

BBVA

Creando Oportunidades

# Results 1Q19

May 31th 2019



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Creando Oportunidades

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Creando Oportunidades

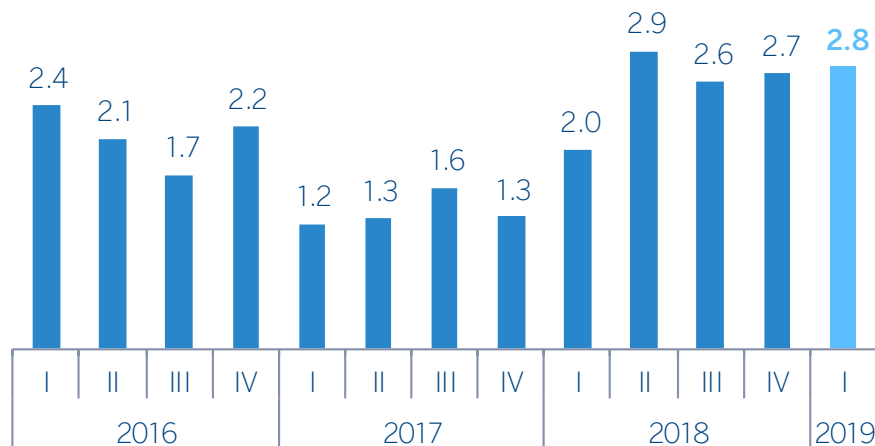
# 1

# Economic Environment

# The acceleration in growth in 2019 will come from the investment in machinery and equipment

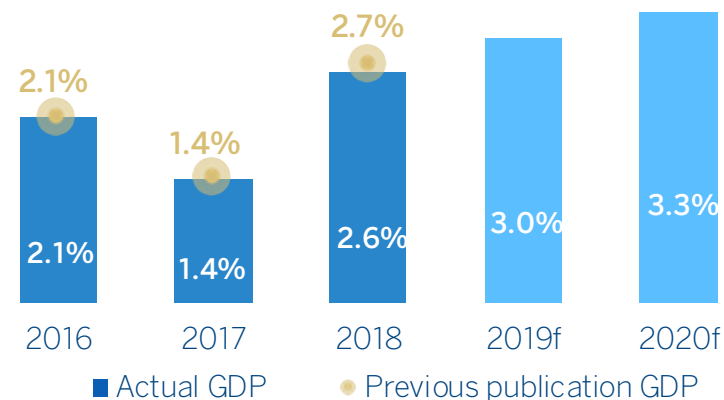
## GDP – 1Q19

Annual growth rate



## GDP

y/y, %



Global growth will decrease in 2019 and 2020 compared to 2018 due to **lower global trade, the US slowdown and the still weak recovery of emerging countries**

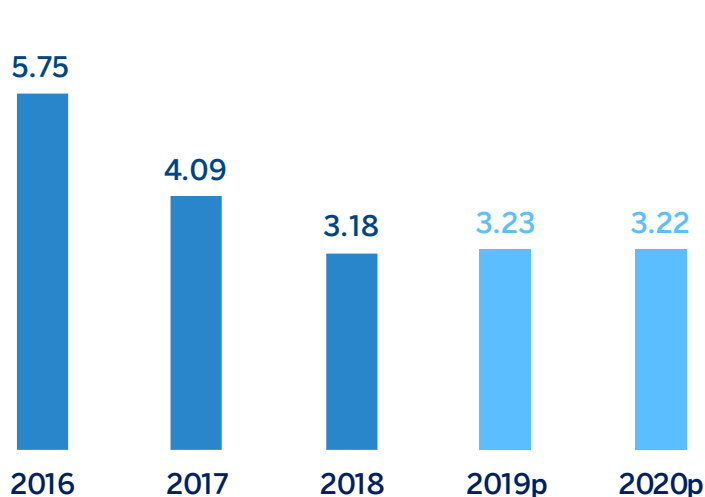
In Colombia, **investment in civil works and machinery and equipment explain the gradual acceleration of the economy**. Private consumption will continue to grow in similar rhythm than 2018

In the first quarter of 2019, the **Colombian economy grew 2.8% y/y**. The GDP of 2018 was verified from 2.7% to 2.6% for the update of the serie

# With low inflation, weak demand and external deficit widening by investment, the Central Bank can wait until the end of the year to hike rates

## Inflation

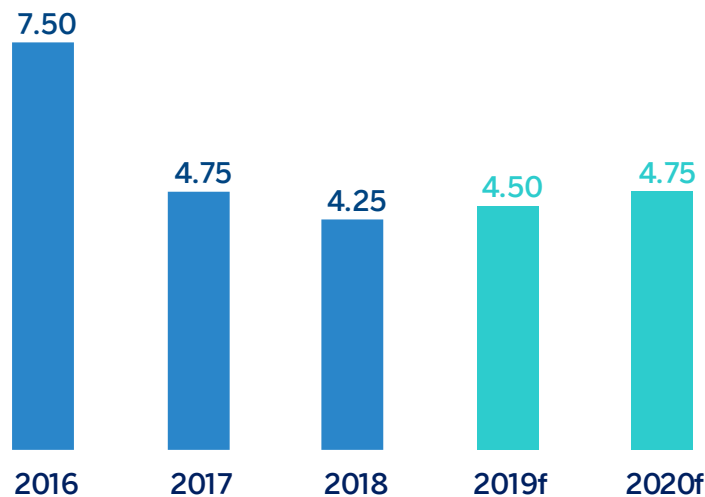
% y/y



**Inflation will stand at 3.23% by the end of 2019.** The gradual recovery of GDP and controlled inflation will make room for monetary policy to slowly reach the neutral rate (4.75%) in early 2020

## Policy Interest Rates

%, annual effective rate (TEA)



BanRep will increase its policy rate once to 4.50% in the fourth quarter of 2019 and to 4.75% at the beginning of 2020

# Main Consolidated Figures 1Q19

## Results (Billion)

\$ 579,910 -11.6% YoY <b>Net Interest Income</b>	\$ 954,125 +16.6% YoY <b>Gross Margin</b>	\$ 204,028 +27.0% YoY <b>Net Profit</b>
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Gross Margin supported by **solid core revenue growth**

## Balance Sheet (Billion)

\$ 63,756 +12.1% YoY <b>Total Assets</b>	\$ 4,542 +11.1% YoY <b>Equity</b>	\$ 45,940 +4.7% YoY <b>Gross Loan Portfolio</b>	\$ 44,854 +0.1% YoY <b>Customer Deposits*</b>
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**Market share gain** in mortgage m/m

## Risk Ratios

3.71% +12 bps YoY -25 bps QoQ <b>NPL Ratio%</b>	2.16% +5 bps YoY -30 bps QoQ <b>Cost of Risk%</b>
--	--

**Strength** of our risk ratios

## Solvency

11.97% -27 bps YoY <b>Total Solvency</b>	7.23% -10 bps YoY <b>Basic Solvency</b>
--	---

Well above **Total Capital and CET1 requirements**

## Efficiency

41.86% -500 bps YoY <b>Efficiency Ratio</b>
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**Outstanding evolution** in efficiency

\*Excluding other deposits, individual figures



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# 2

# Digital Sales

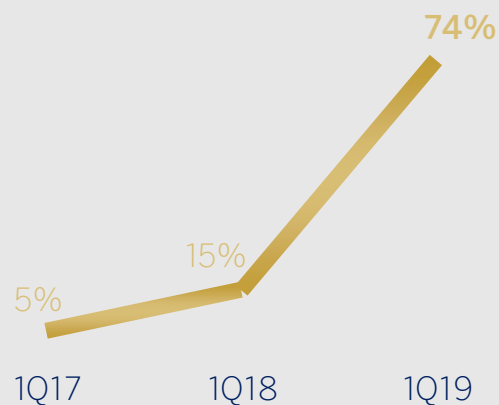


# The 'app' of BBVA, the most used of Colombian Financial System



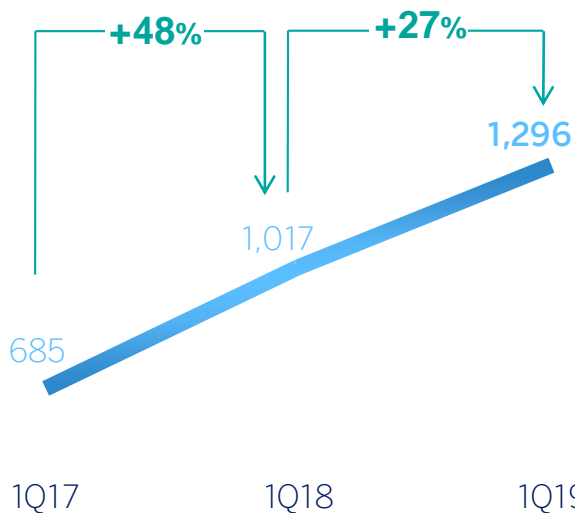
## Digital Sales

Digital Sales (Ex insurance) / Total Sales



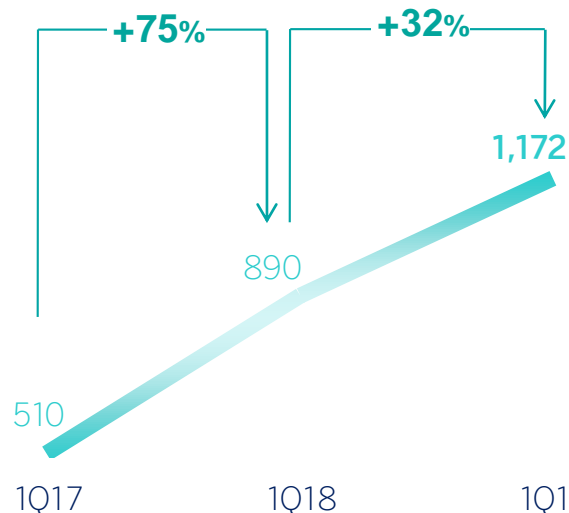
## Digital Customers

Thousands of Customers



## Mobile Customers

Thousands of Customers





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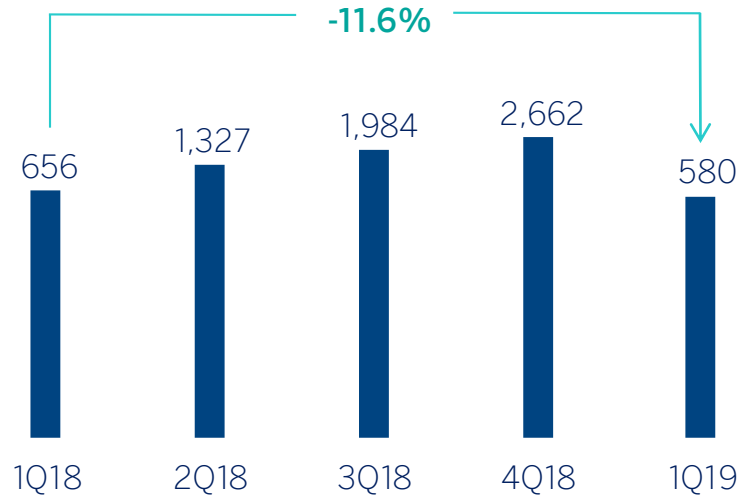
3

# Consolidated Results 1Q19

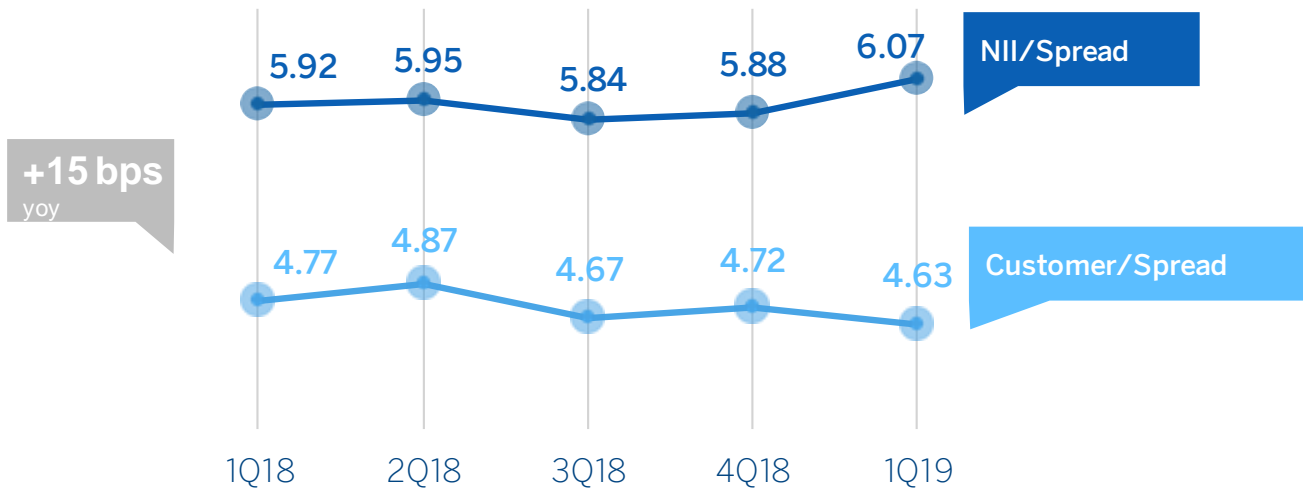
# YoY decrease in cost of funds

## Net Interest Income

Billion COP



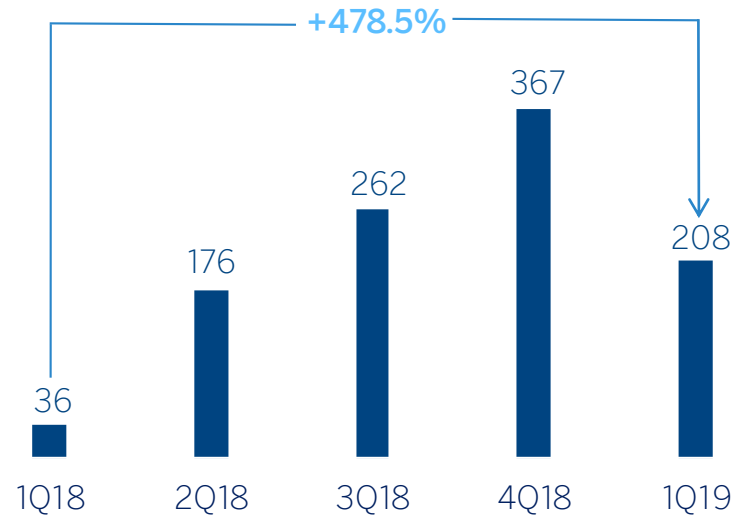
## Spreads



# Strong Fee Income Growth

## Net fee income

Billion COP



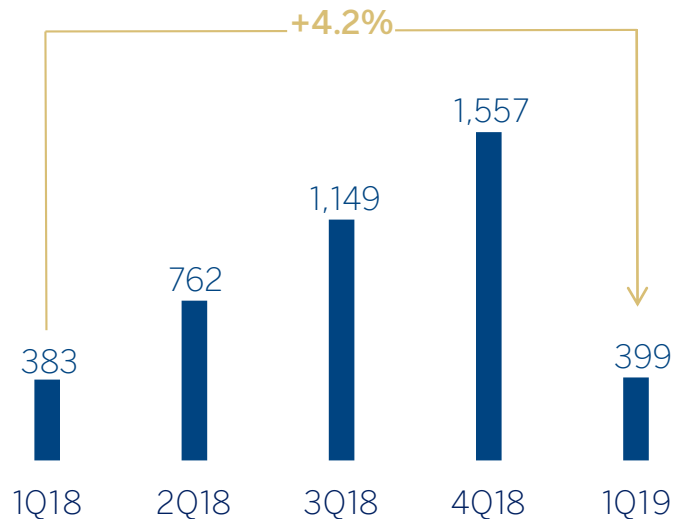
Annual fee income driven by:

- Increase in in fiduciary business, increase in network service of branches and establishments affiliated to credit cards
- Increase in income from external debt
- Decrease in interbank fees

# Outstanding evolution in efficiency

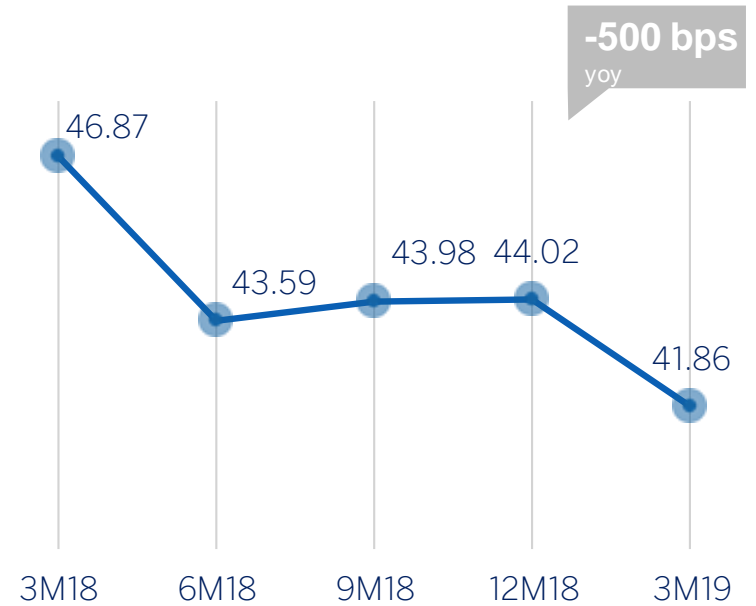
## Operational costs

Billion COP



## Efficiency Ratio

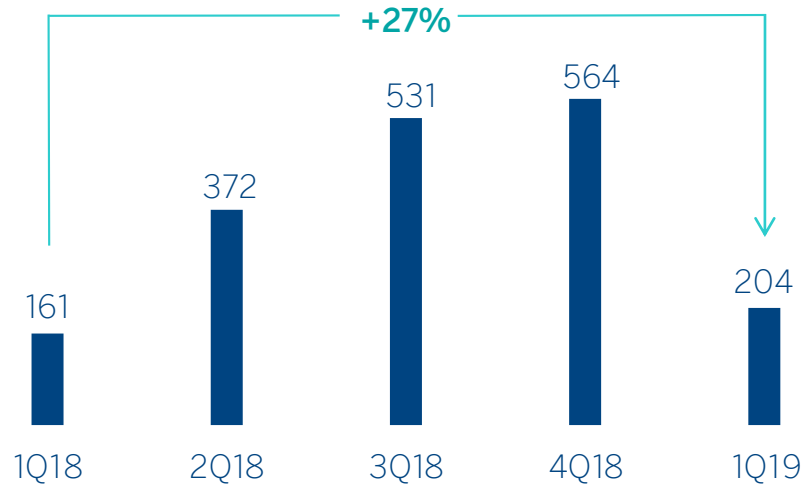
%



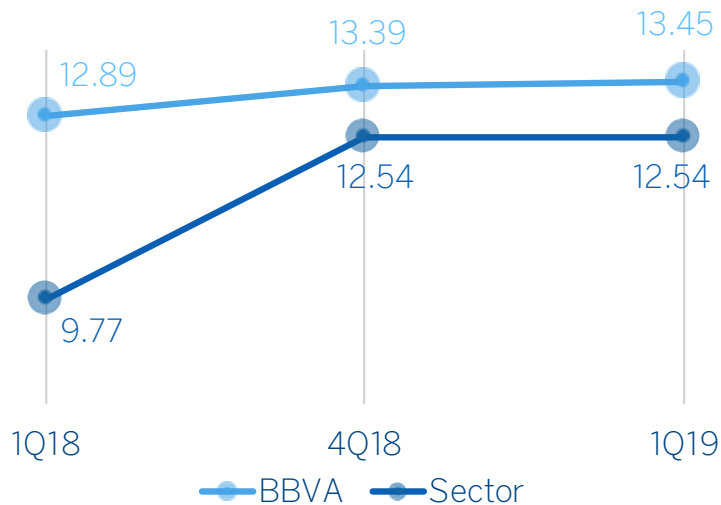
# Favorable Performance During the Quarter

## Net Income

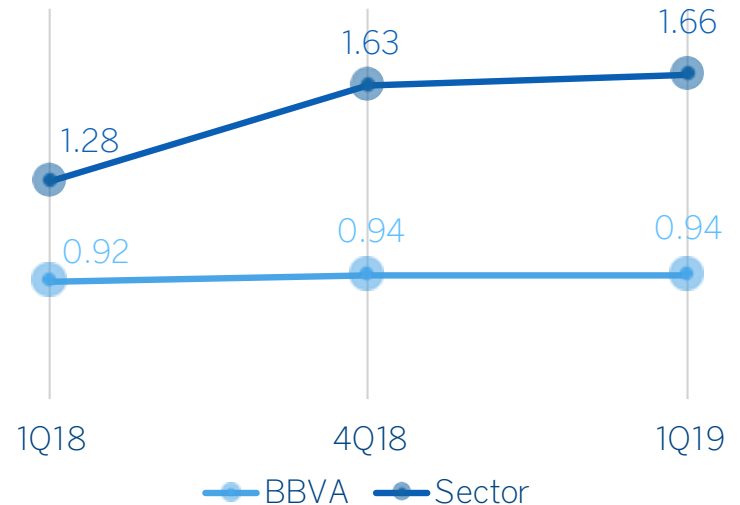
Billion of COP



## ROE %



## ROA %



# Consolidated Income Statement

Accumulated – Million COP

	1Q18	1Q19	Var TAM	
			abs	%
Interest Income	1,164,963	1,072,258	(92,705)	(8.0)
Interest Expense	(509,231)	(492,348)	16,883	(3.3)
<b>NET INTEREST INCOME</b>	<b>655,732</b>	<b>579,910</b>	<b>(75,822)</b>	<b>(11.6)</b>
<b>NET FEE INCOME</b>	<b>35,904</b>	<b>207,695</b>	<b>171,791</b>	<b>478.5</b>
Investment Portfolio	86,381	107,986	21,605	25.0
Dividends	16,682	18,572	1,890	11.3
Other Incomes	23,377	39,962	16,585	70.9
<b>OTHER OPERATING INCOME</b>	<b>126,440</b>	<b>166,520</b>	<b>40,080</b>	<b>31.7</b>
<b>GROSS MARGIN</b>	<b>818,076</b>	<b>954,125</b>	<b>136,049</b>	<b>16.6</b>
<b>Net Provisions</b>	<b>(191,103)</b>	<b>(250,459)</b>	<b>(59,356)</b>	<b>31.1</b>
<b>Operational Costs</b>	<b>(383,400)</b>	<b>(399,438)</b>	<b>(16,038)</b>	<b>4.2</b>
Personal Expenses	(149,242)	(154,745)	(5,503)	3.7
General Expenses	(89,913)	(96,237)	(6,324)	7.0
Taxes	(31,182)	(32,934)	(1,752)	5.6
Other	(111,286)	(113,901)	(2,615)	2.3
Operational Risk	(1,777)	(1,621)	156	(8.8)
<b>OPERATING EXPENSES</b>	<b>(574,503)</b>	<b>(649,897)</b>	<b>(75,394)</b>	<b>13.1</b>
Minority Interest	(443)	(453)	(10)	2.3
<b>PROFIT BEFORE TAX</b>	<b>243,130</b>	<b>303,775</b>	<b>60,645</b>	<b>24.9</b>
Income Tax	(82,467)	(99,746)	(17,279)	21.0
<b>NET PROFIT</b>	<b>160,662</b>	<b>204,028</b>	<b>43,366</b>	<b>27.0</b>



Creando Oportunidades

# 4

## Balance Sheet and Business Activity



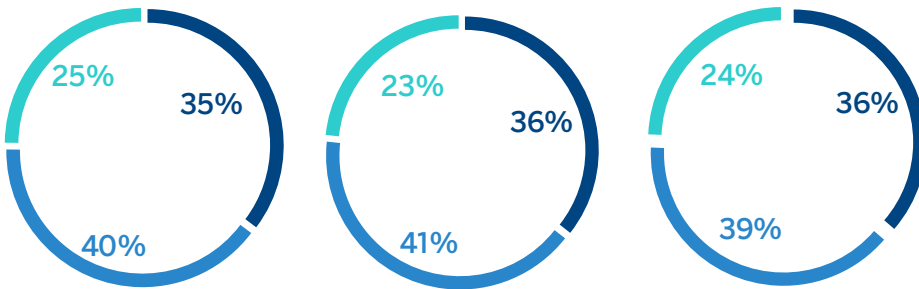
# Portfolio Growth Driven by Our Retail Portfolio

## Portfolio Composition

1Q17  
39,654

1Q18  
43,467

1Q19  
45,519



■ Consumer ■ Commercial ■ Mortgage

## Gross Loan Portfolio +4.7% yoy

Billion

### Commercial

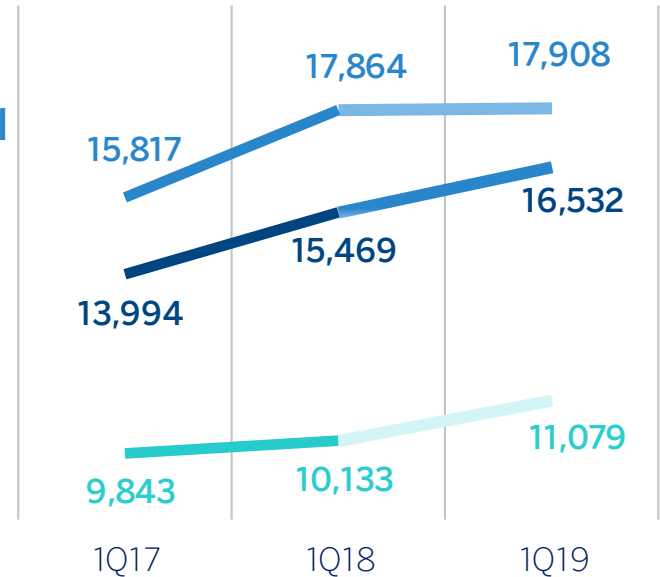
+0.2% YoY

### Consumer

+6.9% YoY

### Mortgages

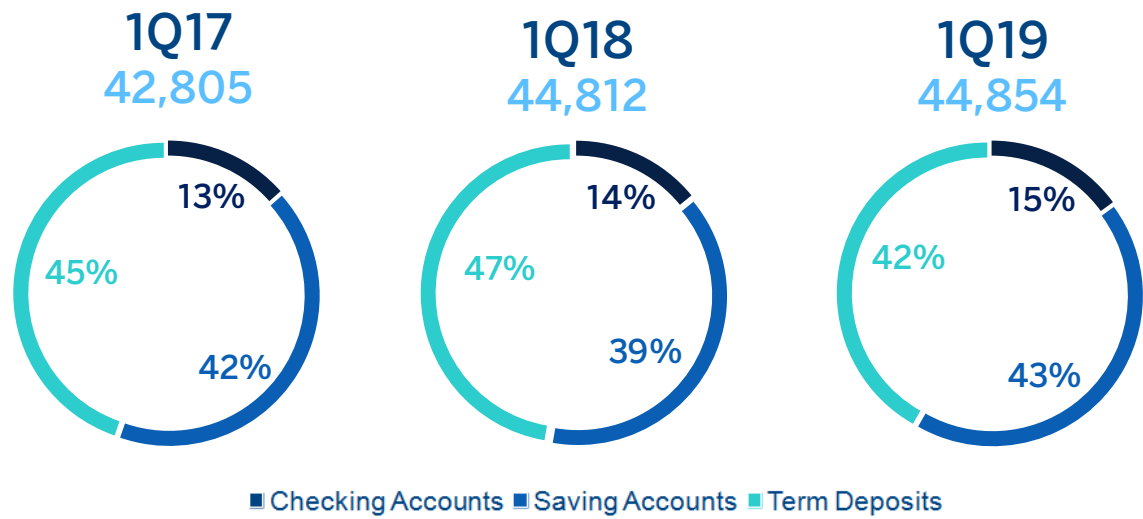
+9.3% YoY



- Activity focused on the retail segment, which represents 60% of the gross loan portfolio at the end of March 2019
- Significant growth in the consumer and mortgages portfolio

# Strategic Management of Our Funding Sources

## Deposits Composition



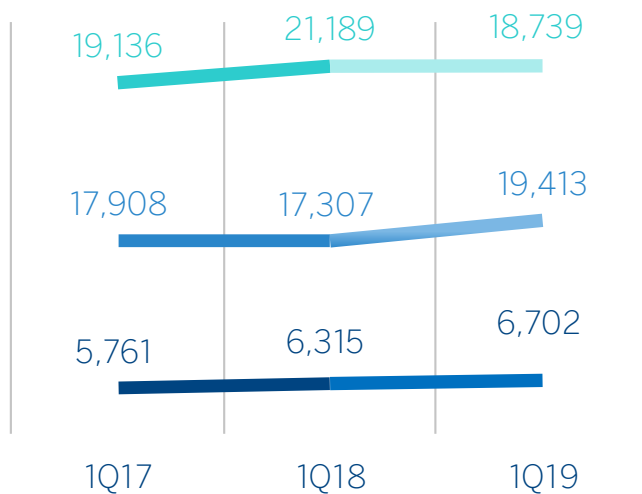
## Deposits Growth +0.1% yoy

Billion

**Time Deposits**  
-11.6% YoY

**Saving Accounts**  
+12.2% YoY

**Checking Accounts**  
+6.1% YoY



**Deposits growth driven by an increase in saving and checking accounts**

# Focus on Strong Returns on Capital Market Shares

## Loan Portfolio

**\$46**  
Trillion

Market Share **10.18%**  
-17 bps YoY

### Individuals\*

Market Share  
**14.37%**  
-37 bps YoY

### Commercial

Market Share  
**6.91%**  
-22 bps YoY

### Consumer\*\*

Market Share

**12.88%**

-41 bps YoY

### Credit Cards

Market Share

**7.17%**

+10 bps YoY

### Mortgages\*\*\*

Market Share

**16.54%**

-31 bps YoY

## Deposits

**\$47**  
Trillion

Market Share **11.16%**  
-72 bps YoY

### Saving Accounts

Market share  
**10.76%**  
YoY Growth +48 bps

### Checking Accounts

Market share  
**12.41%**  
YoY Growth -14 bps

### Term Deposits

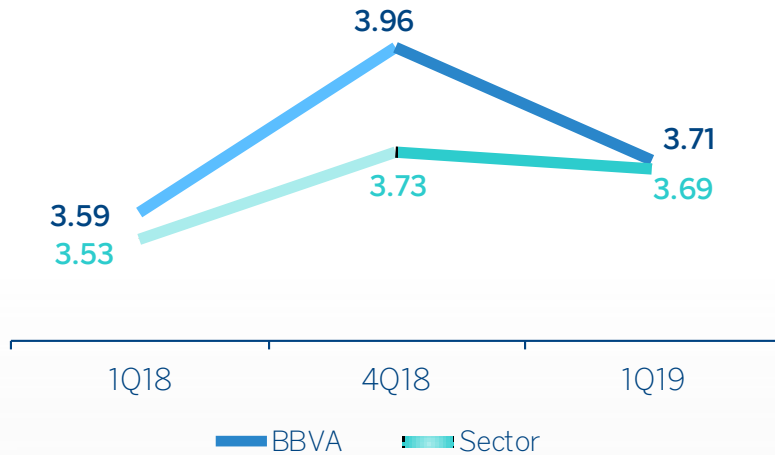
Market share  
**11.83%**  
YoY Growth -211 bps

Source: SFC. Market share as of March 19.

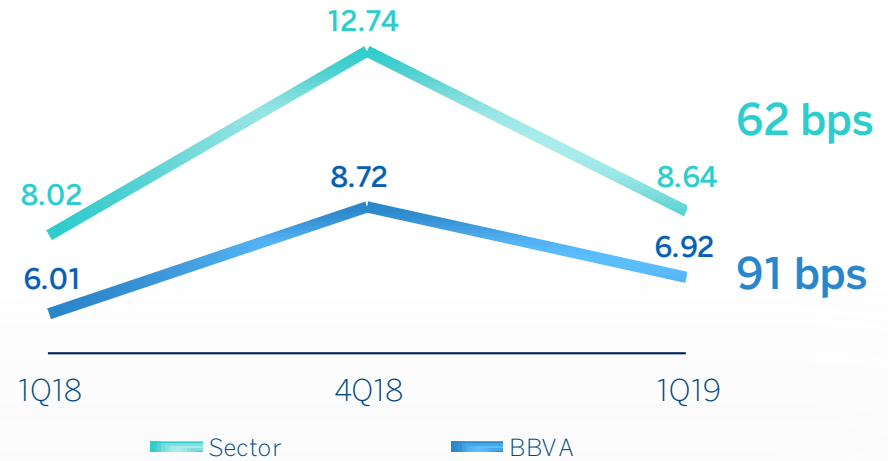
\*Market Share Individuals + Securitizations. \*\*Market Share Consumer + Particular's overdraft + Credit Cards. \*\*\*Market Share Mortgages + LH + Securitizations

# NPL Ratios drop close to the Sector's Average

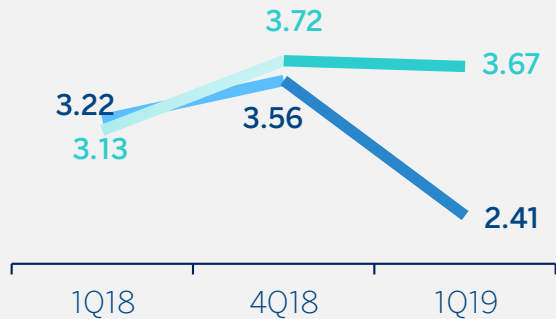
## NPL Ratio (%)\*



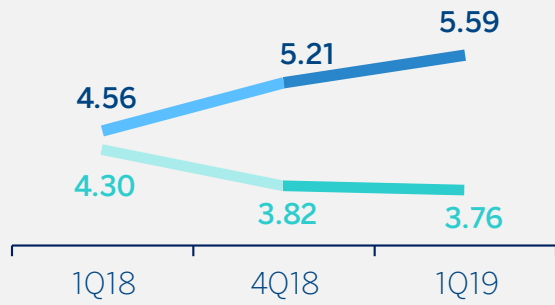
## NPL + Write-offs (%)



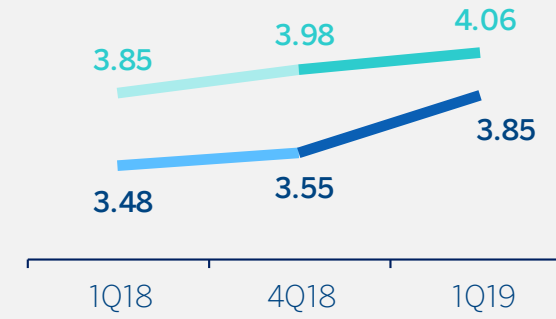
## COMMERCIAL



## CONSUMER



## MORTGAGES



\*NPL: commercial portfolio greater than 90 days, consumer greater than 60 days and mortgage greater than 120 days

Source: SFC

# Consolidated Balance Sheet

Million COP

	1Q18	1Q19	Var TAM	
			abs	%
Cash and cash equivalents	5,398,209	7,040,388	1,642,179	30.4
Investments	961,317	1,284,502	323,185	33.6
Derivative Financial Instruments and Cash Operations	6,474,430	9,600,658	3,126,228	48.3
Gross Loan Portafolio and Leasing	43,861,900	45,939,502	2,077,602	4.7
Provision for credit losses	-2,400,339	-2,627,115	-226,776	9.4
Other	2,598,793	2,517,761	-81,032	-3.1
<b>Assets</b>	<b>56,894,310</b>	<b>63,755,697</b>	<b>6,861,387</b>	<b>12.1</b>
Deposits	45,336,187	45,351,879	15,692	0.0
Money Market Operations	522,279	6,548,329	6,026,050	1,153.8
Financial instruments at fair value	1,083,246	1,318,714	235,468	21.7
Banks and other financial obligations	2,005,774	1,708,962	-296,812	-14.8
Investment in debt securities	2,190,036	2,282,073	92,037	4.2
Liabilities by deferred tax	202,922	305,116	102,194	50.4
Estimated liabilities and provisions	270,271	323,342	53,071	19.6
Payable accounts	704,039	787,718	83,679	11.9
Labor Obligations	195,086	202,604	7,518	3.9
Other Liabilities	295,774	384,800	89,026	30.1
<b>Liabilities</b>	<b>52,805,614</b>	<b>59,213,537</b>	<b>6,407,923</b>	<b>12.1</b>
Paid-in Capital	89,779	89,779	-	-
Additional-paid in capital	651,950	651,950	-	-
Noncontrolling interests	5,275	5,728	453.0	8.6
Reserves	2,764,985	3,039,636	274,651	9.9
Surplus	416,045	551,039	134,994	32.4
Net Profit for the period	160,662	204,028	43,366	27.0
<b>Stockholder's Equity</b>	<b>4,088,696</b>	<b>4,542,160</b>	<b>453,464</b>	<b>11.1</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>56,894,310</b>	<b>63,755,697</b>	<b>6,861,387</b>	<b>12.1</b>



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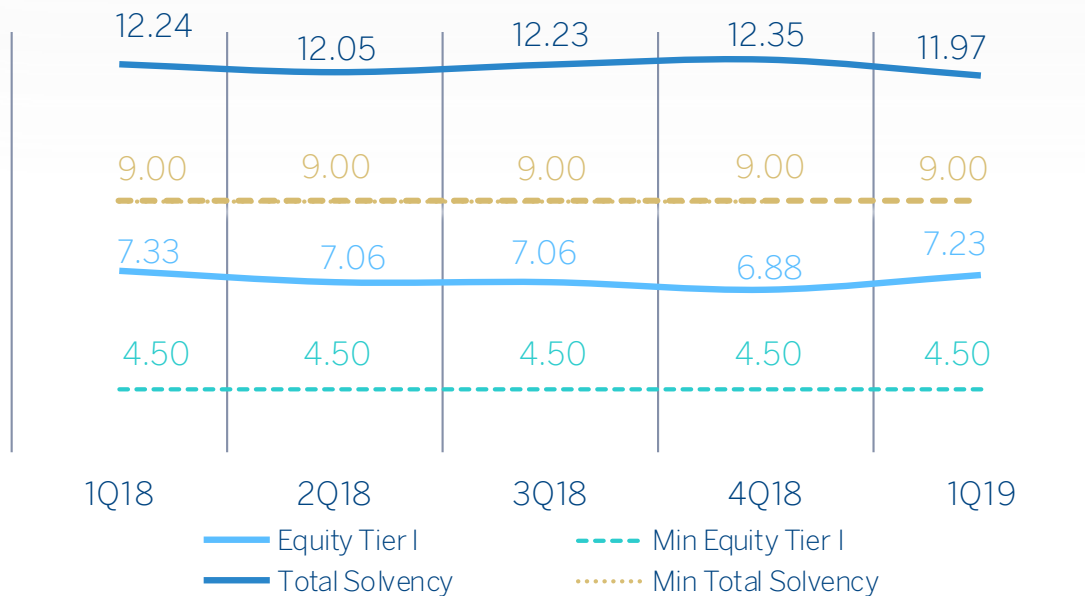
5

# Solvency

# Capital Adequacy

Billion of COP

**Strong**  
Capital Position



## Evolution of the capital ratio %

**297 bps**  
Above the Minimum  
Regulatory Level

# Contacto

**BBVA**

Creando Oportunidades

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## BBVA Colombia S.A.



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# Annex

# Main Macroeconomic Variables

## Macroeconomic Forecast

	2017	2018	2019	2020
<b>GDP (% YoY)</b>	<b>1.4</b>	<b>2.6</b>	<b>3.0</b>	<b>3.3</b>
Private Consumption (% YoY)	2.1	3.6	3.4	3.6
Public Consumption (% YoY)	3.8	5.6	4.1	2.9
Investment (% YoY)	1.9	1.5	2.9	4.0
<b>Inflation (% YoY, eop)</b>	<b>4.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>
<b>Inflation (% YoY, average)</b>	<b>4.3</b>	<b>3.2</b>	<b>3.3</b>	<b>3.0</b>
<b>Exchange rate (eop)</b>	<b>2,984</b>	<b>3,212</b>	<b>3,210</b>	<b>3,120</b>
<b>Exchange rate (average)</b>	<b>2,951.0</b>	<b>2,956.0</b>	<b>3,180.4</b>	<b>3,143.3</b>
<b>BanRep Rate (% , eop)</b>	<b>4.75</b>	<b>4.25</b>	<b>4.50</b>	<b>4.75</b>
<b>DTF Reference Rate (% , eop)</b>	<b>5.3</b>	<b>4.5</b>	<b>4.7</b>	<b>5.0</b>
<b>Central Gvt. Fsical Bal. (% of GDP)</b>	<b>(3.6)</b>	<b>(3.1)</b>	<b>(2.7)</b>	<b>(2.3)</b>
<b>Current Account (% of GDP)</b>	<b>(3.3)</b>	<b>(3.5)</b>	<b>(4.3)</b>	<b>(4.0)</b>
<b>Urban Unemployment Rate (% , eop)</b>	<b>9.8</b>	<b>9.9</b>	<b>10.6</b>	<b>10.5</b>

Source: Banco de la Republica, DANE, BBVA Research

# Individual Balance Sheet

Million COP

	1Q18	1Q19	Var TAM	
			abs	%
Cash	4,146,975	6,586,117	2,439,143	58.8
Assets positions in money market operations	1,244,892	448,949	-795,943	-63.9
Investment and derivatives transactions	7,835,074	11,014,974	3,179,900	40.6
Loan portfolio and leasing operations	43,861,900	45,939,501	2,077,601	4.7
Impairment	-2,444,328	-2,797,383	-353,055	14.4
Other Assets	2,061,451	2,051,306	-10,145	-0.5
<b>Total Assets</b>	<b>56,705,963</b>	<b>63,243,464</b>	<b>6,537,501</b>	<b>11.5</b>
Deposits and financial claims	47,580,724	47,697,915	117,191	0.2
Liabilities positions in money market operation:	522,292	6,550,491	6,028,199	1,154.2
Financial instruments at fair value	1,083,246	1,318,714	235,467	21.7
Banks and other financial obligations	2,005,774	1,708,962	-296,812	-14.8
Accounts payable	923,697	868,695	-55,002	-6.0
Labor obligations	193,656	200,353	6,698	3.5
Other Liabilities	457,055	642,188	185,133	40.5
<b>Total Liabilities</b>	<b>52,766,444</b>	<b>58,987,318</b>	<b>6,220,874</b>	<b>11.8</b>
Suscribed and paid-in-capital	89,779	89,779	0	-
Specific destination reserves and funds	2,764,479	3,039,130	274,651	9.9
Surplus	943,198	946,038	2,839	0.3
Gains or losses	142,063	181,199	39,136	27.5
<b>Stockholder's Equity</b>	<b>3,939,519</b>	<b>4,256,146</b>	<b>316,626</b>	<b>8.0</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>56,705,963</b>	<b>63,243,464</b>	<b>6,537,501</b>	<b>11.5</b>

# Consolidated Income Statement of the Quarter

Million COP

	1Q18	1Q19	Var TAM	
			abs	%
Interest Income	1,195,242	1,210,982	15,740	1.3
Interest Expense	(509,842)	(492,751)	17,091	(3.4)
<b>NET INTEREST INCOME</b>	<b>685,400</b>	<b>718,231</b>	<b>32,831</b>	<b>4.8</b>
<b>NET FEE INCOME</b>	<b>44,801</b>	<b>41,288</b>	<b>(3,512)</b>	<b>(7.8)</b>
Investment Portfolio	93,555	112,853	19,299	20.6
Dividends	16,418	18,145	1,727	10.5
Other incomes	23,216	39,414	16,197	69.8
<b>OTHER OPERATING INCOME</b>	<b>133,189</b>	<b>170,412</b>	<b>37,223</b>	<b>27.9</b>
<b>GROSS MARGIN</b>	<b>863,390</b>	<b>929,931</b>	<b>66,541</b>	<b>7.7</b>
<b>Net Provisions</b>	<b>(232,434)</b>	<b>(250,338)</b>	<b>(17,904)</b>	<b>7.7</b>
<b>Operational Costs</b>	<b>(377,737)</b>	<b>(393,328)</b>	<b>(15,592)</b>	<b>4.1</b>
Personal Expenses	(145,370)	(150,840)	(5,471)	3.8
General Expenses	(89,571)	(95,740)	(6,170)	6.9
Taxes	(30,735)	(32,463)	(1,728)	5.6
Other	(110,285)	(112,664)	(2,380)	2.2
Operational Risk	(1,777)	(1,621)	156	(8.8)
<b>OPERATING EXPENSES</b>	<b>(610,171)</b>	<b>(643,666)</b>	<b>(33,496)</b>	<b>5.5</b>
<b>PROFIT BEFORE TAX</b>	<b>253,219</b>	<b>286,264</b>	<b>33,045</b>	<b>13.1</b>
Income Tax	(95,603)	(89,512)	6,091	(6.4)
<b>NET INCOME</b>	<b>157,617</b>	<b>196,753</b>	<b>39,136</b>	<b>24.8</b>

# Our Bank

March 2019

## ATM's



**1,347**

YoY Growth  
variation  
+0.60%

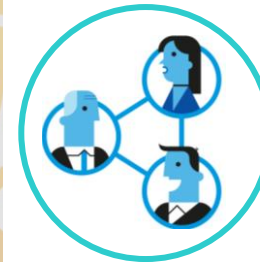
## Branch Offices



**551**

YoY Growth  
variation  
+0.18%

## Employees



**5,392**

YoY Growth  
variation  
+1.70%

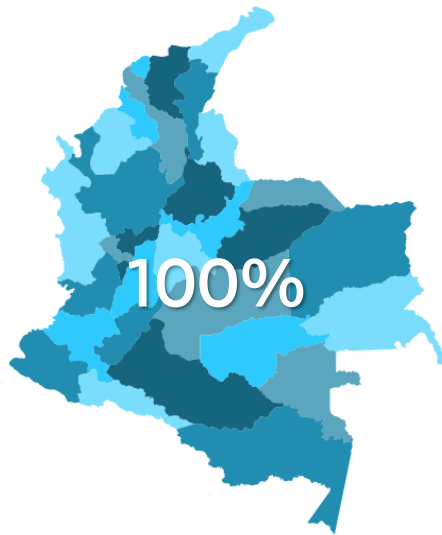
## Banking Agents



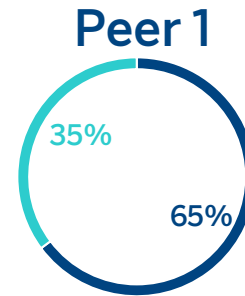
**6,770**

YoY Growth  
variation  
+0.39%

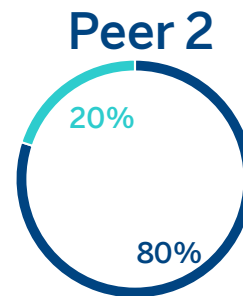
# Participation in Colombia



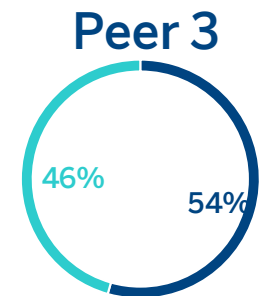
Focused on the  
**Local Market**



■ Col ■ Central America



■ Col ■ Central America



■ Col ■ Central America

Source: Annual Report of each bank, December 2017