1Q 2026

Earnings Call Transcript

BBVA Colombia

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Intro [Paula Galindo]: Good morning everyone, and welcome to BBVA Colombia's first quarter 2026 earnings call. My name is Paula Galindo, Head of Investor Relations. Joining me today are Alejandro Reyes, Principal Economist from Research, Felipe Vega, Financial Planning & Performance Senior Manager, Nicolas Tripodi, Head of Retail Credit Risk, Yuliana Giron, Profitability & Capital Senior Manager and Daniel Patron, Head of ALM & Investor Relations.

As a reminder, today's presentation will be available for download on our website under the Investor Relations section. Please note that this call is being recorded.

To participate, you can use the chat feature or simply raise your hand using the button located at the bottom right section of your screen.

Our agenda for today includes key highlights from the quarter, a brief overview of the macroeconomic landscape, insights into our financial performance, and a recap of our recent achievements.

Without further ado, I'll now hand over the call to Daniel Patron.

Slide 3 [Daniel Patron]: Thank you Paula, and good morning to all. My name is Daniel Patron and I'm the Head of ALM & Investor Relations at BBVA Colombia. It's my pleasure to welcome you to our first quarter earnings call, where we'll review the main highlights of the quarter . Throughout the session, I'll invite members of the panel to share their insights on specific topics.

Let's start with slide 3, where we review the key highlights from the first quarter. We'll see these topics in more detail as we go through the presentation.

As of March 2026, we posted a net profit of **COP 202 billion** which represents a year-over-year increase of **562.7%** as the materialization of the efforts made throughout the year to return to profitability. When compared with March 2025, our loan portfolio grew by **6.5%**.

The efficiency ratio stood at **54.4%,** below (-5.5%) the same figure from March 2025. Thanks to the focus on profitability and the quick repricing of our interest-bearing liabilities, our gross margin keeps growing and achieved a **20.2%** increase compared to the same period last year.

Our capital position remained strong as of March, as our Common Equity Tier 1 (CET1) ratio stood **267 basis points** above the minimum regulatory level. Capital formation has been favored by the recovery of asset quality to previous levels, with cost of risk sitting at **1.9%**, which is **0.7%** below the number seen back in March 2025.

With that introduction of the quarter, I'll now hand over the call to Alejandro Reyes, Principal Economist from BBVA Research, who will provide an economic outlook. Alejandro, over to you.

Slide 4 y 5 [Alejandro Reyes]: Thank you Daniel. On the economic front, the economy remains resilient, with a growth print for the 1Q26 of 2.2%, based mainly on the internal demand (consumption and investment in machinery and equipment). We expect growth will improve slightly in the remainder of the year, reaching a 2.6% annual growth, similar to that observed in 2025. This result will still be supported by strong public and private consumption, while investment will remain weak, mainly due to construction. For 2027, we expect activity to moderate, mainly due to higher inflation and interest rates, which will have a particular effect on durable and semidurable good consumption and will maintain investment with a moderate expansion. For the public sector, we expect a slow fiscal consolidation, that in addition to the base effects from high expenditure related to the election in 2026, will lead to lower public expenditure growth. This scenario implies a 2.1% annual growth rate.

Inflation will continue to be one of the main macroeconomic constraints. After standing at 5.84% year-on-year in May 2026, it will end the year near 7.0%, in part conditioned by the development of an "el niño" phenomenon of strong intensity, reaching a peak in inflation during the first quarter of 2027. We expect a decline to 5.6% in the rest of the year. This price hike is not only driven by the climate disturbance, but rather due to a combination of the increase in the minimum wage well above inflation, high public expenditure, strong internal demand and some energy pressures. In this scenario, the Central Bank has increased rates by 275bps in the year to date, with the latest increase being of 75bps in June. The response has been swift and significant in order to counter the minimum wage increase driven inflation expectations and to provide a contractive monetary policy to allow inflation to converge gradually to the target. We expect the policy rate to reach 12.25% at the year end of 2026 and should remain at that level for the most part of 2027, with a gradual moderation cycle starting in the last quarter of 2027, to close that year at 11.25%.

Finally, the fiscal challenge will remain relevant. We estimate that the total deficit of the Central National Government will stand at 6.7% of GDP in 2026 and would fall to 6.2% in 2027. Public debt will remain above 60% of GDP. We expect the new government to commit to revenue or spending measures to help with the fiscal consolidation, despite this, we expect the fiscal balance to improve only gradually. On the external balance, we expect a gradual widening of the current account deficit, but still at low levels relative to the historical average. This gradual widening of the external balance, in hand with still high risk premia and the end of the hiking cycle from BanRep will contribute to a structural gradual depreciation of the currency from current levels.

Daniel, back to you.

Intro Performance [Daniel Patron]: Thank you Alejandro. Now, I'll hand over the call to Felipe so he can walk us through our performance during the quarter.

Slide 6 y 7 [Felipe Vega Aguilera]: Thank you Daniel. Let's turn to business activity. As we closed the **first quarter of 2026**, we maintained solid momentum across the franchise. The total loan portfolio grew **6.3%** year over year, driven by a steady **8.0%** expansion in the commercial segment—fully aligned with our strategic focus.

In consumer, we sustained our growth momentum, with the portfolio increasing **4.0%** as asset quality improved and market share was regained. The mortgage segment also showed steady progress, growing **5.0%** versus the same period in 2025. Overall, these trends confirm the effectiveness of our strategic repositioning: rebalancing toward higher-value commercial lending while building a more profitable and sustainable growth profile. This shift is clearly reflected in the financial recovery presented on slide 7.

For the **first quarter**, the key highlight is the significant improvement in profitability, in line with our guidance. The bank reported a **net profit of COP 202 billion** for the first quarter of 2026, marking a sharp turnaround from the **COP 30 billion** recorded in 1Q2025. This recovery was primarily driven by a normalization of net provisions (impairments), which declined **22.5%** year over year, indicating that we have moved beyond the peak of credit deterioration and strengthened our risk management cycle, bringing the Cost of Risk down to **1.9%**.

Net interest income also continued to grow, increasing **15.5%** year over year to **COP 939 billion**, supported by commercial portfolio expansion and disciplined margin management, which pushed our interest margin up to **39%**. On the cost side, while operating expenses increased **8.8%** year over year to **COP 887 billion**, our efficiency ratio improved significantly to **54%**—resulting in strong positive operating leverage.

In summary, this quarter marks a clear consolidation of our recovery: the bank has solidified its return to sustainable profitability and is well positioned as we progress through 2026.

Over to you Daniel.

Slide 8 [Daniel Patron]: Thank you Felipe. Moving ahead to slide 8, let's dive into the highlights of our funding strategy.

Compared to the same period last year, total funding grew by approximately 7%, reaching COP 84.4 trillion and representing 81% of the bank's liabilities. Compared to the last quarter of 2025, the increase was mainly driven by a 5.4% growth in savings account balances, while term deposits increased modestly and checking account balances declined slightly. As a result, the funding mix remained broadly consistent with previous quarters, with savings accounts representing around 42% of total funding and term deposits accounting for approximately 48%. Overall, the funding trend continues to support the growth of the loan portfolio.

Maintaining a stable funding base reinforces our financial position, propelling our sustainable growth goals and allowing the compliance of both regulatory and internal liquidity requirements. And now, allow me to pass on the call to Nicolas Tripodi, who will provide details into our credit portfolio and risk management strategies during the quarter.

Slide 9 [Nicolas Tripodi]: Thank you, Daniel. Good morning everyone.

Asset quality continued to perform in line with our expectations during the first quarter. The cost of risk closed at 1.9%, below the 2.2% level we reported at the end of 2025.

The NPL ratio declined to 3.0%, slightly below the sector at 3.1%. Overall, including write-offs, BBVA remains better positioned, with an NPL plus write-offs ratio of 7.2%, compared with 9.3% for the sector.

By portfolio, mortgage and commercial continue to show strong performance. Consumer still remains above the system, with an NPL ratio of 6.3% versus 3.7%, but the trend is improving. When write-offs are considered, the bank presents a ratio around 400 basis points below the industry.

Going forward, we will continue growing the commercial segment with appropriate safeguards in vulnerable sectors, while in retail we will continue driving asset growth among payroll clients.

In summary, we see asset quality remaining on an improving trend.

Daniel, over to you. Thank you.

Intro Capital [Daniel Patron]: Thank you Nicolas for your insights regarding asset quality trends. Now lets move to slide 10 where Yuliana is going to provide details regarding our capital position.

Slide 10 [Yuliana Girón]: During the first quarter of 2026, the total capital adequacy ratio increased to 13.76%, supported by a solid capital position and a reduction in risk-weighted assets.

CET1 capital stood at 5.85 billion, remaining resilient despite the distribution of prior-year earnings. Net income generated during the quarter together with a slight reduction in regulatory deductions, partially offset this effect. As a result, the CET1 ratio remained broadly stable at 9.67%, standing 267 basis points above the minimum regulatory requirement.

Tier 2 capital increased, mainly driven by the issuance of USD 70 million subordinated debt during the quarter, which more than offset the natural amortization of existing instruments.

On the other hand, risk-weighted assets (RWA) decreased by 555 billion, mainly reflecting lower market risk RWA because efficiencies, while credit and operational risk remained broadly stable.

As a result, total regulatory capital increased by COP 154 billion, further strengthening our capital base and supporting the improvement in the total capital ratio.

In conclusion, we continue to maintain a strong capital position, providing ample capacity to support business growth while preserving comfortable buffers above regulatory requirements.

Slide 11 [Daniel Patron]: Thank you, Yuliana. It is my pleasure to share a summary of BBVA's commitment to Colombia through its community investment initiatives, which benefited more than **14,100** people during the first quarter of 2026.

Education remained the cornerstone of our community investment strategy. During the quarter, BBVA supported more than **130** students through scholarship programs, including Transformando Realidades, Indigenous scholarships, and Afro-descendant scholarships. We also distributed **925** eco-friendly school kits across several regions of Colombia.

On the humanitarian front, BBVA delivered **3,250** humanitarian aid packages to vulnerable communities in La Guajira, Córdoba, Bolívar, and Sucre, benefiting approximately **13,000** people through our partnership with the Bogotá Food Bank and its local network.

Slide 12 [Daniel Patron]: Additionally, BBVA Colombia continues to strengthen its nationwide presence, with **311** branches and **1,392** ATMs, reaching 100% of the country and supported by more than **5,100** employees. This is complemented by solid international and local ratings, including BB+ from Fitch, Baa3 from Moody's, and AAA at the local level. We are also pleased to share that, in 2026, Moody's reaffirmed our rating.

Thank you for your attention today. We are pleased to present our first quarter 2026 results, which reflect our strategy to drive profitable and sustainable growth.

We will now open the call for questions.

Closing [Paula Galindo]: Since there are no questions, we conclude the call here. Thank you.

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