FitchRatings

Banks
Universal Commercial Banks
Colombia

Banco de Bogota, S.A.

Key Rating Drivers

Viability Rating Drives Rating: Banco de Bogota, S.A.'s (Bogota) Viability Rating (VR) is influenced by its business profile, which is underpinned by its leading franchise. The bank's ratings also consider its consistent financial performance, reasonable credit and risk policies, and ample and diversified funding base. Capitalization remains the bank's main credit weakness relative to international peers.

Leading Franchise: Bogota is Colombia's third largest bank by assets and deposits, with 12.3% and 12.2% market shares, respectively, at June 30, 2022. It is also the second largest by net income, with a 25.9% market share, and the third largest by loans, at 11.4%. Given its size, the bank is a systemically important financial institution in Colombia. Bogota also consolidates Multibank, a Panamanian subsidiary acquired in 2020, with a market share by assets, loans and deposits of 4.1%, 3.8% and 3.4%, respectively, at June 2022. In March 2022, the BAC Holding International Corp. (formerly Leasing Bogota S.A. Panama - LBP) spin-off was completed (as expected since 2021).

BAC Spin-Off: After the BAC spin-off, loan quality ratios at the consolidated level moved closer to those of the Colombian operations, as they have a higher non-performing loan (NPL) ratio compared to the ratio from Central America. Bogota's asset quality is in line with its local peers' and includes controlled chargeoff ratios.

Improving Asset Quality: Bogota's loan portfolio quality remains sound. The bank's 90-day NPLs, after the BAC spin-off, reached 3.4% at Sept. 30, 2022. This was particularly due to an improvement in corporate and commercial loans, while the better than expected performance of consumer loans after finalizing the relief period in Panama and Colombia also helped. The loan loss reserve coverage ratio was 1.6x at September 2022. Fitch expects the ratio to remain stable or slightly improve during the short to medium term.

Resilient Profitability: Bogota's performance in 2021 and 2Q22 improved due to decreasing loan impairment charges from the coronavirus pandemic and gains related to the Porvenir deconsolidation and BAC spin-off. The bank's operating profit/RWA ratio of 2.9% at 2Q22 remains above the 2.45% average for the pre-spin-off period (2018-2021). Fitch expects this ratio to return to levels close to the 2.0%-2.5% range in the short to medium term amid a stable operating environment, sustained or slightly decreasing loan growth, stable margins and lower loan impairment charges.

Capital after Spin-Off: Bogota's capital has been maintained through sustained profitability and moderate dividend policies. Common Equity Tier 1 (CET1) was 10.1% at 3Q22, slightly below the level prior to the spin-off (Dec. 21: 10.21%). Bogota's consolidated equity at September 2022 decreased 33.4% from September 2021 after the Porvenir deconsolidation and BAC spin-off. These actions had a double effect on the ratio numerator because of the respective one-off income in 2021 and 2022, in addition to lower capital at the consolidated level. The main effect in the denominator was from lower RWA.

Capital ratios for Bogota are likely to improve during the short to medium term, as profitability is expected to remain sound and due to the current effect of the available-for-sale portfolio on capital from ORI, which should revert in 2023. In addition, diversification, as well as improving income from equity method coming from Corficolombiana and Porvenir, and the remaining investment in BAC should sustain the bank's profitability and, consequently, its capitalization through 2023.

Ratings

Foreign Currency

Long-Term IDR	BB+
Short-Term IDR	B

Local Currency

Long-Term IDR	BB+
Short-Term IDR	B
Viability Rating	bb+
Government Support Rating	bb

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
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (September 2022)

Related Research

Latin American Banks 2023 Outlook (December 2022)

Colombian Banks Datawatch 2Q22 (November 2022

LatAm Banks Semiannual Credit Tracker (November 2022)

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Wide, Stable Funding: Bogota boasts an ample, well-diversified and low-cost depositor base that funds all its lending activities. Its loan to customer deposits ratio compares favorably to that of local and regional peers, although the spin-off resulted in a ratio closer to that of its Colombian operations. In Fitch's opinion, Bogota's liquidity and liquidity management are appropriate for the risks the bank faces. For the second quarter of 2022, deposits grew 9.5% QOQ, supported especially by time deposits (+23.2% QOQ). This is explained in part by the new NSFR regulation in Colombia.

Bogota's loan to customer deposits ratio remains relatively stable, even after the BAC spin-off, and is better than that of local peers, due to having about 76% of customer deposits in its funding mix. In Fitch's opinion, Bogota's liquidity position and liquidity management are appropriate for the risks the bank faces and are better than its peers'.

Rating Sensitivities

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

- Bogota's VRs and IDRs are sensitive to a material deterioration in the local operating environment (OE) or a negative sovereign rating action.
- The ratings could be downgraded from an extended deterioration of the OE that leads to a significant deterioration of 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%.
- After the announcement of the BAC Holding International Corp. (former Leasing Bogotá S.A. Panama - LBP) spin-off, Fitch expects Bogota's financial ratios to remain commensurate with its current rating, even taking into consideration potential changes, especially in the bank's capitalization and asset quality levels after the BAC spin-off. Potential financial ratio variations will be monitored by Fitch and could take several months to become clear. However, if there is eventually a material change in Fitch's assessment of the capital adequacy and/or double leverage of Bogota or Grupo Aval during or after the completion of the corporate reorganization, a negative rating action could occur, although this is not the baseline scenario.

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

- Given the limitations of the OE, a ratings upgrade is unlikely in the medium term.
- Over the longer term, an improvement in the OE, along with improvement of capital metrics and profitability after the BAC spin-off, could be positive for creditworthiness.

Other Debt and Issuer Ratings

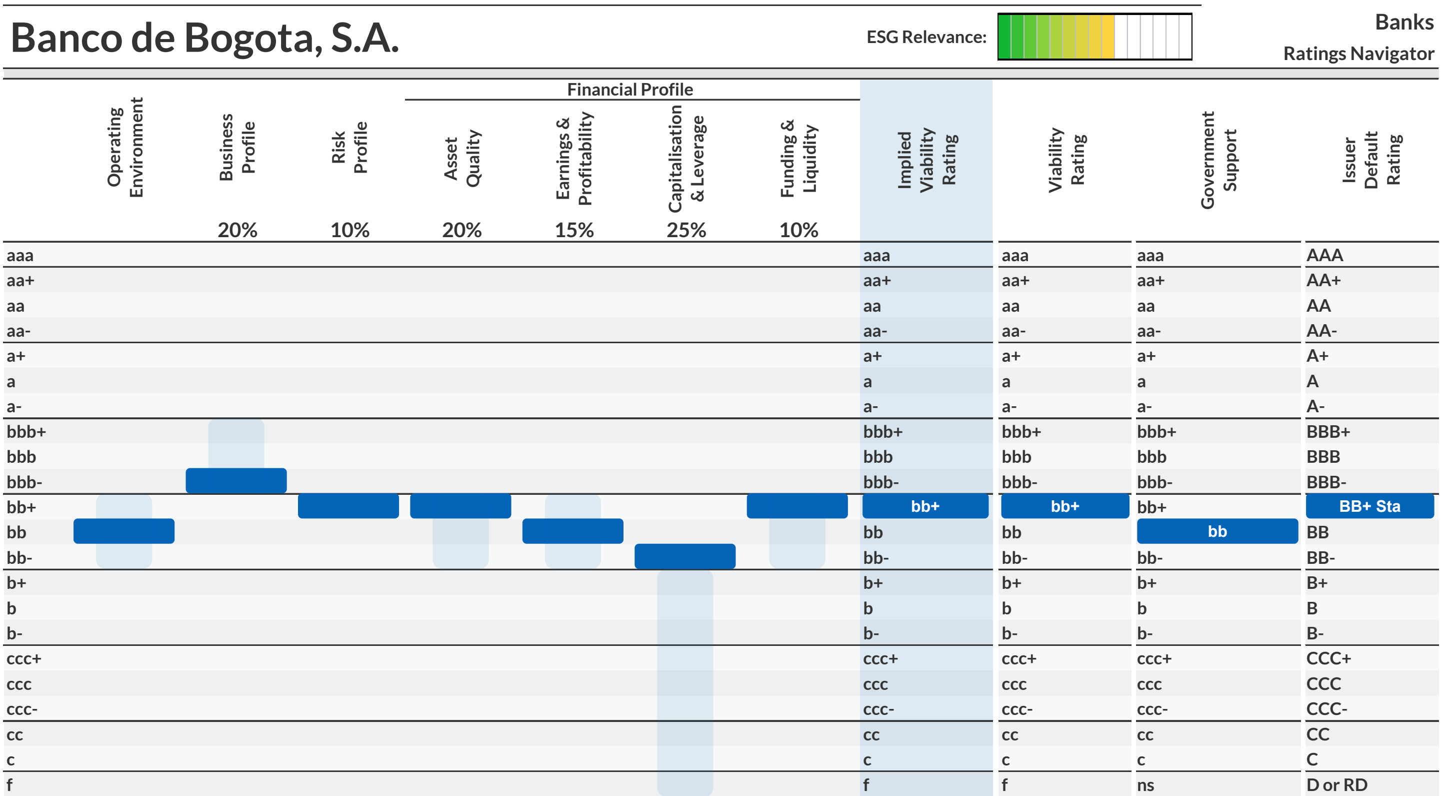
Rating Level	Rating
Senior Unsecured: Long Term	BB+
Subordinated: Long Term	BB–

Source: Fitch Ratings, Fitch Solutions

Bogota's senior unsecured obligations are rated at the same level as the bank's IDR. Its subordinated debt is rated two notches below the bank's VR.

The ratings of Bogota's debt would move in line with the bank's IDRs and VR.

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 upward or downward 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 Capitalization and Leverage score has been assigned above the implied score due to the following adjustment reason: Reserve Coverage and Asset valuation (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Fitch expects the OE for Colombian banks to remain stable and consistent with the 'bb' factor score, despite our expectation for slowing GDP growth in 2023 and a sharp rise in interest rates through 2022 to address high inflation. Fitch believes sustained capitalization, improving profitability and lower loan impairment charges provide sufficient resilience to face stress for the banks.

Business Profile

Franchise

Bogota is Colombia's third largest bank by assets and by deposits, with 12.3% and 12.2% market shares, respectively, at June 30, 2022. It is also the second largest by net income, with a 25.9% market share, and third largest by loans, at 11.4%. Given its size, the bank is a systemically important financial institution in Colombia. Bogota also consolidates Multibank, a Panamanian subsidiary acquired in 2020, with a market share by assets, loans and deposits of 4.1%, 3.8% and 3.4%, respectively, at June 2022. In March 2022, the proposed BAC spin-off was completed, as expected since 2021.

The bank is the main banking subsidiary of Grupo Aval, Colombia's largest financial services group, which operates four commercial banks in Colombia, and multiple financial subsidiaries in Colombia and Panama. By 1Q22, the announced BAC spin-off was successfully completed, and the bank's performance and ratios remained close to Fitch's expectations. Fitch will monitor potential financial ratio variations, which could take several months to become clear.

Ratios at the consolidated level moved close to the bank's Colombian operations', as 83% of the consolidated loan portfolio is now domiciled in Colombia (up from around 50%).

Business Model

Bogota is a universal bank offering a wide array of banking services and products, including banking, trust services, leasing and retirement fund management, to 8.5 million customers in the corporate, consumer and microcredit segments. The bank has nationwide and regional coverage, and a comprehensive portfolio of services and products distributed through a consolidated regional network.

As of 3Q22, corporate lending reached 65.5% of gross loans, above the 56.4% at YE21, although the numbers are not comparable because of the spin-off in March 2022. When compared to the pro forma breakdown from 3Q21, the ratio remains relatively stable, decreasing from 67.2%. Foreign loans as a proportion of the consolidated loans portfolio reached 17.8% at June 2022, mainly booked through Multibank. Growth in mortgage and consumer loans outpaced that of corporate loans during 2022; the microcredit loans segment decreased 19.0% YOY at September 2022. The bank continues to focus on entering profitable sectors and deals, and decreasing its corporate loans concentration, rather than market share.

Organizational Structure

During 2021, Banco de Bogota and Grupo Aval took two main decisions to improve the bank and the group's focus and efficiency. On Sept. 15, 2021, they announced plans to spin off Leasing Bogota S.A. Panama, the full owner of BAC International Bank, from Bogota. Grupo Aval indicated the main objective was to optimize Bogota and Grupo Aval's corporate structures as well as to use capital in a more efficient way. Also, another objective is to strengthen the strategic positions of the entities involved in the spin-off. The second decision relates to Porvenir, Grupo Aval's pension fund. On July 28, 2021, a shareholder agreement was reached, in which Grupo Aval became Porvenir's direct controlling entity to allow Bogota to increase its focus on its core banking operation. Consequently, Bogota no longer consolidates Porvenir and BAC's results, and the results began to be accounted for as equity investments.

Management Quality

Bogota has a very experienced, stable and deep management team that has successfully steered the bank through the rapid expansion of the past few years. Bogota's generally conservative culture has not prevented it from expanding abroad, as the bank adopted a pragmatic approach to new markets, largely relying on existing local expertise.

Corporate Governance

Bogota's board consists of five principal members and five alternate members appointed for repeatable three-year terms. Two of the principal members and two of the alternate members are independent. As an issuer on the New York Stock Exchange, its holding company Grupo Aval complies with all U.S. Securities and Exchange Commission corporate governance guidelines. The board established several committees to oversee and steer operations, including credit, risk management, and sustainability and audit. Bogota's corporate governance policies are considered sound and among the region's best practices.

Strategic Objectives

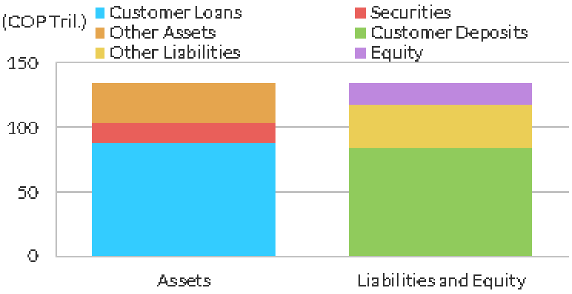
Bogota's strategy is to build on the bank's competitive strengths to pursue opportunities for growth and enhance long-term financial performance. Bogota continues to focus on the Colombian market, capitalizing on synergies and improving efficiencies, expanding services and product offerings, and diversifying its income sources in Colombia. Bogota's goal is to improve efficiency and profitability, even if market share is affected in the medium term.

In general, Bogota has not changed its core objectives in the past two years but is more focused, along with Grupo Aval, on innovation, digital channels and, in general, trying to improve efficiency by increasing transactions through digital channels. The bank's priority is to increase product diversification and control margins and costs, as well as asset quality.

Execution

Bogota has set up clear budgeting and control systems in each of its subsidiaries. Budgets are generally met with relatively small deviations. Bogota has demonstrated that it can carry out major acquisitions and manage new subsidiaries while meeting its overall performance goals.

Balance Sheet
(Ended September 2022)



Source: Fitch Ratings, Bogota

Risk Profile

Underwriting Standards

Fitch views Bogota's credit policies as conservative, given its detailed underwriting processes, sophisticated scoring models, conservative collateral requirements, credit approval limits and ongoing monitoring process. The underwriting process is carried out by two or more of the commercial, credit, risk management and administration areas. Each of the commercial, mortgage, consumer and microcredit segments has a different credit origination process, which depends on the product or segment. The board is the highest authority in terms of risk appetite and policies, as well as assessing exposures and limits. At Grupo Aval, as well as at Bogota and its subsidiaries, the risk function is independent of the business units. Bogota has reviewed and improved the collection process and has created a normalization area to follow up on problem credits.

Risk Controls

Risk controls at Bogota and Multi Financial Group (MFG) are deemed adequate, as they use effective tools and have maintained improving asset quality metrics. The areas in charge of origination are also responsible for monitoring, classifying and determining adequate loan loss reserves (LLRs). Classification is based on credit analysis and obligor performance, while LLR levels are determined by estimating the probability of default and the loss, given default.

Bogota implemented different deferrals or grace periods for 545,000 clients, covering about COP17.5 trillion. As of June 2022, the total relief program evolved to a 0.4% share of gross loans granted, from 42.8% share as of June 2020. Currently, the Colombian and Panamanian operations are out of relief.

Follow up in the corporate segment is continuous and specialized, while consumer and microcredit loan monitoring is more data-intensive. Specialized collections and recovery areas are in place and have clear procedures to prevent deterioration and minimize losses.

Additional monitoring of concentration and limits by obligor and sector for more than 25 main debtors by economic group, which comprises 147 clients as of June 30, 2022, is performed on a quarterly basis for commercial loans. If one of the limits is exceeded, the board will take steps that can include closer monitoring, requests for additional analyses, limiting credit for that given sector or establishing new procedures for approval of new credits, including the person or committee responsible.

The market risk unit reports daily trading positions and mark-to-market values for investments. In addition, it calculates a value at risk (VaR) and performs backtesting and sensitivity analysis. In addition, Bogota uses conditional VaR and historic simulation for stress testing its investment portfolio. The bank also performs a sensitivity analysis of the impact on trading portfolio earnings for interest rate increases of 25bps–50bps.

Operational risk is well controlled by type of risk event and by entity.

Growth

Loan growth for Bogota averaged 11.2% for 2018–2021. 2022 is not comparable due to the BAC spin-off, but sterilizing this effect, Bogota loans grew 14.1% YOY at September 2022 due to healthy growth in all segments, especially mortgage (30.7%), retail (15.9%) and commercial loans (11.2%). Healthy 2022 loan growth in the retail segment was focused on unsecured loans as well as on payroll loans for public-sector employees and retirees. Fitch expects 2023 to moderate with loan growth of around 10%.

Market Risk

Market risk is monitored by a specialized market risk management team. Comprehensive procedures are in place to ensure that trading, accounting, counterparty selection, trading limit adherence and trading documentation, among others, comply with internal policies and guidelines. Bogota has counterparty and trading limits per operator for each trading platform in its markets. These limits are controlled daily by the group's back office and middle office.

Bogota monitors its interest rate risk daily and sets limits on the level of mismatches in the repricing of assets and liabilities. Based on Fitch's calculations, a change in interest rates of plus or minus 100bps with all other variables constant would have affected consolidated net income by less than 0.02% of CET1 in 2Q22.

Financial Profile

Asset Quality

After the BAC spin-off, loan quality ratios at the consolidated level moved closer to those of the Colombian operations since they have a higher NPL ratio compared with that of Central America. Bogota's asset quality is in line with its local peers' and includes controlled chargeoff ratios.

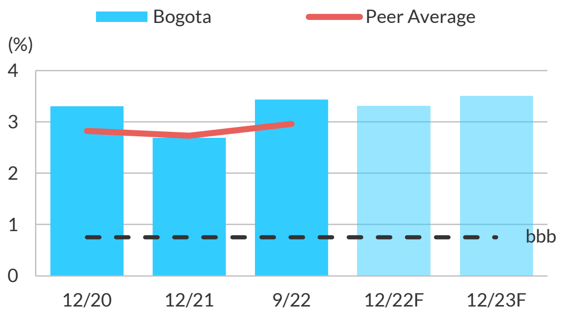
Bogota's loan portfolio quality remains sound. The 90-day NPLs, after the BAC spin-off, reached 3.4% at Sept. 30, 2022. This was due to better than expected performance of consumer loans after finalizing the relief period in Panama and Colombia, and especially from improvement in corporate and commercial loans. The loan loss reserve coverage ratio was 1.6x at September 2022. Fitch expects the ratio to remain stable or slightly improve during the short to medium term.

Restructured loans reached COP1.7 trillion, increasing from December 2021 and explained by large commercial loans being refinanced. These deals are performing and the bank expects this situation to continue. In the corporate portfolio, Bogota has internal limits to avoid concentration by economic segment. In addition, the bank historically has maintained LLR coverage of around 1.0x for 30-day PDLs and 1.5x for 90-day PDLs. Concentration by obligor is moderate, with Bogota's top 20 obligors as consolidated economic groups, including over 147 entities, accounted for 14.8% of the total portfolio as of June 2022, or 1.3x CET1. Exposure to foreign currency risk is limited and concentrated in Bogota's operations in Panama. Foreign-currency exposure to foreign customers is locally funded, and Colombian customers with foreign-currency debt from Bogota are mostly foreign-currency generators.

Limited Risk in Other Assets

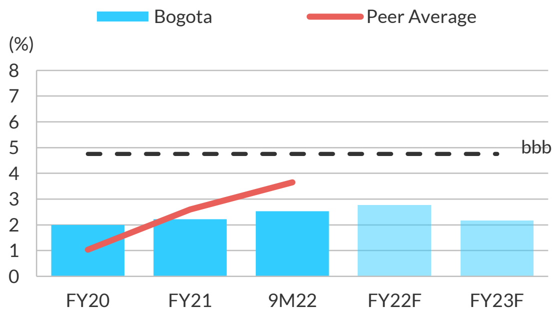
Bogota's debt securities were mostly classified as available for sale at 69.5% at 2Q22. The consolidated investment portfolio is well diversified by country and obligor, and Fitch considers the bank's investment policy conservative, focusing on the underlying credit quality, limited market risk/volatility and diversification.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions

Operating Profit/Risk Weighted Assets



Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

Bogota's performance in 2021 and 2Q22 improved due to decreasing loan impairment charges from the coronavirus pandemic and gains related to the Porvenir deconsolidation and BAC spin-off. The bank's operating profit/RWA of 2.5% at 3Q22 remains above the 2.45% average for the pre-spin-off period of 2018-2021. Fitch expects this ratio to return to levels close to the 2.0%-2.5% range in the short to medium term amid a stable OE, sustained or slightly decreasing loan growth, stable margins and lower loan impairment charges.

The loan and securities impairment charges to pre-impairment operating profit ratio is slowly returning to pre-pandemic levels; it was 34.0% at June 30, 2022, down from 45.0% at YE21, 57.0% at YE20 and the 2017–2019 average of 41.1% as pandemic-related measures are completed. Fitch expects that the ratio will remain relatively stable at around 40%–45% through 2023. Loan impairment charges/average gross loans also reverted to better than pre-pandemic levels at 1.3% at Sept. 30, 2022, compared with a 2.47% average for 2018–2021. It is expected to return to levels around 2% in the medium term following higher retail loans growth in 2022.

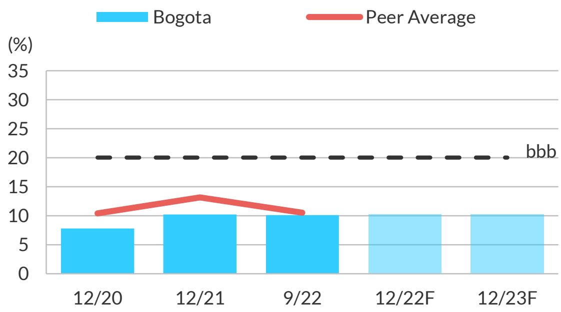
The bank reported one-time income of COP1,302.3 billion from Porvenir's investment valuation update to its fair value in 2021, a result of the deconsolidation process. During 2022, Bogota also reported COP1,324.7 billion as a result of the BAC spin-off, which is expected to sustain capital ratios amid lower investment margins.

Capital and Leverage

Bogota's capital has been maintained through sustained profitability and moderate dividend policies. CET1 was 10.1% at 3Q22, a level slightly below that prior to the spin-off (Dec. 21: 10.21%). Bogota's consolidated equity at September 2022 decreased 33.4% from September 2021 after the Porvenir deconsolidation and BAC spin-off. These actions had a double effect on the ratio numerator because of the respective one-off income in 2021 and 2022, in addition to a lower amount of capital at the consolidated level. The main effect in the denominator was from lower RWA.

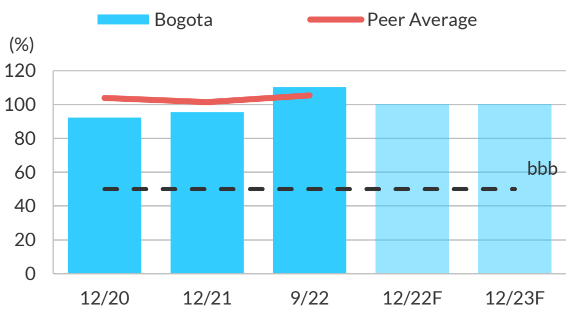
Capital ratios for Bogota are likely to improve during the short to mid term as profitability is expected to remain sound and due to the current effect the available-for-sale portfolio has on the capital from ORI, which should revert in 2023. In addition, diversification, and improving income from the equity method coming from Corficolombiana and Porvenir, as well as from the remaining investment in BAC, should sustain the bank's profitability and, consequently, its capitalization during the remainder of 2022 and in 2023.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions

Funding and Liquidity

Bogota boasts an ample, well-diversified and low-cost depositor base that funds all its lending activities. Its loan to customer deposits ratio compares favorably with local and regional peers', although the spin-off resulted in a ratio closer to that of its Colombian operations. In Fitch's opinion, Bogota's liquidity and liquidity management are appropriate for the risks the bank faces. For the second quarter of 2022, deposits grew 9.5% QOQ, supported especially by time deposits (+23.2% QOQ). This is explained in part by the new NSFR regulation in Colombia.

Bogota's loan to customer deposits ratio remains relatively stable, even after the BAC spin-off and is better than that of local peers, due to having about 76% of customer deposits in its funding mix. In Fitch's opinion, Bogota's liquidity position and liquidity management are appropriate for the risks the bank faces and are better than its peers'.

Deposits consisted of 42.3% term deposits and 57.7% demand deposits, with 19.5% current and 22.8% savings accounts. Deposits, especially current and savings accounts, are stable, and estimated by the bank at about 75%–80%.

When aggregated by depositor, Bogota has moderate deposit concentration, with its top 20 depositors accounting for 18.2% of total deposits at June 30, 2022. The bank actively manages its liabilities through local and international capital markets and short-term maturities are already covered. The bank monitors its regulatory liquidity risk indicator for seven, 15 and 30 days, as well as stress scenarios. Fitch expects the increase in long-term funding due to the NSFR regulation to continue in 2023, which should weigh on deposits concentration.

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 macroeconomic 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 recapitalizations or merger and acquisition activity, Fitch will not incorporate these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

In charts: black dashed lines represent 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. Light-blue columns represent Fitch's forecasts.

Peer average includes Bancolombia S.A. (VR: bb+), Banco Davivienda S.A. (bb+), BBVA Colombia S.A. (bb+), Banco General S.A. (bbb-), Grupo Financiero Banorte, S.A.B. de C.V. (bbb-) and Banco de Credito del Peru S.A. (bbb). Latest average uses 9M22 data for Bancolombia S.A., Banco Davivienda S.A. and Banco de Credito del Peru S.A.; FY21 data are used for Grupo Financiero Banorte, S.A.B. de C.V.

Financials

Financial Statements

	9/30/22 Nine Months — Third Quarter		2021	2020	2019	2018
	(USD Mil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)
(Year End as of Dec. 31)	Unaudited	Unaudited	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified	Audited - Unqualified
Summary Income Statement						
Net Interest and Dividend Income	758.0	3,435.2	8,646.6	8,276.3	7,505.9	6,884.3
Net Fees and Commissions	200.0	904.6	3,654.7	4,254.2	4,555.0	4,022.2
Other Operating Income	203.0	919.0	1,849.6	2,542.8	1,732.3	1,521.2
Total Operating Income	1,160.0	5,258.8	14,150.9	15,073.3	13,793.2	12,427.7
Operating Costs	513.0	2,325.3	7,499.0	7,513.2	7,118.9	6,309.6
Pre-Impairment Operating Profit	647.0	2,933.5	6,651.9	7,560.1	6,674.3	6,118.1
Loan and Other Impairment Charges	220.0	997.2	2,993.7	4,307.8	2,625.6	2,493.9
Operating Profit	427.0	1,936.3	3,658.2	3,252.3	4,048.7	3,624.2
Other Non-Operating Items (Net)	382.0	1,732.1	1,671.8	N.A.	24.0	457.0
Tax	67.0	302.1	781.0	747.7	999.0	950.0
Net Income	743.0	3,366.3	4,549.0	2,504.6	3,073.7	3,131.2
Other Comprehensive Income	N.A.	N.A.	1,047.9	(404.0)	534.3	(82.6)
Fitch Comprehensive Income	743.0	3,366.3	5,596.9	2,100.6	3,608.0	3,048.6
Summary Balance Sheet						
Assets						
Gross Loans	20,351.0	92,233.3	156,219.1	135,845.5	116,483.7	109,543.5
- of which Impaired	697.0	3,159.5	4,200.6	4,479.0	3,573.3	3,094.5
Loan Loss Allowances	1,137.0	5,153.8	7,637.1	7,345.0	5,141.7	5,132.7
Net Loan	19,214.0	87,079.5	148,582.0	128,500.5	111,342.0	104,410.8
Interbank	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Derivatives	232.0	1,049.5	408.5	604.8	499.2	356.5
Other Securities and Earning Assets	6,320.0	28,644.9	39,745.8	37,120.8	25,423.9	25,053.5
Total Earning Assets	25,766.0	116,773.9	188,736.3	166,226.1	137,265.1	129,820.8
Cash and Due from Banks	1,989.0	9,013.6	26,997.9	27,497.6	24,809.1	22,061.1
Other Assets	1,843.0	8,353.1	16,600.7	14,544.7	12,945.4	11,420.6
Total Assets	29,598.0	134,140.6	232,334.9	208,268.4	175,019.6	163,302.5
Liabilities						
Customer Deposits	18,443.0	83,585.0	163,733.6	147,287.5	117,795.0	108,404.5
Interbank and Other Short-Term Funding	570.0	2,581.3	19,950.2	16,535.7	17,348.7	18,359.5
Other Long-Term Funding	6,128.0	27,774.2	15,913.0	15,886.8	12,010.4	10,200.5
Trading Liabilities and Derivatives	176.0	797.7	447.4	628.5	447.5	561.3
Total Funding and Derivatives	25,317.0	114,738.2	200,044.2	180,338.5	147,601.6	137,525.8
Other Liabilities	675.0	3,060.3	6,951.7	5,431.3	5,558.0	6,108.9
Preference Shares and Hybrid Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total Equity	3,606.0	16,342.1	25,339.0	22,498.6	21,860.0	19,667.8
Total Liabilities and Equity	29,598.0	134,140.6	232,334.9	208,268.4	175,019.6	163,302.5
Exchange Rate		USD1 = COP4532.07	USD1 = COP3997.71	USD1 = COP3444.9	USD1 = COP3294.05	USD1 = COP3275.01

N.A. – Not applicable.
Source: Fitch Ratings

Key Ratios

(%, as of Dec. 31)	9/30/22	2021	2020	2019	2018
Ratios (annualized as appropriate)					
Profitability					
Operating Profit/Risk Weighted Assets	2.5	2.2	2.0	2.8	2.8
Net Interest Income/Average Earning Assets	3.5	4.9	5.2	5.7	5.7
Non-Interest Expense/Gross Revenue	52.5	55.1	51.8	53.7	53.2
Net Income/Average Equity	24.7	19.2	11.2	15.1	17.3
Asset Quality					
Impaired Loans Ratio	3.4	2.7	3.3	3.1	2.8
Growth in Gross Loans	(41.0)	15.0	16.6	6.3	7.0
Loan Loss Allowances/Impaired Loans	163.1	181.8	164.0	143.9	165.9
Loan Impairment Charges/Average Gross Loans	1.3	2.0	3.2	2.3	2.4
Capitalization					
Common Equity Tier 1 Ratio	10.1	10.2	7.8	9.1	N.A.
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	N.A.	N.A.	9.8	11.1	10.5
Tangible Common Equity/Tangible Assets	11.3	7.8	7.6	9.0	8.4
Basel Leverage Ratio	N.A.	8.1	N.A.	N.A.	N.A.
Net Impaired Loans/Common Equity Tier 1	(19.2)	(20.5)	(22.3)	(12.0)	N.A.
Net Impaired Loans/Fitch Core Capital	N.A.	N.A.	(18.8)	(10.3)	(15.6)
Funding and Liquidity					
Gross Loans/Customer Deposits	110.4	95.4	92.2	98.9	101.1
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Non-Equity Funding	73.4	82.0	82.0	80.1	79.2
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable.
Source: Fitch Ratings

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	bb+ or bb
Actual jurisdiction D-SIB GSR	bb
Government Support Rating	bb
Government ability to support D-SIBs	
Sovereign Rating	BB+/ Stable
Size of banking system	Neutral
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Neutral
Support stance	Neutral
Government propensity to support bank	
Systemic importance	Positive
Liability structure	Positive
Ownership	Positive

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

Government Support Rating

Bogota's GSR of 'bb' reflects Fitch's estimation of a moderate probability of sovereign support, if required, given the bank's systemic importance. The ability of the sovereign to provide support is based on its 'BB+'/Stable rating.

Given its size and systemic importance, Bogota is likely to receive support from the Colombian government, should it be required, underpinning its GSR. Colombia's ability to provide such support is reflected in its sovereign rating (BB+/Stable) and drives Bogota's GSR of 'bb'.

The government has provided support to banks in the past and, despite a lack of statements of support, banks tend to have significant political influence.

Bogota's GSRs would be affected if Fitch changes its assessment of the government's ability and/or willingness to support the bank.

Environmental, Social and Governance Considerations

FitchRatings **Banco de Bogota, S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Banco de Bogota, S.A. has 5 ESG potential rating drivers

- Banco de Bogota, 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.

			Overall ESG Scale
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)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
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 scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with 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) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
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)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
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.

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.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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