Quarterly Report January - June 2023

Individual, and Consolidated Report

BBVA Colombia

Address: Carrera 9 #72 -21 Bogotá, Colombia

Current securities of the issuer

Value class	Ordinary shares	Preferred Shares
Negotiation System	Stock Exchange	Stock Exchange
Stock Markets	Bolsa de Valores de Colombia (BVC)	Bolsa de Valores de Colombia (BVC)
Outstand ing shares	13,907,929,071	479,760,000
Number of shareholders	64.85	290
Issue Amount	13,907,929,071	479,760,000
Placed Amount	13,907,929,071	479,760,000

Characteristics	Bonds				
Amount in millions	400	165,000	156,000	90,000	160,000
Class	Subordinate	Subordinate	Subordinate	Subordinate	Subordinate
Issuance Date	04/21/2015	02/19/2013	09/19/2011	11/26/2014	11/26/2014
Maturity	04/21/2025	02/19/2028	09/19/2026	11/26/2029	11/26/2034
Term	10 years	15 years	15 years	15 years	20 years
Rate	4.88%	CPI +3.89%	CPI + 4.70%	CPI +4.38%	CPI + 4.50%
Interest payment	S.V.	TV	TV	TV	TV
Capital payment	Bullet, upon expiration	Bullet, upon expiration	Bullet, upon expiration	Bullet upon expiration	Bullet, upon expiration
Currency	USD	COP	COP	COP	COP

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1. Economic environment

The global economy

The combination of still robust demand (due to the dynamism of labor markets, and the lingering effects of reopening after the pandemic), and the dissipation of supply shocks has continued to support global growth in 2023, despite showing signs of slowing. The unemployment rate in developed countries is below or similar to the levels that prevailed before the pandemic, and very close to its historical lows. Real wages continue to grow, especially in the Eurozone, where they are accelerating, and household consumption, although moderating, continues to be at high levels, especially boosting the United States economy.

China continued to have a notable rebound at the beginning of this year, due to the total elimination of the sanitary restrictions that it maintained until 2022, and the boost that this meant on domestic demand, and supply, growing above estimates in the first quarter, and helping global growth remain dynamic. China's economy helped offset the negative effect on the global performance of the slowdown in the United States (contained by good household consumption), Europe (moderated by the good performance of net exports), and most emerging countries. Finally, the lower prices of raw materials, mainly energy (oil, gas, coal), have favored the reduction of bottlenecks for global production.

The dissipation of supply shocks and the moderation of demand helped reduce the increase in prices, allowing total inflation to reach its ceiling, and begin a gradual downward path. However, underlying measures of core inflation have not yet fallen significantly due to the lagged effects of past high energy prices, and current dynamism in labor markets. The latter will continue to favor (contained) increases in salaries, and profit margins, delaying the moment of price breakdown, and slowing the fall in core inflation once it reaches its maximum. Unlike the above, in China, price pressures remain under control, despite the post-COVID recovery, due to favorable commodity prices, supply recovery, and the "balance sheet recession" (deleveraging).) from the private sector.

In this context, central banks have reaffirmed their commitment to reducing inflation, maintaining the cycle of increases in the monetary policy interest rate, and liquidity withdrawal programs. These measures, together with the tightening of credit driven by the turbulence in the US banking sector, and, eventually, less expansionary fiscal policies, will favor a gradual (further) reduction in demand, and prices. However, some second-round effects will help keep inflation above target. Central banks are therefore expected to keep rates at restrictive levels, possibly longer than markets expect. These monetary policy decisions, in addition to reducing the momentum of demand, could determine new levels of volatility in financial markets, and a restricted flow of capital to emerging countries.

The upward rate cycle would have ended in the US (but one last increase is possible), and would be close to the end in the Eurozone, where at least two more increases are expected.

No rate cuts are expected before the first quarter of 2024 in the US, and the fourth quarter in the Eurozone. The Fed, and the ECB will maintain their balance sheet reduction programs, with a gradual, and predictable pace of liquidity withdrawal. China, for its part, will maintain its interest rate at the current level, at least until the end of 2024.

Global growth in 2023 is estimated to be higher than previously expected, in line with recent better activity data. However, the dissipation of the effects of China's reopening, tight monetary policy, lower fiscal stimulus, and financial volatility will contribute to the progressive slowdown in growth, and it will remain weak in 2024, due to the further tightening of monetary conditions and credit. Global growth will reduce from 3.4% in 2022 to 2.9% in 2023, and 2.9% in 2024. The United States will grow 1.1%, and 0.6% in 2023, and 2024, respectively, due to the negative effects of the Fed's monetary restrictions, which will reduce the momentum of domestic demand to control inflation. The Eurozone will grow 0.8%, and 1.3%, in the same two years, with upward momentum due to the decline in raw material prices, and a slight recovery in 2024, partly due to the maintenance of uncertainty in the financial, and real markets. Finally, China will grow 5.7%, and 4.8%, in their order, driven upward by retained consumption, and public infrastructure.

Environment and perspectives on the Colombian economy

The Colombian economy continued its slowdown process this year, but it has been orderly and can continue growing, especially in private consumption, and exports, since investment did have a stronger downward adjustment. In the case of consumption, households have received the support of a still solid labor market, with high rates of new job creation, a good share of formal jobs, and an increase in real wages. However, the greatest household spending has been concentrated on the demand for services, and non-durable goods (especially food), and, on the contrary, consumption of durable, and semi-durable goods has decreased, as expected, which They had had a long expansionary cycle since the start of the pandemic, which has already lost traction. Exports, although they are growing in the two main areas, goods, and services, are being driven by external demand for services, including tourism.

As a result, the economic sectors that performed best at the beginning of the year were those related to services, including hotels, and restaurants, events, and online betting. On the contrary, sectors related to production, trade, transportation, and storage of goods slowed down sharply, and were in negative territory, in both production, and investment decisions. Another group of sectors that had a good balance was related to government, education, and health. In particular, the latter stood out for the increase in private health services that are different from the diseases treated by the pandemic.
The expected performance for the Colombian economy in 2023, and 2024 will be determined by an extension of the behavior already observed, the expected path for inflation, the effects of the restrictive monetary policy that will continue for a long time in the country, and the impact of the slowdown of developed countries.

Firstly, the better performance of the service sectors, and those related to non-durable goods, concerning the sectors linked to long-lasting goods will be maintained during the following two years, since household consumption, and exports will continue to be driven by these areas. Furthermore, the role of the central national government, and the departmental, and municipal governments will continue to be important, not only in current spending towards the education, and health sectors, among others but also in the expected greater execution of civil works, which could compensate for part of the lower activity that private activity will have, both in terms of production, and job creation.

Secondly, total inflation, which has already begun a progressive decline since the second quarter of 2023, will continue to gradually reduce, reaching 9.2% at the end of this year, and 5.2% in December 2024. For its part, core inflation, which has not yet shown a downward break, will begin to reduce from the second half of this year and will continue in 2024. However, the high inflation that has already been achieved will continue to weigh on the investment, and consumption decisions of companies, and households, explaining part of the slowdown in the economy this year.

Thirdly, as a result of the above, the monetary policy rate will remain at its current level of 13.25%, which is the maximum observed since 1999, until the end of this year, when it will begin to be gradually reduced to 12, 5% in December 2023, and 7.0% in December 2024. These monetary policy decisions seek a cooling of domestic demand so that inflation, especially basic inflation, consolidates a downward trend. In such a way that, together with the lower interest rates that will occur in 2024, the economy begins a recovery process with lower inflation pressures, which makes it more sustainable in the medium term, and with more positive impacts on the financial balances of households, and companies, as they will have better financial conditions.

Finally, the low growth of Colombia's trading partners will be a challenge for the country's exports, not only in terms of quantity, due to lower external demand, but also in terms of prices, due to the lower prices of raw materials that are expected for the following quarters. With this, exports will remain stable in 2024 compared to 2023, explained by a drop in the value of shipments of traditional products, and a moderate increase in non-traditional external sales, and tourism. As a result, together with the recovery of imports in 2024, driven by the recovery of internal demand that the Colombian economy will have, the country's external deficit will be above 4% of GDP in the two years, being even higher in 2024 (4.1% in 2023, and 4.3% in 2024).

The external deficit will be financed mainly by foreign direct investment, a source that is more stable than financing through credit or portfolio investment inflows, which reduces Colombia's vulnerabilities in an environment of lower global liquidity, and lower cash flows. expected portfolio towards emerging countries. However, this will not prevent pressures to devalue the exchange rate from continuing to persist, especially because the country's fiscal and external deficits are greater than those in force in economies with a similar level of development. Thus, the exchange rate is expected to be 4,600 pesos at the end of 2023, and 4,698 at the end of 2024.

In this context, Colombia will grow 1.2% in 2023, and 1.5% in 2024, slowing down from the high levels achieved in previous years. The dynamics of the economy will be led by the service sectors, while the consumption of durable and semi-durable goods will have a strong deceleration that will begin to change its direction from the first quarter of 2024. As a reflection of this, entrepreneurs will also make lower investment decisions, which will have a significant downward correction this year, and a slight recovery in 2024.

Without a doubt, these growth rates are low to achieve the social purposes that the country requires. It is necessary to accelerate the pace of investment, and GDP expansion to close the poverty, and inequality gaps, not only between people but also between regions of Colombia. Therefore, the Colombian economy is required to navigate well in the turbulent waters of the economic slowdown and return to cruising speed quickly. To achieve this, at least three groups of initiatives are needed: take advantage of the tailwinds (demand for services at a global level, formation of new value chains, energy transmission), raise the sails to take advantage of new winds (new sectors productive, new opportunities, better logistics for internal, and external trade), and calibrate the compass (promotion of private, and public investment, clear, and stable rules, promotion of employment, and formal companies, and coordination between public policies).

2. Market and competitive position

BBVA Colombia maintained the 4th position in the market, with a share in Assets of 10.84% as of April 2023, while its main competitor, Bancolombia, continued in first place with a share of 26.14%.

In Credit Investment, BBVA remained in fourth position with a market share of 11.25% for April, which presented a variation of +36 bps compared to the same period in 2022. The individual portfolio maintained the third position in the market, with a share of 14.17%, which presented a variation of +2 bps when compared to 2022. In the Consumer line, BBVA managed to grow in share with a gain of +61 bps, and closed April 2023 with 14.16% thanks to its excellent performance in Free Consumption, and Credit Card where it advanced three positions in the ranking, ranking fourth. Of the market. Concerning mortgage, BBVA's share is 14.18% with a loss of -122 bps when compared to the same period in 2022. For its part, the Business Portfolio has been recording an excellent evolution, standing at a share of 8.74%, and growing +75 bps compared to April 2022, achieving 4th position in the market.

About Customer Resources, BBVA remained in 4th position in the market in April 2023, with a share of 11.60%, which presented a variation of +8 bps compared to the same period in 2022. Share of Demand resources presented a variation of +39 bps, and maintained the fourth position in the market with a share of 11.11%. Savings registered a drop of -51 bps with a share of 10.70%, and CDTs, which have been the line with the greatest growth at the level of the entire banking, and financing companies sector, stood at 12.89%, decreasing -13 bps with the fourth position in the market.

3. Legal, and regulatory environment

BBVA Colombia permanently monitors new developments in legislation, allowing timely adaptation to new regulations, and using the most efficient criteria in their implementation. During the second quarter of 2023, BBVA Colombia complied with the legal requirements that govern banking activity, as well as executed its operations according to the instructions that the Authorities have given for this purpose, always framing, and adjusting its activity to the legal guidelines.

For the second quarter of 2023, the Authorities issued regulations related to banking activity, which highlights:

The Financial Superintendence of Colombia (SFC):

1. **Resolution 0586 of 2023.** Resolution 1875 of 2018 is added, through which Resolution 1245 of 2006 is partially modified, and establishes the regime of registration rights, public offering, and settlement of the annual fee that registered entities, and securities must pay. In the National Registry of Securities, and Issuers. Among other aspects, it stands out:

    - To encourage the issuance of green bonds, which seek to finance projects that offer environmental benefits, and /or that contribute to mitigating the negative impacts of business activity on the environment, "green credit content instruments" are included.
    - The second paragraph is added to Article 9 of Resolution 1245 of 2006, which states: issuances of instruments with green credit content will be exempt from the payment of offer rights, as long as the following conditions are met:

        - ➔ That the issuer comply, in its information prospectus, with the requirements outlined in External Circular 020 of 2022.
        - ➔ That the issuer has an external concept that reviews, and confirms the alignment of its value with the economic activities or assets, and the corresponding eligibility criteria.

2. **External Circular 006 of 2023**. Based on Article 5 of Law 1328 of 2009, financial consumers have the right to have clear, truthful, timely, and verifiable information about the characteristics of the products or services offered by the monitored entities.

Based on the above, the Superintendence considers it necessary to establish a new structure for capturing information on the rates or costs of the main financial products, and services. Due to the above, sub numeral 3.4.1.3 of Chapter I of Title III of Part I "Access, and information to the financial consumer" of the Basic Legal Circular related to the package of basic services is modified to update the number of transactions of the services, addressing the use of digital channels.

It is highlighted that BBVA Colombia SA must implement the technological development, taking into account the provisions of the technical document, as well as the times of mandatory testing, and entry into production, by the following schedule:

Mandatory tests: From November 1 to November 30, 2023. Entry into production: Between January 1, and 15, 2024.

3. **External Circular 08 of 2023.** Due to the evolution of international standards, and best practices in terms of internal control, and taking into account the continuous development at a global level of guidelines to strengthen the corporate governance practices of financial institutions. The SFC completely replaces Chapter IV of Title I of Part I of the Basic Legal Circular corresponding to the instructions regarding the Internal Control System of the supervised entities. Among other aspects, it stands out:

   The Control Framework must consider essential elements, such as, self-control environment, code of ethics, and conduct, report generation, and submission policy, human resources, information security, and independence of the board of directors.

   The model of the three lines of defense is established, which should promote the creation of governance structures, and processes that contribute to the materialization of strategic objectives, facilitating risk management.

   Entities have a period of one year from the issuance of this Circular to comply with these instructions.

4. **External Circular 09 of 2023.** For the importance of preserving the stability of the financial system in times of a possible crisis, through the mechanisms provided by law, and, taking into account the role of the Financial Institutions Guarantee Fund (FOGAFIN) in In these situations, it has identified the need to strengthen the capacity of the aforementioned Fund to act in the constitution of a bridge bank as a protection mechanism against the liquidation of a credit establishment, modifying the instructions relating to the constitution procedure, and in particular, against its corporate nature to expedite its creation.

5. **External Circular 10 of 2023.** The SFC modifies pro-forma 1000-144 (format 414) "Active interest rates by type of credit" with the objective that the recipient entities

of this Circular send the information required to certify the current bank interest corresponding to the new credit modalities established by Decree 455 of 2023, incorporated in Decree 2555 of 2010. To ensure the correct reporting of the information, the recipient entities must carry out mandatory tests between September 1, and 11, 2023.

6. **Circular Letter 19 of 2023**. It is issued so that financial entities can face the current economic conditions, and preserve the healthy growth of the credit portfolio, in the event that they show that the indicator associated with the real quarterly variation of individual provisions of the risky portfolio reaches a level greater than or equal to 9% for the consumption, and /or commercial modality.

   It is highlighted that entities may present to the SFC a plan to activate the corresponding provision in which compliance with the aforementioned indicator is accredited individually, and with the other indicators, and requirements provided for in section 1.3.4.1.1. of Chapter II of the Basic Accounting, and Financial Circular for the decumulative phase.

7. **Circular Letter 25 of 2023.** It informs about the list of investments that credit establishments must make in Agricultural Development Titles Classes "A" and "B" per the provisions of Article 4 of External Resolution 3 of 2000. BBVA Colombia is responsible for $1,786,831,637.

8. **Circular Letter 26 of 2023.** Based on External Circular 051 of 2015, and Chapter XXVIII of the Basic Accounting, and Financial Circular (CBCF), the SFC must give instructions regarding the base, and adverse scenarios from which entities must perform the required resistance tests. Among other aspects, it stands out:

   (i) Entities must submit the information requested in Form 527 (Pro-forma F.1000 - 138) "Resistance Tests", following the respective instructions. (ii) Entities must design the following macroeconomic scenarios to carry out the EPR tests: (i) Base Scenario (ii) Adverse Scenario. The results of the EPR and the information indicated in this Circular Letter must be sent to the SFC no later than July 28, 2023.

9. **Circular Letter 32 of 2023.** The SFC reminds the monitored entities of the duty to collaborate with: 1) justice, 2) administrative authorities, 3) agencies, 4) agencies, and duly authorized personnel that carry out intelligence or counterintelligence activities, in the attention to the information requirements that are formulated in matters of national security, and defense. Among other aspects, it stands out:

   If the information requested by the intelligence agency is covered by the legal reserve, these organizations, and public, and private entities may sign inter-institutional agreements by mutual agreement. In any case, the delivery of such information will not constitute a violation of the legal reserve, since it will continue under this principle, to which public intelligence and counterintelligence servers are obliged.

- The supervised entities must maintain absolute confidentiality regarding the content of the investigations carried out by the SFC, in the exercise of its legal powers, or any other competent authority, and must refrain from informing the holders of the respective accounts of said situation. Likewise, the supervised entity must provide information on facts or actions of securities market professionals in investigations of an administrative or disciplinary nature that are carried out against them, as well as of clients linked to activities that, due to their nature of public interest may affect the common good.

Congress of the Republic:

1. **Law 2294 of 2023.** The National Development Plan 2022-2026 is issued. Among other aspects, the following are highlighted:

(i) to monetary transfers through payment systems, the national Government may establish conditions, products, and channels through which the delivery of monetary transfers will be made; (ii) Regarding portability, the financial consumer will have the right to request the transfer of the financial products held in one entity supervised by the SFC to another along with the general, and transactional information associated with them; (iii) Regarding interoperability, low-value payment systems that provide services related to payment orders, and /or immediate fund transfers must interoperate with each other; (iv) to the open finance scheme, the state entities that make up the branches of public power, and all private legal entities must give access, and provide all information that can be used to facilitate access to products., and financial services, without prejudice to the exceptions to their access, and the guarantees of confidentiality of information, provided for in current regulations.

National government:

1. **Decree 455 of 2023. Ministry of Finance, and Public Credit.** Articles 11.2.5.1.1 are modified., and 11.2.5.1.2., and Article 11.2.5.1.5 is added. To Decree 2555 of 2010. Among other aspects, the following are highlighted:

The types of credit whose rates must be certified include popular rural productive credit, popular urban productive credit, rural productive credit, urban productive credit, and larger productive credit. If the SFC does not have the necessary information to certify the new credit modalities defined in numerals 1 to 5 of Article 11.2.5.1.2., it may determine that the current bank interest certified on thirty-one (31) of March 2023 will be valid for three (3) more months.

4.Intellectual Property, and Copyright

Under the provisions of Article 47 of Law 222 of 1995, modified by Law 603 of 2000, we inform that BBVA Colombia strictly complied with the legal provisions related to intellectual property and copyright for the different services, products, and operations. Regarding the brands and other intellectual property used by the Entity, we indicate that we have the ownership or the corresponding licenses, and authorizations to exploit them.

Regarding the software installed, in use, or the possession of BBVA Colombia, it has the corresponding licenses, and controls have been implemented so that the processes of purchase, development, installation, adaptation, and maintenance of the software comply with the legal requirements. On copyright, privacy, and electronic commerce.

The Internal Control, and Operational Risk areas, as well as the media, business, and audit areas, have evaluated and monitored the status of compliance with the regulations on intellectual property, and copyright, per the methodology established for this purpose, in to mitigate the materialization of the respective risks. For its part, in compliance with the provisions of Circular Letter 016 of 2011 of the Financial Superintendence, it is stated that the evidence of these evaluations rests on the tools, and worksheets used by the Internal Control, and Operational Risk unit, to the development of its function, an activity that is periodically reported to the Board of Directors.

5. Evaluation of Other Reports

BBVA Colombia declares that the provisions of Article 57 of Decree 2649 of 1993, the information, and statements contained in the Financial Statements, both separate, and consolidated, have been duly verified, and obtained from the Bank's accounting records, do not contain defects or material errors, and have been prepared under the applicable accounting standards, and principles.
Likewise, it states that the other reports required under Article 446 of the Commercial Code are disclosed in the Financial Statements and their Notes.
Finally, it is stated that BBVA Colombia does not limit the free circulation of invoices issued by suppliers or sellers, the above according to Article 87, second paragraph of the Law.
1676 of 2013.

Products, services, and distribution

Particular segment

In this second quarter of the year, BBVA continues working on projects for each of the business lines, and segments to provide a larger portfolio to customers, improve their experience with more agile channels, and deliver products with specific, and differential benefits.

From the Payroll front, we focus on consolidating the value offered to position ourselves as the payroll bank in Colombia leveraged on digital sales through the new banking APP (Glomo). Thanks to this, we grew the stock, bringing +216k new customers at the end of May 2023.

In the High-Value segments, we continue with the consolidation of the management model to correctly deliver the value proposition to our clients. This is why we grew our commercial force by 20% in the main cities of the country, thus providing the best comprehensive, and specialized advice, which has allowed us to grow by $800mM in average resource balances, + 18%, mainly in CDT with +27%.

In 2Q23, we continue to support the fulfillment of the dream of families in the country to acquire their own homes. Thus, at the end of June, more than 6,000 households obtained financing for their home with BBVA, exceeding loan disbursements of $860 billion, and of which 1,900 Colombian households have acquired Social Interest Housing (VIS) with loans of $120 billion, in addition to maintaining the interest rate offer for buyers of VIS projects with a maximum rate of 14% EA (disbursements until July 31), and thus continue promoting the dynamics in the sales of our allied construction companies, transferring these important benefits to our clients.

Our focus at BBVA is to have greater access to housing, and for this reason, we promote different amortization systems that include the management of credit in UVR as a mechanism to follow the inflation variation curve and protect the income of people, seeking a direct effect on the intention to purchase housing in Colombia, promoting a permanent dynamic in the sector with the construction companies that we have links, and that is part of a preferential model.

To consumption, the second quarter presented growth in balances of 19.2% vs. the same period in 2022. The deepening of customers with personalized digital offers, providing an online service, and facilitating the acquisition of the product, leverages this growth.

For its part, Payroll loans seek to continue the presence in the public, and private sectors. In the Vehicle Credit product, there is a balance growth of 8.5% compared to the same period in 2022, leveraged by alliances with dealers, process transformation, and the sustainability strategy with offers aimed at Hybrid, and Electric Vehicles, where more than 352 vehicles worth $33.6mM were financed in the second quarter of 2023.

In terms of savings, the second quarter BBVA continues to focus on strengthening the value offer by providing financial solutions to our clients, making visible the importance of savings, and investment. In this way, we achieved an increase of 21.2% in resource balances (Accounts + CDT's) compared to the same period of the previous year, mainly leveraged in attracting resources through our transactional, and digital investment alternatives, these being enablers to improve access to our products. CDT appears as the product with the greatest contribution to the growth of balances with 132%.

SME Segment, Companies, and Institutions

SME Segment

In the 2Q the SME segment, BBVA Colombia continues to advance in the strategic lines, one of them is to be a reference in the transactionality of the clients, this is how in the first 5 months of this year, 2,066 clients have been linked with a contribution in resources for $53 billion.

Advancing the objective of generating value for our clients, we continue to generate offers proactively with 11,000 offers for a value of $1.4 B, with the incentive that 70% are from clients who did not present an offer in Q1. These offers contributed 13% of the turnover. The Quota Plan continues, aimed at clients with annual sales of up to $15 billion with a share of wallet of less than 5%. With these clients, their projects were financed for a total of $78 billion.

It is important to highlight that the composition of billing changed compared to the previous year since on average 65% is short-term, with factoring being the main line of billing, and having high amortizations which limit the growth in the average balances of the total portfolio.

Contracting in digital products is consolidating as a means of financing, growing 7% compared to Q1, 1,019 clients for $57 billion, and leveraged by the ease provided to clients through the digital promissory note signing solution in our sales advance, and virtual credit products, giving our clients more, and more time to focus on their businesses, and not on in-person procedures.

In specialized financing products, the leasing plan was continued where clients with operations susceptible to setback, and interest in investments were identified, managing to disburse $31mM.

In resources, the growth dynamics in CDT (+4%, +$51mM), and funds (+3.6%, $18mM) are highlighted with respect to Q1, decreasing savings, and demand (-$261mM, -8%) with Compared to Q1, a large percentage of resources were released for use of working capital by clients for their normal business flow, actions have been taken in the value offer with the remunerated business savings account for ranges between $10 million, and $25 million to generate greater stability for clients on a massive scale, and with a wide offer at competitive rates in CDT, fixed savings, and investment funds.

Finally, the SME segment continues to promote sustainability lines with a contribution in the first 5 months of the year of $78m, especially in inclusive growth.

6. Business Segment

In the second quarter, BBVA Colombia worked on commercial actions aimed at the business segment with a special focus on customer engagement, and strengthening the relationship of current customers through financial solutions that adapt to their needs, and that promote business, and industrial growth of our country.

In commercial actions focused on quota gain, a campaign was launched called greater contribution in balances in clients with annual sales between $15 billion, and $50 billion pesos, which consists of linking, and deepening clients with financing needs that allow us to share gain in this customer segment. As a special incentive for the sales team, the manager with the best performance will win a place on the bank's annual incentive trip. To support this management, clients were profiled in which we have a low market share with potential for debt placement through portfolio purchases or maturity of debt operations in the sector. This campaign will be valid until December 2023.

The "Referents Plan" is continued, which is aimed at clients with the highest amounts of debt in the sector, and a low market share in BBVA. In total, there are 327 potential clients identified. As of June, growth of $348 billion pesos has been achieved in average investment balances. This lever adds to the bank's efforts to increase its market share, and strengthen its presence in the business sector.

Given the high potential of companies identified for business banking, a campaign was launched to link new clients with commercial goals according to the type of account managers, where sales ranges, with qualitative and quantitative information that allows to the commercial team to offer financial solutions that companies require, profiled potential clients. As of June, more than 240 new clients have been linked.

As a lever for growth in operational resources, a strategy was launched that identifies clients who are receiving payments in accounts from other banks to seek to channel them into BBVA accounts leveraged in collection, and payment solutions for this client segment. This initiative has allowed nearly $80 billion pesos to be channeled.

With the aim of boosting commission income, BBVA Colombia continued the Foreign Exchange action that seeks to increase the number of clients carrying out foreign exchange negotiations. This strategy is focused on a closed base of clients with whom there is a low participation in the foreign exchange market. During the first semester, $900 million dollars were negotiated with 481 clients.

Corporate, and Investment Banking

The second quarter of the year was once again a period in which BBVA's corporate banking closed with outstanding results, which allowed us to close the semester well above expectations.

One of the important challenges of the quarter was maintaining stability in the liquidity that our clients provide us, since as the upward dynamic in interest rates by the Central Bank continues, competition for resources in the financial sector has become increasingly stronger. In accordance with the above, we continue with our strategy of attracting resources with mostly transactional clients, with whom we have a deep relationship in various products. This strategy allows us to continue seeing stability in liquidity management with corporate banking clients.

Regarding portfolio growth, a slowdown in dynamics has been evident, taking into account the high interest rates in the market. Despite this, we remained attentive to the different needs of our clients. We achieved portfolio purchases, and new disbursements, thus managing to continue increasing our balance with corporate clients, both in the short and long-term portfolio. Furthermore, the excellent management we carried out for the current maturities in this period stands out, which greatly influenced our portfolio's absence of falls.

In the long-term credit part, the beginning of 2Q2023 presented good dynamics for BBVA Colombia's corporate banking, which allowed us to generate new business with clients in various sectors, and in this way maintain our positioning in the market. In addition to the above, we made some modifications to credits to defend our portfolio, as well as the construction of commercial opportunities through unsolicited financing proposals, and anticipating the needs of our clients.

Finally, for Global Markets (GM), the beginning of the quarter was framed in the acceleration of coverage for the second half of the year by clients, taking advantage of the strong movement of appreciation of the Colombian peso. Furthermore, in the middle of the quarter, there was a very positive dynamic due to the movement of interest rates in the markets, where we evidenced an appreciation in both bonds, and the forward curve due to expectations of a faster fall in inflation than estimated in that moment, which favored the treasury positions.

7. Corporate responsibility

In the second quarter of 2023, BBVA Colombia, through its social investment actions, benefited more than 19 thousand Colombians with actions focused on education, the environment, and support for SMEs, representing more than 800 million pesos in aid, as described below.

Volunteering
A volunteer day was held in 5 educational institutions located in La Vega (Cundinamarca), Yumbo (Valle), Cúcuta, Ibagué, and Girón (Santander), with the participation of 113 volunteers who contributed to the beautification of sports spaces, and adaptation of the school library, benefiting 7,412 students.

In addition, volunteer work was carried out to plant 250 native trees in the municipality of La Calera, with the participation of 46 volunteers.

Support for SMEs
The second semester ended the second cohort of the Global Leaders program, a program developed by the Universidad de los andes that seeks to train microentrepreneurs in management skills. To date, 362 leaders have been certified.

On the other hand, with the help of the University of La Salle, progress continues in the Circular Economy project that seeks to articulate three links in the waste chain: generators, managers, and transformers, benefiting 43 SMEs, and enterprises, achieving effective use of the materials.

Education
To contribute to the school permanence of the country's boys, and girls, BBVA delivered more than 10 thousand school kits to students throughout the country so that they can advance their school activities during the year.

We continue to support scholarship programs, through which 21 young people benefit from the Transforming Realities program, eight young people from the agreement with the Visible Hand s Corporation, and five young Afro-descendant women from ICESI.

Protection of moors

In the second quarter, important progress was made in the conservation, restoration, and support for sustainable production project in 3 moors of the country (Santurbán, Guerrero, and Los Nevados), in alliance with Biocuenca. 46.5 productive hectares have been intervened; 19 hectares of conservation, and 15 hectares of restoration, with a progress of 96% regarding the project goal. These interventions directly benefit 74 people, and indirectly benefit more than 700 people thanks to the project's contribution to the water security of the regions.

Additionally, nine schools were intervened through location adaptations, benefiting 287 students.

8.Sustainability

BBVA Colombia is committed to its clients, and to accompanying them in fulfilling their commitment to sustainability. Therefore, it offers a wide range of differentiated products, and services to finance activities with a high social, and environmental impact. This is achieved through the promotion of sustainable businesses, which contribute to inclusive growth, and climate action.

Thus, in the field of inclusive growth, BBVA Colombia seeks to improve the social conditions of Colombians, which is why it has allocated resources to strengthen infrastructure, inclusion, entrepreneurship, and housing. On the other hand, to climate action, resources have been allocated to promote relevant activities, and projects that contribute to promoting sustainable mobility, improving energy efficiency, implementing renewable energies, promoting the circular economy, among others. In this sense, during in the second quarter of 2023, BBVA managed to finance a total of $ 595 billion, which represents significant progress towards the placement goal compared to 1Q2023.

It should be noted that BBVA has played a crucial role in promoting decarbonization, demonstrating its commitment to Climate Action. BBVA has developed a wide range of financial products, and services to support the transition towards a more sustainable model. This includes financing options to promote sustainable mobility, such as Green Leasing, along with other innovative alternatives. These initiatives have had a positive impact, especially in the financing of hybrid vehicles, where a business banking operation stand s out, reaching an approximate figure of $64 billion. This investment has driven the adoption of cleaner technologies, and will contribute to the reduction of carbon emissions in the transportation sector.

With the aim of generating innovative solutions, and being pioneers in the market, during the 2023 Banking Convention, which took place in Cartagena, BBVA, and IFC - International Finance Corporation, announced the launch of the first Blue Bond in Colombia for $ 50 million USD, which will be used to finance projects, and initiatives, such as the construction of water, and sewage treatment plants, as well as the protection of oceans, wasteland s, and mangroves. At BBVA Colombia, we are committed to contributing to the achievement of the ambitious environmental goals established by the country. In this sense, we seek to constantly promote sustainable financing, as part of our commitment to sustainable development.

This operation becomes relevant since Colombia maintains a very relevant water potential in the region. It stand s out as one of the five nations with abundant marine diversity worldwide due to its privileged geographical location that gives it coastlines on two oceans. In addition, the country has a wide variety of aquatic ecosystems, both freshwater, and marine-coastal. Likewise, it has an extensive area of 9.6 million hectares of, and ean forest, which plays a fundamental role in the regulation, and purification of the flow of water resources for the Colombian population. This valuable resource benefits numerous cities, including 20 that depend on water from the moors. On the other hand, Colombia has more than 280,000 hectares of mangroves, which play a crucial role in carbon capture.

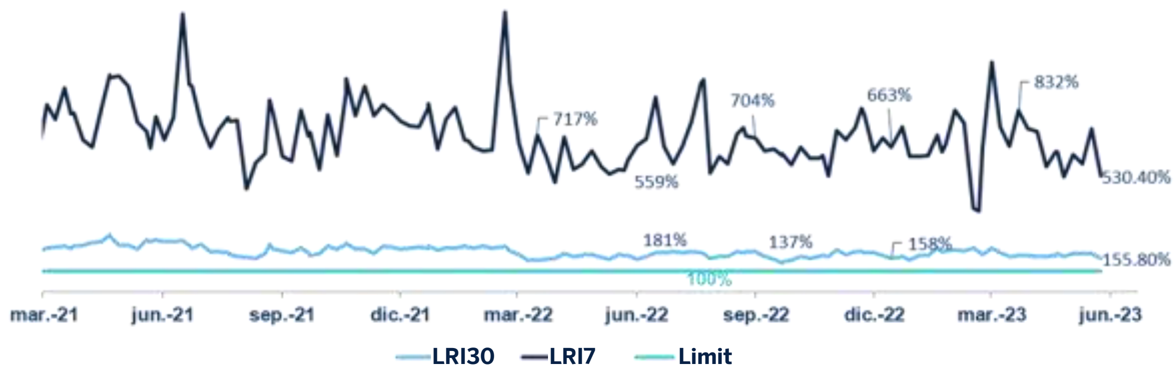
9.Client Resources, Risks, and Relationships

Resources

One of its main functions of the COAP area is the management of all resources (RLI's) that enter the bank, to cover the different structural GAP's that are generated by the nature of each of the banks. The raising of these resources is in line with the objectives outlined in BBVA's budget to support the growth of credit investment, and compliance with corporate liquidity limits.

Liquidity limits are based on regulatory measurements (IRL at 7, and 30 days), where BBVA has historically been within the limits.

LIQUIDITY RISK INDICATOR LRI
7 days and 30 days

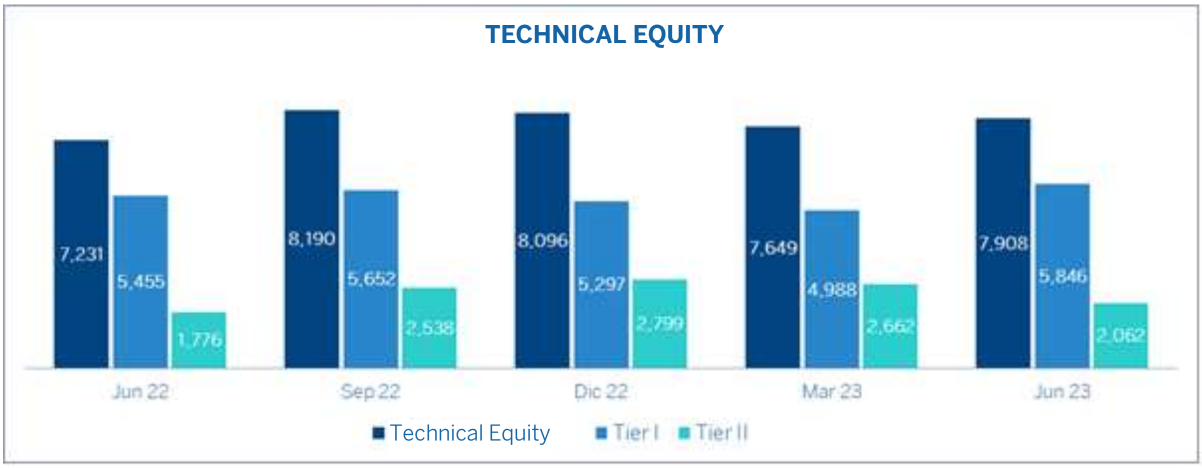


Additionally, according to the international measurements proposed by Basel (LCR), it can be seen that during the last year, BBVA has remained above the 115% limit of 2022 except for May 2022, the month where there was tight liquidity. Starting in January 2023, an adjustment was made to the limit, increasing it to 120%, a level that we have easily met throughout the year, reaching a measurement of 139% by May 2023.

Capital

BBVA's capital structure is quite robust, and meets the regulatory minimums required by the Financial Superintendence. Tier I capital represents on average 74% of technical assets. The above has been achieved thanks to the proper management of capital, and the financial results of the entity. The bank's payout remains at 50%.

In June 2020, BBVA Colombia anticipated the entry into force of Decree 1477 of 2018, being one of the first entities to adopt convergence, which allows us to have a greater capacity for business growth, and safely face the contingency presented by COVID-19. 19. As of the end of June 2023, BBVA Colombia completes its convergence transition to Solvency regulations, such that, from this period, the minimum total solvency ratio required for the entity is 11.5% for being an entity of systemic importance.



The above reflects basic and total solvency indices that are above regulatory limits, and that allow us to continue growing in activity.

Talent & Culture

Continuing with the constant advancement of BBVA employees' commitment to having the best, most diverse, and committed team, BBVA has set its sights on contributing to diversity, as well as being pioneers in digitalization, contributing to the formation of teams, and attracting the best, and more diverse human talent.

BBVA offers its employees the opportunities of this new era, supporting development, professional, and personal growth, through internal mobility, training programs, well-being, and development of technological services to improve their experience in the organization, priority strategic development In 2023, it is based on 4 fundamental pillars Business Agility, Talent Attraction, Leadership Inspirational, Professional, and growth opportunities, below are some of the important milestones in the second half of 2023:

In Talent Acquisitions, one of the strategic priorities is to attract the best, and most committed talent, throughout 2023 325 structural members have joined (plus 147 apprentices, and interns), also contributing to diversity, in this period 205 women joined, who, represent 63% of total income, likewise, in the field of internal development, 237 promotions have been carried out due to internal mobility, in terms of technological talent there were 57 income in the engineering area.

From the Fénix project, the launch of the portal, and the referral plan for Colombia is being prepared in the month of July, an initiative that aims to generate a source of recruitment for new employees of the bank through acquaintances, and relatives of the same collaborators., in addition to the launch of the program " the good hiring manager" tied to the initiative of " the good manager", which seeks to recognize, train, and certify team leaders to carry out effective interviews, based on warmth, empathy, avoiding bias, and evaluating competencies.

In the area of Strategy & Performance, Talent & Culture is promoted by promoting the implementation of focused tools, information management, and appropriate controls that allow the organization's strategic objectives to be met.

For this second quarter, the improvement plan for disability recovery, and the implementation of the self-service extralegal premium monthlyization has been implemented on the BBVA employee platform. The latter allows people to access the benefit of monthlyization of their extralegal premium to have greater cash flow.

Additionally, synergy has been generated with the core service in the adaptation of areas for Scrum collaborative work in digital factories, and the implementation of flexible modalities in specialized banks, seeking continuous improvement to make BBVA the best place to work.

In the Agile Center of Excellence, it is managed as a mobilizer of the execution of the strategy, which is why in 2023, and particularly in 2Q, different axes have been mobilized with a special focus on the organization's projects, implementing a model of digital factory that consists of groups of multidisciplinary teams with common objectives, self-organized, and focused on execution, which allows them to respond more efficiently to the needs of their portfolios.

Likewise, recurring sessions have been held, different challenges have been found, and responded to:

- New, more agile, and efficient project assessment model, going from assessing the deliverable to the client one by one, to assessing the entire project; with a 20% decrease in the operations involved in this process.
- Optimization in the project budgeting process, moving this process from 45 days to 2 weeks only.

Different workshops, and events of different natures have also been generated, focused on various fronts such as processes, product discovery, team building, and strategy among others; One of the objectives is to ensure that the business ideas, before their implementation at the software development level, are correctly defined, and with an appropriate level of maturity. For this reason, around 32 product discovery workshops were held with a strong focus In business, support was also provided to the business teams in the optimization, and continuous improvement of the Supply Cycle.
Commercial Actions, as well as supporting the squad teams in the formation, and internalization of agile practices (Governance, ceremonies, roles).

Wellbeing, Culture & Diversity. BBVA remains committed to improving people's well-being every day, and continuing to have the most diverse team "because what matters is what you contribute", which is why, under the Diversity, Equity, and Inclusion policy, an ethnic workshop was developed with the participation of 6 national level officials from different cultures of the country along with our Vice President of T&C, and Global Head for Latin America.

In the line of diversity, around 80 ambassadors who accompanied us in the socialization, and awareness of the policy, focusing on non-discrimination, and working on raising awareness of unconscious biases. In gender diversity, our General Management headquarters was illuminated with the colors alluding to the flag of the LGBTIQ+ community, as a symbol of respect, inclusion, and support for non-discrimination. More than 120 participants, including officials, and companions, registered to participate in the Pride Day march. Likewise, the Legal Requirements Training Plan was launched, which includes two Diversity courses for all officials.

In addition, from well-being, initiatives were carried out around health, and sustainability, promoting the participation of our collaborators in activities such as bicycle day, where in addition to contributing to the quality of life, and health of people, it contributed to the reduction of carbon footprint, also with the finalists of the BBVA Games in Bogotá, and

other collaborators passionate about the athletic career, 11 officials were selected to participate in the Bogotá Half Marathon.
Since Learning, the professional development model has been consolidated in a notable way. In this sense, more than 1,600 growth plans have been created for employees. Additionally, 50 manager mentoring connections have been established, thus fostering an environment of continuous learning, and growth. Likewise, the average number of training hours per employee has increased.

Also contributing to leadership, more than 600 managers have participated in the training program, designed to enhance their skills, and promote the development of their teams. Each participant has dedicated approximately 20 hours to this enriching learning experience.

10. Risks

Comprehensive risk management (credit, market, and operational) is carried out in accordance with BBVA Colombia's internal Risk Policy, and current Colombian regulation, and is implemented through the development of models, and tools that allow coordinating monitoring, and control activities., with the objective of identifying, and mitigating the different risks to which the credit portfolio is exposed.

BBVA Colombia investment begins the year with a growth of $1,834mM, the quarterly variation presented is the following: 1Q23 → +1.5%; 2Q23 → 2.5%; Investment growth is concentrated in the Wholesale area, in Corporate +$715mM; +7.1%. In the world of Individuals, growth focused on Banknotes (+$511mM; +3.5%).

Doubtful loans end 2Q23 with a quarterly variation of 12.0% ($226mM). Non-performing loans ratio for the second quarter stand s at 2.88%, this is +24bps compared to 1Q23.

Portfolio Management Reporting & SD Risk

- **Risk Planning & Reporting**

Joint efforts continue with the Recovery area, making projections of the portfolio's behavior with the objective that the management areas have tools that allow them to act in a timely manner in the face of client difficulties, which can reduce the impacts on local defaults, and consolidated, which ultimately provides benefits in terms of cleaning up the Bank's provisions.

- **COE Risks**

Progress is being made with the execution of the NGA project, whose main pillars focus on the development, and implementation of risk models in less time, and the incorporation of non-traditional estimation algorithms (Machine Learning), resulting in more robust, and stable estimates over time.

To date, the re-estimation of the behavioral model for the particular segment, and early warnings (EWS) for SMEs, and Companies has been completed. Once this stage is completed in June/23, progress is made in the process of ingesting information into Datio for implementation in the bank's tools, which ends up exploiting the models productively.
Work is being done on the re-estimation of the Mortgage model, a model observed by the Financial Superintendence of Colombia on which progress is constantly monitored.
Finally, the annual calibration process of parameters is carried out under international IFRS9 methodologies. This methodology manages to anticipate the recognition of credit losses by using the expected loss parameters (PD, LGD, CCF), and macroeconomic models for the calculation of collective provisions.

- **Risk Solutions group**

During the quarter, the execution of strategic projects for the domain continued both at the local, and corporate level, among Cronos cobranzas, Arce Empresas, Cronos behavioral, Cronos Pymes, and NGA stand out.
Likewise, work was carried out on day-to-day projects that contributed to the mitigation of risk due to obsolescence, such as changing the APL service to OVI, and upgrading the Power Curve tool, as well as automating processes such as the forgiveness, and cancellation of cards, and improving the customer experience thanks to the enabling of last installment payments with their own account, and PSE through BBVANet, thus avoiding them having to go to the branch network to make these payments.

Retail credit

- **Individual Admission Management**

This management is in charge of the analysis, and decision process of credit operations originated to natural persons through different channels.
So far, in 2023, approximately 75m operations have been evaluated with an approval rate of 64%.
Admission has some specialized cells, and teams to serve lines of credit that require priority responses, such as Autos, and VIP customer segments (Personal Banking, Premium Banking, and Wealth), and mortgage loans from selected construction companies.
Permanent support, and training for salespeople is maintained for the correct implementation of operations focused on the Bank's target market.

- **Monitoring Management.**

Responsible for monitoring exposures with early warning that allow credit risk to be assumed according to the defined risk appetite strategy, within the management limits established according to the Asset Allocation process, the thresholds set in the Action Frameworks.
It carries out continuous monitoring of the quality of the placements that are carried out under the attribution of the office network, and the Mass Factory during the maturation of the portfolio, to ensure the performance of the risk indicators.
Additionally, support is provided in the management of preventive portfolio clients to anticipate the deterioration of the portfolios based on statistical information according to

the risk group associated with the profile of each client. On average for 2Q 2023, 8.3 trillion pesos were managed.

- **Management of Policies, Campaigns, Processes, and Assessments.**

Responsible for updating the regulations in accordance with the corporate guidelines, and local regulator, in addition, defines the new admission policies, and adjustments based on the periodic review of the behavior of the portfolio, and economic evolution. Manages the processes, and circuits for mass approvals of portfolios, establishes controls over the quotas offered.

pre-approved offers for 494m consumptions, 684m cards, and 207m payments for the May - June campaign. In addition, 27m pre-offers were launched for Remodeling.

In Policies, for Q2 2023 in accordance with the current economic situation, and deterioration indicators, adjustments have been made to the bureau, income, and effort rate axes, for the generation of pre-approved offers, to mitigate, and contain this indicator, and at the same time have offers to clients with more stable profiles.

In the digital strategy, nearly 11m operations have been formalized via TDC during this 2Q, and the Consumer, Payroll, and Housing flows are in productive tests.

Regarding Digital Billing, the availability of agreements for automatic sanction increased, and in Digital Housing, 19 online approvals have been made, which represent $2.4mM, and 170 pre-approvals with a potential of $10.9mM.

SME Risks

BBVA Colombia maintains as a strategic priority to support the sustainable growth of SMEs in accordance with the country's economic situation, and business behavior in each territory, supporting the care of their financial health via admission policies in accordance with the Global Risk Framework. Main achievements:

1. More than 9 thousand SME clients have had a pre-approved offer on digital channels.
2. Seven out of 10 clients were viable for financing in the last quarter, with a proposal according to their working capital, and investment needs.
3. 14% of our SME clients have a pre-approved offer, 14% of total billing has been via this channel.
4. 100% of SME executives accompany the main clients who have financial difficulties.

The lines of transformation continue that seek to improve the experience of our clients, as well as support in their business development.

Recovery & Workout

The second quarter of 2023 has been presented as a period of relevant economic challenges as sustained inflation impacts the payment behavior of debtors, which has led to an increase in default entries in this quarter.

Based on this, the BBVA Recovery area establishes different plans focusing efforts, and seeking to anticipate, contain, and mitigate a greater impact on the year's arrears, with the following initiatives representing the most relevant milestones of the quarter:

- **ReTarget Plan**

Seeking to focus the portfolio susceptible to default, the ReTarget plan was structured by directly involving the SME managers, and executives of the office network for the management of client portfolios of relevant amounts with a group of up to $649mM, defining objectives, and measurement scheme that allow monitoring, and control over the recovery, and containment of this portfolio.

- **Ascend Plan**

Plan designed to focus, and anticipate the management of client portfolios of relevant amounts, seeking the recovery, and containment of overdue, and doubtful impact ranges, management that is carried out by specialized advisors from external collection channels that serve, and offer alternatives according to the situation of the client portfolio. This plan makes it possible to address a group of $1.5Bn, on which objectives are established, and measurement, and monitoring is carried out to control the portfolio.

- **Digital collection**

Recovery management, BBVA maintains, and continues to promote collection management through digital collection channels, making available to clients the different tools, and possibilities for self- management, and portfolio normalization, channels such as Chatbot, Whatsapp, Voicebot, IVR, among others, which improves the contactability, and management experience of the Bank's customers.

- **Product solution for portfolio normalization**

Seeking to offer clients alternatives that adapt to their economic situation, and facilitating stand ardization processes, BBVA designed the Refis solution product in the Same Contract, an alternative focused mainly on clients that meet documentary, and management requirements that are viable from the point of view. legal, with a relevant impact on the bank's portfolio, allowing the recovery, and bearing ratios to be improved.

The previous initiatives have made it possible to address a complex quarter with an average monthly containment of $217mM of the local doubtful portfolio, with the challenge of having monthly average susceptible amounts of $510mM in the quarter. Likewise, recoveries are achieved in the order of $107.5mM on average per month, with the main sources of recovery being the effective payment of clients, restructuring, and to a lesser extent the sweeping of the recovery engine.

Finally, priority continues to be given to the containment of entries into doubtful portfolios, and the recovery of overdue loans, all supported by the Collection Factories, highlighting the management carried out by the external collection Agencies, the management of the Risk Anticipation Executives (EAR's), Office Network Managers, and SME Executives.

Wholesale credit

Wholesale investment registered an increase of 1.6% in the second quarter of 2023, evidencing a decrease in credit activity compared to the same period in 2022 when it reached a variation of 11%. The above, in line with the lower growth dynamics of the national economy. The increase in 2Q-2023 is led by Corporate Banking (+3.1%), followed by Business Banking (+2.6%). The sectors with the highest placements have been Transportation (operation of Vía 40 Express for $167mM, Consumer (Cia. Nacional de Chocolates for $53mM, Colombian Coffee Industry $45mM), and retail (Falabella de Colombia $70mM.)

The share of the wholesale overdue portfolio is 0.13%, being set at the end of May 2023 at $16mM, with a YtD variation of (54%).

The measures to contain the debt in the wholesale segment include permanent monitoring of clients with non-payments of five days or more on any of their obligations, taking as preventive actions the suspension of current quotas, and the structuring of tailored solutions., in search of strengthening guarantees. In parallel, the CoE of Colombia completed the construction of the early warning model, and presented the preliminary data, to make way for the data ingestion, and design of management integration parameters, which will allow the model to be operationalized in Q4-2023.

Finally, comment that at the end of May 23, phase I of updating, and validating the Rating for the year 2022 ended, where a validation of 64% in amount, and 35% in number of clients was achieved, and the campaign was socialized with the wholesale business areas. Update of financial statements for the year 2022 that will end on July 23, from which it is estimated to reach a validation indicator of 95% in amount, and number of clients.

11. Results

Individual Results

BBVA Colombia's total assets closed the second quarter of 2023 with a balance of $103,407,039. These presented a cumulative increase of 4.4%, equivalent to a variation of +$4,394,321.

To the Bank's liquidity resources, the available assets presented an increase of +$176,835 compared to the year 2022. This increase was due to a variation of +$123,692 in the Banco de la República, +$162,479 in the Bank's cash, and It was offset by a variation of -$107,937 in the amount available in banks, and other financial entities.

Active Positions in Market Operations closed with a balance of $1,188,253, and presented an increase of 32.2% compared to 2022. This increase of $289,172 is a consequence of a greater volume in simultaneous operations.

The gross Credit, and Leasing portfolio registered an annual growth of 4.2% or $2,888,749, closing June 2023 with a balance of $72,151,954. For its part, the Impairment account, which corresponds to specific, and generic portfolio provisions, showed a growth of 4.9%. The Other Assets account showed a decrease of 8.4% or -$325,147.

Balance Sheet
Million COP

	2Q22	4Q22	2Q23	TAM abs	TAM %
Cash	10,840,718	10,268,052	9,551,870	176,835	1.9
Assets positions in money market operations	1,586,158	737,064	1,188,253	289,172	32.2
Investment and derivatives transactions	16,033,397	10,830,911	20,706,086	1,537,489	8.0
Loan portfolio and leasing operations	64,225,553	57,632,221	72,151,954	2,888,749	4.2
Impairment	(3,360,862)	(3,440,545)	(3,734,882)	(172,777)	4.9
Other Assets	3,557,144	3,302,771	3,543,758	(325,147)	(8.4)
Total Assets	**92,882,109**	**79,330,474**	**103,407,039**	**4,394,321**	**4.4**
Deposits and financial claims	69,647,868	61,586,139	72,951,096	1,090,219	1.5
Liabilities positions in money market operations	3,697,243	3,697,100	7,029,878	3,822,779	119.2
Financial instruments at fair value	7,819,876	3,454,783	10,083,540	(107,746)	(1.1)
Banks and other financial obligations	3,461,112	2,974,166	4,632,503	(738,181)	(13.7)
Accounts payable	1,419,485	1,000,168	896,293	(368,127)	(29.1)
Labor obligations	213,367	245,734	259,882	(35,253)	(11.9)
Other Liabilities	718,984	685,083	889,166	232,860	35.5
Total Liabilities	**86,977,936**	**73,643,172**	**96,742,358**	**3,896,550**	**4.2**
Suscvibed and paid-in-capital	89,779	89,779	912,657	822,878	916.6
Specific destination reserves and funds	4,092,577	3,643,354	4,559,354	466,777	11.4
Surplus	1,087,764	1,074,480	1,070,120	3,526	0.3
Gains or losses	634,052	879,688	122,550	(795,410)	(86.6)
Stockholder's Equity	**5,904,173**	**5,687,302**	**6,664,681**	**497,771**	**8.1**
Total Liabilities and Stockholder s Equity	**92,882,109**	**79,330,474**	**103,407,039**	**4,394,321**	**4.4**

To the liability accounts, deposits, and demand s showed a growth of 1.5% or +$1,090,219, thus closing with a balance of $72,951,096. This increase is due to a variation of +$4,280,993 in Term Deposit Certificates (CDT's), in Special Deposits of -$356,940, in Investment Securities of -$471,405, Checking Account Deposits of -$868,783, Savings Deposits of -$1,336,241, and -$122,002 in Demand s for Services.

Passive positions in market operations increased $3,822,779, due to a variation of +$3,701,261 in repo operations, -$235,977 in simultaneous, and +$150,189 in interbank funds, and +$207,306 in short position commitments.

Financial instruments at Fair Value closed with a balance of $10,083,540, which represented a decrease of 1.1% or -$107,746 compared to 2022. This variation is explained by the decrease in Trading Swaps (-$2,540,694), and forward trading contracts (+$2,416,665). On the other hand , trading options showed an increase (+$8,333).

The line of Credits with Banks, and Other Financial Obligations presented a decrease of -$738,181, due to a decrease of -$662,587 in Foreign Financial Entities, and obligations with Findeter, and Finagro (-$78,976, and +$47,540, respectively). On the other hand , there was a decrease of $44,399 in Bancoldex.

Accounts payable presented a variation of -29.1% while labor obligations presented a decrease of 11.9%. Other liabilities increased 35.5% or $232,860, closing with a balance of $889,166.

Finally, Equity showed an increase of 8.1%, and closed at $6,664,681.

Credit Portfolio

In June 2023, the gross loan portfolio closed with a balance of $72,151,954, and presented a variation of +4.2% compared to 2022. The net loan portfolio presented a positive variation of 4.1%, and closed with a balance of $68,417,072, highlighting the recovery of the total current portfolio with relevant growth in the commercial portfolio of 4.9%, and 7.7% in leasing.

LOAN PORTFOLIO
Million COP

	2Q22	4Q22	2Q23	Var TAM	
Gross loans	65,344,478	69,263,206	72,151,954	2,888,749	4.2
Consumer	22,780,538	24,473,373	25,390,071	916,697	3.7
Commercial	25,229,764	27,223,123	28,559,505	1,336,382	4.9
Microcredit	-	-	-	-	N.C
Mortgage	13,687,793	13,904,711	13,858,842	(45,869)	(0.3)
Leasing	1,807,767	1,766,527	1,902,484	135,956	7.7
Non-performing loan portfolio	**263,240**	**321,926**	**466,716**	**144,790**	**45.0**
Non-performing loans	1,575,376	1,573,545	1,974,336	400,792	25.5
Provisions	**(3,646,383)**	**(3,562,106)**	**(3,734,882)**	**(172,777)**	**(4.9)**
Total loans, net	61,698,095	65,701,100	68,417,072	2,715,972	4.1

The dynamics in this segment have shown recovery due to the economic reactivation that has developed throughout this period. The BBVA Colombia Group portfolio maintains its focus on the particular segment, which represents 56.7% of the gross portfolio at the end of June 2023. This segment presented an increase of 3.6% compared to the end of 2022. Resulting in the second quarter of 2022 with a balance of $42,026,999.

The mortgage portfolio presented a decrease of -0.4%, which represented a decrease of -$59,430. At the end of the second quarter of 2023, it represents 19.1% of the gross portfolio.

Additionally, the commercial portfolio continues to show an increase within the group's loan portfolio, being 5.2%, compared to December 2022. Growth derived from the current market situation, and the incentive closures of the banks, resulting in a 4.4% increase in the total current portfolio, which added to the adequate management of the risk teams, and greater resilience of the economy to the obstacles imposed.

Client Resources

At the end of the second quarter of 2023, customer resources remained adjusted to the bank's liquidity needs. Total customer resources showed an increase of 1.5%, which represented a variation of +$1,090,219, closing the quarter at $72,951,096.

CLIENT'S RESOURCES
Million COP

	2Q22	4Q22	2Q23	Var TAM	
Checking Accounts	9,477,674	9,022,095	8,153,312	(868,783)	(9.6)
Saving Accounts	33,714,296	29,998,372	28,626,233	(1,372,139)	(4.6)
Term Deposits	22,956,960	28,562,696	32,844,604	4,281,908	15.0
Other Deposits	1,077,147	1,600,924	1,121,562	(479,363)	(29.9)
Total Client's Deposits	**67,226,077**	**69,184,087**	**70,745,711**	**1,561,623**	**2.3**
Investment Securities in Circulation	2,421,791	2,676,790	2,205,385	(471,405)	(17.6)
Total Resources	**69,647,868**	**71,860,877**	**72,951,096**	**1,090,219**	**1.5**

Transactional deposits (Checking, and Saving accounts) decreased 5.7%, closing June 2023 with a balance of $36,779,545, which represented a variation of -$2,240,922. These deposits represented 50.4% of total customer resources.

Investment securities in circulation closed at $2,205,385, and presented a variation of -17.6% compared to 2022.

Adequate Equity, and Solvency Ratio

ELIGIBLE CAPITAL AND SOLVENCY RATIO
Million COP

	2Q22	4Q22	2Q23	%
Accounting Equity	**5,904,173**	**6,166,911**	**6,664,681**	**8.1**
Eligible Capital	7,230,776	8,095,524	7,907,658	(2.3)
Ordinary Basic Equity	5,451,926	5,293,723	5,020,252	(5.2)
Additional Basic Equity	2,994	2,994	825,872	27,487.0
Additional Equity (Tier II)	1,775,856	2,798,808	2,061,534	(26.3)
Securitiadations	-	-	-	-
Technical Equity	**7,230,776**	**8,095,523**	**7,907,658**	**(2.3)**
Required Equity	5,733,955	6,999,830	7,480,949	6.9
Surplus Equity	1,496,821	1,095,694	426,709	(61.1)
Riah weighted assets including market riah	**59,542,623**	**60,827,693**	**65,051,727**	**6.9**
Value at Riah (VaR)	441,746	378,839	716,564	89.1
Value at Operational Riah (VaR)	389,788	410,613	492,004	19.8
Solvency Ratio without VaR	14.37	15.54	15.32	-22 bps
Solvency Ratio with VaR (minimum 9%)	12.14	13.30	12.16	-114 bps
Basic Capital Ratio CET1	9.16	8.70	7.72	-99 bps

The entity's Accounting Equity presented a positive variation of 8.1%, and closed at $6,664,681. This growth is mainly explained by the increase in reserves of $466,777, and the assigned capital of $822,878, by the decrease of -$795,410 in profits for the year, and by the increase of $3,526 in the surplus.

Technical Equity closed the second quarter of 2023 with a balance of $7,907,658, and presented a variation of -2.3%. The equity required according to Colombian standard was $7,480,949, which implies an equity surplus of $426,709.

Assets Weighted by Risk Level closed at $51,623,192, and showed a decrease of 0.9%. For its part, the Market Value at Risk (VaR) increased 89.1%.

The Bank's solvency ratio closed at 12.16%, with a variation of -114 bps compared to 2022.

Income Statement

Below are the accumulated results of BBVA Colombia at the end of the second quarter of 2023, and 2022:

Cuenta de Resultados Acumulada

(Millones de pesos)

	2T22	4T22	2T23	Var TAM	
Cartera de Créditos	2,809,172	6,537,571	4,610,690	1,801,519	64.1
Gastos por Intereses	(1,083,603)	(3,307,537)	(3,293,818)	(2,210,215)	204.0
INGRESOS NETOS POR INTERESES	**1,725,569**	**3,230,033**	**1,316,872**	**(408,697)**	**(23.7)**
INGRESOS NETOS POR COMISIONES	**116,437**	**243,492**	**161,570**	**45,134**	**38.8**
Portafolio de Inversión	363,511	881,713	601,495	237,984	65.5
Dividendos	17,877	17,877	20,894	3,017	16.9
Resto de Ingresos	84,472	205,823	108,874	24,402	28.9
OTROS INGRESOS DE OPERACIÓN	**465,860**	**1,105,413**	**731,263**	**265,403**	**57.0**
MARGEN BRUTO	**2,307,865**	**4,578,938**	**2,209,706**	**(98,160)**	**(4.3)**
Dotación Neta de Activos	**(345,241)**	**(994,934)**	**(733,317)**	**(388,076)**	**112.4**
Gastos Grales Administración	**(950,531)**	**(2,182,408)**	**(1,280,450)**	**(329,919)**	**34.7**
Gastos de Personal	(349,872)	(816,056)	(447,337)	(97,465)	27.9
Gastos Generales	(238,376)	(513,609)	(282,203)	(43,827)	18.4
Contribuciones e impuestos	(67,629)	(176,660)	(145,811)	(78,181)	115.6
Otros	(290,294)	(658,242)	(392,135)	(101,841)	35.1
Riesgo operativo	(4,360)	(17,840)	(12,964)	(8,605)	197.4
GASTOS DE OPERACIÓN	**(1,295,772)**	**(3,177,342)**	**(2,013,767)**	**(717,995)**	**55.4**
UTILIDAD ANTES DE IMPUESTO	**1,012,093**	**1,401,596**	**195,938**	**(816,155)**	**(80.6)**
Impuesto de Renta	(362,487)	(468,082)	(57,835)	304,653	(84.0)
UTILIDAD NETA	**649,606**	**933,514**	**138,104**	**(511,502)**	**(78.7)**

The interest margin registered a year-on-year decrease of 23.7%. Income from the credit portfolio recorded a growth of $1,801,519, and expenses recorded a growth of $2,210,215. For this reason, net interest income decreased by $408,697.

Net commission income closed with a positive variation of 38.8%. For its part, the income generated by the investment portfolio increased by $237,984 or 65.5%. Dividends registered an increase of 16.9%, and closed with a balance of $20,894. On the other hand, the rest of the income line, which includes operational income from financial services provided, operational risk recoveries, and others, registered an increase of 28.9%.

The net asset allocation closed with a balance of $733,317, and showed an increase of 112.4%.

Administrative expenses registered an increase of $329,919 compared to the same period of the previous year. This is explained by the variation in personnel expenses, which increased 27.9% when compared to 2022. On the other hand , general expenses increased 18.4%. Expenses for contributions, and taxes registered an increase of 115.6%.

Finally, BBVA Colombia recorded a net profit for the end of June 2023 of $138,104, which was 78.7% lower than the previous year's profit.

Performance Measurements, and Indicators

The adequate risk management carried out in the BBVA Colombia Group allows it to develop its commercial operation while maintaining good portfolio quality indicators, and a prudent risk profile.

At the end of June 2023, the portfolio quality indicator stood at 2.74%. For its part, the Delinquent Portfolio Coverage indicator stood at 189.17%

NON-PERFORMING LOANS AND COVERAGE
Million COP

	2Q22	4Q22	2Q23	Var TAM
Gross Loan Portfolio	**64,225,554**	**69,263,206**	**72,151,954**	**4.2**
Total Overdue loans	5,653,567	1,895,471	2,441,053	28.8
Overdue loans	263,240	321,926	466,716	45.0
Non-performing loans	1,575,376	1,573,545	1,974,336	25.5
Non-performing loans ratios	%	%	%	%
Overdue Loans ratio	0.41	0.46	0.65	0.2
NPL ratio	2.45	2.27	2.74	46.5
Loan -Loss Provision	3,360,862	3,562,106	3,734,882	4.9
Coverage overdue loans	62.35	226.37	189.17	(37.2)

Consolidated Results

The total assets of the BBVA Colombia Group closed the second quarter of 2023 with a balance of $ 104,214,616. These presented a variation of 4.7% compared to December of the previous year, which represented a variation of +$4,634,313.

BALANCE SHEET - Consolidated
Million COP

				TAM	
	2Q22	4Q22	2Q23	abs	%
Cash and cash equivalents	12,455,460	10,312,696	10,834,893	522,197	5.1
Investments	7,729,498	8,770,116	9,788,608	1,018,492	11.6
Derivative Financial Instruments and Cash Operations	8,006,723	10,061,268	10,571,785	510,517	5.1
Gross Loan Portafolio and Leasing	64,225,554	69,263,206	72,151,955	2,888,749	4.2
Provision for credit losses	(3,016,825)	(2,997,070)	(3,037,194)	(40,124)	1.3
Other	4,187,210	4,170,087	3,904,569	(265,518)	(6.4)
Assets	**93,587,620**	**99,580,303**	**104,214,616**	**4,634,313**	**4.7**
Deposits	67,177,016	69,145,364	70,730,255	1,584,891	2.3
Money Market Operations	3,696,875	3,204,093	7,026,511	3,822,418	119.3
Financial instruments at fair value	7,819,876	10,191,286	10,083,540	(107,746)	(1.1)
Banks and other financial obligations	3,461,112	5,370,684	4,632,503	(738,181)	(13.7)
Investment in debt securities	2,421,791	2,676,790	2,205,385	(471,405)	(17.6)
Liabilities by deferred tax	422,388	467,072	242,862	(224,210)	(48.0)
Estimated liabilities and provisions	305,027	330,001	357,137	27,136	8.2
Payable accounts	1,283,680	802,359	708,363	(93,996)	(11.7)
Labor Obligations	215,990	300,035	263,027	(37,008)	(12.3)
Other Liabilities	474,891	372,917	577,729	204,812	54.9
Liabilities	**87,278,646**	**92,860,601**	**96,827,312**	**3,966,711**	**4.3**
Paid-in Capital	89,779	89,779	89,779	-	-
Other net stockholder's equity elements			822,878	822,878	N.C
Additional-paid in capital	651,950	651,950	651,950	-	-
Noncontrolling interests	7,292	8,078	8,330	252	3.1
Reserves	4,093,083	4,093,083	4,559,860	466,777	11.4
Surplus	736,105	850,537	1,091,415	240,878	28.3
Net income	730,765	1,026,275	163,092	(863,183)	(84.1)
Stockholder's Equity	**6,308,974**	**6,719,702**	**7,387,304**	**667,602**	**9.9**
Total Liabilities and Stockholder´s Equity	**93,587,620**	**99,580,303**	**104,214,616**	**4,634,313**	**4.7**

to the Group's liquidity resources, the available assets presented an increase of +$522,197 compared to December 2022. This increase was due to a variation of +$232,698 in the available assets in Banks, and other financial entities, and a variation of +$289,499 in money market, and related operations.

Derivative financial instruments, and cash operations closed with a balance of $ 10,571,785, presenting a positive variation of +$510,517.
Investments presented a positive variation of $1,018,492, closing with a balance of $9,788,608. This behavior is explained by a variation in investments at fair value with change in results delivered in investments of +$1,175,162, money market operations of +$795,125, in investments at amortized cost of -$108,263, and investments at fair value with change in OCI of -$843,532.

The Credit and leasing portfolio recorded a growth of 4.2% or $2,888,749, closing June 2023 with a balance of $72,151,955. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, presented a growth of 1.3%, and the Other Assets account presented a decrease of 6.4% or -$265,518.

To the liability accounts, deposits, and demand s showed an annual growth of $1,584,891, thus closing with a balance of $70,730,255. This variation is due to a growth of $4,281,908 in time deposits, accompanied by a decrease of -$ 2,697,017 in demand deposits. Additionally, passive positions in market operations increased by $3,822,418.

Financial instruments at Fair Value closed with a balance of $10,083,540, which represented a decrease of 1.1% (-$107,746) compared to December 2022. This variation is explained by the decrease in trading instruments of - $116,007.

The line of Credits with Banks, and Other Financial Obligations presented a decrease of -$738,181.

Accounts payable presented a variation of -11.7%, and labor obligations presented a decrease of 12.3%. Other liabilities increased 54.9% or $204,812, closing with a balance of $577,729.

Finally, Equity showed a growth of 9.9%, and closed at $7,387,304 in June 2023.

Credit Portfolio

In June 2023, the gross loan portfolio closed with a balance of $74,177,970, and presented a variation of 4.3% compared to December 2022. The net loan portfolio presented a positive variation of 4.4%, and closed with a balance of $70,645,806, highlighting the recovery of the consumer portfolio with growth in the consumer portfolio +5.7%.

LOAN PORTFOLIO
Million COP

	2Q22	4Q22	2Q23	Var TAM	
Gross Loan Portfolio	64,740,063	71,148,607	74,177,970	3,029,363	4.3
Consumer	24,243,642	26,331,726	27,839,099	1,507,373	5.7
Commercial	25,857,292	30,026,537	31,578,106	1,551,569	5.2
Microcredit	2	8	8	-	-
Mortgage	13,610,109	14,247,330	14,187,900	(59,430)	(0.4)
Leasing	514,509	534,817	564,159	29,342	5.5
Loan -Loss Provision	**(3,016,825)**	**(3,480,513)**	**(3,532,164)**	**(51,651)**	**1.5**
Others	514,509	8,189	8,698	509	6.2
Net Loan Portfolio	61,723,238	67,668,094	70,645,806	2,977,712	4.4

The dynamics in this segment have shown recovery due to the economic reactivation that has developed throughout this period. The BBVA Colombia Group portfolio maintains its focus on the Particular segment, which represents 56.7% of the gross portfolio at the end of June 2023. This segment presented an increase of 3.6% compared to the end of 2022. Resulting in the second quarter of 20 22 with a balance of $42,026,999.

The mortgage portfolio presented a decrease of -0.4%, which represented a decrease of -$59,430. At the end of the second quarter of 2023, it represents 19.1% of the gross portfolio.

Additionally, the commercial portfolio continues to show an increase within the group's loan portfolio, being 5.2%, compared to December 2022. Growth derived from the current market situation, and the incentive closures of the banks, resulting in a 4.4% increase in the total current portfolio, which added to the adequate management of the risk teams, and greater resilience of the economy to the obstacles imposed.

Client Resources

At the end of the second quarter of 2023, customer resources remained adjusted to the Group's liquidity needs, and deposits behaved in line with the growth dynamics of the portfolio. Total customer resources increased $1,113,486, which represented a variation of 1.6%, closing the period at +$72,935,640. The CDTs represented 45.0% of the total resources, and presented a variation of 15.0%, reaching a balance of $32,844,604.

CLIENT'S RESOURCES
Million COP

	2Q22	2Q23	2Q23	Var TAM	
Current Accounts	44,220,056	40,582,668	37,885,651	(2,697,017)	(6.6)
Term deposits	22,956,960	28,562,696	32,844,604	4,281,908	15.0
Total Client's Deposits	**67,177,016**	**69,145,364**	**70,730,255**	**1,584,891**	**2.3**
Investment Securities in Circulation	2,421,791	2,676,790	2,205,385	(471,405)	(17.6)
Total Resources	**69,598,807**	**71,822,154**	**72,935,640**	**1,113,486**	**1.6**

Demand deposits presented a variation of -6.6% (-$2,697,017). These deposits represented 51.9% of total customer resources.

Investment securities in circulation closed at $2,205,385, and presented a variation of -17.6% compared to the end of 2022.

Adequate Equity, and Solvency Ratio

The Group's Accounting Equity presented a positive variation of 9.9%, and closed at $ 7,387,304. This increase is mainly explained by the increase in Additional Basic Equity of +$822,878, and the increase to a lesser extent of $466,777 in reserves.

Technical Equity closed the second quarter of 2023 with a balance of $7,911,114, and presented a variation of -2.3%. The equity required according to Colombian standard was $6,278,261, which implies an equity surplus of $1,632,853.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	2022	4Q22	2023	%
Accounting Equity	**6,308,974**	**6,719,702**	**7,387,304**	**9.9**
Eligible Capital	7,229,297	8,094,443	7,911,114	-2.3
Ordinary Basic Equity	5,450,447	5,292,644	5,023,708	-5.1
Additional Basic Equity	2,994	2,994	825,872	27,487.0
Additional EquityI (Tier II)	1,775,856	2,798,806	2,061,534	-26.3
Securitiadations	-	-	-	0.0
Technical Equity	**7,229,297**	**8,094,443**	**7,911,114**	**(2.3)**
Required Equity	4,771,776	6,628,372	6,278,261	-5.3
Surplus Equity	2,457,521	1,466,074	1,632,853	11.4
Riah weighted assets including market riah	**59,675,762**	**60,922,538**	**65,194,817**	**7.0**
Value at Riah (VaR)	447,868	384,986	722,474	87.7
Solvency Ratio without VeR	14.39	15.58	15.34	(23)
Solvency Ratio with VeR (minimum 10.88%)	12.11	13.29	12.13	(115)
Common Equity Tier 1 (CET1)	9.13	8.69	7.71	(98)

Risk Level Weighted Assets closed at $51,560,961, and showed a decrease of -0.8%. For its part, the Market Value at Risk (VaR) increased 87.7%.

The Group's solvency ratio closed at 12.13%, with a variation of -115 bps facing December 2022.

Income Statement

Below are the accumulated results of the BBVA Colombia group at the end of the second quarter of 2023, and 2022

The interest margin registered a year-on-year decrease of -34.5%. Income from the credit portfolio recorded an increase of $1,489,658, and expenses recorded an increase of $2,207,617. For this reason, net interest income showed a decrease of -$717,959.

Net commission income closed with a positive variation of $66,781. For its part, the income generated by the investment portfolio increased by $ 231,011 or 65.0%. Dividends registered an increase of $3,239, and closed with a balance of $21,572.

On the other hand, the rest of income line, which includes operational income from financial services provided, and recoveries from operational risk, and others, registered an increase of $25,133 or 28.6%.

Administrative expenses recorded an increase of $335,788 compared to the previous year. Personnel expenses increased 28.1% when compared to 2022. On the other hand, general expenses increased 18.8%. Expenses for contributions, and taxes registered an increase of 113.2%. The net asset allocation closed with a balance of -$751,798, and showed an increase of 30.5%.

Finally, the BBVA Colombia Group recorded a net profit for the end of June 2023 of $163,092, which was 77.7 % lower than the profit recorded in the same period of the previous year.

Accumulated Income Statement
Million COP

	2Q22	4Q22	2Q23	Var TAM	
Interest Income	3,161,738	6,884,123	4,651,396	1,489,658	47.1
Interest Expense	(1,083,267)	(3,303,900)	(3,290,884)	2,207,617	203.8
NET INTEREST INCOME	**2,078,471**	**3,580,223**	**1,360,512**	**(717,959)**	**(34.5)**
NET FEE INCOME	**168,962**	**364,866**	**235,743**	**66,781**	**39.5**
Investment Portfolio	355,367	864,569	586,378	231,011	65.0
Dividends	18,333	18,333	21,572	3,239	17.7
Other Incomes	87,976	212,455	113,109	25,133	28.6
OTHER OPERATING INCOME	**461,676**	**1,095,357**	**721,059**	**259,383**	**56.2**
GROSS MARGIN	**2,709,109**	**5,040,446**	**2,317,314**	**(391,795)**	**(14.5)**
Net Provisions	**(576,151)**	**(1,233,631)**	**(751,798)**	**175,647**	**30.5**
Operational Costs	**(970,778)**	**(2,226,430)**	**(1,306,566)**	**335,788**	**34.6**
Personnel Expenses	(360,474)	(839,057)	(461,720)	101,246	28.1
General Expenses	(241,141)	(520,818)	(286,403)	45,262	18.8
Taxes	(69,184)	(178,712)	(147,498)	78,314	113.2
Other	(293,524)	(662,839)	(393,461)	99,937	34.0
Operational Riah	(6,455)	(25,004)	(17,484)	11,029	170.9
OPERATING EXPENSES	**(1,546,929)**	**(3,460,061)**	**(2,058,364)**	**511,435**	**33.1**
Minority Interest	(549)	(1,391)	(1,504)	(955)	174.0
PROFIT BEFORE TAX	**1,161,631**	**1,578,994**	**257,446**	**(904,185)**	**(77.8)**
Income Tax	(430,865)	(552,719)	(94,354)	336,511	(78.1)
NET PROFIT	**730,766**	**1,026,275**	**163,092**	**(567,674)**	**(77.7)**

Performance Measurements, and Indicators

The adequate risk management carried out in the BBVA Colombia Group allows it to develop its commercial operation while maintaining good portfolio quality indicators, and a prudent risk profile.

NON-PERFORMING LOANS AND COVERAGE
Million COP

	4Q22	2Q23	Var TAM
Gross Loan Portfolio	**71,148,607**	**74,177,970**	**4.3%**
Índice de cartera	**%**	**%**	**%**
Provisiones	3,480,513	3,532,164	1.48%
Cobertura cartera bruta	4.89%	4.76%	-13 bps

At the end of June 2023, the gross portfolio coverage indicator was 4.76%.

Quantitative, and Qualitative Analysis of the Risks to which the Issuer is exposed as a consequence of its Investments, and Activities sensitive to Market Variations

Market risk is defined as the possibility that the group incurs losses associated with a decrease in the value of its portfolio due to changes in the price of the financial instruments in which the entity has exposure. Although the group manages its risks individually, it maintains a corporate methodology, in which it manages the market risk derived from the activity of its operations with the basic objective of limiting possible losses, quantifying the economic capital necessary to develop its activity, and optimize the relationship between the assumed exposure level, and the established results.

To face this management with the maximum guarantees, the Bank has developed a series of organizational policies, and systems, for identification, measurement, control, and monitoring of the risks inherent to operations, both trading, and balance sheet.

Market Risk policies, and management remain in accordance with what was revealed as of December 31, 2022.

During the second quarter of 2023, the average market risk consumption (VaR) of trading operations was COP 12,142 million, with a consumption above the internal limit of authorized economic capital of 65%. The average sensitivity of the interest rate to 1 bp (Delta) was COP 136 million with a consumption of 20% above the authorized internal limit.

Evolution of market-trading risk: During the second quarter of 2023, daily measurements, and controls were carried out on the consumption levels of the approved internal limits, regularly reporting to senior management on compliance with them.

It is important to highlight that the second quarter of 2023 was marked by several international, and national fundamentals that generated volatility in both exchange rates, and interest rates that had to be managed in the portfolio. Among these, the different reforms promoted by the government, and the management of the CFEN banks stand out. A change in exchange rate expectations was evident, since analysts expected a level of 5,400 COP during 2023, but as of June 30 it was at 4,177 COP, this represents a decrease of 633 COP in what It's the end of the year. The year 2022 closed with a monetary policy rate of 12%, as of June 30 this was at 13.25%, which means an increase of 125bps, this is aligned with the trend of the main Central Banks seeking to control levels. of inflation. So far this quarter, alerts were presented on market risk metrics that were managed to ensure compliance with the limits.

Material variations that have occurred in the Risks to which the Issuer is exposed, other than market Risks, and the Mechanisms implemented to mitigate them.

Liquidity risk

Liquidity, and financing risk is defined as the inability of a financial entity to meet its payment commitments due to lack of funds or that, to meet them, it has to resort to obtaining funds under especially burdensome conditions.

The principles, and guidelines for Liquidity Risk management remain in accordance with what was revealed as of December 31, 2022.

During the second quarter, there is an increase in Net Credit Investment of 1.8 Bill COP, while customer resources remain stable with an increase of 51 billion COP, so the increase in the credit gap is financed with short-term financing, mainly loans from the central bank, as well as the disbursement of subordinated credit by the parent company. Credit activity remains at increasing levels despite the economic uncertainty that has had a significant impact on the cost of funding, which has not allowed client resources to grow at the same pace.

The market, and structural risk area carries out the usual daily monitoring in which the bank's short-term, and structural liquidity situation is presented, accompanied by the different risk indicators, and reporting pertinently to senior management. Internal, and regulatory limits are within established thresholds. So far this quarter, alerts were presented on liquidity, and financing risk metrics that were managed to ensure compliance with the limits.

Quarterly Report
Operational Risk Profile

External Circular 012 -2022

Quarterly Report Operational Risk Profile

Variations in the operational risk profile

Self has started since March Assessment for validity 2023, in which the Risk Control Assurer (RCA) of each area reviews its risk perimeter, prioritizing those with the greatest exposure with the inherent valuation, and evaluating the controls to determine their level of mitigation with residual valuation, which is the risk exposure after considering the controls implemented.

June 2023	Inherent Level					
	1	2	3	4	5	Rest
%	0.2%	22%	60%	6%	2%	9%

As of June 2023, there have been no material variations in the inherent risk profile compared to the previous quarter, the most relevant risks of the Entity (inherently valued based on gross margin - level 1) remain, and are related with input errors in local, and transnational systems, and incorrect management of the currency position, linked to the contracting process, and registration of derivatives.

For the risks in question, there is an observation in the control model related to the need to review the operational capacity, technological obsolescence, high manuality, and the need for training, and specialization of the management, and administration teams of the Global Area operations. Market. Additionally, it is followed by the Area's Internal Control, and Operational Risk Committee, which aims to promote its active management, and decision-making to mitigate control weaknesses, and monitor them.

The residual risk profile shows that at levels 3, 4, and 5 (medium-low criticality), 87% of the risks are concentrated, and the remainder at the highest risk levels.

June 2023	Residual Level					
	1	2	3	4	5	Rest
%	0%	0.3%	3%	77%	7%	12%

Identification of new risks

The areas must identify, and update the risk profile constantly throughout the year, due to potential situations associated with internal or externalized activities, to actively manage possible sources of operational risk as soon as they are detected.

These risks are identified especially from the scope of each process associated with an area, in addition to available sources of information that can provide information on the existence of a new risk, such as:

- Reports from regulators, and supervisors.
- Interna, and external audit reports or verification activities carried out by the second line of defense.
- continuous monitoring tasks carried out by Risk Control Assurer (RCA).
- Monitoring operational risk management indicators.
- Operational risk admission flow, or
- Events experienced by areas that have had operational losses or not.

to this last aspect, it is necessary to comment that a growing trend is identified in fraud through digital channels. This has been followed to maintain the risk profile at lower levels and implement monitoring, mitigation, and control measures in the face of new modalities, and threats due to the growing evolution of these transactional digital environments.

Corporate governance

In compliance with CE 012, we inform that in terms of Corporate Governance, **there have been no material changes** in practices, processes, policies, and indicators.