

Management Report

Colombia
2019



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1. Letter from the President

GRI-102-14

The complex external situation, which intensified throughout 2019, resulted in a significant strengthening of the US dollar. In the region, this effect added to the deterioration of the political and social conditions that led to historically minimum Exchange rates in several currencies, including the Colombian peso. The volatility of the peso was also associated to a hefty deficit on the current account and some measurements with a pressure on the demand of foreign currencies in the local market. In 2019, the average exchange rate reached 3,281 pesos per dollar, the highest average in history, and it reached a peak of 3,522.5 pesos per dollar.

On the other hand, in 2019, the GDP of the Colombian economy grew 3.2%, with an increase of 2.6% with regard to the results observed in 2018. The quarterly balance of the growth was very stable in 2019, with a rate above 3% in all quarters, reflecting that the recovery of the economy has been sustained and gradual. The past year's result was driven by a very important domestic demand rebound, both in consumption as in investment, determining the growth of the domestic demand above GDP for the second consecutive year, although, in 2019, the difference was more notorious than in 2018.

The strong growth in the domestic demand was reflected in a significant advance of the imports from 9.0% real in 2019, while the exports grew 2.6% real. As a result of the foregoing, there was a deterioration of the commercial balance that, together with a significant remittance of profits abroad, caused the deterioration of the balance of payments.

First of all, the inflation accelerated from 3.2% at the end of 2018 to 3.8% in December 2019. This increase was mainly due to two factors. In the first place, food inflation that presented a significant rebound throughout the year, mainly associated for the most part, to climate effects but also, because of the depreciation of the exchange rate on imported or high import component food. Secondly, due to the tradable inflation without food and regulated goods, which accelerated from 1.1% to 2.3% in the same reference period. In this context, the Banco de la República maintained its rate stable for 20 months, the longest period since the implementations of the target inflation scheme.



Having considered the foregoing, the system's intermediation margin was stable and increased +3pbs, going from 7.79% average for the first eleven months of 2018 to 7.82% average for the first ten months of 2019. In this scenario, the past year was a period in which BBVA continued transforming the customers experience. In the natural persons area, offering financial solutions to make the life easier for them, delivering a better experience in both the contracting as well as in the transactionality. To the above, the excellent performance of digital sales is added, this because more and more customers have the possibility of acquiring their consumption loans through the Mobile Banking, BBVA Net and our ATMs. At the end of December, 28.4% of the consumption contracting were made through these channels.

On the other hand, our transactional transformation strategy is still evolving and has allow complementing the offer to our clients, because since August, they have the possibility to make interbank transfers at no cost. This allows the client to have the bank in his/her cell phone and provide higher levels of security at the time or making monetary transactions. After its launching, it has allow increasing in +33% the number of transfers and in +28% the amount of same.

At the end of October 2019 BBVA ranks as the third leading bank in the consumption portfolio in Colombia, reaching a 14.31% share. The total individual portfolio registered a 14.30% share.


In the legal entities segment, BBVA reached a 7.01% market share, with a growth of +6bp with regard to December 2018. In this segment, some specific strategies were proposed according to the clients' needs, namely: SMEs, Companies and Institutions. In the SME segment a new management model was implemented, within which 2 types of offices were defined: Centralized Offices and Mixed Offices. This model seeks to offer a personalized service and even a more specialized service to this group. In the legal entities segment, an initiative was implemented in which clients with good financial performance, high growth potential and that operate in economic industries with positive outlook in the short term, were profiled, the foregoing allowed increasing the turnover and offering preferential rates. Finally, in the Institutional segment, the new Governance model in places where there are no specialized offices in Institutional Banking was implemented. Thus, 11 positions of Government Management were created for servicing clients of the segment assigned to the Commercial Banking Areas.

At the closing of 2019, the Bank has a basis of active clients of 2,5 million, 4% more than in December 2018. From the total of customers, 927 thousand are high-recurring digital customers, 25% more than in December of the previous year and 846 thousand are mobile customers, 31% more than in December 2018.

As a consequence, BBVA Colombia closed 2019 with an income after taxes of \$738bn, +34.4% when comparing with the closing of the previous year and with very good levels of solvency and liquidity, exceeding the demands of the regulatory entity.

Concerning Corporate Responsibility, in 2019 we invested \$5,493 million in our projects, 20% more than in 2018, benefiting more than 150,000 Colombians in education, entrepreneurship, inclusion, environment and sponsorship programs for athletes, contributing in this way to the growth of the Country and fulfilment of the UN SDG objectives.

In conclusion, BBVA Colombia, closed 2019, with a very positive balance in the increase of the profits, it continues to be a benchmark in digitality, and the transactional world has become the focus and center of our business.



ÓSCAR CABRERA IZQUIERDO

BBVA Colombia CEO

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Profile

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In Colombia, the BBVA Group is present through Banco Bilbao Vizcaya Argentaria Colombia S.A. - BBVA Colombia with its subsidiaries BBVA Asset Management S.A. Sociedad Fiduciaria y BBVA Valores Colombia S.A. Stockbroker; and also, through BBVA Seguros Colombia S.A. and BBVA Seguros de Vida Colombia S.A.

Banco Ganadero was incorporated in June 1956 within the framework of the First Agricultural Exhibition Fair and supported by the local stock farmers. Law 26 of 1959 defined the legal nature of the Bank as a mixed-economy bank with public and private capital of 20% and 80% interest, respectively. In 1992 its legal nature was amended and since then it operates as a corporation. In 1996 Banco Bilbao Vizcaya (BBV) acquired 34.70% of stock capital through hammer auction and direct subscription of shares. In 1998 BBV increased its share by 49.14% through the Public Exchange Offer (OPI); in the same year the corporate name was modified to BBV Banco Ganadero and in 2000 to BBVA Banco Ganadero. In year 2001 a takeover bid took place simultaneously in USA and Colombia for shares of Banco Ganadero by virtue of which BBVA acquired common shares with preferential dividend, increasing its interest to 94.16% of the Bank capital. In year 2004 the brand was changed, and the corporate name was modified from BBVA Banco Ganadero S.A. to its current denomination Banco Bilbao Vizcaya Argentaria Colombia S.A. "BBVA Colombia".

BBVA has a responsible banking model based on the search for profitability in accordance with ethical principles, compliance with the law, good practices and the creation of long-term value for all its stakeholders.

At year-end 2019 BBVA holds 95.43% interest. .

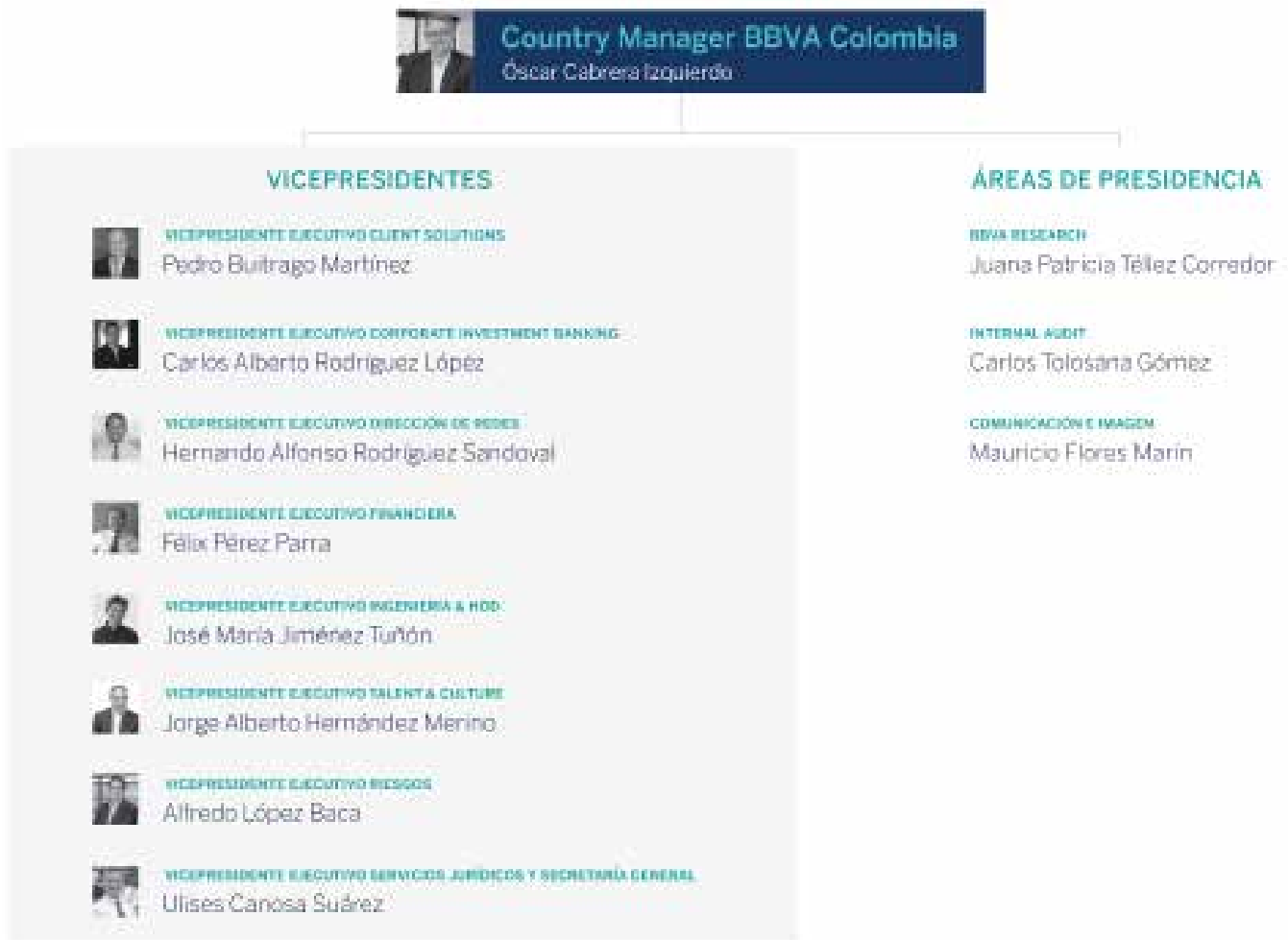
Ownership interest of BBVA Colombia

Stakeholder	Number of common shares	No. shares with preferential dividend	% Participation
Banco Bilbao Vizcaya Argentaria S.A.	10,766,099,008	196,857,652	76.20%
BBV America SL.	2,511,124,962	256,150,000	19.23%
Otros	630,705,101	26,752,348	4.57%
Total	13,907,929,071	479,760,000	100.00%

Organizational chart and business strategy

GRI-102-6

The organizational structure of BBVA Colombia is divided into strategic units made up by eight Executive Vice-presidencies: “Client Solutions”, “Corporate & Investment Banking”, “Network Management”, “Financial”, “Engineering & Head of Data”, “Risks”, “Legal Services and General Secretariat”, “Talent & Culture”, and the presidency areas: “Internal Audit”, “Communication and Image” and “BBVA Research” all directly reporting to the Bank CEO.



1. “Client Solutions”, a unit relevant to the Bank’s digital transformation, is responsible for the following:

- Design and lead the execution of the digital sales strategy with the objective of fulfilling the strategic priorities, with emphasis on global and local digitalization and sales objectives and supporting the marketing focus.
- Maximize the delivery of constant value to customers by making the transformation of the BBVA group in Colombia a reality through the proposal and prioritization of initiatives that favorably impact the bank’s strategic indicators, conceptualization and design of solutions with emphasis on the customer experience and project planning and execution.
- Focus on the strategy of products and customers, directing, managing and controlling activities aimed at research, design, development, innovation, implementation and monitoring of the strategy, banking products and services aimed at the customer segment contributing to the experience and satisfaction of their needs.
- Define new management models for the network ensuring that the customer experience at BBVA is satisfactory and reaches the levels defined by the organization.

2. “Corporate & Investment Banking”, a global unit responsible for directing, planning and executing commercial, financial and operational strategies aimed at corporate customers, generating added value in each of its business units through the execution of such strategies that allow compliance with the proposed objectives, as well as the delivery of integral solutions to the needs of companies and industries.

3. “Network Management” this unit encompasses the implementation of distribution strategies, considering and managing segment, product and channel variables to create a value offer to the customer, thus seeking to foster and generate value to structured businesses (enrollment, deepening, retention, transactionality and profitability) to compete in the new environment. Its main responsibilities are:



- Ensure the execution, the business development, income statement and the proper functionality of the Network.
- Establish parameters of performance of the entire network and of the dependent areas, framing them in the guidelines defined by the business committee.
- Respond for the complete application of the management schemes defined by BBVA Colombia for its offices.

4. "Finance", a unit focused on ensuring the correct, timely and adequate control of financial management and the continuous tracking of financial reporting systems, leveraging strategic priorities to improve business return and sustainability. It is also the unit in charge of leading the single investment agenda of the Bank's projects. Likewise, it coordinates the implementation of strategies to maintain an adequate structure of the Bank's

Balance Sheet that allows the achievement of the proposed objectives through the management of the structural risks of the Balance Sheet and the Bank's liquidity.

5. "Ingeniería y Head of Data", includes aspects as relevant as the definition, development and implementation of technological solutions that support business processes, ensuring their correct and efficient operation, contributing to the transformation of our customers' experience both in digital channels as in traditional ones. Among its main responsibilities include:

- Manage and control the operational and preventive processes that support the business units and their continuous improvement to be able to deliver better services to both internal and external customers.
- Manage the installed technology infrastructure in accordance with the business and Bank guidelines, setting trends and solutions that are at the forefront and required needs.
- Ensure that the organization has the goods and services necessary for its management, as well as those required for external clients, supporting the Bank's income statement; developing an optimal physical infrastructure and certifying that the provisioning of general services has a high level of quality and opportunity.
- Strengthen the data governance model; build the necessary capacities with the different areas that develop products and solutions based on data; create and extend a culture of data in the Group accelerating our transformation towards a data-driven organization.

6. "Risks", is framed to preserve the Bank's solvency, supporting the strategic lines and ensuring business development; efficiently managing and controlling the credit, market, liquidity, structural and operational interest risk of BBVA Colombia, through the appropriate implementation of processes, structure, circuits, methodologies, policies, applications and tools. Also, developing the administrative management of risk recovery, aiming all efforts to the achievement the greater recovery in the shortest possible time.

7. "Legal Services and General Secretariat", focused on providing optimum legal advice for BBVA Colombia to develop its activity pursuant to legal provisions. Likewise, defending the interests of BBVA Colombia in a timely

and efficient manner, and obtain adequate legal risk coverage and efficiently coordinate internal audit and compliance activities.

8. “Talent & Culture”, focused on BBVA's strategy as well as on the definition and orientation of appropriate staff policies that incorporate the legal labor framework and facilitate the comprehensive management of employees, T&C, ensures that BBVA has the right organization in terms of structure, dimensioning, roles, responsibilities and relationship model to meet its objectives. It also aims to attract, develop, retain and manage people, guaranteeing support to the strategy and group transformation..

9. Presidency Staff Areas:

- **Global Economics Regulation:** unit responsible for the economic research service and for promoting and developing institutional relations, by projecting the key variables of the Colombian economy that allows foreseeing opportunities and risks for the business and for the BBVA Colombia´s balance sheet.
- **Internal Audit:** is part of the orientation and execution of independent audits that contribute to meeting the needs of the entity and expectations of shareholders with value-added services.
- **Communication and Image:** t focuses on planning and implementing the development of communication and institutional relations of BBVA Colombia, with the different stakeholders by planning and executing the Corporate Responsibility and institutional sponsorship programs contributing to the strategic principles and priorities of the Bank.

Environment

Macroeconomic Environment

In 2019, the GDP of Colombia's economy grew 3.3%, from 2.5% observed in 2018. The quarterly balance of growth was quite stable in 2019, with a rate above 3% in all quarters, reflecting that the recovery of the economy has been sustained and gradual. Last year's result was driven by a very significant rebound in domestic demand, both in consumption and in investment, which determined that domestic demand grew above GDP for the second consecutive year, however, more noticeable the difference in 2019 than in 2018.

Private consumption had a good performance in all types of goods, although a little more outstanding in durable and semi-durable goods, although the other large spending groups, such as services and non-durable goods, also grew above GDP. Several factors pushed the growth of private consumption during 2019. Among them, the new and growing expenditure of immigrants, the greater amount of remittances, the increase in household indebtedness and the increase of the minimum wage above inflation, were the main upward factors in consumption; which offset the brake on household spending that could have implied the deterioration of the labor market that occurred throughout the year, which showed a higher unemployment rate compared to 2018 and several months with a job destruction. In total, private consumption grew 4.6% in 2019.

This strong growth in domestic demand was reflected in a significant increase in imports of 9.20% in real terms in 2019. In contrast, the weak external environment and lower export volumes led to low export growth of 2.6% in real terms. As a result, there was a deterioration in the trade balance which, together with a significant remittance of profits abroad, caused the balance of payments to deteriorate. Thus, the current account deficit was close to 4.5% in 2019 from 3.8% in 2018. However, this deficit was financed mainly by foreign direct investment, which has a longer term than portfolio investment. In addition, part of the deterioration in the trade balance in 2019 was due to an increase in investment-related imports, which helps the economy's future ability to pay.

The investment consolidated its recovery in 2019 and, unlike in 2018, grew above GDP, to 4.6%, accelerating from

1.5% in 2018. The component of investment that most restored dynamism was machinery and equipment, which increased from 8.3% to 12.3% between 2018 and 2019, in addition to the higher execution in civil works, especially on roads and royalty-financed works. The investment was driven by strong industrial confidence, higher utilization of installed capacity, corporate tax benefits in the 2018 Financing Law and the greater progress in public investment that is characteristic of the last year of regional governments mandate.

On the other hand, with regard to financial variables, the complex external situation, which intensified throughout 2019, led to a significant strengthening of the US dollar. In the region, this effect was added to the deterioration of political and social conditions that led to historically minimum quotations in several currencies, including the Colombian peso. The volatility of the peso was also associated with a large current account deficit and some measures that put pressure on demand for foreign currency in the local market. The average exchange rate in 2019 reached \$3,281 pesos per dollar, the highest average in history, and reached a one-off peak of \$3,522.5 pesos per dollar.

Despite this, the fundamentals that are usually most closely associated with the currency's performance moved well, with an average crude oil price in the second half of 2019 of \$64 per Brent barrel and an EMBI that did not exceed 200 points in the same period, close to its recent minimum values. As a result, and by virtue of the moderation of recent external risks, especially those associated with the commercial confrontation, the exchange rate showed a significant moderation at the end of the year.

Inflation in 2019 accelerated from 3.2% at the end of 2018 to 3.8% in December 2019. This movement was mainly due to two factors. First, inflation on food, which rose sharply during the year, mostly due to climate change but also to the effect of exchange-rate depreciation on imported food or high import component food. Second, non-food and non-regulated tradable inflation accelerated from 1.1% to 2.3% in the same reference period. In this context, the Banco de la República kept its rate steady for 20 months, the longest period since the implementation of the inflation target scheme.

The fiscal deficit for 2019 was 2.5% of GDP, below the maximum authorized by the tax rule committee (2.7% of GDP). In achieving this objective, the 2018 Financing Law had a limited participation, since the revenue

attributable to it was lower than expected, being important the taxes associated with the good performance of consumption and imports. In 2019, the Constitutional Court declared the Financing Law unconstitutional, due to errors in the procedure. The presentation of a tax reform coincided with a complex political and social moment and led the government to include several additional measures, some of them of a social nature with a significant tax cost, without having income compensation to limit its impact on public finances..

Digitization and the change in customer behavior e

Our digital environment is quite encouraging, in a country with about 49 million people (according to DANE projections 2018-2020) we have more than 65 million phone lines (colombiatic mintic 3 quarter 2019) having a penetration of over 130% and positioning us as one of the countries with greater adoption in mobile telephony in the entire region, on the other hand, users connected to the Internet from their cell phones continue to grow, we have 28,9 million mobile internet accesses (colombiatic mintic 3 quarter 2019) which translates into an adoption rate of close to 60%, a very positive indicator in terms of connectivity, although 79% of Colombians have a prepaid plan, thus limiting the use given to cellular data and consequently the main activities carried out are focused on activities related to entertainment or leisure, according to Deloitte (survey Mobile Consumption in Colombia) 57% use their cell phone to consult social networks, 56% take pictures, 48% to play, among these data the recurrent use of digital financial platforms is not positioned.

The high penetration of cellular telephony, the increase in mobile internet connectivity levels and the positive change in the adoption of new navigation speeds where we already have 19 million 4G mobile Internet access vs 8,2 million 3G, continue to drive changes in consumer habits. Today, we can identify more impatient profiles, users who demand connectivity at any time and from any place, contents and platforms that respond in a timely manner, with very high loading speeds, practically with instantaneous responses to their needs.

With the above, some of the most important challenges in the financial sector continue to be to take advantage of the growth of digital consumption to leverage and mature financial adoption on digital platforms, for this, the discouragement in the use of cash must be promoted, increase the digital offer of products throughout the population pyramid with solutions that contribute to both financial inclusion and more advanced profiles and

investors, there is also a constant demand for a more personalized offer and better customer knowledge making better use of the available information.

As for the use of mobile devices, these become a centralizing element of user interactions enabling the connection with other channels and devices, such as the use of the cell phone to transmit contents to smart TVs, also boost higher levels of interaction with banks, allowing customers to immediately access their portfolio and statistics of their products. Some of the most recent solutions that require greater maturity correspond to the use of QR codes for booking the time for service in the office, or their use together with NFC technologies to make payments in face-to-face shops or even in transport systems.

Regulatory environment

During 2019 the Authorities issued regulations related to banking activity, following the most relevant:

Laws

1. Law 1955 of 2019 by means of which the National Development Plan 2018-2022 “PACT FOR COLOMBIA, PACT FOR EQUITY” is enacted, that with the compliance with certain requirements, authorizes to constitute companies for innovation and development of technology to carry out activities that are proper to the entities controlled by the Financial Superintendence of Colombia (regulatory Sandbox).

2. Law 2009 of 2019 which establishes that entities authorized to manage resources from the public and that charge management fees for savings accounts, debit and credit cards, must guarantee monthly access to their users for a minimum package of products and/or services at no additional cost.

3. Law 2010 of 2019 implementing regulations to promote economic growth, employment, investment, strengthening of public finances, progressiveness, equity and efficiency of the tax system.

Decrees

4. Decree 1421 of 2019 which modifies Decree 2555 of 2010 in relation to the requirements of adequate equity

for operational risk of credit institutions. It establishes the total solvency ratio, the exposure value to Operational Risks, capital conservation buffer, buffer for systemically important institutions.

5. Decree 2111 of 2019 which creates the company Grupo Bicentenario, a general partnership by shares, of mixed economy with a special regime, of the Executive Branch of the National Order, attached to the Ministry of Finance and Public Credit, governed by private law. Its purpose is to serve as the parent or controller of the companies or entities defined by the National Government, thus creating a State Financial Group that will make the provision of financial services more effective, facilitate access to credit, financial inclusion and the correction of market failures.

6. Decree 2399 of 2019 that modifies the structure of the Financial Superintendence of Colombia, in order to provide a new supervision approach and to define spaces for interaction with the Fintech ecosystem.

Banco de la República

7. External Resolution No. 4 of 2019 of the Banco de la República in which it establishes the exceptions of the legal reserve controls for the weeks affected by the disaster events declared by this Authority. In development of this Resolution, it issued External Operating and Service Circulars DTE 184, DSP-158, DSP-157 and External Regulatory Circular DODM-148 of 2019 where regulations associated to the allocation of deposit accounts for payment of provisions in disaster events are included.

8. External regulatory circular DEFI – 354 of the Banco de la República, which modifies the Manual of the Department of Financial Stability regarding the control of risk in open market operations and liquidity operations for the normal operation of the payment system.

9. External Circular No. 007 of 2019 of the Financial Superintendence of Colombia, whereby the supervised entities are required to adopt internal policies and procedural manuals on the reception and handling of complaints from those who detect possible irregularities.

Financial Superintendence of Colombia

10. External Circular No. 12 of 2019 of the Financial Superintendence of Colombia, which provides instructions related to the appropriate level of capital of the Financial Conglomerates.

11. External Circular No. 13 of 2019 of the Financial Superintendence of Colombia, which provides instructions related to the Risk Management Framework for Financial Conglomerates (MGR).

12. External Circular No. 18 of 2019 of the Financial Superintendence of Colombia that provides instructions about the reporting of information to the UIAF regarding the administration of the risks of money laundering and terrorist financing.

13. External Circular No. 20 of 2019 of the Financial Superintendence of Colombia providing instructions related to the solvency margin and other equity requirements of credit institutions and other Financial entities.

14. Resolution 883 of 2019 of the Financial Superintendence of Colombia in which it is confirmed that Banco Bilbao Vizcaya Argentaría SA, domiciled in Spain, financial holding company of the BBVA Colombia Financial Conglomerate, accredited to be subject to a regime of prudential regulation and comprehensive and consolidated supervision equivalent to one of the Financial Superintendence of Colombia.

15. External Circular Letter 026 of 2019 of the Financial Superintendence of Colombia which provides instructions regarding the use of mobile devices and other security measures within offices rendering financial services to consumers.

16. Circular Letter 88 of 2019 of the Financial Superintendence of Colombia through which it issues the list of entities of systemic importance, among which is BBVA Colombia. This classification implies that the listed entities must fulfill specific obligations, such as constituting an additional capital buffer, that is 1% of the value of the assets weighted by level of credit, market and operational risk that must be maintained in the Ordinary Basic Equity net of deductions.

Other

17. Resolution 003 of 2019 of the Fogafin Board of Directors which modified the indicators of deposit insurance.

18. External Circulars 003 and 004 of 2019 of Fogafín, through which the methodological guidance is established to calculate the adjustment coefficient for determining the Deposit Insurance premium and presents the calculation of the parameters and the adjustment coefficient for the year 2020.



Economic outlook for 2020

By 2020, growth is expected to be 3.2%, similar to that of 2019. However, it should be noted that there will be substantial differences in its composition that make 2020 a more positive year for the Colombian economy. The main difference is explained by the expected behavior of investment, with a 5.0% growth, accelerating compared to 2019 and growing for the first time since 2014 above consumption.

The leading role in 2020 will be played by housing construction, because it will take a 180-degree turn from a contraction to an expansion of 5.5%. The sources of its expansion will come especially from the dynamics of low-income housing on the basis of a series of public policies that guarantee resources to the sector for several years. But there will also be a better performance of medium- and high-value housing, explained by a reduction in supply and a stabilization of the demand, which will make it possible to reduce the inventories that have acted as a brake on the sector. In turn, the dismantling of the 2% consumption tax on high-value properties in the 2019 tax reform, will help reduce the pressure on this segment. The other components (machinery and equipment and civil works) will continue to expand, although at a more moderate rate than in 2019.

A moderation in its growth rate is expected for household consumption from 4.6% in 2019 to 4.3% in 2020. Moderation, while maintaining consumption with an expansion greater than that of GDP, reduces pressure which currently exerts household spending on macroeconomic balances, such as the current account and private savings. In general, the sources that in 2019 allowed the acceleration in consumption will remain in 2020, but will have a lower intensity, such as immigration, household leverage, income from remittances, among others. On the other hand, the accumulated deterioration in the labor market, which to date has not slowed down the behavior of private spending due to the ability of households to soften their consumption, will have a greater impact in 2020.

Nevertheless, domestic demand will continue to lead growth in 2020 with a record of 3.8%, but the shift in the balance of investment towards housing construction rather than machinery and equipment, and at the same time with a moderation in household spending, allow imports to show a more moderate growth of 4.8%. Exports, on the other hand, continue to be affected by external dynamics. Overall demand will remain weak in 2020 and

some additional effects on the prices of some raw materials will limit the country's external sales, leading to weak growth of 1.2% in real exports.

Thus, the further deceleration of imports versus exports has a positive effect on the trade balance and with it a slow and gradual correction in the current account deficit, reaching 4.3% in 2020. The moderation in the external deficit will be gradual and of a moderate magnitude because a reduction in oil prices is simultaneously expected. On average, during 2020 the price of a Brent barrel is estimated at US\$ 61, falling from US\$ 64 per barrel in 2019.

On the other hand, annual inflation is expected to remain high, around the ceiling of the target range until March, and then will begin to decline until closing the year at 3.4%. The decline will be explained by the best food crops, which should return to their normal level in the absence of a strong climatic phenomenon in 2020, with its positive effects on the average price level of the basket of goods. In addition, the expected average for the exchange rate in 2020 is not very different from the average seen in 2019, with which the additional pressure on the inflation of tradable goods or with some imported content, will be lower as the year progresses.

As inflation and depreciation moderate, the GDP gap will also continue closing and conditions in the labor market will improve. With this, it is considered that the central bank will increase its interest rate by 25 bps in the first quarter of 2021 and that it will anticipate this movement only in case of facing any of the inflation risks mentioned in the previous section. In general terms, in 2020 the issuing bank's speech will continue weighing two forces found that have led it to maintain stable rates since 2018: an upward force in the rate for the rebound in inflation, the depreciation of the exchange rate and the high current account deficit. And a force towards a reduction due to the deterioration of the labor market and the product gap still negative.

International Initiatives

GRI-102-12

BBVA is a signatory to the following international initiatives:

- United Nations Principles for Responsible Banking
- United Nations Global Compact
- Collective Commitment to Climate Action
- Finance Initiative of the United Nations Environment Programme (UNEP) (www.unepfi.org)
- Ecuador-Principles. (www.equator-principles.com)
- Principles for Responsible Investment – United Nations.
- International Integrated Reporting Council.
- Carbon Disclosure Project.
- Thun Group of Banks and Human Rights.
- Natural Capital Declaration.
- Global Initiative for Sustainability Ratings.
- Green Bond Principles

Likewise, BBVA publicly acknowledges its respect for the United Nations Declaration of Human Rights, the basic regulations of the International Labor Organization and the OECD Guidelines for Multinational Enterprises.

In 2019, BBVA in Colombia continued working to connect the Sustainable Development Goals (SDG) approved in September 2015 by the UN, with its initiatives and their materiality.

17 Alliances to achieve objectives

- Beekeeping project
- Professional and Technical Scholarship Programs
- BBVA Momentum
- National Teacher's Award
- Support to MET
- Count on You Campaign

1 End of poverty

- School for Entrepreneurship
- Financial Education
- Beeps

2 Zero hunger

- Beekeeping project
- School for Entrepreneurship BBVA

13 Climate change action

- Beekeeping project
- Volunteering

11 Sustainable cities and communities

- Beekeeping project
- BBVA Momentum
- Volunteering

10 Inequality reduction

- Beekeeping project
- Professional and Technical Scholarship Programs
- Backpack with school supplies program

4 Quality education

- Backpack with school supplies program
- Professional and Technical Scholarship Programs
- National Teacher's Award
- I Count on You Campaign

5 Gender equality

- Support to MET
- BBVA Momentum
- Beekeeping project

8 Decent work and economic growth

- School for Entrepreneurship
- Professional and Technical Scholarship Programs
- BBVA Momentum
- Beeps



Objective		BBVA Initiatives	
 <p>1 NO POVERTY</p>	SDG 1	End of poverty	School for Entrepreneurship Financial Education Beeps
 <p>2 ZERO HUNGER</p>	SDG 2	Zero hunger	Beekeeping project School for Entrepreneurship BBVA
 <p>4 QUALITY EDUCATION</p>	SDG 4	Quality education	Backpack with school supplies program Professional and Technical Scholarship Programs National Teacher's Award I Count on You Campaign
 <p>5 GENDER EQUALITY</p>	SDG 5	Gender equality	Support to MET BBVA Momentum Beekeeping project
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	SDG 8	Decent work and economic growth	School for Entrepreneurship Professional and Technical Scholarship Programs BBVA Momentum Beeps
 <p>10 REDUCED INEQUALITIES</p>	SDG 10	Inequality reduction	Beekeeping project Professional and Technical Scholarship Programs Backpack with school supplies program
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	SDG 11	Sustainable cities and communities	Beekeeping project BBVA Momentum Volunteering
 <p>13 CLIMATE ACTION</p>	SDG 13	Climate change action	Beekeeping project Volunteering
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	SDG 17	Alliances to achieve objectives	Beekeeping project Professional and Technical Scholarship Programs BBVA Momentum National Teacher's Award Support to MET Count on You Campaign



3. Strategy

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Vision and Aspiration

GRI-102-15 • GRI-102-16

BBVA is undertaking a transformation process necessary to adapt to a new environment in the financial industry, characterized by trends that confirm the Group's strategic vision, that is, a reconfiguration of the financial services industry is taking place. Such environment is characterized by:

- A complex macroeconomic environment, characterized by a strong regulatory pressure, low interest rates, high volatility of foreign currency, and geopolitical risks.
- A highly regulated banking industry, that is, traditional banking subject to a large number of global and local regulations.
- A shift in customers' needs and expectations, who demand higher value-added services, that enable them to achieve their objectives, with a simple, transparent and immediate relationship model, similar to the one they are already enjoying with many other highly digitalized industries.
- Data that is becoming a strategic asset. Given the large amount of data stored within the organizations, the ability to interpret them and make value proposals to customers, is considered critical, always counting with the customers' consent.
- Technological giants, with business models based on data that create ecosystems where different business lines become blurred.
- Increased competition as a result of the entrance of new players focused on more profitable aspects of the value chain.

In this context, the main objective of the Group's transformation strategy, its aspiration is to strengthen its relationship with its customers.

During 2018, BBVA continue experiencing significant progress in its Transformation Journey, based on its purpose and its six Strategic Priorities, the bank reinforced the new strategy with a new focus in digitalization, customer experience and streamlining the organizational structure.

Likewise, during 2019 BBVA continue strengthening and promoting is responsible banking model based on three pillars: Transparent, Clear and Responsible Communication (TCR), Financial Education and high social impact products.

Big Data	Blockchain	Cloud
Intelligence artificial	Processing of data	Biometrics
Greater efficiency		Better experience

Progress in the transformation

GRI-102-16

In 2019 we moved forward towards the achievement of our purpose: “Make available to all, the opportunities of this new era” and in that sense, we promote different opportunities for our customers to meet their objectives, positively impacting people’s lives.

This is how we focus our campaigns and actions to provide the best experience to our customers. Among the actions to highlight are:

- Traffic to our different digital channels is significantly growing, leverage by and effort in the Search Engine Optimization - SEO in the public page (bbva.com.co), which is evidenced as indicated below:

Public page traffic:

19,5M visits (2018) vs 24,9M visits (2019) +27%

- BBVA Mobile traffic:

150,9M visits (2018) vs 181,2M visits (2019) +20%

- Work on hybrid initiatives (Digital and Non-digital) to accompany the efforts of both communications platforms and deliver several access channels to information and offer. (E.g. use of automated calls to increase the volume of sales in pre-approved loans “MV Group”).
- Preparation of Journeys in Sales Force to schedule sending e-mails, SMS and pushing product notification to clients, taking into account their interaction with other messages sent. The foregoing with the purpose to accompany the customer, in a timely and relevant way, in addressing the messages.
- Implementation of a tool for management of social networks conversations TalkWalker, which allow monitoring users’ conversations in social networks and interactions with our publications, and



therefore handle different concerns that may arise facing products and services.

- During 2019, several tests were carried out using Adobe Target, our tool for customization of experiences. Among the positive experiments we had during the year, those related to the promotion of Term Deposit Certificates in the public page (bbva.com.co) which generated a lift of 177% in the product contracting funnel are highlighted. Considering all tests made during the year, an Opportunity Gap of €558.740 is estimated.

In this process, we highlight the results achieved in favor of mobile and digital customers, experiencing an unrestrained growth since 2017.

1,5M digital clients - 1,2M mobile clients - 80% of the digital clients use the mobile

Mobile client's growth: 32,9% (Nov 2018 vs Nov 2019)

Digital client's growth: 20% (Nov 2018 vs Nov 2019)

The best team

During 2019 the Agile Office has influenced the Cultural transformation of BBVA Colombia, being a global reference in many of the practices and changes of mindset in the Bank's different domains. The results obtained by BBVA are observed in:

1. Implementation of agile route (team maturation route in the development of agile practices) in its first phase of adoption, introducing agile practices in BEx teams (Execution teams) and Solutions Development (Projects Team) of BBVA's 9 domains.
 - a. Agile practices in teams such as:
 - i. 1598 persons trained mainly in mindset, kanban and scrum.
 - ii. 76 teams with team identity practices, Kanban boards for visualization of work and synchronization, planning and retrospective practices.
 - iii. Management 3.0 training through the Ninja initiative (more than 600 persons trained).
 - iv. Workshops for strengthening projects design.
 - v. Practices for project teams that promote the delivery of value to the customer.
 - vi. Involvement of value areas in quarterly planning journeys for closing commitments with projects.
2. Definition and adoption of roles that drive new ways of work at BBVA, such as 83 People Leaders in Solutions Development teams and 40 Kanban Masters in the BEx teams.
3. Evolution of MMAT Maturity tool (Maturity Model for Agile Team) in the teams, valuing two dimensions in people: BE Agile and DO Agile.

4. launching of the training program for leaders in two first directive lines, which are being trained in agile techniques.
5. Implementation of the OBEYA room (strategic boards) of the Presidency and Vice-presidencies.
6. Relationship workshops were developed between Building Blocks in each of the domains, as part of their synchronization strategy.
7. Onboarding as the first pilot to accompany an end-to-end service, where agile practices seek continuous improvement of the value chain.

Our values

In order to identify our Values, The BBVA Group carried out an open process, in which employees from different geographical areas and Group's units expressed their opinion. These values define our identity and are the pillars to make our Purpose a reality:

- 1. The customer comes first** BBVA has always been customer-focus, but the customer now comes first before everything else. It has a holistic vision of the client, not just financial. This means working in a way which is empathetic, agile and with integrity, among other things. We are empathetic: we take customer's point of view into account from the outset, putting ourselves in their shoes, to better understand their needs. We have integrity: everything we do is legal, publishable and morally accepted to society. We always put customer interests' first. We meet their needs: we are swift, agile and responsive in resolving the problems and needs of our customers, overcoming any difficulties we encounter.



The customer comes first

I am committed

I trust others

I am BBVA

- 2. We think big** it is not only about innovating but instead to have a significant impact on people's lives, enhancing their opportunities. BBVA is ambitious, questioning everything, not settling for doing things reasonably well, but seeking excellence as a standard. We are ambitious: we set ambitious and aspirational challenges, to have a real impact on people's lives. We break the mold: we question everything we do to establish new ways of doing things, innovating and testing new ideas which enable us to learn. We surprise the

customers: we seek excellence in everything we do to amaze our customer, creating unique experiences that exceed their expectations.

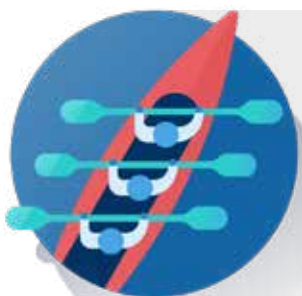


We think **big**

We are ambitious

We break the mold

3. We are one team people are what matters most to BBVA. All employees are owners and share responsibility for this project. We break silos and trust others as we trust ourselves. We are BBVA. I am committed: I commit myself to my role and my objectives and I feel empowered and fully responsible to achieving them, working with passion and enthusiasm. I trust others: I trust others from the outset and work with generosity, collaborating and breaking down silos between areas and hierarchical barriers, I am BBVA: I am the BBVA owner. I assume the Bank's objectives as my own and do everything within my power to achieve them and make our Purpose a reality. These values are reflected on the daily life of all BBVA Group employees, influencing every decision. For the implementation and adoption of these Values, BBVA has the support of the entire Organization, including the Global Leadership, launching global and local initiatives that ensure these Values are adopted uniformly throughout BBVA.



We are **one team**

We are empathetic

We have integrity

We meet their needs

Innovation and technology

BBVA continues to transform day by day to fulfill the higher purpose of making available all the opportunities of this new era. With good performance, new technologies and a proper management of the initiatives and projects, BBVA is getting closer to its customers.

Engineering

During 2019, the focus on the digitalization of the different operations the Bank has available to its customers was maintained, with the objective to include them in the largest possible number of channels. Both for new features or products, and to improve the usability of the existing ones, the processes were simplified by turning the products into more friendly and intuitive alternatives. All this leveraged in the use of new technologies allowing the bank to have a greater reuse between channels and services every day, and therefore, reduce the time needed to implement a new solution.

Regarding people-oriented solutions, products such as On Line Account and Consumption Loan on the web were implemented, contributing to sales of products in a digital way based on new technological solutions. These allow authenticating customers through digitalization of their identification document and a selfie, performing validation in risk centers and in the different information collectors, allowing certifying applicant's financial standing without the need of a physical document. As a complement of the digital offer, the implementation of an integral offer that includes the possibility of contracting a credit card and to make a payroll advance as part of a single process, was also carried out in the Mobile Banking, making it easier to become a customer of the bank without making independent requests for each product. Likewise, pre-approved credit offers immediately available at the ATMs, and self-management Consumption Loans was enabled in Mobile Banking to request loans without waiting for an offer. Finally, two alliances were made with 2 large companies to offer loans through their platforms with the support and strength of BBVA.

For the legal entities segment, the transactional banking (Net Cash) and the way in which payment orders are

tracked, allowing it to be available on the same day it is requested, continued to improved. The functionalities in its mobile version were also increased, allowing the payment of invoices and the visualization of the information on sales made through dataphones. On the other hand, the possibility of carry out confirming operations through both, direct channels (Host to Host) and in Net Cash, facilitating the process when making payment of non-negotiated invoices, without sending an additional payment order.

Additionally, a large number of initiatives aiming to improve internal applications that directly contribute to the optimization of the Bank's operations were carried out, including the Management Single Agenda (AUG) used by the offices to consolidate customers information in a single window. On the other hand, a new system to manage payroll under SAP, was implemented, making BBVA one of the few companies in Colombia that has cloud processing for the management of its employees, and developed a system for the management of company risks that will facilitate the admission processes through a single work flow using state-of-the-art BPA tools. The first deliverables of the new front for contracting products were also made available to the sales force, which will allow processing customer requests in minutes thanks to the integration with different services used for Open Market Solutions. This new platform will be available for the offices as well as to the external sales forces and business allies.

From the Architecture discipline, the evolution of the transformation process in line with the group's strategic priorities, continued during 2019; this is how the achievements of this team in three strategic lines are unified: Technology and Data, The Best Team and Innovation to the Business. The progress of the technological transformation initiated in 2018 and that increased during 2019 in 4.7%, was the result of the use of the Ether platform with a digital channel migration of 7.3%, batch processing migration of 1.2% and availability of data ingestion of 22%. Likewise, contributions were made to a large multidisciplinary team that has been transforming in the way of making software, reducing the operating time in 74% and reducing returns on implementations to production in 31%, providing agile benefits of high impact to the business around efficiencies, reuse and ease execution of the development processes. In addition, several challenges have been addressed, supported with new capabilities of the platform, this with the progress in the coverage of the Ether projects in 52% becoming more competitive in the industry. The use of Ether was expanded, thinking big, increasing training to 270 talents with whom we have worked on projects of high impact to the business, such as Open Market Credit Card, Consumption,

Web Account, Digital Workplace, among others. In these, the use of Ether capabilities like Cells, ASO, Salesforce, Datio, Veridas and APX is highlighted, developing collaborative, comprehensive, agile, practical and reusable self-learning models. The consolidation of the collaborative work as a single team continues implementing solutions with global architectures, increasing in contribution and adoption of the global catalog by 14%, reaching 189 APIs vs 176 APIs of the year 2018, implemented with reusable business functionalities in 29% for ASO and in the same line of 70% for Cells.

Three basic pillars are highlighted: the first called Steel as a great contributor in the stability, security and reliability of services strategy, reflected in the availability indicators, with important achievements in addressing ATMs obsolescence, high availability of critical applications components like Net Cash, IBM infrastructure renovation, strengthening the legacy, transformation of the national telecommunications network with 54% efficiencies and availability of new technologies in wireless network, expanding coverage to 94% in central buildings. The second pillar called Alpha, where there was a progress in the capability's qualification by 16%, making available data model of accounts, cards, customers and non-customers basic data, leveraging PFM, Open Market Enterprise and transactions migration projects. The third pillar, Continuous Improvement contributed with an evolution model within the life cycle of projects, where, with an assessment process, 7 categories of improvement have been identified to leverage the effectiveness, knowledge and time to market, that is how, through the new testing model, the documentation sanction process has been improved by 97% and the issues solution by 67%.

Finally, within the CIB Global Markets business, the FX Purchase and Sale of Foreign Currency functionalities were implemented for the Mobile Banking, including price flexibilization through the Price Engine.

Infrastructure and communications

In compliance with the 6 strategic priorities purpose of BBVA, the Infrastructure and Communications team, carried out important projects in the technological renewal field in 2019. In the world of communications, the technological supplier was replaced, obtaining greater capacity, coverage and connection speed with a stability of 99%. In the processing world the Hardware and Software infrastructure of some of the most relevant

applications was technologically updated (e.g. Mobile Banking), supporting the transactional growth of our customers with a marginal increase in costs.

In parallel to the technological updates, a set of actions were carried out that will mark the path of the use of new technologies deployed by the Holding, improving Time to Market in the delivery of application solutions (DevOps) and in the deepening of the use of same (Ether). All actions described, have allowed maintaining very high levels of availability, providing our customers a better access experience to our services, supporting the new business models, the growth of digital customers and digital sales in the channels.

Process transformation

During 2019, the BPE Unit continued carrying out its plan to extend the process culture in the organization. For this, it closes the year with 389 pollinated employees who, from the completion of the academy training cycles, have the knowledge related to tools and methodologies for the process transformation management. The conceptualization of 169 projects was performed, focusing in the optimization of central areas processes and sales channels, based on design principles and process optimization strategies. Likewise, the TMP 2.0 project was promoted, which in conjunction with the Business Execution units, service catalogs identification was achieved, accompanied by continuous improvement opportunities to be developed in the future.

On the other hand, the online support model based in self-management initiatives, aimed at generating cultural transformation and efficiencies in the IT-Help support process, was implemented, achieving a better service reflected in a reduction of incidents related to the workplace.

The Channel Services function was consolidated, supporting transformation and assurance actions, so the channel achieved a proper customer experience, high availability and performance. In this sense, at ATMs we continue collaboratively with the different areas involved, with the renewal of 105 of the 527 that were obsolete at the beginning of the year, and we also started the preparation and installation of the whole infrastructure, necessary for the adoption of the monitoring logistics of the ATMs network within the Bank, which generates, as a whole, greater channel availability and efficiency in customer service.

Operations

During 2019, the new business model contributed to the growth through the incorporation of solutions and initiatives seeking to strengthen operational processes by making them simpler and allowing improving the internal and external customer experience.

As strategic achievements, the negotiation with securities transportation companies for sending and receiving cash, is highlighted, assuming the operating control of 75 in houses under a comprehensive model. Likewise, the operation of new alliances and acquirers is incorporated into the factory, motivating changes for serving new segments and mandatory technical requirements from Visa and Mastercard franchises, with a strong credit campaign management through the factory operation, ensuring an increase in volume of more than 40% last quarter. Likewise, product bancarization was achieved with the incorporation of new suppliers, which allow reducing the operating risk, maintaining quality, efficiency and operation of the Bank.

Automatization of manual process was also carried out, controls and activities relevant to the operation were strengthened, allowing optimizing the service, mitigating the occurrence of losses and sanctions, all focused in critical processes.

Data

The strategy of having an organization based on data, continued consolidating (data driven), through three lines of work:

- **Transcendence:** The first 9 cases of use of advanced analytical were initiated in the country, ensuring the implementation of expertise centers (Data Scientists) in the different vice-presidencies; generating value deliverables from the Datio tool and ensuring processes, work teams and the proper use of statistics for exploitation of information.
- **Data Hub:** A complete, unique, aligned and with proper data source information repository in Big data technology (Datio), with unique calculation criteria which facilitate and guarantee the availability of

information at the time and with the opportunity required by customers, stakeholders and the organization. For the structuring of the information repository, in 2019, 307 tables ingestion processes through the development of 22 projects were carried out on the platform.

- **Data Governance:** Identification, conceptualization and definition of grey areas was performed together with the domains of each of the vice-presidencies, with the purpose of establishing owner, processes and quality of data associated to each of the non-agreement or undefined zones. In addition, data governance strategy was aligned to the global model supported in the Data Governance 2.0 framework, in which priorities, roles and responsibilities of data domains are defined..

Regarding Sales Force discipline, in 2019 the Digital Workplace strategy was leveraged, the new platform, under the Ether Compliance standard, which allows the Business Banking, and Institutions to grow and consolidate the commercial relationship with the customers. With this platform, we have customer traceability and history, centralized information, follow up and commercial planning, online price quotation and integration of product specialists.

New digital businesses

In 2019, BBVA Colombia generated significant contributions to the innovation and entrepreneurship environment of Colombia and the region, being an active part also of the Colombian Fintech association, leading the participation in its working groups on important issues such as Open Banking regulation on the country, being important actors in its progress and attending different events like: South Summit Bogotá and communities such as the Fourth Industrial Revolution in Medellín, C-emprende and publications in innovation, entrepreneurship and digital transformation projects in the printing and digital media of the country.

We managed to be the country with the second most active participation in Open Talent at a global level, and the first one in Latin America with 57 registered startups in the Fintechs global competition. Two winner startups were chosen: “LoQueNecesito” and “Tinmob” who represented the country in the Open Summit in Madrid, the grand worldwide finale. Through Open Talent and different Bank’s initiatives, we reached more than 170 Startups,

where we evaluated their solutions together with the business areas and their needs, through the Seed and Fast Track project.

Likewise, 2 Fast Track editions were made, connecting 9 companies coming from 5 countries with business units such as Retail, AM & GW, Enterprises, Risks. We conducted 4 pilot tests with startups, making them suppliers linked to our platform, three of these concept tests were completed during 2019, two of them have been contracted to work with BBVA in Colombia, thanks to the positive results of the PoC carried out, one more is in the process of contracting and one more is under implementation.

In our own Brand events, Open Talks, we had 370 people attending in person and we certified 120 employees of BBVA Colombia in blockchain technology, we also trained 15 employees in new digital business models and 3 innovation architects under the SIT methodology (Systematic Inventive Thinking).

We also inaugurated the new Open Space in Bogotá, the former Innovation Center, the place where we create the future together with knowledge and inspiring interaction with the innovation and entrepreneurship ecosystem, with an investment of 690 million pesos (US\$200,000) located in one of the areas of highest concentration of enterprises, a space that has an auditorium for 90 participants to events, workshops and training, an Innovation Room where ideation and innovation sessions are held and a co-working space for the startups that carry out projects with BBVA.

Digital Sales

During 2019 BBVA Colombia continued increasing digital sales, thanks to progress on products such as investment Funds with the inclusion of new investment models from 20 thousand pesos, sending and receiving money from/to overseas through the cell phone, thanks to the BBVA mobile application. Important progress was also consolidated to improve the offer of multi-channel pre-approved credit products in BBVA net, BBVA mobile and ATMs.

Pre-approved Credits

- digital sales were increased x2 vs 2018
- At the end of 2019, approximately 41% of the total pre-approved credits were digital
- For Q4 of 2019, 66% of the digital sales were “E2E”, they did not require physical documents nor visits to an office.

Investment Funds



- x3 was the increase of the investment funds contracting vs 2018, achieving more than 17.000 registrations
- +154% increase in contributions to Investment Funds exceeding 135,000 units.
- +80% of the contributions and contracting of investment funds are already made in a digital way.

Sending and receiving Foreign Currency

- For Q4 2019, 64% of the foreign currency was digital
- At the end of 2019 approximately 40% of the FX use was made with BBVA mobile, 37% BBVA net Cash and 23% with BBVA net
- With this product user experience for this type of operations is greatly improved, as we improved the average time of its use and contracting, average time in office is 45 minutes vs 5 minutes in BBVA mobile.

Term Deposit Certificates (TDCs)

+84% was the increased in the online TDCs sales vs 2018

- At the end of 2019, more than 50% of the TDCs in BBVA Colombia were sold through digital channels, BBVA mobile and BBVA net.

Online Account

- Product 100% digital and very important to get enrollment of new users.
- Does not require documents for contracting and may be used immediately by the user.
- More than 169,000 contracted accounts during 2019
- 108% increase with regard to 2018.
- Approximately 30% of digital accounts are opened during the night or on weekends.



The evolution of digital sales in the product different lines and in the different channels, shows the consolidation and degree of maturity of the BBVA's digital strategy in Colombia. At the end of 2019 we managed to generate more than 80% of the units sold, thanks to the leverage in digital channels and the digital contribution in PRVs (Product relative value) increased to 36% during the last quarter.



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GRI-102-46 • GRI-102-47
GRI-103-1 • GRI-103-2
GRI-103-3

Materiality Analysis

BBVA updated its 2019 materiality analysis with which it intends to prioritize the most relevant issues for both its key stakeholders and its business. The materiality matrix is one of the sources that feeds the Group's strategic planning and determines the priority aspects on which to report.

This analysis was led by the Strategy & M&A Areas and the Responsible Business Department.

The phases of materiality analysis are the following:

1. Verification of the validity of the list of relevant issues identified last year from the information coming from the usual listening and dialogue tools.
2. Prioritization of issues according to their importance for the stakeholders following last year's methodology. In order to know the priorities of some stakeholders (customers, employees, investors), interviews and ad-hoc surveys were conducted in the countries covered by the scope of the study. For other stakeholders, Datamaran was used as data analysis tool.
3. Prioritization of issues according to their impact on BBVA's strategy. The strategy team has assessed how each of the issues impacts the 6 Strategic Priorities. The most relevant issues for BBVA, are those that help it to achieve, to a greater extent, its strategy.



For the prioritization of the stakeholders, BBVA used the following sources.

Customers: RepTrak®

Employees: RepTrak®, people valuation.

Shareholders, Investors and Analysts: Investor Relations area and analysis of analysts' questionnaires and report of expert organizations in socially responsible investment.

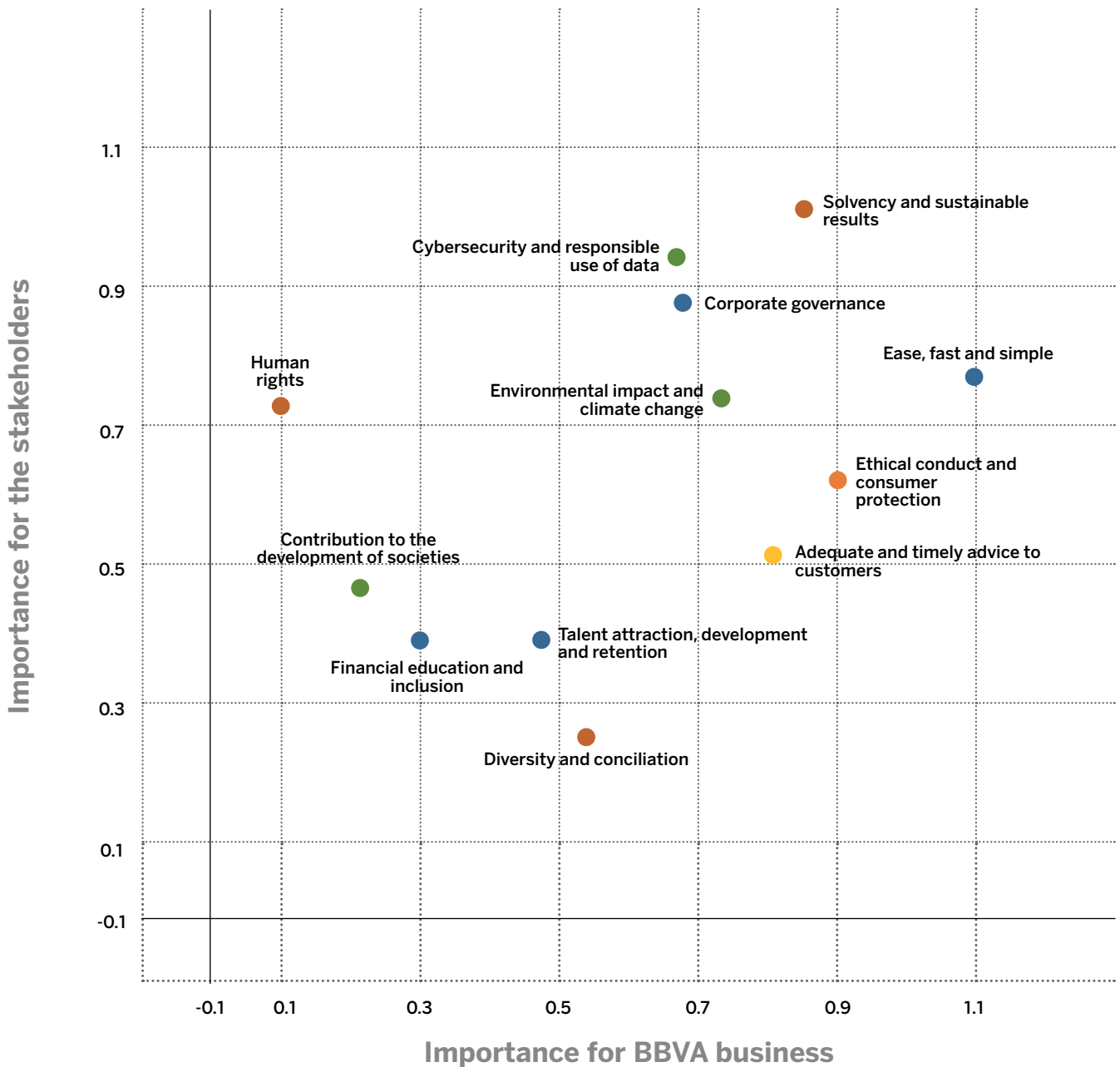
Regulator: Datamaran

Society: In order to obtain the issues that most concern society, BBVA carried out several exercises:

- Analysis of media and social networks, to know about the issues in both sources.
- Analysis of expectations of the most active NGOs in the financial industry, through the study of their latest reports and publications.

BBVA completed the prioritization with the analysis of Trends and Industry, supported also with the Datamaran tool.

The result of this analysis is the materiality matrix of BBVA in Colombia.



Therefore, the six most relevant issues are:

- Solvency and sustainable financial results: The stakeholders expect BBVA to be a bank with sufficient capital and liquidity and with good financial results, thus contributing to the stability of the system, they demand a business model that responds to the changes of the context: disruptive technologies, new competitors, geopolitical issues, etc.
- Ethical behavior and consumer protection: The stakeholders expect the Bank to have integrity and that protects customers, or depositors acting with transparency, offering products appropriate to their risk profile and managing with integrity ethical challenges presented by some new technologies.
- Simplicity, agility and self-service for clients: Stakeholders expect to operate in an agile and simple way with BBVA, at any moment and from any place, leveraged by the use of new technologies that will allow greater efficiency in the operations, generating value for shareholders.
- Personal advice to the customer: Stakeholders expect the Bank to provide appropriate solutions to the personal needs and circumstances of customers; and to help them in managing their finances and their financial health, proactively and with good treatment.
- Cybersecurity and responsible use of data: Stakeholders expect their data to be safe in BBVA, and that it uses the data only for the agreed purposes, always complying with current regulation; this is essential to keep trust.
- Corporate Governance: Stakeholders expect the Bank to have solid corporate governance, with an adequate composition of the governing bodies, solid processes for decision making and assignment of responsibilities and control procedures, all of these well documented.

The information regarding performance in these relevant issues by BBVA in 2019, is reflected in the different chapters of this Management Report.

Model of responsible banking

GRI-102-16

BBVA has a different banking model, called responsible banking, based on the search for profitability in accordance to principles, the strict compliance with the regulations, good practices and the creation of long-term value for all stakeholders. This is reflected in the Corporate Social Responsibility Policy or the Responsible Banking; a policy whose mission is to manage the responsibility for the Bank's impact on people and society, which is key to deliver the BBVA purpose.

All the business and support areas of the Group, integrate this policy into their operating models. The Responsible Business Unit coordinates its implementation and works mainly as a second line to define standards and provide support.

The responsible banking model is supervised by the Board of Directors and its various commissions, as well as by the Bank's senior management.

The four pillars of the BBVA's responsible banking model are the following:

- Balanced relationships with its clients, based on transparency, clarity and responsibility.
- Sustainable finance to fight climate change, respect human rights and achieve the Sustainable Development Objectives (SDG) of the United Nations.
- Responsible practices with employees, suppliers and other stakeholders.
- Investment in community, to promote social change and to create opportunities for all.

In 2018, BBVA approved its climate change and sustainable development strategy to contribute to the achievement of the United Nations Sustainable Development Goals and aligned with the Paris Agreement. This strategy is described in the Sustainable Finances Chapter.

4. Financial Information

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Management 2019

The Management Report submitted for approval to the Shareholders' General Meeting, adopted by the Board of Directors pursuant to Minutes No. 1667 of January 27, 2020, contains the economic and financial analysis of the Balance Sheet and Statement of Income of Banco Bilbao Vizcaya Argentaria Colombia S.A. BBVA Colombia, banking establishment incorporated as Stock Company by Public Deed 1160 of April 17, 1956, for a term until December 31, 2099.

The Audited Financial Statements of BBVA Colombia are attached herein, in conformity with the standards of the Financial Superintendence of Colombia (SFC per its acronym in Spanish) and the Commerce Code.

In accordance with Article 57 of Decree 2649 of 1993, the information and statements in connection to the Financial Statements have been duly verified and obtained from the accounting records of the Bank, prepared in conformity with International Financial Reporting Standards and guidelines provided by the Financial Superintendence of Colombia.

The Financial Statements include descriptive notes about accounting standards and accounts required for their preparation. Specifically, in Note 49 balances and transactions with related parties (affiliates, partners and administrators) at December 31, 2019 have been disclosed.

The figures of the Statement of Income and Balance Sheet included herein, were taken from the Audited Financial Statements. They have been classified and grouped in accordance with the methodology of the Financial Superintendence of Colombia, pursuant the convergence with IFRS.

Bank's Financial Performance

Balance

BBVA Colombia's total assets closed the fourth quarter, 2019 with a balance of \$65,2 trillion. They showed 4.4% annual growth, representing +\$2,8 trillion variation.

Balance

(Individual balances – Million Colombian pesos)

	dic-19	dic-18	Var TAM	
Cash	\$ 5,140,987	\$ 7,908,659	\$ (2,767,672)	(35.0)%
Lending positions in market operations	499,032	514,422	(15,389)	(3.0)%
Investments and operations with derivatives	10,904,928	9,591,623	1,313,305	13.7%
Loans and Leasing Portfolio	49,656,631	45,573,222	4,083,410	9.0%
Impairment	(2,947,629)	(2,944,928)	(2,701)	0.1%
Other Assets	1,911,453	1,758,909	152,544	8.7%
Assets	65,165,403	62,401,906	2,763,497	4.4%
Deposits and Receivables	49,535,580	49,559,346	(23,766)	0%
Borrowing positions in market operations	4,411,631	3,345,050	1,066,581	31.9%
Financial instruments at fair value	2,039,138	1,307,567	731,571	55.9%
Banks and other financial obligations	2,607,156	2,519,646	87,511	3.5%
Trade payables	785,673	625,419	160,254	25.6%
Labor obligations	250,835	218,954	31,881	14.6%
Other liabilities	656,103	479,168	176,935	36.9%
Liabilities	60,286,118	58,055,151	2,230,967	3.8%
Share capital	89,779	89,779	-	-
Reserves and specific-purpose funds	3,039,130	2,764,479	274,651	9.9%
Specific-purpose funds	-	-	-	-
Surplus	1,027,561	958,739	68,822	7.2%
Profits or losses	722,815	533,758	189,057	35.4%
Shareholders' equity	4,879,285	4,346,755	532,530	12.3%
Total Liabilities and Shareholders' Equity	\$ 65,165,403	\$ 62,401,906	\$ 2,763,497	4.4%

With regard to the liquidity resources of the Bank, Cash recorded a reduction of \$2.8 trillion versus 2018. This reduction was due to a variation of -\$1.8 trillion in Cash in Banks and other financial institutions, of -\$675.7m.M in the Banco de la República and -\$277.3m.M in Cash in the Bank.

The balance of Lending Positions in Market Operations closed with \$499m.M, showing 3.0% reduction with regard to the same period in 2018. This decrease of \$15,3m.M was due to a lower volume in concurrent operations, which showed a variation of -\$65,3m.M and an increase of \$50m.M in interbank transactions.

In turn, Investments and Operations with derivatives showed 13.7% positive variation versus December 2018, closing with \$10,9 trillion balance.

Gross portfolio of Loans and Leasing recorded an annual growth of 9.0% or \$4,1 trillion, closing December 2019 with \$49,6 trillion balance. In turn, the Impairment account that corresponds to the specific and generic provisions of portfolio showed a 0.1% increase. Other assets account showed a 8.7% increase ((+\$152,5m.M).

With regard to liabilities, deposits and receivables accounts, they show a slight annual decrease of 0.05% or -\$23,7m.M, closing with \$49,5 trillion balance. Such decrease is due to a variation in special deposits of -\$956,6m.M, in current account deposits of -\$709,2m.M and investment securities of -\$103,2m.M; compensating with an increase of +\$1,5 trillion in Savings Deposits, +208,2m.M in Term Deposits Certificates and +\$85m.M in services enforceability.

Borrowing positions in market operation increased \$1,07 trillion, due to a variation of +\$720m.M in concurrent, of +\$260m.M in interbank funds, of +\$53,8m.M in short positions and of +\$33m.M in Repo Operations.

Financial instruments at Fair Value closed with de \$2,04 trillion balance, which represented 55.9% increase versus 2018. Such variation is explained by the increase in negotiation Swaps (+\$421,8m.M) and contracts of negotiation forwards (+\$345,1m.M). On the other hand, negotiation options showed a reduction (-\$8m.M) as well as the coverage swaps (-\$27,2m.M).

Credit facilities with banks and Other Financial Obligations recorded an increase of \$87,5m.M, due to an increase

of \$57,4m.M in foreign Financial Entities and the obligations with Findeter and Finagro (+\$44,8m.M and +\$48,8m.M, respectively). On the other hand, there was a reduction of \$64,2m.M in Bancoldex.

Trade payable showed a variation of +25.6%, while the labor obligations showed an increase of +14.6%. Other liabilities increased 36.9% or \$176,9m.M, closing with a balance of \$656,1m.M.

Finally, the Shareholders' equity showed an increase of el 12.3% and closed in \$4,9 trillion at December 2019.

Loan Portfolio

In December 2019 the gross loan portfolio closed with \$49,7 trillion balance and showed a variation of +9.0% versus the same period of 2018. Likewise, the net loan portfolio showed a positive variation of 9.6% and closed with \$46,7 trillion balance.

Loan Portfolio				
	dic-19	dic-18	%Var TAM	
Gross loan portfolio	\$ 49,656,631	\$ 45,573,222	\$ 4,083,410	9.0 %
Consumer	17,998,790	15,434,702	2,564,089	16.6%
Commercial	16,256,143	15,384,065	872,079	5.7%
Microloans	-	-	-	N.C%
Mortgages	11,754,653	10,944,898	808,658	7.4%
Leasing	1,604,495	1,698,190	(93,694)	(5.5)%
Non-performing loan portfolio	268,652	305,645	(36,993)	(12.1)%
Delinquent portfolio	1,773,898	1,805,722	(30,727)	(1.7)%
Impairment	(2,947,629)	(2,944,928)	(2,701)	(0.1) %
Net loan portfolio	\$ 46,709,002	\$ 42,628,293	\$ 4,080,709	9.6%

The loan portfolio of BBVA Colombia maintains its focus in the Retail segment, which represents 59.9% of the gross portfolio at year end December 2018. This segment showed 12.8% increase versus year 2018 and closed with \$29,8 trillion balance.

The consumer portfolio, made up by Order of payment, Vehicle, Free Investment, Revolving Credit Limit, Individual Credit Cards, and Particular Overdrafts, showed 17.1% annual increase. Orders of payment kept the higher participation in consumer portfolio, followed by Free Consumer and Vehicle. The growth of order of payment with respect to the previous year (+ 26%) stands out.

The mortgage portfolio showed an increase of 7.4% with an annual variation of \$808,6m.M. at the closing of the fourth quarter 2019, representing 23.7% of the gross portfolio.

The commercial portfolio showed an annual variation of 5.7%, with a variation of +\$872m.M. In turn, the leasing portfolio showed a reduction of -5.5% with a variation of -\$93.7m.M.

Return ratios and indicators

The adequate risk management performed in BBVA Colombia allows the development of its commercial operation, keeping good quality indicators of the portfolio and the sound risk profile.

Delinquent portfolio and hedging

Item	dec-19	dec-18	Var TAM
Gross Loan Portfolio	\$ 49,656,631	\$ 45,573,222	9.0%
Total Non-Performing Portfolio	2,042,550	2,110,270	(3.21)%
Non-Performing Loan Portfolio	268,652	305,645	(12.10)%
Delinquent Portfolio	1,773,898	1,804,625	(1.70)%
Portfolio Indicators	%	%	%
Non-performing Loan Portfolio	0.54%	0.67%	(0.13)%
Quality of Delinquent Loan Portfolio	3.57%	3.96%	(0.39)%
Provisions	\$ 2,947,629	\$ 2,944,928	0.09%
Hedging of Delinquent Portfolio	166,17%	163,19%	2.98%

Customer funds

At the end of the fourth quarter 2019, customer funds were kept adjusted to the liquidity needs of the Bank. Total customer funds showed a slight reduction (-0.05%), which represented a variation of -\$23,8m.M, closing the quarter with \$49,5 trillion. Term Deposit Certificates represented 39.5% from the total resources and recorded +1.1% variation, reaching \$19,6 trillion.

Customer Funds

Concepto	dec-19	dec-18	Var TAM	
Demand Deposits	\$ 6,547,255	\$ 7,256,409	\$ (709,154)	(9.8)%
Savings Deposits	20,444,113	18,991,932	1,452,181	7.6%
Term Deposit Certificates	19,581,927	19,373,593	208,333	1.1%
CDAT´s	-	-	-	-
Other Deposits	782,662	1,654,559	(871,897)	(52.7)%
Total Customer Deposits	47,355,956	47,276,492	79,463	0.2%
Outstading Investment Securities	2,179,625	2,282,854	(103,229)	(4.5)%
Total Customer Funds	\$ 49,535,580	\$ 49,559,346	\$ (23,766)	(0.05)%

*(Individual balances – Million Colombian pesos)

Transactional deposits (Demand and Savings) increased by 2.8%, which represented +\$743m.M. variation. Such deposits represented 54.5% of total customer funds.

Outstanding Investment Securities closed the year with \$2,18 trillion and showed a variation of - 4.5% versus 2018.

Sufficient equity and solvency ratio

Shareholders' equity of BBVA had a positive variation of 12.3% and closed with \$4,9 trillion. Such variation is explained by the increase of reserves in \$274,6m.M, by the increase of \$189m.M in end year gains and by the increase of +\$68,8m.M in the Surplus.

Technical equity closed at the fourth quarter 2019 with \$5,8 trillion balance and showed 4.4% variation. Equity required pursuant to Colombian standards was \$4,5 trillion, which implies \$1,3 trillion surplus.

Sufficient equity and solvency ratio

Item	dec-19	dec-18	%
Patrimonio Contable	\$ 4,879,285	\$ 4,346,755	12.3
Patrimonio Adecuado Computable	5,830,357	5,586,189	4.4
Patrimonio Básico Ordinario	3,292,907	3,113,678	5.8
Patrimonio Básico Adicional	2,994	2,994	-
Patrimonio Adicional	2,534,457	2,469,517	2.6
Patrimonio Técnico	5,830,357	5,586,189	4.4
Patrimonio Adecuado Requerido	4,535,917	4,071,722	11.4
Excedente de Patrimonio	1,294,440	1,514,467	(14.5)
Activos y Contingencia Ponderados por Nivel de Riesgo	50,399,079	45,241,351	11.4
Valor en riesgo (VeR)	381,384	234,923	62.3
Relación de Solvencia sin VeR	12.63	13.10	(47) pbs
Relación de Solvencia con VeR (mínimo 9%)	11.57	12.35	(78) pbs
Tier 1 (%) ¹	\$ 6.53	\$ 6.88	(35) pbs

*(Individual balances – Million Colombian pesos)

Weighted Assets per Risk Level closed in \$50,4 trillion with a growth of 11.4%, which evidenced the growth of activity. In turn, the Value at Market Risk (VaR) increased 62.3%.

The solvency ratio of the Bank closed in 11.57%, with 78bps decrease versus the same period of 2018.

Income Statement

Below the accrued results of BBVA at the closing of the fourth quarter 2019 and 2018:

Cuenta de resultados acumulada

Item	dec-19	dec-18	Var TAM	
Loan Portfolio	\$ 4,961,507	\$ 4,830,056	\$ 131,451	2.7%
Interest Expenses	(1,995,475)	(2,060,057)	64,583	(3.1)%
Net Income for Interest	2,966,032	2,769,998	196,034	7.1%
Net Income for Bank Fees	121,918	158,175	(36,257)	(22.9)%
Investment portfolio	419,766	433,213	(13,447)	(3.1)%
• Securities	310,284	290,734	19,550	6.7%
• Derivatives	29,210	(101,076)	130,286	(128.9)%
• Net foreign exchange balance	80,273	243,555	(163,282)	(67.0)%
Dividends	16,402	17,471	(1,069)	(6.1)%
Remaining income	136,916	87,461	49,455	56.5%
• Leasing	2,473	2,672	(199)	(7.4)%
• Other	101,635	77,578	24,057	31.0%
• Operating risk	4,777	2,890	1,887	65.3%
• Disposals	28,031	4,321	23,710	548.7%
Other operating income	573,085	538,145	34,940	6.5%
Gross margin	3,661,035	3,466,319	194,717	5.6%
Net supply of assets	(982,631)	(1,107,289)	124,659	(11.3)%
Overhead administration costs	(1,616,096)	(1,532,156)	(83,940)	5.5%
Staff costs	(601,344)	(560,693)	(40,651)	7.3%
Overhead costs	(401,203)	(376,075)	(25,128)	6.7%
• Fees	(30,406)	(26,422)	(3,984)	15.1%
• Depreciation and amortization	(127,674)	(90,304)	(37,370)	41.4%
• Leases	(6,368)	(47,217)	40,849	(86.5)%
• Insurance	\$ (156,633)	\$ (144,441)	\$ (12,192)	8.4%

Item	dec-19	dec-18	Var TAM	
• Maintenance and adaptations	\$ (80,122)	\$ (67,691)	\$ (12,431)	18.4%
Contributions and taxes	(118,608)	(120,222)	1,615	(1.3)%
• Taxes	(104,970)	(107,616)	2,645	(2.5)%
• Contributions and affiliations	(13,638)	(12,607)	(1,031)	8.2%
Others	(477,669)	(460,959)	(16,710)	3.6%
Operating risk	(17,272)	(14,206)	(3,066)	21.6%
Operating expenses	(2,598,727)	(2,639,445)	40,719	(1.5)%
Income before taxes	1,062,309	826,873	235,435	28.5%
Income tax	(323,939)	(277,562)	(46,378)	16.7%
Net profit	\$ 738,369	\$ 549,312	\$ 189,057	34.4%

*(Individual balances – Million Colombian pesos)

The interest margin recorded an inter-annual increase of 7.1%. Income from loans portfolio recorded a \$131,5m.M, increase, while expenses decreased by \$64,6m.M. The foregoing driven by the Bank's proper management. For such purpose, net income for interests showed an increase of \$196,0m.M.

Net income for bank fees closed with -22.9% variation. In turn, income from the investment portfolio showed a -\$13,5m.M or -3.1% reduction. Dividends recorded -6.1% and closed with \$16,4m.M balance. Additionally, the other income entry line that includes operating income for financial services supplied and recoveries from Operating Risk and others, recorded an increase of +56.5%.

The net supply of assets closed with \$982,6m.M balance and showed a reduction of 11.3%.

Administrative expenses recorded an increase of \$83,9m.M versus the previous year. Staff costs increased by 7.3% versus 2018. On the other hand, overhead expenses increased by 6.7%. Expenses for contributions and taxes recorded a -1.3% reduction.

Finally, BBVA Colombia recorded net income for year 2019 of \$738,4m.M, which was 34.4% higher than the net income of the previous year.

Risks

General risk management and control model

BBVA Colombia has a General Risk Management and Control Model, aligned with the General Model of the BBVA Group and locally adapted to its business model and to its organization. The Model allows developing its activity within the framework of the risk management and control strategy and policy defined by the Board of Directors, adapted to a changing economic and regulatory climate, facing the risk management on a global basis and adjusted to the circumstances at any given moment.

The Model is applied thoroughly in BBVA Colombia and is made up by basic elements detailed below:

- Governance and organization.
- Risk appetite framework.
- Decisions and processes.
- Evaluation, follow up and reporting.
- Infrastructure.

BBVA Colombia promotes the development of a risk culture that ensures the consistent application of a risk management and control model, and that guarantees that the risk function is understood and internalized at all levels of the organization.

Governance and organization

The governance risk model in BBVA Colombia is characterized for a special involvement of the Board of Directors, to establish both the risk strategy and the follow up and continuous supervision of its implementation.

The Board of Directors approves the risk strategy and supervises the internal control and management systems. In particular, with regard to the risk strategy, the declaration of risk appetite of BBVA Colombia and subordinates, the fundamental metrics (and declarations) and the basic structure per types of risks (and declarations), as well as the General risk management and control model.

The Board of Directors also ensures the approval and follow up of the strategic and business plan, annual budgets and management goals, as well as the investments and financing policy. All this, on a consistent basis and aligned with the approved Risk Appetite Framework.

The decision-making process of the Risk Area is supported by the structure of the committees; the Risk Management Committee (RMC) is the highest committee of the risks function and, among others, it proposes and contrasts the risk internal regulatory framework, the procedures and infrastructures necessary to identify, evaluate, measure and manage the risks faced by BBVA Colombia, when developing their businesses and portfolio risk limits.

The overall responsibility of the Risk Area in the Senior Management line is the Risk Vice-Presidency at BBVA Colombia, who is appointed by the Board of Directors, and reports directly on the development of his duties to the Board. The Risk Vice-Presidency, for the best compliance of its duties, is supported by a structure made up of specific units organized as follows: Market & Structural Risk, Internal Risk Control, Internal Control and Country Operational Risk, Portfolio Management & Reporting , Recovery & Workout, Wholesale Credit, Retail Credit, Solutions Development Risk.

Likewise, the risk units have their own risk management committees, with objectives and content similar to those of the corporate area, which consistently carry out their functions aligned with corporate policies and regulations on risk matters, whose decisions are reflected in the corresponding minutes.

With this organizational scheme, the Risk function ensures the integration and application of the risk strategy, regulatory framework, infrastructures and homogeneous risk controls, while benefiting from knowledge and closeness to the customer and transmitting the existing corporate culture in this matter to the different levels of

BBVA Colombia. In addition, this organization allows the local Risk function to carry out and report to the BBVA Colombia Board of Directors an integrating monitoring and control of the risks throughout the Bank.

Risk Appetite Framework

The Risk Appetite Framework approved by the Board of Directors determines the risks and level thereof that BBVA Colombia is willing to assume in order to accomplish its business goals. They are expressed in terms of solvency, return, liquidity and financing or other metrics, which are periodically reviewed as in the case of substantial modifications of the business or of relevant corporate operations.

The definition of the Risk has the following goals:

- Explain the maximum risk levels the Group is willing to assume, both at the Bank level and the subsidiaries level.
- Establish guidelines for action and medium-long term management framework that avoid actions that may compromise the future viability of the Group.
- Establish a relationship framework with subsidiaries, preserving their autonomy in the business decision making, ensure consistency in the performance of same, avoiding unlike behaviors.
- Establish a common language throughout the organization and develop a risk culture aimed at compliance.
- Alignment with new regulatory requirements facilitating communication with the regulator, investors and other 'stakeholders'; thanks to a comprehensive and stable risk framework.

BBVA Colombia has its own Risk Appetite Framework, comprised by its local Risk Appetite declaration, fundamental metrics by type of risk and limits, which should be consistent with those set at the Group level, but adapted to its reality which are approved by the Board of Directors.

The risk corporate area works together with different risk units of BBVA Colombia, in order to define its Risk

Appetite Framework, so that is coordinated and framed within that of the Group, and ensuring that its profile is adjusted with the defined one. Likewise, with the purpose of local monitoring, the Risk Vice-Presidency will periodically inform the evolution of the metrics of the Local Appetite Framework to the board of Directors, the Management Committee, as well as to the Risk Management Committee (RMC) of the Risk Area, following a scheme similar to that of the Group, in accordance with its corporate governance systems.

Decisions and processes

The transfer of the Risk Appetite to ordinary management is supported on three basic aspects:

1. A homogeneous regulatory body: The risk units at BBVA Colombia follow and adapt, and in their case, adapt to local requirements, the regulatory body defined at a corporate level, in order to have a decision-making process adequate to the local level and aligned with the BBVA Group policies.
2. Risk planning that ensures the integration in the management of the Risk Appetite Framework, through the cascade process of setting limits and returns adjusted to the target risk. It is the responsibility of the risk units at BBVA Colombia, to guarantee the alignment of said process with the Risk Appetite Framework authorized, in terms of solvency, return, liquidity and recurrence of results.
3. And a comprehensive risk management throughout its lifecycle, with a differentiated treatment in each case depending on its type.

Evaluation, tracking and reporting

The evaluation, tracking and reporting is a cross function at the BBVA Colombia level, to allow the risk control and management model having a dynamic and anticipated vision that enables the compliance with the Risk Appetite Framework approved by the Board of Directors, even in face of unfavorable scenarios.

This process is integrated into the activity of risk units and is developed in the following phases:

- Identification of risk factors that might commit the Bank performance with regard to defined risk thresholds.
- Evaluation of the materialization impact of risk factors in metrics that define the Risk Appetite, based on different scenarios, including stress scenarios.
- Response to undesired situations and proposal of reconduction measures with the appropriate instance, allowing a dynamic management of the situation, even before it appears.
- Tracking the Bank risk profile and identification of risk factors through internal, competitors and market indicators, among others, that allow anticipating their future evolution.
- Reporting risk evolution to the Board of Directors with complete and reliable information, with the frequency and comprehensiveness according to the nature, relevance and complexity of risks reported. The principle of transparency rules the reporting of risk information.

Infrastructure

For the implementation of the risk management and control model, the Bank has the necessary human and technological resources for the effective risk management and supervision, and for achieving its objectives. In this sense, the risk function of BBVA Colombia:

1. Has adequate human resources in terms of number, capacity and experience.
2. Ensures the integrity of measurement techniques and management information systems, and is equipped with the necessary infrastructure to provide support to the risk management in accordance with this Model.

Credit risk

The credit risk management in BBVA Colombia is framed within the general model that comprises guidelines and policies for each of the stages of the risk management.

This set of internal standards provide the action framework to direct the credit risk control and management of

BBVA Colombia, upon the determination of respective standards and limits.

Principles that support the credit risk management in BBVA Colombia are the following:

Risks assumed should be adjusted to the general risk strategy set by the Management Board of BBVA Colombia and approved by the Board of Directors.

- Risks assumed should maintain the proportionality with the level of own and third-party resources and generation of recurring income, giving priority to risks diversification, and preventing relevant concentrations.
- Risks assumed have to be identified, measured and valued, with the mandatory existence of procedures for tracking and management, besides of sound control and mitigation mechanisms.
- Risks should be managed with soundness and integration during their life cycle with a differentiated treatment pursuant to their typology and an active portfolio management based on a common measure (economic capital).
- The payment capacity of the lender to meet in full, timely and in due form, all financial obligations undertaken from business income or income source, usual, not dependent from guarantor, bondsmen, or assets as collateral, is the key criteria to grant credit risks.

During 2019 and in the course of prudent supervision activities from the Financial Superintendence of Colombia, the following issues became relevant:

- In the first semester, the Risk Committee was held with different entities of the Industry, among the relevant topics addressed in this committee are:
 - **Order of Payment:** The Superintendence indicated its concern for those placements made by the financial entities for more than 8 years, which present a higher indicator than industry average. Likewise, there is also a concern about the portfolio purchase process carried out by the entities, since, at the commercial level, a greater increase in term is supported. For all the above, it is considering reviewing the term provision for this type of operations.

- **Target Harvest:** The Regulator has established a methodology to review the behavior of some recent harvests at period 3 and 5 of maturity. Such Methodology will be shared with the industry and will be part of integral supervision processes.
- **Changes in the CE 026/17:** The Financial Superintendence informed that it will carry out changes in the 026 circular as follows:
 - The time in which a modified housing loan must remain under special monitoring is reduced (it goes from two years to one year)
 - The time in which a loan is no longer restructured is modified (Commercial: 2 years; Consumption and Housing: 1 year, with adjustment)
 - The days of default necessary for the transit from restructured to non-compliant are increased (Commercial and Consumption: 60 days; Housing: 90 days)
 - The time when the rating of a restructured loan may start to improve is reduced (from one year to 6 months)
- Throughout the year, the regulator has monitored the behavior of the different industries, especially those that have been affected or have an irregular behavior during the year. As a result, policies regarding risk management have been strengthened in subsector such as Construction and Residential.
- As of the second semester of the year, External Circular 016 of 2019, came into force, which modifies the Basic Accounting and Financial Circular regarding the normalization processes, through restructuration or modification. To ensure its implementation, the Bank has worked in the corresponding developments.

Credit risk exposure

With figures from October 2019. The latest available at the industry level, BBVA is positioned as the fourth largest competitor in the Colombian market, with a 10.3% share in credit investment. The annual growth of investment

at the reference cutoff was 8.3%, in the portfolio mix, the Commercial share as well as the Consumption is 38%. For this period, the annual growth of the consumption portfolio corresponds to +11.9%, Mortgage +8.9%, and Commercial increases +4.7%.

From Admission Retail banking segment, processes of automatic, crossed and comprehensive granting processes are fostered, which although involve and are adjusted at risk level established to allow the development of digital culture for a better customer experience. An improvement is noticed on the portfolio indicators, as a result of the application of policies and controls in the Admission processes, even in a scenario of light expansion in placement, all this framed within the evaluation of clients' profiles adjusted at the established risk levels. Likewise, all the Admission and product policies are framed within the Global Framework of each Product that is defined by the Holding, and therefore, any change in the policy must be framed on those or in case it is required, request its authorization to the different instances of the corporate, according to the Tier of the portfolios.

For SMEs, the Bank is working with different interdisciplinary teams for the implementation of the Power Curve Origination tool for the admission of small enterprises. As of December 2019, the MVP 5 is already in a production environment, which will continue to be tested in the first semester of the year. This tool automates the decision-making, has greater control over each of the proposals, and in turn, through a statistical model, generates a sanction for each of the requests, reducing the response times and operational risks in the process.

In 2019, the Wholesale Risk Segment managed the admission of credit risk applying the action guidelines defined in the risk appetite framework define by Holding, additionally maintaining specific sectoral guidelines in accordance with the evolution of the local market and maintaining restrictions of personal delegations in the most vulnerable sectors, which allow mitigating negative effects in the quality of commercial portfolio.

Within the scope of monitoring, the implementation of the following management activities is highlighted:

- Control of customer in the non-payment range 1 – 30 through agendas filled out by the commercial network, in which payment commitments and/or regularization actions are established.
- The Plan Anticipa was implemented, through which companies and sectors with early deterioration alerts were assessed

The classification and rating by Loan portfolio as of December 31, 2019 is:

Loan Portfolio	Capital	Interests	Others
Commercial:			
Category "A"	\$ 16,974,619	\$ 119,463	\$ 2,995
Category "B"	544,830	10,170	1,051
Category "C"	309,198	12,265	5,794
Category "D"	59,194	1,686	206
Category "E"	521,047	27,307	13,693
Total commercial	18,408,888	170,891	23,739
Consumption:			
Category "A"	17,317,736	138,130	3,363
Category "B"	226,141	4,573	219
Category "C"	121,328	2,889	180
Category "D"	195,669	5,740	490
Category "E"	1,109,874	26,144	3,763
Total consumption	18,970,748	177,476	\$ 8,015
Microcredit:			
Category "A"	-	-	-
Category "B"	-	-	-
Category "C"	-	-	-
Category "D"	-	-	-
Category "E"	2	-	-
Total microcredit	2	-	-
Housing:			
Category "A"	10,971,890	48,341	2,593
Category "B"	253,198	2,249	440
Category "C"	80,509	961	534
Category "D"	246,442	2,545	982
Category "E"	250,435	4,466	3,938
Total housing	\$ 11,802,474	\$ 58,562	\$ 8,487

Loan Portfolio	Capital	Interests	Others
Housing Employees			
Category "A"	359,092	894	-
Category "B"	595	13	-
Category "C"	482	3	-
Category "D"	545	3	-
Category "E"	908	30	-
Total housing employees	361,622	943	-
Consumption Employees			
Category "A"	\$ 111,340	\$ 255	\$ -
Category "B"	283	3	-
Category "C"	117	1	-
Category "D"	567	1	-
Category "E"	590	9	-
Total Consumption Employees	112,897	269	-
Housing general provision	-	-	-
Employees general provision	-	-	-
Commercial countercyclical individual provision	-	-	-
Consumption countercyclical individual provision	-	-	-
Others	-	5,163	-
Total Loan Portfolio	\$ 49,656,631	\$ 413,304	\$ 40,241

Mitigation of credit risk, security interests and other credit improvements

The highest exposure to credit risk in most cases has been reduced by the existence of security interests, credit improvements and other actions that mitigate the exposure of the Bank. The hedging policy and risk credit mitigation in BBVA Colombia comes from its conception of bank business, focused toward the relational banking. In this connection, the demand of collaterals may be an instrument necessary but not enough to the risk granting since the assumption of risks requires the previous verification of the debtor's capacity of payment or to generate

enough resources that allows them the risk amortization under the conditions agreed.

Consequently, the policy of the credit risk assumption in BBVA Colombia is instrumented in three levels:

- Analysis of the operation financial risk based upon the capacity of reimbursement or generation of resources of the credit receiver.
- Where appropriate, provision of guarantees adequate to the risk assumed in any of the forms generally accepted: monetary, collateral, personal or hedging, and finally.
- Risk valuation of recovery (liquidity of asset) of guarantees received.

The focus of BBVA Colombia for the risk assessment is based upon the resource generation instead of the guarantees provided; in this spirit, the Bank does not grant credit operations based only on the guarantee.

Bearing in mind the macroeconomic environment of Colombia which goes through indicators with some degree of detriment in specific sectors, processes of tracking and analysis of the individual portfolios have been oriented to detect possible focuses of impairment, mainly in consumption lines where the reaction was to adjust the policies and Admission tools toward the restriction of profiles with greater likelihood of non-compliance.

The team work and cross strategy along the value chain from the customer's requirement to the recovery of the loan, has allowed a more efficient visualization to direct the efforts in order to reach the balance of the risk as critical axis to the income statement.

Risk concentration

With regard to the mitigation of the credit risk concentration, BBVA Colombia keeps updated the maximum concentration indexes authorized, both individual and sectorial, with regard to the different observable variables, related to the credit risk.

On the other hand, the presence or finance quota of the Bank in a particular client is conditioned by its credit

quality, the nature of the risks kept and the presence of the Bank in the market pursuant to following guidelines:

- The finance needs of the Customer (commercial/financial, short-term/long-term, etc..) are intended to be reconciled with the Bank interests to the extent possible.
- The legal limits that may exist about risk concentration (relation between risks maintained with a client and the own funds of the entity assuming them) are taken into consideration as well as the situation of markets, macro-economic situation, etc..

The Bank loan portfolio at December 312019, was distributed into debtors dedicated to the following economic activities:

Activity	2019	2018
Asociacion activities – education – health	\$ 1,598,022	\$ 1,651,156
Entertaining Activities – Cultural activity	173,671	127,335
Real estate – companies – lease activity	1,380,526	1,278,042
Water collection – depuration – distribution	53,268	46,826
Wholesale commerce – fees – contracting	1,694,241	1,648,067
Retail commerce – non-specialized establishments	2,177,555	2,346,856
Construction – conditioning – finishing	1,482,006	1,686,168
Mail and telecommunication	325,214	324,507
Preparation food products and beverages	1,507,354	1,392,605
Exploitation public administration and defense	2,075,642	1,715,980
Non-metallic minerals exploitation	21,811	13,443
Coal extraction	87,381	16,530
Ore minerals extraction	3,886	2,257
Oil gas – natural gas extraction	189,434	147,357
Paper manufacture– cardboard and its products	53,024	60,725
Manufacturing – refining – oil – chemical products	754,895	586,514
Non-metallic minerals manufacturing	140,811	52,740
Other manufacturing industries	\$ 62,717	\$ 58,126

Activity	2019	2018
Metallic products manufacturing– machinery	\$ 378,418	\$ 286,262
Textile products manufacturing	301,901	310,849
Insurance plans financing	59,905	24,693
Generation – manufacturing electricity– gas – water	1,906,742	1,955,735
Hotels and restaurants	295,193	308,088
Industry – manufacture – metals	75,817	73,900
Finance intermediation	1,963,967	2,138,433
Employees	26,844,740	22,942,147
Capital renters	365,014	353,235
Printing activities	29,361	30,206
Not differentiated activities of individual households	873	595
Extra-territorial organizations and bodies	6,715	15,870
Other community service activities	1,449,110	1,898,743
Production fishing farms	18,219	20,789
Agriculture and livestock production	928,929	880,924
Sanitation services and similar	113,193	77,048
Forestry, extraction woods and services	36,142	37,281
Transformation – factory – basketry wood	14,152	16,298
Transport	1,086,782	1,046,892
Total	\$ 49,656,631	\$ 45,573,222

Quality Credit quality of financial assets that are neither past-due nor impaired

BBVA Colombia has qualification tools that enable ordering the credit quality of its operations or customers as from the valuation and correspondence with the probabilities of default (“PD”). In order to study how such probability varies, tracking and historic data base are available to gather the information generated internally that permits to group it in Scoring and Rating models.

Scoring

Scoring is a decision model that helps granting and managing retail credits: consumption, mortgages, individual credit cards, small business, etc. Scoring is the basic tool to decide granting a credit, the amount to be granted and the strategies that may contribute to set the price thereof since it is based on the algorithm that orders the operations with regard to its credit quality. Such algorithm allows the assignment of a score to each operation requested by a client on the basis of a series of objective characteristics that statistically have demonstrated the risk quality of such type of operations. The scoring advantage resides in the simplicity and homogeneity: for each client only requires a series of objective data and its analysis is automatic through an algorithm.

There are three types of scoring pursuant to the function of the information used and purpose:

- **Reactive scoring:** it measures the risk of an operation requested by an individual using relative variable to the operation requested as well as of social economic data of the client available at the time of request. The decision to grant or turn down the new operation is made on the basis of the qualification given by the scoring.
- **Conduct scoring:** it scores the operations of a certain product of the active risk portfolio in the entity, enabling the follow up of the credit quality and being proactive with regard to the customer's need. For such purpose, the operation and client variables available internally are used. Specifically, variables that refer to the behavior both of the product and the client.
- **Proactive scoring:** it grants the score at client level using variables of general conduct of the individual with the entity, as well as their behavior of payment in all products contracted. Its purpose is to follow up the credit quality of the customer, using it to give a previous granting of new operations.

Rating

El rating, a diferencia de los scorings (que califican operaciones), es una herramienta enfocada a la calificación de clientes: empresas, corporaciones, PYMES, administraciones públicas, etc. Un rating es un instrumento que permite determinar, con base en un análisis financiero detallado, la capacidad de un cliente de hacer frente a sus

Rating Unlike scorings (that qualify operations), rating is a tool focused toward the customers' qualification: companies, corporations, SMEs, and public administrations, etc. The rating is an instrument that allows, on the basis of a detailed financial analysis, determining the capacity of the customer to meet their financial obligation. Usually, the final rating is a combination of different factors in nature. On one side quantitative factors and on the other, qualitative factors. It is a middle path between individual analysis and statistical analysis.

The fundamental difference with the scoring is that the latter is used to evaluate retail products while the ratings use the whole sale banking approach. Besides, the scoring only includes objective variables while ratings incorporate qualitative information. Although both are based upon statistical studies, incorporating a business vision, for developing the rating tools a greater weight is granted to the business criterion than in scoring.

In such portfolios where the number of defaults is quite small (sovereign, corporate, with financial entities risks, etc.), the internal information is supplemented with the "benchmarking" from the independent rating agencies (Moody's, Standard & Poor's and Fitch). For such purpose, every year the estimated PDs are compared by the rating agencies for each risk level and the result is the equivalence between the levels of the different agencies and the levels of the Master Scale of BBVA.

Once estimated the probability of default of operations or customers, the so-called "cycle adjustment" is made since it is required to establish the measure of the risk quality beyond the context estimate, seeking to gather information that represents the behavior of portfolios during an entire economic cycle. Such likelihood is linked to the Master Scale prepared by BBVA in order to facilitate the classification in homogeneous terms of their different risk portfolios.

Below the reduced scale used to classify the active risks of BBVA Colombia:

External Ratings Standard & Poor's scale	Internal Ratings Reduced scale (22 groups)	Probability of Default (basic points)		
		Medium	Minimum from >=	Maximum
AAA	AAA	1	-	2
AA+	AA+	2	2	3
AA	AA	3	3	4

External Ratings Standard & Poor's scale	Internal Ratings Reduced scale (22 groups)	Probability of Default (basic points)		
		Medium	Minimum from >=	Maximum
AA-	AA-	4	4	5
A+	A+	5	5	6
A	A	8	6	9
A-	A-	10	9	11
BBB+	BBB+	14	11	17
BBB	BBB	20	17	24
BBB-	BBB-	31	24	39
BB+	BB+	51	39	67
BB	BB	88	67	116
BB-	BB-	150	116	194
B+	B+	255	194	335
B	B	441	335	581
B-	B-	785	581	1,061
CCC+	CCC+	1,191	1,061	1,336
CCC	CCC	1,500	1,336	1,684
CCC-	CCC-	1,890	1,684	2,121
CC+	CC+	2,381	2,121	2,673
CC	CC	3,000	2,673	3,367
CC-	CC-	3,708	3,367	4,243

The determination of said different levels and their limits of Probability of Default (PD) was performed taking as reference the rating scales and default rates of independent agencies Standard & Poor's and Moody's. In this way, the levels of Probability of Default of the BBVA Master Scale are set. Calibrations (score mapping of PD tranches / levels of the Master Scale) are made as a tool for BBVA Colombia.

In developing the plan for updating and validating the rating, Wholesale Risks reached an indicator of 98% in value, a figure that sets a precedent in the synergy achieved between Wholesale Risks and the EIB and C&IB business areas, within the framework of the commitment to minimize economic impacts derived from the outdated financial statements in the Bank's systems.

Non-performing and not impaired risks

Although the existence of the non-performance segment is understood as any credit operation exceeding 30 days of non-payment but not in default yet, in BBVA Colombia tracking is focused on the non-performing portfolio.

Doubtful or impaired risks

For the classification of a doubtful credit operation it should be taken into account the portfolio to which it belongs and the non-payment days incurred, as follows:

Item	Overdue days
Consumption	>60 days
TDC	>60 days
Mortgages	>120 days
Commercial	>90 days

BBVA doubtful portfolio shows a better performance versus the previous year, with a reduction of -2.7%. The variation of the sector corresponds to -1.3%.

Local provision is made as set forth by the Financial Superintendence in annexes 3 and 5 of Section II of the Accounting and Fiscal Basic Circular Letter with regard to the Commercial and Consumer Reference Model keeping a wiser management of the Consumer Portfolio severity.

The breakdown of the provisions recorded in balances to cover losses for impairment estimated at December 31 2019 are presented below:

Portfolio	Capital Impairment	Interests Impairments	Impairment Others	Collateral
Commercial:				
• Category "A"	\$ 150,654	\$ 1,359	\$ 136	\$ 12,844,129
• Category "B"	21,098	1,512	216	960,215
• Category "C"	24,348	2,878	1,887	636,820
• Category "D"	\$ 30,505	\$ 1,653	\$ 207	\$ 100,314

Portfolio	Capital Impairment	Interests Impairments	Impairment Others	Collateral
• Category "E"	\$ 401,077	\$ 27,841	\$ 14,354	\$ 678,874
Total commercial	627,682	35,243	16,800	15,220,352
Consumption:				
• Category "A"	281,786	3,452	141	991,266
• Category "B"	16,627	603	33	26,536
• Category "C"	14,789	2,323	161	18,364
• Category "D"	162,327	6,937	422	27,691
• Category "E"	1,091,359	24,779	3,870	132,866
Total consumption	1,566,888	38,094	4,627	1,196,723
Microcredit:				
• Category "A"	-	-	-	-
• Category "B"	-	-	-	-
• Category "C"	-	-	-	-
• Category "D"	-	-	-	-
• Category "E"	2	-	-	-
Total microcredit	2	-	-	-
Housing:				
• Category "A"	111,248	3,439	420	24,647,205
• Category "B"	9,016	2,344	459	606,161
• Category "C"	9,131	1,239	658	190,255
• Category "D"	49,206	2,163	825	858,501
• Category "E"	85,882	4,419	3,948	553,824
Total housing	264,483	13,604	6,310	26,855,946
Housing Employees				
• Category "A"	3,591	11	-	763,437
• Category "B"	19	4	-	1,665
• Category "C"	48	3	-	873
• Category "D"	136	2	-	1,372
• Category "E"	280	24	-	1,862
Total housing Employees	\$ 4,074	\$ 44	\$ -	\$ 769,209

Portfolio	Capital Impairment	Interests Impairments	Impairment Others	Collateral
Consumption Employees				
• Category "A"	\$ 1,780	\$ 4	\$ -	\$ 2,089
• Category "B"	14	-	-	-
• Category "C"	25	1	-	-
• Category "D"	286	1	-	-
• Category "E"	590	9	-	-
Total Consumption Employees	2,695	15	-	2,089
Housing general provision	118,025	-	-	-
Employees general provision	4,745	-	-	-
Individual commercial counter-cyclical provision	102,267	1,186	-	-
Individual consumption counter-cyclical provision	256,768	2,531	-	-
Others	-	-	-	-
Total Loan Portfolio	\$ 2,947,629	\$ 90,717	\$ 27,737	\$ 44,044,319

Recoveries

In 2019 we had an important challenge due to the very good dynamics during 2018. This year we went hand in hand with changes in technology and new trends in customer payment, to be more assertive in controlling and recovering of unpaid portfolio.

The following were the main milestones during 2019:

New Structure:

The recovery area continues to strengthen its structure in order to specialized the recovery of high impact cases, for which it creates the Head of Special Portfolio Management, where there is strict monitoring of the order of payment groups, write offs and sensitive groups such as, accidents, catastrophes, deceased, among others. In addition to the above, the Corporate Workout Management is created, where the unpaid cases of customers with

indebtedness exceeding 12 billion pesos and all the promoters regardless of the amount, are taken. The remaining portfolio continues to be managed by the Wholesale Workout Management.

Agile Culture

The agile culture that allows us to be more productive is already internalized in Risks and the pioneering area was recoveries, where all its 6 managements already function with Kamban boards and daily, planning and retrospectives are carried out in a timely manner. This new methodology allowed the recovery area improving the focus of the tasks and take them to the “Done” (execution) in a more optimal way, generating a better use of the existing resources.

NPL and follow-up of Stages

The objective of the Recoveries was mainly directed to the compliance with the Bank’s NPL, for this purpose, continuous projection, monitoring and execution works were carried out, to reduce the indicator, that for the beginning of the year started with 6.01% and at the end of 2019, should be closed to 5.30%.

Collection agencies specialization

In search of an effective fulfilment of the recovery goals and the NPL (Non-performing loan), a change in the allocation of the external agents’ portfolio, specializing the collection agencies in each territory of the country, by Stage, separating Stages 1 and 2, from Stage 3 and write off, this allows generating additional transparency in the management of the groups and to strategically focus the execution of the portfolios.

Results of the write offs recovery and individual Sales of the wholesale portfolio

For 2019, the recovery of the written off portfolio increased by 43% versus 2018, this is the result of the specialization of the agencies and a very strict measurement and execution scheme. In addition, during 2019, emphasis was given to increasing sales of customers of wholesale portfolio, for which such sales were multiplied by 4 compared to 2018.

Recoveries engine

In June 2019 the “recoveries engine” was implemented in the Bank’s host, it is an automatic portfolio recovery tool for obligations with more than 1 day of non-payment and applies when customers have sufficient available resources in any of their accounts. This new functionality allows, in a parametric way, defining the priority of the application of collection at product and time level, on a monthly average, about 48 thousand accounts are swept for an amount of \$21mM.

Adaptation of the collection management to the new forms of origination that Open Market brings us.

Recovery is going at the same pace of the origination and with the entry of new segments such as the Open Market, it was necessary to adapt the recovery model to carry out a timely accompaniment of these customers, tracking its contactability, understanding their reasons for non-payment and generating a safe guide to keep their products up to date.

Market Risk

Portfolio market risk

The market risk is generated from the movements in market variables that impact on the valuation of financial products and assets with which the trading activity is carried out. Major risks arising may be classified in following aggregations:

- **Interest rate risk:** this arises as a consequence of the exposure to the movement in different operating curves of interest rates. Although the typical awareness generating products of movements in interest rates are the products from the monetary market and derivatives of traditional interest rates, in practice, the totality of financial products is exposed to movements on interest rates for the effect in their financial discount valuation.

- **Exchange rate risk:** this is caused by the movement in the exchange rates of foreign currencies of the position held. As in variable income, this risk arises in the spot positions and in any derivative product whose underlying asset is an exchange rate.

Metrics developed to control and monitor the market risk in BBVA Colombia are aligned with the best international practices, ranking the Bank as the benchmark in local market.

Metric procedures are established in terms of the possible impact of negative market conditions under both ordinary circumstances and stressful circumstances of the trading portfolio of BBVA Colombia.

Standard metrics used to measure the market risk is Value at Risk (“VaR”), which indicates the maximum loss that may occur in the portfolios at a given confidence level (99%) and temporary horizon (one day). This statistical value is widely used in the market and has the advantage of summing up in a single metric the risks inherent to the trading activity, bearing in mind the relations among them and providing a prediction of loss that the trading book could sustain as a result of the fluctuations in prices of the interest rate and exchange rate markets. The analysis of market risk includes the consideration of following risks: basis among different instruments and correlation risk.

Most entries of the consolidated balance sheet of BBVA Colombia, subject to market risk, are positions measured with VaR.

The current management structure includes monitoring the risk market limits that consists of a scheme of limits based on VaR (Value at Risk), economic capital (based on VaR metrics) and VaR sublimit, as well as stop-loss orders for each Treasury business units.

The VaR measurement methodology used by the Bank is based historic simulation, this methodology seeks to collect the negative impacts in the income statement of the trading portfolio due to the negative impacts generated by the historic risk factors on the current position of the Bank. By using historic data, it naturally includes correlation that exists between historic data and their occurrence distribution.

VaR figures are estimated following the VaR without smoothing methodology. From a sample of 2 year of simulated results the fifth worst data is taken.

Also, and following the guidelines set by European Authorities, BBVA Colombia incorporates additional metrics to VaR in order to meet the regulatory requirements of Banco de España for the purpose to calculate own resources for the trading book. In particular, metrics incorporated in BBVA Colombia since February 2015 (pursuant to the guidelines of Basel 2.5) are:

- **Target Average Economic Capital (CEMO per its acronym in Spanish):** Target Average Economic Capital, VaR calculation is added with Stressed VaR, the final metric is the highest of both (VaR and Stressed VaR) for 3-month period average. In this way, a higher weight is assigned to stress events of current or past market. This metric is re-escalated by the multiplier set by Base, 3 x the root of 10, to calculate the burden of economic capital. CEMO is consolidated with IRC as management metric.
- **Specific Risk:** Incremental Risk Capital ("IRC"). Quantification of default risks and downgrade of the credit rating of securitization positions.

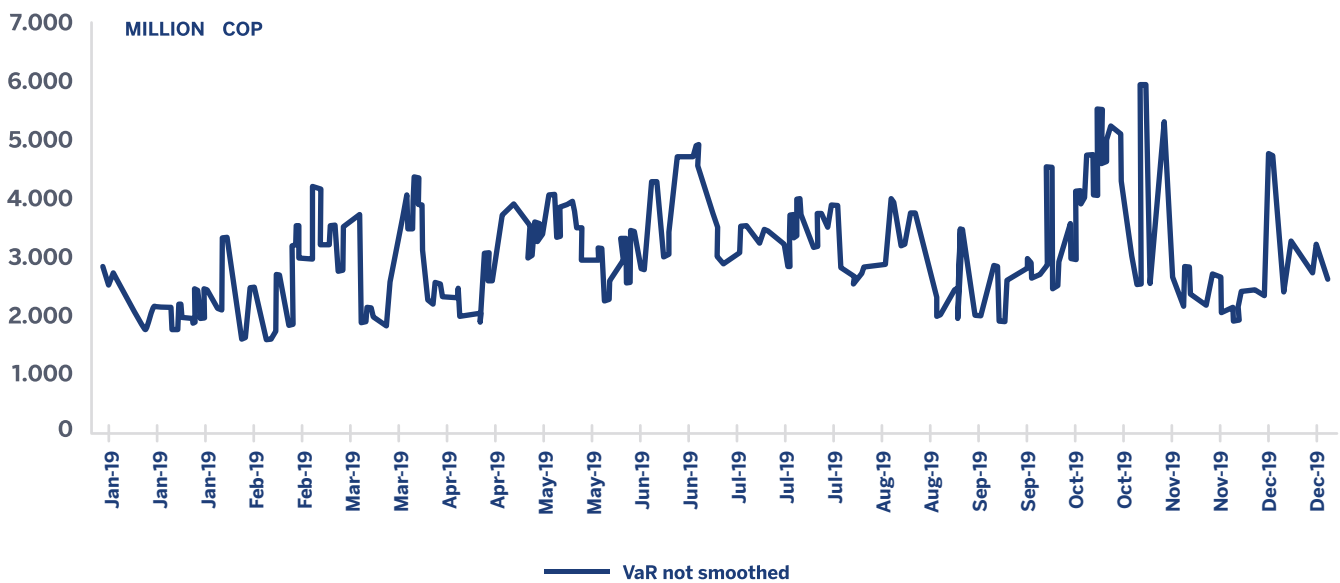
The burden of incremental capital is determined on the basis of losses associated (at 99.9% in 1 year-horizon under the constant risk hypothesis) as a consequence of the migration of rating and/or default status or default by the issuer of the asset. Additionally, the price risk is included in the positions of sovereigns for the stated items.

The validity tests of the risk measuring models used by BBVA Colombia are conducted regularly in order to estimate the maximum loss that could have been produced in those positions with a certain level of probability (Back-testing), as well as impact metrics of extreme market moves in the risk positions held (Stress Testing).

Market risk in 2019

Market risk of BBVA Colombia for 2019, remains stable when compared against risk levels of 2018. This is the result of performing most of the activity as franchise operation, to the assumption of low risk of leverage in its own position. During 2019, the average VaR has been set at \$2,986 million with a maximum level in the year

reached on November 6 which amounted \$5,891 million. The evolution of the market risk of BBVA Colombia during 2019, is shown below, measured in VaR terms (without smoothing), with a confidence level of 99% and 1-day horizon expressed in million Colombian pesos.



During the year, the fixed income trading portfolio was characterized for the concentration of the short-term position, holding TCO, TES with maturity less than 1 year and CDTs. Additionally, the derivatives portfolio kept the composition per type of product. Major products were forwards US dollar Colombian peso and IRS in IBR. In a homogenous way with the portfolio composition, the sensitivity was focused per type in Colombian pesos and US dollar. The aforementioned characteristics of portfolio made the average VaR to remain low since short-term positions produce the relatively low sensitivity and interest rate delta had conservative consumer risk over the period.

As of December 31, 2019, and 2018 VaR balance was \$2,621 billion and \$2,834 billion, respectively. The breakdown is as follows:

VaR per risk factor	Interest risk	Exchange risk	Total
Year 2019			
Average VaR	\$ 2.980	\$ 182	\$ 2.986
Maximum VaR	2.372	3.376	5.891
Minimum VaR	1.627	46	1.591
VaR at year end	2.588	85	2.621
Year 2018			
Average VaR	2.702	430	2.788
Maximum VaR	5.365	2.517	5.417
Minimum VaR	1.609	29	1.593
VaR at year end	\$ 2.304	\$ 618	\$ 2.834

Million COP

Model validation

The internal model of the market risk is validated regularly through Backtesting. The purpose of said backtesting is to validate the quality and accuracy of the internal model used by BBVA Colombia to estimate the maximum daily loss of a portfolio for 99% confidence and 250 days temporary horizon by means of comparing the Bank results to the risk measures generated by the model. These tests evidenced that the internal models of the market risk of BBVA Colombia are adequate and accurate.

In backtesting the daily VaR is compared against the clean results once both results and positions of portfolio generated in the day have been subtracted. In this way, the suitability of the market risk metrics is validated, in such a way that the VaR model used was collecting adequately the changes in trading portfolio results.

Stress test analysis

Different exercises of stress test were carried out in the trading books of BBVA Colombia. On one side, historic

scenarios were used, both globally and locally, replicating the behavior of some past extreme event, for instance the Lehman Brothers' bankruptcy. Such stress exercises were supplemented with simulated scenarios where the intention was seeking the generation of scenarios with significant impact on different portfolios but without anchoring in any concrete historic scenario.

Historic scenarios: The benchmark historic stress scenario in the Bank is Lehman Brothers' which sudden bankruptcy in September 2008 derived in a significant impact on the behavior of the global financial markets. The most relevant effects of such historic scenario are the following:

- Increase in the volatility of most financial markets giving place to a large variation in the prices of different assets (foreign currencies, equity, and debt).
- Liquidity shock in financial systems which reflected into a strong move of interbank curves, especially in shorter tranches of euro and US dollar.

Simulated scenarios: Unlike the historic scenarios that are fixed and, therefore, do not get adapted to the composition of the portfolio risks every time, the scenario used to make economic stress exercises is supported under the Resampling methodology.

This methodology is based upon the use of dynamic scenarios, recalculated regularly pursuant to which are the main risks kept in the trading books. Over the data windows, large enough to collect different stress periods (data is taken since January 1, 2008), the simulation exercise is carried out through the resampling of historic observations, thus generating the distribution of profits and losses that enable the analysis of the most extreme events from those that have taken place in the selected historic window. The advantage of this methodology is that the stress period has not been set previously but depends on the portfolio held at each time, and that by making a high number of simulations (10,000 simulations) the analysis of the expected shortfall can be performed with greater richness of information than the one available in those scenarios included in the calculation of VaR.

Main characteristics of this methodology are the following: a) simulations generated respect the structure of data correlation, b) flexibility in the inclusion of new risk factors, and c) enable the introduction of a greater variability in simulations (desirable to consider extreme events).

Structural risks

The Assets and Liabilities Committee (ALCO) is the key body for the structural risks management with regard to liquidity, finance, interest rate and foreign currency. On a monthly basis and with the representation of the ALCO Finance Management, Research, Market and Structural Risks, and Business Areas, the Committee monitors the aforementioned risks and presents for approval the management proposals. Such management proposals are performed by the Finance Management Area on a prospective basis, bearing in mind the framework of the risk appetite, with the purpose to ensure the recurrence of results and preserve the entity's solvency.

In turn, Market and Structural Risks are responsible for identifying, measuring, monitoring and controlling structural risks and present them to the appropriate bodies and management committees.

Interest rate structural risk

The Interest Rate Structural Risk ("IRSR") collects the potential impact generated by the fluctuations of market interest rates in the interest margin and the equity value of the entity. In order to measure adequately the IRSR, BBVA Colombia regards as major risk generation sources: repricing risk, yield curve risk, optionality risk and basis risk, which are analyzed from two supplementary perspectives: interest margin (short term) and economic value (long term).

The management objective is to promote interest margin and equity value stability, in the face of the variation of the market rates, respecting solvency and internal limits, in addition to complying with the requirements to keep interest rate risk within the approved limits, according to the regulatory requirements.

Control and monitoring of risk management of the structural interest of BBVA Colombia is based upon a set of metrics and tools that enable the appropriate monitoring of the entity's risk profile. In this way, a broad range of scenarios is measured regularly, including the sensitivity to parallel moves in face of different shocks, changes in slope and curvature. Also, other probability metrics based on statistical methods of simulated scenarios are assessed such as Earnings at Risk ("EaR") and Economic Capital ("EC"), defined as the maximum adverse deviations in the interest margin and economic value, respectively, for determined confidence level and time horizon.

All this conducted on a differentiated way for each of the foreign currencies to which the BBVA balance sheet is exposed, thus considering the diversification effect among foreign currencies.

Those exercises take into account both the analysis of unfavorable macro-economic scenarios designed specifically by BBVA Research, and a large spectrum of potential scenarios seeking to identify those environments with interest rates particularly detrimental to the entity. For such purpose, extreme rupture scenarios of interest rate levels and historic correlations have been generated, giving rise to sudden changes in slopes and even to inverse curvatures.

The model is supported, necessarily, on an elaborated set of hypotheses intended to reproduce the behavior of the balance sheet as real as possible. Within such assumptions, particular relevance is given to those related to the behavior of the "accounts without explicit expiration" -for which stability and remuneration assumptions have been set in accordance to an adequate segmentation per typology of product and customer, - and prepayment estimates (implicit optionally).

For 2019, the calculation of added sensitivity is introduced, with the purpose of obtaining a total sensitivity figure (aggregation of the balances in different currencies). The calculation starts from parallel moves in interest curves, taking into account that such shocks may have different magnitude depending on the volatility of the currencies and their correlation.

Below the average interest risk levels, in terms of sensitivity to the BBVA Colombia balance sheet at year end 2019, are shown:

Análisis sensibilidad al tipo de interés.	Impact of interest margin		Impact of economic value	
	Increase by 100 pb %	Detriment of 100 pb %	Increase by 100 pb %	Detriment of 100 pb %
January - December 2018	\$ 46,663	\$ 44,489	\$ 47,749	\$ 58,697
January - December 2019	\$ 50,173	\$ 51,904	\$ 54,671	\$ 55,938

* Thousands of millions

Inflation levels during 2019 allowed Banco de la República to maintain interest rate stability. In this context, BBVA Colombia has oriented its balance sheet structure to generating an adequate composition from the risk perspective to the performance of its activity.

Exchange rate structural risk

In BBVA Colombia the structural exchange rate risk arises from the exposure of the structural balance sheet to foreign currency positions and their impact on the solvency of BBVA Colombia.

ALCO Finance Management designs and executes the strategies in order to control the potential negative impacts for fluctuations of the exchange types in capital ratios. Additionally, Market and Structural Risks implements and develops tracking and control of structural exchange risk controls. It also controls and monitors, on a regular basis, the open exposures of the structural balance sheet.

The monitoring risk metrics are reported in the Assets and Liabilities Committee. ALCO, and supplemented with additional evaluation indicators of the operating position in foreign currencies of the Bank in order to ensure the regulatory compliance with the limits to the foreign currency position and the adequate management risk. The exposure level to the exchange rate structural risk of BBVA Colombia is around 25 bp solvency and 10% variation of the Colombian peso.

Throughout 2019 the exchange rate experienced a highly dynamic, although at the end of the year the variation was 27 Colombian pesos compared to the end of 2018. The balance sheet structure maintains limited currency exposure, which allows stability with regard to exchange rate structural risk, and a favorable impact on solvency ratios.



Solvency sensitivity to exchange rate fluctuations



Liquidity risk

Liquidity and finance management in BBVA Colombia promotes financing of the recurrent growth of the banking business under adequate terms and cost, through instruments that allow access to financing sources, adapting to regulatory and corporate requirements.

The finance and liquidity management in BBVA Colombia is grounded on the principle of financial autonomy, a corporate approach that contributes to preventing and mitigating the liquidity risk due to crisis that could affect only one or several Group subsidiaries. For such reason, the Entity acts independently in order to cover its liquidity needs in the respective market, strategy that ensures the adequate transmission of liquidity costs and financing to the price formation process.

BBVA Colombia financial strength is supported by financing the credit activity, mainly through customer stable resources; the Loan to Stable Customer Deposits (LtSCD) indicator measures the relationship between net credit investment and customer stable resources. These stable resources are computed through the analysis of

the balance behavior of different customer segments identified as capable of providing stability to the financing structure; prioritizing enrollment and applying haircuts to less stable customer financing lines.

In order to establish the target levels (maximum) of LtSCD and provide a reference for the optimum financial structure in terms of risk appetite, Market and Structural Risk identifies and consolidates some economic and financial variables that may be deemed as conditioning to the financial structure of the geography. BBVA Colombia has maintained solidity in the financing structure, reflected in self-financing levels with customer stable resources above what is required.

Loan to Stable Customer Deposits (LtSCD) • Dec 2019	Loan to Stable Customer Deposits (LtSCD) • Dec - 2018
112.89%	104.99%

The second axis in liquidity and funding risk management is to achieve the proper diversification of the funding structure thus preventing a high dependency of the wholesale funding. For this purpose, a maximum level of short-term funding, which comprises both wholesale funding and less stable customers resources is established.

In order to promote the resistance to the short-term liquidity risk profile, ensuring that BBVA Colombia has sufficient collateral to face the risk of closing wholesale markets, The Basic Capacity metric, the risk management and control metrics of the short-term liquidity, is established, defined as the relation between explicit assets available and the maturity of wholesale liabilities and wholesale resources, at different terms, with special relevance in those at 30 days.

The following table shows the liquidity available per instruments, which are part of the collateral, as of December 29, 2019 for BBVA Colombia:

Available liquidity by type of instrument	Dec - 2019
Cash	\$ 3,676,678
Eligible fixed income	3,760,057
TES	2,181,676
Corporate bonds and others	1,164,303
Collateral received as guarantee	\$ 440,327

Above metrics are completed with a series of indicators on which the thresholds are established which purpose is

to prevent the concentration on the wholesale financial per product, counterparty, markets and term. Additionally, reference thresholds are established about a series of indicators that allow anticipating stress situations in markets and adopt, where appropriate, preventive actions.

Within the analysis of liquidity and financing risk management, the stress analysis is a key element of the follow up scheme, since they allow anticipating deviations with regard to the liquidity targets and limits established in the appetite, and establish tolerance ranges in different management axes. Also, they perform a leading role in the design of the Liquidity Contingency Plan and the definition of specific performance measures to redirect the risk profile.

For each scenario, it is contrasted whether the Bank has enough stock of net assets that ensures the capacity to meet commitments/liquidity outflows in different periods analyzed. The analysis regards four scenarios: one central and three of crisis. Each scenario considers the following factors: market liquidity, behavior of customers and financing sources, the impact of rating downwards, market values of net assets and collaterals, and the interaction between liquidity requirements and evolution of credit quality of the Bank.

From the stress exercises performed periodically it is concluded that BBVA Colombia keeps a liquid asset buffer (stress buffer) sufficient to face the outflows of the estimated liquidity in a scenario resulting from the combination of a systemic crisis and own crisis.

In addition to indicators above mentioned, BBVA Colombia reports the Liquidity Regulatory Indicator (IRL), a weekly and monthly regulatory report, which contains short-term contractual and non-contractual flows. The IRL should meet for each band (7 and 30 days) that the relation between the liquid assets adjusted by market liquidity and exchange risk and the requirement of the total net liquidity exceeds 100%. Throughout year 2019, the IRL level for BBVA Colombia has maintained above 100%, comfortable levels, indicating its strong position in terms of liquidity.

Taking into consideration, BBVA Colombia participation in BBVA Group, a demand level of compliance with LCR and NSFR ratios, according to the criteria set by Basel, is established, based upon the highest standards in connection to liquidity risk. Internal levels required are oriented to complying with enough anticipation and efficiency the implementation of 2019 regulatory requirement, at a level above 115% for the LCR and 105% for the

NSFR, for the entity it was maintained above said level.

In summary, in 2019, the entity has maintained a strong liquidity position, fulfilling local and corporate indicators.

Operational risk and internal control

BBVA has a general risk management and control model adequate for its business and its organization, which allows it to carry out its activity within the framework of risk management and control strategy and policy and adapt to an economic and regulatory changing environment. The Internal Control and Country Operational Risk area is in charge of establishing the mechanisms for monitoring and controlling its execution under the local requirements on operational risk and internal control (E.C 041 of 2007 and E.C. 038 of 2009).

The internal control and operational risk management model starts from the regulatory definition, which establishes that Operational Risk “is that one that causes losses as a result of human errors, inadequate or defective internal processes, system failures and as a consequence of external events, including the legal and reputational risk”. It has an anticipatory and preventive (ex ante) approach of cause analysis for its

mitigation and another that measures the consequences (ex post), through the effectiveness of the controls defined, in order to define transversal action plans and achieve continuous improvement of the control environment.

Such model is structured under three lines of defense and governance model:

First Line: Made up by the Business and Supporting Areas, in charge of the operational risk management in its products, activities, processes and systems, carrying out the identification and assessment of operational risks, establishing the target risk proposal, performing controls and executing mitigation plans of those risks with a residual level higher than the assumable risk.

Second Line: Made up by the Internal control and Country Operational Risk, in charge of maintaining a management model and of evaluate the degree of application in the scope of the different areas; and the control Specialists (Compliance, Risk Internal Control, Financial Internal Control, Operational Risk Control, IT Risk Control, Legal Services, Talent & Culture, and Responsible Business), who define the Mitigation and Control Framework in its specialty field and contrast it with the one implemented by the first line. The specialists act on a transversal basis,

performing their operation on such areas where the operational risks materialize of their specialty environment.

Third line: Performed by BBVA Internal Audit, who performs and independent review of the management model.

Structure of Committees

The Corporate Assurance Committee:

Committee that allows the second line of defense to provide Senior Management with a comprehensive and homogeneous vision on the identification and/or prioritization of relevant situations, to ensure an adequate environment for controlling and managing non-financial risks, for their mitigation through the agile and anticipatory decision-making.

The Operational Risk Admission Committee and Product Governance (CARO&GP):

Ensures the adequate evaluation of initiatives with significant operational risk (new business, product, outsourcing, process transformation, new systems...) from the operational risk perspective and the approval of the proposed control environment.

Internal Control and Operational Risk

Committee: Ensures the correct implementation of the operational risk management model in the areas

and fosters its active management, making mitigation decisions in case of identification of control weaknesses; performing their follow-up.

Continuous management is carried out through the application of principles and admission parameters, follow-up, mitigation and specific tools that support the actions of the model; while the Control Specialists and Managers permanently report their management to Internal Control and Country Operational Risk.

Operational risk appetite indicator (IRO) is monitored, with the execution within the thresholds defined and assigned by the Board of Directors and Corporate bodies.

The strengthen the management of the first (1LdD) and second line of defense (2LdD) in the Bank's productive model, the second semester of this year, initiated with the implementation of the organizational Internal Control Model project – Non-Financial Risk. This in alignment with the Agile Model, will incorporate in 2020, new management elements for the different roles of the organization regarding:

- Frontline (1LdD), responsible for the non-financial risk management.
- Risk Control Assurer (RCA 1LdD), promoter

of the adequate management of all non-financial risks of projects and processes in the area to which it belongs by the frontline.

- Risk Control Specialist (RCS 2LdD), ensures an adequate control of its risk specialty, across the entire organization.

For this purpose, the following activities were carried out:

- Alternatives for financing new resources
- Evaluation process, and current personnel skills of Internal Control and Operational Risk
- Issuance of stock exchanges for the selection of RCAs and RCSs leaders and managements.
- Team definition, appointment and selection (on going)

On the other hand, Internal Control and Country Operational Risk, incorporated within the operational risk admission governance, the analysis of outsourcings. Relevant services were evaluated, the admission flow was reinforced, and a unique contribution in the service-specific control frameworks construction was made, also moving forward in the awareness through the formation of control teams and Contract Managers.

With regard to the risk prevention culture, together with the Talent & Culture area, training activities for all personnel were carried out (Bank and Subsidiaries). Since November, the virtual course "The Legal Challenge" to be executed in 2020 is available, while the SARO training to third parties (Outsourcing), was carried out through the Asobancaria (Between September and November) with the participation of the entity providing an expert trainer.

Shareholders

Performance of main stock market indicators

The most important stock index in Colombia, COLCAP, had a valuation of 25.37% in 2019. In the first quarter of the year, this index had a significant growth like many of its peers in Latin America, however, globally, risk aversion was affected by trade agreements between United States and China, the United Kingdom exit from the European Union (BREXIT) and the change in the FED interest rates from 2.50 to 1.75.

In the second semester, there was a significant valuation in local indexes according to the economic data that presented Colombia as one the fastest growing countries in the region. The CORFICOLOMBIANA stock, closed the year with a positive variation of 101.32%, being the most valued stock within the index. On the other hand, GRUPO ARGOS PREFERENCIAL had a devaluation of -6.90% in the same period

In 2019 CREDIFAMILIA entered as a new issuer in Colombia, a takeover bid for the ÉXITO stock. Other indices of the national stock market exhibit very similar behavior to COLCAP, although they were slightly different on their inter-annual variation rates.

BBVA Colombia's share price evolution

The price of the ordinary Share closed in 2019 at \$374, with an increase of 41.13% considering that the price as of December 31, 2018 was \$265.

BBVA Colombia ordinary share is considered by the Colombian Stock Exchange as a continuous market instrument because its stock market presence.

This same dynamic is applicable to the Share price with preferential dividend and without the right to vote, which is of little transactionality in the market, This share showed a rise in its quotation of 40.00% compared to year

2018 when the share closed with a price of \$275, and in 2019 it closed at \$385, This type of share is considered as Auction market stock.

The Bank's floating capital is 4.57% and its detailed as follows:

Type of share	Number
Ordinary	\$ 630,705,101
preferred share with no voting right	\$ 26,752,348

BBVA Colombia Market Capitalization (COP)

2016	2017	2018	2019
\$ 3,879,878.45	\$ 4,084,179.55	\$ 3,817,535.20	\$ 5,386,273.00

*(Million COP pesos)

Evolution of BBVA Colombia's share Price

Years	2016	2017	2018	2019
Final quote (Ordinary share)	\$ 270	\$ 285	\$ 265	\$ 374
Final quote (preferred share with no voting right)	\$ 260	\$ 251	\$ 275	\$ 385

BBVA Colombia shares and stock market ratios

Concept	December 2018	December 2019
Number of Shareholders	65,251	65,172
Number of shares outstanding	14,387,689,071	14,387,689,071
Highest price (Ordinary share)	\$ 290	\$ 385
Final price (Ordinary share)	265	374
Lowest price (Ordinary share)	250	265
Highest price (Share with preferential dividend without the right to vote)	275	385
Final price (Share with preferential dividend without the right to vote)	275	385
Lowest price (Preferential share without the right to vote)	250	270
Book value per share	302,12	339,13
Market capitalization (Million pesos)	\$ 3,817,535.20	\$ 5,386,273.00

Concept	December 2018	December 2019
Price / Book value - Ordinary share	\$ 0.88	\$ 1.103
Price / Book value – Share with preferential dividend	0.91	1.135
Loss (Price / benefit) - Ordinary share	16.67	9.80
Loss (Price / benefit) - Share with preferential div	17.30	10.08
Dividend yield (Dividend / Price) Ordinary share	0.06	0.051
Dividend yield (dividend / price) Share with preferential dividend	0.0578	0.0496
Declared dividends	15.90	19.09
Earnings per Share	\$ 31,795	\$ 38,793

Since 2007 and consecutively, the General Assembly of Shareholders has approved the payment of dividends in cash for the two types of shares, both shares with preferential dividends without the right to vote, and the common shares, and the payout has been 50%.

The dividends declared during 2019 were COP \$19.09 per share payable in two instalments, June and October 2019.

Share structure

Shares tranches	Shareholders		Shareholders	
	Number	%	Number	%
Up to 1,000	28,194	43,26%	9,375,585	0.07%
From 1,001 to 10,000	27,251	41,81%	9,8493,366	0.68%
From 10,001 to 50,000	8,177	12,55%	174,578,802	1.21%
From 50,001 to 100,000	1,034	1,59%	70,419,842	0.49%
From 100,001 to 1,000,000	474	0,73%	92,280,112	0.64%
More than 1,000,000	42	0,06%	13,942,541,364	96.91%
Total	65,172	100%	14,387,689,071	100%

BBVA stock is traded in the Colombia Stock Exchange with the mnemonics BBVACO for ordinary shares, and as PFBBVACOL for stocks with preferential dividend without the right to vote. With the new classification of the Colombian Stock Exchange, they are classified as follows:

The Ordinary Share as a continuous market instrument and the preferential share without the right to vote as an auction mode instrument, this new classification is made taking into account their stock market presence.

The BBVA Colombia Share is part of the COLEQTY reference index, which is a general index that includes 40 shares with the best selection methodology of the Colombian Stock Exchange, where the weight of each share within the index, is determined by the floating weight (adjusted capitalization) of each of the constituents.

In this basket published by the Colombian Stock Exchange, that has the 40 main shares quoted on the Stock Exchange, there is BBVA with a participation in the basket of 0.08%.

The COLIR is an index that includes the shares of the companies with the IR recognition that are part of the COLEQTY index, the weight of each share is determined by the free float of each of the constituents.

Within this basket there are 30 companies that have IR recognition, among them, BBVA Colombia with a share within the basket of 0.09%.



5. Business Segments

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Operation segments have been defined as a component of the entity:

- a) that perform business activities from which income is generated from current activities as well as incur in costs;
- b) whose operation results are reviewed on a regular basis by the top authority for decision making on the entity's operations regarding the resources to be allocated to the segment and assess the yield; and
- c) on which there is differentiated financial information.

According to such definition, management reviews and assesses monthly the results of the Bank operation as a whole, involving the operation in their subsidiaries and including additional information based on their strategic business units.

The information about the Banking operation segments is presented pursuant to the internal information supplied to the top authority for decision making. The Board of Directors has been designated as the top authority for decision making of the Bank and is the body responsible to allocate resources and assess the performance of each segment. Monitoring and management schemes of the Bank consider the business from the whole perspective of the activity and the client.

Therefore, BBVA Colombia differentiates said segments, which when analyzed provide a clear understanding of the business, thus allowing to structure measurement schemes and the regular monitoring on the behavior of each line with a clear identification of profitability of each line and the allocation of resources on the basis of the product differentiation.

The Bank addresses and values the performance of their operations by business segments and transactions among them are performed under regulatory commercial terms and conditions. This disclosure is intended to report how has the Bank managed the business segments at December 31, 2019 versus 2018.

To perform the commercial activity, BBVA Colombia has established a structure of specialized banking to assist the different business segments as below:

- **Individuals:** it addresses the retail business and individuals segment.
- **Legal entities:** it addresses the corporate customers of both public and private sectors.
- **Corporate and Investment Banking (CIB):** it addresses banking of corporate customers, and operations of treasury and investment banking.
- **Assets and Liabilities Committee (COAP per its acronym in Spanish):** this unit administers the Bank liquidity and sets the transfer pricing of resources and portfolio from and to the aforementioned banking.

Also, said banking have defined some business segments to drive the commercial actions effectively according customers' profile and framed within the strategic purposes of the Group for the growth of the franchise in Colombia.





Individuals

Year 2019 has been a year when BBVA has kept transforming customers' experience worldwide of individuals, presenting financial solutions to facilitate customers' lives and providing a better experience both in contracting and transactionality.

Regarding the behavior of individuals investment, it should be highlighted the balances growth by +12,2% (Dec 19/18), leveraged mainly by the growth in balances of total consumption that increases by +16,7%. To achieve the aforementioned, the good behavior of billing in the different sales channels has been decisive with promissory notes and positioning in strategic groups.

Also, the excellent behavior of digital sales is added to the above since more and more customers have the possibility to contract their consumption loans through Mobile Banking, BBVA Net and our ATM's, thus, at the end of November, 27.1% of consumption contracts has been made through said channels..

In resources area, good behavior of balances over the year is to be noted, leveraged mainly by the growth of manageable payrolls that showed +11,2% at end-November. Besides of consolidating as the only Bank that makes available to customers the option of contracting portfolio of liabilities 100% online, (Long-term deposits, Investment Funds). At end-November, more than 164,000 online accounts had been contracted. People who have contracted their payroll through the Bank have the chance to make payroll advances through a 100% digital process.

On the other hand, transactional transformation strategy keeps evolving and has allowed to supplement the offer to our customers. Since August, they have the chance to make their interbank transfers at no cost thus enabling customers to have the bank at their cell phones with more safety at the time of making monetary operations. Subsequent to the launch, transfers increased by +33% and the amount increase by +28%.

Consumer Finance

At December 2019, gross accrued billing of vehicle loans decreased by -4,0% versus 2018. BBVA is ranked among the 4 first entities that grant this type of credit with 9.51% market share at October 2019 (measured as Banks plus Financing Companies).

Legal Entities

During 2019, the Clients Solutions Vice-presidency finished the alignment of its structure with the Agile methodology seeking the enhancement of strategy development and delivery, as well as of tactical actions. This is the response to a competitive and demanding environment of differential solutions. For such reason, the Enterprises Discipline continued with Investigation roles, development of the strategic plan, alignment of the region to the group targets and their respective awareness to direction areas and sales network, in general. On the other hand, the structure is reinforced by making up multidisciplinary teams (Squads) formed by professionals from different areas. This adjustment purpose, with the addition of knowledge, is to structure support actions to the commercial network in a more solid and synchronized manner. For legal entities, SMEs, corporations, government, institutions and transactional business Squads were made up.

SMEs

In April 2019, the new management model was implemented for SMEs and Individuals within the framework of which 2 office types were set to manage the segment customers: Centralized Offices and Mix Offices. This model seeks to offer customized assistance and even more specialized to a larger group of SMEs and PNNs. To boost this model, pre-approved campaigns were carried out throughout the year, including global quotas with the option of disbursement by different lines such as working capital, corporate credit card and/or overdraft, according to the customer's profile. Said campaigns were conducted to increase balances through a larger dynamic in billing. Likewise, and together with Risks area, a financial campaign to update was initiated to achieve a constant relationship with the customer and a better knowledge of their financial conditions.

During 2019 the boost to reference SMEs network insurance was maintained, reaching 1,000 policies approximately over the year, collecting more than COP2,5 bn approximately. Additionally, it should be mentioned that in line with BBVA strength in the agricultural and industrial sector, the Bank had a relevant participation in 2019 Agroexpo fair, supported with a campaign in specialized media, reaching an associated billing by COP33 bn between July to September.

Corporate

To support the portfolio placement in this segment, and in particular, to increase the BBVA banking quota with Corporate customers, an initiative was implemented to profile customers with good financial performance, high growth potentiality and operating in economic sectors with positive perspectives in the short term. As a result, a group of more than 400 customers was managed by setting specific risk ceiling with preferential rates to boost invoicing. Consequently, growth achieved with this action in investment average balances was more than COP250 bn in the second semester.

To encourage loyalty from customers, the Corporate Banking Insurance was launched as an action focused to the referral of this segment customers with BBVA Seguros. Thus, as a result of contracting policies by corporate customers referred to be assisted on a tailor-made basis by Insurance specialists, the insurance agent collected premiums for over COP\$4 bn.

Finally, the Treasury Plan was developed to increase the negotiation of exchange currencies and commissions through contracting hedging for credit operations (in local or foreign currency). As a result, commissions for COP\$5,641 bn were reached as well as Spot volume negotiated for USD\$1.1 billion.

Government and Institutions

To strengthen current BBVA position in public sector and expand its presence with national coverage, a new government model was established in April 2019 to manage Government and Institutions segment at locations without Institutional Banking offices. Thus, 11 Government Managing positions were created for customers attached to assist Territorial Commercial Banking.

To maintain the Bank positioning in credit investment, leveraged by rediscount lines from Finagro and Findeter, specific actions were taken towards taking advantage of business opportunities in matters such as road infrastructure, drinking water and basic sanitation. Thus, BBVA increased by almost 100pbs its partition in municipalities portfolio (up to 20%) and increased its quote in departments (15%).

On the other hand, the change in regulation related to the management of funds from royalties and the fact that

year 2019 has been the last year of the mandate of local administrations, that implies higher levels of performance, resulted in the reduction of these resources, generating a major drop in balances. Given this situation, actions were focused towards the collection of income own of territorial bodies and attract funds from the central government financing fiscal (Colombia Rural Plan, DTN accounts, Fonpet Development, etc.) to offset the aforementioned drop in resources from royalties.

Given the structural change of royalties management, the attraction of own income is identified as the most relevant working are in the short term in regards to resources, reason why during 2019 the establishment of agreements with external suppliers was developed to offer BBVA customers competitive and comprehensive solutions for tax collection and calculation, income control systems, reconciliation information and connectivity with own and third-party platforms, options all of them necessary to be able to make competitive offers to such type of customers.

Transactional Business and Digitalization

The transactional horizon is defined and pursues the increase of integrality of legal entities customers through the recurring use of collection and payment services offered by the Bank portfolio, mainly through services available at the digital channels. Within this framework, in 2019 the Blue Customer concept was launched for legal entities customers. This is supported on three bases: the first one, having the customer's transactional resources through contracting a resources-capturing service (such as merchant processing service or collection); in the second place, offer the customer services that allow the fulfillment of payment obligations (for instance, payment of payroll or payment of suppliers), and in third place, seek that the resources paid by the customers are mainly intended to BBVA accounts of other Bank customers (optimization of the transactional ecosystem). The boost to the Blue Customer management in legal entities throughout the year allowed the inclusion of 7,500 entities approximately, 115% compliance of goal.

On the other hand, and although the dynamic in new collection agreements and new merchant processing customers, did not evolve at the same pace of 2018; however, in connection to the evolution of invoicing of both products, major growths were achieved: 10% in collection and 19% in merchant processing services. It should be

highlighted the incorporation of high-invoicing customers for merchant processing services, such as Tiendas D1, Opticas GMO and OXXO, as well as the structuring of an innovative collection model through dataphones for AB Inveb, under implementation.

It is worth mentioning that one of the major achievements regarding transactional activities was the enablement of collection through Bar Codes at the Mobile Banking channel. This new service reached more than 500,000 transaction between May and December 2019, achieving in only 8 months 8% share of the total of collections managed by BBVA.

Finally, and moving forward digitalization of our customers, the migration to the FX Digital platform for SMEs and companies was launched in the second semester 2019. This campaign is aimed at directing the foreign exchange currency transactions made at physical office by current and new customers to the BBVA Net Cash FX Platform. At year end, more than 1,600 customers had made operations digitally, enjoying a better transactional experience and, in turn, relieving the physical network due to the impact on time reduction.

Corporate and Investment Banking

CIB, Corporate and Investment Banking is the area in charge of providing their corporate customers and Financial Institutions added high value products and services, and differentiating and integral solutions, besides traditional financial products, positioning BBVA as a strategic ally for companies accomplishment of investment goals both in local and in international markets.

A highly competitive environment, where the financial sector converges and competes aggressively for significant businesses, has led us to reinvent the products and services offer. The commercial relationship has migrated towards a more customer-centered holistic covering model to anticipate their needs and interact with every actor of the customers chain value, to be able to consolidate the current commercial relations and enhance them in different industries.

The performance of CIB in each of the six strategic priorities during 2019 was focused on:

Providing the best possible customer experience: CIB has been centering its efforts to generate data-based

ideas and solutions, achieving a business position as a provider of differentiating solutions, highly focused on efficiency to our customers' operation. New developments that facilitate the customers' operational load, increasing the information quality, have generated great acknowledgement, consolidating the BBVA position in the market.

Boosting digital sales: BBVA is characterized in all its geographical areas as an innovative and highly digital bank; therefore, BBVA Colombia is not the exception. In 2019 we launched into the market the new 100% digital functionality for remittance of foreign currencies for individuals through the mobile application. This development allowed not only carrying out negotiations quickly and reliably, but in a transparent way and on equal terms for all users.

Our goal is to keep implementing services such as H2H and Swift that will position BBVA as the main bank of our customers, with benefits due to our presence as an international bank.

New business models: In order to be always at the forefront of ideas and solutions for our clients, CIB has focused its attention on offering a holistic service. That is why, in our team, we work with specialized bankers by industry, by product and by segment in such a way that we generate the necessary skills that allow improving the dialogue of the different areas with our clients such as: commercial, processes, innovation, among others, to have a complete vision and to generate differential ideas of high added value to our clients.

GTB consolidated in the year the implementation of a consultation business model based on a thorough KYC (Know Your Customer) process that allowed the detailed knowledge of the customer's transactional value chain to offer integral and transversal solutions, thus, positioning as the main paying and collecting bank of several customers.

On the other hand, it is worth mentioning the first social credit facility granted for COP140 bn under the sustainable financing scheme, with Vigeo Eiris rating agency seal, leader in assessment of the integration of environmental, social and government factors of organizations. Said credit facility is framed within the 'Commitment 2025' stated by BBVA to contribute with the compliance with the Sustainable Development Goals (SDG) of the UN against the climate change.



Optimization of capital allocation: CIB is committed to the optimization of resources and the constant improvement of financial indicators, not only in the area but also in the Bank in general. All operations are analyzed to verify compliance with the capital consumption indicators required in BBVA Group to keep adequate solvency levels. The CIB model is focused on the permanent search of profitability through cross-selling to complete value offer of credit products with services of low capital consumption to generate efficiency to the balance sheet.

Adapt the model, processes and structures to achieve the best level of efficiency: In line with digital transformation, working models, processes and internal structures have been transformed. Within the new agile structure, the objective is to have more efficient activities and seek consensual solutions, discussed and agreed upon, within commercial schemes that evaluate which are the best alternatives for the business and for the client.

The best team: The CIB Colombia drives constantly the retention, development and promotion of talent as well as development and promotion of the on-line team with the new market trends, reason why personnel with knowledge on Data Analytics and technological innovation was incorporated to the work team. Also, teams with specific experience and expertise were trained on services, industry and market, in order to have a high-performing interdisciplinary team focused toward attaining the goals set, positively impacting the results in the short and long term.

Year 2019 was a challenging year for emerging economies with a highly volatile social and macroeconomic environment for the countries of the region. Nevertheless, we anticipate sound results for year end in CIB, driven by the GTB (Global Transactional Banking) area leveraged on a new business model that allowed us to position in the transactional strategies of new customers, as the engine to maximize commercial relations.



Assets and Liabilities Committee - COAP (per its acronym in Spanish)

COAP is the banking responsible to manage the portfolio of de Investments Available for Sale (DPV) and Held-to-maturity Investments. Also, it manages the Bank liquidity through capturing wholesale resources as the supplement to the capture performed by banking. Additionally, COAP manages the assets and solvency ratio of the Bank.

At year-end 2019, securities portfolio of COAP reached \$2,949m.M. (-20,4% A/A) and some funds for \$15,771m.M. (+0,3% A/A), from which \$13,608m.M were long-term certificates of wholesale customers and \$2,163m.M that correspond to bonds..

Others Segment

Banking other than those above mentioned have been grouped in Others Segment. Such as Central and Complement Areas.

Allocation of exploitation expenses:

With regard to accounting of direct and indirect expenses of BBVA Colombia, they are recorded in each of the appropriate cost center; nevertheless, if once the distribution is applied there are still some entries affecting cost centers of central areas, they are distributed to other banking using the supplementary contributions pursuant to the distribution criteria set by the business areas of the Bank general management.

Cross-selling:

When two business areas interfere in the sale or placement of Bank products, the real books record of the earning of such operations is made in a single area to eliminate any duplicity. Nevertheless, the Bank has cross-selling agreements through which the analysis of said income from sales is made and the percentage to remunerate the banking or business area that managed the operation is established, thus reducing in the same value the income of the other banking where the earnings were recorded initially, using the offset accounts.

Others segment at December 2019

Item	Total Bank	Commercial Banking	BEI	CIB	COAP	Others
Cash and Central Banks	\$ 3,950,600	\$ 1,889,264	\$ 14,094	\$ 14,451	\$ 2,156,488	\$ (123,697)
Financial Intermediaries	2,034,372	1,240,545	7,539,509	1,820,071	(9,032,286)	466,533
Securities Portfolio	10,368,543	-	-	7,419,166	2,949,377	-
Net Credit Investment	47,099,663	32,205,779	11,287,410	3,600,835	(2,893)	8,532
Consumption	16,152,890	16,150,028	216	4	-	2,642
Cards	1,877,317	1,877,150	125	-	-	42
Mortgage	11,121,479	11,120,529	770	-	-	180
Companies	18,059,370	3,021,415	11,386,026	3,648,739	1,129	2,061
Others	(111,394)	36,658	(99,727)	(47,908)	(4,023)	3,606
Net fixed assets	1,053,872	229,097	2,498	10,714	3	811,560
Other assets	658,353	83,262	68,083	3,113	299,588	204,307
Total assets	\$ 65,165,403	\$ 35,647,947	\$ 18,911,594	\$ 12,868,350	\$ (3,629,723)	\$ 1,367,235
Financial Intermediaries	4,012,600	18,395,535	5,010,703	4,471,757	(24,255,372)	389,977
Customers resources	47,921,231	15,506,301	12,165,317	4,471,466	15,770,748	7,399
Sight	6,791,587	2,710,102	3,319,478	755,155	-	6,852
Savings	19,859,623	9,199,712	7,142,909	3,516,454	-	548
Long-term deposits	19,107,355	3,596,486	1,702,931	199,856	13,608,082	-
Bonds	2,162,666	-	-	-	2,162,666	-
Other liabilities	12,493,203	1,287,468	1,414,740	3,694,090	4,818,527	1,278,378
Income for the year	738,369	458,643	320,834	231,037	36,374	(308,519)
Total liabilities	\$ 65,165,403	\$ 35,647,947	\$ 18,911,594	\$ 12,868,350	\$ (3,629,723)	\$ 1,367,235

Note: Grouping pursuant to Financial Management and Planning. Balance at December 2019.

Others segment at December 2018

Item	Total Bank	Commercial Banking	BEI	CIB	COAP	Others
Cash and Central Banks	\$ 4,903,554	\$ 1,801,197	\$ 14,238	\$ 38,675	\$ 2,714,296	\$ 335,148
Financial Intermediaries	3,513,983	1,067,626	7,504,827	1,694,009	(6,835,275)	82,796
Securities portfolio	9,641,171	-	-	5,889,857	3,704,757	46,557
Net Credit Investment	42,818,920	28,625,997	10,684,148	3,482,865	-	25,910
Consumption	13,593,749	13,560,856	492	115	-	32,286
Cards	1,730,453	1,730,210	230	-	-	13
Mortgage	10,332,749	10,331,514	1,232	-	-	3
Companies	17,283,579	2,987,874	10,771,350	3,524,343	-	12
Others	(121,610)	15,543	(89,156)	(41,593)	-	(6,404)
Net fixed assets	834,471	77,522	1,412	8,268	40	747,229
Other assets	689,807	269,444	112,190	8,423	83,283	216,467
Total assets	\$ 62,401,906	\$ 31,841,786	\$ 18,316,815	\$ 11,122,097	\$ (332,899)	\$ 1,454,107
Financial Intermediaries	5,855,916	15,372,609	5,615,497	4,095,649	(19,875,798)	647,959
Customers resources	48,903,183	15,513,989	12,259,064	5,410,217	15,718,650	1,263
Sight	8,517,672	3,107,091	3,854,444	1,555,418	-	719
Savings	18,990,201	8,930,457	6,648,438	3,410,767	-	539
Long-term deposits	19,130,217	3,476,441	1,756,182	444,032	13,453,557	5
Bonds	2,265,093	-	-	-	2,265,093	-
Other liabilities	7,093,495	613,101	167,959	1,388,566	3,857,657	1,066,212
Income for the year	549,312	342,087	274,295	227,665	(33,408)	(261,327)
Total liabilities	\$ 62,401,906	\$ 31,841,786	\$ 18,316,815	\$ 11,122,097	\$ (332,899)	\$ 1,454,107

Note: Grouping pursuant to Financial Management and Planning. Balance at December 2018

When analyzing the balance disaggregated by banking segment at December 2019, it was found that, to a larger extent the concentration of the Bank assets go as follows: Business 54.7%, and Companies and Institutions (BEI) 29.0%,

followed by Corporate and Investment Banking (CIB) 19.7%.

With regard to liabilities, banking segments with larger participation in connection to customers' resources are COAP 32.9%, Business Banking 32.4%, BEI 25.4% and CIB 9.3%.

The analysis by account shows that the Cash and Central Banks line recorded -19.4% annual variation. Securities Portfolio showed 7.5% growth, explained by the CIB growth (+\$1,53 trillion). Net Credit Investment increased 10.0%, driven mainly by growths recorded in Business Banking (+\$3,6 trillion), in BEI (+\$603,3m.M) and CIB (+\$117,9m.M). In Business Banking the growth of Credit Investment is explained mainly due to the 19.1% increase of Consumption credit and 7.6% in mortgage loans. In BEI the credit growth is the result of the 5.7% increase of credits to Companies.

Total Assets showed 4.4% growth, Business (+\$4 trillion) and CIB (+\$1,8 trillion) recorder the highest growth as a result of a larger growth in Credit Investment and increase in Securities Portfolio.

In turn, Financial Intermediaries liabilities showed -31,5% reduction. In connection to the capture of customers' resources through products at sight and savings, captured by CIB (-\$694,6m.M), Business (-\$127,7m.M) and BEI (-\$40,5m.M).

Regarding COAP, the area responsible for capturing resources from corporate customers through fixed-term certificates (CDT), concentrates 71.2% of total CDT's. Said CDT's showed \$154,5 m.M variation versus 2018 while Bonds showed -\$102,4m.M variation versus previous year.

The COAP shows negative asset and liability driven by Financial Intermediaries balance lines (in Assets and Liabilities). This is the result of the management of banking funding through said COAPs. Each banking segment has a main function, as resources capturing (bring resources to the Bank) or placement (generating credit investment). For such reason, the COAP is the area responsible to collect the surplus of resources of the capturing banking segment and "transfer" them to the placement banking segment. However, the COAP "transfers" the investment generated to the capturing bank segment and it does not affect the financial statements of the capturing banking segment. This matches the balances of banking segments and shows how the Bank works without penalties and acknowledging the function of each banking segment. Financial

Intermediaries assets showed -\$2,2 trillion interannual variation, while Financial Intermediaries liabilities showed -\$4,4 trillion interannual variation, with a behavior aligned with the Bank activity.

Other segments include central areas, means and financial supplements. All such areas provide support to other banking segments. Means area includes the Formalization Center that shows the greater activity in credit investment that correspond to investments that are not achieved for segmentation. The central account goes in central areas which matches the Bank balance and includes investment assets for interests in subsidiaries. Others segment is largely committed by net fixed assets. Total assets of this segment showed -\$86,9m.M variation. Others is also responsible for eliminations of duplicities generated for operations between banking segments or where there is more than one banking segment participating. Also, it includes all the components of central areas and EFAN adjustments that consider the homologation of local regulations vs. International regulations, and reciprocal activities between different countries/banking segments.

Below the detail of the statement of income accrued for years ended at December 2019 and 2018 for business segments:

Others segment at December 2019

Item	Total Bank	Business Banking	BEI	CIB	COAP	Others
Net commissions	\$ 2,894,009	\$ 2,179,768	\$ 654,874	\$ 189,857	\$ 153,343	\$ (283,833)
Other Financial Operations	346,120	315,891	49,498	79,069	(3,110)	(95,228)
Other Current Net Income	222,826	25,834	29,359	155,392	12,597	(355)
Gross Margin	(119,668)	(14,004)	(4,404)	(2,185)	(92,989)	(6,086)
Administrative Overhead Costs	3,343,287	2,507,489	729,328	422,133	69,840	(385,503)
Personnel Expenses	(1,137,443)	(726,617)	(62,296)	(52,461)	(559)	(295,510)
• Overhead Costs	(596,915)	(305,915)	(36,381)	(28,081)	-	(226,538)
• Taxes	(474,910)	(370,815)	(18,237)	(19,153)	(546)	(66,160)
• Amortizations and Depreciation	(65,618)	(49,887)	(7,678)	(5,227)	(13)	(2,812)
Apportionment for expenses	(108,509)	(51,269)	(559)	(2,456)	(9)	(54,216)
Net margin	-	(262,176)	(60,846)	(29,446)	(10,230)	362,699
Loss for Det Assets	2,097,335	1,467,427	605,627	337,769	59,042	(372,531)
Provision to Allowances	(985,893)	(806,851)	(144,717)	(5,329)	54	(29,050)
Other non-current income	(23,878)	(319)	72	(31)	-	(23,599)
BAI	(25,255)	(377)	623	-	-	(25,501)
Corporate tax	1,062,309	659,880	461,604	332,409	59,097	(450,681)
BDI	(323,939)	(201,237)	(140,771)	(101,371)	(22,722)	142,161
BDI	\$ 738,369	\$ 458,643	\$ 320,834	\$ 231,037	\$ 36,374	\$ (308,519)

Note: Grouping pursuant to Financial Management and Planning. Balance accrued.

Others segment at December 2018

Item	Total Bank	Business Banking	BEI	CIB	COAP	Others
Interest margin	\$ 2,762,864	\$ 2,076,295	\$ 618,191	\$ 220,998	\$ 88,886	\$ (241,506)
Net commissions	347,453	318,132	52,648	113,589	(3,186)	(133,730)
Other Financial Operations	193,617	34,032	18,474	131,085	8,240	1,786
Other Current Net Income	(82,619)	(6,781)	(191)	(1,236)	(100,601)	26,190
Gross Margin	3,221,315	2,421,678	689,122	464,436	(6,661)	(347,260)
Administrative Overhead Costs	(1,149,608)	(718,176)	(62,407)	(58,834)	(29,413)	(280,778)
• Personnel Expenses	(551,538)	(284,086)	(34,080)	(26,894)	(1,086)	(205,392)
• Overhead Costs	(490,255)	(380,804)	(17,116)	(22,122)	(1,474)	(68,739)
• Taxes	(107,815)	(53,286)	(11,211)	(9,818)	(26,853)	(6,647)
Amortizations and Depreciation	(68,128)	(25,305)	(377)	(2,178)	(19)	(40,249)
Apportionment for expenses	-	(233,289)	(53,028)	(25,614)	(9,010)	320,941
Net margin	2,003,579	1,444,908	573,310	377,810	(45,103)	(347,346)
Loss for Det Assets	(1,146,917)	(925,806)	(159,658)	(35,848)	42	(25,647)
Provision to Allowances	(28,397)	(865)	4	(22)	5	(27,519)
Others non-ordinary income	(1,392)	(243)	(882)	-	-	(267)
BAI	826,873	517,994	412,774	341,940	(45,056)	(400,779)
Corporate tax	(277,561)	(175,907)	(138,478)	(114,275)	11,647	139,452
BDI	\$ 549,312	\$ 342,087	\$ 274,296	\$ 227,665	\$ (33,409)	\$ (261,327)

Note: Grouping pursuant to Financial Management and Planning. Balance accrued.

Upon the analysis of the statement of income for 2019, Business Banking generated the higher income to the Bank, followed by BEI, CIB and COAP. On the other hand, other areas showed a negative behavior because they safeguard the proper internal operation of the Bank.

COAP is the unit that administers the Bank liquidity and sets the transfer pricing of resources and portfolio, from and to other mentioned banking segments. It showed +\$64,4m.M variation in interest margin due to the good management of prices. Gross Margin was \$69,8m.M explained mainly for the good performance in interest margin, in ROF (for sale of securities) and for yields of instruments in other income; however, the latter recorded expenses for the Deposit Guarantee Fund.

Other area is responsible for eliminating duplicities from operations between banking segments or with more than one banking segment participation. Also, it includes expenses from central areas and EFAN (Business Areas Financial Statements) adjustments. In central areas and means the activity generated corresponds to investment assets and central account as well as to the activity of the formalization center (credit investment). Finally, expenses of central areas generate more activity in the segment (it includes salary of people from areas that are not of the business and administration overhead costs).

The Bank interest margin showed 4.7% versus 2018, figure explained by the increase in income for interest. Business Banking outstands with 5.0% variation (+\$103,5m.M) in interest margin and BEI with 5.9% variation (+\$36,7m.M).

Gross Margin grew 3.8% versus 2018 for which Business Banking showed the best performance with 3.5% variation (+\$85,6m.M), followed by BEI with 5.8% variation (+\$40,3m.M).

Administration Overhead Costs recorded -1.1% reduction and COAP, CIB and BEI showed greater reduction.

Finally earnings before taxes increased 34.4% versus 2018, as a product of the increase in the interest margin (+4.7%) due to a greater activity in the Bank and the 1.1% reduction in Overhead Costs. By analyzing the banking segments, Business Banking and BEI outstand among the others.



BBVA Asset Management S.A.

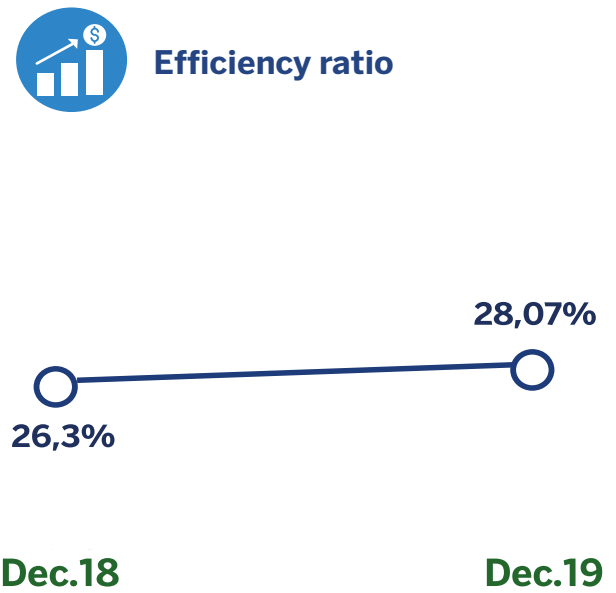
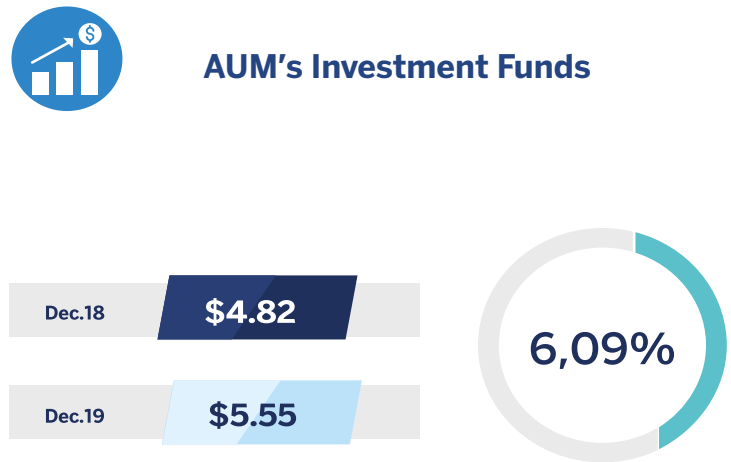
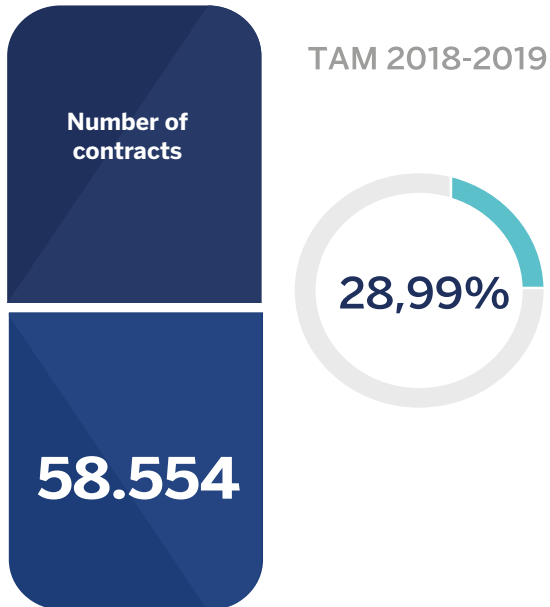
BBVA Asset Management is the unit of the BBVA Group that encompasses global Investment Funds and pension management companies. It represents a global reference in the asset management world with leading positions in both Spain and Latin America.

BBVA Asset Management S.A. Sociedad Fiduciaria ("BBVA AM"), of BBVA Colombia subordinate, is responsible for administering for over 40 years the resources in the Investment Fund and Structured Trust.

BBVA AM is ranked as one of the first 5 collective Investment Fund management trust companies (without private equity funds) with a differentiated product and a strategic ally for our clients with needs of trust structures. The success of BBVA AM lies on their people, investment processes and control of global risks applicable, and thus, the pursuit of consistent performance over time for its customers.

Management Priorities





Data at December 31, 2019

In line with the Group strategic priorities and with the purpose to drive the business return, BBVA AM has set a plan with priority focuses that include: digital sales, improvement of customer’s experience, launch of new products according to segments’ needs, and technological optimization.

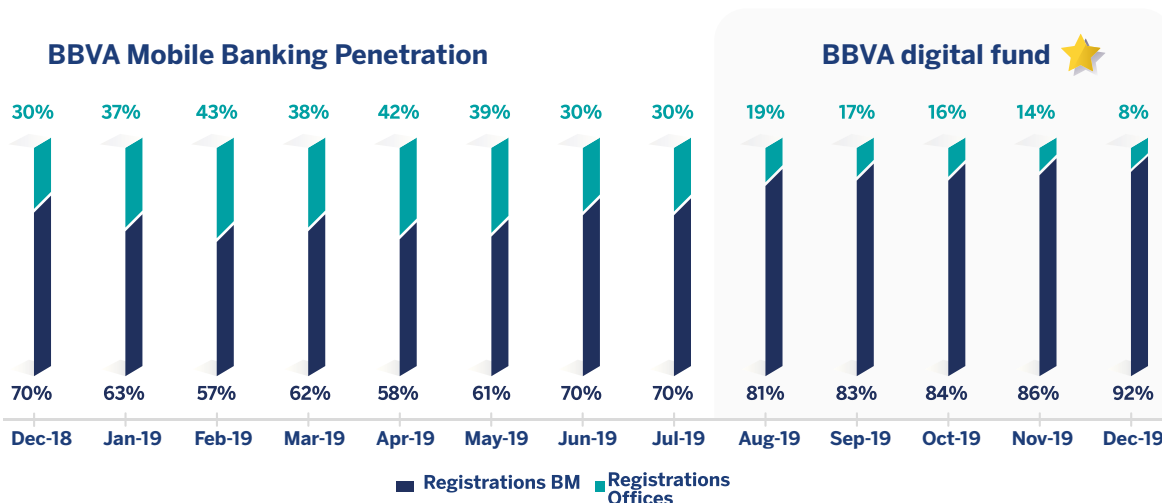
1. Providing the best possible customer experience

BBVA AM in 2019 became the industry reference, positioning the brand among recommended entities by individual and legal entities customers from collective investment funds and structured trust. This is the result of the business transformation, thanks to the strategy developed by the Entity which main axis is to offer the best customer experience with regard to assistance, service quality and transparency.

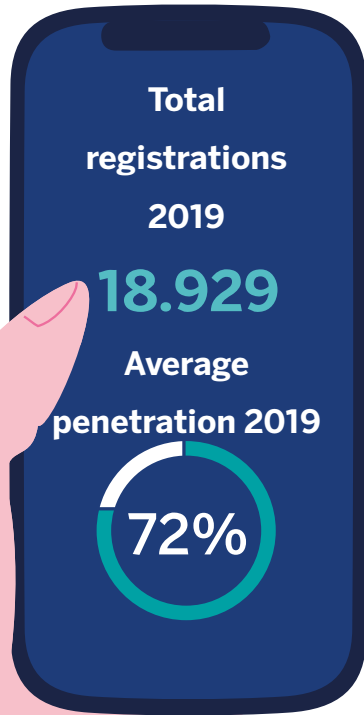
2. Boost to digital sales

The new market reality and needs from our customers require us to lead the way of the sector where the boost of new distribution channels is one of the strategic priorities that we have developed throughout the year. We launched this year the first fund that is distributed exclusively in the Mobile Banking with a positive result. Since the start to production until December 2019, all indicators of digital sales improved. Penetration of total registries in the Mobile Banking increased 65% average in 2018 and closed 2019 exceeding 80%.

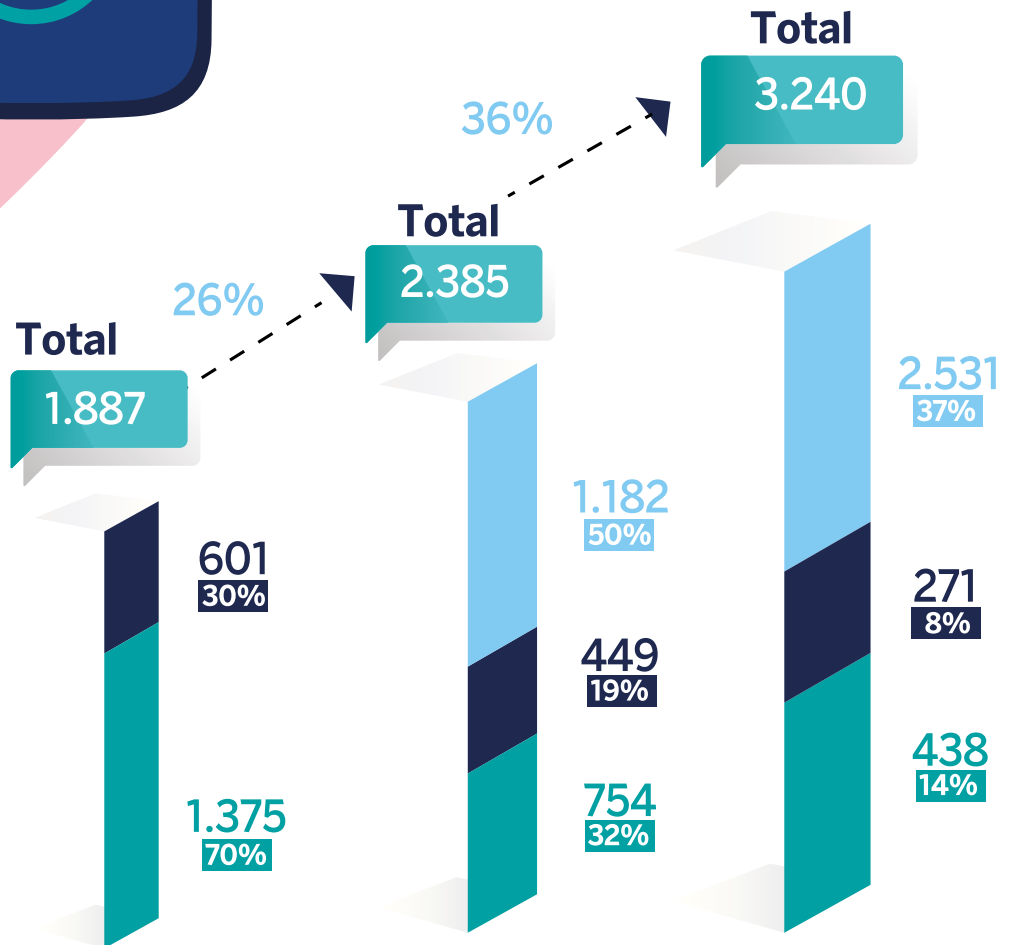
BBVA Mobile Banking Penetration



Registrations productivity



- Registrations offices
- Registrations mobile (Famy cash)
- mobile (Digital)



3. New business models

The distribution commercial model split into two business lines (Fics and Structured Trust) has been crucial to achieve and exceed objectives set with their specialized professional team. In terms of efficiency, the transformation process of the technological core will allow a major improvement in procedures that will help the entity to keep accomplishing the goals set and be a reference in the industry.

4. Efficiency leadership

BBVA AM consolidates as the first entity in terms of efficiency thanks to the work performed by all areas where priority has been given to the continuous monitoring and the proper allocation of funds, plus a leading sales dynamic in the market.

5. First class workforce

Professional development and projection of our team is one of the strategic pillars of BBVA AM. In 2019 we developed activities and initiatives to reinforce their personal and professional growth, thus helping us become a flagship and leading player entity.

During 2019 BBVA AM had a good management in resources administration, growing 6% in mean, closing 2019 with \$5,2 trillion and 29% increase in new contracts to close with 58,920 total contracts.

Fiduciaria and funds under their administration keep the highest counterparty risk ratings and portfolio administration of the industry. Fiduciaria holds the AAA counterparty risk rating and AAA as portfolio administrator.

BBVA Valores Colombia S.A.

Subsidiary of BBVA Colombia, offers advisory, and support services in Colombian stock market, intended to customers of Premium, corporate and individual banking of BBVA in Colombia, as well as direct customers or foreign customer with interest in the fixed and variable income local market.

Additionally, BBVA Valores through their investment banking and structured finance, is responsible for providing support and advice on strategic approaches to companies in Colombia and the region.

Strategic priorities of BBVA Valores for 2019 were performed as follows:

Providing the best possible customer experience: During 2019, BBVA Valores improved its relationship with customers working together with bankers of the Bank network and offering customized investment options, adjusted to the needs of each of them, achieving a better interaction in the Group, always seeking the assistance and solution to customers' needs.

Boost to digital sales: The change of the broker's technological platform is under process to improve customer's experience and customer service. Thus, it is expected to further facilitate the 360° visibility of every customer's product in the Group in a single platform for a better management of resources.

New business model: Keeping in mind always our customers' needs, BBVA Valores is currently designing a strategic plan aimed at deepening 3 business lines, which we believe reinforce and complement the work of BBVA Valores and complement the work of the Bank in Colombia. With differentiated levels of customer service and advisory according to each business line, BBVA Valores communicates to customers all the potential that a global group such as BBVA can offer to them.

Optimization of capital allocation: During 2019 the capital structure of BBVA Valores was in line with the needs of its customers and the products offered that also complies with legal capital requirements. Thus, and seeking the best service to customers BBVA Valores is always ready to improve its equity strength.

Also, BBVA Valores consolidated again as one of the stockbrokers with lowest administration expenses of the sector, which shows that the enhancement of processes initiated in previous years, has yielded results. Moreover, thanks to the Bank's synergies with different support areas of BBVA Colombia savings of time and costs benefited the improvement of customers' service.

Efficiency leadership: Through the team work and supporting the bankers and Bank network, BBVA Valores facilitated throughout the year the offer of portfolio investment products and particular products such as bonds intermediation, long-term deposits and Tidis, as well as the transactions of shares in the local market. During the year, services to provide execution to local and international institutional customers in the local variable market was extended with the support of the relationship of BBVA with said customers on a global basis.

Finally, thanks to the group relationship, BBVA Valores has agreements and contracts with the same suppliers of BBVA Colombia, ensuring the provision of top quality services with optimized prices thanks to this relationship.

The best team: BBVA Valores has an integral staff committed to the objectives of the Group, working a a single team and focused to provide an excellent service to our customers. The internal areas of the commission agent work and cooperate permanently with the support areas of Colombia Group always focused on the compliance with the goals and objectives proposed for the BBVA Group in Colombia.

The culture of collaboration, entrepreneurship, and transparency promoted by the group to all areas, seeking to improve the customer experience are and will continue to be paramount for the Entity.

Insurance Banking

From Insurance Banking the Bank keeps driving the Group six strategic axes with following achievements in 2019:

Best customer experience: In 1Q the office network is driven to the direct debit of free insurance sales to credit cards, which has allowed to improve the persistence of policies over time and that customers maintain the coverage of their insurance. Additionally, there was an improvement of the non-productive sales indicator including the measuring variables of sales representatives, deducting policies with less than 90 days.

In 3Q the Bank negotiated again with the call center providers including trainings in product, sales techniques in insurance, management of objections, sales advisory and audit to improve the quality in sales and service. Additionally, the issuance of mandatory car insurance (SOAT) was improved through additional validations for a greater control on sales, thus preventing further complaints of the process.

Boost of digital sales: In 1Q 2019 the SOAT insurance was offered on a mobile basis, achieving sales equal to BBVA Net. In ATM's the theft insurance premium was adjusted by 34%, increasing premiums collected. In regard to the amount of policies, the placement improved by 45% reaching sales for more than 5 million insurance policies for the year.

New business models: For 3Q the monthly charge of debtor's life insurance was initiated to cover credit cards debt of customers. This allows that in the event of any loss, the customer has the guarantee that his debt is covered, and the default risk is reduced to the Bank. In this quarter, premium for \$3,407M was collected.

Efficiency Leadership: Due to the good behavior of the commercial management of asset products and placement of Free Insurance in sales channels, in 2019 income for insurance commissions increased by 14%.

During 2019 the maturity of policies endorsement has been managed. At November, 2,905 endorsements in cars were recovered, 906 customers took out the policy and included 4,667 policies proactively. For life insurance, 3,531 policies were received, 564 customers took out the Bank policy and 1,889 customers were included



proactively; for fire insurance, 3,314 endorsed policies were received, 139 customers took out the own insurance and included 2,257.

Best team: The Discipline of Insurance Banking was created focused to create business strategies and models, profitable at short, medium and long-term. In 2019 work is being done to consolidate a new insurance portfolio for 2020 with market competitive products and tangible coverages that allow meeting customers' needs of different segments of the Bank.

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Customer Experience

Keeping in mind that our value “The Customer comes first” supports the loyalty and growth of our customers and therefore, the compliance with the KPI’s of BBVA Colombia, we accomplished our actions plans during 2019 focused to differentiate us from our competitors for the experience both internal and external provided to our customers, leading the position in IReNe with regard to our peer group, both in our customers of Retail segment and Business segment.

Main strategies developed in 2019 include the following:

- Reduction plan of QyR, we focused on the 5 typologies with higher impact in our customers (4 typologies of the Retail segment: Review and/or liquidation, unrecognized transaction, failures in ATMs and charge for services and fees, and 1 of Enterprises: Acquisition). By means of discussion panels with areas involved in each of the processes, actions were generated with positive results in 4 of 5 typologies that allowed the reduction of the volume of complaints by -5,9% (Accum Nov), excluding the unrecognized transaction.

Due to the atypical growth by 72% (Accum nov) in the unrecognized transaction, we keep on working in actions that in 2020 will allows us to prevent such type of events timely, transforming the experience and perception of the clients’ security thus generating confidence in information validation and use of digital channels.

- Within the implementation core to manage claims and complaints that began in 2018, we have accomplished the implementation schedule, defining satisfactorily the functionalities that will come into production in 1Q 2020 to allow further traceability and efficiency.
- Seeking to strengthen the Organizational Culture to arise awareness and empathy in all areas of BBVA Colombia, “Be One” was created. The General Direction staff worked at the offices, enhancing their capacity to understand and support each other to pursue an impeccable customer assistance. To start

with, the central relevant areas were identified as well as the first office with high reputational impact. The managers of the two areas with greater importance worked as Digital Sales Reps and finally, generated actions both strategic and tactic, supported by their experience.

We have the support of the Steering Committee of Colombia for the second stage, working in the Q4 2019 performing the office functions in the network and impacting 930 people contacted. From the strategic and tactic actions, we prioritized 7 to transform the customer experience in 2020: (i) Ensure the availability of channels, (ii) Reduction of vulnerabilities in office transactions, (iii) Support to network requirements, (iv) Evolution of relationship, (v) Physical infrastructure according to the customer's needs, (vi) Increase of the potential of human capital, and (vii) Time optimization.

During 2020 every director will work as "Apprentices" in the network, with full involvement of Direction and in the second semester 2020 apprentices of the network will experience working in central areas. Additionally, our Steering Committee will perform this exercise annually.

- Our clients always give us feedback through the NPS measurements for Retail, SME's and Business segments. Based on the above, we have improved the experience of our SME's customers, reinforcing positively the solution, assistance and treatment levers through customized assistance by executives and a continuous tracking to Netcash. The Retail segment for the three banks shows that BBVA has the greater growth of IReNe in 2018.
- We complied with the Financial Consumer Assistance System, required by the regulator to the financial entities and which purpose is to: (i) consolidate in each entity the assistance, respect and service culture to financial consumers; (ii) adopt systems to provide adequate information; (iii) strengthen the procedures to assist their claims and complaints; and (iv) encourage the protection of the rights of the financial consumer as well as their financial education. The Steering Committee of the Bank has been involved in the achievement of goals and is informed about the figures.



- Striving for consistency in the assistance to our customers, we formulated the Franchise Model that capitalizes our systems, protocols and choreographies already existing to reach larger dedication of our network to the integral advisory to our clients. This model will come into production in the Q2 of 2020.
- The customers feedback was submitted at the end of 2018 and the Payroll Customer Journey Map was the tool used by the Client Solutions areas in 2019 to define and implement the product onboarding (identified as pain point). Starting this project will allow us to create an emotional connection providing information or services according to the expectations of our clients and at the right time.

Transparent, Clear and Responsible Communication (TCR)

A teal speech bubble icon containing the text "GRI-FS-4".

On the continued implementation of the Disabled Customers assistance, a guide interpreter service was hired for the deaf blind population from May.

Our balance for year 2019 in respect of control entities is positive since every requirement by the Financial Superintendence of Colombia on impacts of the financial sector were responded timely.

Our relationship with the Ombudsman of the Financial Consumer was ensured in terms of objectivity and independence. During 2019 monthly follow-up meetings were held thus generating actions to reduce claims and complaints.

To increase the percentage of the execution of legal training courses, the Vice-presidency of Talent and Culture conditioned the payment of the variable stimulus package to the completion of said courses.

The SAC “legal challenge” course was developed for 2019 – 2020 period and the new SAC mandatory course was launched for new hiring of the Group in Colombia.

The network Front Team was created to be the sole communication channel with the General Direction and as tool “Ask the GD” and the portal of banking business consolidated.

Customer Assistance System

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Management of claims and complaints

Se continua trabajando en la identificación de la causa raíz y diseñando circuitos que nos permitan mejorar el

We continue working on the identification of the root cause and design circuits that allow us improving the process by making it more efficient and opportune.

Keeping in mind the above, the control tower project has been named now incident circuit of client impact involving Claims and Complaints, Strategy & Control and Clients & Core Solutions – Daily Stabilization Group areas to follow up on a weekly basis the timely management and make adjustments as appropriate, to

normalize the product or service thus preventing any complaint that may arise. For such process, a pilot with the new "Service Desk" tool is being run to trace the cases but for the time being the events filed correspond only to those events related to loans and incidences.

The Quality Engineer Committee is held monthly to expose several impact incidences to the client for assessment by different work groups and make adjustments as appropriate.

By assessing the main causes of complaints per review and reliquidation typology, there is evidence of operative adjustment processes or requests that, since there is not a defined circuit or timely response of the areas, lead to complaints. According to the aforementioned, the "New Assistance Model 2.0" project was launched for July.

Purposes:

Implement management models in central areas, identifying improvement opportunities and discontent causes to optimize the relationship and customer assistance, office network and GM.

Optimize the assistance model by establishing circuits that allow us to offer a timely assistance, simple to the client and accompanied by permanent training aligned to the office network with ANS (minutes – hours -days).

Adjustment of central areas to customers and office needs.

Mitigation, reduction of claims filed to the Bank, and therefore, cost reduction.

Pillars:

Attention of specific typologies through Ask the GD.

- Assistance by specialists of Central Areas – Call Center.
- Education - Training.
- Update of penalty model.

Excellent results both in mitigation of claims and complaints and in centralization of the sole Ask GD tool were obtained to support offices and control the quality and times of response with excellent rating by the network and which has attended 3,900 consultations, resulting in 3,900 less complaints.

Specialities implemented

Speciality – Q&A Consultation and Advisory

Speciality – Ley de insolvency

Speciality – Drafts

Speciality – Recoveries

Speciality – Payment adjustments

Speciality – Persecution of third parties

Number of claims with respect to privacy and leakage of personal data.

GRI-418-1

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Law of personal data protection	5	7	8	7	20	34	20	26	45	21	4	6	203

From 203 claims received for issues related to personal data protection, two were filed directly with the Financial Superintendence in June and August 2019.

An increase was evidenced in the period May to October when several claims were identified for insurance policies that were allegedly not contracted, online creation of unrecognized products and non-conformity of customers with data management.



The data protection protocol was created with Legal, Marketing, Operations, Call Center, Security and Internal Control areas, thus allowing the accomplishment of following goals:

Eliminate immediately the consumer’s contact data from the advertising data base to ensure that no further advertising and/or promotion of products and/or services of the Bank or allies will be received.

Ensure that technically and operatively such consumer will not receive any further advertising messages.

Within the protocol, each area involved in the process is assigned a responsibility as appropriate.

Time for resolution of claims

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Avg
Días	2,3	3,1	3,4	3,5	3,7	3,8	4,5	5,6	5,8	5,2	5,5	5,9	4,4

*For this calculation, only claims were considered but requests not.

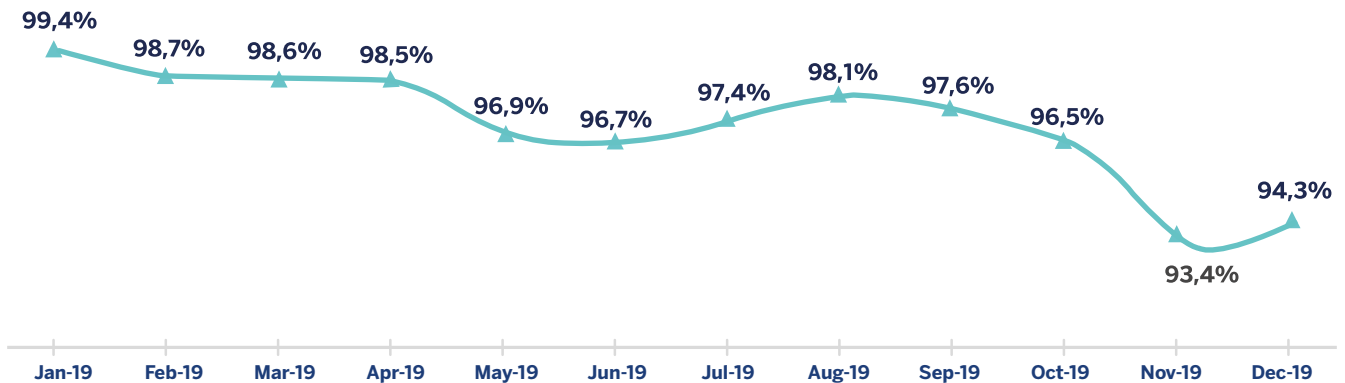
The increase in the average time for resolution is due to the impact of the volume of fraud complaints this year. Said fraud complaints require more management time for their complexity. Also, the complaints for processes of accounts payable normalization should be added. Notwithstanding, since the implementation of Recoveries Speciality created with the new Assistance Model 2.0 from July the impact has been reduced.

Percentage of claims resolved timely

Months	SPC Claims filed	SPC* Claims managed	SPC* Participation
Jan	7,950	7,902	99.40%
Feb	8,221	8,116	98.70%
Mar	9,088	8,963	98.60%
Apr	8,250	8,124	98.50%
May	10,234	9,920	96.90%
Jun	8,175	7,902	96.70%
Jul	9,218	8,979	97.40%
Aug	7,441	7,299	98.10%
Sep	8,516	8,310	97.60%
Oct	9,874	9,531	96.50%
Nov	8,674	8,104	93.40%
Dec	11,159	10,522	94.30%
Total	106,800	103,672	97.10%

* First contact solution

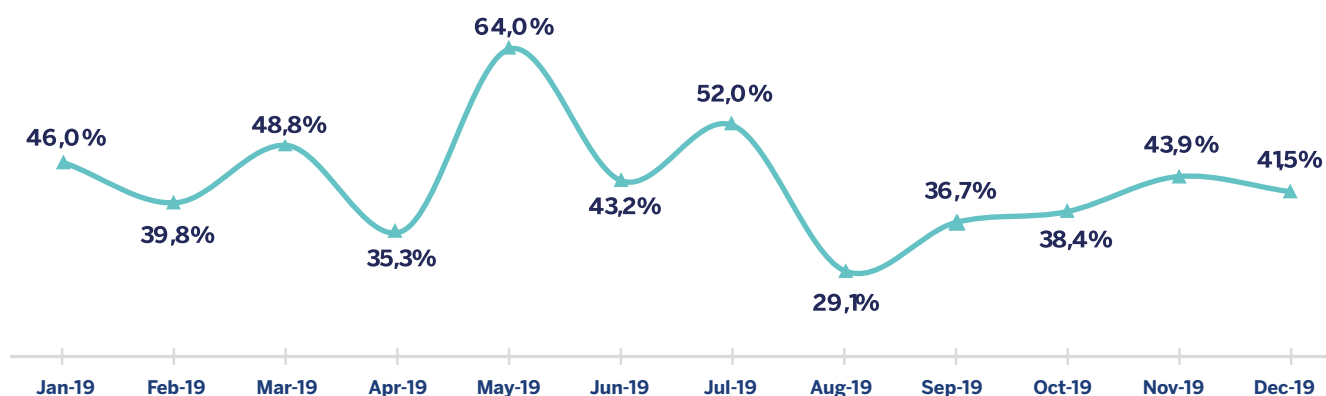
Petitions, Claims and Complaints ´ Opportunities



For the months of October and November, the percentage of complaints dealt with on time was reduced, which was due to the damming generated by the high volume of fraud complaints and which, with the different actions carried out by the area in charge, has been normalizing.

Percentage of complaints and claims with First Contact Solution (SPC)

Participación SPC



Months	SPC Claims filed	SPC* Claims managed	SPC* Participation
Jan	7.822	3.600	46,00%
Feb	8.313	3.309	39,80%
Mar	7.862	3.837	48,80%
Apr	8.995	3.176	35,30%
May	7.326	4.692	64,00%
Jun	8.241	3.563	43,20%
Jul	7.340	3.815	52,00%
Aug	9.425	2.742	29,10%
Sep	7.678	2.814	36,70%
Oct	8.402	3.224	38,40%
Nov	6.497	2.853	43,90%
Dec	7.254	3.014	41,50%
Total	95.155	40.639	42,70%
























* First contact solution

In cases treated at first contact, we continue to work on migration for care at the first level. However, the typologies received and with the greatest growth are complex issues and must be analyzed by specialists in the areas of fraud and portfolio recovery.

Continuing with the strategy of overflowing customers to digital channels, excellent results are observed, which we detail below.

Transactional monitoring at November 2019

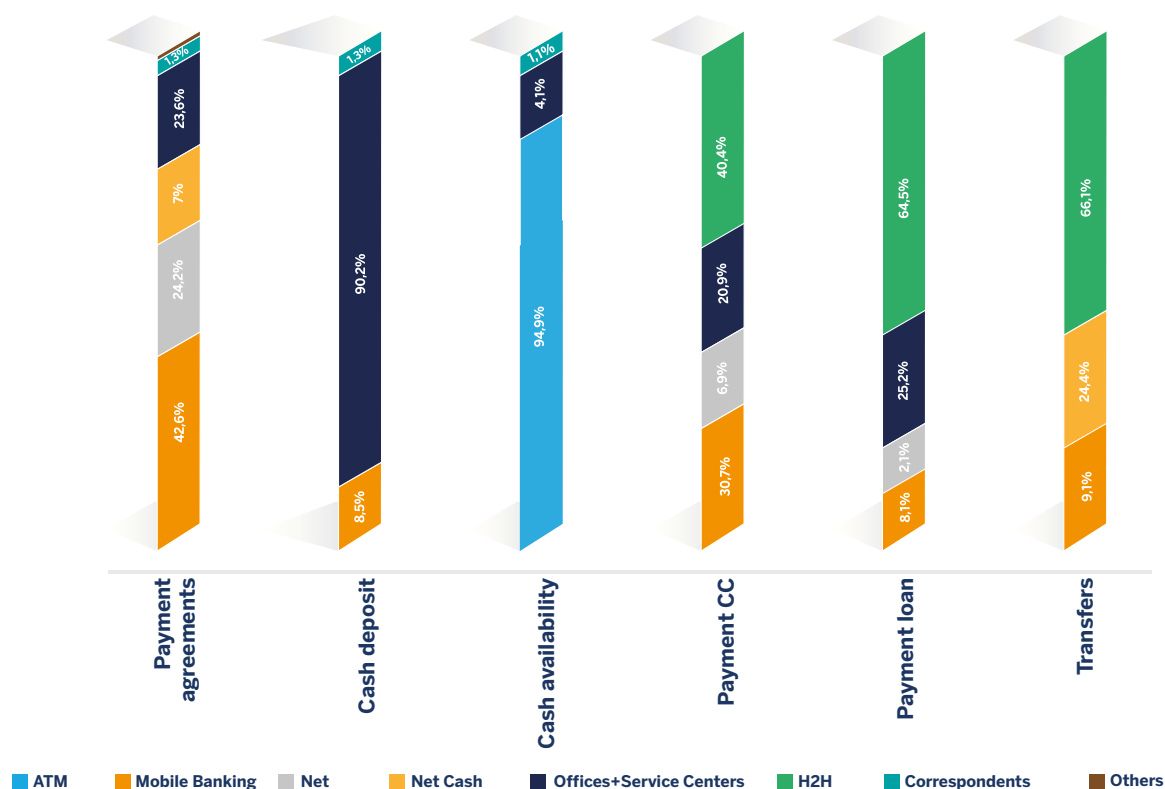
Summary of channels

Desired					
Transfer channel	% Participation T x Accum		Participation Variation %		TAM Accum
 Purchases in POS	19.69%		8.313	pb	26%
 Collections mobile+ Net	10.25%		3.309	pb	5.77%
 Payment CC Mobile+ Net	8.11%		8.313	pb	78.31%
 Payment loan Mobile+Net	1.91%		3.309	pb	35.30%
Total desired channels	40,54%		304	pb	26,97
Not Desired					
Transfer channel	% Participation T x Accum		Participation Variation %		TAM Accum
 BBVA ATMs	24.9%		-237	pb	6.21%
 Offices	6.72%		-108	pb	-3.05%
 ATM not own	2.09%		-13	pb	11.46%
 Sservice centers	0.41%		-5	pb	1.45%
Total unwanted channels	34.17%		-363	pb	4.49%
Otros					
Transfer channel	% Participation T x Accum		Participation Variation %		TAM Accum
 H2H	25.27%		60	pb	18.58%
 Phone bank	0.02%		-1	pb	-39.95%
Total other channels	25.29%		59	pb	18.51%

Resumen principales transacciones

Desired					
Transfer channel	% Participation T x Accum	Participation Variation %			TAM Accum
Transfer channel	33.79%	↑	107	pb	20.72%
Purchases in POS	19.64%	↑	128	pb	26.18%
Collections mobile+ Net	4.31%	↑	112	pb	58.8%
Payment CC Mobile+ Net	1.26%	↑	7	pb	22.90%
Payment loan Mobile+ Net	0.28%	↑	4	pb	32.90%
Not Desired					
Transfer channel	% Participation T x Accum	Participation Variation %			TAM Accum
Cash availability	25.66%		-260	pb	5.93%
Collections offices	1.934%		-31	pb	-3.55%
Payment CC offices	0.78%		-20	pb	11.31%
Payment loan offices	0.71%		-14	pb	

Transactions per channel at November 2019



Omni-channel model

In 2019 BBVA has devoted efforts to encourage the transactional transformation of clients, increasingly optimizing the mix of distribution between use channels, thus reducing the service costs and providing more efficiency and convenience.

This year the client transaction banking is still reducing in the office network thanks to the implementation of new functionalities in BBVA Mobile and BBVA Net and to the expansion of the banking correspondent network as an alternate channel to the office for cash transactions.

In this regard, we have improved the usability of BBVA Net and in BBVA Mobil there has been an increase of more than 2,000 digital payment agreements and the creation of 100% digital investment fund, among others. As to the banking correspondents, we incorporated ARA stores as a banking correspondent ally where our clients are able to withdraw cash in more than 500 points in the country. At the end of November, we had more than 40,000 transactions.

Likewise, always thinking about the ease and security of our clients, we have focused on digital channels becoming the tool for people to do their operations with ease of operations in mind and free, avoiding the need of withdrawing cash. This is the reason why from Q3 2019, BBVA clients can make banking transfers to other banks at no charge. Such initiative has allowed the increase of such operations from 7,700 to 10,600 monthly average, 37% increase. In the same line, we also encouraged the use of debit and credit cards for payment at commercial establishments granting points for purchases that can be redeemed as points for further purchases instead of using cash. The share in said transactional channel raised from 18.3% in November 2018 to 19.7% in November 2019.

As a supplement of above, education to clients using digital and physical channels such as ATMs and banking correspondents have acquired significant relevance through the Blue Troop, with which digital advisors come together to train both clients and other employees of the office network to use the most appropriate channels for monetary transactions pursuant to the client type thus, generating confidence and acceptance of the contact

points available to be closer to the client. This initiative has resulted in more than 35% clients intervened by the Blue Troop remain at alternate channels other than offices.

Transactions with greater impact in transactional migration from office to other channels have been payment of credit cards and payment of loans, going from 23.67% share in November 2019 to 22.26% in the same month 2019.

Upon implementation of the actions above mentioned, BBVA achieved a drop in offices share in the total of transactionality in more 100 pbs going from 8.1% in November 2018 to 6.7% in same month 2019 as well as transactions in BBVA mobile and BBVA Net exceed the participation percentage of those made at the offices, reaching 10% between BBVA Net and Mobile versus 6.7% in offices.

Participation percentage of operations in each channel

Channel	Dec-18	Dec-19
H2H	24.7%	25.8%
ATM own	25.1%	24.8%
POS	18.3%	19.7%
Net Cash	11.5%	10.2%
Mobile banking	5.3%	8.1%
Offices	8.1%	6.5%
ATM third party	2.2%	2.1%
Net	11.5%	11.9%
No-Banking network	1.2%	1.0%
Telephone Banking	0.03%	0.01%

Distribution of BBVA Colombia by departments

Departament	ATM	Banking Correspondents	Offices
Amazonas	4	4	1
Antioquia	129	906	52
Arauca	8	19	3
San Andrés	3	8	1
Atlántico	70	367	23
Bogotá	377	1874	120
Bolívar	48	171	12
Boyacá	25	243	8
Caldas	29	137	8
Caquetá	8	17	3
Casanare	22	78	6
Cauca	16	64	5
Cesar	29	80	10
Chocó	5	25	2
Córdoba	30	121	10
Cundinamarca	70	476	17
Guainía	-	1	-
Guaviare	2	3	1
Huila	27	128	7
La Guajira	26	38	7
Magdalena	29	111	7
Meta	32	195	9
Nariño	17	101	6
Norte de Santander	32	167	7
Putumayo	13	13	4
Quindío	13	91	5
Risaralda	32	107	9
Santander	90	320	25
Sucre	17	77	3
Tolima	37	214	8

Departament	ATM	Banking Correspondents	Offices
Vaupés		1	-
Valle del Cauca	126	705	44
Vichada	4	5	1
Total general	1,370	6,867	424



Operative risk management and customer protection

Corporate Security area is responsible for the protection of strategic assets and the identification and mitigation of security risks that may impact BBVA Colombia operation.

Redesign of structure and organization

During 2019 the digital security, physical security areas and fraud management/prevention in the Corporate Security Direction. The redesign included the creation of new disciplines and an adjustment in the process of security operations. The main purpose of this change is to increase the capacity of detection, reaction and resilience of the Bank before security risks, both in the physical and digital world, ensuring E2E processes.

Corporate Security has four strategic axes:

- Cybersecurity
- Business Process Security + Fraud
- Data Security + People Information Security
- Physical Security

Major advances in each of them are shown below:

Cybersecurity

Policies, procedures and standards.

- A new policy was prepared taking into account best practices of security to manage generic and nominal users with special permits in the Bank systems.



- The log standard to allow both I&C and Delivery was generated and in general every area that develops new projects, are aware of the logs treatment and minimum requirements to meet for the traceability of the activities made in applications, servers and tools acquired by the Bank.

Deployment of agents.

Monitoring and security agents were deployed for BBVA Colombia infrastructure, covering Windows – Linux and Workstations servers. Said monitoring agents are FireEye, CrowdStrike, F- Response, DLP, CyberArk, Antivirus and QRADAR. The results are shown below:

- Tuning and debugging process of FireEye tool was improved.
- DLP went from non-active locking model in 2018, to a 12-locking policy model for leakage of sensitive information, such as USB and plug and play devices, outgoing mail with sensitive information, printing of sensitive information and uploading sensitive information to web repositories.
- Navigation locking was applied also, thus controlling the access of users to information and communication transfer platforms such as social networks, Whatsapp and Facebook.
- To generate the access control and have clarity on what is being done about the Bank infrastructure, Works were made to enroll the CyberArk tool to control the session through the dropzone and prevents the direct administration of Windows, Unix and Linux servers.
- QRadar application of SIEM platform was also implemented, integrating AIX, Windows, LINUX, Solaris, CISCO, Blue Coat, IDM and other servers to monitor, generate alerts and take actions related to the use by users such as “root”, “admin” or others with special permits.

Further detail of such deployment is evidenced in following table:

Deployment of agents			
Agents	Inventory	Installed and Reporting	Coverage Percentage
Crowdstrike	Linux Servers 352	314	89%
F-Response	Window Servers 414	269	64.98%
	LINUX-Unix Servers 588	254	43.2%
DLP	Workstations 6621	5004	75.58%
CyberArk	Windows Servers 414	333	80.43%
	Linux Servers 352	349	70.76%
	Unix Servers 236	167	99.15%

Business process security + fraud

During 2019, the model for fraud integral administration continued strengthening as well as the implementation of initiatives that seek the protection of different transactional channels of the Bank, the protection of internal technology infrastructure and prevention of leak of information.

The strengthening project in authentication of Mobile Banking were initiated and also, enhancement of the information in the transactional monitoring platform and of the communication with clients through email and push awareness campaigns.

Additionally, DLP policy locking amounted to 43,966 for each policy in December and will continue in 2020.

Following table shows the detail:

DLP-Locking

Assets	Events
BBVA-COL-Attached with password and encrypted mail.	5,836
BBVA-COL-Bank account COL	18
BBVA-GP-COL-Bank account 1	152
BBVA-GP-COL-SWIFT codes	4
BBVA-GP-COL-DNI Generic	1
BBVA-GP-COL-Credit cards	175
Total	355,836

DLP - Monitoring

Monitoring	Total
BBVA-COL-Mobiles	4,16
BBVA-GP-COL-COL Identification number	4,935
Sub-Total	9,095
Total	364,931

Risk management

Rule	Events
BLQ_IMP_E-mail	4,520
BLQ_IMP_Swift	93
BLQ_IMP_Credit cards	303
BLQ_PorPap_E-mail	7351
BLQ_PorPap_Swift	48
BLQ_PorPap_Credit cards	986
BLQ_PRT_NUB_E-mail	237
BLQ_PRT_NUB_SWIFT	237
BLQ_PRT_NUB_Credit cards	35

Rule	Events
BLQ_Web_E-mail	28,198
BLQ_Web_Swift	131
BLQ_Web_Credit cards	1,827
Total	43,966

Data security + people information security

In this discipline, efforts were focused to improve practices in use and protection of information (anonymity, tokening, debugging, limitation of information for tests in previous environments) and awareness activities with both employees and their relatives. Following tables evidence the further detail of actions performed:

Data security

Logro	Detalle
External governance project	Identification of sensitive transactions in external users' profiles
	39 Profiles for external users – Transactions Validation
	53 Profiles shared Bank and external users
	45 Profiles with Powers with considerable values
Restore productive information in previous environments	14 detected applications. Controls that ensure the sensitive information were implemented.
Concept of Data Security for new projects and initiatives	35 Characterized projects
Non-card Electronic Payments project	53% progress of Non Card Electronic project
Implementation security model plan of Datio	Identification of Level 3 (Restricted level) cases for domains.
	Approval of global catalogue and validation of the classification level model.
Generation of bimonthly Data Security and Protection committee	Concept in ARA for new data security projects and initiatives.
Information gathering and analysis of processes that contain Employees, Clients and Cards	Shadow IT (gathering of information, Architecture, I&DS analysis)
	ARIS (gathering and I&DS analysis)
	Cybersecurity (Cybersecurity gathering, I&DS analysis)
Participation in the Coordination Working Group (DOM)	Concept of new Datio projects and initiatives

People information Security

Achievement	Detail
Generation of employees' awareness campaigns	Monthly publication of 2 news in the Engineer community and CS&ER Team
Participation in Life 360 Family event	Installation of Police Stand, talks and sketch related to security advices and data protection
Generation of monthly communications to employees	aldia@bbva.com Mailbox with issues related to information security
Celebration of Security Day in Colombia	Event coordination
Ninja Workshops	"Protect your Data"
	"Forensic Data Collection"
	"How to protect from Social Engineering"
	"Crypt4you"
	Approval of global catalogue and validation of classification level model.
Generation of Data Security and Protection bimonthly committee	Concept in ARA for new data security projects and initiatives
Information gathering and analysis of processes that contain Employees, Clients and Cards Data	Shadow IT (gathering of information, Architecture, I&DS analysis)
	ARIS (gathering of information and I&DS analysis)
	Cybersecurity (Cybersecurity gathering, I&DS analysis)
Participation in the Coordination Working Group (DOM)	Concept of new Datio projects and initiatives

Physical Security

During 2019 the identification and mitigation process of physical security risk was strengthened designing a risk assessment methodology for In Houses, ATM, office network and providers. Likewise, the quantity and quality of the information available improved for decision-making process, such as analytics about security incidents in ATMs and optimization of physical security operations at the higher risk points.

Such measures have allowed the improvement, increase and enhancement of preventive security activities in ATMs per city that record the larger amount of vandalism, ATM monitoring and In Houses, and reaction to vandalization among others.

Also, 13% reduction was achieved in robberies and 14% in street thefts.

Modality	2018		2019		Variation	
	Quantity	Value	Quantity	Value	Quantity	Value
Robbery	15	\$153	13	\$167.30	(13)%	9%
Street theft	7	\$132	6	\$62	(14)%	(53)%

Strengthening our security plan, 476 officials, among office assistants were trained in new services and virtual courses about criminal modalities, identification documents, cheques security and ID fingerprint security.

Market and competitive position

BBVA has maintained the fourth position in credit investment with 10.26% market share at October 2019, -1 pb variation versus 2018.

Individuals portfolio recorded 14.30% share at October 2019, and BBVA showed -35 pb reduction versus 2018, keeping the third position. With regard to the Business portfolio, it was placed at 7.01% in October 2019, with no variation versus 2018, ranking at the fifth position.

In Clients Resources, BBVA ranked at the fourth position in October with 11.37% market share, -50 pb variation versus previous year. Funds at sight were reduced by -221 pb in October versus 2018, ranked at the third position with 11.13% share. Savings showed +47 pb increase, ranked at the third place with 11.07% market share. In turn, Fixed-Term Deposits share recorded -83 pb reduction versus October 2018. This variation showed 12.38% variation, ranked at the third position.

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The team

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Being the purpose of BBVA to make available to everyone the new era opportunities, three new primary sections of the strategy area were developed which allow both teams and professionals face the coming challenges, translating opportunities into realities and adding value to accomplish the Organization strategic mission:

1. Ensure that Talent and Culture models and processes are based on data for making the best decisions, with clear, objective, transparent and simple information to design and generate better strategies focused to the development of people.
2. Develop leaders required by BBVA for today and the future by linking BBVA purpose and values, where each one is accountable for the leadership on a day-to-day exercise.
3. Turn Talent and Culture into a strategic area, with a major role in the business transformation, thus creating new capacities and contributing to results by adopting the leadership role, identifying the area analytical role and converting it into intelligence. Initiating the transformation of the area model into a Data Driven model with the purpose to become partners for the areas serviced.

For the execution of the aforementioned sections, the Organization Transformation and Professional Development Model were implemented. These are deemed as key levers of the BBVA transformation and innovation process, integrating following management focuses in 2019:





Professional development model

Thinking that all employees may take advantage of the opportunities arisen in this new era, the Employee is the leading role of his development! Model was structured on three major pillars:

1. **Know yourself:** It consists on identifying the strengths and weaknesses of employees, using as source the valuation tools applied throughout the year such as: people assessment, process in which leaders, pairs and teams assess different skills and the individual performance evaluation that measures the alignment with values and level of compliance of goals.

Results are compared to skills required for the role in such a way that employees identify development opportunities for professional growth in the Organization.

2. **Improvement:** In this stage the employee creates his growth plan with the supplies delivered at the Know yourself stage, using instruments such as, BBVA Campus, e-learning platform with more than 7,000 training resources available in different knowledge areas.
3. **Explore:** To facilitate the professional development process, a series of search and tools of possible roles of interest or adequate to the employee profile were integrated.

Also, the data-based algorithm was developed for Talent Mapping, thus integrating Intrinsic Skill valuations and sustained performance of employees. For 2020, their uses will be defined mainly intended to:

- Employees' training
- Criteria for local or international mobility
- Basic elements for management and remuneration

Internal mobility and external selection

Under the professional development model where the leading role is played by the employee, currently BBVA has new ways to identify multiple roles that may be interesting at the time to explore possibilities in the Bank, being the core purpose having the best talent, maximizing the contribution of value and increasing the commitment of the employee and at the same time growing professionally with a continuous learning.

Since the implementation of Mobility, an internal mobility tool available to all employees and based on the mobility policies that seeks transparency, flexibility, confidence and effectiveness of all process to fill vacancies, BBVA goal is to prioritize the internal talent over the external talent. This is the reason why Talent and Culture analyzes whether there are internal candidates with the required knowledge and skills. If any, the internal candidate has always priority over the external candidate. Thus, in 2019, 78% filling of vacancies via mobility prioritized the internal talent. In every process of Mobility vacancy filling at least three candidates will be presented.

Some figures of the vacancy filling process in 2019 are shown below:

- 474 processes through Mobility
- 412 external processes from which, 66 resources were incorporated for New Capabilities to develop new technologies, Software Architects and Developers, as well as the incorporation of profiles experts in design of User Experience.

Training, culture and development

Creating new opportunities through developing capacities that allow BBVA to have the best team, is the objective of the professional development model. For this, in 2019 the strategy was aimed at axes to enliven this premise, integrating action plans to have every employee becoming the leading player of his professional development.

The training strategy had three axes, each of them leveraged on our values:

1. Improvement of employees' experience; thus, all training resources implemented in 2019 were designed from the user's perspective, using design methodologies (User Experience).
2. Team working; the development of contents was made together with areas experts in the knowledge identified in the design process.
3. Prioritize activities, based on the impact and generation of value under the premise Think Big.

Under such guidelines, it was accomplished:

- The development and stabilization of new capabilities schools (data, processes, new technologies and user's experience).
- Moreover, the "Way of Opportunities" was implemented to provide tools that allow key roles to relate each other adequately with the client, Office Manager and Assistant Managers and Executives, and Sales reps and Agents.

- Also, the Coaching process was initiated for Territory Managers and Area Directors to leverage the new model of Banking relationship.
- The B-Token was stabilized as a vehicle for training democratization and streamlining through the promotion of the Marketplace that grants B-Tokens when developing training resources and sharing knowledge or investment of B-Tokens in specialized training activities.

The execution of said guidelines was materialized in shorter learning matters, better qualified for participants, with contents adjusted to the reality of the headcount according to responsibilities. It generated increase in the average of resources per person.

Organization Transformation

During 2019, BBVA Colombia completed the implementation of 100% of organization structures of all central areas in the Agile model, seeking to escalate and permeate the Agile culture to accelerate and improve the execution of products and services strategy and development. The structure was made up through five strategic Building Blocks, the definition of roles in each Building Block and domain, which comprises main responsibilities and skills required for the adequate performance. In turn, the job positions mapping was synchronized for the areas under this model, evaluating functions and responsibilities of each job position. This allows the accomplishment of greater Agility to perform processes and projects with client perspective and more quality, with multidisciplinary teams with more autonomy and decision-making capacity.

When developing the Role model, the process for identification, definition and assignation of roles was carried out for 90% areas of the Bank and subsidiaries such as BBVA Fiduciaria and BBVA Seguros, documenting the description and skills (cultural, leadership and transversal skills) for the adequate performance of a job position.

Open Space

aligned with the Agile culture and facilitate the collaborative work. This placed the direction layer closer to teams, which facilitates the decision-making process to meet the clients' needs with agility and facilitate the interrelation

of teams and leaders with modernity, transparency and convenience for employees.

Thus, in 2019 following adaptations in the General Management building were submitted:

- 100% of floors remodeled,
- 23 meeting rooms for 99 rooms with audiovisual and/or communication devices,
- The Business Center at 1st floor for customers and suppliers' assistance,





- “La Zona” fitness, Gym at basement 1 for the exclusive use of employees,
- Dining room, with kitchen and restaurant to prepare and sell food.
- Auditorium in 12th floor for 145 people, which could be split in 3 large rooms with terrace and furniture for informal meetings or entertaining..

Also, at year end 2019, the new Open Space in Bogota began operations. This is a space available to the ‘fintech’ ecosystem to encourage the exchange of knowledge and ‘networking’ among entrepreneurs of the country, area of 362.20 m2 located at 15 street with 95 street with COP\$1 bn investment.

Finally, the new place for Engineer area was delivered at the “Deer” building in Bogota, for 286 job positions to work in new methodologies and relieving the Teusaquillo building. Also, the second arm of Energy was delivered to the Data Processing Center located at the Teusaquillo building which allows having the contingency for the power operation thereof.

In the office network, 5 offices were remodeled, and 104 ATMs were renewed, 18 were expanded, 16 moved, 13 dismantled and 7 adapted.

In 2019 BBVA, adopted a new single global brand and a new logo. This new identity reflects BBVA values, in particular “We are one single team” that emphasizes the importance of people working in the Group. This decision highlights the option to offer global products and services to clients with the best experience. The change of BBVA logo at locations was initiated and following is the progress:

Responsible Practices

	Distribution	Total	Progress	%	Outstanding
Total phases	Offices	522	317	61%	205
	ATM	540	268	50%	272
	Buildings	14	12	86%	2

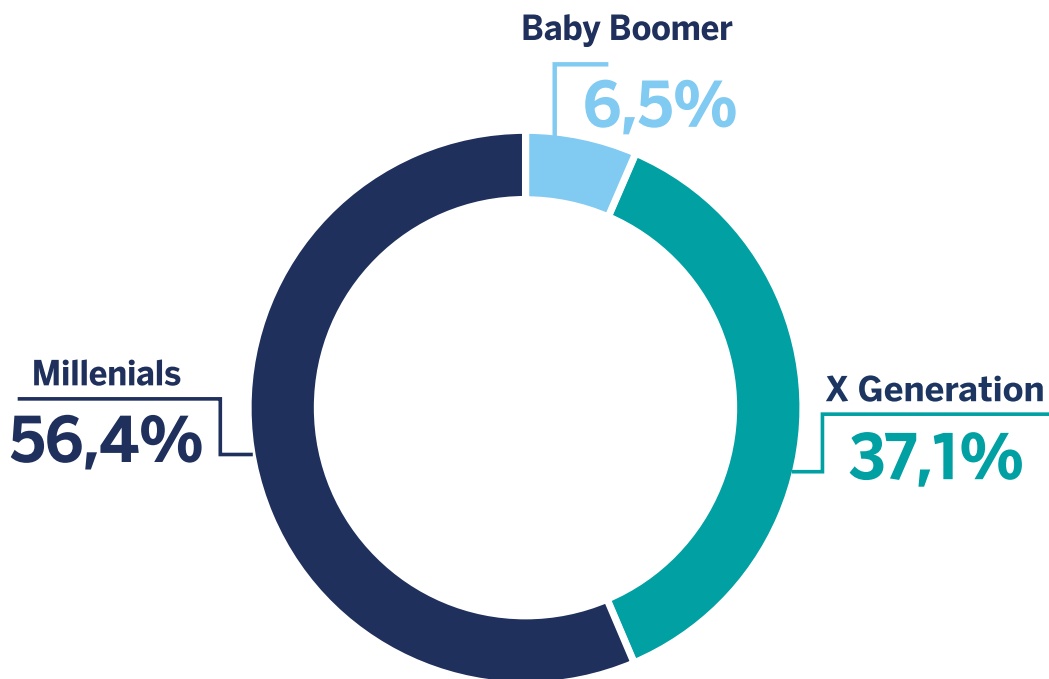
First payroll in the cloud

BBVA Colombia implemented Experience, the first payroll in the cloud, a space that allows connecting at any time and any place to manage the requests immediately and with effectiveness. Thus, with a single click, the employee issued his labor certificates, downloads payroll vouchers, requests vacations and manages all benefits and aids.

The team in figures

Below is the outcome of the Talent & Culture management in figures.

At December 31, 2019 the headcount was 5,402. Women represent 58% of the headcount. The BBVA team reflects an important generational diversity as observed in the graphic below, which highlights the representativity of Millennials and X Generation which enhances the team performance and employees' commitment.



To support the transformation and implementation of the Agile model, BBVA has 11 Scrum Masters to support different teams regarding coaching, mentoring, and team facilitation. Also, to support Digital Transformation, BBVA has strengthened new capabilities, with at least 319 roles focused to digital mode, such as Software Engineers, Designer User Experience, Infrastructure Engineers, Agile Coach, and Security Engineers.

Per professional category, 35% personnel core is at the base job positions together with specialists and responsible staff with 32%, respectively.

The recruiting salary is 2,39 times above the minimum Colombian wage.

The Bank has benefits for employees, such as extralegal bonds, seniority and holidays bonds as well as optical aids, meal for assistants working on full-day, education aids for children and employees, incentive for cash tellers, maternity leaves, funeral for death of fathers, siblings, spouse or children.

In summary:

The team in figures

GRI-102-7

Breakdown of employees per gender

Total employees Banco BBVA Colombia 2019	5,402
Men	2,259
Women	3,143
Men (%)	42%
Women (%)	58%

GRI-401-1

Staff turnover (recruitments and dismissals)

Gender	Recruitments	Dismissals	Turnover Percentage*
Women	278	175	14.72%
Men	221	153	16.83%
Total General	499	328	
Turnover rate			15.61%

Staff turnover per Range of Age and Gender

Gender	Under 25	Between 25 – 45	Older than 45
Women	64.25%	13.84%	2.90%
Men	69.21%	19.64%	4.18%

Breakdown of headcount per labor category and age

GRI-405-1

Job position	Under 25	Between 25 to 45	Older than 45	Total
Directors	0	7	23	30
Specialists	41	1665	863	2,529
Salesforce	8	793	171	972
Base positions	212	1165	494	1,871
Total general	261	3490	1551	5,402

Breakdown of headcount per labor category and gender

GRI-405-1

Job position	Feminine	Masculine	Total
Directors	6	24	30
Specialists	1321	1208	2,529
Salesforce	676	296	972
Base positions	1140	731	1,871
Total general	3143	2259	5,402

Relation between gender, broken down per professional category - Average

GRI-405-2

Job position	Feminine	Masculine	Annual fixed income average	Relation woman/man salary
Directors	\$ 323,788,633	\$ 386,687,839	\$ 369,533,510	83.73%
Specialists	88,941,938	102,259,417	95,303,154	86.98%
Salesforce	56,738,666	59,697,504	57,639,711	95.04%
Base positions	39,012,566	43,171,878	40,637,610	90.37%
Average	\$ 64,354,024	\$ 79,495,995	\$ 70,673,004	80.95%

Relation salary recruitment and minimum legal salary

GRI-202-1

BBVA Colombia 2019 minimum legal salary	MLS	Relation salaries
\$ 1,991,658	\$ 828,116	2.4

Employees 2019 Training and Social Benefits

Benefit	Amount paid (figures in million)
Meal aid	\$ 937.4
Eye surgery aid	9.2
Maternity aid	125.9
Relatives death aid	72.4
Children education aid	643.9
Disabled children education aid	4.5
Optical aid	1,811.6
Loan for post-graduate studies	968.7
Loan for pre-graduate studies	2,217.5
Incentive for cash tellers	263.8
Seniority premium	8,897.7
Holidays premium	8,698.8
Holidays premium seniority benefit	57.3
Extralegal premium	\$ 61,806.7

GRI-404-1

Average hours of annual training

Training hours	Total Hours
BBVA Colombia	206,689.97
Average per person	35.90

GRI-401-2

Training hours broken down per gender

Gender	Hours	%
Women	124,903.15	60%
Men	81,786.82	40%
Total Hours	206,689.97	100%

Average of courses broken down per gender

GRI-404-1

Gender	Average of Courses
Women	52.21
Men	41.99
Average	47.1

Training hours broken down per employee category

GRI-404-1

Employee category	Hours	%
Directors	216.16	0.1%
Specialists	44,819.97	21.7%
Salesforce	144,134.18	69.7%
Middle management	12,414.07	6.0%
Base positions	5,105.59	2.5%
Total General	206,689.97	100%

Number of employees per type of journey and gender

GRI-102-8

Jornada	Women	Men	Total
Part time	160	56	216
Full time	3,165	2,304	5,469
Total	3,325	2,360	5,685

Number of employees per type of employment contract per gender

Contract *	Women	Men	Total
Not defined	3,143	2,259	5,402

Note 1: In addition to the closure of December, BBVA had hired 283 People among SENA apprentices and interns (182 Women and 101 Men).

Nota 2: Likewise, at December 31, BBVA had 836 employees (642 Women and 194 Men) commissioned that basically support the organization to cover the absences for vacations, disabilities, licenses and others, thus ensuring the proper service to the customer.

Headcount per type of contract and region

GRI-102-8

City	Indefinite	Learning	Total
Bogota	2,898	184	3,082
Cali	234	4	238
Medellín	344	30	374
Barranquilla	189	11	200
Other cities	1,737	54	1,791
Total	5,402	283	5,685

Percentage of employees covered by the collective agreement

GRI-102-41

Employees	Total
Under Agreement	100%
Out of the Agreement	-

The 100% employees are covered by the collective negotiation.

Accidentality

GRI-403-2

Types of Accidents	With disability	Without disability	Total
Quantity	38	87	125
Accidentality frequency Index			
	18.58		
Absenteeism rate			
	2.47%		

GRI-403-4

Workers involvement in consultations and communication about occupational health and safety

All Employees (Rate calculated x 1000000)	
Concepto	BBVA 2019
Number and rate of deaths resulting from injuries for occupational accident.	Deaths: 0
Number and rate of injuries for occupational accident with major consequences (not including deaths).	Accidents: 1
	Rate of injuries for occupational accident: 0,094
Number and rate of injuries for recordable occupational accident.	Accidents: 96
	Rate of injuries for occupational accident: 9,082
Main types of injuries for occupational accident.	Hit, bruise or crushing are the main injuries arisen from occupational accidents.
Hours worked	10'570.128 hours annually.
Hazardous Works that show risks of injury for occupational accident with major consequences	
¿How said hazards are determined?	Through the national risk prevention strategy that consists of visiting work centers, establishing the matrix updating activity and the identification of hazards and risk assessment and control.
¿Which of said hazards has arisen or contributed to generate injuries for occupational accident with major consequences during the period of the report?	Sport accident.
	For this, there are clear regulations to eliminate anti-sport conducts that arise injuries to participants.
Measures taken or projected to eliminate said hazards and reduce risks through the control hierarchy.	Change of the scheme in sport activities.
	Fall prevention campaign.

Injuries for occupational accident.

GRI-403-9

Item	BBVA 2019
Number of deaths due to occupational illness.	Deaths: 0
Number of cases of recordable occupational diseases.	Cases: 8
Main types of occupational diseases.	Most occupational diseases affect the musculoskeletal system

GRI-403-10

Occupational diseases

Item	BBVA 2019
Description of participation and consultation processes of employees to develop, apply and evacuate the system evaluation of the occupational health and safety management system as well as the communication processes of relevant information.	The updates of Identification Matrixes of hazards, risk assessment and control involve employees of each work center to complement the information evaluated by an expert. BBVA has communication channels such as Daily Magazine, Daily Mail, COPASST mail to report important issues about the OHS management system
Existence of a formal employee-company health and safety committee, a description of their responsibilities, the frequency of meetings, the authority for decision making and whether employees are represented in said committee, otherwise, the reason why it does not take place.	The COPASST with the involvement of employees' representatives (4 with their alternates) and of the employer (4 with their alternates), holds monthly meetings to review cases of persons or work centers that report any health novelty.

Volunteering and social engagement

More than 500 BBVA employees in Cali, Medellin, Bucaramanga and Bogota carried out the Volunteer Week BBVA 2019, to perform programs such as tree plantation, entertaining accompaniment, assistance in soup kitchens and, in general terms, sharing time with kids, old people and people with special needs.

Additionally, at the Lifest 360 held in November 2019 in Melgar, Tolima, a group of 120 officials carried a tree plantation to mitigate the carbon footprint left by the 3-day activity that gathers more than 3,000 employees.

Such plantation was made at Cafam Recreational Center in Melgar, Tolima, venue of the Lifest for several years. BBVA Volunteers have developed other initiatives over these years such as adaptation of schools, among others.

Corporate Governance System

The Corporate Governance System of BBVA Colombia is aligned with the international, corporate and local recommendations and trends. Its principles, elements and practices are set out in different instruments that guide the structure and functions of the corporate bodies, such as the Articles of Association, the Corporate Governance Code, the Rules of the Shareholders' General Meeting, the Rules of the Board of Directors and the Rules of the Board Supporting Committees.

The System is also made up by the standards of internal conduct contained in the Code of Conduct of BBVA, the Code of Conduct in the Securities Market and Code of Conduct for the Prevention of Money Laundering and Terrorist Financing set out in the postulates that govern the actions of their directors, administrators and employees.

Additionally, the Corporate Governance System of BBVA Colombia is conceived as a dynamic process in permanent review, with a focus toward improvement and adaptability to the new realities of the Bank and its affiliates, taking as reference the regulations and recommendations produced with regard to the best practices of Corporate Governance.

The Management Report, the Corporate governance annual report annexed as supplementary information and the Implementation Report of Best Corporate Practices, for the year 2019 disponible are available on the BBVA Colombia website <https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/encuesta-codigo-pais.html>

Compliance system

BBVA's Compliance system constitutes one of the bases in which BBVA consolidates its institutional pledge to conduct all operations and business in accordance with strict code of ethical conduct. The Compliance Area continues articulating its activity around the development and implementation of policies and procedures, the dissemination and training in Compliance matters and the identification, evaluation and mitigation of potential compliance risks, understood as those that affect the following issues:

- Markets behavior.
- Dealing with conflict of interest.
- Prevention of money laundering and terrorism financing.
- Consumer protection.

During 2019, the goals of the area were fully accomplished, with the adequate organization structure and clear assignment of roles and responsibilities. Said goals focused on aspects such as the adequate management and mitigation of compliance risks, active participation in the Operational Risk Admission Committee and Product Governance, support and accompaniment to the commercial performance of the Bank, internal and external reporting sent with strict compliance, timely compliance with the requirements of the State control and surveillance entities and continuous training strategies and communication related to compliance to strengthen even more the ethics culture of the entity and review the contents of policies, procedures and manuals about the function, thus verifying the efficacy of preventive measures proposed, their effectiveness and adequate compliance, making the modifications as appropriate in each case.

Business integrity

Year 2019 has been an important one to BBVA Colombia as to its permanent commitment with business integrity by continuing its best efforts on the continuous improvement of the model. In line with the above, in 2019 following policies were approved:

Conflict of interest policy for the consumer's protection

This policy sets the principles and guidelines to be observed by BBVA entities in Colombia, and consequently, all its Directors, employees, part-time staff, agents, providers and other people that directly or indirectly are linked to the entities, to identify, prevent, manage and, if necessary, disclose the situations that constitute conflicts of interest that may arise with regard to the financial consumers when rendering services.

The purpose of this policy is to monitor any conflict arisen between: i) Employees and clients and ii) Two or more BBVA clients, being understood that the existence of conflict requires that not only the entity but the client may obtain a benefit or prevent a loss but that there is also a possible damage to the client.

Competition Policy

The purpose of this Policy is to develop the principles and guidelines provided in the paragraph 3.14 of the Code of Conduct and the establishment of a framework of action to prevent, detect and promote the communication of anti-competitive practices or risk situations.

The application field extends to every BBVA entity, its administrators, directors and employees in each activity derived from their job position as well as to such third parties with professional relations with entities, which activities represent a risk to BBVA or that affect their reputation.

As conduct guidelines the prudence and common sense, respect to regulations and acting "with respect to the free competition" have been stated as well as the prevention of "conducts that restrict it illegally".

Additionally, following activities are worth mentioning:

- Proceedings towards the design and implementation of the Anti-corruption program was initiated to

develop the policy approved in 2018 which purpose is to establish an action framework to prevent, detect, and encourage the reporting of corrupt practices or risk situations, set concrete behavior guidelines in sensitive activities or areas, facilitate the recognition of assumptions that demand a special caution and, in case of doubt, provide the adequate advisory.

This program will be implemented in 2020. It reflects the strong commitment of BBVA Group with legality and ethical principles that require acting with the utmost honesty, integrity and transparency, both within the entity and in clients, agents, intermediaries, commercial partners, public or private institutions and other third parties.

- Compliance with External Circular Letter 007 of 2019 issued by the Financial Superintendence of Colombia related to the complaint channel. For this purpose, the Reporting Channel Procedures Manual was adjusted, reiterating the principles set by the Code of Conduct with regard to the protection to the good faith complainant, confidentiality of the report and complainants, training and permanent communication of employees about the Code of Conduct and the Reporting Channel, of the participants of the complaint as well as the rules and principles applicable.
- The dissemination of the Code of Conduct continued and training activities on the Internal Conduct Regulation and Market Abuse activities.
- The providers' form implemented for Procurement processes was reviewed and modified in regard to the statement of conflict of interests as a mechanism to prevent, detect and manage them adequately.
- Quarterly reports were directed to the Board of Directors in connection to the management of Business Integrity.
- The Internal Rules of Conduct of the RIC market was updated.
- Individual and synthetical indicators were prepared for prevention and detection of eventual sales bad practices for sale, breaking rules and case analysis of complaints reported by BBVA clients.
- Procedures were implemented to develop product governance policies and also the Conflict of Interest

policy for consumer protection and procedures to review the Internal Regulatory body in connection to market integrity and procedures of the Restricted Securities Global List of BBVA.

- Reports related to Code of Conduct, Complaint Channel, RIC, Own Account Businesses and Global Model of Customer Compliance Indicators, were sent to the corporation as requested.
- The Market Abuse Indicators and new Risk Appetite Framework (RAF) Indicators were designed and reported in conformity to corporate parameters.
- Risks and controls toward the update of matrices were reviewed for Corporate Compliance, Customer Compliance and Securities & Derivatives to implement Migro tool.
- Thanks to the continuous and permanent improvement of the function, supported on the risk review and analysis, controls were reinforced and measures to strengthen the three-line defense model. .

Code of Conduct

GRI-205-1 • GRI-205-2
GRI-205-3

The BBVA Code of Conduct provides behavior guidelines in line with the principles of prudence, transparency and integrity, and with corporate values, seeking to ensure that the customer comes first when developing the team functions that thinks big and direct coordinated actions to achieve local and corporate goals under strict and higher standards of conduct.

This Code of Conduct contains the commitments that contribute to non-tolerance of corruption, as well as the guidelines to promote transparency, inclusion and financial responsibility.

Additionally, BBVA has Anti-Corruption, Product Governance and Conduct Policies in connection to Securities Market, Competition, and the Directing Document of the Risk Management of Asset Laundering and Financing of Terrorism, that develop the principles contained in the Code of Conduct, incorporating specific standards and setting action guidelines expected from the members of the BBVA Entities in Colombia in each of the action environments.

Complaint Channel

GRI-205-3

During 2019, the Compliance Area disseminated the Complaint Channel as the major mechanism to manage the conduct risk in BBVA through face-to-face and online training, reviewing and reinforcing the contents of the legal update of the “Campus Training”, informing on TV screens, e-mails, supported by the Talent & Culture area through Business Partners.

In different campaigns, it was outlined that associates, clients and suppliers of BBVA Entities may report any breach observed or informed through the Complaint Channel, always keeping in mind the obligation to not tolerate any conduct that deviate from the Code.

Likewise, such communications can be submitted through:

- Supervisor or Talent & Culture contact person.
- E-mail to channeldedenuncia.co@bbva.com
- Voice mail (57) 1+ 380 81 71.



The Compliance Area has proceeded with the complaints received, diligently and promptly, thus encouraging verification and fostering measures for resolution, in accordance to the management procedures of the complaint by channeling the information with objectiveness, impartiality and confidentiality.

Main aspects that can be reported through the complaint channel

Classification of complaints

 Intellectual property	 Fraud	 Market Integrity	 Breach of Law
Provide confidential information	Appropriation of collection	Privileged use	Laws or Decrees
To third parties	Appropriation of clients Accounts	Conflicts of interest	Resolutions or Circular letters
Sale of data bases	Credit grants	Market manipulation	Supervisory bodies
Appropriation of Entity's Applicatives	Appropriation of inactive accounts		
	Accounting manipulation		
	Benefiting third parties		

Anti-Corruption and other aspects

Year 2019 has been relevant to BBVA regarding its permanent commitment with business integrity, in a continuous effort to disseminate the Code of Conduct, designing training programs and updating their contents pursuant to the internationally accepted standards for anti-corruption and integrity good practices.

Additionally, the Compliance Area has maintained its advisory function and consultation to different areas of BBVA Entities in Colombia, to apply the Code of Conduct, fundamentally in connection to the objectivity in recruiting, hiring and promotion, development of other professional activities, acceptance of personal gifts or benefits, treatment and management of potential conflicts of interests and management of personal wealth.

With regard to the consumer's protection, the Product Governance Policy was implemented upon the approval by the Board of Directors, which sets the principles by which BBVA must observe when evaluating the characteristics and risks of products and services, as well as defining their distribution and tracking conditions, in such a way that the clients' interests are considered at all time, and the compliance of applicable regulation regarding the client's protection is ensured.

Conversely, action plans of the Compliance Area set by the control entities, were implemented within the terms provided, and follow up and permanent accompaniment were performed to other Entity Areas to comply with commitments undertaken.

In connection to the Conduct of the Securities Market, the information of the Internal Rules of Conduct of the Securities Market (RIC) was updated and the appropriate training sessions were conducted, analyzing then any situation that may arise market abuse.

Also, the Compliance Area managed some Privileged Information Processes of Special Confidential Projects to ensure the compliance with obligations related to information confidentiality and to mitigate the risk of misappropriate use of privileged information by people who are aware thereof. In addition, Compliance Area was actively involved to generate items own of the environments on its account when the initiatives so require it.

Additionally, it participated actively in committees and meetings that have required to issue items that involve such aspects of their competence and also in committees with voice and voting given the nature of the nature of their functions.

Risk management of Money Laundering, Terrorism Financing and Financing of proliferation of massive destruction weapons

Prevention of money laundering and terrorism financing (hereinafter PML&TF) constitutes, above all, an ever-present objective that BBVA Colombia associates to its improvement commitment in different social contexts in which it operates.

For BBVA Colombia, ensuring that its products and services are not used for illegal purposes, constitutes also an essential requirement for safeguarding the corporate integrity and thereby, one of its main assets: the trust of people and institutions it deals with, daily (customers, employees, shareholders, suppliers, etc.).

In order to achieve such purpose, BBVA Colombia as member of a worldwide financial group with branches and affiliates that operate in several countries, has a corporate risk management model which comprises all compliance issues (see description in the Compliance System section).

This model not only considers the Colombian regulation but also incorporates the best practices of the international finance industry in this regard, as well as the recommendations provided by international entities such as FATF (Financial Action Task Force).

It is also worth mentioning that the risk management model for prevention of money laundering and terrorism financing is constantly evolving and subject to independent review on a permanent basis.

In particular, the risk analysis performed allowed to reinforce the controls and establishing, in this case, additional mitigating measures to strengthening the model.

During 2019, BBVA Colombia continued strengthening the referred model for which purpose, performed important activities aimed at preventing that funds from illegal origin, have access to, and use the financial system. For such purpose it kept reinforcing the policies of the Risk Management System for the prevention of Money Laundering and Terrorism Financing. Following activities are highlighted:

- Population of data bases of shareholders/final beneficiaries of legal entities has continued. Automatic controls were implemented that require the completion of the shareholder structure up to the final beneficiary in the process of registering of such legal entities subject to this mandatory requirement.
- Together with DATA & CRM, strategies have been developed to make mass populations in People Base to improve the Population, Quality and Update Indicators.
- Risk & Control was fully relieved to ensure the adequate risk management of LAFT and to monitor controls more efficiently.
- A new methodology was designed to assess the LA/FT Employee Risk Factor which makes part of the Consolidated Risk Assessment.
- New procedures were set to track Targeted Financial Sanctions to comply adequately with the provisions regarding the freezing and prohibition of management of funds or other assets of people and entities named by the United Nations Security Council associated to funding of terrorism and funding of the proliferation of weapons of mass destruction.
- The development of the applicative for the Area internal processes management has continued, including the Alert and Investigation Management module, achieving a better operative efficiency to manage unusual transactions.
- The technological project to amend the target reports regularly sent to UIAF was completed in compliance with External Circulars 017 of 2018 and 018 of 2019 of the Financial Superintendence of Colombia.
- The requirements of the Financial Superintendence of Colombia were fulfilled timely as well as the requirements of information of State investigation bodies.
- Particular controls to identify and prevent possible virtual currencies related transactions were established.

- The training plan was conducted, applying face-to-face and online strategies, covering more than 90% of Bank employees. Both when scheduling the attendants and contents of courses, special attention was given to the needs of such employees that perform their jobs in areas of higher risk.
- The SARLAFT Basic Course was updated. It should be made by every person hired by the Entity.
- Corporate Policies on Fraud, Prevention of Funding of Terrorism and Training were adapted, approved and applied.
- Action plans of control entities were implemented within the terms established.
- Special risk analyses were performed for particular groups: clients with con activities related to Medicinal Cannabis and gold trading.
- Synthetic Indicators were designed to manage suspicious activities and client documentation.
- Active participation in the Admission and Operating Risk Committee and Product Governance and issued items for new products and services, mainly in digital channels to ensure the compliance with the regulation applicable in connection to SARLAFT.
- Participation in the National Risk Assessment, aimed at the protection and stability of the country economy, markets and attention of the reputational risk for the integrity of the Colombian financial system, among other purposes, both by sending the information required and in the participation in discussion panels organized by UIAF.

Internal control model

BBVA has a general risk and management model adjusted to its business model and the organization, to develop its activity within the strategy and policy of the risk management and control and to adapt to the changing economic and regulatory environment. The Internal Control and Country Operational Risk Area is responsible for establishing mechanisms to track and control their execution under the local requirements with regard to operational risk and internal control (E.C. 041 of 2007 and E.C. 038 of 2009).

The Internal Control and Operational Risk Model is based on the regulatory definition that provides that Operational Risk “is the risk that can provoke losses from human mistakes, inadequate or default internal processes, failures in systems and as a consequence of external events, including legal and reputational risk”. It has an anticipation and preventive approach (pre) of the analysis of causes for their mitigation and another that measures consequences (post) through the effectiveness of defined controls with the purpose to define transverse action plans and achieve the continuous improvement of the control environment.

Such model is structured on three defense lines and one governance model:

First line: Made up by Business and Support Areas, responsible for the management of operational risks in their products, activities, processes and systems, identifies and assesses operational risk by establishing the proposal of the objective risk and performing controls and executing mitigation plans of such risks with a residual level above bearable.

Second line: Operational and Internal Country Risk Management Direction, is responsible for keeping the management model and assess the application level in different areas, and control specialists (Compliance, Internal Control Risks, Financial Internal Control, Operation Risk Control, IT Risk Control, Legal Services, Talent & Culture and Responsible Business) who define the Mitigation and Control Framework in the Speciality field and match it against the implementation in the first line. Specialists act on transverse basis, performing their actions on such areas where operational risks may be materialized.

Third line: Performed by Internal Audit that as an independent review of the management model.

Governance model:

Committee Corporate Assurance: This Committee allows the second defense line to provide to the Top Direction with a comprehensive and homogeneous perspective of the identification and/or prioritization of relevant situations to ensure an adequate control and management environment of non-financial risks through agile and anticipated decision making for their mitigation.

Operational Risk Admission Committee and Product Governance: It ensures the adequate evaluation of initiatives with significant operational risk (new business, product, outsourcing, transformation of process, new systems,) from the operational risk perspective and approval of the proposed control environment.

Internal Control Committee and Operational Risk Area: It ensures the proper implementation of the operational risk management model in the areas and boosts their active management, making mitigation decisions in the event of identification of control weaknesses and tracking thereof.

Such management continues through the application of principles and parameters of admission, tracking, mitigation, and specific tools that support the model actions, while Control Specialists and Managers report it permanently to Country Internal Control and Operational Risk.

The Operational Risk Appetite Indicator was monitored upon the execution within defined thresholds and assigned by the Board of Directors and corporate bodies.

To reinforce the management of the first (1LdD) and second line of defense (2LdD) in the Bank productive model, the Internal Control – Non-Financial Risk model was implemented, aligned with the Agile Model. New management elements will be incorporated in 2020 for the different control roles of the Organization:

- Frontline (1LdD), responsible for the non-financial risk management.
- Risk Control Assurer (RCA 1LdD), promoter of the adequate management of every non-financial risk of projects and processes in the frontline area it belongs to.

- Risk Control Specialist (RCS 2LdD), to ensure the adequate control environment of their risk speciality, transversal throughout the Organization.

For such purpose, following activities took place:

- Alternatives for funding new resources
- Skills and evaluation process on Internal Control and Operational Risk of current headcount.
- Release of job vacancies for RCAs and RCSs leaders and managers.
- Definition, appointment and selection of teams (ongoing).

Furthermore, Country Internal Control and Operational Risk incorporated the analysis of outsourcing within the admission governance of operational risk. Relevant services were evaluated, the admission flow was reinforced, and a particular contribution was made to construct specific control frameworks per service, thus, advancing on the awareness through the training of control teams and contract managers.

Regarding culture for risk prevention, together with Talent & Culture area, training activities were conducted for the entire headcount (Bank and Subsidiaries). From November, the Legal Challenge virtual course is available for release in 2020 while SARO training to third parties (Outsourcing) was conducted through Asobancaria (between September and November) and the expert trainer was provided by the Entity.

Internal Audit Report

In line with the purpose to advance towards an Agile Organization, a new organization structure was defined on December 27, 2018 for the Internal Audit team, based upon three main targets:

1. Create multidisciplinary teams with autonomy to organize themselves and execution capacity to manage works 'end-to-end'.
2. Make the teams more efficient when delivering with higher quality, solving their clients' needs and a greater agility reducing the time for the market.

3. Supply the Bank with the capacity to assign such teams with a dynamic strategy to most priority projects and processes in each moment through a greater liquidity of talent.

Based on such targets, the Agile archetype was defined for Internal Audit which involved the definition of roles such as: Audit Partners, Program Managers, Discipline & Portfolio, and Solutions Development (staff), supported by an Agile Coach to boost and ensure the transformation of culture and the area work methods.

The global of the Audit life cycle based on the Agile archetype involved a new prioritization dynamic (Continuous Risk Assessment - 11 risk typologies defined by the BBVA Group), Execution (Agile Methodology) and Sale (Issuance of Report).

Our Internal Audit Plan 2019 (approved in December 2018), had quarterly prioritization rituals where Audit Partners were responsible to prepare the proposals of projects to be valued by the Holding Priority Body (approver of programs). Then, the Program Managers were defined according to their experience. They are responsible for making decisions about what to do or not to develop the task assigned. Teams. Solutions Development (staffing) assigned the teams that better matched to achieve the goals.

Every work developed complied with the Agile Archetype, in compliance with the rituals provided such as: Proposal, Handshake, Kick-off, Inception, Sprint Planning, Daily, Project Review, Sprint Review, Synchro Third Parties, and Retro. Below such activities with significant outcomes that were followed by top management and the Audit Committee:

Technological risk:

The management evaluation on identities and access allowed us to identify those accesses granted without meeting the principles of functional segregation and minimum privileges, with a high concentration in administrator users. Also, we observed activities that do not correspond to the functions of those that perform them and bad practices of security management that open important vulnerabilities that could suffer cyber-attacks. Keeping in mind the relevance of findings, the administration has provided tactical actions (in January 2020) and strategic (in June 2020) focused to the management of users, monitoring and warning of use by



users, management of remote connections, update of policies and procedures for generic users and administrators, among others, that mitigate the risks identified.

Credit risk:

The evaluation made to the consumption scoring model evidenced the need to re-estimate the current model and implement the new methodology proposed from the holding to estimate the capacity of payment of clients from the effort rate to mitigate the model risk. The Risk team has adequately managed the Internal Audit approach and is developing the adjustments required to make a re-estimate, involving the internal control adjustments to maintain an adequate traceability of modifications made to the model over the time.

Capital risk:

The verification of the calculation process of weighted assets per Credit risk (APRs) by the standard method allowed us to identify the existence of improvements addressed to cover certain local treatments and criteria, mainly with the application of conversion factors and segmentation of expositions, which should come with the adequate internal control structure that permit the timely identification to mitigate possible effects in the calculations applied. The administration has taken measures required to mitigate the risks identified before January 30, 2020.

Operational risk:

The evaluation to the Operational Risk Administration System of BBVA Valores, has required greater involvement taking into account the weaknesses identified about the stages and elements, arisen from the successive changes in the Company's organizational structure, leading to a certain impairment of the control environment. As part of the measures developed, each process is being reviewed as well as the internal control structure, thus making any adjustment as corresponds to the activity and current situation.

During 2019, the assessments of the Risk Management Systems were performed under the responsibility of the Internal Audit, without significant considerations (except for the operational risk item). Likewise, about other risks that form part of the Risk Assessment and on which some aligned works were developed with the plan 2019, no additional significant considerations were observed. It is worth noticing that works complied adequately the Agile archetype thus achieving plan 2019.

As in previous exercises, Internal Audit assisted the administration to respond to the surveillance and control bodies, meeting the assurance requirements as well as integrating them in our plan 2020. Such activities had been deemed as relevant, and the regulator had requested Internal Audit to follow them up.

In October 2019, Internal Audit defined its purpose as follows "We help BBVA to improve each day as a team that inspires others ... and having a good time".

2019 Audit Committee and Compliance Report

In compliance with the provisions of the Financial Superintendence of Colombia (SFC) in the Legal Basic Circular Letter (6.1.2. of Section IV, Title I, Part I) the Board of Directors of Banco Bilbao Vizcaya Argentaria Colombia S.A. (hereinafter “BBVA Colombia”, or the “Entity” or the “Bank”) has the Audit Committee (hereinafter the “Committee”), study and support body that provides assistance to comply with its supervision function of the entity’s Control Architecture. It addresses the issues related to the control environment, risk management, internal control system, communication and monitoring.

The regulation of the Audit Committee is provided in Law 964 of 2005 and in the above mentioned Circular Letter of the SFC, in article 13.1 of the Board of Directors Regulation and in the Internal Regulation in concordance with the aforementioned standards, their purpose, composition, functions, meetings and other aspects related to their operation, documents that are posted on the website of the Bank.

Composition

The Committee is made up by three Directors of the Board of Directors, from which two, act as independent and one as the chairman. Each member has the experience and sufficient knowledge to fulfill their appropriate functions.

During 2019 the Audit Committee was made up as follows:

From January 1 to March 21

	<p>President Carlos Eduardo Caballero Argaez (independent)</p>		<p>Members Ana María Ibáñez Londoño (independent) Juan Eugenio Rogero González (equity)</p>
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From March 21 to December 31



Operation

The Audit Committee, in conformity with the provisions of the Legal Basic Circular Letter of the SFC and Law 964 of 2005 (Article 45 Paragraph 4) sits quarterly and its decisions and actions are reflected on the minutes signed by the President and Secretary, in compliance with the requirements provided in Art. 189 of the Code of Commerce.

Additionally, the Committee is presented with reports from the Statutory Audit, Internal Audit, and Compliance Officer. It also receives the reports from the members of Senior Management, when deemed necessary, to meet its functions.

In conformity with the provisions of the Internal Regulation, the Committee may call for external advisory services with regard to relevant matters whenever the specialization or independence issues cannot be provided by experts or technicians from the Bank.

Purpose

The purpose of the Audit Committee is to provide support for the supervision of the financial statements, compliance with annual plans of the Statutory Auditor, Internal Audit and Compliance area, as well as with the management of the Bank's Board of Directors with regard to the implementation and supervision of the Architecture of Control.

Also, the Committee is responsible for ensuring the compliance with the laws and pertinent regulations and the effective controls of business with regard to conflict of interests and fraud.

Through the Audit Committee it is ensured that the Entity submits the required information and that the functions of the Statutory Auditor, Internal Audit, and Compliance Officer, have the adequate means with regard to personnel, materials, technological tools, procedures and performance manuals.

The functions are detailed in numeral 4 of the respective internal regulation.

Operation of the Internal Control System (ICS)

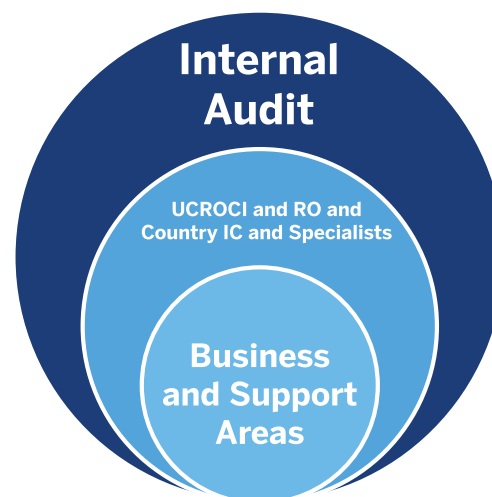
The ICS report is presented below. It has been prepared by the Audit Committee pursuant to numeral 6.1.2.1, Chapter IV, Section I, Part I of the Legal Basic Circular of the Colombian Financial Superintendence:

General policies established for the implementation of ICS

For the year 2019, the corporate internal control model was monitored, whose main objective is to reinforce the action scope of the Internal Control and Country Operating Risk, of the control specialists and business units of control managers, to closely support the identification, monitoring and mitigation of risks processes.

This model is based on the principles of self-control, self-regulation and self-management, also accompanied by the BBVA Code of Conduct approved by the Board of Directors.

The application of the model is supported on the anticipatory management which allows the control and business decision-making process, under the three lines of defense in line with international best practices:



- 1. Business and Support Areas:** responsible for control in its area of responsibility and execution of measures set, in this case from higher instances. Such defense line has been reinforced with an ad hoc team that manages, coordinates and supervises the execution of control tasks.
- 2. Operating Risk and Country Internal Control Direction:** provides the methodology and common tools for Internal Control System

management. Locally, it leads and coordinates the ICS incorporated to the mitigation function of the Operating Risk.

3. Internal Audit: performs an independent review of the model, verifying the Compliance and effectiveness of corporate policies and providing independent information about the control model.

The internal control model is coordinated at corporate level, from the Corporate Operating Risk and Internal Control Unit that belongs to the Global Risk Management and locally, through the Country Direction of the Operating Risk and Internal Control in the risk area.

In turn, the business or support areas have Control Managers and Managers of Internal Control and Operating Risk who depend functionally from the Country Direction of Operating Risk and Internal Control and are in charge of implementing the model on the routine of every area of the organization. In this way, the Bank has a closer vision of processes that encourages the identification and prioritization of risks and mitigation decisions.

Process to review the effectiveness of SCI

The risk assessment and the effectiveness of its control, is made from the awareness and understanding that the management has on the business, and the operating processes analyzed. For such purpose, both the quantitative materiality criteria, probability of occurrence and economic impact, as well as qualitative criteria associated to typology, complexity, nature of risks or the structure of business or process, are taken into account.

The identification system and risk assessment of internal control of the financial information is dynamic, evolves over time on a permanent basis, thus reflecting at each moment the business reality, the modification in operating processes, the risks affecting them and the mitigation controls. All this, documented in a corporate management tool (Storm) that contains risks and controls associated to processes, recorded by different control specialists, among them, the internal control of Financial Information.

Additionally, Internal Audit issues its opinion about the ISC effectiveness on a yearly basis. The Internal Audit related to year 2018 reported that the ISC implemented by the Bank, complies reasonably with the criteria provided by the

Financial Superintendence of Colombia in Section IV, Title I, Part I of the Legal Basic Circular Letter and that improvement plans provided by the Bank for mitigating risks identified in the assessments conducted in 2018, have been implemented or are in the process to be implemented.

Most relevant activities developed by the Audit Committee

During 2019 the Committee performed its functions with autonomy of operation, complying with the schedule of meetings, and the agenda was coordinated by its Chairman and Secretary of the Board of Directors.

In the period evaluated, the Committee held five meetings (January, February, May, August and November) with 100% attendance from its members and the participation of the Statutory Auditor, the Compliance Officer and the Internal Auditor, among others, thus ensuring and maintaining the permanent communication line with the Board of Directors and Bank Administration. The Committee performed all activities required to comply with functions assigned by the regulation in force, bylaws and Internal Rules.

Following were the main activities developed by the Committee during year 2019:

Financial information presentation and reporting:

- The Committee became aware of and agreed with the accounting principles, policies and practices and the evaluation criteria followed by BBVA Colombia in the process of preparation and presentation of the financial information.
- The Committee has verified that the preparation, presentation and disclosure of financial information is adjusted to the provision of the regulation in force (national and international), also reviewing the adequate delimitation of the consolidation perimeter.
- The Committee studied and issued its opinion about the individual and consolidated financial statements for the year 2018, in the sense that they comply, as to the contents and presentation, with all the requirements provided thereof by the regulation, and that have been prepared pursuant to the national and international best practices and recommendations, and the legislation in force.



Internal Control System:

The Audit Committee supervised and learned about the different reports prepared, both internally and by the Statutory Auditor about the Internal Control System of BBVA Colombia and its affiliates, establishing that the ISC provides reasonable security in pursuing the following objectives:

- Effectiveness and efficiency of operations, i.e., compliance with the basic objectives of the entity, safeguarding its resources;
- Sufficiency and dependability of the financial information as well as of the preparation of all the Financial Statements;
- Compliance with applicable regulation;
- Having a documented organizational structure, with divisions of responsibility, policies and procedures.

Furthermore, during year 2018, the Committee monitored Compliance under the instructions given by the Board of Directors in connection with the ISC.

Statutory Auditor:

The General Ordinary Meeting of Shareholders held on March 1, 2019 reelected KPMG S.A.S. as Statutory Auditor for the year 2019. It should supply direct information to the Committee in every session.

The Committee has been aware of and given its conformity to the Work Plan 2019 of the Statutory Auditor, taking into account the key matters and risk assessment, maintaining the permanent communication with the Bank Administration, keeping the appropriate independence. In turn, the advance and evolution of the works in course, recommendations formulated, and plans adopted by the Entity for implementation have been adequately tracked.

The Committee also supervised the Statutory Audit services throughout the year, verifying that they were executed with quality, independence, fulfillment and effectiveness. Said verification was materialized by an evaluation completed by the members of the Audit Committee, whose unanimous result was the highest

satisfaction score, highlighting the professionalism of teams, quality of reports and being a great ally for the governance and direction bodies with regard to the supervision and evaluation of the efficacy of the Internal Control and Risk and Compliance Management Systems

Internal Audit:

The Committee analyzed and approved the Work Plan for year 2019 of Internal Audit, which was focused toward the risk identification and management of the main processes of the Bank. The Committee made a regular follow up of its execution and was reported directly about any incidence during the performance.

The Committee learned about the recommendations formulated by the Internal Audit arisen from its review works, as well as of the specific action plans defined and put into effect for its resolution, making a regular follow up of those more significant to the entity.

Designation of the Internal Auditor:

Keeping in mind the relocation of Felix Cardona Lopez to BBVA Uruguay as Internal Auditor of said entity, the designation of Carlos Tolosana Gomez as new Internal Auditor of BBVA Colombia was presented and approved.

Compliance:

The Compliance Committee knew and approved the Work Plan for year 2019 prepared by the Compliance Area and made regular follow up of the most relevant matters, thus verifying its adequate execution.

Also, the Committee reviewed the SARLAFT reports on management, evaluation and control; additionally, it monitored the efficacy of claims channels and actions of the members of the Board of Directors with regard to their Regulation in the Securities Market and the compliance with the Code of Conduct.

Supervisory authorities:

The Committee learned about the communications sent to the Bank by Supervisory Authorities, such as the Financial Superintendence of Colombia and the Ministry of Treasury, following up the matters that gave rise to such communications, answers to the authorities and action plans to comply with the requirements received.

Finally, the Committee made the quarterly follow up to the levels of risk exposure; verified that the operations with related parties would have been made in market conditions for similar transactions with third parties, in compliance with the standards about the limits to grant credits and maximum debt quota or risk concentration, effective on the approval date of the operations.

Material deficiencies detected, recommendations formulated, and measures adopted:

No material deficiencies were observed.

Observations formulated by supervisory bodies:

Financial Superintendence of Colombia):

In Situ – Vishing

As a result of the increase of fraud through this modality, and thus the raise in complaints with the Financial Superintendence, on November 14 an in-situ visit was held at Teusaquillo building and the General Direction offices. This visit was gathered Engineering, Internal Audit, Corporate Security, Operative Risk, and Financial Consumer Ombudsman Areas, among others.

To date, 4 requirements related to this visit in which the FS has requested information related to some particular cases of clients, summaries of minutes of the Board of Directors meetings, audit works in connection to this modality of fraud, investigations to officials regarding the participation in cases of Vishing, risks of information leaks, among others. The Bank has responded 90% of such requirements and is expecting the closure of the visit and any potential administrative measures taken by the Superintendence.

Statement of objections - Forms 102 and 395

The SFC filed institutional charges for the reiterated conduct to transmit the forms related to the daily information of exchange currencies transactions, bases for the calculation of the Representative Market Exchange Rate with failures in quality, with errors, inconsistencies and/or deficiencies; such as: i) Not

disaggregated operations report; ii) Operations report that did not correspond to the transaction day (T+0); iii) Operations report that did not correspond to the market spot operations; iv) Mistake in the negotiation rate report, and v) Omissions of the operations report both the forms and in the Set-FX system.

The Bank has carried out the respective filing of the case and currently, it is expecting the Authority's decision.

Requirement of the Treasury Department and the Financial Superintendence on the management of master accounts related to Health Services Sector.

In conformity with the request of the Financial Superintendence, the Administration reported that it reviewed the implementation of the Action Plan to manage the master accounts of the Health Sector, realizing that the measures adopted solved the qualitative and quantitative inconsistencies. To date, there are no additional requests or requirements by the Treasury Department or the Financial Superintendence.

Evaluation of the task performed by Internal Audit:

The Committee supervised the functions and activities of Internal Audit, determining their independence and objectivity in connection to the activities audited. There were no limitations that prevented their adequate performance and the scope of their task met the Entity's needs.

Such monitoring was materialized on the annual assessment to Internal Audit completed by the Committee members and which unanimous result was the highest satisfaction score.

Compliance with Legal Requirements

BBVA Colombia Administration maintained during 2019 adequate disclosure, tracking and control systems of the financial information, supported on control and processes systems, implemented by the Bank and specialized areas in risk management. All this focused to ensure that the financial and accounting information is adequately presented and with the compliance with legal requirements.

In particular, the financial information prepared by BBVA Colombia is subject to the Internal Control System to provide a reasonable assurance of their reliability and integrity, as well as the operations made and processed according to the criteria provided by the local applicable regulation, by the corporate policies and the BBVA Colombia Direction. The ICS was developed by the Group Direction pursuant to the international standards set by the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO). It has five components in which the efficacy and efficiency of the Internal Control Systems should be supported:

1. Establish the adequate control environment to track such activities.
2. Assess every risk in which the entity could incur when preparing the financial information.
3. Design the controls required to mitigate the most critical risks.
4. Establish the adequate information circuits to detect and communicate any weakness or inefficiency of the system.
5. Monitor said controls to ensure its operativity and validity of the efficacy over time.

In compliance with above mentioned policies, the analysis mechanisms and control of the accounting information systems were defined. The following should be highlighted:

- The Accounting Incidence Committee purpose is to review, analyze and evaluate the impacts on

accounting circuits, arisen from failures in IT processes and identify solutions that mitigate the operational and legal risks.

- The Strategy, Governance and Culture functions contain control, tracking and warning functions in matters related to the accounting and financial information management. Also, it has a job position exclusive for the inspection of information reports to control entities to improve the interface and extraction mechanisms of accounting information in a more agile and safer way.
- Internal Audit evaluates permanently the effectiveness of procedures and controls set for the operation of information systems of BBVA Colombia. It was concluded that the information system is adequate and safe, that the plans to implement the recommendations of identified improvements have been executed and no relevant risk has been evidenced to the Entity.

Finally, taking into account the evaluations and controls made by the accounting and financial information systems, the Board of Directors and Administration of BBVA Colombia have verified that the disclosure and information control systems comply, on a reasonable basis, with the quality, sufficiency and opportunity of the financial information of BBVA Group Colombia.

Legal Situation of BBVA Colombia

Disclosure and control of the financial information (Art. 47 Law 964 of 2005)

In 2019 BBVA Colombia Management maintained adequate disclosure, monitoring and control systems of the financial information, supporting on the control and monitoring systems and processes implemented by the Bank and specialized areas in risk management, all which is oriented to ensure that the financial and accounting information is presented adequately and in conformity with legal requirements.

Specifically, the financial information prepared by BBVA Colombia is subject to an Internal Control System (ICS) with the purpose to provide a reasonable assurance of its reliability and integrity, as well as that the operations are carried out and processed in accordance with the criteria provided by local regulation applicable, by the corporate

policies and by BBVA Colombia Management. The ICS was developed by the Group Management in conformity with the international standards of the “Committee of Sponsoring Organizations of the Treadway Commission” (“COSO”) that sets forth five components on which the efficacy and efficiency of the Internal Control systems should be supported:

1. Establish an adequate control environment to monitor all such activities.
2. Assess all risks in which the Entity could incur when preparing its financial information.
3. Design the controls required to mitigate the most critical risks.
4. Establish the proper information circuits to detect and communicate the system weaknesses or inefficiencies.
5. Monitor said controls to ensure their functionality and the validity of their efficacy over time.

In compliance with the aforementioned policies, the analysis and control mechanisms of the accounting information systems were defined, among which it is worth highlighting the following:

- The Accounting Events Committee purpose is to review, analyze, and evaluate the impacts on the accounting circuits derived from failures in computer processes and identify solutions that mitigate the operational and legal risks.
- The Strategy, Governance and Culture Area functions consists of, among others, controlling, monitoring and alerting on subjects related to the management of accounting and financial information on which there is also an exclusive position for the inspection of information reports to control entities in order to improve the interface mechanisms and extraction of accounting information in a more agile and safe way.
- Internal Audit evaluates constantly the effectiveness of procedures and controls provided for the operation of the information systems of BBVA Colombia, concluding that the information system is adequate and safe, and that the plans to implement the improvement recommendations identified have been performed without evidencing a relevant risk to the entity.

Finally, taking into account the evaluations and controls of the financial and accounting information system, the Board of Directors and the BBVA Colombia Management has verified the compliance with the disclosure and control of information systems with the quality, sufficiency and opportunity of the BBVA Colombia group financial information.

Operations with Related Parties, Partners and Administrators

The operations of BBVA Colombia with its related parties, partners and administrators comply with the legal standards in force and the general policies of the Bank. The detail is disclosed in the Note to the Financial Statements “Transactions with related parties” of year 2019.

Intellectual property and copyrights

In conformity with the provisions in Article 47 of Law 222 of 1995, amended by Law 603 of 2000, BBVA Colombia informs that it complied strictly with the legal provisions related to the intellectual property and copyrights for different services, products and operations. With regard to the brands and other intellectual property used by the Entity, the appropriate ownership or the licenses and authorization for exploitation have been obtained.

In connection to the software installed, in use or in possession of BBVA Colombia, the appropriate licenses have been obtained and controls have been implemented for the purchase, development, installation, fitting and maintenance processes thereof to be in compliance with the legal requirements about copyrights, privacy and e-commerce. The Internal Control and Operational Risk as well as Media, Business and Audit Areas, have evaluated and monitored the status of compliance with the standards about intellectual property and copyrights in accordance with the methodology established for such purpose to mitigate the materialization of the respective risks

In turn, in compliance with the provisions in Circular Letter 016 of 2011 of the Financial Superintendence, it is stated for the record that the evidence of such evaluations has been left in the tools and work sheets used by the Internal Control and Operational Risk unit for developing its function.



Evaluation of other reports

BBVA Colombia declares that, in conformity with the provisions in article 57 of Decree 2649 of 1993, the information and statements contained in the Financial Statements, both individual and consolidated, have been duly verified and obtained from the Bank accounting records, do not contain material defects or errors and have been prepared in conformity with accounting standards and principles applicable.

Likewise, it states that other reports required by virtue of article 446 of the Commerce Code have been disclosed in the Financial Statements and their Notes.

Finally, it is recorded that BBVA Colombia does not limit the free circulation of invoices issued by suppliers or sellers, pursuant to article 87 paragraph 2 of Law 1676 of 2013.

Responsible procurement

GRI-102-9 • GRI 204-1

During 2019, BBVA Colombia continued strengthening the relation with its suppliers in order to ensure an adequate procurement circuit. For such purpose, bids are based on the homologation process in which eleven aspects are evaluated on the productive, technical, finance, legal, commercial and reputational capacity, thus guaranteeing the compliance with the commitments contracted, as well as validating that the suppliers follow not only the Responsible Procurement Policy and the Corporate Standard for Acquisition of Goods and Contracting of Services, but also by the same Code of Conduct of BBVA; documents that set up the criteria that affect both the homologation process and the bidding terms and contracts. On the other hand, the Procurement Policy was updated with regard to the internal requirement process of goods or services, thus reducing the steps to be coherent with the Agile culture.

The transfer of the principles of the Code of Conduct to the procurement function is made through the Application Principles to the Participants in the Procurement Process (IPA per its acronym in Spanish), applicable to all units involved in said process, in any entity of BBVA Group.

Simultaneously, the Supplier Portal was launched (allowing the online interaction between BBVA Colombia companies and their suppliers through a collaborative climate. It covers the main scenarios of the supply process, from issuance of orders to the recording of invoices and also allows the electronic exchange of documents, thus eliminating paper documentation). It has the following collaborative working environments:

Public environment: This web provides general information about the process of allocation and other relevant aspects of the procurement model, thus facilitating that the companies that intend to offer their products and services can make a self-registration and update their information automatically.

Private environment: This allows suppliers registered in www.adquira.es to work electronically with the Bank for the integral management of the supply cycle, covering the negotiation, preparation, issuance, reception of orders and release of electronic invoices.

Likewise, the suppliers have now the integration to the Facilities Maintenance Management which is the tool for preventive and corrective maintenance of every site of BBVA Colombia in the country.

Benefits:

- Control, traceability and visibility of the status of the pre-homologation and negotiation processes.
- Automatic update of the companies' information.
- Online management of orders and acceptance of delivered goods and/or services.
- Reduction of mistakes as a result of the integration and automation of processes.
- Training and integral support to operation in the portal.

BBVA meets the payment commitments set forth contractually with the suppliers of goods and services, as well as with the obligations with Public Treasury and Withholding Agents pursuant to the tax quality of each supplier at the time of payment.

On the other hand, we attended the course on Sustainable Procurement by the Superintendence of Finance with the purpose to incorporate shared responsibility to the area processes and in this way, ensure a sustainable circuit from beginning to end.

Share of expenditure in local suppliers		
Item	2018	2019
Payment percentage to local suppliers *	77.18%	81.29%

GRI-204-1

* Individuals or legal entities that supply goods, products or services and are legally incorporated in Colombia.



Information about providers

Item	2019	2018
On-line negotiations through ADQUIRA (1)	305	442
Requests recorded in Neon	430	371
Requests recorded through GPS (2)	848	826
Suppliers homologated at year end	392	285

(1) On-line negotiations through ADQUIRA. HUB and Colombia processes reported for 2018. Also, corporate process reported at the cut-off September.

(2) Requests recorded through GPS. Effective requests reported. Rejected requests dismissed and in creation by user areas.

(3) Increase of suppliers %. Variation for 2018 reported based on registered suppliers.

Social and relational capital

Item	2019	2018
Volume invoiced by suppliers (million Colombian pesos)	959,753	983,147
Volume invoiced by suppliers (million USD) *	331	315
Volume invoiced by suppliers (million Euro) *	263	275
Average payment time to suppliers (Days)	20	23

Market Representative Exchange Rate as indicated by the Economic Studies area.

US Dollar: \$ 2,900

Euro: \$ 3,647

8. Sustainable Finance

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Social, environmental and reputational risk management

As a financial institution, BBVA Colombia has an impact on the environment and society: directly through the consumption of natural resources and its relationship with stakeholders; and indirectly through its credit activity and the projects it finances.

These non-financial risks may affect the credit profile of borrowers or the projects financed by the Bank. To manage such risks, BBVA takes into account environmental, social and reputational aspects in its risk management, alongside traditional financial variables.

BBVA strategy for social and environmental risks is aimed at integrating slowly its management within the Risk Management Framework of the Group in order to achieve their Mitigation based on the prudence principle. For such purpose, BBVA is developing different initiatives to reinforce their capacity to identify and evaluate such type of risks.

In 2019, BBVA worked with a number of areas involved in the development of new standards for the mining, energy, infrastructure and agricultural business sectors, and a new improved process of due diligence that can assess new operations, customers or products with criteria that are aligned with BBVA's strategy of climate change and sustainable development.

Equator Principles

GRI-102-11

The energy, transport and social services infrastructures that boost economic development and create jobs can have an impact on the environment and society.

BBVA is committed to managing the financing of these projects in order to avoid and reduce their negative



impacts and boost their economic, social and environmental value. All the decisions on project finance are based on the criterion of return adjusted to ethical principles. Placing people at the core of the business implies dealing with stakeholder expectations and the social demand to fight against climate change and respect human rights.

BBVA Group has contributed to their development and dissemination as a member of the working groups in which it participates and has been one of the eleven signatories to the letter sent to the Equator Principles Association, in which it urged measures to be taken to tighten the environmental and social due diligence requirements for project finance. Thus, during the EP annual meeting, it has been decided to prepare the fourth version of the Principles to align them with the Paris Convention, facing the complications to implement the informed consultation and participation processes and clear the inconsistencies in standards to assess projects environmental and social risks.

The Corporate & Investment Banking (CIB) Sustainable Finance and Reputational Risk team is responsible for analysis of the projects, representation of the Bank before its stakeholders, accountability to senior management, and the design and implementation of the management system, proposing the adoption of best practices and contributing toward training and communication on matters related to the EP.

The EP is applicable to fund the new projects and significant expansions through four financial products: advisory for funding projects, projects funding, corporate loans to related parties for projects and bridge loans.

Since its adhesion to the EP, BBVA Colombia applies it with the higher standard, extending it to projects in the operation stage and to those funded with other financial products: project bond, assignment of credit rights and guarantees attached. BBVA Colombia does not apply the minimum threshold for 10 million US dollars, reviewing all the operations under the EP regardless their amount.

In BBVA Colombia we have a team dedicated to the management of the EP integrated in the Corporate & Investment Banking (CIB) Area that analyses the projects, represents the Bank with stakeholders, is accountable with the senior management and designs the management system, proposing the adoption of best practices and getting involved in the training and communication of all the aspects related with the EP.

The analysis of the projects is incorporated in the internal processes of structuring, admission and monitoring. Each transaction is submitted to an environmental and social due diligence process that is initiated with the assignation of a category (A, B or C) in conformity with the categorization process of the IFC that reflects the risk level and environmental and social impact of the project.

During 2019, aligned with the '2025 Commitment' in order to contribute to the fulfillment of the Sustainable Development Objectives (SDO) from the UN and the fight against climate change, the first line of social credit was given for COP 140 bn, under the schema of sustainable financing, is remarkable, with the qualifier's seal from Vigeo Eiris, leader in assessment of the integration of the organizations of the environmental, social and governmental factor.

Reputational risk management

Since year 2006, in BBVA Colombia we have a methodology to identify, assess and manage the reputational risk. Through said methodology, the Bank defines and reviews regularly the map that prioritizes the reputational risks faced and the set of action plans for their mitigation.

During 2019, the IT tool was strengthened and applied to manage the Reputational Risk with groups responsible such as Internal Risk Control & Operational Risk, Compliance, Communications and Responsible Business, through following activities: .

- Identification of risks and impact made by Responsible Business and Communications teams.
- Risk assessment and mitigation identified by the assurance providers of each area, considering the diversity in their origin.

Each of these functions should report the reputational risk management of its action field through the reporting channels used usually.

Responsible lending

BBVA Colombia has incorporated the best practices of responsible lending to consumers and has policies and procedures described in the section of credit risk report.

GRI-FS1 • BBVA-10
 GRI-306-1 • GRI-306-2
 GRI-301-1 • GRI-302-1
 GRI-303-1 • GRI-305-1
 GRI-305-2 • GRI-305-3

Ecoefficiency

With the purpose to reduce the environmental footprint, BBVA encourages the Ecoefficiency Global Plan (PGE) 2016-2020. This plan seeks to position the Bank among the world leading ecoefficiency entities supporting the commitment with the responsible banking and taking advantage of the economic advantages arisen from the optimum operation of properties. This policy considers the compliance with environmental standards, the management of ecologic risk and the commitments with sustainable development. In this regard, BBVA is performing its operations by controlling the environmental risk, minimizing negative aspects, enhancing the sustainable opportunities and making progress in environment protection.

Environmental Management System (EMS)

In Colombia, BBVA Colombia headquarters and three more buildings were certified with ISO 14001, that certifies them as environmentally sustainable for the period 2018-2020, thus benefiting 36,3% employees working in such facilities.

Environmental awareness training and initiatives

Following processes were implemented to improve the competence of the headcount when applying social and environmental policies and procedures applicable to business lines. .

- Designation of an expert person in recycling who will be locate at the General Direction recollection center and will be responsible for checking the material submitted to separate waste per type and generating a report to analyze the cultural evolution of employees with regard to waste disposal.

Said report will feed the Ecologic Red Light. This rating will be communicated through internal channels and boards poste don each floor as follows: Green: excellent waste handling, Yellow: good waste handling and Red: Bad waste handling.

- Weekly route of recyclable waste collection in every administrative site of BBVA Colombia
- Compacting non-recoverable waste to reduce the environmental impact at the General Direction building.
- Contracting a company certified in food waste recollection for the cafeteria zone to ensure the proper final provision.
- Awareness campaigns with employees of certified buildings to improve the separation of waste at source.
- BBVA Colombia continues changing air conditioned at offices and administrative sites in every territory, as the commitment with the reduction of CO2 emissions and energy consumption. Also LED lighting has been replaced.

Ecoefficiency

Material	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Scrap	4,836	1,071	7,678	1,846	936	2,158	966	1,158	1,246	466	1,908	97	34,006
Archive	519	1,136	688	389	1,325	579	882	586	1,067	286	609	314	8,380
Carton box	991	982	1,071	299	854	477	448	398	676	270	349	634	7,449
Glass	100	319	221	175	342	218	203	256	257	123	196	225	2,635
Fold	192	266	294	136	309	163	146	262	75	78	92	118	2,131
Pet	57	223	216	146	223	148	140	186	190	102	110	130	1,871
Plastic	87	151	130	64	98	62	74	45	58	57	64	45	935
Newspaper		37	87	36	31	43	20	21	45	33	29	24	406
Cable	11	298	20	-	-	-	-	-	-	-	-	-	329
Aluminum	19	222	-	-	-	40	-	-	-	-	-	-	281
Batteries	-	-	40	-	132	-	-	-	-	-	-	-	172
Copper	23	-	-	-	-	-	-	-	-	-	-	-	23
UPS	-	-	-	-	3	-	-	-	-	-	-	-	3
Total gral.	6,835	14,345	10,445	3,091	4,253	3,888	2,879	2,912	3,614	1,415	3,357	1,587	58,621

We joined the worldwide The Earth Hour event where facilities of General Direction, Media, Mortgage Center, Teusaquillo and Cali Territorial Direction were turned off completely as a symbol of the commitment with the environment as well as the strengthening of the internal communication to continue with the awareness to employees regarding the responsible use of water, paper, energy and toner.

Main consumption indicators in BBVA

Item	2019	2018
Paper consumption (Kg)		
Total paper consumption	259,287	269,035
Employee consumption	32	40
Energy consumption of Organization (MJ)		
Diesel consumption	2,009,454	1,949,509
Power consumption	94,714,621	96,528,467
Total consumption	96,724,076	98,477,976
Water consumption (m3)		
Total consumption	164,749	162,631
Consumption per employee	20	24
Managed waste (Kg)		
Paper waste	8,380	9,591
Other waste	50,241	12,082
Emissions scope 1 (Equivalent CO2 tons)		
Emissions per diesel oil consumption	141	136
Emissions scope 2 (Equivalent CO2 tons)		
Emissions per electricity consumption (*)	3,552	7,188
Emissions scope 3 (Equivalent CO2 tons)		
Emissions per airplane flights	999	1683
Certification ISO 14001		
Number of people working in certified buildings	2,974	2,974
Percentage regarding total headcount	36.3%	43.7%

* Scope 2 emissions are reduced because the emission factor for the year 2019 was 0.135 and for the year 2018 it was 0.268.

High social impact products

As the third strategic priority of the responsible banking model, high social impact products are developed as financial products and services that integrate differential social attributes.

The purpose is to integrate differential social attributes within the products and initiatives of the Bank daily activity. In this way, besides the social impact generated by the ordinary activity, products and services can be designed with a higher social impact.

Said products are grouped in four large blocks: those useful to favor the financial inclusion, those for SMEs, for individuals with special needs, and finally, the socially responsible investment.

Fundación Microfinanzas BBVA

Within the framework of BBVA commitment with financial inclusion, Fundación Microfinanzas BBVA (hereinafter Fundación or FMBBVA), was created in 2007, as a non-profit entity whose mission is to promote the economic and social, sustainable and inclusive development for underprivileged people, through Productive Finance. This model pursues the client's development and offers a customized service to vulnerable entrepreneurs, getting closer to their home or company a thorough range of financial and services products, as well as the advisory and training on financial administration and management for their small businesses.

With the name "Midiendo lo que realmente importa" (Measuring what really matters), the Fundación releases annually its Social Performance report that summarizes the impact of its activity on the life of the entrepreneurs involved, the region and on each country where it is present. This social measurement system has been highlighted by the UN and the OECD and is a benchmark for the sector.

From its incorporation, the Fundación has disbursed an aggregate volume for USD 14,169 million to low-income entrepreneurs in Latin America for developing productive activities (2007-2019) and has become one of the greatest private philanthropic initiatives of the Region.

During 2019, the Fundación, with more than 8,300 employees, continued working to deepening in the neediest areas, servicing almost 2 million entrepreneurs.

More than half of the entrepreneurs serviced were women (57%) which contribute directly to reduce gender inequality.

In Colombia, Fundación Microfinanzas is present through its entity Banco de las Microfinanzas Bancamia. With the purpose to improve the life quality of low-income families in urban and rural areas of the country with difficulties to access the formal banking, Bancamia offers customized financial and non-financial products and services, covering microcredits for productive activities, savings accounts, fixed-term deposits, insurance or international transfers, channels and services such as Mobile Banking and Financial Literacy. At the closing of December 2019, Bancamia was serving 1,108,278 people: 56% living in urban areas and 44% in rural areas. Women are the 55% of customers.

The mission and methodology of the Fundación have been recognized in several times by the UN for its contribution to the Sustainable Development Goals Fund (SDG) of the Agenda 2030 for the eradication of poverty, gender equality, support to inclusive and sustainable economic growth and dignified work, among others.

During 2016 the Economic and Social Council of the United Nations (ECOSOC) granted FMBBVA the consultative status, a recognition to the work of the Fundación in its field of action: microfinance for development. In this regard, the FMBBVA participates in several encounters with the UN to recommend actions for contributing with the sustainable development. Also, the UN Panel on Women's Economic Empowerment of the General Secretary of the UN highlighted the Fundación as a study case.

- The Fundación has participated for one more year in the Commission on the Status of Women (CSW63) at the UN headquarters in New York. During this forum, which is the most significant in connection to gender, the FMBBVA, together with diplomatic delegations of Colombia, Peru, the Iberoamerican General Secretariat and UN Women, organized the event "Women as agents of change: how financial inclusion and digital transformation can accelerate gender equality and sustainable development" at the United

Nations headquarters. Marta Lucía Ramírez, Vice-president of Colombia and Sandra Mendoza, entrepreneur of Bancamia attended the event.

- H.M. the Queen of Spain chaired the debate “Exceptional women: the value of the opportunity” organized by the FMBBVA. There is one entrepreneur of the FMBBVA among such exceptional women.
- The FMBBVA is according to the OECD statistics, international leader in development funding, followed by Bill & Melinda Gates Foundation (gross disbursements 2017-18). Said statistics gather the contribution of more than 30 of the largest global foundations. During 2019, the FMBBVA was invited by the OECD to participate at the Round Table of Leading Foundations with the General Secretary, the annual meetings of work teams related to gender and communication and in the Week of Private Funding for Sustainable Development of the OECD. Also, the FMBBVA organized with the Development Center of the OECD and the SEGIB, the presentation of the Social Institutions and Gender Index (SIGI 2019) in Spain.
- The work of the FMBBVA was recognized at the Euromoney Awards for Excellence with the prize to BBVA as the world’s best bank for financial inclusion. Also, the gamification training strategy of FMBBVA was rewarded as the best Internal Communication strategy for Change Management by the Internal Communication Observatory (IE, Atrevia and Wolters Kluwers) and in CEGOS Prizes.
- Bancamia was recognized by Fintech Americas Top 25 in the “Most Innovative Banker” category and received the Value Shared Prize in the “New Products and Services” category of the Chamber of Commerce of Bogota. Also, it was awarded by Asobancaria in the “environmental sustainability dimension” and the third Prize for the Global Deal Colombia Network in the ODS 1 category. The Poverty Reduction for the good practices in Sustainable Development in line with the Purpose of Sustainable Development 2030”.

In the face of 2019, the Fundacion will keep on working to deepen their scale and scope with an extended value proposal that ensures the development and progress of their entrepreneurs through technological innovation, thus improving efficiency and processes and the use of synergies.

Banking correspondents

In 2019 we continued enhancing alliances with national coverage networks. Currently we have more than 12,000 correspondent points, such as BALOTO and ARA stores, reaching 21% share of the entire channel transactions. Only in 2019, 1,855,000 transactions for \$1.074 MM.

Likewise, our clients can find regional allies such as Paga Todo with 544 points in Cundinamarca, and EDEQ in 18 points in Quindío, with transactions such as collections, payments of credit cards and loans, deposits and withdrawals.

Support to SMEs



BBVA keeps on fostering the growth and development of SMEs since they are a major potential for the country. Thus, our offer was focused to integral actions to assist and generate efficient, responsible and specialized solutions.

To drive the financial responsible assistance, a new SMEs and PNN's management model was implemented. It has a strong specialized commercial force, product of more than 400 training hours, which only purpose is to provide advisory in centralized and mix offices, thus improving the customer's experience.

As a support for such strategy, regular actions were developed to increase the investment in SMEs which, for the first time granted pre-approved limits with a global offer that the client could distribute in products for working capital to provide greater benefit, according to their activity.

During 2019 we had more than 25,000 pre-approved limits for clients for \$1.3 trillion, which had different purposes, among which, we highlight:

1. Increase the banking share through the placement of loans of commercial portfolio and purchase of portfolio of clients from different sectors.
2. Generate offers to clients that did not have credit background, thus increasing their opportunities to relate to the financial sector.

3. Encourage the deepening of clients through asset for those clients who manage their transactional resources with the Bank.

Investment campaigns reached 8% average effectiveness result.

With regard to transactional issues, we may outline the structure of the offer that provides benefits by reducing fees, tailored to our SMEs needs in products such as collection, PSE and transfers. Such benefits seek that SMEs count with BBVA as the ally in their banking process.

Support to retail banking segment with special needs



“Héroes” Affinity Card BBVA: continues strengthening the commercial relation with active members and administrative officials of the National Police and the Armed Forces of Colombia by making them easier to reach their goals through preferential products and services in payroll, payroll deduction loans, credit cards and other asset and liability products. In 2019 more than 23,000 new customers became members of the “Heroes” portfolio, and at year end there were 78,000 cardholders and purchases exceeding \$52mM.

Besides of strengthening the new “Héroes” credit card, exclusive for such group, the portfolio is focused to boost products such as saving, payroll and leveraged credits, and it also drives the use of transactional channels such as BBVA Mobile and BBVA Net, among others.

At the closing of 2019, the “Heroes” BBVA Program, in agreement with the Ministry of Defense, has contributed with more than \$250 million through the Fundacion Matamoros.

“Vision Mundial” shared brand credit card: Vision Mundial is an international humanitarian NGO devoted to the assistance, development and defense of girls, boys and families and communities in poverty and unfair condition.

BBVA Colombia and Vision Mundial have developed an alliance to provide a better future to the Colombian childhood through a credit card that for each purchase generates a 0.5% donation from interests received by BBVA Colombia to support the Vision Mundial program., with a contribution for \$25M in 2019.

During 2019 customers with the Vision Mundial card supported the Colombian childhood. Currently, there are more than 25,000 cardholders.

Inclusive Banking

In 2019, the Alliance with the Ministry of Technology & Communications (MinTic) to render the service of the Relief Center was terminated for all financial institutions; however, our deaf clients are able to enter directly into the app of the Relief Center of the MinTic through our free wifi network in the offices, and receive the assistance to communicate with the BBVA personnel.

Also, deaf and blind clients receive the service of guides interpreters who understand their needs and translate them to the Bank sales reps thus receiving a better service.

Mobile money

This financial product allows receiving and transferring money from and to Mobile money users, BBVA current accounts or from other Banks. The app BBVA Mobile prevents the mobilization to offices and the user does not have to be client. The number of contracts in force increased from 26,707 in 2018 to 48,082 in 2019, and average balance of COP \$ 1,129 bn.

Dinero movil (mobile money) enables handling cash up to 3 Minimum Monthly Wage (SMMLV per its acronym in Spanish) monthly: in balance, debit and credit transactions, exempt from the charge of lien to financial movements (GMF) up to 65 monthly units of tax value (UTV). Its contracting is fully virtual through a mobile device and the account number is the telephone line. It allows transfer transactions, cash withdrawals, deposits, payments of utilities and cell phone recharges. Its available only to individuals and free of management fees.

Agribusiness credit facilities

BBVA Colombia maintains its support to the farming and agribusiness sector of the country, at December 2019 credits had been granted for \$3.2 bn, with an interannual growth of 46% and 17% share of total resources regulated by Finagro.

Agricultural lines represented 76% total growth of BBVA commercial portfolio and contributed to boost small and medium producers through financing more than 50 infrastructure, machinery and third-way projects in the Territorial Entities.

Financing of development and infrastructure sustainable projects

In 2019 BBVA Colombia supported the financing of more than 600 projects of sustainable development of the agro-livestock sector, with more than \$498 bn, split in \$176 mm in Machinery and Equipment and \$322 mm in infrastructure and civil works for the production improvement and quality.

9. Investment in community

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Corporate Social Responsibility Policy

GRI-103-2 • GRI-103-3
GRI-202-1

BBVA understands the Corporate Social Responsibility (“CSR”) as the responsibility it should assume for the impact of its activity on people’s life and on society. To accomplish said responsibility, BBVA integrates the social, environmental, ethical, human rights and stakeholders’ concerns, both in its daily business and in the relations with all of them.

Through the CSR Policy, the BBVA Group should contribute with following objectives:

Develop the main activity with responsibility, placing people at the core of its purpose.

Maximize the creation of sustainable and shared value to its shareholders and stakeholders and for the society where it operates.

Prevent and mitigate possible negative impacts arisen from its activity.

Manage BBVA reputation.



This CSR policy intends to create a framework reference that helps to define and drive behaviors that allow the generation of value for all stakeholders (clients, employees, shareholders, suppliers and society) within the social responsibility culture translated into a “Responsible Banking” throughout the entities that form part of the BBVA Group.

The purpose of BBVA is to make available to everyone the opportunities of this new era. For such purpose, one of the goals of the Group is to develop a different way of doing banking, through the “Responsible Banking” model, based on the return adjusted to ethical principles, compliance with law, good practices and the creation of long-term value for all stakeholders. This configures as the Global Vision of the Group performance. This CSR policy is aligned with the BBVA Code of Conduct that sets the behavior guidelines pursuant to BBVA values.

The principles governing the CSR Policy are:

- Integrity as the manifestation of ethics in BBVA performance and in the relations with stakeholders.
- Sound management of risks.
- The transparency, as the principle to offer access to clear and true information.

Investment in social programs

During 2019, BBVA invested COP \$5,493 bn to develop their Corporate Responsibility Plan in Colombia. This has been focused in particular to sustainable initiatives, benefiting more than 150,000 families.

The most representative programs comprise:



BBVA School for Entrepreneurship

BBVA School for Entrepreneurship is a program intended to train kids and high school students on personal finance and provide them tools for developing entrepreneurial competencies.

This program operates as a training center on personal finance and entrepreneurship for students in courses 8th to 11th and for their teachers who have the opportunity to receive this training through a Finance course, thus becoming in multipliers of this initiative.

In 2019, the BBVA School for Entrepreneurship benefited more than 80,000 students and 978 teachers of 394 education institutes in 201 municipalities all over the country.

Apiculture Project for entrepreneur women

This is part of Bees for Peace program brought to Colombia by the scientific Germán Perilla and the George Masson University of Virginia, USA. Thanks to BBVA leadership, it has been implemented in 12 municipalities of Santander such as: Socorro, Confines, Palmas de Socorro, El Hato, Oiba, Barichara, Aratoca, San Gil, Suaita, Simacota, Paramo and Mogotes.

This project allows making technical, financial and supply contributions to 60 peasants, mainly women household heads, becoming micro-entrepreneurial women, thus improving their income and the life conditions for them and their families.

The initiative has reached already the third year of implementation and points to the self-sustainability by incorporating the equipment to prepare wax, indispensable element in the apiculture industry that not only benefits the entrepreneurs but can be used by the region apiculture farmers. The next step is to be able to reach the production of the Wood material to manufacture the beehives and Melipona colonies.

Financial literacy

BBVA has made available to Colombians a program focused to the financial training that allows, through learning basic items of economy and finance, acquire skills to use adequately the financial products and make informed decisions.

Through interactive workshops, the program provides financial items in a clear and simple education process on subjects such as savings, credit, credit health, transactional channels, cybersecurity, mortgage loan to customers and non-customers as part of the non-official offer that contributes to the improvement of social balance and thus generates the positive transformation in the financial behavior and management.

In 2019 our Financial Education program reached more than 33 thousand people through the mobile classroom in 47 municipalities.



Technological education

BBVA and Fundación Plan closed 2019 the second phase of the BBVA Scholarship Plan that favored more than 175 young people in vulnerability situation in Sincelejo, Cartagena and Tumaco. They were able to enroll in technological careers such as Cooking and Bar, Computer maintenance, Childcare and Secretary Program, among others.

Educational enhancement

In alliance with Manos Visibles and Icesi University of Cali, BBVA initiated the second phase of the Juventud program and peace construction. This program will benefit 10 young people of the Colombian Pacific area to study Law, Business Administration, Sociology and IT, among other professional careers. Those eligible were selected due to their leadership and recognition conditions among their more than 300 applicants.

In the first phase of the program, 10 community leaders of Cali and Medellín graduated from Eafit and Icesi universities and are already working for different companies and public and private entities based in said cities.

Women entrepreneurship

Leadership and entrepreneurship finance are a program offered by BBVA and MET Foundation intended to develop and train innovative entrepreneur women with growth potential to learn, transmit and encourage a different way of action that makes, in turn, the business sustainable.

Additionally, three women entrepreneur forums took place in Medellin, Cali and Bogota with the attendance of more than 60 leaders from different sectors of the local economy. Nearly 1,000 women interested in business matters attended.



BBVA Momentum

Forty social entrepreneurs of Cartagena, Santa Marta, Bucaramanga, Medellín, Manizales, Pereira, Cali and Bogota formed part of the third BBVA Momentum, training which throughout 4 face-to-face sessions and 21 online training weeks with trainers of MET Community trainers, Corporate Learning Alliance (CLA), Financial Times, and IE Business School, and a group of mentors from different areas of the Bank, allowed that attendants acquired new competitive and business innovation skills.

Throughout the training, the entrepreneurs had access to networking events with different goals (training, visibility, relevant connections, access to the market, access to funding, etc.). Likewise, they had a networking area in the platform to contact other mentors and participants of the program.



V National Teacher Award BBVA 2019

Upon the participation of more than 1,600 teacher from all over the country, the fifth version of the National Teacher Award took place. This initiative is intended to recognize the work of teachers in the country in projects focused to the encourage of reading and writing among the students. In this opportunity, it had three categories: conventional Reading and writing, web reading and writing and innovative proposal.

Six finalists of Bolivar, Cordoba, Cundinamarca, Guaviare and Bogota won a training trip to Spain, cash money and backpacks with school supplies for their students.

Support to young athletes

GRI-203-1

In 2019 BBVA extended their support to young Colombian athletes, structuring a group of 25 athletes in different disciplines, who raised high the name of Colombia and BBVA in both national and international arenas.



The most visible case was Francisco Sanclemente, a paralympic athlete who participated in the major wheelchair marathons in Mexico, London, Berlin, Singapur, Korea, Chicago and Duluth. He reached the South America record and the vacancy to Paralympics of Tokio 2020.



Another outstanding athlete was Sofía Gómez Uribe, diver, who conquered the personal record by diving 92 mts in Xibalba, Mexico at the beginning of the year. The competition took place in a cenote in Yucatan.

Economic value and tax contribution

GRI-201-1

BBVA undertakes the commitment to maximize the creation of sustainable and shared value for its shareholders and for any other stakeholders and the society where it operates through its Corporate Social Responsibility policy. A sustainable and shared value that, together and pursuant to the methodology provided by GRI for 201-1 contents, can be measured and detailed as economic value generated, distributed and withheld by the Group.

Economic value generated and distributed

(In million Colombian pesos)

Value Indicator	2019	2018	Var. %
Economic Value Generated (EVG)	\$ 3,661,035	\$ 3,466,319	5.6
Net interest income	2,966,032	2,769,998	7.1
Net income for bank fees	121,918	158,175	(22.9)
Result valuation investment portfolio	419,766	433,213	(3.1)
Other operating income (1)	153,319	104,932	46.1

Value Indicator	2019	2018	Var. %
Economic Value Distributed (EVD)	2,181,546	1,994,069	9.4
Indicator sent to Dividends	\$ 352,314	\$ 262,104	34.4
Results attributed to minority	\$ 16,870	\$ 12,552	34.4
Suppliers and other administration expenses (wages and salaries excluded)	776,615	769,043	1.0
Social Investment	5,493	4,500	22.1
Taxes (2)	428,910	385,177	11.4
Staff cost	601,344	560,693	7.3
Economic Value Retained (EVR=EVG-EVD)	1,479,490	1,472,249	0.5
Reserves	369,185	274,656	34.4
Net provision of assets and amortizations	\$ 1,110,305	\$ 1,197,594	(7.3)

1 It includes Disposals, Leases, Company's dividends and Operative risk.

2 It includes Income tax and Other taxes.

* This value does not include the investment in Financial Literacy Programs.

Note: Data from the Bank Statement of Income pursuant IFRS and SFC methodology.

Creation of direct tangible value: detail per stakeholders

(In million Colombian pesos)

Group	Value Indicator	2019	2018	Var. %
Shareholders	Dividends	\$ 369,185	\$ 274,656	34.4
Employees	Staff cost	601,344	560,693	7.3
Customers	Interests and Assimilated Burdens	1,995,475	2,060,057	(3.1)
Suppliers	Other Administration costs	776,615	769,043	1.0
Corporations	Contributions, Taxes on Benefits and other Taxes	\$ 428,910	\$ 385,177	11.4

10. Supplemental information

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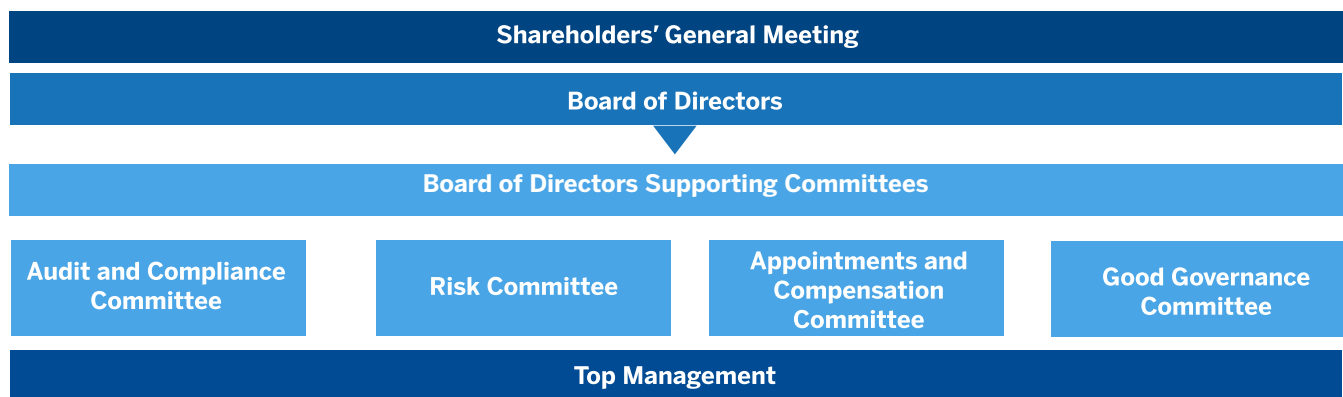
Corporate Governance Annual Report

Corporate Governance System BBVA Colombia

The Corporate Governance System of BBVA Colombia (hereinafter the “System”) is aligned with the international, corporate and local recommendations and trends. Its principles, elements and practices are set out in different instruments that guide the structure and functions of the corporate bodies, such as the Articles of Association, the Corporate Governance Code, the Rules of the Shareholders’ General Meeting, the Rules of the Board of Directors and the Rules of the Board Supporting Committees.

The System is also made up by the standards of internal conduct contained in the Code of Conduct of BBVA, the Code of Conduct in the Securities Market and Code of Conduct for the prevention of money laundering and terrorist financing set out in the postulates that govern the actions of their senior management, members of the Board of Directors, administrators and employees.

Additionally, the Corporate Governance System of BBVA Colombia is conceived as a dynamic process in permanent review, with a focus toward improvement and adaptability to the new realities of the Bank and its affiliates, taking as reference the regulations and recommendations produced with regard to the best practices of Corporate Governance.



Implementation report of the Corporate Best Practices - Country Code for 2019

On January 30, 2019, BBVA Colombia completed and transmitted to the Financial Superintendence of Colombia (SFC) the Report of Implementation of Best Corporate Practices-New Country Code for year 2019, available at the Bank's Website: <https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/encuesta-codigo-pais.html>

The report shows the same structure of the New Country Code that is divided into five areas: 1) Equal treatment of shareholders and protection of their rights; 2) Shareholders' General Meeting; 3) Board of Directors; 4) Control architecture; 5) Transparency and Financial and non-financial information. It has 33 measures, developed in 148 recommendations that may be adopted by the issuers of securities.

The report methodology was based upon the principle "complies or explain". In response to this principle, the Bank answered "Yes" when the recommendation was adopted and indicating the supports where the respective recommendation was recorded; if replied "No" in those cases in which for the 2016 period the recommendation was not implemented, however it was explained, when appropriate, that the Shareholders General Assembly and the Board of Directors had approved its implementation.

Once the Bank answers were validated and reviewed in the Country Code survey, the Financial Superintendence of Colombia highlighted the adoption of those recommendations by the Bank, through the modification of its internal regulations, thus strengthening the best practices of Corporate Governance.

Recognition to IR Issuers (Investor Relations)¹:



For the seventh consecutive time BBVA Colombia has received the Issuers Recognition IR (Investor Relations) granted by the Colombia Stock Exchange to issuers that certify the compliance with best practices in terms of: i) Relation with investors, ii) Disclosure of information to investors and to the market in general, and iii) Corporate Governance.

The Issuer Recognition – IR granted by the Bolsa de Valores de Colombia S.A. (Stock Exchange) is not a certification about the bounties of the registered securities or about the solvency of their issue.

In accordance to the study performed by CESA and the BVC, it was evidenced that during 2019, the Bank complied with 96.5% of the information disclosure standard and Corporate Governance practices. Said disclosure percentage has ranked BBVA Colombia at leading positions in the IR issuer categories with higher standards in contents and Corporate Governance and evolution since 2016.

Furthermore, the publication of issuers with better content standards in information disclosing ranked the Bank in an outstanding position within the 3 categories, not only among the issuers but within the financial sector and it was published.

This recognition indicates that BBVA Colombia has the direct communication channel with investors as stakeholders that positions the Bank as the major foreign bank of the country and reiterates its commitment with the implementation of good practices on regard to the disclosure of information and Corporate Governance, strengthening the security, confidence and credibility among the national and international investing community.

Structure of the Ownership of BBVA Colombia

Capital and structure of the ownership of BBVA Colombia.

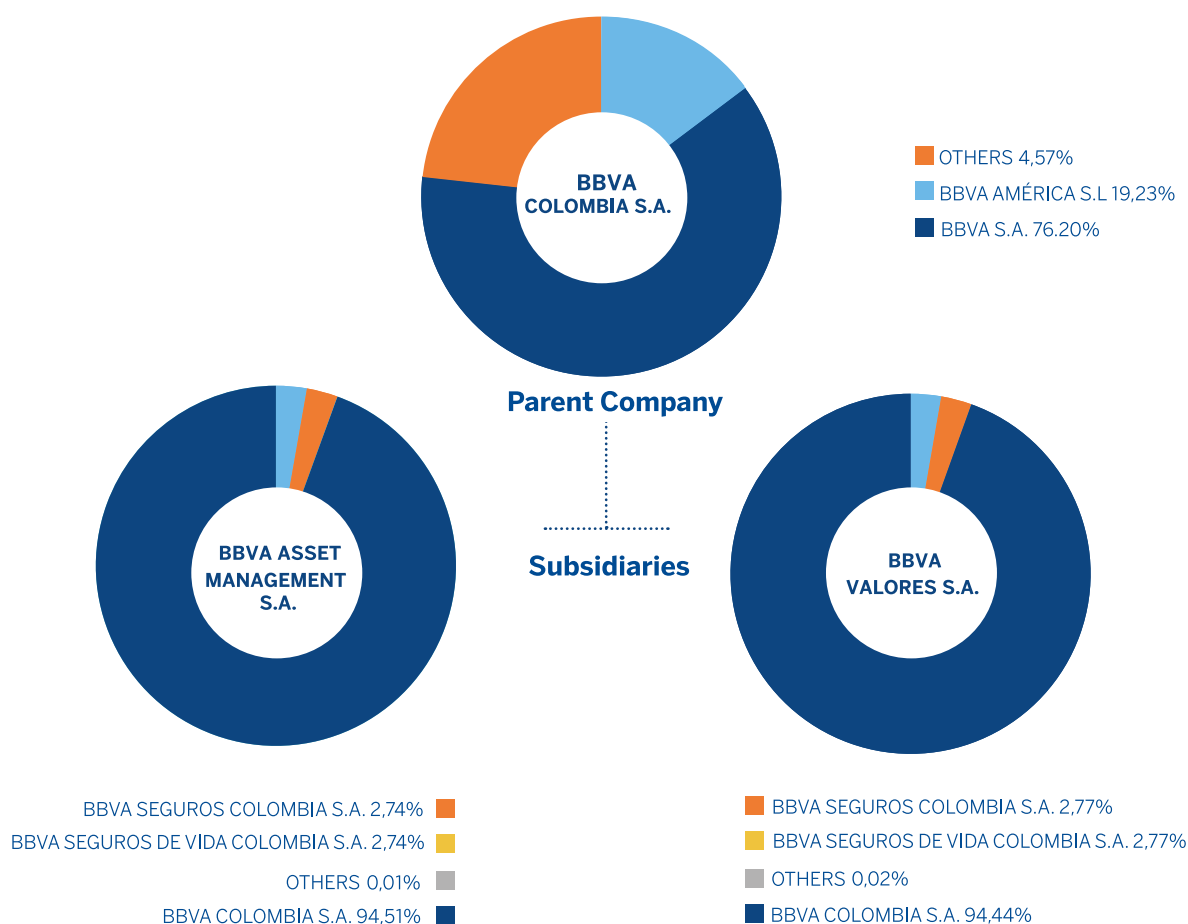
BBVA Colombia has an authorized capital of COP \$645,000,000,000 divided into 103,365,384,615 shares, from which 88,977,695,544 are in reserve and 14,387,689,071 outstanding.

From those outstanding shares, 13,907,929,071 are common shares and 479,760,000 are preferred dividend shares.

At the cut-off date December 31, 2019 BBVA Colombia registered 65,172 shareholders.

BBVA Colombia Shareholders structure			
Name	Common shares	Shares with preferential dividend	Participation %
Banco Bilbao Vizcaya Argentaria S.A.	10,766,099,008	196,857,652	76.20%
BBV América SL.	2,511,124,962	256,150,000	19.23%
Otros	630,705,101	26,752,348	4.57%
Total	13,907,929,071	479,760,000	100.00%

BBVA Colombia has registered a situation of control and group with respect to its affiliates BBVA Asset Management S.A. Sociedad Fiduciaria, and BBVA Valores Colombia S.A. Comisionista de Bolsa, with the following ownership structure:



Information of shares owned by members of the Board of Directors

The members of the Board of Directors are not shareholders of BBVA Colombia.

Family, commercial, contractual or corporate relations between the holders of major interests and BBVA Colombia

Main shareholders of BBVA Colombia are Banco Bilbao Vizcaya Argentaria, S.A. and BBV America, SL. Details of the commercial and/or contractual relations of the mentioned shareholders with the Bank is in Note to the Financial Statements under “Transactions with related parties”.

Negotiation of shares owned by members of the Board of Directors and Senior Management

In year 2019 there were no negotiations of shares issued by the Senior Management of BBVA Colombia. With regard to the members of the Board of Directors of the Bank, it is indicated that they are not holders of shares of BBVA Colombia.

BBVA Colombia´s own shares

BBVA Colombia does not have own shares.

Structure of the administration of BBVA Colombia

Composition of the Board of Directors (Directory)

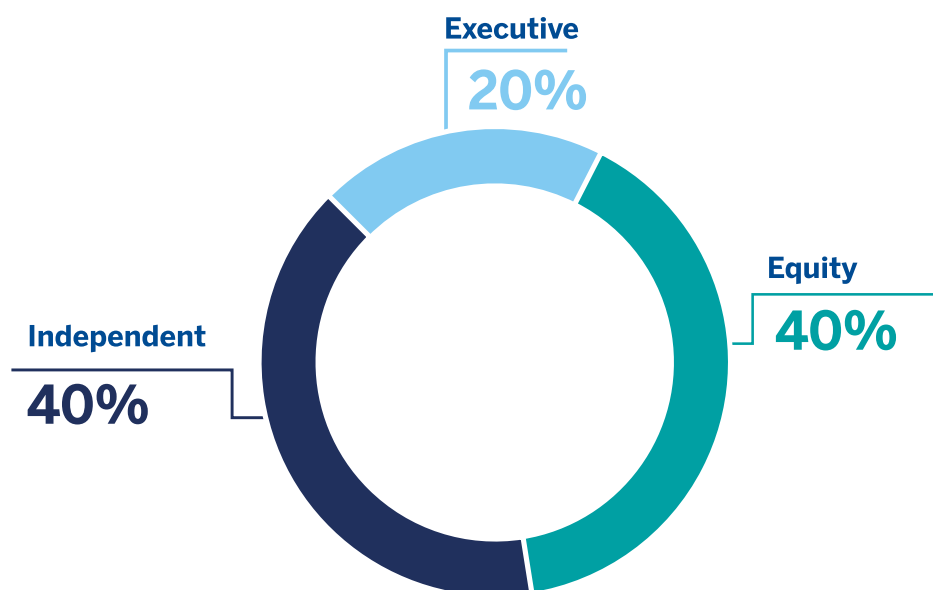
The composition of the Board of Directors of BBVA Colombia is one of the key elements of their Corporate Governance system. In accordance with the Recruiting, Appointment and Succession of the Board of Directors Policy, it is sought the adequate balance in its composition among the different origins of the members of the Board of Directors (hereinafter “members of the Board of Directors” or “Directors”), being majority those executives with equity and independent origin. Additionally, in compliance with Law 964 of 2005, minimum 25% of the Directors should have independent origin, meaning the people defined in paragraph 2, article 44 of the aforementioned law.

Similarly, the Board of Directors and its Supporting Committees should have an adequate and diverse composition, including people with experience and knowledge of BBVA Group, its businesses and the financial sector in general, training, competencies, knowledge and experience in fields and sectors that allow its adequate balance in the composition for the best performance of their functions.

Additionally, the convenience to perform an ordered renewal of the Board of Directors on the basis of the adequate rotation of their members, will be considered in order to achieve the objectives provided in the mentioned Policy and supplement and increase the gender diversity, knowledge and experiences, all which may contribute to the best exercise of their functions.

For the year 2019, the Board of Directors was formed by 5 Directors, 2 of independent origin, 2 equity and 1 executive, as follows:

Director	Origin	Position
Carlos Eduardo Caballero Argáez	Independent	Chairman of the Board of Directors
Juan Eugenio Rogero González	Equity	First Vice-president of the Board of Directors
Xavier Queralt Blanch	Equity	Second Vice-president of the Board of Directors
Felipe Cifuentes Muñoz	Independent	Member of the Board of Directors
Oscar Cabrera Izquierdo	Executive	CEO



Caballero Argáez Carlos Eduardo

Chairman of the Board of Directors

Independent – Member of the Board of Directors since March 17, 2005

Civil Engineer from Universidad de los Andes, master's in science from California University in Berkeley, in Public Affairs from Princeton University and in History from Universidad de los Andes.

With more than 40 years' experience working in the public sector, he has served as Ministry of Mines and Energy, Executive Director of Fedesarrollo, Technical Executive Director and Chairman of the Asociación Bancaria de Colombia, Chairman and Member of the Board of Directors of Banco de la República, Director of the Fund for the Export Promotion (Proexpo), CEO of Bancoldex and President of Bolsa de Valores de Bogota. In June 2006 he was appointed first Director of Escuela de Gobierno Alberto Lleras Camargo of Universidad de los Andes, position that holds currently.

Mr. Caballero is also member of the Boards of Directors of Promigas S.A., Pedro Gómez y Cía, Centro Colombo Americano, Mineros S.A., and Interconexion Electrica S.A. E.S.P. - ISA -

Xavier Queralt Blanch

Second Vice-president of the Board of Directors

Equity - Member of the Board of Directors since May 30, 2018

Law Degree from the Central University of Barcelona with studies in a Senior Executive Program in Strategy for Financial Sector of the London Business School, and advanced Leadership programs in Axialent and INSEAD.

In BBVA S.A., he has held management positions in the Corporate Banking of Spain and Portugal; Director of Productivity, Organization and Compliance; and Territorial Director Catalonia. He has also held positions as Managing Director of UNNIM Banc and the Bank Catalunya Caixa. He chaired the Board of Directors of the insurance companies UNNIM Vida and CX Vida.

Felipe Cifuentes Muñoz

Member of the Board of Directors

Independent- Member of the Board of Directors since March 1, 2019

Industrial Engineer from Los Andes University, master's in business law and studies in the Company's CEOs program from the same university. Courses at Pittsburgh University and IESE, among others. He held the Presidency of Fiduciaria Ganadera S.A., Corporacion Financiera Corfigan and AFP Colpatria; Corporate Finance and Securities Market Director of Banco Granahorrar and later President of said Bank. Likewise, he was the Executive Vice-president of BBVA Colombia Global Wholesale Banking and Financial and Planning Assistant Director of Caja de Compensación Familiar CAFAM.

He has been Chairman of several Boards of Directors in financial entities such as BBVA Seguros Colombia, BBVA Seguros de Vida Colombia, Corfigan, BBVA Fiduciaria, Finamerica S.A., Simple S.A. and he was Independent Member of the Board of Directors of BBVA Colombia for the period from August 21, 2013 to March 15, 2017. He is currently an Independent Consultant.

Oscar Cabrera Izquierdo

CEO

Executive - Member of the Board of Directors since March 26, 2008

Graduate in Economics and Business Administration from Universidad Complutense de Madrid.

The current Executive Chairman of BBVA Colombia began his career in 1989 in the firm Arthur Andersen as Financial Auditor and subsequently acted as General Controller in Caja Postal S.A. He was General Deputy Director of Accounting and Consolidation in Argentaria until 1998 when he joined the BBVA Group as Corporate Director of Strategic Planning. In 2003 he was appointed Chief Financial Officer in BBVA Bancomer (Mexico D.F.) acting as member of the Boards of Directors of Afore Bancomer and Seguros Bancomer.

GRI-405-1

Diversity of the Board of Directors

Another distinctive element of the composition of the Board of Directors de BBVA Colombia is its diversity. In this regard, the Board of Directors has a diverse composition that combines profiles with experience and knowledge of the Bank and its affiliates, business and the financial sector, in general.

In year 2019, and due to the resignation of one of the members of the Board of Directors and in accordance with the Selection, Appointment and Succession Policy of the Board of Directors, the Good Governance Committee analyzed its composition, as well as the need that its members have diversity in knowledge, competencies, experience and gender that allow development of their functions and the reelection of other Directors and nominations to cover the vacancies. For such purpose, the Committee evaluated the balance between knowledge, competencies, and experience, as well as any other condition to be met by the candidates and the time dedication for the adequate performance of their functions, pursuant to the needs of the Board of Directors.

The Committee valued Dr. Felipe Cifuentes Muñoz' CV, profile, academic and professional background, in accordance with the structure, size and composition of the Board of Directors, as well as with the Selection, Appointment and Renewal. The Board of Good Governance regarded his nomination appropriate and presented it to the Shareholders' General Assembly. Dr. Cifuentes has a wide education and experience, both national and international, in economics and finance fields, and also has the time required, meeting the appropriateness and independence requirements.

Director	Gender	Citizenship	Title
Carlos Eduardo Caballero Argáez	Masculine	Colombian	Civil Engineer
Juan Eugenio Rogero González	Masculine	Spanish	Economist
Felipe Cifuentes Muñoz	Masculine	Colombian	Industrial Engineer
Xavier Queralt Blanch	Masculine	Spanish	Lawyer
Oscar Cabrera Izquierdo	Masculine	Colombian	Economist

Composición de Comités de apoyo de la Junta Directiva

Committees	Directors				
	Oscar Cabrera Ejecutivo	Carlos Caballero Independiente	Felipe Cifuentes Independiente	Xavier Queralt Patrimonial	Juan Eugenio Rogero Patrimonial
Audit		PTE	√		√
Risks		PTE		√	√
Good Governance		PTE	√	√	
Appointments and Compensation			PTE	√	√

Changes in the Board of Directors during 2019

In accordance with article 32 of the company's bylaws, the Board of Directors, elected at the Shareholders' General Meeting on March 1, 2019, held a session on March 26, 2019 where the resignation of Mrs. Ana María Ibáñez Londoño, Independent member, was accepted and Mr. Felipe Cifuentes Muñoz was appointed as her replacement. The Superintendence of Finance of Colombia authorized such appointment on March 21, 2019.

Members of the Board of Directors of BBVA Colombia who sit on the Boards of Directors of the affiliates or who hold executive positions in these affiliates

BBVA Colombia Directors are not part of the Boards of Directors or executive positions in the subsidiaries.

Process for appointing Directors

BBVA Colombia has the Selection, Appointment and Succession Policy, approved by the Shareholders' General Meeting held on the ordinary meeting on March 17, 2016.

This Policy provides that the Board of Directors is made up by a number of Directors who, within the framework

set by the Law and the Bylaws, are determined at the General Meeting of Shareholders. The designation shall correspond to the highest body of the administration and should meet the suitable requirements to perform the position, have the proper knowledge and experience to perform their duties; avoid situations of conflict of interest and fulfill the non-compatibility and limitations regime.

BBVA Colombia encourages participation of Shareholders in the proposal of the lists presented for consideration by the Shareholders' Assembly and ensures that the selection process of the members of the Board of Directors follows the law, policies and strategies of BBVA Colombia.

The proposals for appointment or reelection of Directors and the nominations to fill the vacancies are presented for the consideration of the Good Governance Committee that supports the Board of Directors to perform their decision-making functions associated to the appointment of members to the Board of Directors.

This Committee evaluates the balance of knowledge, competencies and experience in the Board of Directors, as well as the conditions that the candidates to the vacancies should meet, evaluating the time devoted deemed necessary for the adequate performance of their function as member of the Board of Directors.

To perform its functions, the aforementioned Committee may refer to contracting outsourcing services for recruiting potential candidates whenever deemed convenient.

Similarly, the Good Governance Committee may take into consideration the requests formulated by the members of the Board of Directors and shareholders about the potential candidates to fill the vacancies that could have arisen.

The information related to the candidates, as well as the report that for such purpose is made by the Good Governance Committee, which will include the evaluation of legal incompatibilities and incapacities and the compliance with the requirements to become a member of the Board should be available to the shareholders previous to holding the Shareholders' General Assembly together with all material necessary to facilitate an informed decision making process at the time of voting.

Finally, for the election of Directors the electoral quotient will be applied in conformity with law and Articles of

Association and will be made by the Shareholders' General Meeting in a single voting round provided that the lists presented have the minimum number of independent Directors required by law. Otherwise, there should be two voting rounds, one of them for independent Directors required legally and the other for the remaining Directors.

Remuneration policy of the Board of Directors

BBVA Colombia has a Remuneration Policy for the Board of Directors approved by the Shareholders' General Meeting on March 17, 2016.

This Policy differentiates between the remuneration system of the executive and non-executive Directors, as follows:

The remuneration of an Executive Director, i.e. the legal representative involved in the ordinary course of the Bank businesses and in turn, member of the Board of Directors, is ruled by the same principles applicable to the collective of employees of senior management which professional activities have a significant impact on the risk profile of the Group or exercise control functions.

For the remuneration of senior management, BBVA follows these criteria: i) the level of responsibility of their functions, and ii) that the remuneration is competitive with regard to the functions equivalent to peer financial institutions in the local market; therefore, the executive origin Director is not recognized with an additional remuneration to their income as employee of BBVA Colombia for their performance as member of the Board of Directors.

With regard to non-Executive Directors (independent and equity) the remuneration system is based upon responsibility, dedication, and incapacities and incompatibilities criteria inherent to their position. This system comprises: i) Fixed monthly remuneration in cash for membership and attendance to the Board of Directors and the different supporting committees to the Board; ii) Remuneration in kind which is made up by the life and accident insurance policies for directors and administrators.

In addition to the foregoing, the equity Directors domiciled abroad receive a remuneration in kind as allowances and emoluments necessary for the attendance to the meetings that require being present.

As to the remuneration of the Chairman of the Board of Directors, based upon the scope of their specific functions and the greater time devoted, could have a higher fixed remuneration within the margins managed by peer financial institutions of the local market.

Finally, in conformity with the Articles of Association, the Shareholders' General Meeting is in charge to set the annual remuneration for the Bank Directors.

Remuneration of the Board of Directors during 2019

The Shareholders' General Meeting held on March 12, 2018 the Board of Directors approved to maintain as fees for non-executive Directors the sum of eight million Colombian pesos (\$8,000,000) per month for membership and attendance at meetings of the Board of Directors and Committees, and for the President of the Board of Directors, Carlos Eduardo Caballero Argaez, approved the sum of ten million pesos (\$10,000,000) per month.

Consequently, the General Meeting of Shareholders agreed to set for the payment of fees approved as well as for any other expenses required by it for its operation the annual allocation of five hundred seventy-five million Colombian pesos (COP\$575.000.000) for the period 2019-2020.

Based on the foregoing, the Good Governance Committee verified the observance of the Remuneration Policy of the Board of Directors as well as the appropriations approved for the 2018 fiscal year, determining that BBVA Colombia paid the Board of Directors the total amount of compensation for the Board of Directors. five hundred twenty-one million five hundred fifty-six thousand and two hundred and nineteen Colombian pesos (COP \$521,556,219) detailed as follows:

Item	Total
Fixed compensation	\$ 410,100,000
Compensation in kind (insurance)	656,424
Compensation in kind (allowances)	\$ 110,799,795
Total	\$ 521,556,219

The details of compensation to Directors, as well as to the Senior Management, has been disclosed in the Note 43 called "Transactions with related parties" to the Financial Statements.

Attendance and quorum of the Board of Directors

During 2019 the Board of Directors met 13 times, complying with the schedule established prior call in which the agenda was indicated.

The sessions of the Board of Directors and Committees were attended by 100% of its members.

The following are the meetings held during 2018 and the attendance of its members:

Meeting	No. of meetings	Attendance
Board of Directors	13	100%
Audit Committee	6	100%
Risk Committee	4	100%
Good Governance Committee	5	100%
Appointments and Compensations Committee	4	100%

In conformity with the Regulation, the Board of Directors deliberates and decides lawfully with the presence and votes of the majority of members.

Chairman of the Board of Directors (functions and key issues)

At the meeting held on March 26, 2019 the Board of Directors installed the Directory and the election of dignitaries, appointing Mr. Carlos Caballero Argaez as Chairman

The functions of the Chairman of the Board of Directors and their responsibilities are incorporated into the Bylaws of the entity (article 43) and the Internal Rules of the Board of Directors (numeral 11A), documents that can be consulted on the Bank web page:

Bylaws: <https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/estatutos-sociales.html>

Rules of the Board of Directors: https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/prefooter/gobierno-corporativo/junta-directiva/DO-01-REGLAMENTO_JUNTA_DIRECTIVA-.pdf

Secretary of the Board of Directors (functions and key issues)

In accordance with the Articles of Association (article 43 Bis), the Bank has an official acting as Vice-president of Legal Services - General Secretary, appointed by the Board of Directors and who also acts as its Secretary.

In this regard, the Board of Directors at the meeting held on March 26, 2019 re-elected Mr. Ulises Canosa Suarez, Vice-president - General Secretary, as the General Secretary of the Board of Directors of BBVA Colombia.

Their functions are incorporated in the Internal Regulations of the Board of Directors (numeral 11B), a document that can be accessed on the Bank website at the following link:

https://www.bbva.com.co/content/dam/public-web/colombia/documents/home/prefooter/gobierno-corporativo/junta-directiva/DO-01-REGLAMENTO_JUNTA_DIRECTIVA_2018.pdf

Relationships of the Board of Directors with the Statutory Auditor

During 2019, the Board of Directors and the Audit Committee provided an interaction space with the Statutory Audit, KPMG S.A.S., which has provided direct information to them at the meetings.

The Audit Committee has known and agreed to the Work Plan 2019 of the Statutory Auditor, has followed the evolution of the work in progress, the recommendations made, and the plans adopted by the Entity for its implementation.

As well, the Committee has supervised the Fiscal Review services throughout the year, verifying that they were executed with quality, independence and effectiveness. This verification materialized in the completion of the evaluation by the members of the Audit Committee, whose unanimous result was the highest score of satisfaction, highlighting the professionalism of the teams and being a great ally for the governing bodies and management in its function of supervision of the effectiveness of internal control and systems of risk management and compliance.

Management of the information of the Board of Directors

For the right exercise of their functions, in accordance with the provisions of numeral 10.4 of the Internal Regulations of the Board of Directors, Directors have access to information related to the sessions, with a minimum five (5) calendar) days in advance to the respective session.

The information is available to the Directors through a restricted access net resource hosted in the Bank servers for a safe and adequate management of the confidential information and to which the Directors have access from any place and device by using the assigned user and password. The foregoing allows the Directors to make informed decisions by having safe, permanent and timely accessibility to the reports.

Activities of the committees of the Board of Directors

For best performance of its management and control functions and to have an adequate decision-making process, the Board of Directors has set up four Committees with functions assigned in its Regulations, and which assist the Board in the matters of its competence.

The four Committees (Audit, Risks, Good Governance, and Appointments and Compensation) are headed by independent Directors, made up exclusively by non-executive Directors. The Audit Committee and Good Governance Committee are made up mostly by independent Directors.

The Committees have extensive powers and full autonomy in their management, being able to call meetings as required, participate to prepare the agenda and have the attendance of external experts when deemed appropriate, and in addition, add the direct access to the executives of the Bank who frequently report to both the Committees and the Board of Directors.

In this way, the Corporate Governance System of BBVA Colombia allows the Directors to control the proposals, implement and develop those issues approved by the Board, supporting for such purpose fundamentally on the work done in the Committees.

In compliance with their respective Rules, the Committees prepare their annual Management Report which includes the activities made during the period. These reports are available on the web site at: <https://www.bbva.com.co/personas/atencion-al-inversionista/gobierno-corporativo/asamblea-shareholders.html>

Information about the evaluation processes by the Board of Directors and Senior Management

Self-evaluation of the Board of Directors

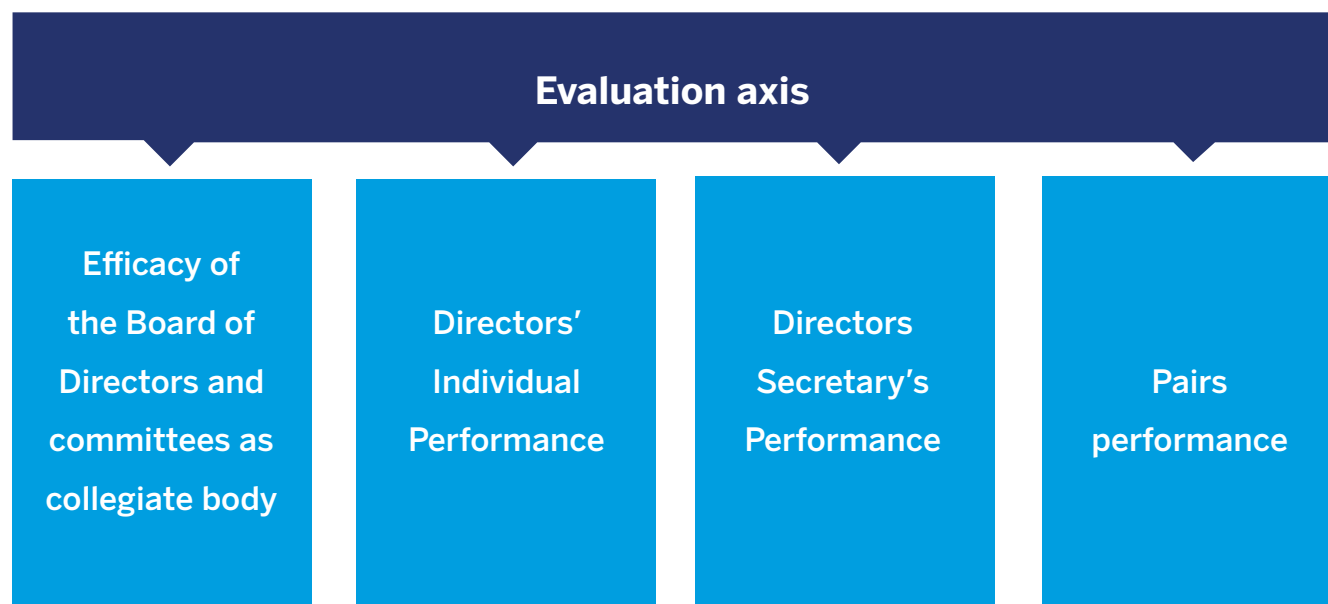
In conformity with article 38 numeral 7 of the Articles of Association of BBVA Colombia, the Board of Directors is responsible for the organization of the annual evaluation process of the Directory pursuant to the methodologies generally accepted about self-evaluation or evaluation that may consider the involvement of independent advisors.

For 2019, the Board of Directors approved to implement the self-evaluation methodology that consists of a questionnaire to know the Directors' perception about the functioning of the Board of Directors and of the Support Committees as a collegiate body and the Directors individually considered, among other aspects.

Self-evaluations were completed by each Director and based upon them, the Good Governance Committee, within the framework of its functions, prepared the respective report to review the results of the process and formulate suggestions to improve the operation of the Board of Directors.

The questionnaire was structured with a five-point scale, where "5" means fully agree and "1" fully disagree, and evaluated two axes, namely:

- The first axis "Vision of the Board of Directors about different matters of the Corporate Governance", with three options "agree", "disagree" or "followed partially".
- Other evaluation axes "Performance, Operation and Dynamics of the Board of Directors and their Supporting Committees", "Individual Performance of Directors" and "Chairman and Secretary of the Board of Directors", were measured with a 5 point scale, where "5" means fully agree and "1" fully disagree.



The result of the evaluation was positive and allowed to verify that the Board of Directors has fulfilled its functions in an adequate manner. It is highlighted that the Committees supported the decision making by the Board of Directors and that in the meetings all the topics of their competence were addressed, dedicating the necessary time to the debate of the topics included in the agenda of each session or those presented in extraordinary manner.

Transactions with related parties

With regard to the operations with related parties, the Board of Directors made a monthly follow up directly and also with the support of the Audit Committee, determining that in all cases and for all effects and in any type of operations, whether derivatives or any other active operation with the Parent company, affiliates or related parties, the compliance with the standards about the limits to the delivery of the credit or the maximum debt limit or risk concentration, in force on the date of approval of the operations would have been verified.

Additionally, it was confirmed that the operations would have been made in general market conditions in force for similar transactions with third parties, except for those cases of loans for education, housing, transportation and health to Bank officials, which were made in accordance to the entity policies in conformity with the permitted expressly by the legal provisions that govern the matter.

The detail of transactions with related parties can be found in the Financial Statements in the Note “Transactions with Related Parties”.

On the other hand, the Compliance area performed the tracking through direct verification and taking into consideration the information received from the members of the Board of Directors about the actions and operations made on their own in the Securities Market and similar, without events as to privileged information or other aspects. Furthermore, the Compliance Area was attentive on any situation of the conflict of interest in which could be eventually immersed members of the Board of Directors and legal representatives.

Risk management Systems

The general model of risk management and control that includes the Risk Policy, its application and materialization of risks, as well as the response and supervision plans of the main risks are detailed in this Management Report, subheading Risk Report. With regard to the Internal Control System, its model and any other aspects related, are detailed also in this Management Report, subheading Internal Control Model which have been adopted by the Board of Directors, posted on the website of the Bank.

Information and communication to shareholders

The Bank has an exclusive office to its shareholders that is in turn, the link with the governance bodies and which purpose is to deliver clear and objective information related to the Bank and other issues for informed decision-making purposes.

Additionally, in Compliance with Annex 49 of the Single Circular Letter of the Colombian Securities Exchange, denominated “Accreditation of the adoption of best practices of the issuers recognition IR”, an agenda is prepared to schedule the delivery of quarterly and annual results and inform the business performance.

Also, the shareholders and investors have a space with thorough and sufficient information on the Bank web page through the link “Atención al inversionista” (Investor assistance). In this same section the shareholders receive all the information which is posted in the SFC portal; i) Information about programs to issue current

bonds; ii) Financial information; iii) information about shares; iv) Agenda of corporate events and related documents; v) FAQs session; vi) Ratings.

General Shareholders' Meeting

BBVA Colombia held the Ordinary General Shareholders' Meeting on March 1, 2019.

Ordinary General Shareholders' Meeting

On March 1, 2019 the ordinary Shareholders' meeting was held, in accordance with the provisions of current regulation, the Bylaws and the Shareholders' Meeting Rules of BBVA Colombia

Issue	Date
Post of the Notice	On January 25, 2019 La Republica newspaper and web page of BBVA Colombia
Right of inspection	From February 7, 2019
Post of information related to the General Meeting agenda	BBVA Colombia Web page 15 days in advance of the meeting
Deliberation and decision-making Quorum	95.48%
Post of the General Meeting	Live transmission via streaming and post of decisions on web page and in RNVE
Sending copy of the Minutes to SFC	March 22, 2019
Sending the Minutes to the SFC by the Statutory Auditor	Within 15 business days after the General Meeting of Shareholders
Post of Financial Statements	Within following month from the General Meeting of Shareholders the general-purpose financial statements, compared versus previous year, their notes and the Statutory Audit report were posted on the web page

Main agreements from the Ordinary General Shareholders' Meeting 2019:

The following documents and proposals were presented and approved at the Meeting:

- Annual report of the Executive Chairman and Board of Directors
- Individual and consolidated financial statements and unqualified Statutory Auditor report.

- Earnings Distribution Project 2018 that amounted to \$549,311,666,693, as follows: 49.9991% to increase the Legal Reserve and 50.0009% in cash dividends.
- Allocation of 1% of the earnings of year 2018 for Corporate Responsibility activities.
- Approval of the fees for the Board of Directors 2019-2020 in cash dividends.
- Ratification of the election of the Statutory Audit Firm and approval of appropriations and fees.
- Acceptance of the resignation of Mrs. Ana María Ibáñez, Independent member of the Board of Directors.
- Election of Felipe Cifuentes Muñoz as Independent Member of the Board of Directors for the remaining statutory term (June 2018 - March 2020).
- Reform to the Rules of the General Shareholders' Meeting and Board of Directors.
- Reform to the Corporate Governance Code.

The partial reform of the Code of Corporate Governance, Rules of the Shareholders' General Meeting and Board of Directors was made as follows:

- CORPORATE GOVERNANCE CODE: Numeral 3.4 was amended to be added to the recruiting, compensation and valuation policy of the Top Management; literal f) was added to numeral 7.3 communicating to the market the relevant decisions made by the Shareholders' General Meeting and the Board of Directors; numeral 8.8, about Rights and Obligations of Bonds Holders and other investors, fair treatment and procedures for General Meetings was added. Finally, numeral 12 was supplemented by detailing the corporate responsibility policy of the Bank.
- RULES OF THE SHAREHOLDERS' GENERAL MEETING: Numerals amended: 3.6. to indicate how to designate and form the Voting and Minutes Approval Committee and its operation; 7.2 that describes the Vote Counting Method used by the Bank. Mention is made to the functions of the Voting and Minutes Approval Committee; and numeral 7.3 is added. It details the installation and composition of the Board of Officers of Shareholders' General ordinary and extraordinary meetings.

- RULES OF THE BOARD OF DIRECTORS: numeral 11 of rules is amended, making it clear the function of the Board of Directors, in connection to the follow up on the Bank transactions with related parties.



Guidelines for preparation of the report

Information Criteria and Standards

- **Profile, Scope, Relevance, Materiality and Coverage of the report**
- **Basic references and international standards**
- **Rigor and verification**
- **Independent Review Criteria**
- **GRI Indicators**

Profile, Scope, Relevance, Materiality and Coverage of the report

This report has been prepared in conformity with GRI standards: basic option for presentation to the Shareholders' General Assembly.

The use of such methodologies allows the Bank to consolidate in a single document, the Management Report and the Corporate Responsibility, improve the quality of information, promote a more coherent and efficient approach to communicate the factors that affect the creation of value of the Bank, improve accountability and inform stakeholders about the effect of the Bank activity in environment, social and economic fields, among others.

For determining the relevance and materiality of the contents to be included, special attention has been given to the major stakeholders with continuity in the consultation processes pursuant to the recommendations established in the guideline Global Reporting Initiative (GRI), to prepare the sustainability reports.

In this line, a specific analysis has been conducted with the public and available information in BBVA Colombia, to assess the validity and relevance of such matters within the current context.

Basic references and international standards

As indicated, this report has been prepared in accordance with the best practices and most recognized international standards and complies with the GRI methodology with the basic option.

Similarly, it reports about those actions related to the United Nations Millennium Development Goals and responds to the Progress Report with regard to the compliance with the principles of the UN Global Compact following the GRI and Global Compact Guideline making the connection.

Rigor and verification

BBVA Colombia has several instruments to ensure quality. During such process several areas are involved that supply information and that are subject also to the oversight, verification and audit methods in the Bank.

Secondly, the reports about Corporate Responsibility are sent to the Group through the information management system that assures their quality and scope. The responsibility to collect the information falls in the Communication and Image Division of the Bank. The verification of this report is performed by KPMG Advisory, Tax & Legal S.A.S.

GRI Indicators

General basic contents

Indicator	Response	Page	External Audit
Organization profile			
GRI-102-1 Report - Name of the Organization	BBVA Colombia Profile	12	
GRI-102-2 Report - Activities, brands, products and services	BBVA Colombia Profile	12	
GRI-102-3 Report - Location of Headquarters	Cra. 9 No. 72 - 21 Bogota, Colombia		
GRI-102-4 Location of operations	BBVA Group currently operates in 32 countries, including Colombia		
GRI-102-5 Ownership and legal form.	BBVA Colombia Profile	12	
GRI-102-6 Markets served		14	
GRI-102-7 Size of the Organization	BBVA Colombia Profile, Financial Performance, Team	12, 177	√
GRI-102-8 Information about employees and other workers	Team	180,181	√
GRI-102-9 Supply chain	Responsible procurement	216	
GRI-102-10 Significant changes in the Organization and their supply chain	During 2019 there were no significant changes in the size, structure, ownership or to the organization's supply chain.		√
GRI-102-11 Precautionary approach or principle	Equator principles	222	
GRI-102-12 Precautionary approach or principle	Governance Systems – Subscribed international commitments.	28,184, 222	

Indicator	Response	Page	External Audit
Organization profile			
GRI-102-13 Affiliation to associations	Asobancaria Asobolsa Asofiduciaria		
Strategy and Analysis			
GRI-102-14 Statement from the organization's senior decision-maker	Letter from the President	6	
GRI-102-15 Description of the key impacts, risks and opportunities.	Vision and aspiration	34	
Ethics and integrity			
GRI-102-16 Values, principles, standards and code of conduct	Vision and aspiration, Progress in the transformation of BBVA Colombia, Model of responsible banking.	34,36, 55	
Governance			
GRI-102-18 Governance structure	Governance Systems	184	
Stakeholders Engagement			
GRI-102-40 List of Stakeholders	Analysis of materiality	51	
GRI-102-41 Collective negotiation agreements	Team	181	
GRI-102-42 Identification and selection of Stakeholders	Analysis of materiality	51	√
GRI-102-43 Approach to Stakeholders Engagement	Analysis of materiality	51	√

Indicator	Response	Page	External Audit
Stakeholders Engagement			
GRI-102-44 Main concerns and matters of interest mentioned	Analysis of materiality	51	√
Practices for preparation of reports			
GRI-102-45 the entities included in the consolidated Financial Statements	BBVA Bank BBVA Asset Management BBVA Assets	12	
GRI-102-46 List of material aspects	Analysis of materiality	51	√
GRI-102-47 List all the material aspects identified in the process to define the content of the report.	Analysis of materiality	51	√
GRI-102-48 Restatement of information	Economic value generated		
GRI-102-49 Changes in the preparation of reports.	During 2018, there were no changes in the valuation methods applied to CO2 emissions reported by the Bank. The method used was that one sent by Corporate BBVA.		
GRI-102-50 Period of the report	2019		
GRI-102-51 Date of the previous report.	2018		
GRI-102-52 Preparation report cycle	Annual		
GRI-102-53 Point of contact for questions regarding the report	Carrera 9 No. 72 - 21, 10th floor Bogota, Colombia		
GRI-102-54 Declaration of preparation of conformity report pursuant to GRI standards	Guidelines for preparation of the report		√

Indicator	Response	Page	External Audit
Practices for preparation of reports			
GRI-102-55 GRI content index	Guidelines for preparation of the report		√
Management approach			
GRI-103-1 Explanation of materiality and coverage.	It prioritizes the most relevant matters to Stakeholders. This matrix is one of the sources for strategic planning of the Group and priority aspects to each stakeholder.	51	
GRI-103-2 Management approach and its components	Through constant monitoring and data tools, information of tools is analyzed for several metrics	51, 142, 168, 222, 238	
GRI-103-3 Management approach evaluation	Datamarán, Rep trak®, performance evaluation, internal evaluations of Investor Relations area.	51, 142, 168, 222, 238	
GRI-201-1 Direct economic value generated and distributed.	Revenues are presented net, and therefore, the distributed direct value as interests, is being reported net and not separately in interest income (in the generated direct value) and the expenses (in the distributed direct value).	246	√
GRI-202-1 Ratio of standard entry level wage by gender compared to local minimum wage	Percentage of senior management hired from the local community.	178, 238	√
Indirect economic impacts			
GRI-203-1 Infrastructure investments and supported services.	Financing of sustainable development and infrastructure projects	229, 245	
GRI-203-2 Significant indirect economic impacts.	Indirect economic impacts		

Indicator	Response	Page	External Audit
Procurement practices			
GRI-204-1 Proportion of spending on local suppliers.	Percentage of expenditures in local suppliers was 77.18%.	216,217	√
Anticorruption			
GRI-205-1 Operations assessed for corruption-risks related.	100% of the Bank's operation is evaluated against risks related to corruption.	188	√
GRI-205-2 Communication and training about anti-corruption policies and procedures.	At December 31, 2019, 100% of employees have been enrolled in trainings from which 92,9% has attended the Code of Conduct training. Talent & Culture area is making their best to reach 100% attendance for next period.	188	√
Anticorruption			
GRI-205-3 Confirmed incidents of corruption and actions taken.	During the period between January 1, 2019 and December 31 of the same year, there were no corruption cases, therefore, there were no disciplinary measures, contract terminations or judicial proceedings related to this issue.	188,189	√
Anti-competitive behavior			
GRI-206-1 Legal actions related to anti-competitive behavior, anti-trust, and monopoly practices.	During 2019 there were no legal actions related to anti-competitive behavior		√
Materials			
GRI-301-1 Materials used by weight or volume.	Main consumption indicators	226	
GRI-301-2 Recycled supplies.	Main consumption indicators	226	

Indicator	Response	Page	External Audit
Energy			
GRI-302-1 Reduction of energy consumption	The estimation of energy consumption is made based on the protocol and methodology for obtaining the Bank's environmental indicators	226	
Water			
GRI-303-1 Water extraction by source	The estimation of water consumption extraction is made based on the protocol and methodology for obtaining the Bank's environmental indicators	226	(contents not verifiable)
Emissions			
GRI-305-1 Direct GHG emissions (Scope 1)	<p>Consulted sources:</p> <ul style="list-style-type: none"> - F2006 IPCC Guidelines for National Greenhouse Gas Inventories. Volume 2: Energy. Table 2.4 - IPCC Fifth Assessment Report. WGI The physical science basis. Appendix 8.A. 100-year time horizon Global Warming Potential - IEA density Annex 3. <p>The factor used is 2.7 kl of CO2 per liter, likewise the Bank does not have biogenic emissions due to its corporate purpose</p>	226	√
Emissions			
GRI-305-2 indirect GHG emissions when generating energy (Scope 2)	<p>Consulted source:</p> <ul style="list-style-type: none"> - IEA "CO2 emissions from fuel combustion 2017". <p>The factor used is 0,135 kg CO2 per KWH, likewise the Bank does not have biogenic emissions due to its corporate purpose.</p>	226	√
GRI-305-3 Other indirect GHG emissions (scope 3)	<p>Consulted source:</p> <ul style="list-style-type: none"> - DEFRA Greenhouse gas reporting: conversion factors 2017. <p>Factors used are 0.255; 0.158 and 0.1963 kg CO2 per KM. Also, the Bank does not have biogenic emissions due to its corporate purpose.</p> <p>According to DEFRA Greenhouse gas reporting: conversion factors 2017, factors are Split into three segments according to travelled tranches:</p> <ul style="list-style-type: none"> Below 500 Km, equivalent factor is 0.255 From 500 Km to 1600 Km equivalent factor is 0.158 Above 1600 km equivalent factor is 0,196 	226	√

Indicator	Response	Page	External Audit
Effluents and waste			
GRI-306-1 Water discharge by quality and destination	The Bank discharges water to the sewage system and not to bodies of water	226	√
GRI-306-2 Waste by type and disposal method	The information provided regarding weight or units of waste is originated by the supplier contracted by the Bank for its collection and final disposal.	226	√
Environmental compliance			
GRI-307-1 Non-compliance with environmental laws and regulations	During 2019, BBVA Colombia did not have significant fines for non-compliance with environmental regulations.		√
Employment			
GRI-401-1 New employee hires and employee turnover	Team	177	√
GRI-401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Team	179	√
Occupational health and safety			
GRI-403-4 Workers involvement in consultations and communication about occupational health and safety.	Team	182	√
GRI-403-9 Injuries for occupational accident.	Team	182	√
GRI-403-10 Occupational diseases	Team	183	√
Training and education			
GRI-404-1 Average hours of training per year per employee	Team	179, 180	√

Indicator	Response	Page	External Audit
Training and education			
GRI-404-2 Programs for enhancing employee skills and transition assistance programs	Team		
GRI-404-3 Percentage of employees receiving regular performance and career development reviews	100% employees receive performance and career development evaluations. This number excludes employees who do not meet the requirements to be evaluated as those with income below or equal to 6 months and associates who are in permanent union leaves.		√
Diversity and equal opportunity			
GRI-405-1 Diversity in governance bodies and employees	<p>BBVA Colombia has established the recruiting, appointment, renewal and diversity policy of the Board of Directors.</p> <p>In 2019, although the selection of the members of the Board of Directors took into consideration the diversity, it was also important that candidates met the suitability requirements for the position, i.e., knowledge, experience, commercial and professional repute, among others</p> <p>Due to the latter, the Board of Directors and the Good Governance Committee will ensure that the procedures for the selection of the members of the Board of Directors favor the diversity of experiences, knowledge, competencies and gender, in general, do not suffer any bias that may imply discrimination.)</p>	178,258	√
GRI-405-2 Ratio of basic salary and remuneration of women to men	Team		√
No discriminación			
GRI-406-1 Incidents of discrimination and corrective actions taken	In 2019, there were no complains at BBVA for issues concerning discrimination		√

Indicator	Response	Page	External Audit
Health and safety of clients			
<p>GRI-416-1 Evaluation of health and safety impacts of the products or services categories</p>	<p>0% and we are working to implement this type of evaluations in the coming years.</p>		
<p>GRI-416-2 Non-compliance cases related to health and safety impacts of the products or services categories</p>	<p>During 2019, there were no cases related to health impacts.</p>		
Marketing and labeling			
<p>GRI-417-1 Non-compliance cases related to health and safety impacts of the products or services categories</p>	<p>In our case, and due to the Bank activity, we do not have tangible products or substances as such. BBVA pursues the creation of opportunities to their clients based on the best financial management through different products, such as: Savings accounts, long-term deposits, Funds, Credit cards, Consumption, Mortgages, among others. Intangible products sold through offices, ATMs and in digital channels (app y Net), digital products with 28% total share of Bank sales in 2019; such share will keep on growing to make the clients' operation more efficient and self-manageable. With regard to Bank products, the only tangible is the credit card, element that for the use of new technologies will be replaced eventually by tools such as NFC (in Android devices), allowing the contactless payments. In general, and given how the Bank products operate, both operation and sale do not generate any social or environmental impact.</p>		<p>√</p>

Indicator	Response	Page	External Audit
Marketing and labeling			
GRI-417-2 Non-compliance cases related to information and labeling of products and services	During 2019 there were no significant fines for non-compliance with the regulations.		
GRI-417-3 Non-compliance cases related to marketing communications	During 2019, there were no incidents as a result of non-compliance with regulations related to marketing communications, including advertising, promotion and sponsorship.		√
Customer privacy			
GRI-418-1 Claims based on violations of customer privacy and loss of customer data	Data presented correspond to the claims made by the clients during 2019.		√
Socio-economic compliance			
GRI-419-1 Failure to comply with laws and regulations in the social and economic fields	During 2019, there were no significant fines for non-compliance with the regulations.		√
Sector suplementario			
FS-1 Policies with specific social and environmental components applied to business lines.	BBVA has a specialized financing policy, with specific components in social and environmental issues. These policies are corporate guidelines, so this policy allows us to know how to evaluate projects the Bank may finance and how to mitigate social and environmental risks. Similarly, the Principles of Ecuador procedure, whose objective is the Bank to commit itself to implementing them in its internal environmental and social policies for the financing of projects.	222, 226, 229	

Indicator	Response	Page	External Audit
Supplementary sector			
<p>FS-2 Procedures for assessing and protecting business lines regarding environmental and social risks.</p>	<p>The Bank has three documents which establish procedures to identify environmental and social risks in its projects in any area of the BBVA business.</p>		
<p>FS-4 Processes for improving staff competency to implement the environmental and social policies and procedures applied to business lines</p>	<p>TCR Communication</p>	<p>145</p>	
Supplementary sector			
<p>FS-7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.</p>	<p>The information reported does not mention the monetary value of products that provide a social benefit.</p>		
<p>FS-8 Monetary value of products and service designed to deliver a specific environmental benefit for each business line broken down by purpose.</p>	<p>Currently the amount reported is not available and is not broken down by product line nor by purpose. It is expected to report these details in subsequent years.</p>		
Active ownership management			
<p>FS-13 Accessibility in areas of low population density or disadvantaged places.</p>	<p>No number nor percentage is reported for disadvantaged places</p>		
<p>FS-14 Initiatives to improve access to financial services for disadvantaged people.</p>	<p>Support to Retail banking segment with specific needs</p>	<p>229, 233</p>	

Indicator	Response	Page	External Audit
Own indicators			
BBVA-1 Number of beneficiaries of Financial Education program “Adelante con tu Futuro”	Investment in social programs	240	
BBVA-2 Number of SMEs clients.	Support to SMEs	229, 232	
BBVA-3 Number of SMEs clients financed.	Support to SMEs	229, 232	
BBVA-4 Value corresponding to 2018 disbursements to finance sustainable development and infrastructure projects and energy efficiency.	2019	229	
BBVA-5 Value of credits granted to finance agro-industrial projects.	Financing of sustainable development and infrastructure projects	229	
BBVA-6 Time to resolve claims.	Agro-industrial credit lines		
BBVA-7 Percentage of claims resolved on time.	Complaints and claims management		
BBVA-8 Percentage of C and C managed by SPC.	Complaints and claims management		
BBVA-9 Operations through channels.	Omni-channel model	154	
BBVA-10 Percentage of employees in buildings certified according to ISO 14001 and LEED.	Environmental Management System (EMS)	226	
BBVA-11 Number of BBVA's volunteers.	Team		
BBVA-12 Number of people benefited by education support programs (backpacks with school supplies and educational scholarships).	Investment in social programs	222	

Independent Review Report



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Report of the Independent Auditor of Limited Assurance for the Banco Bilbao Vizcaya Argentaria Colombia S.A.

We were engaged by the Board of Directors of Banco Bilbao Vizcaya Argentaria Colombia S.A. Henceforth, BBVA Colombia S.A., to provide limited assurance in relation to sustainability parameters on the Annual Report ("the Report") for the year ended Dec 31, 2019.

The Limited Assurance Sustainability Parameters covered by our limited assurance engagement are:

Sustainability Parameters Insured	Standard Insured
Direct economic value generated and distributed	201-1
Ratios of standard entry level wage by gender compared to local minimum wage	202-1
Proportion of spending on local suppliers	204-1
Operations assessed for risks related to corruption	205-1
Communication and training about anti-corruption policies and procedures	205-2
Confirmed incidents of corruption and actions taken	205-3
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1
Energy consumption within the organization	302-1
Water withdrawal by source	303-1
Direct (Scope 1) GHG emissions	305-1
Energy indirect (Scope 2) GHG emissions	305-2
Other indirect (Scope 3) GHG emissions	305-3
Water discharge by quality and destination	306-1
Waste by type and disposal method	306-2
Non-compliance with environmental laws and regulations	307-1
New employee hires and employee turnover	401-1
Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
Workers representation in formal joint management-worker health and safety committees	403-1
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	403-2
Average hours of training per year per employee	404-1
Percentage of employees receiving regular performance and career development reviews	404-3
Diversity of governance bodies and employees	405-1
Ratio of basic salary and remuneration of women to men	405-2
Incidents of discrimination and corrective actions taken	406-1
Requirements for product and service information and labeling	417-1
Incidents of non-compliance concerning marketing communications	417-3
Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1



Non-compliance with laws and regulations in the social and economic area	419-1
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Management's responsibility

Management are responsible for the preparation and presentation of the Limited Assurance Sustainability Parameters in accordance with the Global Reporting Initiative (GRI) standards Guideline for the preparation of Sustainability Reports as described in the subchapter "About this Report". In said subchapter, the self-declared compliance option is detailed.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance Sustainability Parameters that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that BBVA Colombia S.A. complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Sustainability Report are properly trained, information systems are properly updated.

KPMG's responsibility

Our responsibility is to express a limited assurance conclusion on preparation and presentation of Sustainability Parameters described above and included in the Annual Report of BBVA Colombia S.A.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We confirm that we have executed this assignment for BBVA Colombia S.A. independently and free of conflicts of interest.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the limited Assurance Sustainability parameters are free from material misstatement.

Limited assurance on the Assured Sustainability Parameters

Our limited assurance engagement on the Limited Assurance Sustainability Parameters consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Parameters, and applying analytical and other procedures, as appropriate. These procedures included:



- Interviews with management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Enquiries of management to gain an understanding of BBVA Colombia S.A. processes for determining material issues for BBVA Colombia S.A. key stakeholder groups.
- Enquiries of relevant staff of BBVA Colombia S.A. and selected site level responsible for the preparation of the Limited Assurance Sustainability Parameters.
- Enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Parameters, including the aggregation of the reported information.
- Comparing the Limited Assurance Sustainability Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report.
- Visits to the headquarters in Bogotá D.C., selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Reading the Limited Assurance Sustainability Parameters presented in the Sustainability Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of BBVA Colombia S.A.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we don't express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for BBVA Colombia S.A. for the purpose of assisting the Directors in determining if Sustainability Parameters object to assurance are prepared and presented in accordance with the GRI standards and the Global Reporting Initiative (GRI).

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than BBVA Colombia S.A., for any purpose or in any other context. Any party other than BBVA Colombia S.A. who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than BBVA Colombia S.A., for our work, for this independent assurance report, or for the conclusions we have reached.

Our report is released to BBVA Colombia S.A., on the basis that it shall not be copied, referred to or disclosed, in whole (save for than BBVA Colombia S.A. own internal purposes) or in part, without our prior written consent.

Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions:



Based on the limited assurance procedures performed and the evidence obtained, as described above, with exception to standard 303-1 Water withdrawal by source, nothing has come to our attention that causes us to believe that the limited assurance sustainability parameters defined above of the Annual Report of BBVA Colombia S.A., for the year ended December 31, 2019 is not prepared, and presented, in all its significant aspects in accordance with the GRI standards for the preparation of Sustainability Reports.

For standard 303-1: Water withdrawal by source, the validation showed that the calculation methodology presented deviations that don't allow to review this content. As a result, we cannot conclude that this standard is prepared and presented in accordance with the requirements of the GRI standards for the preparation of Sustainability Reports from the Global Reporting Initiative.

In another document, we will provide the Management of the BBVA Colombia S.A., an internal report that contains our findings and areas for improvement.

KPMG Advisory, Tax & Legal S.A.S.

A handwritten signature in black ink, appearing to read 'Fabián Echeverría Junco', written over a horizontal line.

Fabián Echeverría Junco
TP 62943 - T
Partner
May 27, 2019

BBVA