Management Report
January - March 2022

1Q22

Individual and Consolidated Report

Investor Relations

Bogota DC, June 2022

Index

1. Generalities

Economic environment

he military conflict between Ukraine and Russia and the recent harsh sanctions represent a major supply shock, with negative effects on both growth and inflation through the channels of commodities, financial volatility, confidence, and supply chains. of supply. In the current context, uncertainty is exceptionally high. The world economy will slow down more than expected. After expanding 6.1% in 2021, global GDP is expected to grow by 4.0% this year and 3.6% next. The downward revision of growth is significant in Europe and moderate in the rest of the world.

Inflationary pressures continue to mount, mainly due to commodity prices and supply bottlenecks. Central banks are expected to keep their attention on inflation and move forward with withdrawing monetary stimulus. The Fed will be more aggressive; it is expected to push interest rates to at least 2% this year and 3% next. The ECB, after reducing excess liquidity, will start raising rates towards the end of the year. Thus, in the Eurozone, the task of cushioning the impact of the conflict would fall to other policies (such as fiscal policy).

In the United States, GDP grew 5.7% in 2021, 3.2% above the pre-pandemic figure. Household balance sheets remain healthy, but the data shows tougher conditions for consumption going forward, as disposable income is at its lowest level since March 2020 and higher prices are eroding their purchasing power. Additionally, the current conflict in Ukraine implies an increase in the prices of energy and raw materials throughout the world without producing additional fiscal stimuli. As a consequence, the growth of the industry has been limited by prolonged supply chain disruptions and labor shortages. In total, GDP is expected to grow by 3.1% in 2022 and 2.4% in 2023.

The Eurozone economy slowed down markedly in the fourth quarter of 2021 (0.3% QoQ) as a result of the resurgence of COVID infections and new social restrictions that were also extended in early 2022. However, GDP returned to its pre-coronavirus level, with annual GDP growth of 5.3% in 2021. Despite the improvement in data in February, supported by the easing of the wave of COVID, the impact of the Russian invasion of Ukraine has been immediately felt in Europe. The main channels are rising energy prices, but also trade interconnections, supply chain disruptions, financial market disruptions, and worsening confidence. The latter, together with the strong rise in inflation, is weighing on consumption and investment through the contraction of real income and profits, and is expected to continue in the coming quarters.

We continue to expect GDP to have grown slightly in the first quarter of this year, at around 0.2% qoq, but it is likely to contract in the second quarter and stall for the remainder of the year. However, due to the strong momentum in the middle of last year, annual GDP growth is expected to average around 2% in 2022 as a whole and around 1.8% in 2023.

We anticipate a further depreciation of the euro in the short and medium term due to a greater impact of the war on European growth, a more aggressive rate hike cycle by the Fed, and safe haven flows of capital. In the medium term, we expect a gradual appreciation towards equilibrium (1.25), thanks to a faster normalization by the Fed than the ECB.

In China, the authorities' monetary and fiscal easing measures have recently borne fruit. Economic activity recovered significantly in January and February. While the rest of the world is struggling with high inflation, the effects of the Ukraine-Russia war, and the pandemic, China has shown an unsynchronized business cycle due to its "first in, first out" policy during the pandemic and the "zero tolerance" strategy against COVID-19. However, China broadly maintained a slowing trend after peaking in the first quarter of 2021. In an attempt to stimulate the economy, the Chinese authorities have quickly pivoted from a restrictive policy to an expansionary monetary and fiscal policy in 2022. The authorities set the growth target for 2022 at 5.5% and stressed that "growth stabilization" is the top priority this year. BBVA estimates that China's growth will stand at 5.2% in 2022.

As usual, the exchange rate has faced heterogeneous pressures, some towards appreciation and others towards depreciation. In the first months of 2022, the forces of appreciation have prevailed over the pressures, still in force, of devaluation. This is due to the resumption of the correlation between rising oil prices and the behavior of the exchange rate, which is usually activated when there are sudden, rapid, and intense movements in the price of hydrocarbons, as occurred in the first quarter of the year. Thus, while the increase in oil prices occurred, the exchange rate fell compared to the end of 2021, even in a scenario of high global uncertainty.

However, the net balance of these forces on the exchange rate will not necessarily continue to favor appreciation. On the contrary, the next global and local developments seem like they could reverse the trend and gradually increase the exchange rate. On the global front, monetary policy decisions will continue to shift towards a contractionary stance, both in the United States and in Europe, reducing liquidity and increasing interest rates. These movements will strengthen developed currencies against emerging ones. On the local front, electoral volatility is expected to continue to weigh on financial markets, capital flows, and international investor decisions. As a result, there will also be devaluation pressures.

Therefore, the exchange rate is expected to reach its maximum levels of the year in the second quarter, to then correct a little, as the bottlenecks are relaxed, the markets adjust to the new monetary reality in developed countries, central bank announcements about future measures are understood, and local volatility is reduced at the end of the electoral cycle. Thus, the average exchange rate for 2022 will be

3,877 pesos and will end the year at 3,800 pesos, the same level at which it will end in 2023, but with a lower average value, which will be 3,780 pesos.

The second half of 2021 was outstanding, not only in domestic demand but also in the behavior of exports. In the first case, private consumption was driven by a strong increase in household spending on durable and semi-durable goods. In the second case, external sales accelerated thanks to the better performance of the services sector (associated with tourism, travel, and freight) and the greater international trade in goods. At the beginning of 2022, the dynamics of consumption and exports were maintained, with only small signs of a slowdown, which were reduced, in the case of consumption, by the temporary boost represented by the validity of the day without VAT in March.
This has undoubtedly helped the better health outlook. The high percentage of vaccination, which reaches a coverage of 84% of the population with at least one dose, 70% with a complete schedule and 21% with a booster dose, has made it possible to reduce cases of contagion, the severity of disease, deaths and the congestion of the health system. With this, the economic and mobility restrictions are less and less, not only due to the absence of government impositions in this regard, but also due to the greater confidence in the interaction of people. As a result, employment and formality maintain their gradual recovery, so that the labor market will continue to drive household consumption decisions.

On the less positive front is the effect that the conflict between Russia and Ukraine may have on economic activity. There will be at least three negative impact channels. The first is due to the volatility in the financial markets. In an environment of less certainty, spending decisions tend to be more conservative. The second is the commercial channel. Lower growth in Europe may reduce demand for some of our exports. And third, is the imperfect functioning of some global supply chains, which could reduce access to inputs and finished products necessary to maintain the commercial and productive activity of the country.

However, the new market trends also imply a positive element for the Colombian economy: the increase in the prices of raw materials. The higher mining-oil revenues will help the recovery of production in this sector, which is one of the furthest behind compared to its pre-pandemic level of activities related to mining and other non-tradable services. In addition, it will continue to be a support for sales in the building sector, which tend to have a close positive correlation with the behavior of the oil price.

Finally, the conflict in Russia and Ukraine has joined other recent developments, which will also imply volatility in the Colombian economy. The first of these is the withdrawal of monetary stimuli in the world (and in Colombia), which implies a higher cost of financing for companies, the government, and households. The second is the electoral cycle that the country is going through, which has historically implied uncertainty in spending decisions without becoming a triggering factor for a sharp slowdown.

The complete and wide opening of the social interaction sectors will imply a change in household consumption habits and in the allocation of their spending. As a result, the growth of the services sector will be more important than the increase in the goods-producing sectors in 2022 and 2023. The services sectors will also be supported by the continuation of the recovery of exports of this type, as it is expected that a good balance of tourism, travel, and freight will be maintained in the coming quarters, partly due to activities associated with external sales of raw materials (transport, port costs, etc.) and, also, due to the gradual increase in national and international travel.

All in all, consumption will grow by 4.6% in 2022 and by 2.7% in 2023. This growth will be explained by an expansion of 8.3% and 4.7%, respectively, in spending on services and a stable consumption of goods, with variations close to zero.

Investment will also change the sources of growth. Unlike in 2021, when machinery and equipment had the best performance, this year and next it is expected that construction will be the most relevant sector to boost investment. This is explained by the increase in civil work that has taken place in the last two years by regional and local governments and by the greater activity in housing construction. Public works will benefit from the improved health panorama, which is allowing mayors and governors to have more planning capacity for public works in their cities and regions. They will also be driven by greater investments in the mining-oil sector to increase exploration, ensure supply in the face of greater transportation demand, and increase the exploitation of existing reserves. In addition, higher income from royalties is expected for the regions, which is normally related to the construction of public infrastructure. The buildings, for their part, will be the result of the high housing sales that occurred in 2021, with the highest figures in history and with a greater concentration in the low-income segment.

As a result of the above, the 2022 GDP will grow by 4.5%. It will mean a slowdown compared to 2021, but it was expected in the absence of statistical base effects that it did have last year due to the drop in economic activity during the strongest moments of confinement in 2020. It will also be a healthy slowdown that seeks monetary policy through higher interest rates. In fact, this contractionary effect of interest rates will continue until 2023, when the economy will grow by 2.5%, a performance that will help increase household savings rates and avoid greater risks of over-leveraging of the private sector. From the second half of 2023, monetary policy will be able to begin to be less restrictive. With this, in the following years, the growth rate will gradually increase until it is in the vicinity of the growth potential, which is calculated between 3.3% and 3.6%.

The cost pressures that have occurred since last year, due to the abnormality of global logistics chains and the gap between the global demand and supply of goods, began to decrease at the end of 2021 and continued to do so at the beginning of 2022. However, the Russia-Ukraine conflict delayed this correction and maximum price levels for some raw materials and logistics costs were resumed. In Colombia, this upward pressure was added to the higher food prices that have been occurring since last year, not only due to inputs but also due to climatic phenomena that reduced agricultural supply due to the depreciation of the type of change in traded goods and the increase in non-tradable goods as a result of the dynamics of domestic demand.

All in all, the price of food is expected to remain high during the first half of the year, to then begin a marked downward trend, helping general inflation to also have this slowdown dynamic, which will last until 2023. However, the reduction in inflation will be limited by the maintenance of demand pressures and external and internal bottlenecks, which will imply that non-food inflation (core inflation) will continue to rise throughout the year and only achieve a decreasing path at the beginning of 2023. Total inflation will stand at 6.8% at the end of this year but will have maximums above 8% in some months of the year. Thus, average inflation in 2022 will be 8%. Then, in 2023, inflation will drop to 4.5% at the end of the year and to an average of 4.6%.

In part, the slowdown in inflation will be the result of active monetary policy. The central bank will maintain interest rate increases during the first half of the year and will bring them to levels close to 8%, a level that is contractionary for economic activity. In addition to the pressures of inflation, the Central Bank will make these decisions due to the smaller gap that the economy presents with respect to its potential products; the expansion of the external deficit (despite the better current position in the face of the increase in oil prices); and the increase in future price expectations.

For this reason, the interest rate will remain around 8% for about a year, since in the second half of 2023 the monetary policy will begin a rate reduction cycle. With this new profile of the policy, the inflation rate will have a clear downward trend and economic activity will be less dynamic, achieving with this new profile of the policy to promote greater growth in consumption and investment. In the meantime, the monetary position will help increase saving, reduce credit growth, and change the growth profile from less consumption to more investment and exports.

In 2021, the foreign deficit stood at 5.7% of GDP, the highest level since 2015, when oil prices fell sharply and rapidly. This time, the determinant of this deficit was not so much the fall in the prices of exported goods as the increase in domestic demand that pushed up imports and the low production of hydrocarbons. At the beginning of 2022, the good performance of foreign purchases is maintained, but there is a significant rebound in exports that began at the end of last year, helped by the better performance of global trade and driven this year by the sudden and strong commodity prices. The latter factor will remain relevant, as oil prices are expected to be slightly above $100 per barrel on average for the full year in 2022 and $87 on average in 2023, along with high prices for other products. mining (coal) and agriculture (coffee and palm oil).

Therefore, the current account deficit is expected to correct rapidly this year. We expect it to reach 4.2% of GDP due to a less imbalanced trade balance, despite higher dividend payments abroad due to increased business profits in 2021 and 2022, and lower dynamics of remittance inflows and higher interest payments abroad due to global financing costs increasing.In 2023, the fall in oil prices and a further increase in remittances of corporate profits abroad will lead to the current account deficit increasing to 4.6% of GDP.

The financing of the external deficit will be covered mainly by foreign direct investment, which will be driven by the better performance of the hydrocarbon sectors and the reactivation of the infrastructure construction and transportation sectors. Furthermore, the increase in private consumption, which began in 2021 and will continue dynamically in 2022, will encourage the arrival of investment in consumption-related sectors.All in all, in 2022, direct investment will mean 91% of the total deficit in the current account and, in 2023, 79%. In other words, although it will be the most important component of external financing, other sources of financing will still be necessary, coming from portfolio investment and external debt.

A similar conclusion is reached for the fiscal accounts: they will improve compared to 2021, a year that already presented a better performance thanks to the acceleration of economic activity and the positive impact that this had on the generation of fiscal income. In 2022, the accounts will continue to adjust towards a lower deficit due to the better behavior of the oil price and the lower increase in public spending, but will continue to need ample sources of financing in the internal and external markets, since asset sales are no longer considered (privatizations) to support income generation. In addition, by 2023, it is possible that many of the subsidies that were planned to end this year will continue. All in all, the fiscal deficit, in the government's scenario, will be 6.2% of GDP in 2022 and 4.7% in 2023. The contribution of the better oil price to these results is not minor. For every dollar of increase in the price of oil, we estimate an increase of COP 550 billion in government revenue.

The Colombian economy is recovering well from the shocks that the pandemic had on activity. In fact, at the end of 2021, the level of GDP stood at 107% compared to the quarter prior to the arrival of the pandemic. Also, as shown before, consumption led the recovery, while investment and exports showed good dynamics. With these achievements, which are undoubtedly very important, the questions of how to improve the standard of living of Colombians, expand the productive capacity of the country and generate long-term sustainable growth must once again occupy the preponderant place in national talks. In other words, the policy measures and the operating environment of the private sector that are decided in the future are decisive to guaranteeing success in the future and maintaining a path of improvement in economic and social indicators.

These national conversations must also be based on the challenges presented by the Colombian economy. First, Colombia is in an electoral cycle. The challenge for the country is that the transition to the new government continues to guarantee institutionality and the balance of powers, as has happened in the past.

Second, it is necessary to continue erasing the scars left by the pandemic, emphasizing poverty reduction. The improvement of the labor market is a requirement and, at the same time, an effective mechanism to do so. It is necessary to make sound decisions in this regard, which will help the economy improve its ability to generate jobs. The new government must collect the voices of the country and decide what the foundations of a reform of the labor and pension systems are that make it easier to create employment, care for the elderly, and improve the financing and quality of social security in the country.

Third, capital must continue to be generated in the country through increased investment. Physical capital, through the construction of infrastructures, not only transport but also clean energy, that help the growth of agriculture, such as irrigation systems, that increase the country's competitiveness, through the better development of ports, and that end up paving the way for Colombia to continue increasing its participation in international markets. And human capital. A human capital that is formed through better education and greater coverage in higher education, on which we can now focus after having reduced illiteracy rates to a minimum. Education will be key for Colombia to be able to insert itself well into global value chains. With it, innovation and access to adoption and invention of technologies can be improved. It is necessary to continue increasing national saving for the formation of the two previous capitals.

Fourth, macroeconomic balance sheets must continue to improve. Both the fiscal and external deficits must continue to be reduced to guarantee the proper functioning of the markets, reduce interest rates and maintain ample access to international capital markets. On the fiscal front, it is necessary to think about the fiscal reform that the country requires, the size of the state that is efficient and socially accepted, and the capacity of governments to promote private initiative. On the external side, a greater diversification of exports is required, both by destination and by product, and to try to become part of global value chains.

Fifth, and by way of conclusion, we must continue to strengthen democracy. A good way to do this is by guaranteeing a high voter turnout.

Added to these internal challenges are external challenges, which come from at least three fronts. First, a worsening of the Russia-Ukraine conflict and a further escalation of sanctions could lead to a scenario of stagflation, at least in Europe. Second, a malfunction in the withdrawal of monetary stimulus by the Fed or serious errors in the communication of market guidance can cause an economic recession or financial disturbances. Third, lower growth in China due to the severe restrictions of COVID could reduce the dynamics that this country provides for raw materials and global trade.

2. Individual Figures

Individual Results

Total Assets of BBVA Colombia closed the first quarter of 2022 with a balance of COP 82 trillion. These presented an annual increase of 21%, which represented a variation of COP 14.8 trillion.

Balance Sheet

Million COP

			TAM	
	1Q21	1Q22	abs	%
Cash	3.715.456	8.075.424	4.359.968	117,3
Assets positions in money market operations	2.875.027	928.882	(1.946.145)	(67,7)
Investment and derivatives transactions	9.418.923	13.258.311	3.839.388	40,8
Loan portfolio and leasing operations	51.664.824	60.357.848	8.693.024	16,8
Impairment	(3.436.092)	(3.397.873)	38.219	(1,1)
Other Assets	3.633.952	3.408.584	(90.101)	(2,6)
Total Assets	**67.872.090**	**82.631.177**	**14.894.354**	**22,0**
Deposits and financial claims	54.017.690	62.830.206	8.812.517	16,3
Liabilities positions in money market operations	848.257	4.499.859	3.651.602	430,5
Financial instruments at fair value	3.259.301	4.655.786	1.396.485	42,8
Banks and other financial obligations	2.714.194	2.688.322	(25.871)	(1,0)
Accounts payable	1.196.513	1.522.561	430.207	39,4
Labor obligations	223.060	208.427	(14.633)	(6,6)
Other Liabilities	670.523	666.158	(4.365)	(0,7)
Total Liabilities	**62.929.538**	**77.071.320**	**14.245.941**	**22,7**
Suscribed and paid-in-capital	89.779	89.779	-	-
Specific destination reserves and funds	3.643.354	4.092.577	449.224	12,3
Surplus	1.037.871	1.073.868	35.997	3,5
Gains or losses	171.548	303.632	163.191	116,2
Stockholder's Equity	**4.942.552**	**5.559.857**	**648.412**	**13,2**
Total Liabilities and Stockholder´s Equity	**67.872.090**	**82.631.177**	**14.894.353**	**22,0**

In relation to the liquidity resources of the Bank, the Available assets presented an increase of COP 4 trillion in relation to the year 2021 due to a variation of COP 4 trillion in the Bank's cash.

Active Positions in Market Operations closed with a balance of COP 928 billion and presented a decrease of 67.7% compared to the same period of 2021. This decrease of COP 1,9 trillion was due to a lower volume in simultaneous operations, which presented a variation of COP 1,9 trillion and the increase of 30 billion in interbank operations.

On the other hand, Investments and Operations with derivatives presented a negative variation of 40.8% compared to March 2021, closing with a balance of COP 13 trillion

The gross loan and leasing portfolio registered an annual growth of 16.8% or COP 8,6 trillion closing March 2022 with a balance of COP 60 trillion. Relatively, the Impairment account, which corresponds to specific and generic portfolio provisions, showed a decrease of 1.1%. The Other Assets account showed a decrease of 2.6% (COP 90 billion).

In relation to liability accounts, deposits and liabilities presented an annual growth of 13.4% or COP 7 trillion, Thus closing with a balance of COP 62 trillion. This increase is due to a variation of COP 1,2 trillion in Term Deposit Certificates, in special deposits of COP 581 million, in investment securities of COP 133 billion and increases in checking account deposits of COP 803 billion, in Savings Deposits of COP 6,8 trillion and COP 19 billion in charges for services.

Liability positions in market operations increased by COP 3,6 trillion due to a variation of COP 365 billion in simultaneous transactions, COP 130 billion in interbank funds, COP 606 billion in short position commitments and COP 2,4 trillion in Repo Operations.

Financial instruments at Fair Value closed with a balance of COP 4,6 trillion, which represented a decrease of 42.8% compared to 2021. This variation is explained by the increase in trading swaps (COP 907 billion), forward trading contracts (COP 488 billion), and trading options (COP 333 million).

The Credit line with Banks and Other Financial Obligations showed a decrease of COP 25,8 billion, due to a decrease of COP 141 billion in Foreign Financial Entities and the obligations with Findeter and Finagro (COP 63 billion and COP 68 billion, respectively). On the other hand, there was an increase of COP 109 billion in Bancoldex.

Accounts payable presented a variation of 39.4% while labor obligations presented an increase of 6.6%. Other liabilities decreased 0.7% or COP 4 billion, closing with a balance of COP 666 billion.

Finally, Equity presented an increase of 13.2% and closed at COP 5,5 trillion.

Loan portfolio

In March 2022, the gross loan portfolio closed with a balance of COP 60 trillion and presented a variation of 16.8% with respect to the same period in 2021. The net loan portfolio presented a positive variation of 18.1% and closed with a balance of COP 56,9 trillion.

LOAN PORTFOLIO

Million COP

	1Q21	1Q22	Var TAM	
Gross loans	**51.664.824**	**60.357.849**	**8.693.025**	**16,8**
Consumer	19.113.624	22.173.482	3.059.859	16,0
Commercial	17.124.643	21.413.378	4.288.736	25,0
Microcredit	-	-	-	N.C
Mortgage	12.305.887	13.409.751	1.103.864	9,0
Leasing	1.551.032	1.575.376	24.344	1,6
Non-performing loan portfolio	**252.831**	**263.240**	**10.409**	**4,1**
Non-performing loans	1.316.808	1.522.622	205.814	15,6
Provisions	**(3.436.092)**	**(3.397.873)**	**38.219**	**1,1**
Total loans, net	**48.228.733**	**56.959.977**	**8.731.244**	**18,1**

BBVA Colombia's portfolio keeps focusing on the Individual segment, which represented 59% of the gross portfolio at the end of March 2022. This segment presented an increase of 13.3% compared to 2021 and closed with a balance of COP 35 trillion.

The consumer portfolio composed by payroll loans, vehicle, free investment, revolving credit, private credit cards and private overdraft loans presented an annual increase of 15.4%. Payroll loans presented the largest share in the consumer portfolio, followed by consumption free and vehicle. The growth of payroll loans stands out respecting the previous year (17%).

The mortgage portfolio showed an increase of 9%, which represented a variation of COP 1 trillion. At the end of the first quarter of 2022, it represented 22.2% of the gross portfolio.

The commercial portfolio presented an annual variation of 25% with a variation of COP 4 trillion For its part, the leasing portfolio showed a decrease of 1.6% with a variation of COP 24 billion.

Client’s Resources

At the end of the first quarter of 2022, client’s resources remained adjusted to the bank's liquidity needs. Total customer funds showed an increase (16.3%), which represented a variation of COP 8,8 trillion, closing the quarter at COP 62,8 trillion. The term deposits represented 30.9% of the total resources and presented a variation of 6.7%, reaching a balance of COP 19 trillion.

CLIENT'S RESOURCES
Million COP

	1Q21	1Q22	Var TAM	
Checking Accounts	8.382.855	9.186.079	803.224	9,6
Saving Accounts	24.066.248	30.953.517	6.887.269	28,6
Term Deposits	18.215.857	19.434.220	1.218.362	6,7
Other Deposits	949.860	986.715	36.855	3,9
Total Client's Deposits	**51.614.821**	**60.560.530**	**8.945.710**	**17,3**
Investment Securities in Circulation	2.402.869	2.269.676	(133.193)	(5,5)
Total Resources	**54.017.690**	**62.830.206**	**8.812.517**	**16,3**

Transactional deposits increased 23.7%, which represented a variation of COP 7,7 trillion. These deposits represented 63.9% of total client's resources.

Outstanding investment securities closed at COP 2,2 trillion and presented a negative variation of 5.5% compared to 2021.

Eligible Capital and Solvency Ratio

The Accounting Equity of the entity presented a positive variation of 13.2% and closed at COP 5,5 trillion. This increase is mainly explained by the increase in reserves of COP 449 billion, by the increase of COP 163 billion in earnings for the year and by the increase of COP 35 billion in Surplus.

The Technical Equity closed the first quarter of 2022 with a balance of COP 6 trillion and presented a negative variation of 2.8%. The equity required according to Colombian regulations was COP 4 trillion, which implies an excess of equity of COP 1,8 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO
Million COP

	1Q21	1Q22	%
Accounting Equity	**4.911.445**	**5.559.857**	**13,2**
Eligible Capital	6.257.856	6.082.476	(2,8)
Ordinary Basic Equity	4.290.710	4.392.510	2,4
Additional Basic Equity	2.994	2.994	-
Additional Equity (Tier II)	1.971.322	1.694.142	(14,1)
Technical Equity	**6.257.856**	**6.082.476**	**(2,8)**
Required Equity	4.335.173	4.265.715	(1,6)
Surplus Equity	1.922.683	1.816.761	(5,5)
Risk weighted assets including market risk	**38.516.397**	**38.180.429**	**(0,9)**
Value at Risk (VeR)	365.247	330.195	(9,6)
Value at Operational Risk (VeR)	219.841	220.216	0,2
Solvency Ratio without VeR	16,25	15,93	-32 bps
Solvency Ratio with VeR (minimum 9%)	13,90	13,73	-17 bps
Tier 1 (%)[1]	10,26	9,92	-35 bps

[1] Core equity versus risk-weighted assets

Weighted Assets by Risk Level closed at COP 38 trillion and showed a decrease of 0.9%. Comparatively, the Market Value at Risk (VaR) increased 9.6%.

The Bank's solvency ratio closed at 13.73%, with a negative variation of 17 bps compared to the same period in 2021.

Income Statement

Next, the accumulated results of BBVA Colombia at the end of the first quarter of 2022 and 2021 will be shown:

Accumulated Income Statement

Million COP

	1Q21	1Q22	Var TAM	
Interest Income	1.157.094	1.307.452	150.358	13,0
Interest Expense	(335.145)	(438.057)	(102.912)	30,7
NET INTEREST INCOME	**821.949**	**869.395**	**47.446**	**5,8**
NET FEE INCOME	**36.023**	**57.883**	**21.860**	**60,7**
Investment Portfolio	84.381	181.826	97.445	115,5
Dividends	5.647	3.383	(2.264)	(40,1)
Other incomes	25.155	47.362	22.207	88,3
OTHER OPERATING INCOME	**115.182**	**232.571**	**117.389**	**101,9**
GROSS MARGIN	**973.154**	**1.159.849**	**186.695**	**19,2**
Net Provisions	**(271.412)**	**(182.917)**	**88.495**	**(32,6)**
Operational Costs	**(422.992)**	**(854.924)**	**(41.636)**	**9,8**
Personal Expenses	(159.413)	(170.992)	(11.579)	7,3
General Expenses	(115.627)	(119.818)	(4.191)	3,6
Taxes	(31.293)	(28.734)	2.559	(8,2)
Other	(114.951)	(143.933)	(28.982)	25,2
Operational Risk	(1.708)	(1.152)	556	(32,5)
OPERATING EXPENSES	**(694.404)**	**(647.545)**	**46.859**	**(6,7)**
PROFIT BEFORE TAX	**278.751**	**512.304**	**233.553**	**83,8**
Income Tax	(91.649)	(193.118)	(101.469)	110,7
NET INCOME	**187.102**	**319.186**	**132.084**	**70,6**

The interest margin registered a year-on-year increase of 5.8%. Loan portfolio income recorded a decrease of COP 150 billion and expenses recorded a decrease of COP 514 billion. This was driven by the good management of the Bank. For this reason, net interest income increased by COP 47 billion.

Net fee income closed with a positive variation of 60.7%. On the other hand, the income generated by the investment portfolio showed a decrease of COP 97 billion or 115.5%. Dividends registered a decrease of 40.1% and closed with a balance of COP 3 billion. On the other hand, the other income, which includes operating income from financial services, provided and recoveries of operating risk and others recorded an increase of 88.3%.

The net endowment of assets closed with a balance of COP 182 billion and presented a decrease of 32.6%.

Administrative expenses registered an increase of COP 41 billion compared to the previous year. Personnel expenses increased 7.3% in the same period of 2021. On the other hand, general expenses increased 3.6% while expenses for contributions and taxes registered a decrease of 8.2%.

Finally, BBVA Colombia recorded a net profit for the end of March 2022 of COP 319 billion, which was 70.6% higher than the profit of the previous year.

Performance Measures and Indicators

The proper risk management carried out in BBVA Colombia allows the bank to develop its commercial operations while maintaining good portfolio quality indicators and a prudent risk profile.

NON-PERFORMING LOANS AND COVERAGE

Million COP

	1Q21	1Q22	Var TAM
Gross Loan Portfolio	**51.664.824**	**60.357.849**	**16,8**
Total Overdue loans	1.569.639	1.785.862	13,8
Overdue loans	252.831	263.240	4,1
Non-performing loans	1.316.808	1.522.622	15,6
Non-performing loans ratios	**%**	**%**	**%**
Overdue Loans ratio	0,49	0,44	0,4
NPL ratio	2,55	2,52	(0,0)
Loan -Loss Provision	3.436.092	3.397.873	(1,1)
Coverage overdue loans	260,94	223,16	(37,8)

At the end of March 2022, the portfolio quality indicator stood at 2.52%. For its part, the Default Portfolio Coverage indicator stood at 223.16%.

Separate Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia March 31, 2021 and March 31, 2022:

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts stated in millions of Colombian pesos and thousands of shares)

Concept	Suscribed and paid-in capital				Retained Earnings							Total Shareholder Equity
	Non-voting preferred shares		Ordinary shares									
	Number	Value	Number	Value	Legal and occasional reserves	Additional- paid in capital	Net profit For the period	Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	
Balance of December 31st of 2021	**$ 479.760**	**$ 2.994**	**$ 13.907.929**	**$ 86.785**	**$ 3.643.354**	**$ 651.950**	**$ 895.242**	**$ -**	**$ 253.674**	**$ 152.797**	**$ 506**	**$ 5.687.302**
Transfers	-	-	-	-	-	-	(895.242)	895.242	-	-	-	-
Cash dividends paid in preferred and common shares	-	-	-	-	-	-	-	(446.019)	-	-	-	(446.019)
Appropiation for legal reserve	-	-	-	-	449.223	-	-	(449.223)	-	-	-	
Net profit for the period	-	-	-	-	-	-	319.186	-	-	-	-	319.186
Fixed asset valuation update	-	-	-	-	-	-	-	-	270	-	-	270
Gain/Loss on non-current assets held for sale									-			-
Net deferred tax (Net effect of labor obligations and net fix	-	-	-	-	-	-	-	-	(637)	-	-	(637)
Hedging with cash flow derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains and losses on defined contributions pensior	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income:	-	-	-	-	-	-	-	-	-	-	-	
Cash flow hedges	-	-	-	-	-	-	-	-	-	(2.982)	-	(2.982)
losses from investments in subsidiaries, joint arrangeme	-	-	-	-	-	-	-	-	-	(468)	-	(468)
Actuarial gains of employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	7.115	-	7.115
Losses for deterioration of non-financial assets and non-	-	-	-	-	-	-	-	-	-	(6.647)	-	(6.647)
Net deferred tax	-	-	-	-	-	-	-	-	-	2.737	-	2.737
Balance of March 31st of 2022	**$ 479.760**	**$ 2.994**	**$ 13.907.929**	**$ 86.785**	**$ 4.092.577**	**$ 651.950**	**$ 319.186**	**$ -**	**$ 253.307**	**$ 152.552**	**$ 506**	**$ 5.559.857**

3. Consolidated Figures

Consolidated Results

The Total Assets of the BBVA Colombia Group closed the first quarter of 2022 with a balance of COP 83 trillion. These presented an annual decrease of 17.2%, which represented a variation of COP 12 trillion.

BALANCE SHEET - Consolidated
Million COP

	1Q21	1Q22	TAM abs	TAM %
Cash and cash equivalents	6.626.941	9.029.173	652.287	7,8
Investments	6.564.033	8.709.556	2.321.221	36,3
Derivative Financial Instruments and Cash Operations	2.644.857	4.325.607	1.903.668	78,6
Gross Loan Portafolio and Leasing	51.664.824	60.357.848	7.531.429	14,3
Provision for credit losses	(3.088.294)	(3.037.520)	89.441	2,9
Other	3.957.214	3.751.036	(272.520)	(6,8)
Assets	**68.369.575**	**83.135.700**	**12.225.526**	**17,2**
Deposits	51.584.585	60.528.109	6.132.192	11,3
Money Market Operations	848.187	4.499.393	3.823.174	565,4
Financial instruments at fair value	3.259.301	4.655.786	1.688.570	56,9
Banks and other financial obligations	2.714.194	2.688.322	(217.131)	(7,5)
registered an annual growth COP 116 billion or 5.0%	2.402.869	2.269.676	(151.002)	(6,2)
Liabilities by deferred tax	226.215	477.282	254.108	113,9
Estimated liabilities and provisions	347.649	329.240	(97)	(0,0)
Payable accounts	981.334	1.137.235	439.968	63,1
Labor Obligations	225.193	210.413	(18.425)	(8,1)
Other Liabilities	388.123	387.511	3.467	0,9
Liabilities	**62.977.650**	**77.182.967**	**11.954.824**	**18,3**
Paid-in Capital	89.779	89.779	-	-
Additional-paid in capital	651.950	651.950	-	-
Noncontrolling interests	7.348	7.029	(700)	(9,1)
Reserves	3.643.860	4.093.083	449.223	12,3
Surplus	822.166	798.817	(72.761)	(8,3)
Net income	176.822	312.075	(105.060)	(25,2)
Stockholder's Equity	**5.391.925**	**5.952.733**	**270.702**	**4,8**
Total Liabilities and Stockholder´s Equity	**68.369.575**	**83.135.700**	**12.225.526**	**17,2**

In relation to the liquidity resources of the Group, the Available assets presented an increase of COP 652 billion in relation to the year 2021. This increase was due to a variation of COP 807 billion in the available in Banks and other financial entities and the increase in COP 142 billion in money market and related transactions.

Derivative financial instruments and cash operations closed with a balance of COP 4 trillion presenting a positive variation of COP 1,9 trillion.

Investments presented a negative variation of COP 2 trillion, closing with a balance of COP 8,7 trillion. This variation is explained by a variation in investments at fair value with changes in results delivered in money market operations of COP 797 billion, in investments at amortized cost of COP 392 billion, in investments with changes in results of COP 1 trillion and in investments at fair value with changes in OCI of COP 30 billion.

The Credit and Leasing portfolio registered an annual growth of 14.3% or COP 7,5 trillion, closing March 2022 with a balance of COP 60 trillion. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, showed a growth of 2.9%. The Other Assets account presented a growth of 6.8% or COP 272 billion.

In relation to liability accounts, deposits and liabilities presented an annual growth of COP 6 trillion, thus closing with a balance of COP 60 trillion. This variation is due to a decrease of COP 898 billion in time deposits and a growth of COP 5 trillion in current deposits.

Liability positions in market operations increased COP 3,8 trillion.

Financial instruments at Fair Value closed with a balance of COP 4,6 trillion, which represented a decrease of 56.9% compared to 2021. This variation is explained by the decrease in trading instruments of COP 1,6 triillion.

The line of Credits with Banks and Other Financial Obligations presented a decrease of COP 217 billion.

Accounts payable presented a variation of 63% and labor obligations presented a growth of 8.1%. Other liabilities increased 0.9% or COP 3 billion, closing with a balance of COP 387billion.

Finally, Equity showed an increase of 4.8% and closed at COP 5,9 trillion in March 2022.

Loan Portfolio

In March 2022, the gross loan portfolio closed with a balance of COP 60 trillion and presented a variation of 14.3% with respect to the same period in 2021. The net loan portfolio presented a positive variation of 15.3% and closed with a balance of COP 57 trillion.

LOAN PORTFOLIO
Million COP

	1Q21	1Q22	Var TAM	
Gross Loan Portfolio	**52.826.419**	**60.357.848**	**7.531.429**	**14,3**
Consumer	20.206.423	23.018.043	2.811.620	13,9
Commercial	19.592.680	23.488.426	3.895.746	19,9
Microcredit	2	2	-	-
Mortgage	12.541.523	13.344.902	803.379	6,4
Leasing	485.791	506.475	20.684	4,3
Loan -Loss Provision	**(3.126.961)**	**(3.037.520)**	**89.441**	**2,9**
Net Loan Portfolio	**49.699.458**	**57.320.328**	**7.620.870**	**15,3**

The portfolio of the BBVA Colombia Group maintains its focus on the Individual segment, which represents 60.2% of the gross portfolio at the end of March 2022. This segment presented an increase of 11% compared to the year 2021 and closed with a balance of COP 36 trillion.

The consumer portfolio made up of payroll loans, vehicle, free investment, revolving credit, private credit cards and private overdraft loans presented an annual increase of 13.9%.

The mortgage portfolio showed an increase of 6.4%, which represented an increase of COP 803 billion. At the end of the first quarter of 2022, it represents 6.4% of the gross portfolio.

The commercial portfolio presented an annual increase of 19.9% with a variation of COP 3,8 trillion.

Client's Resources

At the end of the first quarter of 2022, customer funds remained adjusted to the Group's liquidity needs and deposits behaved aligned with the growth dynamics of the portfolio. Total customer funds increased by COP 5,9 trillion, which represented a variation of 10.5%, closing the quarter at COP 62,7 trillion. The term deposits represented 30.9% of the total resources and presented a variation of 4.8%, reaching a balance of COP 19 trillion.

CLIENT'S RESOURCES
Million COP

	1Q21	1Q22	Var TAM	
Checking Accounts	35.860.158	41.093.889	5.233.731	14,6
Term deposits	18.535.759	19.434.220	898.461	4,8
Total Client's Deposits	**54.395.917**	**60.528.109**	**6.132.192**	**11,3**
Investment Securities in Circulation	2.420.678	2.269.676	(151.002)	(6,2)
Total Resources	**56.816.595**	**62.797.785**	**5.981.190**	**10,5**

Demand deposits presented a variation of 14.6% (COP 5 trillion). These deposits represented 65.4% of total customer funds.

Outstanding investment securities closed at COP 2 trillion and presented a negative variation of 6.2% compared to 2021.

Eligible Capital and Solvency Ratio

The Group's Stockholders' Equity presented a positive variation of 4.8% and closed at COP 5,9 trillion. This increase is explained by the increase in reserves of COP 449 billion, due to the increase of COP 105 billion in earnings for the year.

The Technical Equity closed the first quarter of 2022 with a balance of COP 6,6 trillion and presented a variation of 6.2%. The equity required according to Colombian regulations was COP 4,7 trillion, which implies an excess of equity of COP 1,8 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	1Q21	1Q22	%
Accounting Equity	**5.682.031**	**5.952.733**	**4,8**
Eligible Capital	6.261.271	6.649.398	6,2
Ordinary Basic Equity	4.294.125	4.966.218	15,7
Additional Basic Equity	2.994	2.994	0,0
Additional EquityI (Tier II)	1.971.322	1.680.186	-14,8
Technical Equity	**6.261.271**	**6.649.398**	**6,2**
Required Equity	4.338.615	4.771.776	10,0
Surplus Equity	1.922.656	1.877.622	-2,3
Risk weighted assets including market risk	**38.469.781**	**44.128.866**	**14,7**
Value at Risk (VeR)	367.663	437.898	19,1
Solvency Ratio without VeR	16,28	15,07	-120,8
Solvency Ratio with VeR (minimum 9%)	13,90	12,64	-126,2
Tier 1 (%)[1]	10,27	10,31	4,1

[1] Basic Equity against risk-weighted assets

Weighted Assets by Risk Level closed at COP 44 trillion and showed an increase of 14.7%. For its part, the Market Value at Risk (VaR) increased 19.1%.

The Group's solvency ratio closed at 12.64%, with a variation of 126 bps compared to the same period of 2021.

Income Statement

Below are the accumulated results of the BBVA Colombia group at the end of the first quarter of 2022 and 2021:

Accumulated Income Statement

Million COP

	1Q21	1Q22	Var TAM	
Interest Income	1.157.093	1.307.452	150.359	13,0
Interest Expense	(335.077)	(437.954)	(102.877)	30,7
NET INTEREST INCOME	**822.016**	**869.498**	**47.482**	**5,8**
NET FEE INCOME	**42.735**	**62.027**	**19.292**	**45,1**
Investment Portfolio	73.943	178.166	104.223	141,0
Dividends	6.546	3.839	(2.707)	(41,4)
Other Incomes	25.914	49.235	23.321	90,0
OTHER OPERATING INCOME	**106.403**	**231.240**	**124.837**	**117,3**
GROSS MARGIN	**971.154**	**1.162.765**	**191.611**	**19,7**
Net Provisions	**(271.533)**	**(183.015)**	**88.518**	**(32,6)**
Operational Costs	**(430.685)**	**(474.383)**	**(43.698)**	**10,1**
Personal Expenses	(164.172)	(176.313)	(12.141)	7,4
General Expenses	(115.313)	(121.127)	(5.814)	5,0
Taxes	(28.663)	(29.786)	(1.123)	3,9
Other	(115.275)	(145.523)	(30.248)	26,2
Operational Risk	(4.012)	(2.063)	1.949	(48,6)
OPERATING EXPENSES	**(702.218)**	**(657.398)**	**44.820**	**(6,4)**
Minority Interest	(561)	(274)	287	(51,2)
PROFIT BEFORE TAX	**268.375**	**505.093**	**236.718**	**88,2**
Income Tax	(91.553)	(193.018)	(101.465)	110,8
NET PROFIT	**176.822**	**312.075**	**135.253**	**76,5**

The interest margin registered a year-on-year increase of 5.8%. The interest income recorded a decrease of COP 150 billion and expenses recorded an increase of COP 102 billion. For this reason, net income from interest showed an increase of COP 47 billion.

Net fee income closed with a positive variation of COP 19 billion. On the other hand, the income generated by the investment portfolio showed a decrease of COP 104 billion or 141%. Dividends recorded an increase of COP 2,7 billion and closed with a balance of COP 3,8 billion.

On the other hand, the other income which includes operating income from financial services provided and recoveries of operating risk and others, registers an increase of COP 23 billion or 90%.

Administrative expenses recorded an increase of COP 43,6 billion compared to the previous year while personnel expenses increased 7.4% in the same period. On the other hand, general expenses increased 5%. Expenses for contributions and taxes registered a decrease of 8% and the net provisions closed with a balance of COP 183 billion and presented a decrease of 32.6%.

Finally, the BBVA Colombia Group recorded a net profit for the end of March 2022 of COP 312 billion, which was 76.5% higher than the profit recorded in the same period of the previous year.

Consolidated Statement of Changes in Equity

Below is the consolidated statement of changes in shareholders' equity of BBVA Colombia for the March 31, 2021 and March 31, 2022.

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Amounts stated in million of Colombian pesos and thousands of shares)

Concept	Number of shares	Subscribed and paid-in capital	Additional- paid in capital	Legal and occasional reserves	Net profit for the period	Retained earnings (NICF Implementation)	Adjustments in the adoption for the first time NICF	Other comprehensive income (OCI)	Article 6 Law 4 of 1980	Total shareholders' equity	Non-controlling interest	Total Equity
Balance of December 31st of 2021	**$ 479.760**	**$ 86.785**	**$ 651.950**	**$ 3.643.354**	**$ 890.240**	**$ 80.473**	**$ 30.835**	**$ 744.506**	**$ 506**	**$ 6.131.643**	**$ 8.258**	**$ 6.139.901**
Reserve	-	-	-	-	-	-	-	-	-	-	82	82
Valorization	-	-	-	-	-	-	-	-	-	-	(27)	(27)
Gain/Loss	-	-	-	-	-	-	-	-	-	-	(1.558)	(1.558)
Non controlled interest (minority interest)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(890.240)	890.240	-	-	-	-	-	-
Dividends paid in cash, preferred and common shares	-	-	-	-	-	(446.019)	-	-	-	(446.019)	-	(446.019)
Appropiation for legal reserve	-	-	-	449.223	-	(449.223)	-	-	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	312.075	-	-	-	-	312.075	274	312.349
Retained earnings sales force	-	-	-	-	-	-	(2.062)	-	-	(2.062)	-	(2.062)
Deferred tax	-	-	-	-	-	-	-	-	-	(637)	-	(637)
Unrealised retained earnings in new measurements of financ	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset valuation update	-	-	-	-	-	-	270	-	-	270	-	270
Gain/Loss on Non-current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Hedging with derivatives cash flow	-	-	-	-	-	-	-	(2.982)	-	(2.982)	-	(2.982)
Income from other equity items of subordinates	-	-	-	-	-	-	-	27	-	27	-	27
Defined contributions pension	-	-	-	-	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in other comprehensive income of the nonco	-	-	-	-	-	-	-	10.692	-	10.692	-	10.692
Adjustment for impairment of loan portfolio and financial l	-	-	-	-	-	-	-	(48.985)	-	(48.985)	-	(48.985)
Earnings accumulated by new measurements of financial	-	-	-	-	-	-	-	(7.006)	-	(7.006)	-	(7.006)
Net deferred tax	-	-	-	-	-	-	(637)	(1.312)	-	(1.312)	-	(1.312)
Balance of March 31st of 2022	**$ 479.760**	**$ 86.785**	**$ 651.950**	**$ 4.092.577**	**$ 312.075**	**$ 75.471**	**$ 28.406**	**$ 694.940**	**$ 506**	**$ 5.945.704**	**$ 7.029**	**$ 5.952.733**

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