MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms BOCOM BBM's Baa3 deposit ratings; stable outlook

14 Jul 2026

New York, July 14, 2026 -- Moody's Ratings (Moody's) has today affirmed all ratings and assessments assigned to Banco BOCOM BBM S.A. (BOCOM BBM), including its ba2 baseline credit assessment (BCA) and baa3 adjusted BCA, as well as its long- and short-term bank deposit ratings at Baa3 and Prime-3, respectively, for local and foreign currencies. At the same time, we affirmed the bank's Baa2/Prime-2 long- and short-term local and foreign currency counterparty risk ratings and Baa2(cr)/Prime-2(cr) long- and short-term counterparty risk assessments. The outlook for the long-term bank deposits ratings remains stable.

RATINGS RATIONALE

BOCOM BBM's ba2 BCA reflects the bank's disciplined risk management framework, a key credit strength evidenced by a consistent track record of stable earnings and low problem loan levels across economic cycles, which mitigates the single-borrower and rural sector concentration risks inherent to its business model. BOCOM BBM's Baa3 long-term deposit ratings incorporate a two-notch uplift from its ba2 BCA, reflecting our assessment of a very high probability of affiliate support from its parent, Bank of Communications Co., Ltd. (deposits A2 stable, BCA baa3).

The ratings are constrained by the bank's elevated borrower and sectoral concentrations. The rural sector, which is currently navigating a downcycle, represented 45% of BOCOM BBM's portfolio as of December 2025, with industry-wide non-performing loans reaching 4.4%, up from 1.8% a year earlier. Although BOCOM BBM's Stage 3 loans as a percent of gross loans remain low at 1.0%, high interest rates will continue weighing on leveraged sectors with thinner margins, including agribusiness borrowers that will also likely face less favorable climate conditions over the next twelve months. However, BOCOM BBM's prudent underwriting standards including a rural portfolio diversified by subproduct and geography, loan loss reserves equivalent to 95.6% of Stage 3 loans and a robust collateral structure, will continue to mitigate these risks.

BOCOM BBM maintains solid profitability consistent with improved earnings diversification. Despite intense competition, a more selective risk appetite for higher-yielding loans, and subdued debt capital markets activity, the bank's net income to tangible assets ratio rose to 1.2%, from 0.8% a year earlier, driven by lower funding costs and higher revenue from treasury product sales to clients. We expect these factors to continue to support earnings through 2026. Sustained profitability, combined with moderate loan growth and contained payout ratios, will continue to support capitalization. As of December 2025, our adjusted tangible common equity to risk-weighted assets ratio stood at 9.8%, up from 7.4% a year earlier, while the total regulatory capital ratio rose to 16.1%, from 14.7%.

The ba2 BCA also incorporates BOCOM BBM's sizeable reliance on less stable funding sources, primarily short-term borrowings and brokered deposits. This risk is mitigated by prudent management of asset-liability maturity mismatches, an adequate liquidity position, and continued access to stable funding from its parent.

The stable outlook reflects our expectation that BOCOM BBM will maintain stable capitalization and disciplined risk management practices over the next 12 to 18 months.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

BOCOM BBM's BCA could face upward pressure if the bank effectively reduces its credit and funding concentrations while consistently strengthening its core capital position. A multi-notch upgrade of its parent bank's baa3 BCA could prompt an upgrade in BOCOM BBM's deposit ratings.

The BCA, and ratings, could experience downward pressure if BOCOM BBM's asset quality deteriorates rapidly exerting pressures on earnings generation, and on its capital position. In addition, a BCA downgrade of its parent bank could lead to a downgrade of BOCOM BBM's deposits ratings.

The principal methodology used in these ratings was Banks published in November 2025 and available at https://ratings.moodys.com/rmc-documents/454566. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

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