CREDIT OPINION
7 August 2025

Update

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RATINGS

Banco GNB Sudameris S.A.

Domicile	Colombia
Long Term CRR	Ba1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Withdrawn
Type	Senior Unsecured - Fgn Curr
Outlook	Rating(s) WithDrawn
Long Term Deposit	Ba2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Banco GNB Sudameris S.A.

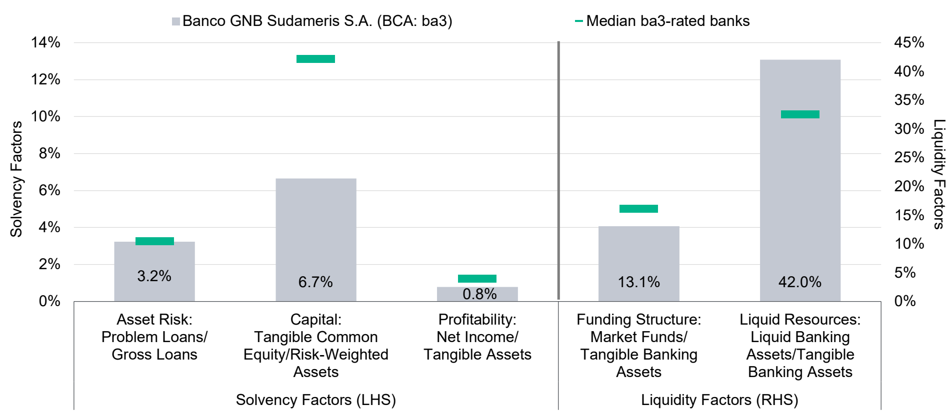
Update following rating affirmation, outlook remains stable

Summary

Banco GNB Sudameris S.A. (GNB Sudameris) has a Baseline Credit Assessment (BCA) of ba3 that reflects its historically low-level of problem loan ratios, which benefit from the bank's portfolio of payroll loans in Colombia. The bank's ample level of liquid resources and low dependence on market funds are also positive to its BCA. On the other hand, the ba3 BCA is still constrained by a low capital position, as measured under our Banks Methodology, that remains below the capital ratios of local and global peers. In addition, subdued profitability excluding nonrecurring events is also a constraint on the bank's BCA.

GNB Sudameris' long-term deposit ratings of Ba2 receive a one-notch uplift from the BCA of ba3, reflecting our assessment of a moderate likelihood of support from the Government of Colombia (Baa3 stable) in an event of financial need.

Exhibit 1
Rating scorecard - Key financial ratios
Scorecard ratios as of March 2025



For the problem loan and profitability ratios, we review the latest three year-end ratios, as well as the most recent intra-year ratio where applicable, and base our starting point ratio on the weaker of the average of this period and the latest figure. For the capital ratio, we use the latest figure. For the funding structure and liquid asset ratios, we use the latest year-end figures.
Source: Moody's Ratings

Credit strengths

» Track record of asset quality metrics lower than those of peer rated Colombian banks, reflecting the large share of low-risk payroll loans in the bank's loan book

» Volume of liquid assets has remained consistently high in past years

» Funding structure comprised predominantly of low-cost core deposits

Credit challenges

» Low levels of core capital, as measured by us and the Colombian banking regulator

» Profitability remains pressured by high interest rates in Colombia, which has a negative effect on funding costs, and by high credit cost

Outlook

The stable outlook on ratings reflects our expectation that the bank's credit fundamentals will remain broadly stable over the next 12 to 18 months.

Factors that could lead to an upgrade

An upgrade of GNB Sudameris' BCA would be contingent upon the bank demonstrating a strong and sustained improvement in both capitalization and profitability metrics. Consistent reporting of asset quality metrics at low levels, coupled with growth in loan origination, could also positively impact its BCA and deposit ratings.

Factors that could lead to a downgrade

GNB Sudameris' BCA could face a downgrade if the bank experiences sudden deterioration in asset quality, resulting in negative effects on profitability and capital position during the upcoming outlook period. The bank's ratings would remain unaffected by a downgrade of Colombia's sovereign rating, which is considered unlikely at this time given the stable outlook on the rating.

Key indicators

Exhibit 2

Banco GNB Sudameris S.A. (Consolidated Financials) [1]

	03-25[2]	12-24[2]	12-23[2]	12-22[2]	12-21[2]	CAGR/Avg.[3]
Total Assets (COP Billion)	54,937.0	55,300.5	52,990.6	56,340.6	53,400.1	0.9[4]
Total Assets (USD Million)	13,103.7	12,552.5	13,678.5	11,619.3	13,266.9	(0.4)[4]
Tangible Common Equity (COP Billion)	2,750.2	2,903.8	2,463.3	1,707.2	2,092.4	8.8[4]
Tangible Common Equity (USD Million)	656.0	659.1	635.9	352.1	519.9	7.4[4]
Problem Loans / Gross Loans (%)	3.0	2.9	3.3	3.7	1.8	2.9[5]
Tangible Common Equity / Risk Weighted Assets (%)	6.7	7.5	7.8	5.0	6.6	6.7[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	23.7	22.2	26.4	37.0	14.5	24.8[5]
Net Interest Margin (%)	0.8	0.6	0.5	1.0	2.0	1.0[5]
PPI / Average RWA (%)	4.3	--	--	2.3	2.3	3.0[6]
Net Income / Tangible Assets (%)	1.3	0.7	0.7	0.5	0.5	0.7[5]
Cost / Income Ratio (%)	38.0	50.2	53.8	53.2	51.5	49.3[5]
Market Funds / Tangible Banking Assets (%)	10.5	13.1	19.5	21.7	19.5	16.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	41.9	42.0	45.1	45.9	51.1	45.2[5]
Gross Loans / Due to Customers (%)	69.1	72.3	74.1	74.1	65.2	71.0[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

Banco GNB Sudameris S.A. (GNB Sudameris) is a Colombian bank with seven subsidiaries, two of which have operations in Peru (Baa1 stable) and Paraguay (Baa3 stable). Its ATM network is one of the largest in Colombia, covering about 90% of the country.

GNB Sudameris specializes in small and medium-sized enterprise (SME) and retail lending. Although the bank has a small market share in Colombia in terms of deposits and lending, it is one of the largest lenders in payroll loans in the country. As of March 2025, the bank had COP 54,937 billion ($13,104 million) in assets and COP 28,092 billion ($6,701 million) in gross loans.

Detailed credit considerations

Borrower concentration yields to higher credit risk despite low asset quality metrics

In March 2025, GNB Sudameris' nonperforming loan (NPL) ratio, measured as Stage 3 loans under IFRS to gross loans, decreased to 3.04% from 3.35% one year prior, mainly due to a lower volume of Stage 3 loans in the commercial portfolio and increased write-offs. GNB Sudameris' asset risk profile reflects its focus on low-risk corporate borrowers, who accounted for approximately 66% of total loans in March 2025.

Asset quality still benefits from the large share of payroll loans, at 27.7%, in the bank's total loan book. Meanwhile, the consumer loan portfolio experienced a rise in its NPL ratio to 1.8% in March 2025, marking an increase of 60 bps compared to the previous year. Despite the still-high level of loan delinquency affecting the Colombian banking system, this ratio demonstrates the good quality of the bank's loans with individuals.

Loan delinquency for the bank's consolidated operation, measured as over 90-day past-due loans to gross loans, slightly increased to 1.77% in March 2025, from 1.72% in the previous year, reflecting a deterioration of 5 bps in the Colombian portfolio that counterbalanced the better performance year-over-year in Peru and Paraguay. However, GNB Sudameris mitigates credit risk by keeping a large volume of loan-loss reserves, which covered roughly 99.8% of Stage 3 loans and 172% of over 90-day past-due loans as of March 2025.

Although the NPL ratios of GNB Sudameris remain well-behaved, comparing well with those of rated Colombian banks, its exposure to credit risk is potentially increasing as shown by a rise in the volume of loan-loss provisions in Q1 2025, particularly in the segment of commercial loans, as a result of high concentration of the 20 largest borrowers in that segment to the bank's tangible common equity.

As of March 2025, the bank's total portfolio expanded 6% year-over-year, compared to 2% in the previous year. This growth was primarily fueled by the commercial and consumer portfolios, which rose by 7% and 8%, respectively. Going forward, the still-weak economic recovery in Colombia may still have some lingering upward pressure on the volume of problem loans. However, the bank's adequate stock of loan loss reserves will continue to partially offset credit risk.

Low capital position remains the weakest metric underpinning the bank's financial profile

GNB Sudameris' capital ratio, measured by our adjusted ratio of tangible common equity (TCE) to risk-weighted assets (RWA), moved down to 6.7% in March 2025, from 6.9% one year prior, reflecting mainly higher risk-weighted assets because of loan growth. GNB Sudameris' capital ratio remains the lowest among rated banks in Colombia. We adjust the TCE of Colombian banks by holdings of government securities and noncontrolling interests of minority shareholders. In the case of GNB Sudameris, this includes Grupo Vierci's equity stake on Banco GNB Paraguay S.A. Additionally, the bank's TCE is also affected by the high volume of goodwill on its balance sheet.

On regulatory basis, GNB Sudameris had a total capital ratio of 14.2% and a common equity tier 1 (CET 1) ratio of 8.1% as of March 2025, both metrics well above the regulatory threshold.

We expect the bank's TCE ratio will likely remain below that of its Colombian peers in the next 12 months because of the consistent payment of dividends, which will likely weigh on the metric, although we expect it to remain in line with historic levels.

Net income benefited from nonrecurring revenue from valuation of financial instruments, offsetting higher provisions

The bank's bottom-line performance in the first quarter of 2025 was adversely affected by a sharp increase in loan-loss provisions, which rose by 148.8% year-over-year and accounted for 59.2% of pre-provision income. Provisions were up relative to gross loans, accounting for 3.61% from 1.34% in Q1 2024. While the net income to tangible assets (NI/TA) ratio was 1.25% in March 2025, up from 0.47% one year earlier, the bank's profitability for the quarter was primarily bolstered by nonrecurring earnings from the valuation of equity instruments, specifically shares of Grupo Nutresa S.A. (Baa3 stable).

The bank's net interest margin (NIM), according to our calculations, improved to 0.78%, from 0.26% in Q1 2024, still reflecting above trend funding cost in Colombia and the ongoing easing monetary policy also in that country, which weighs on new loan income. The bank posted a decrease in interest income of 18%, offset by a reduction of 25% in interest expenses.

GNB Sudameris' profitability could decline in the next one to two quarters if there is continued need for the bank to creat additional provisions. At the same time, it is unlikely the bank will report further strong revenue fro the valuation of Grupo Nutresa's shares. In addition, material improvement to profitability will be hindered by the still-high level of Colombia's benchmark interest rates, leading to funding costs still above their historical trend. In addition, the slow recovery of the operating environment in Colombia, could be negative for business volumes and constrain income origination for banks.

Ample liquidity is still a positive for the bank's financial profile

As of March 2025, GNB Sudameris' ratio of market funds to tangible banking assets was 10.5% compared with 17.7% one year prior. The bank's ratio has averaged 18% in the last 3 years, reflecting an adequate participation of core deposits in the bank's balance sheet. In March 2025, the total volume of deposits increased 7.1% year-over-year mainly due an 14.2% expansion of time deposits, 11.0% in checking accounts and a 0.7% rise in savings accounts during the period. Overall, the rise of the bank' total deposits benefited its net stable funding ratio, which reached 112% as of March 2025.

GNB Sudameris continues to report a large volume of liquid assets, mainly in the form of highly liquid Colombian government securities. Because of that, the bank partially offsets risks associated with wholesale funding. In March 2025, liquid banking assets accounted for 41.9% of tangible banking assets, down from 46.5% one year prior. This slightly decrease is related to a lower securities purchased under resale agreements.

Corporate behavior adjustment

We apply a one-notch negative adjustment for corporate behavior to GNB Sudameris' BCA reflecting a key-person risk associated with a dominant ownership by a single major shareholder as well as due to related-party transactions as the bank's ownership is related to large corporate and financial conglomerates in Colombia.

GNB Sudameris' rating is supported by its weighted Macro Profile of Moderate+

GNB Sudameris' Macro Profile of Moderate+ is weighted by the bank's loan exposures. Colombia, which has a Moderate+ Macro Profile, is responsible for the bulk of GNB Sudameris' loan book. Other countries in which the consolidated bank has operations include Peru, with a Moderate+ Macro Profile, and Paraguay, with a Moderate Macro Profile.

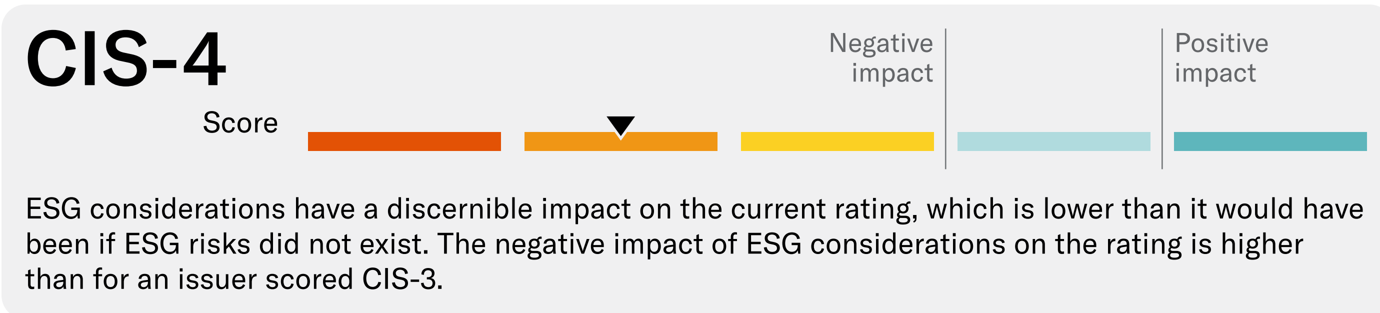
Colombia's Moderate+ Macro Profile is supported by the country's generally favorable growth dynamics, a track record of effective inflation targeting and the government's ability to effectively implement policies. The country's fiscal and monetary policy frameworks enable it to weather severe shocks because of its focus on macroeconomic stability. These strengths are partially counterbalanced by the country's modest income levels when compared to peers, the moderate quality of its institutions and the fact that the country still lags its peers in terms of controlling corruption. The presence of institutional checks and balances has guided the formulation of policies that support this prudent macroeconomic policymaking track record. On the external front, Colombia's current account deficits tend to be moderately high compared with other emerging economies. Foreign direct investment remains a consistent source of external funding, reducing the dependence on external debt to finance the current account imbalance. Colombia's foreign-exchange reserves and the floating exchange rate represent important buffers against potential volatility in external flows.

Credit to GDP is moderate in Colombia, although risks arise from banks' relatively large loan concentrations. Colombian banks' funding profiles benefit from a stable deposit base, which limits the system's reliance on more fickle market funding. However, institutional deposits, mainly related to mutual funds and pension funds, comprise a significant share of banks' deposits, leading to a more concentrated funding base. The Colombian banking system is relatively concentrated, with the five largest banks accounting for a combined 72% of the consolidated system's total loans.

ESG considerations

Banco GNB Sudameris S.A.'s ESG credit impact score is CIS-4

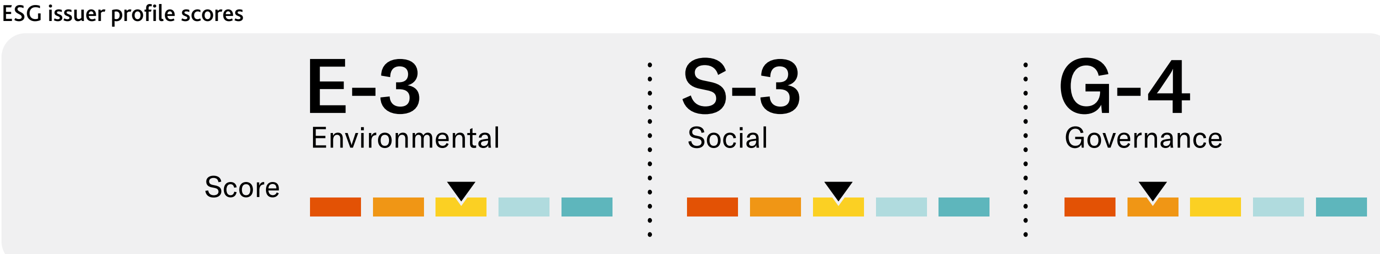
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

GNB's **CIS-4** indicates the bank's ratings are lower than they would have been if ESG risk exposures did not exist, especially through exposure to governance risks and which is reflected in a one-notch negative rating adjustment for corporate behavior. The bank has concentrated ownership and is controlled by one single family that has high influence over its operations. In addition, the bank has lower transparency in disclosure of financial information than its peers and a history of strong operational growth, including through acquisitions. Environmental and social factors have a limited impact on the bank's credit profile to date.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

GNB faces moderate exposure to environmental risks because of its portfolio exposure to carbon transition risk as a diversified bank in Colombia. Exposure to physical climate risks (for example, droughts and flooding) is also moderate, stemming from recently acquired bank in Paraguay that is exposed to the agricultural and hydro-electric power generation sectors. In line with its peers, GNB is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals.

Social

GNB faces moderate exposure to social risks related to customer relations. This risk exposure reflects limited retail lending activities and the relatively simple suite of financial products offered to customers, which reduces risks related to mis-selling or misrepresentation. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

GNB faces high governance risks, reflecting the bank's concentrated ownership and track record of a high level of operational growth, including through acquisitions, which is reflected in the one-notch negative rating adjustment for corporate behavior. The less frequent availability of financial information GNB discloses compared with that for other Colombian banks also represents a governance risk for the bank.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Government support

GNB Sudameris' long-term deposit ratings benefit from a one-notch uplift from its ba3 BCA, which incorporates a moderate likelihood of government support because of the bank's relatively modest market share of deposits in Colombia.

Counterparty Risk (CR) Assessments

GNB Sudameris' CR Assessment is Ba1(cr)/Not Prime(cr)

The CR Assessment of Ba1(cr) is placed two notches above the bank's Adjusted BCA of ba3, and therefore, above the deposit rating of the bank. The CR Assessment reflects the issuer's probability of defaulting on certain operating liabilities and other contractual commitments that are less likely to be subject to the application of a resolution tool to ensure the continuity of operations. The CR Assessment is not a rating. It also reflects the expected seniority of these obligations in the liabilities hierarchy. The CR Assessment incorporates other steps authorities can take to preserve the key operations of a bank, should it enter a resolution.

Counterparty Risk Ratings (CRRs)

GNB Sudameris' CRRs are Ba1/Not Prime

The CRRs of Ba1 assigned to GNB Sudameris are in line with its Counterparty Risk (CR) Assessment of Ba1(cr) and are positioned two notches above the bank's Adjusted BCA of ba3. This incorporates our view that the significant amount of debt outstanding at GNB Sudameris provides greater loss protection for its CRR obligations, thereby lowering the severity of loss on such obligations.

Rating methodology and scorecard factors

Exhibit 5

Rating Factors

Macro Factors							
Weighted Macro Profile	**Moderate +**	**100%**					

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	3.2%	baa2	↔	ba1	Expected trend	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	6.7%	b3	↔	b3	Expected trend	
Profitability						
Net Income / Tangible Assets	0.8%	baa3	↔	b3	Earnings quality	Expected trend
Combined Solvency Score		ba2		b1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	13.1%	baa1	↔	baa2	Deposit quality	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	42.0%	a3	↔	baa1	Expected trend	Stock of liquid assets
Combined Liquidity Score		baa1		baa2		
Financial Profile		ba1		ba2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				-1		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Baa3		
BCA Scorecard-indicated Outcome - Range				ba2 - b1		
Assigned BCA				ba3		

Affiliate Support notching	0
Adjusted BCA	ba3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	ba2	1	Ba1	Ba1
Counterparty Risk Assessment	1	0	ba2 (cr)	1	Ba1(cr)	
Deposits	0	0	ba3	1	Ba2	Ba2
Dated subordinated bank debt	-1	-1	b2	0		B2 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 6

Category	Moody's Rating
BANCO GNB SUDAMERIS S.A.	
Outlook	Stable
Counterparty Risk Rating	Ba1/NP
Bank Deposits	Ba2/NP
Baseline Credit Assessment	ba3
Adjusted Baseline Credit Assessment	ba3
Counterparty Risk Assessment	Ba1(cr)/NP(cr)
Subordinate	B1/B2 (hyb)

Source: Moody's Ratings

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