MOODY'S
INVESTORS SERVICE

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of BAC International Bank, Inc

17 Feb 2021

New York, February 17, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of BAC International Bank, Inc and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 9 February 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

BAC International Bank, Inc.'s (BAC) Ba1 long-term deposit rating is in line with the bank's ba1 baseline credit assessment (BCA), which in turn is at the same level of its parent, Colombia's Banco de Bogotá, S.A. (deposits Baa2, BCA ba1).

BAC's ba1 BCA is supported by its geographic and business diversification and its sustained solid financial performance, with sound capitalization and profitability. BAC also benefits from a broad base of granular deposits in line with its well-established banking franchise across Central America, significantly reducing refinancing and repricing risks. Still, BAC's credit profile remains constrained by the relatively weak operating conditions in the countries where it operates. Risks stemming from these exposures have been exacerbated by the pandemic, which pressure the bank's asset quality from previous strong levels. The buildup of reserves and capital buffers however help mitigate potentially higher credit costs. Core capitalization has been supported by robust earnings on the back of ample net interest margins and fee income coupled with good efficiency, and more recently by the issuance of a capital instrument.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in November 2019. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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Marcelo De Gruttola
Vice President - Senior Analyst
Financial Institutions Group
Moody's Latin America ACR
Ing. Butty 240
16th Floor
Buenos Aires City C1001AFB
Argentina

JOURNALISTS: 1 800 666 3506
Client Service: 1 212 553 1653

M. Celina Vansetti-Hutchins
MD - Banking
Financial Institutions Group
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653