of its main subsidiary considering the holding's low double-leverage, low regulatory restrictions to transfer liquidity and/or capital, and shared brand.

SUBORDINATED DEBT

Banco de Bogota, Bancolombia, Davivienda and GNB plain vanilla subordinated debt has been downgraded by one notch and removed from UCO to reflect the change in baseline notching for loss-severity to two notches, from one notch previously, from the entity's VR.

RATING SENSITIVITIES

IDRs and VRs

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

--The ratings currently have a Negative Outlook, which makes an upgrade highly unlikely in the near future as the banks' and related entities' IDRs are constrained by the sovereign rating and country ceiling, while the VRs are constrained by the worsening operating environment;

--While not likely in the current operating environment, BBVA Colombia's FC IDRs and VR could be upgraded in the event of an upgrade of Colombia's sovereign rating.

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

Bancolombia, Banco de Bogota, Davivienda, BBVA Colombia, Occidente, Itau Corpbanca, Corficolombiana, Bancoldex, Findeter, FDN and Banagrario.

--Any negative rating action on the sovereign would also lead to a similar action on the Foreign Currency and Local Currency IDRs for all banks in this peer review.

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

Under Fitch's current support assessment, BBVA Colombia's IDR will likely remain at the level determined by its own Viability Rating (VR), or one notch below the parents' IDR, whichever is higher, but subject to sovereign rating and country ceiling considerations. BBVA Colombia Institutional support as part of Latin American subsidiaries could decline as a result of the effects of the coronavirus on their parent companies' business and financial profiles.

GNB downside pressure for the VR and IDRs would arise from further deterioration of its FCC ratio (consistently below 8%), especially if accompanied by negative trends in its profitability and/or asset quality metrics that could arise from a material impact of the crisis. Itau Corpbanca's VR and IDRs could be affected by a reversal in the rebuilding of its profitability metrics. These two banks' VRs could also be affected by further worsening of Fitch's assessment of the Colombian operating environment. The IDRs and debt ratings of Gilex would move accordingly with any potential change in the ratings of GNB.

Sovereign Support Ratings

Bancolombia, Banco de Bogota, Davivienda, Itau Corpbanca, Bancoldex, Findeter, FDN and Banagrario

Support Ratings and Support Rating Floors would be affected if Fitch changes its assessment of the government's ability and/or propensity to support these entities.

GRUPO AVAL AND CORFICOLOMBIANA

Grupo Aval's IDR would remain at the same level as Banco de Bogota's and would move in tandem with any rating actions on its main operating subsidiary. The ratings for Grupo Aval Limited's senior unsecured debt would move in line with Grupo Aval's IDRs.

Under Fitch's current support 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 (BOP)

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

CIC

Rating sensitivities are no longer relevant given today's withdrawal.

BAC International Bank, Inc. (BIB)

Factors that could, individually or collectively, lead to positive rating action/upgrade to BIB's National ratings:

- The ratings currently have a negative outlook, which makes an upgrade highly unlikely in the near future;
- The Outlook can be revised back to Stable or upgraded over the medium term only in case of positive rating actions on Banco de Bogota's ratings.

Factors that could, individually or collectively, lead to negative rating action/downgrade to BIB's National ratings:

- Further downgrades on Banco de Bogota's ratings would also lead to a similar rating action on BIB's National Scale Ratings;
- Changes on Fitch's opinion about parent support, mirroring lower propensity from Banco de Bogota to provide timely support if required.

BANCOLOMBIA PANAMA AND BANCOLOMBIA PUERTO RICO

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.

BANISTMO

IDRs and National Ratings

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

- A positive rating action on the banks' shareholder;

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

- The ratings would be downgraded if banks' shareholder rating is downgraded.

Banistmo's SR has no upside potential.

-A downgrade in the Bancolombia's IDRs will trigger a downgrade of the Banistmo's SR.

-A change in Fitch's support assessment that implies a reduction in Bancolombia's propensity to support the bank.

SURA AM

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

--The ratings currently have a Negative Outlook. Given the limitations of the current operating environments in the main countries that SURA AM operates, a rating upgrade is unlikely in the medium term.

--Over the medium term, the ratings could be upgraded if SURA AM's 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:

--Should SURA AM's erode its credit metrics so 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;

-- A significantly adverse change in regulation or further downgrades of the sovereign ratings of its key markets could affect its ratings negatively;

--Although not Fitch's base case, a severe deterioration of its parent's credit profile 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.

Multibank and Multi Financial Group

Multibank's VR has limited upside potential given the current operating environment.

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

-A positive rating action on the banks' potential shareholder;

-A positive rating action on Panamas sovereign rating.

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

- Any further changes in Panama's operating environment that pressures profits and drives the banks' CET1 capital ratio to a level below 10% would lead to a downgrade;
- A prolonged and severe economic disruption from the coronavirus pandemic could lead to a lower operating environment score for Panama's banks, which would also pressure the bank's VR.

Fitch will resolve the Positive Rating Watch on the bank's SR once the transaction is approved and closed. Subsequently, the SRF would be withdrawn, as it would no longer apply under an institutional support evaluation.

-The support rating will be upgraded after Fitch evaluates the new shareholder's propensity and capacity to support the acquired subsidiaries;

-The support rating does not have downside potential as it is the lowest possible on Fitch Support Rating scale.

Multibank's debt ratings would move in line with the bank's IDRs.

The holding company's national ratings would remain aligned with Multibank's National Ratings as long as MFG's double-leverage ratio remains below 120%. An increase in double leverage above 120% would lead to a downgrade of MFG's ratings.

SUBORDINATED DEBT AND HYBRID SECURITIES

Subordinated debt and hybrid securities ratings will mirror any action on the banks' VR. For BBVA, subordinated debt ratings will mirror any action on the bank's support driven LT IDR.

Best/Worst Case Rating Scenario

Ratings of Financial Institutions 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 <https://www.fitchratings.com/site/re/10111579>.

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

Banco Agrario, Bancoldex, Findeter, FDN and FNA ratings are driven by sovereign ratings; Bancolombia Panama, Bancolombia Puerto Rico and Banistmo ratings are driven by Bancolombia's ratings; BAC, Banco de Occidente Panama, Banco de Occidente, Corficolombiana, CIC, Grupo Aval Limited ratings are driven by Grupo Aval's ratings (which ratings are driven by Banco de Bogota's ratings); Grupo Bolivar's ratings are driven by Davivienda's support; Gilex's ratings are driven by GNB's ratings; BBVA Colombia's ratings are driven by BBVA S.A ratings.

ESG Considerations

GNB 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 ratings in conjunction with other factors.

Banco Agrario has an ESG Relevance Score of 4 for Governance Structure due to its exposure to the government's plans and incentives, which has a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of 3 - 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.

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Applicable Criteria

[Bank Rating Criteria \(pub. 28 Feb 2020\) \(including rating assumption sensitivity\)](#)

[Metodología de Calificaciones en Escala Nacional \(pub. 02 Aug 2018\)](#)

[National Scale Ratings Criteria \(pub. 18 Jul 2018\)](#)

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

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