



**3Q 2025**

# **Earnings Call Transcript**

BBVA Colombia



# Earnings Call 3Q 2025

**Intro [Santiago Ramos]:** Good morning everyone, and welcome to BBVA Colombia's third quarter 2025 earnings call. My name is Santiago Ramos from ALM & Investor Relations. Joining us today are Alejandro Reyes, Principal Economist from Research, Carlos Gabriel Garcia, Head of Financial Planning & Performance, Nicolas Tripodi, Head of Retail Credit Risk, and Daniel Patron, Head of ALM & Investor Relations.

As a reminder, today's presentation will be available for download on our website under the Investor Relations section. Please be informed that this call is being recorded.

To participate, you can use the chat feature or simply raise your hand using the button located at the bottom right section of your screen.

Our agenda for today includes key highlights from the quarter, a brief overview of the macroeconomic landscape, insights into our financial performance, and a recall on recent achievements.

Without further ado, I'll now hand over the call to Daniel Patron.

**Slide 2 [Daniel Patron]:** Thank you Santiago, and good morning to all. My name is Daniel Patron and I'm the Head of ALM & Investor Relations at BBVA Colombia. It's my pleasure to welcome you to our third quarter earnings call, where we'll recall the main figures from this quarter. Throughout the session, I'll invite members of the panel to share their insights on specific topics.

Let's start with slide 2, where we review the key highlights from the third quarter. We'll see these topics in more detail as we go through the presentation.

As of September 2025, we posted a net profit of COP 241 billion which represents a year-over-year increase of 211.4% and the continuation of the recovery in profitability that we have seen throughout the first semester as asset quality keeps improving. When compared with September 2024, our loan portfolio had a 5.3% growth.

The efficiency ratio stood at 57.2%, slightly above (+0.6%) the same figure from September 2024. Thanks to the focus on profitability and the quick repricing of our interest-bearing liabilities, our gross margin keeps growing and achieved a 2.3% increase compared to the same period last year.

Our capital position remained strong by the third quarter, as our Common Equity Tier 1 (CET1) ratio stood 241 basis points above the minimum regulatory level. Capital formation has been

avored by the recovery of asset quality to previous levels, with cost of risk sitting at 2.3%, which is 1.3% below the number seen back in September 2024.

With that introduction of the quarter, I'll now hand over the call to Alejandro Reyes, Principal Economist from BBVA Research, who will provide an economic outlook. Alejandro, over to you.

**Slide 3 y 4 [Alejandro Reyes]:** Thank you Daniel, and good morning to everyone. I am Alejandro Reyes, an Economist at BBVA Research.

I will take a few minutes to briefly cover the economic outlook for the Colombian economy for 2025 and 2026. We can start with slide 3.

On the global front, 2025 has been characterized by a high level of uncertainty, driven by economic policy in the US and geopolitical tensions in several corners of the world. Despite this, the economy has remained resilient and growth has moderated less than anticipated. At the same time, the expected impact on inflation from tariffs has been more limited and thus, the Federal Reserve has started an easing cycle that at the same time has weakened the US dollar and created some support for risk assets and emerging economies. We expect 2026 to remain in the same line, with latent effects of the new tariff policies, an inflation that will persist above the US target and marginal interest rate reductions.

In Colombia, we have observed a gradual recovery in activity supported on internal demand, mainly consumption and investment in machinery and equipment. The latest available print shows a 3.6% growth for the Colombian economy in the third quarter of the year backed by a 5.0% increase in the internal demand. We expect growth to average 2.5% in 2025, a print close to its potential growth. In 2026, activity will consolidate its recovery with a 2.7% expected growth in a context of a mild moderation in consumption and some marginal pickup in investment, mainly driven by the construction sector. In line with this behavior, the labor market has shown significant strength, with employment growth above 3.0% in the year to date and an unemployment rate at minimums of a couple of decades. We expect the employment will moderate its dynamic but unemployment should remain close to current levels.

Inflation in this context has proven more sticky than expected, with some recent increase due to a combination of base effects and some potential demand pressures. We expect inflation to moderate marginal towards the end of the year, closing at 5.1%, a print similar to that observed in 2024. A significant increase in the minimum wage and some additional potential shocks to inflation will maintain inflation at current levels until the second half of the year, when we expect some moderation to materialize and inflation to close 2026 at 4.3%.

In this context of strong activity and consumption in particular and stickiness in inflation above the inflation target, the Central Bank has turned more cautious and has maintained rates stable in the

past 4 meetings and reduced only 25bps in 2025 compared to the 350bps reduced in 2024. The risks to inflation both on its intrinsic dynamics and on demand pressures paired with concerns on the fiscal challenges the Colombian economy faces, will maintain BanRep on a cautious stance and rates stable for a long period.

The fiscal outlook remains weak, with expected fiscal deficits close to 7%, both in 2025 and 2026, but with a relevant increase in the primary deficit. We expect fiscal consolidation to be very gradual. Finally, the Colombian peso has appreciated in the year to date in line with the weakening of the US dollar, but also reflecting the deployment of the financing strategy of the Government with important inflows of resources. We expect this process to continue in the remainder of the year and the peso to remain close to current levels, but a higher demand for dollars driven by the increase in imports and the commercial deficit in hand with more moderate inflows from the Government should lead to a depreciation of the peso.

Back to you Daniel.

**Slide 5 [Daniel Patron]:** Moving forward to slide 5, we see that our digital strategy keeps its relevance into our customer relationship model, aiming to deliver a seamless financial experience. As of September 2025, our digital and mobile customer bases maintain stable levels of 2.0 million and 1.9 million, respectively. This trend is a reflection of a permanent change in the preferences of our customers towards digital banking solutions, to which we are more than capable of fulfilling using top rated digital platforms.

Engagement of our digital platforms remains strong, as 73% of our customers were active on digital channels during the quarter. The share of digital sales over total sales keeps the momentum it has reached over previous years, representing 85% of sales of the period and confirming the already proven effectiveness of the bank's efforts into improving the digital banking environment.

As we move through this new era of digital customers, we will continue to invest heavily into our digital environment, aiming to deliver the best possible experience for our customers and fueled by innovation. As part of the BBVA Group, we are committed to reinforce our leadership in digital banking solutions.

Continuing with financials, I'll now hand over the call to Carlos Gabriel, so he can walk us through the progress of our financial position throughout the quarter.

**Slide 6 y 7 [Carlos Gabriel Garcia]:** Thank you Daniel, and good morning everyone.

Let's move on to business activity. In the third quarter of 2025, we continued to see solid momentum in our business activity. The total loan portfolio grew 5.2% year-over-year, driven by a strong performance in the commercial segment, which expanded 11% compared to last year.

This is fully aligned with our strategic focus. In the consumer portfolio we manage to stop the decrease of the balance as we improved the asset quality and now we are preparing to increase again to achieve our market share objective. Meanwhile, the mortgage segment grew 2% versus the same period in 2024. Overall, these results validate the success of our strategic shift: we are effectively rebalancing the portfolio towards the commercial segment and laying the foundation for more profitable, sustainable growth. This repositioning is already reflected in the financial recovery shown on slide 7.

The key highlight during this quarter is that we kept increasing our profitability, delivering on the guidance we provided at the end of last year. The bank posted a net profit of COP 241 billion by the third quarter, a remarkable turnaround compared to the loss recorded in the same period of 2024. This recovery was mainly driven by a significant normalization of net provisions, which decreased 35.1% year-over-year, confirming that we have moved past the peak of deterioration and strengthened our risk management cycles.

In addition, our net interest margin continued its upward trend, growing 9.7% year-over-year, supported by the expansion of the commercial portfolio and effective margin management. Additionally, in expenses, we maintain a strict discipline as shown in the chart: operating expenses are increasing 3.3% year-over-year, well below revenue growth and below inflation, demonstrating positive operating leverage. Finally, this quarter marks a clear turning point. We are once again running a profitable business, positioning us strongly to achieve our 2025 targets.

Over to you Daniel.

**Slide 8 [Daniel Patron]:** Thank you Carlos. Moving ahead to slide 8, let's dive into the highlights of our funding strategy.

Compared to June, as of September our total funding had a slight decrease of 1.5%, still above COP 79 trillion and representing 80% of the bank's liabilities. The change from Q2 to Q3 was mainly explained by a 3% reduction in savings account balances, while term deposits and checking accounts maintained relatively stable. The funding mix remains similar to the one seen in Q2 and in previous periods, where saving accounts represent around 40% of the funding, while term deposits stand at 50%. Overall, the funding trend aligns with the growth of the loan portfolio.

Having stable funding sources reinforces our financial position, propelling our sustainable growth goals and allowing the compliance of both regulatory and internal liquidity requirements.

And now, allow me to pass on the call to Nicolas Tripodi, who will provide details into our credit portfolio and risk management strategies during the quarter.

**Slide 9 [Nicolas Tripodi]:** Thank you, Daniel. Good morning everyone.

In the third quarter, we continued to see a consistent improvement in credit quality. The NPL ratio declines to 3.4%, and NPL plus write-offs improves to 6.9%, supported by lower risk in consumer, stable performance in mortgages, and a commercial portfolio at 0.9%, still at system-low levels. The cost of risk stands at 2.27%, broadly in line with the sector's 2.21%, and with a faster year-to-date correction than the system overall.

Early-delinquency inflows for the total portfolio remain at 0.7% of outstanding balances, and NPL inflows stand at 0.8%, both aligned with mid-2022 levels. These trends confirm a normalized risk dynamic across the portfolio. At the same time, new lending vintages continue to show better performance than the system, supporting lower rollover probabilities into default and maintaining limited pressure on provisions.

Overall, these trends confirm a portfolio that is now healthier, more stable, and more resilient, with metrics now returning to levels observed before the peak stress period in the financial system, and a risk dynamic that supports sustainable and profitable growth going forward.

Daniel, back to you. Thank you all and warm regards.

**Intro Capital [Daniel Patron]:** Thank you Nicolas for your insights regarding asset quality trends. Now let's move to slide 10 where Carlos Gabriel is going to provide details regarding our capital position.

**Slide 10 [Carlos Gabriel Garcia]:** During the third quarter of 2025, the total capital ratio increased to 13.19%, representing a gain of 72 basis points compared to June 2025.

This positive evolution was mainly driven by the strengthening of CET1 capital, which increased by COP 271 billion, supported by stronger net income (+100 billion). As a result, the CET1 ratio closed at 9.41%, standing 241 basis points above the minimum regulatory requirement.

In Tier 2 capital, the balance remained relatively stable, with a slight decline of COP 66 billion, mainly due to the natural amortization of subordinated debt instruments and the appreciation of the Colombian peso against the US dollar, which reduced the value of USD instruments.

On the other hand, risk-weighted assets decreased by COP 1.9 trillion, driven primarily by a reduction in credit RWAs. This decrease was mainly explained by an improvement in derivative credit exposure.

Overall, the strong earnings generation and a lower RWA base supported a solid improvement in capital indicators. We continue to maintain a robust capital position, aligned with our strategic objective of strengthening capital buffers while supporting sustainable business growth.

Daniel, back to you.

**Slide 11 [Daniel Patron]:** Thank you Carlos. It's my pleasure to share with you a summary of the different efforts made by BBVA during the third quarter to maintain our impact footprint in Colombia. Here, I will drive you through the investments that we performed to reinforce our commitment with tackling social issues, and which allowed us to reach 29.000 people.

Education remains as the main pillar of our social investment strategy. This quarter, we continued to support local students with scholarships for undergraduate programs through initiatives such as "Transformando Realidades", which granted 130 scholarships to children linked to Bancamia from BBVA Microfinance Foundation, and Pa'lante Colombia, which supported 18 students with high risk of dropout to continue its education.

Corporate volunteerism and humanitarian aid were also key in our vision. In Q3, there were 9 days of volunteer work in which 300 employees from BBVA invested more than 2.000 hours into activities such as digital skills workshops in schools, and donation days of books for 3 scholar libraries. At the same time, more than 3.800 humanitarian aid packages were delivered to families who were affected by adverse weather conditions, impacting the lives of more than 15.000 people.

Thank you for your assistance today. We are pleased to present you these results from Q3 2025, which are a reflection of the strategies aimed to pursue a profitable and sustainable growth.

We will now open the call for questions.

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**Closing [Santiago Ramos]:** Since there are no questions, we conclude the call here. Thank you.

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