

Bancolombia (Panama) S.A.

Update

Key Rating Drivers

Shareholder Support Rating: The ratings of Bancolombia Panama SA (BP) reflect the ability and propensity of Bancolombia S.A. (Bancolombia) to provide support to the Panamanian bank should it be required. Fitch believes that BP is an integral part of its parent's business model, and core to its strategy and regional expansion. Bancolombia's ability to support this entity is reflected in its 'BB+' Issuer Default Rating (IDR).

Adequate Support Ability: The support ability assessment is linked to Bancolombia's long-term rating of 'BB+/Stable' and Fitch's opinion that any support required by BP would be manageable since its assets represented 22% of the group's total assets as of December 2022 (YE22). Likewise, it considers that there are no regulatory restrictions at the parent company level that could reduce the fungibility of capital and liquidity for the subsidiary.

Role in Group: The agency considers in its evaluation of the propensity of support from Bancolombia that BP continues to be a key and integral part of the group's business as it works as the holding company for all the subsidiaries of Bancolombia outside Colombia except for Banistmo, S.A., providing diversification of income and risks for its ultimate parent (UP).

Reputational Risk: Fitch also assesses that a possible default by BP would have relevant negative implications on the reputation of Bancolombia, mainly due to the relevant size of BP with respect to its UP and the fact that they share a commercial brand.

High Integration: In its analysis, Fitch takes into account the high operational integration between BP and Bancolombia as risk policies, management and strategic objectives of the Panamanian bank are aligned with its UP, as well as with other entities belonging to the group. The integration evaluation also considers the holding of 100% of the total shares that Bancolombia owns of BP.

Sound Asset Quality: Although the ratings are directly based on parent support, the bank's financial performance is considered moderately important in Fitch's assessment of propensity for support should it be needed. BP's consolidated asset quality remains adequate. At YE22, BP's nonperforming loans (NPL) ratio (90+ days) improved to 1.2% from 1.6% at YE21. During the same period, its reserve coverage of NPLs remained stable at 270%, providing a significant buffer to absorb losses once the relief measures in all operations are gradually lifted.

Improved Profitability: On a consolidated basis, BP's operating profit over average assets maintained its improved performance, reflected in a 2.2% at YE22, consistent with the entity's focus on higher operative efficiency through expansion and lower funds cost. According to the entity's strategic plans, Fitch expects BP's consolidated profitability performance to continue to improve, supported by higher levels of loans income as a result of expected rise in market rates, improved financial and operative efficiency, accompanied by lower cost of funds and a stronger net margin.

Parent Supported Capitalization and Adequate Liquidity Management: Capitalization ratios remain adequate, supported by the ultimate parent's propensity to provide support in line with the subsidiary's objectives, if required, despite its dividend distribution policy. At YE22, on a consolidated basis, PB's tangible common equity accounted for 10.3% of tangible assets. At the same time, BP's liquidity position remains sound as customer deposits reflected an adequate loan to deposits ratio of 95.2%.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Shareholder Support Rating	bb+

Sovereign Risk	
Long-Term Foreign Currency IDR	BBB-
Long-Term Local Currency IDR	BBB-
Country Ceiling	A-

Outlook	
Long-Term Foreign 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

[Major Colombian Banks — Peer Review \(Impact from Operating Environment Headwinds Manageable\) \(February 2023\)](#)

Financial Data

Bancolombia (Panama) S.A.		
(PAB Mil.)	12/31/22	12/31/21
Total Assets (USD Mil.)	16,113.5	14,215.1
Total Assets	16,113.5	14,215.1
Total Equity	2,170.5	2,043.9

Source: Fitch Ratings, Fitch Solutions, BP.

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Rating Sensitivities

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

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

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

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

Debt Rating Classes

Rating Level	Rating
Deposits: Long Term	BB+
Deposits: Short Term	B

Source: Fitch Ratings

Summary Financials

(Year End as of Dec. 31, Audited)	2022		2021	2020	2019
	(USD Mil.)	(PAB Mil.)	(PAB Mil.)	(PAB Mil.)	(PAB Mil.)
Summary Income Statement					
Net Interest and Dividend Income	615	614.5	504.1	477.0	510.8
Net Fees and Commissions	105	105.0	103.6	93.0	100.3
Other Operating Income	21	21.2	11.6	24.7	-5.7
Total Operating Income	741	740.7	619.3	594.8	605.3
Operating Costs	341	340.8	334.7	304.0	320.0
Pre-Impairment Operating Profit	400	399.9	284.6	290.7	285.4
Loan and Other Impairment Charges	66	65.5	-16.4	190.3	122.2
Operating Profit	334	334.4	301.0	100.5	163.1
Other Non-Operating Items (Net)	0	0.2	-0.7	N.A.	N.A.
Tax	65	65.3	71.3	30.9	43.2
Net Income	269	269.3	229.0	69.5	119.9
Other Comprehensive Income	8	8.4	-12.9	2.2	-4.0
Fitch Comprehensive Income	278	277.7	216.1	71.7	115.9
Summary Balance Sheet					
Assets					
Gross Loans	11,668	11,667.5	10,347.6	9,607.0	9,689.9
- of which impaired	139	139.4	164.7	172.7	195.7
Loan Loss Allowances	376	376.0	405.9	509.9	373.6
Net Loan	11,292	11,291.5	9,941.6	9,097.1	9,316.2
Interbank	2,082	2,082.1	1,582.1	186.4	254.9
Derivatives	17	17.1	4.2	N.A.	0.7
Other Securities and Earning Assets	1,477	1,477.2	1,441.0	1,752.6	903.2
Total Earning Assets	14,868	14,867.9	12,969.0	11,036.2	10,475.0
Cash and Due From Banks	301	301.4	317.3	1,749.6	1,778.1
Other Assets	944	944.2	928.8	955.7	967.6
Total Assets	16,114	16,113.5	14,215.1	13,741.5	13,220.7
Liabilities					
Customer Deposits	12,256	12,256.1	10,850.9	10,631.6	9,559.3
Interbank and Other Short-Term Funding	624	623.7	257.9	214.0	469.0
Other Long-Term Funding	705	704.6	726.3	755.3	1,092.7
Trading Liabilities and Derivatives	0	0.4	0.1	0.6	0.3
Total Funding and Derivatives	13,585	13,584.8	11,835.2	11,601.5	11,121.3
Other Liabilities	358	358.2	336.0	313.4	323.0
Preference Shares and Hybrid Capital	N.A.	N.A.	N.A.	N.A.	N.A.
Total Equity	2,171	2,170.5	2,043.9	1,826.6	1,776.4
Total Liabilities and Equity	16,114	16,113.5	14,215.1	13,741.5	13,220.7
Exchange Rate		USD1 = PAB1	USD1 = PAB1	USD1 = PAB1	USD1 = PAB1

N.A. - Not applicable.

Source: Fitch Ratings, Fitch Solutions, BP.

Key Ratios

(%, Year End as of Dec. 31)	2022	2021	2020	2019
Ratios (annualized as appropriate)				
Profitability				
Operating Profit/Risk-Weighted Assets	N.A.	N.A.	N.A.	N.A.
Net Interest Income/Average Earning Assets	4.3	4.3	4.5	4.9
Non-Interest Expense/Gross Revenue	46.0	54.0	51.1	52.9
Net Income/Average Equity	12.7	11.7	3.9	7.0
Asset Quality				
Impaired Loans Ratio	1.2	1.6	1.8	2.0
Growth in Gross Loans	12.8	7.7	-0.9	1.3
Loan Loss Allowances/Impaired Loans	269.7	246.5	295.3	190.9
Loan Impairment Charges/Average Gross Loans	0.5	-0.1	1.9	1.3
Capitalization				
Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	N.A.	N.A.	N.A.	N.A.
Tangible Common Equity/Tangible Assets	10.3	10.8	9.3	9.3
Basel Leverage Ratio	N.A.	N.A.	N.A.	N.A.
Net Impaired Loans/Common Equity Tier 1	N.A.	N.A.	N.A.	N.A.
Net Impaired Loans/Fitch Core Capital	N.A.	N.A.	-27.7	-15.2
Funding and Liquidity				
Gross Loans/Customer Deposits	95.2	95.4	90.4	101.4
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Non-Equity Funding	90.2	91.7	91.7	86.0
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.

N.A. - Not applicable.

Source: Fitch Ratings, Fitch Solutions, BP.

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