

Management Report January - June 2022

2022

Individual and Consolidated Report

Investor Relations

Bogota DC, August 2022

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1. Generalities

Economic environment

Global inflation remains at unusually high levels. Price pressures have recently been reinforced by the impact of the war in Ukraine on commodity prices and supply bottleneck, against a backdrop of relative strength in demand (despite the current pause). The risk of significant second-round effects and de-anchoring of expectations is moderate, as monetary tightening will curb demand, but it is rising.

Central banks have accelerated the process of raising interest rates. Their recent tone suggests that they will do what is necessary to control inflation in the medium and long term. The Fed will soon raise rates to restrictive levels, while in the Eurozone, in a context of less robust demand and the risk of financial fragmentation, rates will converge to neutral levels.

The global economy will see a slowdown, with the US and the Eurozone experiencing negative growth for more than a quarter of the year, reducing inflation, though it will still be far higher than the banks' targets for short-term power plants. The forecast for 2022 and 2023's worldwide GDP growth is 3.4% in 2022 and 2.5% in 2023, respectively, following a 6.2% growth in 2021. GDP decrease is anticipated in the Eurozone in the upcoming quarters, primarily due to war-related disruptions like power outages. A recession in the US is more likely if monetary policy tightens significantly. The co-occurrence of several shocks, however, has made the environment exceedingly unpredictable.

In contrast, economic activity in Colombia has been healthy all year long, with first-quarter year-over-year growth of 8.5% and following leading indicators indicating relatively strong domestic demand. Thus by the robust growth of exports (16.8% year over year), investment excluding building (26.3% year over year), and private consumption (12.2% year over year). The boost in activity, which is still strong, comes from the good end of 2021, the recovery of employment, and the strong external demand for local products. In addition to these factors, we expect a strong base effect for the second quarter, given the national strike and logistical difficulties experienced in the same period last year. Accordingly, the second quarter should have a solid performance as well, with a year-over-year increase of about 11%.

Consumer inflation stood at 9.7% in June. Both core inflation (without food), which continued to accelerate to 6.8% annually, and high food prices, which have an annual variation of 23.6%, are driving these numbers. In addition, the restaurants and hotels division registered pressures due to the high prices of food, which are input for their services. Finally, the inflation of regulated goods and services has also been accelerating gradually, reaching its current level of 10.3% per year, reflecting a high contribution from housing, water, electricity, and gas services.

We expect inflation to remain at high levels in the coming months, with gradual moderation in food prices, but with continued upward adjustments to core inflation. At the end of the year, total inflation will be 9.2%. By 2023, inflation will likely decrease to 5.0%.

In response to these inflationary pressures, the Central Bank has been increasing its interest rate, which currently stands at 7.5%. The Bank accelerated the rate adjustment similarly to what has been happening in previous meetings, demonstrating its strong commitment to curbing future anticipation of price hikes as inflation. With the last increase of 150 basis points in June, BBVA Research considers that the intervention rate will continue to rise to 9.0% and begin a cycle of interest rate reductions in the second half of 2023, once inflation shows a clear downward trend and demand internal growth at lower rates.

2022 will see increased currency volatility due to external reasons. During the first quarter, the exchange rate appreciated due to the increase in oil prices, which, in turn, responded to the conflict between Ukraine and Russia. At that time, the COP became one of the most appreciated currencies among emerging markets. During the second quarter, the change in discourse and the new position of the FED, with a more restrictive monetary tone and significant rate hikes, weakened the emerging market currencies, depreciating the COP and beginning to close the gap with their regional peers. In addition, at the local level, the electoral cycle has imparted uncertainty and volatility to the exchange rate.

Additionally, the exchange rate has hit new historical heights in this situation, along with many other currencies. With the potential for further devaluation, it might continue to experience extreme volatility and unpredictability, this should only be a temporary situation, and it should subside after the markets have accounted for the Fed's cycle of rate hikes and a probable US recession. We anticipate that the currency will remain above the COP 4,000 for the next two years due to the substantial current account deficit and the external environment.

Regarding the current account deficit, the second quarter saw a considerable imbalance of 6.4% of GDP, higher than the average for 2021 of 5.7%. Even while exports and remittances improved, this was primarily due to a substantial increase in imports and foreign repatriation of earnings. The nation's exports will see some improvement in the second quarter thanks to higher worldwide pricing, but imports will have a negative impact on the situation. The current account deficit for the entire year will be lower than in 2021, at 5.3% of GDP. Its funding is still adequate, thanks to a healthy flow of direct investment and sizable portfolio inflows. By 2023, due to domestic demand moderations, the current account deficit will drop to 4.5% of GDP through a decrease in consumption of durable and semi-durable products and investments in machinery and equipment, which have significant import components.

The government noted in its recently released Medium-Term Fiscal Framework that revenues in 2021 and 2022 performed well as a result of the nominal growth of the economy during these two years. As a result, the debt-to-GDP ratio decreased to 59%, close to the long-term anchor, and helped lower the estimated budget deficit for 2022 to 5.6% of GDP. The strategy calls for a significant reduction in the

fiscal deficit during the following two years. The Framework predicts that the 2021 tax reform will increase revenues, leading to a primary surplus for the nation. The spending level of the plan is also higher than typical historically.

The newly elected administration has unveiled an economic strategy that includes a significant tax overhaul (5% of GDP in income). The law plans to remove tax exemptions for both businesses and families, a more progressive tax on high income, and taxes on wealth and property are a few of the announced topics. However, by maintaining fuel prices over the past six months, the government has increased the oil company's subsidy, which is only partially accounted for and will affect the budget balance in the future.

2. Individual Figures

Individual Results

Total Assets of BBVA Colombia closed the second quarter of 2022 with a balance of COP 92 trillion. These presented an annual increase of 32%, which represented a variation of COP 22.5 trillion.

In relation to the liquidity resources of the Bank, the Available assets presented an increase of COP 3.5 trillion in relation to the year 2021. This increase was due to an increase of COP 2.7 trillion in the amount available in Banks and other financial entities, COP 337 billion in the central bank and COP 528 billion in the Bank's cash.

Balance Sheet

Million COP

	2Q21	2Q22	TAM	
			abs	%
Cash	7.268.176	10.840.718	3.572.542	49,2
Assets positions in money market operations	1.071.844	1.586.158	514.314	48,0
Investment and derivatives transactions	8.976.805	16.033.397	7.056.593	78,6
Loan portfolio and leasing operations	52.826.418	64.225.553	11.399.135	21,6
Impairment	(3.457.946)	(3.360.862)	97.084	2,8
Other Assets	3.683.870	3.557.144	(126.726)	(3,4)
Total Assets	70.369.167	92.882.109	22.512.942	32,0
Deposits and financial claims	56.854.071	69.647.868	12.793.797	22,5
Liabilities positions in money market operations	676.239	3.697.243	3.021.005	446,7
Financial instruments at fair value	2.967.216	7.819.876	4.852.660	163,5
Banks and other financial obligations	2.905.453	3.461.112	555.659	19,1
Accounts payable	912.957	1.419.485	506.528	55,5
Labor obligations	226.206	213.367	(12.839)	(5,7)
Other Liabilities	641.783	718.984	77.201	12,0
Total Liabilities	65.183.925	86.977.936	21.794.011	33,4
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	1.040.358	1.087.764	47.407	4,6
Gains or losses	411.751	634.052	222.301	54,0
Stockholder's Equity	5.185.242	5.904.173	718.931	13,9
Total Liabilities and Stockholder's Equity	70.369.167	92.882.109	22.512.942	32,0

Active Positions in Market Operations closed with a balance of COP 1.5 trillion and presented an increase of 48% compared to the same period of 2021. This increase of COP 514 billion was due to a greater volume in simultaneous operations, which presented this due to interbank operations.

The gross loan and leasing portfolio registered an annual growth of 22% or COP 11.4 trillion, closing June 2022 with a balance of COP 64 trillion. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, decreased by 2.8%. The Other Assets account decreased 3.4% (COP 126 billion).

In relation to liability accounts, deposits and liabilities presented an annual growth of COP 12 trillion, thus closing with a balance of COP 69 trillion. This increase is due to a variation of COP 4 trillion in Term Deposit Certificates, in special deposits of COP 139 billion, in investment securities of COP 1 billion and increases in checking account deposits of 632 in Savings Deposits of COP 7 trillion and a decrease of COP 116 billion in charges for services.

Liability positions in market operations increased COP 3 trillion, due to a decrease of COP 270 billion in simultaneous operations, of COP 14 billion in interbank funds, an increase of COP 1.2 billion in short position commitments and of COP 2.1 trillion in Repo Operations.

Financial instruments at Fair Value closed with a balance of COP 7.8 trillion, which represented an increase of 164% compared to 2021. This variation is explained by the increase in trading swaps of COP 2.6 trillion and trading forward contracts COP 2.2 trillion. On the other hand, trading options showed an increase of COP 6.3 billion.

The Credit line with Banks and Other Financial Obligations showed an increase of COP 555 billion, due to an increase of COP 611 billion in Foreign Financial Entities and the obligations with Findeter and Finagro (which decreased COP 243 billion and increased COP 99 billion, respectively). On the other hand, there was an increase of COP 87 billion in Bancoldex.

Accounts payable presented a variation of 55.5% while labor obligations presented a decrease of 5.7%. Other liabilities increased 12% or COP 77 billion, closing with a balance of COP 718 billion.

Finally, Equity presented an increase of 13.9% and closed at COP 5.9 trillion.

Loan portfolio

In June 2022, the gross loan portfolio closed with a balance of COP 65 trillion and presented a variation of 23.7% compared to the same period in 2021. The net loan portfolio presented a positive variation of 25% and closed with a balance of COP 61 trillion.

BBVA Colombia's portfolio maintains its focus on the Individual segment, which represents 55.4% of the gross portfolio at the end of June 2022. This segment increased 4.3% compared to 2021 and closed with a balance of COP 35 trillion.

LOAN PORTFOLIO

Million COP

	2Q21	2Q22	Var TAM	
Gross loans	52.826.418	65.344.478	12.518.060	23,7
Consumer	19.358.997	22.780.538	3.421.541	17,7
Commercial	17.609.954	25.229.764	7.619.810	43,3
Microcredit	-	-	-	N.C
Mortgage	12.571.368	13.687.793	1.116.425	8,9
Leasing	1.502.041	1.807.767	305.726	20,4
Non-performing loan portfolio	386.632	263.240	(123.392)	(31,9)
Non-performing loans	1.397.426	1.575.376	177.950	12,7
Provisions	(3.457.946)	(3.646.383)	(188.437)	(5,4)
Total loans, net	49.368.472	61.698.095	12.329.623	25,0

The consumer portfolio made up of payroll loans, vehicle, free Investment, revolving credit, credit cards and overdraft loans presented an annual increase of 19.5%. Payroll loans presented the largest share in the consumer portfolio, followed by free consumption and vehicle. The growth of payroll loans stands out with respect to the previous year.

The mortgage portfolio showed an increase of 8.9%, which represented a variation of COP 1.1 trillion. At the end of the second quarter of 2022, it represented 20.9% of the gross portfolio.

The commercial portfolio presented an annual variation of 43.3% or COP 7.6 trillion. For its part, the leasing portfolio showed an increase of 20.4% or COP 305 billion.

Client's Resources

At the end of the second quarter of 2022, customer funds remained adjusted to the bank's liquidity needs. Total customer funds showed an increase of 22.5% closing the quarter at COP 69 trillion. Where Transactional deposits (checking accounts and savings) increased 18.5%, these deposits represented 62.0% of total customer funds. On the other hand, investment securities closed at COP 2 trillion, COP 1 billion more than June 2021.

CLIENT'S RESOURCES

Million COP

	2Q21	2Q22	Var TAM	
Checking Accounts	8.844.920	9.477.674	632.754	7,2
Saving Accounts	25.999.804	33.714.296	7.714.492	29,7
Term Deposits	18.535.759	22.956.960	4.421.201	23,9
Other Deposits	1.052.911	1.077.147	24.236	2,3
Total Client's Deposits	54.433.393	67.226.077	12.792.683	23,5
Investment Securities in Circulation	2.420.678	2.421.791	1.114	0,0
Total Resources	56.854.071	69.647.868	12.793.797	22,5

Eligible Capital and Solvency Ratio

The Entity's Accounting Equity presented a positive variation of 13.9% and closed at COP 5.9 trillion. This increase is mainly explained by the increase in reserves of COP 449 billion, by the increase of COP 222 billion in earnings for the year and by the increase of COP 47 billion in Surplus.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	2Q21	2Q22	%
Accounting Equity	5.185.242	5.904.173	13,9
Eligible Capital	6.239.081	7.230.776	15,9
Ordinary Basic Equity	4.539.663	5.451.926	20,1
Additional Basic Equity	2.994	2.994	-
Additional Equity (Tier II)	1.696.424	1.775.856	4,7
Securizations	(7.170)	-	(100)
Technical Equity	6.231.911	7.230.776	16,0
Required Equity	4.463.373	5.733.955	28,5
Surplus Equity	1.768.538	1.496.821	(15,4)
Risk weighted assets including market risk	46.348.628	59.542.623	28,5
Value at Risk (VaR)	362.166	441.746	22,0
Value at Operational Risk (VaR)	320.850	389.788	21,5
Solvency Ratio without VaR	16,08	14,37	-170 bps
Solvency Ratio with VaR (minimum 9%)	13,45	12,14	-130 bps
Basic Capital Ratio CET1	9,79	9,16	-64 bps

Technical Equity closed the second quarter of 2022 with a balance of COP 7.2 billion and presented a variation of 16%. The equity required according to Colombian regulations was COP 5.7 billion, which implies an excess of equity of COP 1.5 trillion.

Weighted Assets by Risk Level closed at COP 59.5 trillion and presented an increase of 28.5%. For its part, the Value at Market Risk (VaR) increased 22%.

The Bank's solvency ratio closed at 12.14%, with a variation of 130 bps compared to the same period in 2021.

Income Statement

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

Accumulated Income Statement

Million COP

	2Q21	2Q22	Var TAM	
Interest Income	2.296.280	2.809.172	512.892	22,3
Interest Expense	(670.563)	(1.083.603)	(413.040)	61,6
NET INTEREST INCOME	1.625.717	1.725.569	99.852	6,1
NET FEE INCOME	67.075	116.437	49.361	73,6
Investment Portfolio	202.631	363.511	160.881	79,4
Dividends	17.121	17.877	756	4,4
Other incomes	95.754	84.472	(11.282)	(11,8)
OTHER OPERATING INCOME	315.505	465.860	150.355	47,7
GROSS MARGIN	2.008.298	2.307.865	299.568	14,9
Net Provisions	(538.626)	(345.241)	193.386	(35,9)
Operational Costs	(854.924)	(950.531)	(95.607)	11,2
Personal Expenses	(311.160)	(349.872)	(38.712)	12,4
General Expenses	(237.654)	(238.376)	(722)	0,3
Taxes	(61.172)	(67.629)	(6.458)	10,6
Other	(239.246)	(290.294)	(51.048)	21,3
Operational Risk	(5.693)	(4.360)	1.333	(23,4)
OPERATING EXPENSES	(1.393.551)	(1.295.772)	97.779	(7,0)
PROFIT BEFORE TAX	614.747	1.012.093	397.346	64,6
Income Tax	(187.442)	(362.487)	(175.045)	93,4
NET INCOME	427.305	649.606	222.301	52,0

The interest margin registered a year-on-year increase of 6.1%. Income from the credit portfolio registered a growth of COP 512 billion and expenses registered a decrease of COP 413 billion. The foregoing was driven by the good management of the Bank. For this reason, net interest income increased by COP 99 billion.

Net fee income closed with a positive variation of 73.6%. On the other hand, the income generated by the investment portfolio showed an increase of COP 160 billion. Dividends registered an increase of 4.4% and closed with a balance of COP 17 billion. On the other hand, the other income line, which includes operating income from financial services provided and recoveries of operating risk and others, recorded a decrease of 11.8%.

The net endowment of assets closed with a balance of COP 345 billion and presented a decrease of 35.9%.

Operational costs registered an increase of COP 95 billion compared to the previous year, simultaneously personal expenses increased 12.4% when comparing with the year 2021. On the other hand, general expenses increased 0.3% and, expenses for contributions and taxes registered an increase of 10.6%.

Finally, BBVA Colombia recorded a net profit for the end of June 2022 of COP 649 billion which was 52% higher than the previous year profit.

Performance Measures and Indicators

NON-PERFORMING LOANS AND COVERAGE

Million COP

	2Q21	2Q22	Var TAM
Gross Loan Portfolio	52.826.418	64.225.554	21,6
Total Overdue loans	1.784.058	5.653.567	216,9
Overdue loans	386.632	263.240	(31,9)
Non-performing loans	1.397.426	5.390.327	285,7
Non-performing loans ratios	%	%	%
Overdue Loans ratio	0,73	0,41	0,4
NPL ratio	2,65	8,39	5,7
Loan -Loss Provision	3.457.946	3.360.862	(2,8)
Coverage overdue loans	247,45	62,35	(185,1)

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.

At the end of June 2022, the portfolio quality indicator stood at 8.39%. For its part, the Default Portfolio Coverage indicator stood at 62.35%.

Separate Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia June 30, 2021 and June 30, 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	Subscribed and paid-in capital				Retained Earnings							Total Shareholder Equity
	Non-voting preferred shares		Ordinary shares		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	
	Number	Value	Number	Value								
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)
Appropriation for legal reserve	-	-	-	-	449.223	-	-	(449.223)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	649.606	-	-	-	-	649.606
Fixed asset valuation update	-	-	-	-	-	-	-	-	1.153	-	-	1.153
Gain/Loss on non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Net deferred tax (Net effect of labor obligations and net fix	-	-	-	-	-	-	-	-	(357)	-	-	(357)
Hedging with cash flow derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains and losses on defined contributions pensior	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income:	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	14.160	-	14.160
losses from investments in subsidiaries, joint arrangem	-	-	-	-	-	-	-	-	-	(666)	-	(666)
Actuarial gains of employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	22.270	-	22.270
Losses for measurement of financial assets available for	-	-	-	-	-	-	-	-	-	(26.248)	-	(26.248)
Net deferred tax	-	-	-	-	-	-	-	-	-	2.972	-	2.972
Balance of June 30th of 2022	\$ 479.760	\$ 2.994	\$ 13.907.929	\$ 86.785	\$ 4.092.577	\$ 651.950	\$ 649.606	\$ -	\$ 254.470	\$ 165.285	\$ 506	\$ 5.904.173

3. Consolidated Figures

Consolidated Results

The Total Assets of the BBVA Colombia Group closed the second quarter of 2022 with a balance of COP 93 trillion. These presented an annual increase of 32%, which represented a variation of COP 22.6 trillion.

BALANCE SHEET - Consolidated Million COP

	2Q21	2Q22	TAM	
			abs	%
Cash and cash equivalents	8.376.886	12.455.460	4.078.574	48,7
Investments	6.388.335	7.729.498	1.341.163	21,0
Derivative Financial Instruments and Cash Operations	2.421.939	8.006.723	5.584.784	230,6
Gross Loan Portfolio and Leasing	52.826.419	64.225.554	11.399.135	21,6
Provision for credit losses	(3.126.961)	(3.016.825)	110.136	3,5
Other	4.023.556	4.187.210	163.654	4,1
Assets	70.910.174	93.587.620	22.677.446	32,0
Deposits	54.395.917	67.177.016	12.781.099	23,5
Money Market Operations	676.219	3.696.875	3.020.656	446,7
Financial instruments at fair value	2.967.216	7.819.876	4.852.660	163,5
Banks and other financial obligations	2.905.453	3.461.112	555.659	19,1
registered an annual growth COP 116 billion or 5.0%	2.420.678	2.421.791	1.113	0,0
Liabilities by deferred tax	223.174	422.388	199.214	89,3
Estimated liabilities and provisions	329.337	305.027	(24.310)	(7,4)
Payable accounts	697.267	1.283.680	586.413	84,1
Labor Obligations	228.838	215.990	(12.848)	(5,6)
Other Liabilities	384.044	474.891	90.847	23,7
Liabilities	65.228.143	87.278.646	22.050.503	33,8
Paid-in Capital	89.779	89.779	-	-
Additional-paid in capital	651.950	651.950	-	-
Noncontrolling interests	7.729	7.292	(437)	(5,7)
Reserves	3.643.860	4.093.083	449.223	12,3
Surplus	871.578	736.105	(135.473)	(15,5)
Net income	417.135	730.765	313.630	75,2
Stockholder's Equity	5.682.031	6.308.974	626.943	11,0
Total Liabilities and Stockholder's Equity	70.910.174	93.587.620	22.677.446	32,0

In relation to the liquidity resources of the group, the Available assets presented an increase of COP 4 trillion in relation to the year 2021. This increase was due to a variation of COP 3.5 trillion in the available in Banks and other financial entities and the increase in COP 514 billion in money market and related transactions.

Derivative financial instruments and cash operations closed with a balance of COP 8 trillion presenting a positive variation of COP 5.5 trillion.

Investments presented a positive variation of COP 1.3 trillion, closing with a balance of COP 7.7 trillion. This variation is explained by a variation in investments at fair value with changes in results delivered in money market operations of COP 261 billion, in investments at amortized cost of COP 449 billion, in investments with changes in results of COP 1.1 trillion and in investments at fair value with changes in OCI of COP 35 billion.

The Credit and Leasing portfolio registered an annual growth of 23.2% or COP 5.5 trillion, closing June 2022 with a balance of COP 64 trillion. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, decreased by 3.5%. While the Other Assets account presented a growth of 2.6% or COP 73 billion.

In relation to liability accounts, deposits and liabilities presented an annual growth of COP 12.7 trillion, thus closing with a balance of COP 67 trillion. This variation is due to an increase of COP 4.4 trillion in time deposits and of COP 8.3 trillion in current deposits. Additionally, liability positions in market operations increased COP 3 trillion.

Financial instruments at Fair Value closed with a balance of COP 7.8 trillion, which represented an increase of 163.5% compared to June 2021. This variation is explained by the increase in trading instruments of COP 4.8 trillion.

The line of Credits with Banks and Other Financial Obligations increased COP 555 billion.

Accounts payable presented a variation of 84.1% and labor obligations decreased by 5.6%. Other liabilities increased 23% or COP 90 billion, closing with a balance of COP 474.

Finally, Equity showed an increase of 11% and closed at COP 6.3 trillion in June 2022.

Loan Portfolio

In June 2022, the gross loan portfolio closed with a balance of COP 64 trillion and presented a variation of 21.6% with respect to the same period in 2021. The net loan portfolio presented a positive variation of 12.1% and closed with a balance of COP 61 trillion.

LOAN PORTFOLIO

Million COP

	2Q21	2Q22	Var TAM	
Gross Loan Portfolio	52.826.419	64.225.554	11.399.135	21,6
Consumer	20.206.423	24.243.642	4.037.219	20,0
Commercial	19.592.680	25.857.292	6.264.612	32,0
Microcredit	2	2	-	-
Mortgage	12.541.523	13.610.109	1.068.586	8,5
Leasing	485.791	514.509	28.718	5,9
Loan -Loss Provision	(3.126.961)	(3.016.825)	110.136	(3,5)
Net Loan Portfolio	49.699.458	61.208.729	6.590.454	12,1

The portfolio of the BBVA Colombia Group maintains its focus on the Individual segment, which represents 58.9% of the gross portfolio at the end of June 2022. This segment presented an increase of 20.2% compared to the year 2021 and closed with a balance of COP 37 trillion.

The consumer portfolio made up of payroll loans, vehicle, free investment, revolving credit, credit cards and overdraft loans presented an annual increase of 20%.

The mortgage portfolio showed an increase of 8.5%, which represented an increase of COP 1 trillion. At the end of the second quarter of 2022, it represented 21% of the gross portfolio.

For its part, the commercial portfolio presented an annual increase of 32% with a variation of COP 6.2 trillion.

Client's Resources

At the end of the second 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 12.7 trillion, which represented a variation of 22.5%, closing the quarter at COP 69.5 trillion. The term deposits represented 33% of the total resources and presented a variation of 27.4%, reaching a balance of COP 22.9 trillion.

CLIENT'S RESOURCES

Million COP

	2021	2022	Var TAM	
Current Accounts	35.860.158	44.220.056	8.359.898	23,3
Term deposits	18.535.759	22.956.960	4.421.201	23,9
Total Client's Deposits	54.395.917	67.177.016	12.781.099	23,5
Investment Securities in Circulation	2.420.678	2.421.791	1.113	0,0
Total Resources	56.816.595	69.598.807	12.782.212	22,5

Current deposits presented a variation of 23.3% (COP 8.3 trillion), these deposits represented 63.5% of total customer funds. On the other hand, investment securities in circulation closed at COP 2.4 trillion.

Eligible Capital and Solvency Ratio

The Group's Stockholders' Equity presented a positive variation of 11% and closed at COP 6.3 trillion. This increase is explained by the increase in reserves of COP 449 billion, due to the increase of COP 313 billion in earnings for the year.

The Technical Equity closed the second quarter of 2022 with a balance of COP 7.2 trillion and presented a variation of 16%. The equity required according to Colombian regulations was COP 4.7 trillion, which implies an excess of equity of COP 2.4 trillion.

PATRIMONIO ADECUADO Y RELACIÓN DE SOLVENCIA

(Millones de pesos)

	2T21	2T22	%
Patrimonio Contable	5.682.031	6.308.974	11,0
Patrimonio Adecuado Computable	6.241.441	7.229.297	15,8
Patrimonio Básico Ordinario	4.542.023	5.450.447	20,0
Patrimonio Básico Adicional	2.994	2.994	0,0
Patrimonio Adicional	1.696.424	1.775.856	4,7
Titularizaciones	(7.170)	-	(100)
Patrimonio Técnico	6.234.271	7.229.297	16,0
Patrimonio Adecuado Requerido	4.469.222	4.771.776	6,8
Excedente de Patrimonio	1.765.049	2.457.521	39,2
Activos y Contingencia Ponderados por Nivel de Riesgo	46.409.370	59.675.762	28,6
Valor en riesgo (VeR)	364.921	447.868	23
Relación de Solvencia sin VeR	16,11	14,39	-172
Relación de Solvencia con VeR (mínimo 9%)	13,43	12,11	-132
Ratio de capital básico CET1	9,79	9,13	(65,68)

Weighted Assets by Risk Level closed at COP 59 trillion and showed an increase of 28.6%. For its part, the Market Value at Risk (VaR) increased 22.7%.

The Group's solvency ratio closed at 12.11%, with a variation of 132 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 second quarter of 2022 and 2021:

Accumulated Income Statement

Million COP

	2Q21	2Q22	Var TAM	
Interest Income	2.296.279	3.161.738	865.459	37,7
Interest Expense	(670.420)	(1.083.267)	(412.847)	61,6
NET INTEREST INCOME	1.625.859	2.078.471	452.612	27,8
NET FEE INCOME	92.415	168.962	76.547	82,8
Investment Portfolio	185.862	355.367	169.505	91,2
Dividends	18.021	18.333	312	1,7
Other Incomes	97.486	87.976	(9.510)	(9,8)
OTHER OPERATING INCOME	301.369	461.676	160.307	53,2
GROSS MARGIN	2.019.643	2.709.109	689.466	34,1
Net Provisions	(539.112)	(576.151)	(37.039)	6,9
Operational Costs	(871.766)	(970.778)	(99.012)	11,4
Personal Expenses	(320.471)	(360.474)	(40.003)	12,5
General Expenses	(238.259)	(241.141)	(2.882)	1,2
Taxes	(63.063)	(69.184)	(6.121)	9,7
Other	(242.009)	(293.524)	(51.515)	21,3
Operational Risk	(7.964)	(6.455)	1.509	(18,9)
OPERATING EXPENSES	(1.410.878)	(1.546.929)	(136.051)	9,6
Minority Interest	(977)	(549)	428	(43,8)
PROFIT BEFORE TAX	607.788	1.161.631	553.843	91,1
Income Tax	(190.653)	(430.865)	(240.212)	126,0
NET PROFIT	417.135	730.766	313.631	75,2

The interest margin registered a year-on-year increase of 27.8%. The interest income recorded an increase of COP 865 billion and expenses recorded an increase of COP 412 billion. For this reason, net income from interest showed an increase of COP 452 billion.

Net fee income closed with a positive variation of COP 76 billion. On the other hand, the income generated by the investment portfolio showed a decrease of COP 169 billion or 91.2%. Dividends recorded an increase of COP 312 million and closed with a balance of COP 18 billion.

On the other hand, the other income which includes operating income from financial services provided and recoveries of operating risk and others, decreased by 9.8%.

Administrative expenses recorded an increase of COP 99 billion compared to the previous year while personnel expenses increased 12.5% in the same period. On the other hand, general expenses increased 1.2%. Expenses for contributions and taxes registered an increase of 9.7% and the net provisions closed with a balance of COP 576 billion and increased by 6.9%.

Finally, the BBVA Colombia Group recorded a net profit for the end of June 2022 of COP 730 billion, which was 75.2% 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 June 30, 2021 and June 30, 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	-	-	-	-	-	-	-	-	-	-	(39)	(39)
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)
Appropriation for legal reserve	-	-	-	449.223	-	(449.223)	-	-	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	312.075	-	-	-	-	730.765	549	731.314
Retained earnings sales force	-	-	-	-	-	-	(2.062)	-	-	(2.032)	-	(2.032)
Deferred tax	-	-	-	-	-	-	-	-	-	(357)	-	(357)
Unrealized retained earnings in new measurements of financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset valuation update	-	-	-	-	-	-	270	-	-	1.153	-	1.153
Gain/Loss on Non-current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
Gains derivate from hedging with derivatives cash flow	-	-	-	-	-	-	-	14.159	-	14.159	-	14.159
Income from other equity items of subordinates	-	-	-	-	-	-	-	38	-	38	-	38
Employee Benefits - Actuarial Gains and Losses	-	-	-	-	-	-	-	1	-	1	-	1
Earnings from application of IFRS9	-	-	-	-	-	-	-	1	-	1	-	1
Participation in other comprehensive income of the no controlled investments	-	-	-	-	-	-	-	(14.400)	-	(14.400)	-	(14.400)
Adjustment for impairment of loan portfolio and financial leasing operations by IFRS 9 application	-	-	-	-	-	-	-	(110.395)	-	(110.395)	-	(110.395)
Losses accumulated by new measurements of financial assets available for sale	-	-	-	-	-	-	-	(26.596)	-	(26.596)	-	(26.596)
Net deferred tax	-	-	-	-	-	-	-	23.721	-	23.721	-	23.721
Balance of June 30th of 2022	\$ 479.760	\$ 86.785	\$ 651.950	\$ 4.092.577	\$ 312.075	\$ 75.471	\$ 29.043	\$ 631.035	\$ 506	\$ 6.301.682	\$ 7.292	\$ 6.308.974

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