Quarterly Report

January – March 2023

1T23

Individual and Consolidated Report

Investor Relations

Bogota DC, May 2023

BBVA Colombia has current issues of variable income securities such as common shares and preferred shares, and fixed income through subordinated bonds in pesos and dollars. As of December 31, 2022, there are 14,387,689,071 shares outstanding, of which 13,907,929,071 are common shares and 479,760,000 are shares with preferred dividend. These are traded on the Colombian Stock Exchange, with the mnemonics for BBVACO Ordinary Share, and for the non-voting preferred dividend share PFBBVACOL.

Regarding bonds, BBVA Colombia has five current subordinated bond issues totaling COP 571 billion, a subordinated bond for USD 400 million and an issuance program for COP 3 trillion. These bonds are listed on the Colombian stock market and the last one mentioned is listed on the Luxembourg stock market. Likewise, they are negotiated in the same markets through brokerage firms supervised by the Financial Superintendence of Colombia.

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1. General

Economic environment

Global growth will be driven by the acceleration of the Chinese economy, amid a mild moderation in the United States and the Eurozone

Globally, supply shocks have subsided, while demand has remained firm . As a result, there have been surprises to the upside in growth and the chances of a recession in the near term have been reduced. Added to this good growth news was a better performance of total inflation , which has been falling gradually, more strongly in the United States than in the Eurozone. However, core inflation measures remain stable, with a special downward trend in the case of Europe due to high gas prices. It is expected that, in any case, gas reserves will be sufficient to avoid shortages on that continent, even in unfavorable scenarios and high energy needs.

Following a temporary decoupling, markets are now in line with central bank indications that interest rates still have some room to rise and the easing cycle will take some time to play out. In this context, financial volatility has increased, but remains contained. Furthermore, this monetary tightening will pave the way for a progressive slowdown in global demand and growth.

Global growth is expected to reach 2.8% in 2023 and 3.3% in 2024, after having grown 3.2% in 2022 and 6.1% in 2021. The recent release of some positive data from economic activity, reflecting the resilience of demand, and the drop in energy prices favor an upward revision of the GDP forecasts for 2023 in the US and the Eurozone, while the relaxation of sanitary restrictions in China (of the zero Covid policy) supports a more robust recovery in that country. Precisely, in China, the reopening will boost demand (mainly consumption) and the normalization of supply. In addition, political stimuli will support investment dynamics.

Even so, a slowdown in growth is likely to occur in a context of inflation and higher interest rates, which will be only partially offset by some favorable factors (good private sector balance sheets, NGEU in Europe), which They will help avoid the existence of a deep recession.

Inflation is expected to gradually decline as supply shocks abate and demand weakens, but the persistence of underlying inflation and robust labor markets will force central banks to have higher key interest rates of planned and not to cut them before 2024. After all, central banks will continue to be determined to reduce inflation . For this reason, interest rates are likely to converge to at least 5.25% in the US and also to at least 4% in the euro area. Quantitative tightening, an untested tool with uncertain effects, will complement interest rate hikes in both the US and the euro area.

Following this, the pressures on prices and wages will gradually decrease and second-round effects will be avoided. In any case, inflation will remain above the 2% target both in the US and in the Eurozone at least until the end of 2024, partly due to the upward pressure on prices implied by the reopening of the economy in China.

In this economy, unlike in other countries, interest rates are expected to remain relatively low as inflation remains under control.

Ultimately, commodity prices will remain below 2022 levels, but China's supply and demand problems will limit downward corrections and favor a rebound in oil prices in the second half of 2023. At the same time, a strong dollar is expected, partly as a result of the restrictive monetary policy in the United States, but also due to the prevalence of uncertainty in financial markets . Therefore, higher yields on sovereign bonds from developed countries and modest capital inflows to riskier assets and to emerging countries are expected.

The Colombian economy retains some supports that allow it to continue growing, although at a slower pace

In 2022, the Colombian economy maintained outstanding levels of activity. Not only when measured through GDP, which completed two stellar years, growing 11% in 2021 and 7.5% in 2022, but also when paying attention to other vitally important economic variables.

During the past year, Colombia generated 1.6 million jobs, which far exceeded the average annual creation of this century: 0.3 million per year. With this, private consumption was boosted to record levels that, even when measured in per capita terms, exceeded real spending per person before the pandemic by more than 15%. At the same time, consumer credit grew above its historical averages, reflecting that the economy maintained its access to domestic financing . Finally, Colombian foreign trade benefited from terms of trade that grew strongly, much more than in previous years, boosting total exports.

From the end of 2022 some signs of a slowdown in economic activity began to be noticed, most evident in household spending on durable goods and the housing market. This is a prelude to the fact that the economy will not be able to maintain the high growth rates it has been showing. Which, in part, is desirable and sought by monetary policy to lower inflation , encourage private savings and reduce macroeconomic imbalances. In fact, the Central Bank has been raising its intervention rate and is close to the end of its cycle of rate increases. Then, it will leave it unchanged at that level for most of the year, to start the progressive relaxation of monetary policy at the end of 2023 and continue in 2024. This reduction in the interest rate will be possible thanks to the gradual drop in infl ation and the slower rate of growth.

However, despite the fact that during 2023 and 2024 the economy will enter this new cycle of lower growth, the country maintains some supports that will allow it to continue growing, even at lower rates. First, the labor market is more formal today. The national formality rate went from 39.8% on average in 2021 to 41.8% in 2022, numbers that, although they are still low and a challenge for the country's public policies, reflect that many more Colombians (1.1 million people) now have a stable job, with legal benefits and better productivity. The result of this, too, is that they have the ability to maintain a more even expense over time.

Secondly, fiscal spending will increase this year, not only because of the increase in the national budget, allowed by better tax collection and additional resources from the tax reform, but also because this year is the last tranche of the periods of the mayors and governors, which is characterized by a greater execution of the investment and spending plans of the territorial entities.

Third, global growth will remain in positive territory. Added to this is the fact that the US labor market remains strong, with unemployment rates at record lows, anticipating another year of good remittance arrivals in the country.

Finally, and may be most important, a gradual reduction in total inflation is expected , from 13.1% in 2022 to 9.0% in 2023 and 5.0% in 2024, with a more marked decrease in the case of food inflation , which will go from 27.8% in December 2022 to 7.6% in December 2023, improving the purchasing power of Colombian households .

All in all, the economy will grow 0.7% in 2023 and, after starting a gradual recovery at the end of this year, it will grow 1.8% in 2024. The result will be led by public consumption, which will grow by 5.9 % in 2023 and 4.4% in 2024, the largest execution of civil works in 2023, the recovery of non-residential buildings in 2024 and the permanence of export growth in the next two years. Conversely, private consumption could decline slightly during 2023, before slowly recovering throughout 2024. Similarly, private investment in machinery will moderate from high spending levels in 2021 and 2022, falling to double digits in 2023 and growing very little in 2024. Likewise, the low housing sales that have been occurring since last year anticipate that residential construction will have a lower performance in 2023 and 2024.

Market and competitive position

BBVA Colombia maintained the 4th position in the market, with a share of Assets of 10.96% as of December 2022, while its main competitor, Bancolombia, continued in first place with a share of 26.67%.

In Credit Investment, BBVA remained in 4th position with a market share of 11.06%, which presented a variation of +37 bps compared to the same period in 2021.

The individual portfolio maintained the 3rd position in the market, with a share of 13.87%, which presented a variation of -41 bps when compared to the same month of 2021. In the Consumer line, BBVA managed to slow down the drop in share and began a path of recovery with a gain of +1 bp and closed with a 13.60% share. Regarding Mortgage, BBVA's share is 14.45%, which in recent periods continues with -126 bps when compared to the same month of 2021. The market share of the Business Portfolio stood at 8, 58% and grew

+107 bps compared to the same period of the previous year, managing to position itself in the 4th position in the market.

In relation to Customer Resources, BBVA was ranked 4th in the market in December 2022 with a market share of 11.48%, which presented a variation of +49 bps compared to the same period of 2021. The Demand resource share presented a variation of +23 bps and was ranked 4th in the market with a share of 11.19%. Ahorros registered a drop in share of -17 bps and was positioned in 4th place with a share of 10.18%. Lastly, the share of CDTs stood at 13.70% and presented an increase of +97 bps , ranking 4th in the market.

Legal and regulatory environment

BBVA Colombia permanently monitors developments in legislation, allowing timely adaptation to new regulations and using the most efficient criteria in their implementation. During the first quarter of 2023, BBVA Colombia complied with the legal requirements governing banking activity, as well as carried out its operations in accordance with the instructions issued by the Authorities for this purpose, always framing and adjusting its activity to the legal guidelines.

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

Financial Superintendency of Colombia (SFC):

- Resolution 1973 of 2022. The paragraph of article 14 of Law 819 of 2003 provides that "(...) the projection of interest and the balance of the debt will take into account the percentages of coverage of interest rate risk and exchange rate that will be defined quarterly by the Banking Superintendency". By virtue of the foregoing, the interest rate and exchange rate risk coverage percentages are certified, for the purposes of projecting interest and the balance of the debt of the territorial entities .

- Resolution 0236 of 2023. As established in article 11.2.5.1.1 of Decree 2555 of 2010, the Financial Superintendence of Colombia is responsible for certifying the current bank interest corresponding to the modalities of microcredit, consumer and ordinary credit, and low-cost consumer credit. amount. In compliance with the foregoing, the SFC certifies the current bank interest for the consumer and ordinary credit modality at 30.84% annual cash. The certified rate for consumer and ordinary credit will apply for the period between March 1 and March 31, 2023.

- External Circular 001 of 2023. The Board of Directors of Banco de la República modified the article
  65 of External Resolution 1 of 2018 to allow entities supervised by the Financial Superintendence of Colombia to enter into any type of credit derivative with authorized foreign agents, provided that they are contracts issued in foreign currency or in legal currency by issuers foreigners on foreign or local assets. By virtue of the foregoing, the SFC amends the Basic Accounting and Financial Circular, in order to instruct supervised entities to comply with the rules regarding market risk management when they enter into credit derivatives.

- External Circular 002 of 2023. Based on the provisions of Decree 2399 of 2019, the Financial Superintendent must " set the rates of contributions that must be paid by supervised and controlled entities in accordance with the law."

  Therefore, for Fiscal 2023, the SFC establishes for the first semester of 2023 the value of said contributions in the amount of $146,730,881,046.50. The value of the contribution of the first semester results from applying the factor of 0.00012434 on the value of the assets registered by each of the supervised entities subject to contribution, with a cutoff of June 30, 2022.

- External Circular 003 of 2023. The SFC issues instructions for calculating the solvency ratio of companies that manage third-party assets. Among other aspects, it highlights : (i) The creation of Chapter XIII-17 in order to issue instructions related to the adequate equity and the minimum solvency ratio of third-party asset management companies; (ii) Entities must carry out mandatory tests between October 23 and November 3, 2023 with the figures of the Individual and Consolidated Financial Statements as of June 2023.

- Circular Letter 14 of 2023. Through External Circular 2019, the SFC introduced the net stable funding coefficient , in order to contribute towards the convergence of international standards and best practices in liquidity risk management. Likewise, it defined the schedule for the gradual implementation of said indicator by credit institutions.

  In accordance with the foregoing and based on the follow-up that the SFC has carried out on the implementation of the indicator, concerns have been evidenced in the registration of some operations in the CFEN, particularly regarding the interdependence criterion and the treatment of leases. Therefore, clarifications are issued on Subparagraph b of numeral 2.1 of Annex 4 of Chapter VI of the Basic Accounting and Financial Circular.

- External Circular 005 of 2023. The SFC issues instructions with the aim of promoting safe operations related to QR codes, meeting international standards and promoting interoperability. Due to the foregoing, the supervised entities must adopt the latest version of the "EMV® QR Code" standard. Specification for payment Systems (EMV QRCPS) Merchant-Presented mode or Consumer-Presented Mode ». Entities that have implemented QR codes under standards other than the latest version, will have a maximum term of 2 years from the issuance of this Circular to carry out the migration of all the codes to the new standard. In any case, such entities must submit the migration plan to the SFC no later than January 1, 2024."

National government:

- Decree 2613 of 2022. Article 53 of the Political Constitution establishes as one of the fundamental minimum principles in labor matters a minimum, vital and mobile remuneration, proportional to the quantity and quality of work.

- By virtue of the foregoing, the amount of the current legal monthly minimum wage for the year 2023 was established in a concerted and unanimous manner in the sum of ONE MILLION ONE HUNDRED AND SIXTY THOUSAND PESOS ($1,160,000.oo).

- Decree 151 of 2023. Orders the publication of Draft Legislative Act No. 035 of 2022 Senate - 173 of 2022 Chamber "By which the Political Constitution of Colombia is reformed and the Agrarian and Rural Jurisdiction is established."

- It is highlighted that the Agrarian and Rural Court will be the highest court of the Agrarian and Rural Jurisdiction, whose structure and operation will be defined by law. It will be made up of an odd number of magistrates, determined by law, who, in order to be elected, must meet the requirements, qualifications and qualities necessary to be a magistrate of the Supreme Court of Justice and of the Council of State, and have exercised the profession in activities related to the Agrarian and Rural Regime. In the rest, they will be governed by the conditions, requirements and periods provided for in articles 231, 232 and 233 of the Constitution .

- Resolution 5093 of 2022. Ministry of Labor. The payment and transfer of THIRTY-TWO THOUSAND TWO HUNDRED NINETY-FIVE MILLION SIX HUNDRED THOUSAND MCTE PESOS ($32,295,600,000) related to the resources of the incentive for the generation of new jobs to the beneficiaries previously identified by the UGPP for the November applications is ordered . 2022, corresponding to the October 2022 payroll.

  BBVA Colombia SA is entitled to the sum of $2,868,100,000

Intellectual Property and Copyright

In accordance with 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.
With regard to the software installed, in use or in the possession of BBVA Colombia, it has the corresponding licenses and controls have been implemented so that the software purchase, development, installation, adaptation and maintenance processes comply with 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 state of compliance with the rules on intellectual property and copyright, in accordance with the methodology established for this purpose, in in order 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 recorded that the evidence of these evaluations rests on the tools and work sheets used by the Internal Control and Operational Risk unit , to the development of its function, activity that is periodically reported to the Board of Directors.

Products, services and distribution

Segment of individuals

For this first quarter of the year, BBVA's efforts were oriented towards offering financial solutions that accompany clients in the face of market volatility, with a diversified portfolio that promotes a culture of savings and its inclusion in the financial system .
This is how Savings Accounts , CDTs and Current Accounts increased their balances by 19.78% compared to the same period of the previous year, mainly leveraged on the deepening of customers with digital alternatives for product registration. The greatest impact was reflected in the CDTs, a product that generated a 128% increase in their balances and a growth of more than 100% in digital contracting compared to the same period in 2022.

As a complement, in the debit card the first quarter of 2023 closed with a billing at the point of sale of $2.9 Billion and a growth of 17.14% compared to the same period of 2022. In March they began portfolio management campaigns with the support of VISA , seeking to improve billing levels and customer preference to make purchases with BBVA debit cards and thus earn more points, cash refunds and prizes.

During the first quarter of the year, more than 250,000 debit cards were also delivered to clients with payroll and pensioners, with special focus on the banking process of the pensioner segment.

Likewise, offering differential benefits in the offer and a sales force dedicated to face-to-face support in the offices with the greatest influx to facilitate processes.

Additionally, since February the portfolio of our preferential and private banking customers has been complemented with the launch of the Infinite debit card , a product that provides greater benefits and travel assistance when making purchases with it, always seeking to position BBVA in the daily life and the preference of our customers.

On the other hand, credit cards in the first quarter of 2023 closed with a growth of 21.5% compared to the same period of 2022. BBVA is aligned with the strategy of the sector. As of March 15, the interest rate was modified to 20% Annual Cash for current customers and new customers with Visa Clásica, MasterCard Standard, MasterCard Senior, Pension Senior and MasterCard Héroes (for the Military and Police Forces) credit cards. with a quota of up to $4 million in purchases in the categories: supermarkets, clothing and footwear, gas stations, education, health services, taxes and public services. Campaigns to encourage the use of cards with direct prizes and raffles are maintained.

Regarding consumption, the quarter presented a balance growth of 33% vs. the same period in 2022. This growth is leveraged by the deepening of customers with personalized digital offers, providing an online service, facilitating the acquisition of the product.

For its part, the Libranzas seeks to continue its presence in the public and private sectors. In the Vehicle Credit product, there is a significant growth of 54% in digital contracting compared to the same period in 2022; Similarly, support for the sustainability strategy is maintained with offers aimed at Hybrid and Electric Vehicles. Product with which more than 130 vehicles worth $12 billion were financed in the first quarter of 2023.

And supporting the growth of households in Colombia so that more families fulfill their dream of acquiring their own home, BBVA Colombia is focused on Social Interest Housing, seeking to promote sales dynamics with allied construction companies and provide clients with significant benefits .

Regarding the customer experience, in market NPS it reached second place in the Peer Group with a score of 60.41%. BBVA continues to work systematically to further improve this indicator with targeted actions on the products and channels with the greatest impact for customers, such as: payroll, credit card, ATMs, Branches and Call Centers .

SMEs, Companies and Institutions Segment

The start of the year in BBVA Business Banking continues to seek to strengthen participation, market positioning and customer segment. For this reason, the team was consolidated with the creation of new positions: 28 commercials and 6 in the risk admission team, with which it is intended to speed up customer loyalty and the generation of long-term business relationships.

Regarding quota growth, the "Reference Plan" was launched, which is focused on current clients with the highest amounts of debt in the sector and low interaction with BBVA. The share has 327 potential clients, with which a growth in average investment balances of $176 billion pesos is achieved by March 2023.

The second lever, called “Zero to leader”, consists of the management of clients with annual sales between $15 bM to $50 bM , with which BBVA has not had a relationship. In this action, work is being done with 340 potential clients and at the end of the first quarter, business has been achieved with a growth of $16 billion in average investment balances. As additional actions, the layoff campaign was carried out in which financing was granted to clients to comply with the payment of this obligation. As a result, more than $80 billion pesos were disbursed .

At the beginning of the year there were significant outflows of resources, for which reason a tactical plan was implemented to recover operational means through the "recauda 1+" plan, which seeks to increase the amount collected from a group of clients where BBVA seeks to be the main cash handling bank, already being its main portfolio bank. At the end of March, this group of clients has shown growth in average savings and demand balances of $61 billion.

To attract liabilities, the bank offers a modular transactional offer which makes it possible to make the number of operations and rates more flexible, taking into account the needs of each client. In addition, there is continuity in the management of clients with CDT maturities in other banks, which has contributed to the growth of balances in this product.

Spark was launched , a business unit specialized in serving companies with high growth potential, whose business model is leveraged on technology. In the month of March, three initiatives were carried out for its dissemination: first, a dinner with the strategic guests of the innovation ecosystem; second, launch in the media; and third, participation in StartCo , an event that brings together more than 200 StartUps in order to create high-value connections in the business and investment world.

Finally, to boost commission income, an FX action was launched seeking to increase the number of clients with currency trading products. It started with a closed base of clients with low participation in the FX market. During the first quarter of 2023, around $420 million dollars were negotiated with these clients.

Corporate and Investment banking

At the beginning of the first quarter of 2023 for BBVA Colombia, good behavior was observed in the balances of corporate banks, however, the market is facing a scenario of uncertainty thanks to the upward trend in interest rates in the first months , tax payment and inflation data at the end of 2022.

For the Global Lending area , activity picked up during the first quarter with new disbursements. However, it was evident that some clients chose financing from their parent companies, given the high interest rates at the local level. Lastly, for this start of the year, the GTB area showed great resilience in the face of changes generated in the market, with stable balances and the generation of new business, which have allowed the objectives set to be achieved and improve customer relations. with BBVA.

In the part of long-term loans for BBVA corporate banking, the first quarter of 2023 began with a low dynamic of activity. To counteract this, a focus was developed on building a portfolio of business opportunities, through financing proposals , as well as strategies to attract new customers. In the same way, financing options continue to be managed , with access to the capital market and structured financing for the Capex plans of BBVA clients.

Finally, in Global Markets (GM) there was an increase in volatility due to the return of clients in the foreign exchange, swaps and bond markets. Regarding sales, there is a good dynamic of buying and selling of currencies thanks to the low exchange rate levels, which has allowed clients, together with BBVA, to have hedges applied to their positions. Regarding rates, the objective is to generate opportunities in cross-currency swaps, since with this structure, clients can be offered better interest rates. Additionally, there has been an excellent behavior of activity in digital channels with the previously mentioned operations.

Corporate responsability

In the first quarter of 2023, BBVA Colombia, through its social investment actions, benefited close to 35,000 Colombians with actions focused on supporting the school permanence of boys and girls, families affected by the winter season at the beginning of the year and due to the alert generated by a possible eruption of the Nevado del Ruiz volcano, representing more than 600 million pesos in aid.

In order to contribute to the school permanence of the country's boys and girls, the entity delivered more than 4,300 school kits to students from all over the country so that they can advance their school activities during the year.

Likewise, through the Bogotá Food Bank, BBVA benefited more than 20,000 Colombians from the departments of Nariño, Tolima and Caldas.

In the case of Nariño, the beneficiaries were families affected by the heavy rains that hit during the first part of the year and caused flooding and landslides. In this case, 1,000 food aids were delivered to families in Pasto and Tumaco.

On the other hand, the possibility of an eruption of the Nevado del Ruíz volcano, located in the departments of Tolima and Caldas, has led to the evacuation of hundreds of Colombian families who have been forced to move to other locations to minimize the risks of a possible eruption. . For this reason, BBVA expressed its solidarity with the Colombians who are going through this difficult situation and sent aid to families with 1,000 kits with basic food, toiletries, personal hygiene and blankets.

Sustainability

For BBVA Colombia, sustainability is a fundamental part of the relationship with its customers. As a financial entity , the Bank has recognized its potential to maximize the positive impact on society and the environment through various solutions that facilitate the transition towards a more sustainable economy in the country.

To this end, the bank's strategy is based on two pillars; The first is financing for inclusive growth, which seeks to stimulate economic development that promotes opportunities for all, and in particular, for those who are least favored in society. For this aspect, in the first quarter of 2023, BBVA finances a total of 800 billion , mainly in the categories of Low Income Housing and SMEs, achieving financing for 51 billion and 22.5 billion respectively, which denote the importance for BBVA of developing the society and the business fabric of the country.

The second pillar is climate action whose purpose is to mobilize timely resources to manage the challenges of climate change and address the Sustainable Development Goals (SDGs). In this area, BBVA managed to finance 321 bM. Through the SMEs, Companies and Governments banks, the energy transition of the bank's clients has been promoted with a broad portfolio of financial products and services that contribute to the mitigation and adaptation to climate change. As are sustainable credits such as: Green leasing; builder lines and green housing; sustainable working capital and sustainable investment lines, among others.
As a result, business banking has stood out for its permanent financing to Bcorp and Bic companies in the segment, reaching $80 billion; Government banks have met their financing goal at 105% and SME banks achieved $19 billion of green financing in the first quarter of 2023, respectively.

These results have been achieved thanks to the fact that the BBVA Sustainability Standard has been aligned with local regulations such as the Green Taxonomy of Colombia, building initiatives with allies, unions and industry, including active participation in large initiatives such as Climate Finance Leadership Initiative - CFLI Colombia.

Talent & Culture

Continuing with the constant advancement of the commitment of BBVA employees, in having the best, most diverse and most committed team, the Bank has proposed to be a pioneer in digitization, contributing to the formation of teams and incorporating technological talent into the organization . Contributing to their professional and personal growth, through internal mobility, training programs, wellness and development of technological services to improve their experience in the organization, below are the main milestones during this quarter:

Talent Acquisition : Contributing to attracting the best and most committed talent, 239 employees joined in the first quarter, 6% more compared to the same period of the previous year (plus 35 apprentices and interns). Also contributing to diversity, in this period 144 women joined, 8% more than last year, which represent 60% of all contracts. Similarly, in the field of internal development, 167 promotions have been carried out for internal mobility, in terms of technological talent there were 41 admissions in the engineering area.

Likewise, the critical roles for BBVA have been identified taking into account factors such as: difficulty of coverage, high turnover, strategic impact for the business, among others, which allows for early detection to cover these positions. Likewise, during this period 89 new positions have been created, mainly in Personal Banking, Engineering and Client Solutions , leveraging the bank's growth plans and strategic objectives with the necessary personnel to achieve them.

Solutions Development : One of BBVA's pillars is to offer well-being and tools that promote employee development and make technological services available to manage the different benefits of collaborators. That is why, in the first quarter of 2023, the electronic contracting and Virtual Folder initiatives have been managed. This consists of simplifying and automating the process of hiring employees through a digital process, eliminating the use of paper.

Premium monthly payment, which allows BBVA employees, with prior validation, to access the benefit of paying their extra-legal monthly premium in order to have greater cash flow . With this, greater competitiveness is sought in the labor market, in terms of monthly compensation and to achieve better retention of talent.

Wizard T&C implementation , this in- house BBVA tool aims to centralize the orders that are generated within the teams.

Health & Well-being: During this first quarter, the first cycle of the National Risk Prevention Strategy has been executed in the health line. These actions make it possible to provide healthy work environments for all employees nationwide.

Learning : In order to participate in the professional development of employees, different activities have been carried out from learning , promoting growth plans and strategic objectives. First, the launch of the sponsor plan for SME Executives, which is part of the adaptation to the position, where around 240 people were trained. A support plan for SME banking professionals was also carried out through assessments , where 280 managers and executives were intervened.
Second, the launch of the first exclusive newsletter for leaders with topics related to Gallup, feedback and recognition for managers. Third, to keep collaborators informed and updated on legal requirements, the registration of the itineraries, the sending of communication pieces and the training plan for AACC and Network Management have been carried out, reaching 5,800 people.

office have been made. Inhouse in Santiago de Putumayo in order to attend to the expansion of Government Banking and the relocation of the Telefónica office in Bogotá and 5 ATMs , 3 of which were located in Bogotá and 2 in Mocoa.

risks

Comprehensive risk management (credit, market and operational) is carried out in accordance with the internal Risk Policy of BBVA Colombia and current Colombian regulations and is implemented through the development of models and tools that allow the coordination of monitoring and control activities. , in order to identify and mitigate the different risks to which the loan portfolio is exposed.

The credit investment of BBVA Colombia begins the year with a growth of $1,038 billion, the quarterly variation presented is the following: 4Q22 +4.8%; 1Q23 +1.0%; Investment growth is concentrated in the Wholesale area, mainly in the Corporate portfolio
+$220mM; +2.2% In the world of Individuals, growth focused on Free Investment (+$499mM; +8.1%) and Credit Card (+$141mM; +4.2%).

Doubtful portfolio ends 1Q23 with a quarterly variation of 11.8% ($200mM), annual variation of $239mM (+14.4%). The doubtful ratio for the first quarter stands at 2.64%, that is,
+24bps compared to the end of 2022.

2. Individual figures

Individual results

The total assets of BBVA Colombia closed the first quarter of 2023 with a balance of $96,670,029. These presented an accumulated decrease of -2.4%, equivalent to a variation of -$2,342,689.

Balance Sheet
Million COP

			TAM	
	4Q22	1Q23	abs	%
Cash	10,268,052	7,533,894	(2,734,158)	(26.6)
Assets positions in money market operations	737,064	368,775	(368,289)	(50.0)
Investment and derivatives transactions	10,830,911	18,198,553	7,367,642	68.0
Loan portfolio and leasing operations	57,632,221	70,283,286	12,651,065	22.0
Impairment	(3,440,545)	(3,661,638)	(221,093)	(6.4)
Other Assets	3,302,771	3,947,159	644,388	19.5
Total Assets	**79,330,474**	**96,670,029**	**17,339,555**	**21.9**
Deposits and financial claims	61,586,139	72,366,135	10,779,996	17.5
Liabilities positions in money market operations	3,697,100	1,503,876	(2,193,223)	(59.3)
Financial instruments at fair value	3,454,783	9,468,405	6,013,622	174.1
Banks and other financial obligations	2,974,166	4,969,206	1,995,040	67.1
Accounts payable	1,000,168	1,449,870	449,703	45.0
Labor obligations	245,734	277,394	31,660	12.9
Other Liabilities	685,083	819,849	134,767	19.7
Total Liabilities	**73,643,172**	**90,854,737**	**17,211,564**	**23.4**
Suscvibed and paid-in-capital	89,779	89,779	-	-
Specific destination reserves and funds	3,643,354	4,559,354	916,001	25.1
Surplus	1,074,480	1,093,447	18,967	1.8
Gains or losses	879,688	72,711	(806,977)	(91.7)
Stockholder's Equity	**5,687,302**	**5,815,292**	**127,991**	**2.3**
Total Liabilities and Stockholder´s Equity	**79,330,474**	**96,670,029**	**17,339,555**	**21.9**

In relation to the Bank's liquidity resources, the available assets presented a decrease of $1,841,141 in relation to the year 2022. This decrease was due to a variation of -$1,569,223 in the available in Banks and other financial entities, of - $635,070 in the Banco de la República and +$364,727 in the Bank's treasury.

The Active Positions in Market Operations closed with a balance of $368,775 and presented a decrease of 59.0% with respect to the year 2022. This decrease of $530,306 is a consequence of a lower volume in simultaneous operations.

The gross loan and leasing portfolio registered an annual growth of 1.5% or $1,020,081, closing March 2023 with a balance of $70,283,286. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, showed growth of 2.8%. The Other Assets account presented an increase of 2.0% (+$78,254).

In relation to the liability accounts, deposits and demands presented a growth of 0.7% or +$505,258, thus closing with a balance of $72,366,136. This increase is due to a variation of +$3,710,443 in Term Deposit Certificates (CDTs), in Special Deposits of -$328,653, in Investment Securities of -$262,315, Current Account Deposits of -$882,686, Savings Deposits -$1,656,554 and -$98,671 in Debts for Services.

Liability positions in market operations decreased -$1,703,223, due to a variation of -$1,125,124 in simultaneous transactions, from -$174,271 in interbank funds and -$403,828 in short position commitments.

Financial instruments at Fair Value closed with a balance of $9,468,405, which represented a 7.1% decrease compared to 2022. This variation is explained by the decrease in Trading Swaps (-$1,392,392) and trading forward contracts (+$651,360). On the other hand, trading options showed an increase (+$11,184).

The Line of Credit with Banks and Other Financial Obligations presented a decrease of -$401,478, due to a decrease of -$349,382 in foreign financial entities and obligations with Findeter and Finagro (-$46,573 and +$9,188, respectively). On the other hand, there was a decrease of $22,617 in Bancoldex.

Accounts payable presented a variation of +14.7% while labor obligations presented a decrease of 6.0%. Other liabilities increased 24.9% or $163,543, closing with a balance of $819,850.

Finally, Equity presented a decrease of 5.7% and closed at $5,815,292.

Loan portfolio

In March 2023, the gross loan portfolio closed with a balance of $70,283,286 and presented a variation of +1.5% with respect to the year 2022. The net loan portfolio presented a positive variation of 1.4% and closed with a balance of + $66,621,648.

BBVA Colombia's portfolio maintains its focus on the Individual segment, which represents 54.9% of the gross portfolio at the end of March 2023. This segment presented an increase of 0.6% compared to 2022 and closed with a balance of $38,602,165.

The consumer portfolio made up of Payroll, Vehicle, Free Investment, Rotating Quota, Private Credit Cards and Private Overdraft loans presented an annual increase of 1.2%. Libranza presents the largest participation in the consumer portfolio, followed by Free Consumption and Credit Card.

LOAN PORTFOLIO
Million COP

	4Q21	1Q23	Var TAM	
Gross loans	**69,263,206**	**70,283,286**	**(69,263,206)**	**(100.0)**
Consumer	24,473,373	24,762,674	(24,473,373)	(100.0)
Commercial	27,223,123	27,582,393	(27,223,123)	(100.0)
Microcredit	-	-	-	N.C
Mortgage	13,904,711	13,839,491	(13,904,711)	(100.0)
Leasing	1,766,527	1,843,828	(1,766,527)	(100.0)
Non-performing loan portfolio	**321,926**	**491,820**	**(321,926)**	**(100.0)**
Non-performing loans	1,573,545	1,763,080	(1,573,545)	(100.0)
Provisions	**(3,562,106)**	**(3,661,638)**	**3,562,106**	**(100.0)**
Total loans, net	**65,701,100**	**66,621,648**	**(65,701,100)**	**(100.0)**

The mortgage portfolio presented a decrease of -0.5%, which represented a variation of -$65,220. At the end of the first quarter of 2023, it represents 0.0% of the gross portfolio.

The commercial portfolio presented an annual variation of +1.3% with a variation of +$359,270. On the other hand, the leasing portfolio presented an increase of 4.4% with a variation of +$77,300.

Client's resources

At the end of the first quarter of 2023, customer funds remained adjusted to the bank's liquidity needs. Total customer funds showed an increase of 0.7%, which represented a variation of +$505,258, closing the quarter at $72,366,136.

Transactional deposits (demand and savings) decreased 6.6%, which represented a variation of -$2,563,212. These deposits represented 50.4% of total customer funds.
Outstanding investment securities closed at $2,414,475 and presented a variation of -9.8% in relation to the year 2022.

CLIENT'S RESOURCES
Million COP

	4Q21	1Q23	Var TAM	
Checking Accounts	9,022,095	8,139,409	(882,686)	(9.8)
Saving Accounts	29,998,372	28,317,847	(1,680,526)	(5.6)
Term Deposits	28,562,696	32,273,732	3,711,036	13.0
Other Deposits	1,600,924	1,220,673	(380,251)	(23.8)
Total Client's Deposits	**69,184,087**	**69,951,660**	**767,573**	**1.1**
Investment Securities in Circulation	2,676,790	2,414,475	(262,315)	(9.8)
Total Resources	**71,860,877**	**72,366,135**	**505,258**	**0.7**

Eligible capital and solvency ratio

ELIGIBLE CAPITAL AND SOLVENCY RATIO
Million COP

	4Q21	1Q23	%
Accounting Equity	**6,166,911**	**5,815,292**	**(5.7)**
Eligible Capital	8,095,524	7,649,187	(5.5)
Ordinary Basic Equity	5,293,723	4,984,628	(5.8)
Additional Basic Equity	2,994	2,994	-
Additional Equity (Tier II)	2,798,808	2,661,565	(4.9)
Securitiadations	-	-	-
Technical Equity	**8,095,523**	**7,649,187**	**(5.5)**
Required Equity	6,999,830	7,185,565	2.7
Surplus Equity	1,095,694	463,622	(57.7)
Riah weighted assets including market riah	**60,827,693**	**62,483,173**	**2.7**
Value at Riah (VaR)	378,839	548,990	26.0
Value at Operational Riah (VaR)	410,613	422,119	32.3
Solvency Ratio without VaR	15.54	14.80	-304 bps
Solvency Ratio with VaR (minimum 9%)	13.31	12.24	-153 bps
Basic Capital Ratio CET1	8.70	7.98	-234 bps

The entity's Book Equity presented a negative variation of 5.7% and closed at $5,815,292. This decrease is mainly explained by the decrease of -$845,249 in profit for the year, offset by the increase in reserves of $466,777, and by the increase of $26,853 in Surplus.

Technical Equity closed the first quarter of 2023 with a balance of $7,649,187 and presented a variation of -5.5%. The equity required according to Colombian regulations was $7,185,565, which implies a surplus of equity of $463,622.

Weighted Assets by Risk Level closed at $51,693,070 and presented a decrease of 0.8%. For its part, the Market Value at Risk (VaR) increased 44.9%.

The Bank's solvency ratio closed at 12.24%, with a variation of -106 bps compared to 2022.

Income Statement

The interest margin registered a year-on-year decrease of 26.8%. Income from the loan portfolio registered growth of $904,949 and expenses registered growth of $1,138,030. For this reason, net interest income showed a decrease of $233,081.

Net commission income closed with a positive variation of 51.4%. On the other hand, the income generated by the investment portfolio presented an increase of $154,030 or 84.7%. Dividends registered an increase of 220.9% and closed with a balance of $10,855. On the other hand, the line of other income, which includes operating income from financial services rendered, recoveries of operational risk and others, registers an increase of 32.3%.

The net endowment of assets closed with a balance of $356,862 and presented an increase of 95.1%. Administrative expenses registered an increase of $174,352 compared to the previous year. Personnel expenses increased 33.0% when compared to 2022. On the other hand, general expenses increased 14.1%. Expenses for contributions and taxes registered an increase of 133.9%.

Finally, BBVA Colombia registered a net profit for the closing of March 2023 of $88,265 which was 72.3% lower than the profit of the previous year.

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

Accumulated Income Statement

Million COP

	1Q22	1Q23	Var TAM	
Interest Income	1,307,452	2,212,402	904,950	69.2
Interest Expense	(438,057)	(1,576,088)	(1,138,031)	259.8
NET INTEREST INCOME	**869,395**	**636,314**	**(233,081)**	**(26.8)**
NET FEE INCOME	**57,883**	**87,641**	**29,758**	**51.4**
Investment Portfolio	181,826	335,857	154,031	84.7
Dividends	3,383	10,855	7,472	220.9
Other incomes	47,362	62,640	15,278	32.3
OTHER OPERATING INCOME	**232,571**	**409,351**	**176,780**	**76.0**
GROSS MARGIN	**1,159,849**	**1,133,306**	**(26,543)**	**(2.3)**
Net Provisions	**(182,917)**	**(356,862)**	**(173,945)**	**95.1**
Operational Costs	**(464,628)**	**(638,980)**	**(174,352)**	**37.5**
Personal Expenses	(170,992)	(227,416)	(56,424)	33.0
General Expenses	(119,818)	(136,689)	(16,871)	14.1
Taxes	(28,734)	(67,195)	(38,461)	133.9
Other	(143,933)	(205,142)	(61,209)	42.5
Operational Riah	(1,152)	(2,538)	(1,386)	120.4
OPERATING EXPENSES	**(647,545)**	**(995,843)**	**(348,298)**	**53.8**
PROFIT BEFORE TAX	**512,304**	**137,463**	**(374,841)**	**(73.2)**
Income Tax	(193,118)	(49,198)	143,920	(74.5)
NET INCOME	**319,186**	**88,265**	**(230,921)**	**(72.3)**

Performance Measures and Indicators

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

At the end of March 2023, the portfolio quality indicator was 2.51%. For its part, the Default Portfolio Coverage indicator stood at 207.68%

NON-PERFORMING LOANS AND COVERAGE
Million COP

	4Q21	1Q23	Var TAM
Gross Loan Portfolio	**69,263,206**	**70,283,286**	**1.5**
Total Overdue loans	1,895,471	2,254,900	19.0
Overdue loans	321,926	491,820	52.8
Non-performing loans	1,573,545	1,763,080	12.0
Non-performing loans ratios	**%**	**%**	**%**
Overdue Loans ratio	0.46	0.70	0.2
NPL ratio	2.27	2.51	23.7
Loan -Loss Provision	3,562,106	3,661,638	2.8
Coverage overdue loans	226.37	207.68	(18.7)

3. Consolidated figures

Consolidated Results

The total assets of the BBVA Colombia Group closed the first quarter of 2023 with a balance of $97,365,293. These presented a variation of -2.2% compared to December of the previous year, which represented a variation of -$2,215,010.

BALANCE SHEET - Consolidated
Million COP

			TAM	
	1Q23	1Q23	abs	%
Cash and cash equivalents	10,312,696	7,941,506	(2,371,190)	(23.0)
Investments	8,770,116	8,631,155	(138,961)	(1.6)
Derivative Financial Instruments and Cash Operations	10,061,268	9,244,340	(816,928)	(8.1)
Gross Loan Portafolio and Leasing	69,263,206	70,283,286	1,020,080	1.5
Provision for credit losses	(2,997,070)	(3,024,235)	(27,165)	(0.9)
Other	4,170,087	4,289,241	119,154	2.9
Assets	**99,580,303**	**97,365,293**	**(2,215,010)**	**(2.2)**
Deposits	69,145,364	69,900,668	755,304	1.1
Money Market Operations	3,204,093	1,503,670	(1,700,423)	(53.1)
Financial instruments at fair value	10,191,286	9,468,405	(722,881)	(7.1)
Banks and other financial obligations	5,370,684	4,969,206	(401,478)	(7.5)
Investment in debt securities	2,676,790	2,414,475	(262,315)	(9.8)
Liabilities by deferred tax	467,072	393,784	(73,288)	(15.7)
Estimated liabilities and provisions	330,001	379,598	49,597	15.0
Payable accounts	802,359	1,169,142	366,783	45.7
Labor Obligations	300,035	279,842	(20,193)	(6.7)
Other Liabilities	372,917	482,562	109,645	29.4
Liabilities	**92,860,601**	**90,961,352**	**(1,899,249)**	**(2.0)**
Paid-in Capital	89,779	89,779	-	-
Additional-paid in capital	651,950	651,950	-	-
Noncontrolling interests	8,078	7,438	(640)	(7.9)
Reserves	4,093,083	4,559,860	466,777	11.4
Surplus	850,537	997,821	147,284	17.3
Net income	1,026,275	97,093	(929,182)	(90.5)
Stockholder's Equity	**6,719,702**	**6,403,941**	**(315,761)**	**(4.7)**
Total Liabilities and Stockholder´s Equity	**99,580,303**	**97,365,293**	**(2,215,010)**	**(2.2)**

In relation to the Group's liquidity resources, the Available asset presented a decrease of $2,371,190 in relation to December 2022. This decrease was due to a variation of -$1,841,880 in the available in Banks and other financial entities and variation of -$529,310 in money market and related operations.

Financial instruments and spot operations closed with a balance of $9,244,340 presenting a negative variation of -$816,928.

Investments presented a negative variation of $138,961, closing with a balance of $8,631,155. This behavior is explained by a variation in investments at fair value with change in results delivered in money market operations of -$237,481, in investments at amortized cost of -$31,828, investments at fair value with change in ORI of -$1,008,427 and investments with change in results of +$1,138,775

The Loans and Leasing portfolio registered a growth of 1.5% or $1,020,080, closing March 2023 with a balance of $70,283,286. For its part, the Impairment account, which corresponds to specific and generic portfolio provisions, showed growth of 0.9% and the Other Assets account showed growth of 2.9% or $119,154.

Regarding the liability accounts, deposits and demands presented an annual growth of $755,304, thus closing with a balance of $69,900,668. This variation is due to a growth of $3,711,036 in term deposits, accompanied by a decrease of -$2,955,732 in sight deposits. In addition, passive positions in market operations decreased by $1,700,423.

Financial instruments at Fair Value closed with a balance of $9,468,405, which represented a 7.1% decrease compared to December 2022. This variation is explained by the decrease in trading instruments of -$725,513.

The Line of Credit with Banks and Other Financial Obligations presented a decrease of -$401,478.

Accounts payable presented a variation of +45.7% and labor obligations presented a decrease of 6.7%. Other liabilities increased 29.4% or $109,645, closing with a balance of $482,562.

Finally, Equity showed a 4.7% decrease and closed at $6,403,941 in March 2023.

Loan portfolio

In March 2023, the gross loan portfolio closed with a balance of $72,229,351 and presented a variation of 1.5% compared to December 2022. The net loan portfolio presented a positive variation of 1.6% and closed with a balance of $68,725,884.

The BBVA Colombia Group's portfolio maintains its focus on the Individual segment, which represents 57.0% of the gross portfolio at the end of March 2023. This segment presented an increase of 1.5% compared to the end of 2022 resulting in the fourth quarter of 2022 with a balance of $41,170,030.

The consumer portfolio made up of Payroll, Vehicle, Free Investment, Rotating Quota, Private Credit Cards and Private Overdraft loans presented an annual increase of 2.5%.

The mortgage portfolio presented a decrease of -0.5%, which represented a decrease of -$74,800. At the end of the first quarter of 2023, it represents 19.6% of the gross portfolio.

For its part, the commercial portfolio presented an annual increase of 1.6% with a variation of +$474,403.

LOAN PORTFOLIO
Million COP

	1Q22	1Q23	Var TAM	
Gross Loan Portfolio	**60,357,848**	**72,229,351**	**11,365,028**	**18.7**
Consumer	23,018,043	26,997,500	3,979,457	17.3
Commercial	23,488,426	30,500,940	7,012,514	29.9
Microcredit	2	8	6	300.0
Mortgage	13,344,902	14,172,530	827,628	6.2
Leasing	506,475	550,034	43,559	8.6
Loan -Loss Provision	**(3,037,520)**	**(3,503,467)**	**(465,947)**	**15.3**
Others	506,475	8,339	(498,136)	(98.4)
Net Loan Portfolio	**57,320,328**	**68,725,884**	**11,405,556**	**19.9**

Client's resources

At the end of the first quarter of 2023, customer funds remained adjusted to the Group's liquidity needs and deposits behaved in line with the growth dynamics of the portfolio. Total customer funds increased $492,989, which represented a variation of 0.7%, closing the period at +$72,315,143. The CDT's represented 44.6% of the total resources and presented a variation of 13.0%, reaching a balance of $32,273,732.

CLIENT'S RESOURCES
Million COP

	1Q23	1Q23	Var TAM	
Current Accounts	40,582,668	37,626,936	(2,955,732)	(7.3)
Term deposits	28,562,696	32,273,732	3,711,036	13.0
Total Client's Deposits	**69,145,364**	**69,900,668**	**755,304**	**1.1**
Investment Securities in Circulation	2,676,790	2,414,475	(262,315)	(9.8)
Total Resources	**71,822,154**	**72,315,143**	**492,989**	**0.7**

Demand deposits presented a variation of -7.3% (-$2,955,732). These deposits represented 52.0% of total customer funds.

Investment securities in circulation closed at $2,414,475 and presented a variation of -9.8% in relation to the end of 2022.

Eligible capital and solvency ratio

The Group's Book Equity presented a negative variation of -4.7% and closed at $6,403,941. This reduction is mainly explained by the decrease of $929,182 in profit for the year and the increase to a lesser extent of $466,777 in reserves.

Technical Equity closed the first quarter of 2023 with a balance of $7,652,122 and presented a variation of -5.5%. The equity required according to Colombian regulations was $6,030,183, which implies a surplus of equity of $1,621,939.

Weighted Assets by Risk Level closed at $51,646,936 and presented a decrease of -0.6%. For its part, the Market Value at Risk (VaR) increased 44.4%.
The Group's solvency ratio closed at 12.22%, with a variation of -107 bps compared to December 2022.

ELIGIBLE CAPITAL AND SOLVENCY RATIO
Million COP

	4Q22	1Q23	%
Accounting Equity	**6,719,702**	**6,403,941**	**-4.7**
Eligible Capital	8,094,443	7,652,122	-5.5
Ordinary Basic Equity	5,292,644	4,987,563	-5.8
Additional Basic Equity	2,994	2,994	0.0
Additional EquityI (Tier II)	2,798,806	2,661,565	-4.9
Securitiadations	-	-	0.0
Technical Equity	**8,094,443**	**7,652,122**	**-5.5**
Required Equity	6,628,372	6,030,183	-9.0
Surplus Equity	1,466,074	1,621,939	10.6
Riah weighted assets including market riah	**60,922,538**	**62,618,727**	**2.8**
Value at Riah (VaR)	384,986	556,038	44.4
Solvency Ratio without VeR	15.58	14.82	-76
Solvency Ratio with VeR (minimum 9%)	13.29	12.22	-107
Common Equity Tier 1 (CET1)	8.69	7.96	-72

1 Basic Equity against riah-weighted assets

Income Statement

The accumulated results of the BBVA Colombia group at the end of the first quarter of 2023 and 2022 are presented below:

Accumulated Income Statement

Million COP

	1Q22	1Q23	Var TAM	
Interest Income	1,307,452	2,218,213	910,761	69.7
Interest Expense	(437,954)	(1,574,684)	1,136,730	259.6
NET INTEREST INCOME	**869,498**	**643,529**	**(225,969)**	**(26.0)**
NET FEE INCOME	**62,027**	**117,551**	**55,524**	**89.5**
Investment Portfolio	178,166	331,352	153,186	86.0
Dividends	3,839	11,533	7,694	200.4
Other Incomes	49,235	65,313	16,078	32.7
OTHER OPERATING INCOME	**231,240**	**408,198**	**176,958**	**76.5**
GROSS MARGIN	**1,162,765**	**1,169,278**	**6,513**	**0.6**
Net Provisions	**(183,015)**	**(353,409)**	**170,394**	**93.1**
Operational Costs	**(474,812)**	**(651,871)**	**177,059**	**37.3**
Personnel Expenses	(176,313)	(234,690)	58,377	33.1
General Expenses	(121,127)	(138,665)	17,538	14.5
Taxes	(29,786)	(67,930)	38,144	128.1
Other	(145,523)	(206,275)	60,752	41.7
Operational Riah	(2,063)	(4,311)	2,248	109.0
OPERATING EXPENSES	**(657,827)**	**(1,005,280)**	**347,453**	**52.8**
Minority Interest	(274)	(573)	(299)	109.1
PROFIT BEFORE TAX	**505,093**	**163,425**	**(341,668)**	**(67.6)**
Income Tax	(193,018)	(66,332)	126,686	(65.6)
NET PROFIT	**312,075**	**97,093**	**(214,982)**	**(68.9)**

Net interest income registered a year-on-year decrease of -26.0%. Income from the loan portfolio registered an increase of $910,761 and expenses registered an increase of $1,136,730. For this reason, net interest income showed a decrease of -$225,969.

Net commission income closed with a positive variation of $55,524. On the other hand, the income generated by the investment portfolio presented an increase of $153,186 or 86.0%. Dividends registered an increase of $7,694 and closed with a balance of $11,533.

On the other hand, the line for other income, which includes operating income from financial services rendered and recoveries of operating risk and others, registers an increase of $16,078 or 32.7%.

Administrative expenses registered an increase of $177,488 compared to the previous year. Personnel expenses increased 33.1% compared to 2022. On the other hand, general expenses increased 14.5%. Contribution and tax expenses registered an increase of 131.4%. The net endowment of assets closed with a balance of $353,409 and presented an increase of 93.1%.

Finally, the BBVA Colombia Group registered a net profit for the closing of March 2023 of $97,093, which was 68.9% lower than the profit registered in the same period of the previous year.

Performance Measures and Indicators

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

NON-PERFORMING LOANS AND COVERAGE

Million COP

	4Q22	1Q23	Var TAM
Gross Loan Portfolio	**71,148,607**	**72,229,351**	**0%**
Índice de cartera	**%**	**%**	**-**
Provisiones	3,480,513	3,503,467	0.00%
Cobertura cartera bruta	4.89%	4.85%	0 bps

At the end of March 2023, the gross portfolio coverage indicator was 4.85%.

4. Identified risks

The operational risk management model of BBVA Colombia is covered by the internal control model of the BBVA Group, which is structured into three (3) differentiated lines of defense and whose objective is the integral management of the risk life cycle. , namely:

The first line (1LdD), the Business and Support Areas, in charge of managing operational risks in their products, activities, processes and systems. To support the units in risk management and guarantee a control environment, there is a Risk Control Assurer (RCA).

The second line (2LdD), led by the Internal Control and Compliance Area, which reports directly to the Executive Presidency and is made up of Internal Control and Country Operational Risk, is in charge of designing and maintaining the operational risk management model and assessing the degree of application in the scope of the different Areas; and the Control Specialist Units (Risk Control Specialists, RCS), in the areas of compliance, risks, finance, processes, technological security, physical security, information and data security, legal, people and third parties.

The third line (3LdD), carried out by Internal Audit, which carries out an independent review of the management model.

The operational risk management methodology has been defined, which promotes risk prioritization through inherent assessment. The Risk Control Assurer (RCA) of each Area performs the inherent assessment and locates the risks on the heat map, showing that those located in the purple, red or orange cells (risk levels 1, 2 and 3 respectively) form part of the perimeter of the risks classified as "under management" by the Area, these being where management and control efforts should be focused as a priority.

March 2023	Inherent Level					
	1	2	3	4	5	Rest
%	0.1%	17%	43%	4%	1%	3. 4%

As of March 2023, the most relevant risks of the entity (assessed inherently based on gross margin - level 1) are related to input errors in local and transnational systems and incorrect management of the currency position, linked to the contracting process and registration of derivatives.

Once the RCAs carry out the inherent assessment of the risks of their Areas, prioritizing those with the greatest exposure, the evaluation of the design and operation of the associated mitigation activities is carried out, as part of the Risk Control Self Assessment (RCSA) exercise.

In the evaluation of the controls, it is ensured that they are documented, reflecting the activity carried out by the Areas at all times, as part of their control environment.

The RCAs document the evidence of the evaluations carried out and their conclusions in the MIGRO tool [1], thus generating the mitigation level, and the residual risk assessment, which is the risk exposure after considering the controls implemented. Immediately afterwards, the contrast is carried out by the RCSs.

The total residual risk profile shows that at levels 3, 4 and 5 (low-medium criticality), 99.5% of the risks are concentrated and the remainder at the highest risk levels.

March 2023	Residual level				
	1	2	3	4	5
%	0%	0.5%	3%	88%	9%

In addition, there is a specific governance model for operational risk management that is specified through different committees that allows decisions to be made quickly and in advance to implement measures that allow risks to be mitigated, or to assume them within the defined appetite thresholds. by the Group:

Corporate Assurance Committee: Its main function is to provide Senior Management with a comprehensive and homogeneous vision of the situation of: a) the main non-financial risks, b) relevant situations of the control environment, c) the result of the self-assessment of the Main reputational risks.

Committee for Admission of Operational Risk and Product Governance (CARO&GP): Its objective is to ensure the adequate evaluation of initiatives with significant operational risk (new businesses, products, externalizations (outsourcing), process transformation, new systems, among others) from the operational risk perspective and the approval of the proposed control framework.

Internal Control and Area Operational Risk Committee: Its objective is to ensure the correct implementation of the operational risk management model in the areas and promote its active management, making mitigation decisions in the event of identification of control weaknesses and their follow-up.

[1] *Comprehensive Operational Risk Management Model*

BBVA
Creando Oportunidades

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