

Quarterly Report January-June 2020

2Q20

Individual and Consolidated Report

Investor Relations

Bogotá D.C. Aug 2020

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1. Basics

Economic Environment

The total number of new Covid-19 infections continues to rise worldwide, primarily due to negative trends in the United States and Latin America, as well as South Asia (particularly India), and despite the decline of infections in Europe and East Asia. To some extent, regional trends reflect the approach taken by governments to cope with the pandemic: i) eradication, which has been generally successful (East Asia); ii) coexistence, which up to now has been more effective in Europe than in emerging countries; iii) passivity, with negative results, in general (United States, Brazil, Mexico, Sweden). The Chinese pattern (shock and brief confinement that ends the pandemic), which in the previous quarter was considered the model for other regions, is not being repeated in other countries, which opens the way to a more negative view of the evolution general of the epidemic. Europe has reduced the number of cases very significantly, but since they have not yet been totally eliminated, full normalization of the economy seems more difficult. Other regions (the United States, Latin America and India, among others) continue to lag behind when it comes to fighting the virus.

Having improved substantially in late March following the Fed's actions (unlimited QE, loan facilities, etc.) and a sizable fiscal package announced by the US government, financial markets have remained generally stable during 2Q20. Supporting factors include the strengthening of previous fiscal and monetary measures by G3 policy makers, the exit process that has occurred in most countries, and the corresponding rebound in economic activity. Regarding the latter, the indicators in general show that the contraction until April was deeper than expected and that the improvement since May is robust and relatively generalized, especially in developed economies, where policy support has been more significant and more effective.

In the world, we continue to expect an "incomplete V" recovery in economic activity. However, this recovery will be slower than expected and heterogeneous in the different regions. Our view is based on the assumption that new waves of infections will emerge, without strict lockdown measures being triggered, until a vaccine is available in mid-2021. As a result, we have revised our growth forecasts downward in 2020 and on the rise in 2021, with a greater cumulative loss of GDP in the biennium, especially in emerging countries. More specifically, we have adjusted our global growth forecast from -2.4% to -3.1% in 2020 and from 4.8% to 5.1% in 2021.

In Colombia, GDP growth in the first quarter showed a significant moderation with an annual variation of 1.1% (from an annual variation of 3.3% in 2019). This result was driven by a contraction in March due to COVID-related shocks in different sectors and the mandatory lockdown decreed as of March 25 (and a regional lockdown led by Bogotá as of March 20). The lockdown halted economic activity for nearly 6 weeks, with a subsequent gradual reopening of the economy that is still underway.

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downwards in 2020 and on the rise in 2021, with a greater accumulated loss of GDP in the biennium, especially in emerging countries. More specifically, we have adjusted our global growth forecast from -2.4% to -3.1% in 2020 and from 4.8% to 5.1% in 2021.

In Colombia, GDP growth in the first quarter showed a significant moderation with an annual variation of 1.1% (from an annual variation of 3.3% in 2019). This result was driven by a contraction in March due to shocks related to COVID in different sectors and the mandatory blockade decreed as of March 25 (and a regional blockade led by Bogotá as of March 20). The lockdown halted economic activity for almost 6 weeks, with a subsequent gradual reopening of the economy that is still underway.

2. Individual Figures

Individual Results

Total assets of BBVA Colombia closed the second quarter of 2020 with a balance of COP 76,1 trillion. This showed an annual growth of 20.3% which represented a variation of +COP 12,8 trillion.

Balance Sheet

Million COP

	2Q19	2Q20	TAM	
			abs	%
Cash	5,601,434	9,339,484	3,738,050	66.7
Assets positions in money market operations	264,268	1,900,773	1,636,506	619.3
Investment and derivatives transactions	11,476,780	13,379,414	1,902,633	16.6
Loan portfolio and leasing operations	46,771,521	52,035,468	5,263,948	11.3
Impairment	(2,825,716)	(3,139,079)	(313,363)	11.1
Other Assets	1,976,776	2,604,280	627,504	31.7
Total Assets	63,265,063	76,120,340	12,855,277	20.3
Deposits and financial claims	48,987,255	60,031,525	11,044,270	22.5
Liabilities positions in money market operations	4,525,337	1,959,686	(2,565,650)	(56.7)
Financial instruments at fair value	1,963,230	5,047,693	3,084,463	157.1
Banks and other financial obligations	1,664,988	2,592,262	927,275	55.7
Accounts payable	802,116	816,776	14,659	1.8
Labor obligations	204,188	212,696	8,508	4.2
Other Liabilities	686,475	649,173	(37,302)	(5.4)
Total Liabilities	58,833,588	71,309,812	12,476,224	21.2
Suscribed and paid-in-capital	89,779	89,779	-	-
Specific destination reserves and funds	3,039,130	3,408,311	369,181	12.1
Surplus	960,359	1,006,040	45,682	4.8
Gains or losses	342,207	306,398	(35,809)	(10.5)
Stockholder's Equity	4,431,474	4,810,528	379,054	8.6
Total Liabilities and Stockholder's Equity	63,265,063	76,120,340	12,855,277	20.3

Concerning the Bank's liquidity resources, the current assets showed an increase of COP 3,7 trillion compared to 2019. This increase was due to a positive variation of COP 1,7 trillion in the cash in Banks and other financial entities, a positive variation of COP 1,9 trillion in the central bank, and a positive variation of COP 15,3 billion in cash at the Bank.

The active positions in the money market closed with a balance of COP 1,9 trillion and showed an increase of 619.3% to the same period of 2019. This increase of COP 1,6 trillion was due to a higher volume in simultaneous operations, which showed a positive variation of COP 1,6 trillion and a decrease of COP 10 billion in interbank transactions.

For its part, investments and operations with derivatives showed a positive variation of 16.6% compared to 2019's June, closing with a balance of COP 13,3 trillion.

The gross loan and leasing portfolio registered an annual growth of 11.3% or COP 5,3 trillion, closing June of 2020 with a balance of COP 52,0 trillion. On its part, the impairment account which corresponds to specific and general provisions of the loan portfolio showed an increase of 11.1%. The other assets account increased by 31.7% or COP 627,5 billion.

About liabilities accounts, the deposits and financial claims showed an annual growth of 22.5% or COP 11,0 trillion, closing with a balance of COP 60,0 trillion. This increase is owed to a positive variation of COP 114,4 billion in special deposits, an increase of COP 1,1 trillion in checking accounts, and an increase of COP 142,4 billion on investment securities. This is offset by an increase of COP 6,5 trillion in savings accounts, an increase of COP 3,3 trillion in term deposits, and a decrease of COP 189,7 billion in service charges.

Liability positions in the monetary market decreased by COP 2,5 trillion, due to a negative variation of COP 1,2 trillion in simultaneous operations, a decrease of COP 70,0 billion in interbank funds, an increase of COP 313,7 in short positions and a decrease of COP 4 trillion in repo operations.

Financial instruments at fair value closed with a balance of COP 5,0 trillion, which represented an increase of 157.1% compared to the same period in 2019. This variation is highly explained by the trading swaps increase of COP 2,1 trillion and an increase of COP 940 billion in trading forwards. Furthermore, trading options showed an increase of COP 28,4 billion meanwhile hedging swaps decreased in COP 29,5 billion.

Credit lines with banks and other financial obligations showed an increase of COP 927,3 billion owed to an increase of COP 544 billion in foreign entities and an increase in Findeter and Finagro obligations of COP 305,3 billion and COP 98,4 billion respectively. Furthermore, Bancoldex obligations showed a decrease in COP 21,7 billion.

Accounts payable registered a positive variation of 1.8%, while labor obligations showed an increase of 4.2%. Other liabilities increased by 5.4% or COP 37,3 billion, closing with a balance of COP 649,2 billion.

Finally, Equity showed an increase of 8.6% and closed at COP 4,8 billion.

Loan portfolio

In 2020's June the gross loan portfolio closed with a positive variation of COP 52,0 trillion and showed a positive variation of 11.3% compared to the same period of 2019. Similarly, the net loan portfolio increased by 11.3%, and closed with a positive variation of COP 48,9 trillion.

LOAN PORTFOLIO

Million COP

	2Q19	2Q20	Var TAM	
Gross loans	46,771,521	52,035,468	5,263,948	11.3
Consumer	15,722,966	18,146,849	2,423,883	15.4
Commercial	15,993,221	18,305,446	2,312,226	14.5
Microcredit	-	-	-	N.C
Mortgage	11,252,655	11,648,142	395,487	3.5
Leasing	1,667,075	1,527,922	(139,153)	(8.3)
Non-performing loan portfolio	378,555	334,413	(44,142)	(11.7)
Non-performing loans	1,757,049	2,072,696	315,647	18.0
Provisions	(2,825,716)	(3,139,079)	(313,363)	(11.1)
Total loans, net	43,945,805	48,896,390	4,950,584	11.3

The loan portfolio of BBVA Colombia keeps its attention in the retail segment, which represents 57.3% of the gross loan portfolio at the close of 2020's June. This segment increased by 10.5% compared to 2019 and closed with a COP 29,8 trillion balance.

The consumer portfolio, composed by payroll loans, vehicle, hedge funds, revolving credit, credit cards and overdrafts increased at an annual rate of 19.6%. Payroll loan shows the highest participation in the consumer portfolio, followed by Free Consumption and Vehicle.

Mortgage loans grew by 3.5%, which represented a variation of COP 395,5 billion. At the end of the second 2020's quarter, it represents 22.4% of the gross loan portfolio.

Commercial portfolio presented an annual increase of 14.5% with a positive variation of COP 2,3 trillion. In the other hand, the leasing portfolio showed a 8.3% decrease with a negative variation of COP 139,2 billion.

Client's Resources

Closing the second quarter of 2020, client's resources remained adjusted to the bank's liquidity needs. The total client resources exhibited a 22.5% increase, which represented a positive variation of COP 11,0 trillion, closing the quarter at COP 60,0 trillion. Term deposits represented 37.0% of the total resources and showed a positive variation of 17.6% or COP 22,2 trillion.

CLIENT'S RESOURCES

Million COP

	2Q19	2Q20	Var TAM	
Checking Accounts	6,763,537	7,874,685	1,111,149	16.4
Saving Accounts	20,202,946	26,759,444	6,556,497	32.5
Term Deposits	18,881,448	22,198,519	3,317,071	17.6
Other Deposits	836,143	753,200	(82,943)	(9.9)
Total Client's Deposits	46,684,073	57,585,848	10,901,774	23.4
Investment Securities in Circulation	2,303,181	2,445,677	142,496	6.2
Total Resources	48,987,255	60,031,525	11,044,270	22.5

Transactional deposits (checking and saving accounts) grew by 28.4%, which represented a positive variation of COP 7,7 trillion. These deposits represented 57.7% of total client's resources.

Investment securities in circulation closed at COP 2,5 trillion and showed a positive variation of 6.2% respecting 2019.

Eligible Capital and Solvency Ratio

The accounting equity showed a positive variation of 8.6% closing with a COP 4,8 trillion. This increase is mainly explained by the COP 369,2 billion growth in reserves due to the decrease of COP 35,8 billion in fiscal year earnings and by the increase of COP 45,7 billion in Surplus.

The technical equity closed the second quarter of 2020 with a COP 6,4 trillion balance and showed a positive variation of 11.5%. According to the Colombian regulation, the required equity placed itself in COP 4,6 trillion, which implies that equity is over the required amount on COP 1,8 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	2Q19	2Q20	%
Accounting Equity	4,431,474	4,810,528	8.6
Eligible Capital	5,705,781	6,363,933	11.5
Ordinary Basic Equity	3,377,639	4,363,899	29.2
Additional Basic Equity	2,994	2,994	-
Additional Equity (Tier II)	2,325,148	1,997,041	(14.1)
Technical Equity	5,705,781	6,363,933	11.5
Required Equity	4,315,099	4,584,585	6.2
Surplus Equity	1,390,682	1,779,348	27.9
Risk weighted assets including market risk	46,919,401	47,607,324	1.5
Value at Risk (VeR)	361,389	363,659	0.6
Value at Operational Risk (VeR)	-	275,847	NC
Solvency Ratio without VeR	12.99	15.71	272 bps
Solvency Ratio with VeR (minimum 9%)	11.90	13.37	147 bps
Tier 1 (%) ¹	7.04	9.17	212 bps

¹Basic Equity against risk-weighted assets

Risk-weighted assets (RWA's) closed at COP 47,6 trillion and grew for about 1.5%. On the other hand, the value at risk (VaR) increased by 0.6% and the Operating Risk Value (VaRRO) is incorporated.

The Bank's solvency ratio closed at 15.7%, with a variation of 272 bps compared to the same period in 2019. The Bank's solvency ratio with VaR closed at 13.37%, with a variation of 147 bps compared to the same period in 2019. This is due to the advance application of Decree 1477 of 2018, there is a strengthening of technical equity, in terms of risk-weighted assets we have a significant reduction in credit risk depending on the counterparties and their external rating, the recognition of guarantees as mitigating and the incorporation of operational risk.

Income Statement

Net interest income recorded an interannual increase of 4.2%. Loan portfolio revenues showed a growth of COP 161,1 billion, while expenses increased by COP 100,1 billion. The foregoing was driven by the good Bank's management. Therefore, net interest income increased by COP 61,1 billion.

Net fee income closed with a 21.6% negative variation. Besides, incomes generated by the investment portfolio increased by COP 84,4 billion or 38.5%. Dividends registered a decrease of 20.2% and closed with a COP 14,5 billion balance. Additionally, the other incomes line which includes operational incomes from financial services provided and recoveries of operative risks and others, registered a decrease of 32.1%.

Net provisions closed with a balance of COP 621,1 billion and showed a decrease of 16.3%.

Next, the results of BBVA Colombia accumulated at the close of the second quarter of 2019 and 2020 will be shown:

Accumulated Income Statement

Million COP

	2Q19	2Q20	Var TAM	
Interest Income	2,436,729	2,597,856	161,127	6.6
Interest Expense	(978,168)	(1,078,241)	(100,073)	10.2
NET INTEREST INCOME	1,458,561	1,519,615	61,054	4.2
NET FEE INCOME	79,862	62,617	(17,245)	(21.6)
Investment Portfolio	219,063	303,416	84,353	38.5
Dividends	18,189	14,512	(3,677)	(20.2)
Other incomes	68,780	46,731	(22,048)	(32.1)
OTHER OPERATING INCOME	306,032	364,659	58,627	19.2
GROSS MARGIN	1,844,455	1,946,891	102,436	5.6
Net Provisions	(534,228)	(621,121)	(86,893)	16.3
Operational Costs	(781,025)	(841,092)	(60,067)	7.7
Personal Expenses	(296,981)	(300,045)	(3,064)	1.0
General Expenses	(192,456)	(211,516)	(19,060)	9.9
Taxes	(62,862)	(65,767)	(2,905)	4.6
Other	(225,055)	(253,642)	(28,587)	12.7
Operational Risk	(3,671)	(10,122)	(6,451)	175.7
OPERATING EXPENSES	(1,315,253)	(1,462,213)	(146,960)	11.2
PROFIT BEFORE TAX	529,202	484,678	(44,524)	(8.4)
Income Tax	(171,441)	(162,726)	8,715	(5.1)
NET INCOME	357,761	321,952	(35,809)	(10.0)

Operational cost registered a COP 60,1 billion increase compared to the last year. Personal expenses increased by 1.0% compared to 2019. Furthermore, general expenses increased by 9.9% and expenses on taxes and fees increased by 4.6%.

Finally, at the end of 2020's June BBVA Colombia registered a net income of COP 321,9 billion which was 10.0% lower than the previous year profit.

Performance Measures and Indicators

The adequate management of the risk that is followed in BBVA Colombia, allow the bank to develop a commercial operation keeping well quality indicators of the loan portfolio and a prudent risk profile.

NON-PERFORMING LOANS AND COVERAGE

Million COP

	2Q19	2Q20	Var TAM
Gross Loan Portfolio	46,771,521	52,035,468	11.25
Total Overdue loans	2,135,604	2,407,108	12.71
Overdue loans	378,555	334,413	(11.66)
Non-performing loans	1,757,049	2,072,696	17.96
Non-performing loans ratios	%	%	%
Overdue Loans ratio	0.81	0.64	(0.17)
NPL ratio	3.76	3.98	0.23
Loan -Loss Provision	2,825,716	3,139,079	11.09
Coverage overdue loans	160.82	151.45	(9.37)

At the end of 2020's June, the NPL ratio placed itself at 3.98%. By its part, the coverage overdue loan ratio was located at 151.45%.

Individual Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia for the year ended on December 31th, 2019 and June 30th 2020.

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

Concept	Suscribed and paid-in capital				Retained Earnings							Total Shareholder Equity
	Non-voting preferred shares		Ordinary shares		Legal and occasional reserves	Additional- paid in capital	Net profit For the period	Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	
	Number	Value	Number	Value								
Balance of December 31 of 2019	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 3,039,130	\$ 651,950	\$ 738,369	\$ -	\$ 255,370	\$ 104,181	\$ 506	\$ 4,879,285
Transfers	-	-	-	-	-	-	(738,369)	738,369	-	-	-	-
Cash dividends paid in preferred and common shares	-	-	-	-	-	-	-	(369,188)	-	-	-	(369,188)
Appropriation for legal reserve	-	-	-	-	369,181	-	-	(369,181)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	321,952	-	-	-	-	321,952
Fixed asset valuation update	-	-	-	-	-	-	-	-	(132)	-	-	(132)
Net deferred tax (Net effect of labor obligations and net fixed assets)	-	-	-	-	-	-	-	-	-	-	-	-
Hedging with cash flow derivatives	-	-	-	-	-	-	-	-	-	12,127	-	12,127
Actuarial gains and losses on defined contributions pensions	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income:												
Investments by equity method	-	-	-	-	-	-	-	-	-	(456)	-	(456)
Deferred tax on defined contributions pensions	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax on equity investment management	-	-	-	-	-	-	-	-	-	7,329	-	7,329
Deferred tax on equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax on investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised retained earnings in equity instruments	-	-	-	-	-	-	-	-	-	(9,918)	-	(9,918)
Retained earnings by new measurements of financial assets on investments available for sale	-	-	-	-	-	-	-	-	-	(30,470)	-	(30,470)
Balance of June 30th of 2020	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 3,408,311	\$ 651,950	\$ 321,952	\$ -	\$ 255,238	\$ 82,793	\$ 506	\$ 4,810,529

3. Consolidated Figures

Consolidated Results

Total assets of BBVA Colombia closed 2020's second quarter with a balance of COP 76,4 trillion. This showed an annual growth rate of 19.4% which represented a positive variation of COP 12,4 trillion.

BALANCE SHEET - Consolidated Million COP

	2Q19	2Q20	TAM	
			abs	%
Cash and cash equivalents	5,869,562	11,276,806	5,407,244	92.1
Investments	9,373,636	8,085,061	(1,288,575)	(13.7)
Derivative Financial Instruments and Cash Operations	1,990,072	5,068,486	3,078,414	154.7
Gross Loan Portafolio and Leasing	46,771,522	52,035,535	5,264,013	11.3
Provision for credit losses	(2,543,968)	(3,045,965)	(501,997)	19.7
Other	2,497,925	2,969,696	471,771	18.9
Assets	63,958,750	76,389,619	12,430,869	19.4
Deposits	46,615,280	57,530,796	10,915,516	23.4
Money Market Operations	4,523,919	1,959,582	(2,564,337)	(56.7)
Financial instruments at fair value	1,963,230	5,047,693	3,084,463	157.1
Banks and other financial obligations	1,664,988	2,592,262	927,274	55.7
Investment in debt securities	2,303,181	2,445,677	142,496	6.2
Liabilities by deferred tax	474,870	188,482	(286,388)	(60.3)
Estimated liabilities and provisions	318,852	316,272	(2,580)	(0.8)
Payable accounts	670,303	684,573	14,270	2.1
Labor Obligations	206,775	214,848	8,073	3.9
Other Liabilities	444,500	399,283	(45,217)	(10.2)
Liabilities	59,185,898	71,379,468	12,193,570	20.6
Paid-in Capital	89,779	89,779	-	-
Additional-paid in capital	651,950	651,950	-	-
Noncontrolling interests	6,207	7,375	1,168	18.8
Reserves	3,039,636	3,408,817	369,181	12.1
Surplus	644,510	531,764	(112,746)	(17.5)
Net income	340,770	320,466	(20,304)	(6.0)
Stockholder's Equity	4,772,852	5,010,151	237,299	5.0
Total Liabilities and Stockholder's Equity	63,958,750	76,389,619	12,430,869	19.4

In relation to the Group's liquidity resources, the Available asset showed a decrease of COP 5,4 trillion in relation to 2019. This decrease was due to a positive variation of COP 3,7 trillion in Banks and other financial entities and a positive variation of COP 1,7 trillion in money market and related operations.

Derivative financial instruments and cash operations closed with a balance of COP 5,1 trillion, showing a positive variation of COP 3,1 trillion.

Investments showed a negative variation of COP 1,3 trillion closing with a positive variation of COP 8,1 trillion. This variation is explained by a negative variation in investments at fair value with changes in results delivered in money market operations of COP 1,9 trillion, in investments at amortized cost with a positive variation of COP 1,1 trillion, in investments changes in net income with a negative variation of COP 724,4 billion and in fair value with change in ORI of COP 307,7 billion.

The Credit and Leasing portfolio registered an annual growth of 11.3% or COP 5,3 trillion, closing 2020's June with a balance of COP 52,0 trillion. For its part, the Impairment account, which corresponds to the specific and generic portfolio provisions, showed a 19.7% growth. The Other Assets grew by 18.9% or COP 471,8 billion.

In relation to the liability accounts, deposits and liabilities showed an annual growth of COP 10,9 trillion, thus closing with a balance of COP 57,5 trillion. This is due to a COP 3,4 trillion growths in term deposits and a COP 7,6 trillion growths in checking accounts.

Liabilities positions in market operations decreased by COP 2,6 trillion.

Financial instruments at Fair Value closed with a balance of COP 5,0 trillion, which represented a growth of 157.1% compared to 2019. This variation is explained by the increase in trading instruments of COP 3,1 trillion and the decrease of hedging instruments of COP 29,5 billion

The line of Credit with Banks and Other Financial Obligations showed an increase of COP 927,3 billion.

Accounts payable presented a positive variation of 2.1% and labor obligations showed a growth of 3.9%. Other liabilities decreased 10.2% or COP 45,2 billion, closing with a balance of COP 399,3 billion.

Finally, the Equity presented an 5.0% increase and closed at COP 5,0 trillion in 2020's June.

Loan Portfolio

In June 2020, the gross loan portfolio closed at COP 52,0 trillion, equivalent to a 11.3% increase compared to the same period in 2019. Similarly, the net loan portfolio increased by 10.8%, closing at COP 48,9 trillion.

LOAN PORTFOLIO

Million COP

	2Q19	2Q20	Var TAM	
Gross Loan Portfolio	46,771,522	52,035,535	5,264,013	11.3
Consumer	16,773,557	19,180,215	2,406,658	14.3
Commercial	18,257,797	20,569,017	2,311,220	12.7
Microcredit	2	2	-	-
Mortgage	11,305,096	11,811,475	506,379	4.5
Leasing	435,070	474,826	39,756	9.1
Loan -Loss Provision	(2,543,968)	(3,045,965)	(501,997)	19.7
Net Loan Portfolio	44,227,554	48,989,570	4,762,016	10.8

The BBVA Colombia Group's portfolio maintains its focus on the retail segment, which showed 59.6% of the gross portfolio at the end of June 2020. This segment presented an increase of 10.4% compared to 2019 and closed with a positive variation of COP 30,9 trillion.

The consumer loan portfolio composed by payroll loans, vehicle, free Investment, revolving credit, credit cards and overdrafts showed an annual increase of 14.3%.

The mortgage portfolio increased by 4.5%, which represented a decrease COP 506,4 billion. At the end of the second quarter of 2020, it represented 22.7% of the gross portfolio.

The commercial portfolio presented an 12.7% annual increase with a positive variation of COP 2,3 trillion.

Client's Resources

At the end of 2020's second quarter, customer funds remained adjusted to the Group's liquidity needs and the deposits behaved in line with the portfolio's growth dynamics. Total customer funds increased by COP 11,1 trillion, which represented a 22.6% variation, closing the quarter with COP 59,9 trillion. The term deposit certificates represented 37.0% of the total resources and showed a variation of 17.6%, reaching a balance of COP 22,2 trillion.

CLIENT'S RESOURCES

Million COP

	2Q19	2Q20	Var TAM	
Checking Accounts	27,733,832	35,332,277	7,598,445	27.4
Saving Accounts	18,881,448	22,198,519	3,317,071	17.6
Total Client's Deposits	46,615,280	57,530,796	10,915,516	23.4
Investment Securities in Circulation	2,303,181	2,445,677	142,496	6.2
Total Resources	48,918,461	59,976,473	11,058,012	22.6

Checking accounts showed a positive variation of 27.4% which represented a positive variation of COP 7,6 trillion. This deposit represented 58.9% of the client's resources.

Investment securities in circulation closed at COP 2,4 trillion and showed a positive variation of 6.2% compared to 2019.

Eligible Capital and Solvency Ratio

The Group's equity presented a positive variation of 5.0% and closed at COP 5,0 trillion. This increase is mainly explained by the increase in reserves of COP 369,2 billion, by the decrease of COP 20,3 billion in income statement for the year and by the increase of COP 112,7 billion in the Surplus.

Technical equity closed 2020's second quarter with a balance of COP 6,4 trillion and showed a positive variation of 11.6%. The equity required under Colombian regulation stood at COP 4,5 trillion, implying a COP 1,8 trillion equity surplus.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	2Q19	2Q20	%
Accounting Equity	4,772,852	5,010,151	5.0
Eligible Capital	5,705,720	6,366,858	11.6
Ordinary Basic Equity	3,379,498	4,366,823	29.2
Additional Basic Equity	2,994	2,994	-
Additional Equity (Tier II)	2,323,229	1,997,041	(14.0)
Technical Equity	5,705,720	6,366,858	11.6
Required Equity	4,326,958	4,552,342	5.2
Surplus Equity	1,378,762	1,814,516	31.6
Risk weighted assets including market risk	48,077,312	47,272,498	(1.7)
Value at Risk (VeR)	362,372	365,630	0.9
Value at Operational Risk (VeR)	-	249,429	NC
Solvency Ratio without VeR	12.95	15.74	279
Solvency Ratio with VeR (minimum 9%)	11.87	13.47	160
Tier 1 (%) ¹	7.03	9.24	221

¹ Basic Equity against risk-weighted assets

Risk-Weighted Assets closed at COP 47,3 trillion and showed a decrease of 1.7%. For its part, the Market Value at Risk (VaR) increased by 0.9% and the Operating Risk Value (VaRRO) is incorporated

The Group's solvency ratio closed at 13.5%, with a positive variation of COP 160 bps compared to the same period in 2019.

Income Statement

The net interest income registered an interannual increase of 18.4%. The loan portfolio income registered an increase of COP 337,1 billion and the interest expenses registered a decrease of COP 100,3 billion. For this reason, net interest income showed an increase of COP 236,8 billion.

Net fee income closed with a negative variation of COP 170,9 billion. On the other hand, the investment portfolio income showed an increase of COP 86,6 billion or 42.1%. Dividends registered a decrease of COP 3,7 billion and closed with a balance of COP 14,8 billion. Furthermore, the line of other income, which includes operating income from financial services provided and recoveries of operating risk and others, registered a decrease of COP 22,0 billion or 31.3%.

Next, it is showing the results of BBVA Colombia accumulated at the end of June 2019 and 2020:

Accumulated Income Statement

Million COP

	2Q19	2Q20	Var TAM	
Interest Income	2,260,769	2,597,858	337,089	14.9
Interest Expense	(977,089)	(1,077,350)	(100,261)	10.3
NET INTEREST INCOME	1,283,680	1,520,508	236,828	18.4
NET FEE INCOME	264,607	93,622	(170,985)	(64.6)
Investment Portfolio	206,051	292,697	86,646	42.1
Dividends	18,617	14,837	(3,780)	(20.3)
Other Incomes	70,392	48,365	(22,027)	(31.3)
OTHER OPERATING INCOME	295,060	355,899	60,839	20.6
GROSS MARGIN	1,843,347	1,970,029	126,682	6.9
Net Provisions	(534,508)	(621,682)	(87,174)	16.3
Operational Costs	(794,734)	(856,068)	(61,334)	7.7
Personal Expenses	(304,906)	(308,841)	(3,935)	1.3
General Expenses	(193,922)	(211,290)	(17,368)	9.0
Taxes	(63,863)	(66,890)	(3,027)	4.7
Other	(228,372)	(256,277)	(27,905)	12.2
Operational Risk	(3,671)	(12,770)	(9,099)	247.9
OPERATING EXPENSES	(1,329,242)	(1,477,750)	(148,508)	11.2
Minority Interest	(919)	(799)	120	(13.1)
PROFIT BEFORE TAX	513,186	491,480	(21,706)	(4.2)
Income Tax	(172,416)	(171,013)	1,403	(0.8)
NET PROFIT	340,769	320,467	(20,302)	(6.0)

Operational costs registered an increase of COP 61,3 billion with respect to the previous year. Personnel expenses increased by 1.3% compared to 2019. On the other hand, general expenses increased 9.0%. Tax and contribution expenses registered an increase of 4.7%. The net provisions closed with a balance of COP 621,7 billion and showed an increase of 16.3%.

Finally, BBVA Colombia recorded a net profit for the end of June 2020 of COP 320,5 billion, which was 6.0% lower than the profit recorded in the same period of the previous year.

Consolidated Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia for the year ended on December 31th 2019 and June 30th 2020.

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Amounts stated in million of Colombian pesos and thousands of shares)

Concept	Number of shares	Subscribed and paid-in capital	Additional- paid in capital	Legal and occasional reserves	Net profit for the period	Retained earnings (NICF Implementation)	Adjustments in the adoption for the first time NICF	Other comprehensive income (OCI)	Article 6 Law 4 of 1980	Total shareholders' equity	Non-controlling interest	Total Equity
Balance of December 31th of 2019	\$ 479,760	\$ 86,785	\$ 651,950	\$ 3,039,130	\$ 731,618	\$ 95,669	\$ (42,887)	\$ 638,888	\$ 506	\$ 5,204,653	\$ 7,260	\$ 5,211,913
Non controlled interest (minority interest)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(731,618)	731,618	-	-	-	-	-	-
Dividends paid in cash, preferred and common shares	-	-	-	-	-	(369,188)	-	-	-	(369,188)	-	(369,188)
Appropriation for legal reserve	-	-	-	369,181	-	(369,181)	-	-	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	320,466	-	82,692	-	-	403,158	115	403,273
Retained earnings sales force	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	6,751	26,289	-	-	33,040	-	33,040
Unrealised retained earnings in new measurements of financial instruments	-	-	-	-	-	-	(41,468)	-	-	(41,468)	-	(41,468)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset valuation update	-	-	-	-	-	-	(132)	-	-	(132)	-	(132)
Hedging with derivatives cash flow	-	-	-	-	-	-	-	12,126	-	12,126	-	12,126
Income from other equity items of subordinates	-	-	-	-	-	-	-	(4,234)	-	(4,234)	-	(4,234)
Defined contributions pension	-	-	-	-	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in other comprehensive income of the noncontrolled investments - internal model	-	-	-	-	-	-	-	(21,100)	-	(21,100)	-	(21,100)
Adjustment for impairment of loan portfolio and financial leasing operations	-	-	-	-	-	-	-	(288,092)	-	(288,092)	-	(288,092)
Earnings accumulated by new measurements of financial assets available for	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised retained earnings in new measurements of financial instruments	-	-	-	-	-	-	-	(31,096)	-	(31,096)	-	(31,096)
Net deferred tax	-	-	-	-	-	-	-	105,109	-	105,109	-	105,109
Profits (losses) other patrimonial items of subordinates	-	-	-	-	-	-	-	-	-	-	-	-
Balance of June 30th of 2020	\$ 479,760	\$ 86,785	\$ 651,950	\$ 3,408,311	\$ 320,466	\$ 95,669	\$ 24,494	\$ 411,601	\$ 506	\$ 5,002,776	\$ 7,375	\$ 5,010,151

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