

Bancolombia Puerto Rico Internacional Inc.

Key Rating Drivers

Shareholder Support Rating: Bancolombia Puerto Rico Internacional Inc.'s (BPR) ratings reflect the ability and propensity of Bancolombia S.A. (BB+/Stable) to provide support to BPR should it be required. Fitch Ratings believes BPR is an integral part of its parent's business model and core to its strategy.

Adequate Support Ability: The support ability assessment is linked to Bancolombia's Long-Term Issuer Default Rating of 'BB+' and Fitch's opinion that any support required by BPR would be immaterial, since assets represented 1% of the group's total assets as of 3Q24. 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: Fitch considers in its evaluation of the propensity of support from Bancolombia that BPR continues to be an integral part of the group's business as it meets the demand for financial services in U.S. dollars of Colombian, Caribbean and Central American customers, providing it with income and risk diversification.

Reputational Risk: Fitch assesses a possible default by BPR would have relevant negative implications on the reputation of Bancolombia, mainly due to a shared commercial brand.

High Integration: In its analysis, Fitch considers the high operational integration BPR has as its risk policies, management, and strategic objectives are aligned with Bancolombia and with other entities belonging to the group. The integration evaluation considers the holding of 100% of the total shares Bancolombia owns of BPR.

Solid Profitability: Net interest income comprises BPR's main revenue source. Net interest margin maintained an improved net interest margin (NIM) of 4.4% at 3Q24, resulting from increased interest income, despite Bancolombia's accrued liquidity requirements for subsidiaries. This was reflected in an operating profit/average total assets indicator of 3% at 3Q24.

Robust Capitalization and Favorable Asset Quality: BPR's solid capitalization was reflected in the equity/tangible assets ratio of 22% at 3Q24. This resulted from solid profitability and the retention of all net results, with no dividend payments recorded historically.

BPR's consolidated assets quality remains favorable, exhibited in an impaired loans to gross loans ratio of 0.2% at 3Q24, although reserve coverage buffers may become insufficient if delinquencies cease to be transferred to Bancolombia. Fitch considers this scenario unlikely.

Deteriorated Liquidity: BPR's liquidity position has historically been sound, supported by a stable deposit structure. However, as a result, deposits have grown at a slower pace than loans; the ratio of loans/deposits remained deteriorated at 108.3% as of 3Q24. BPR's main deposit sources are Colombian corporations and high net worth individuals.

Ratings

Foreign Currency

Long-Term IDR	BB+
Short-Term IDR	B

Shareholder Support Rating	bb+
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Outlooks

Long-Term Foreign-Currency IDR	Stable
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Applicable Criteria

[Bank Rating Criteria \(March 2024\)](#)

Analysts

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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 and BPR 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 and BPR are support-driven and aligned with its parent's ratings. Therefore, these ratings would mirror any changes in Bancolombia's IDRs.

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.

Financials

Financial Statements

	December 31, 2023		December 31, 2022	December 31, 2021
	9 months	12 months	12 months	12 months
	(USD 000)	(USD 000)	(USD 000)	(USD 000)
	Unaudited	Audited	Audited	Audited
Summary income statement				
Net interest and dividend income	18,560	20,668	10,084	3,728
Net fees and commissions	162	258	402	362
Other operating income	241	-	-	-
Total operating income	18,963	20,926	10,486	4,090
Operating costs	2,866	3,523	3,159	2,720
Pre-impairment operating profit	16,097	17,402	7,327	1,370
Loan and other impairment charges	317	633	-1,342	125
Operating profit	15,780	16,769	8,669	1,245
Other non-operating items (net)	-	-	-	-
Tax	-	-	-	-
Net income	15,780	16,769	8,669	1,245
Other comprehensive income	-	-	-	-
Fitch comprehensive income	15,780	16,769	8,669	1,245
Summary balance sheet				
Assets				
Gross loans	483,469	415,741	349,690	398,407
- Of which impaired	728	598	1,289	1,650
Loan loss allowances	2,758	2,799	2,155	2,474
Net loans	480,711	412,942	347,535	395,933
Interbank	-	-	-	-
Derivatives	-	-	-	-
Other securities and earning assets	126,886	106,054	114,146	105,653
Total earning assets	607,597	518,996	461,681	501,586
Cash and due from banks	108,441	151,559	69,271	197,353
Other assets	35,992	8,443	4,684	3,220
Total assets	752,030	678,998	535,636	702,159
Liabilities				
Customer deposits	446,450	427,087	372,283	560,049
Interbank and other short-term funding	64,270	93,413	25,542	9,308
Other long-term funding	-	-	-	-
Trading liabilities and derivatives	-	-	-	-
Total funding and derivatives	499,513	520,500	397,825	569,357
Other liabilities	75,751	8,719	4,801	7,020
Preference shares and hybrid capital	-	-	-	-
Total equity	165,559	149,779	133,010	125,782
Total liabilities and equity	752,030	678,998	535,636	702,159
Exchange rate	USD1 = USD1	USD1 = USD1	USD1 = USD1	USD1 = USD1

Source: Fitch Ratings, Fitch Solutions, BPR.

Key Ratios

	September 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Ratios (%; annualized as appropriate)				
Profitability				
Operating profit/risk-weighted assets	-	-	-	-
Net interest income/average earning assets	4.4	4.2	2.1	0.7
Non-interest expense/gross revenue	15.1	16.8	30.1	66.5
Net income/average equity	13.4	11.7	6.7	1.0
Asset Quality				
Impaired loans ratio	0.2	0.1	0.4	0.4
Growth in gross loans	16.3	18.9	-12.2	-7.4
Loan loss allowances/impaired loans	380.3	481.0	167.2	149.9
Loan impairment charges/average gross loans	0.1	0.1	-0.3	0.0
Capitalization				
Common equity Tier 1 ratio	-	-	-	-
Fully loaded common equity Tier 1 ratio	-	-	-	-
Fitch Core Capital ratio	-	-	-	-
Tangible common equity/tangible assets	22.0	22.1	24.8	17.9
Basel leverage ratio	-	-	-	-
Net impaired loans/common equity Tier 1	-	-	-	-
Net impaired loans/Fitch Core Capital	-	-	-	-
Funding and Liquidity				
Gross loans/customer deposits	108.3	97.3	93.9	71.1
Gross loans/customer deposits + covered bonds	-	-	-	-
Liquidity coverage ratio	-	-	-	-
Customer deposits/total non-equity funding	89.4	82.1	93.6	98.4
Net stable funding ratio	-	-	-	-

Source: Fitch Ratings, Fitch Solutions, BPR.

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