

BBVA Creando Oportunidades

BBVA COLOMBIA

Results 4Q17

March 2018



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Macroeconomic Outlook

✓ The world economy keeps growing at a good pace and it is expected to accelerate to 3.8% YoY in 2018 and 2019

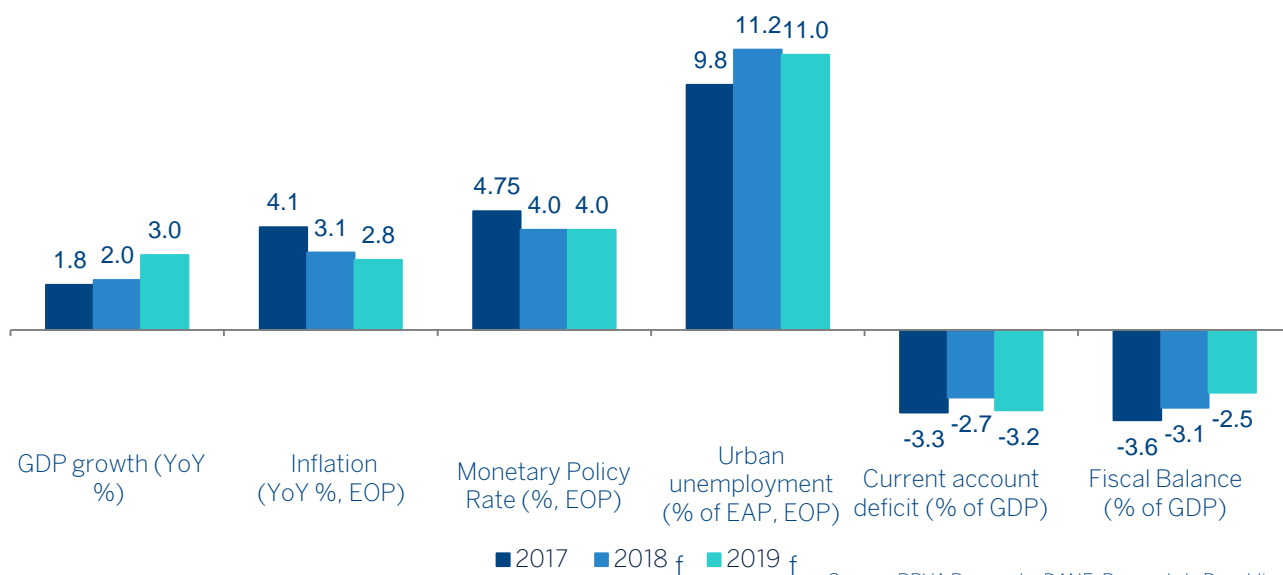
✓ The adjustment of the Colombian economy to the oil shock is getting to its end. We expect that GDP to accelerate to 2.0% YoY in 2018 and to 3.0% YoY in 2019

✓ With the stability of the exchange rate and the slow growth of demand, inflation will continue to decline to 3.1% and to 2.8% in 2018 and 2019 respectively

✓ The labour market will continue to suffer in 2018, due to low GDP growth. Unemployment rate could have a slight increase in 2018 and 2019

✓ The monetary policy rate has been reduced by more than 300bps since the end of 2016. We expect more cuts that should take the policy rate to 4.0% in the first half of 2018, a level that would remain throughout 2019

Main Economic Indicators for Colombia



Source: BBVA Research, DANE, Banco de la Republica.

Highlights of 4Q17

Market share gains in 2017 driven by consumer and commercial growth

10.4%
+40 bps

Growth in Digital Sales

without insurance

9.08%
of total sales

Sep 17

10.18%
of total sales

Dec 17



Outstanding growth in payroll loans, with an increase in market share

Share Nov/17

16,9%
+111 pbs

547

thousands of clients

Digital Customers

37% of total clients



426

thousands of clients

Mobile Customers

29% of total clients





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01

Balance Sheet and Business Activity

Market Share Gains in 2017

Loan Portfolio

\$44 Trillion
Market Share **10.4%**
YoY Growth +40 bp

Individuals

Market share
14.74%
YoY Growth -15 bp

Commercial

Market share
7.30%
YoY Growth +60 bp

Consumer

Market share*

14.68%

YoY Growth +6 pbs

Credit Cards

Market share*

6.70%

YoY Growth -16 pbs

Mortgages

Market share**

17.15%

YoY Growth -53 pbs

Deposits

\$44 Trillion
Market Share **11.8%**
YoY Growth +28 pbs

Saving Accounts

Market share
10.42%
YoY Growth -30 pbs

Checking Accounts

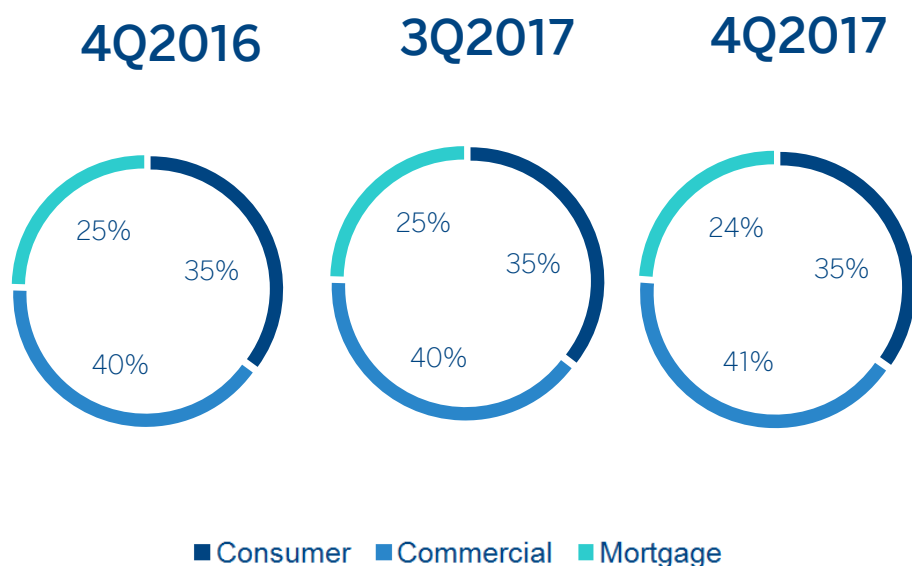
Market share
12.10%
YoY Growth +124 pbs

Term Deposits

Market share
13.92%
YoY Growth +64 pbs

Diversified and Growing Business

Portfolio Composition



Gross Loan Portfolio Growth

Billion

Commercial

YoY Growth
+13.0%

Consumer

YoY Growth
+9.2%

Mortgages

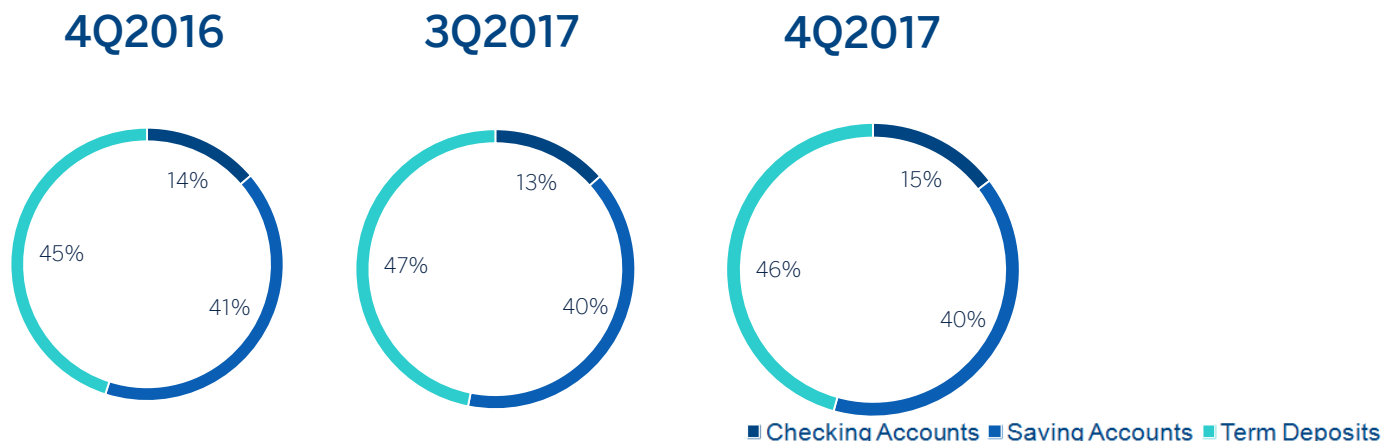
YoY Growth
+6.8%



- Retail oriented business focused on payroll loans with a 57% share of the consumer portfolio
- Relevant growth in commercial loans, driven by the institutional segment
- Strengthened credit admission requirements of consumer loans to improve portfolio quality

Stable Funding Sources that Finance our Activity

Deposits Composition



Deposits Growth 9.3%

Term Deposits

YoY Growth +10.8%



Saving Accounts

YoY Growth -5.3%



Checking Accounts

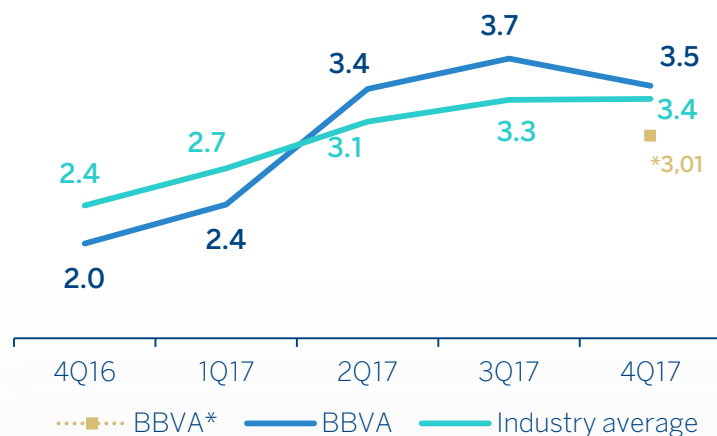
YoY Growth +16.4%



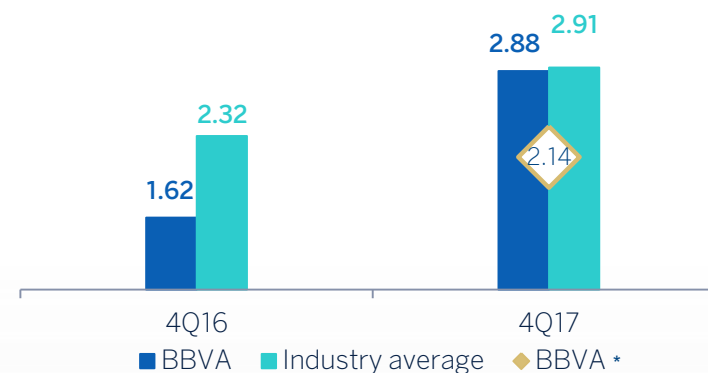
Our funding strategy aims at stable, long-term and fixed-rate sources, given our balance-sheet structure

Conservative Risk Management

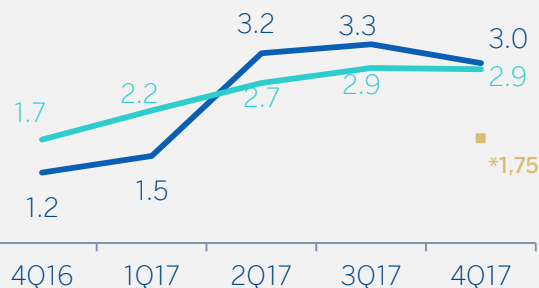
NPL (%)



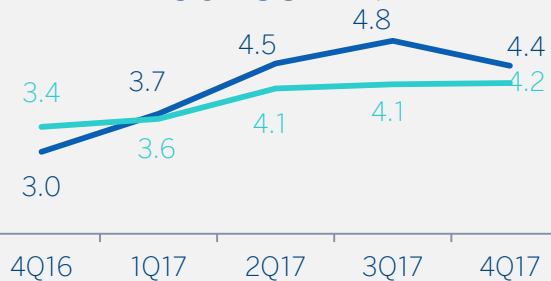
Cost of Risk (%)



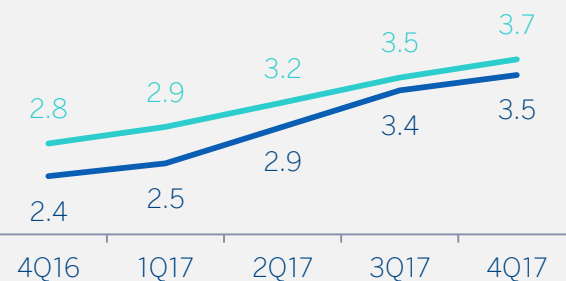
COMMERCIAL



CONSUMER



MORTGAGES



- After several quarters of deterioration, our NPL ratio saw some improvement in 4Q17 given our actions taken especially in consumer loans admissions
- In 4Q17 we finished to provision 80% of Electricaribe's exposure

Consolidated Balance Sheet

Million of COP

	4T16	4Q16 Adjusment	4Q17	Var TAM	
				abs	%
Cash and cash equivalents	4.904.171	4.904.170	5.777.721	873.551	17,8
Investments	5.560.278	5.301.213	7.330.899	2.029.686	38,3
Derivative Financial Instruments and Cash Operations	807.758	807.758	688.630	-119.128	-14,7
Gross Loan Portafolio and Leasing	38.507.892	40.204.316	44.302.900	4.098.584	10,2
Provision for credit losses	-1.284.459	-1.318.863	-1.931.594	-612.731	-46,5
Other	1.921.085	1.882.244	1.898.804	16.560	0,9
Assets	52.078.745	51.780.838	58.067.360	6.286.522	12,1
Deposits	40.806.777	40.806.777	44.530.966	3.724.189	9,1
Money Market Operations	533.645	533.645	2.635.115	2.101.470	393,8
Financial instruments at fair value	950.927	950.927	840.021	-110.906	-11,7
Payable accounts	454.100	454.100	449.048	-5.052	-1,1
Other	4.636.973	4.521.211	4.738.689	217.478	4,8
Labor Obligations	192.641	192.641	215.054	22.413	11,6
Other Liabilities	204.566	204.566	203.129	-1.437	-0,7
Liabilities	47.779.629	47.663.867	53.612.022	5.948.155	12,5
Paid-in Capital	89.779	89.779	89.779	-	-
Reserves	2.279.743	2.488.775	2.845.449	356.674	14,3
Surplus	1.357.027	965.850	1.028.943	63.093	6,5
Net Profit for the period	572.567	572.567	491.167	-81.400	-14,2
Stockholder's Equity	4.299.116	4.116.971	4.455.338	338.367	8,2
Total Liabilities and Stockholder's Equity	52.078.745	51.780.838	58.067.360	6.286.522	12,1

Restatement of the Financial Statements 4Q2016 Adjusted

Goodwill Credit Elimination:

The bank registered until 31st of December 2016 a goodwill credit (commercial fund) that emerged from the acquisition of Granahorrar back in 2006. During the time of implementation of the IFRS (2014) the Bank accepted the exception established in IFRS 1 in relation to business combinations, therefore, it maintained the value of the commercial fund that it brought under the previous accounting, and that corresponded to \$ 192,203. Thus, on the date of implementation of the IFRS, the Bank did not perform the impairment assessment corresponding to that commercial fund and could not establish whether there was objective evidence of impairment on the identified cash-generating unit corresponding to the portfolio of credits included in the acquisition.

As part of the annual assessment of the impairment test of the Mercantile Fund for fiscal year 2017, the Bank performed an additional analysis on the origin of the transaction of that commercial fund and concluded that most of the loans acquired were cancelled, punished due to uncollectibility or sold as part of the normal line of business, consequently, there is no support to maintain the value of the Goodwill Credit in the financial statements.

Therefore, it was decided to eliminate the value of Goodwill Credit in the Financial Statements at the end of 2017 and it was proceeded to restate the 2016 Financial Statements for consistency and comparability purposes.



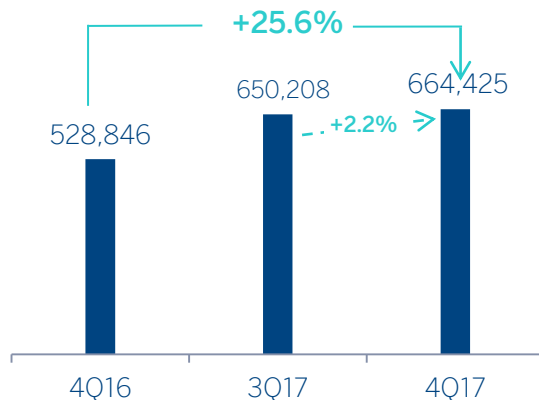
02

Results 4Q17

Consolidated Results for the Quarter

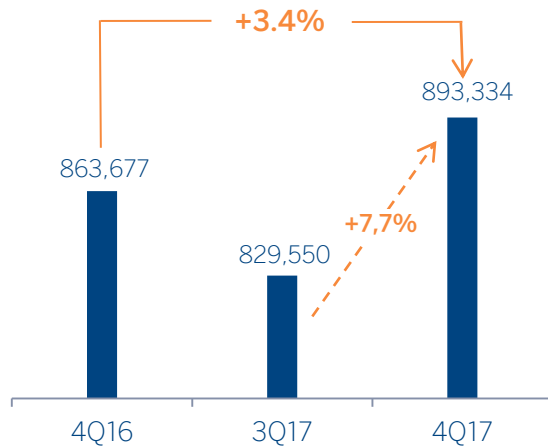
Net Interest Income

Million of COP



Gross Income

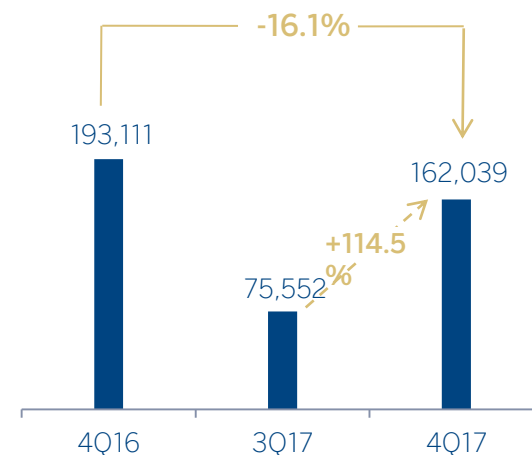
Million of COP



Net Income

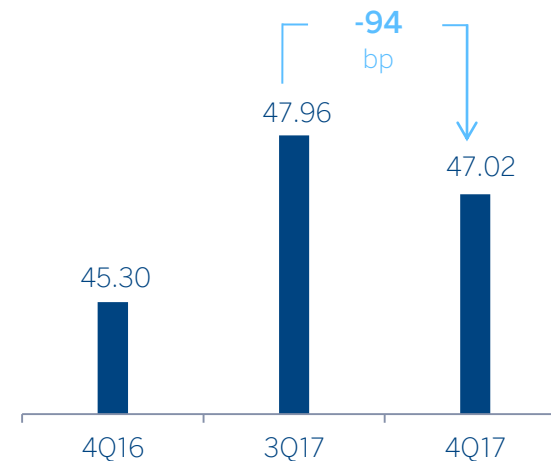
Million of COP

Supported by recurring income



Efficiency Ratio

%

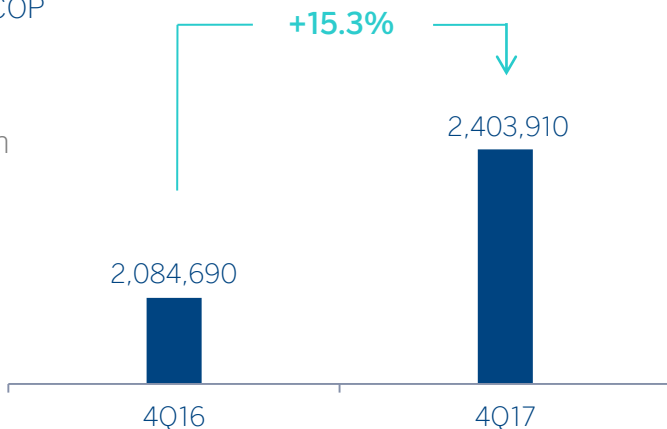


Consolidated Accumulated Results of 2017

Net Interest Income

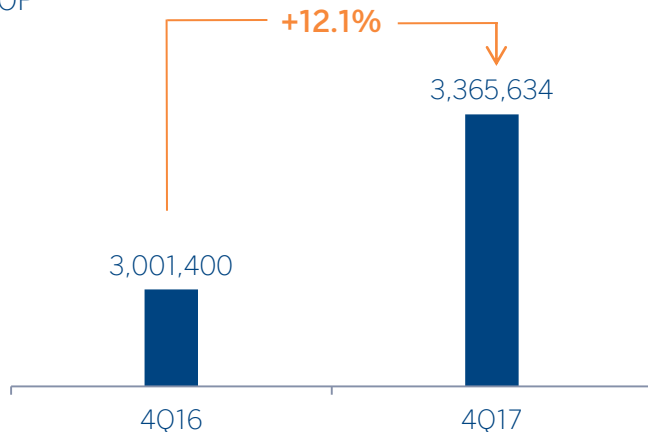
Million of COP

Solid growth in every areas



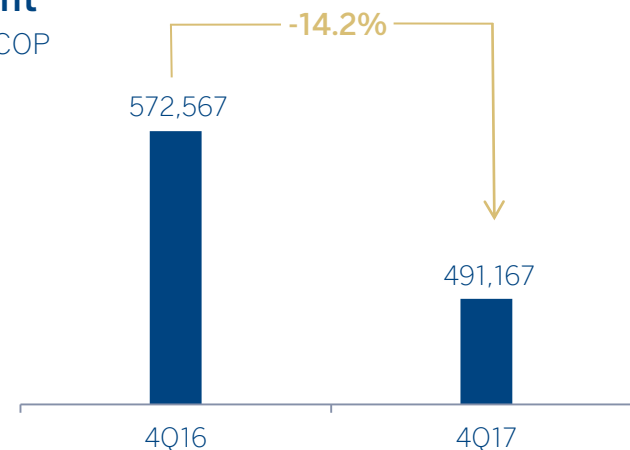
Gross Margin

Million of COP



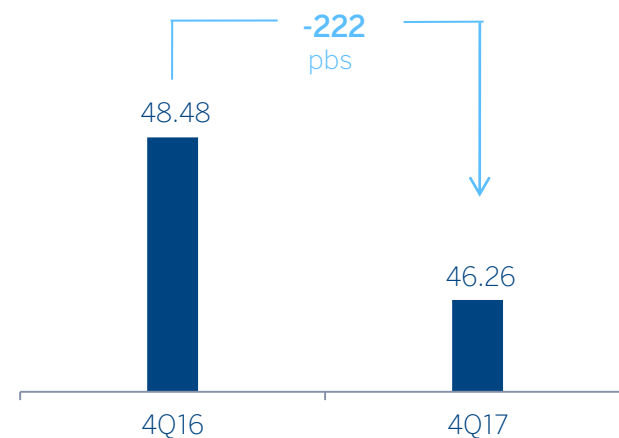
Net Profit

Million of COP



Efficiency Ratio

%



Net Profit wedged by loan loss provisions, given Electricaribe exposure. Without Electricaribe, Net Profit would have grown 6% YoY



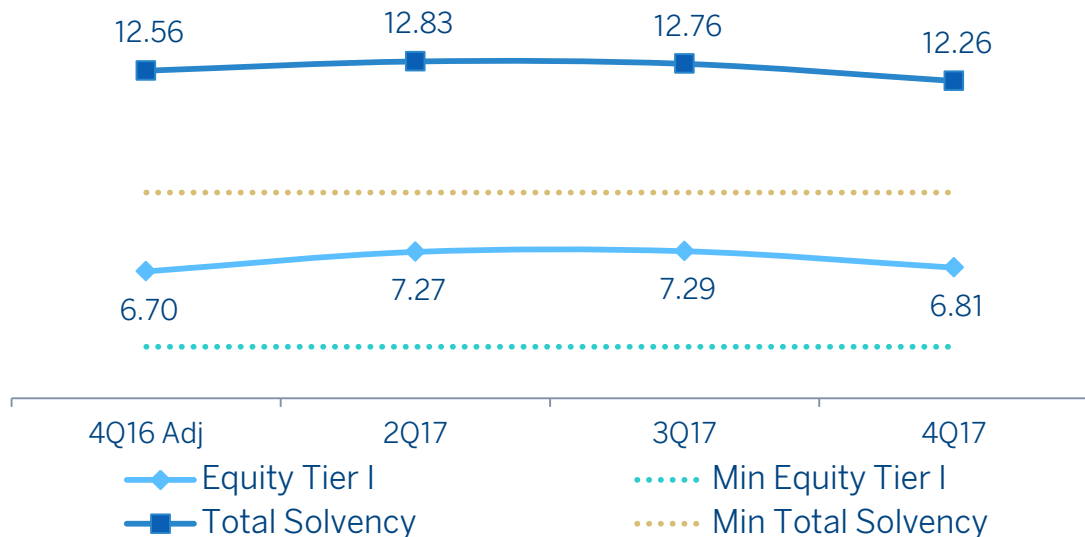
03

Solvency

Capital Adequacy

Billion COP

Solid
Capital Levels



Evolution of the capital ratio %

326 basis points
Above the required level of
Total Solvency

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BBVA Colombia S.A.



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Annex

Our purpose

“To bring the age of opportunity to everyone”



Six Strategic Priorities



New standard in customer experience



Drive digital sales



New business models



Optimize capital allocation



Unrivalled efficiency



A first class workforce

We are BBVA. We create opportunities

BBVA Strategic Priorities



1 New standard in customer experience

Starting points/ Challenge

- Second Place in NPS
- Opportunity for improvement in the client's experience and knowledge.
- Limited brand positioning



2 Drive digital sales

Starting point/ Challenge

- Low supply of digital products
- Limited digital customer base
- Need to implement digital marketing tools, channels and processes.
- IT infrastructure not focused on services



4 Optimize capital allocation

Starting points/ Challenge

- Portfolio of good quality, with presence in segments of greater value
- Need to improve profitability in customers and increase presence in higher value products and segments

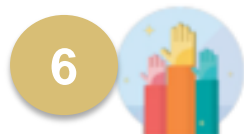


5 Unrivalled efficiency

Starting point/ Challenge

- Strong management model, but possibility of improving service costs
- Need to improve transactional processes and services

BBVA Strategic Priorities



A first class workforce

Starting point/ Challenge

- Need to improve talent attraction plans, employee experience and professional development plans.

Consolidated Income Statement

Million of COP

	4Q16	3Q17	4Q17	Var TAM	
				abs	%
Loan Portfolio	1.147.081	1.172.451	1.186.482	39.401	3,4
Interest Expense	(618.235)	(522.244)	(522.056)	96.179	(15,6)
Net interest income	528.846	650.208	664.425	135.579	25,6
Net commission income	71.241	58.090	71.935	694	1,0
Investment Portfolio	134.525	106.052	105.329	(29.196)	(21,7)
Dividends	9	81	(14)	(23)	(253,1)
Other Incomes	129.056	15.119	51.659	(77.397)	(60,0)
Other operating income	263.590	121.252	156.974	(106.616)	(40,4)
Gross margin	863.677	829.550	893.334	29.657	3,4
Net Asset Allocation	(176.408)	(373.092)	(302.598)	(126.190)	71,5
Administration General Expenses	(391.216)	(397.871)	(420.039)	(28.823)	7,4
Personal Expenses	(127.446)	(137.633)	(152.092)	(24.647)	19,3
General Expenses	(79.036)	(90.212)	(110.653)	(31.617)	40,0
Taxes	(42.202)	(33.697)	(36.512)	5.690	(13,5)
Other	(138.462)	(135.016)	(119.214)	19.248	(13,9)
Operational Risk	(4.071)	(1.313)	(1.568)	2.503	(61,5)
Non-interest expenses	(567.624)	(770.963)	(722.637)	(155.013)	27,3
Minority Interest	(224)	(335)	(464)	(240)	107,3
Income before tax	295.829	58.252	170.233	(125.596)	(42,5)
Income Tax	(102.718)	17.300	(8.194)	94.524	(92,0)
Net profit	193.111	75.552	162.039	(31.072)	(16,1)

Consolidated Income Statement

Accumulated - Million of COP

	4Q16	3Q17	4Q17	Var TAM	
				abs	%
Loan Portfolio	4.361.985	3.530.197	4.637.679	275.694	6,3
Interest Expense	(2.277.295)	(1.711.713)	(2.233.769)	43.526	(1,9)
Net interest income	2.084.690	1.818.485	2.403.910	319.220	15,3
Net commission income	207.582	178.579	329.514	121.932	58,7
Investment Portfolio	437.083	379.329	484.658	47.575	10,9
Dividends	10.345	11.444	11.430	1.085	10,5
Other Incomes	261.700	84.463	136.122	(125.578)	(48,0)
Other operating income	709.128	475.236	632.210	(76.918)	(10,8)
Gross margin	3.001.400	2.472.300	3.365.634	364.234	12,1
Net Asset Allocation	(647.813)	(883.482)	(1.186.080)	(538.267)	83,1
Administration General Expenses	(1.455.148)	(1.136.818)	(1.556.857)	(101.709)	7,0
Personal Expenses	(530.050)	(431.365)	(583.457)	(53.407)	10,1
General Expenses	(308.639)	(253.480)	(364.133)	(55.494)	18,0
Taxes	(150.237)	(99.644)	(136.156)	14.081	(9,4)
Other	(457.567)	(348.932)	(468.146)	(10.579)	2,3
Operational Risk	(8.655)	(3.397)	(4.965)	3.690	(42,6)
Non-interest expenses	(2.102.961)	(2.020.300)	(2.742.937)	(639.976)	30,4
Minority Interest	(1.023)	(892)	(1.356)	(333)	32,6
Income before tax	897.416	451.108	621.341	(276.075)	(30,8)
Income Tax	(324.849)	(121.980)	(130.174)	194.675	(59,9)
Net profit	572.567	329.128	491.167	(81.400)	(14,2)

Individual Balance Sheet

Million COP

	4Q16	4Q16 Adjustment	4Q17	Var TAM	
				abs	%
Cash	4.448.180	4.448.180	4.735.857	287.677	6,5
Active Positions in monetary market	448.960	448.960	1.032.004	583.044	129,9
Investment Securities & Derivatives	6.405.251	6.405.251	8.409.898	2.004.647	31,3
Loan Portfolio and Leasing Operations	39.618.528	39.618.528	43.649.649	4.031.121	10,2
Impairment	-1.562.298	-1.562.298	-2.290.570	-728.273	-46,6
Other Assets	2.166.914	1.972.537	1.890.374	-82.162	-4,2
Total Assets	51.525.534	51.331.157	57.427.212	6.096.055	11,9
Deposits and Financial Claims	43.260.193	43.260.193	46.866.106	3.605.913	8,3
Passive Positions in monetary market	533.645	533.645	2.635.115	2.101.470	393,8
Financial Instruments at Fair Value	950.926	950.926	840.020	-110.906	-11,7
Banks And Other Financial Obligations	1.552.578	1.552.578	1.842.312	289.734	18,7
Other Liabilities	1.217.490	1.205.257	1.219.666	14.409	1,2
Total Liabilities	47.514.832	47.502.600	53.403.220	5.900.620	12,4
Suscribed and Paid-in-Capital	89.779	89.779	89.779	0	-
Specific Destination Reserves and Funds	2.279.237	2.279.237	2.535.777	256.539	11,3
Surplus	1.128.758	962.167	956.523	-5.644	-0,6
Gains or Losses	512.928	497.374	441.913	-55.461	-11,2
Stockholder's Equity	4.010.702	3.828.557	4.023.992	195.434	5,1
Total Liabilities and Stockholder's Equity	51.525.534	51.331.157	57.427.212	6.096.055	11,9

Individual Income Statement

Million of COP

	4Q16	3Q17	4Q17	Var TAM	
				abs	%
Loan Portfolio	1.147.082	1.172.450	1.182.697	35.615	3,1
Interest Expense	(618.894)	(523.251)	(522.888)	(96.006)	(15,5)
Net interest income	528.187	649.200	659.809	131.621	24,9
Net commission income	38.586	39.079	36.295	(2.291)	(5,9)
Investment Portfolio	99.022	107.800	100.473	1.451	1,5
Dividends	-	-	0	0	-
Other Incomes	128.319	14.553	75.339	(52.980)	(41,3)
Other operating income	227.341	122.354	175.812	(51.529)	(22,7)
Gross margin	794.115	810.632	871.916	77.802	9,8
Net Asset Allocation	(176.379)	(373.274)	(302.564)	126.185	71,5
Administration General Expenses	(392.084)	(395.211)	(408.394)	16.310	4,2
Personal Expenses	(131.206)	(137.660)	(144.946)	13.740	10,5
General Expenses	(78.529)	(89.775)	(109.806)	31.277	39,8
Taxes	(41.644)	(33.063)	(35.933)	(5.710)	(13,7)
Other	(136.835)	(133.400)	(116.141)	(20.694)	(15,1)
Operational Risk	(3.871)	(1.313)	(1.568)	(2.303)	(59,5)
Non-interest expenses	(568.463)	(768.485)	(710.958)	142.495	25,1
Income before tax	225.652	42.147	160.958	(64.694)	(28,7)
Income Tax	(71.674)	28.714	(57)	(71.617)	(99,9)
Net profit	153.978	70.861	160.901	6.923	4,5

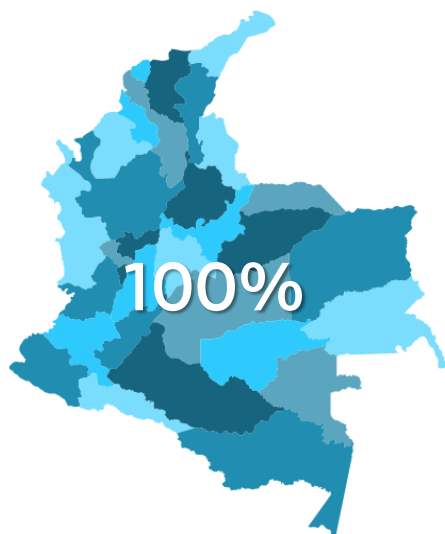
Individual Income Statement

Accumulated – Million of COP

				Var TAM	
	4Q16	3Q17	4Q17	abs	%
Loan Portfolio	4.361.985	3.530.197	4.712.894	350.909	8,0
Interest Expense	(2.279.665)	(1.714.510)	(2.237.399)	(42.266)	(1,9)
Net interest income	2.082.320	1.815.687	2.475.496	393.175	18,9
Net commission income	125.091	118.448	154.743	29.652	23,7
Investment Portfolio	399.168	387.795	488.268	89.100	22,3
Dividends	9.929	10.940	10.940	1.011	10,2
Other Incomes	257.722	82.084	157.423	(100.299)	(38,9)
Other operating income	666.819	480.818	656.630	(10.189)	(1,5)
Gross margin	2.874.230	2.414.953	3.286.869	412.639	14,4
Net Asset Allocation	(647.577)	(883.471)	(1.186.035)	538.458	83,1
Administration General Expenses	(1.438.836)	(1.122.477)	(1.530.871)	92.036	6,4
Personal Expenses	(524.304)	(424.063)	(569.009)	44.704	8,5
General Expenses	(306.844)	(252.295)	(362.100)	55.256	18,0
Taxes	(147.668)	(97.935)	(133.868)	(13.800)	(9,3)
Other	(452.164)	(344.788)	(460.929)	8.765	1,9
Operational Risk	(7.855)	(3.397)	(4.965)	(2.890)	(36,8)
Non-interest expenses	(2.086.413)	(2.005.948)	(2.716.906)	630.493	30,2
Income before tax	787.818	409.005	569.963	(217.854)	(27,7)
Income Tax	(274.890)	(112.440)	(112.497)	(162.393)	(59,1)
Net profit	512.928	296.565	457.466	(55.462)	(10,8)

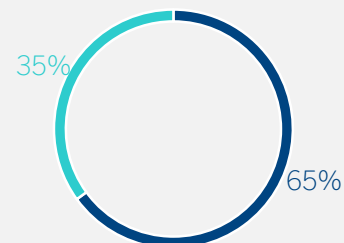
Participation in Colombia

BBVA



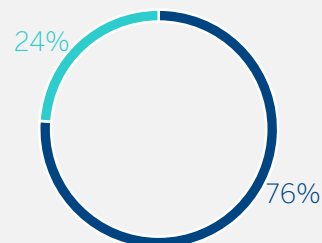
Sector

Peer 1



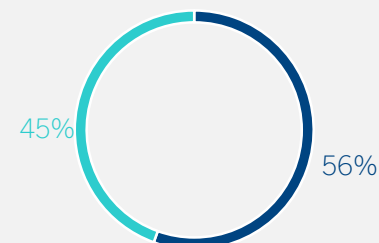
■ Col ■ Central America

Peer 2



■ Col ■ Central America

Peer 3



■ Col ■ Central America

Our Bank...

December 2017

ATM's



1.353

YoY Growth
variation
+1.05%

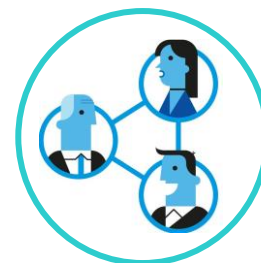
Branch Offices



510

YoY Growth
variation
-3.41%

Employees



5.221

YoY Growth
variation
-14.86%

Banking Agents



5.854

YoY Growth
variation
+0.48%