

# BBVA Colombia

“Working for a better future for people”

BBVA COLOMBIA



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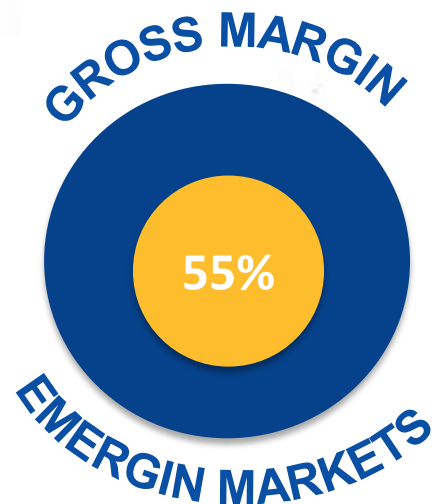
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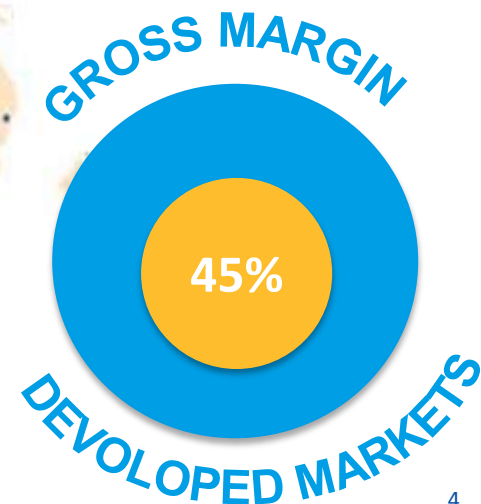
# 1 BBVA GROUP



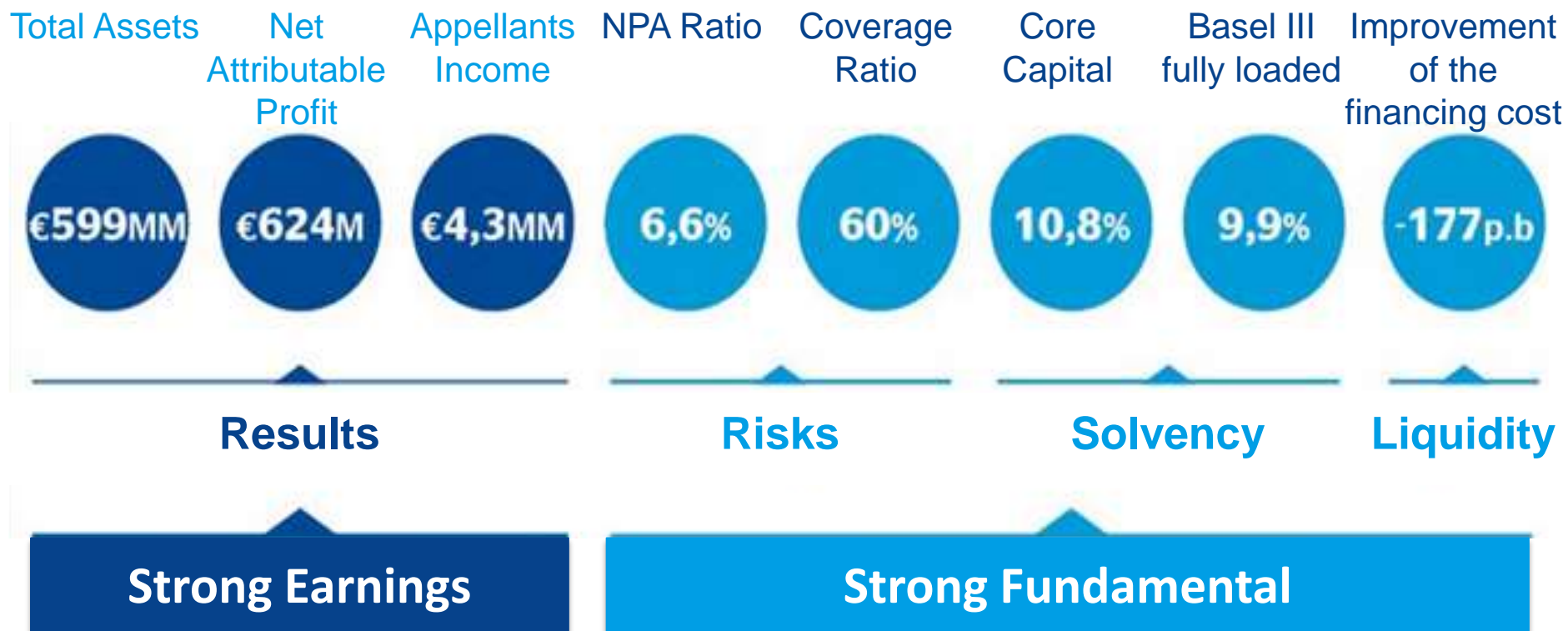
Spain  
Europe  
EE.UU



## 30 Countries



# BBVA: Fundamental strength

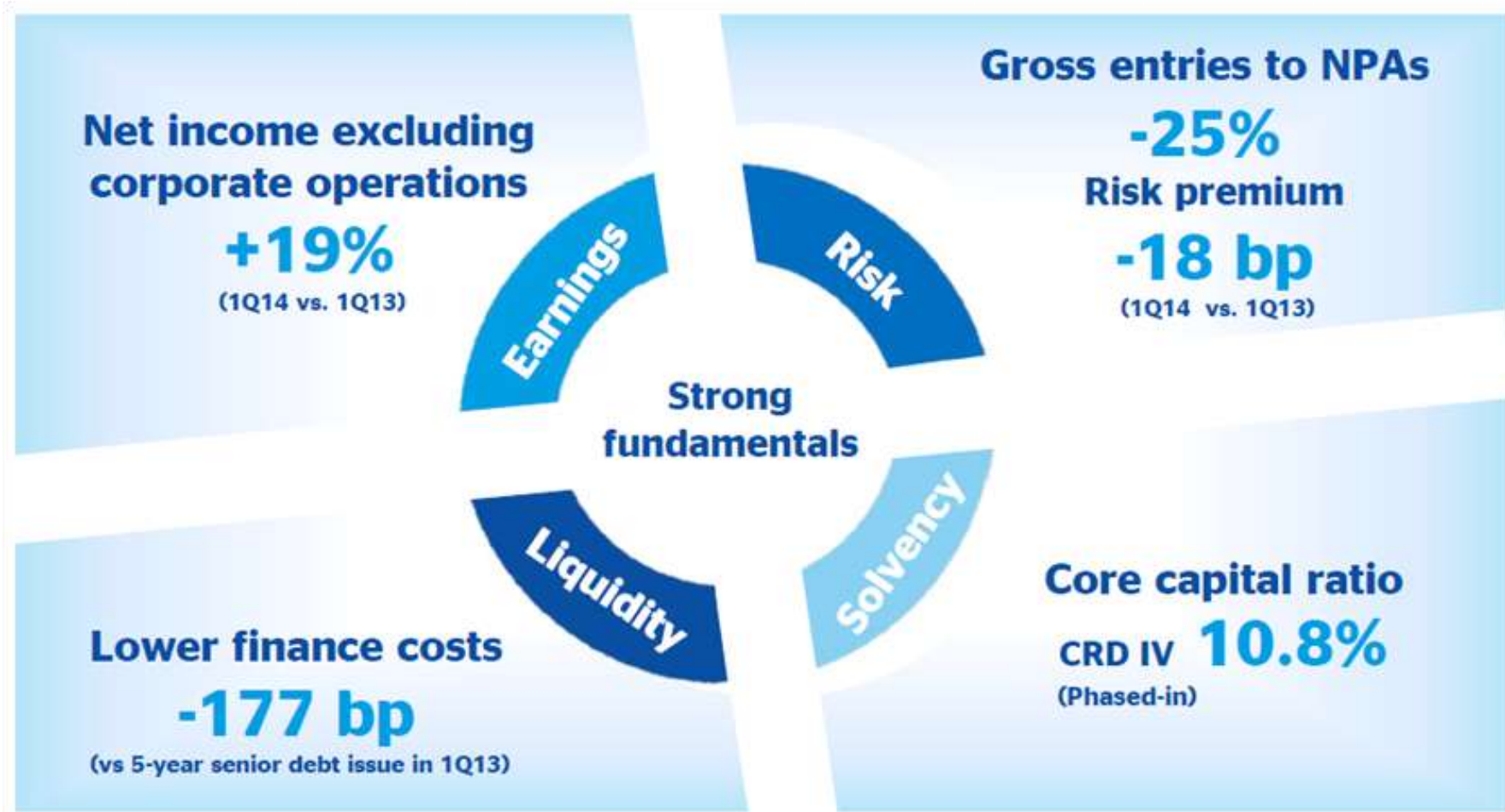




## Highlights

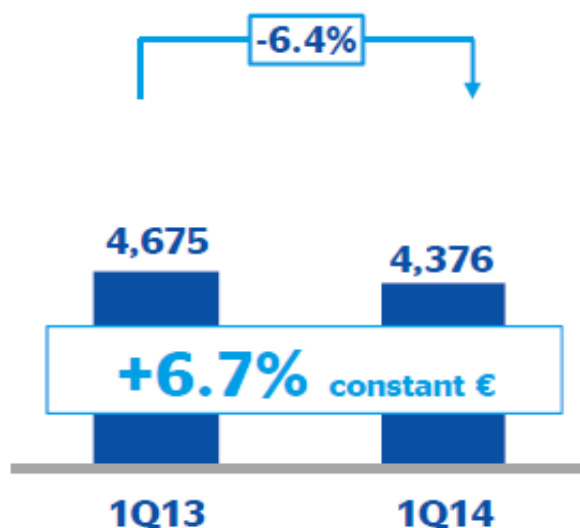


## Highlights

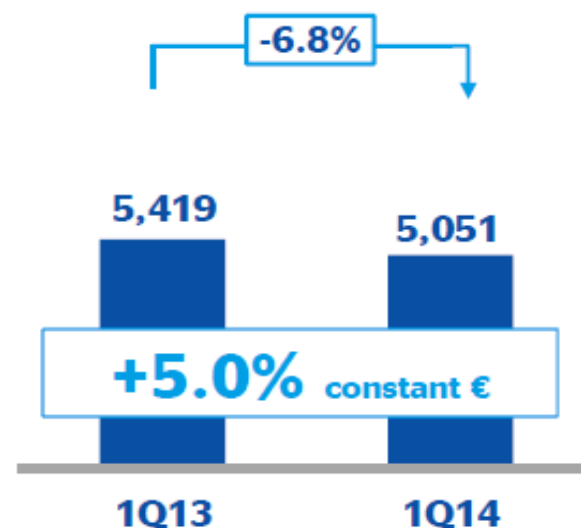


# Earnings: revenue continues to be resilient ...

Net interest income + fee income  
€m



Gross income  
€m



Gross  
Income\*

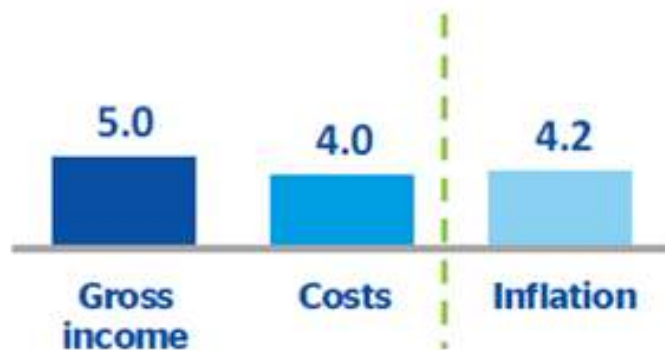
**45% developed and 55% emerging**

\* excludes Holding



... rising faster than costs thanks to superior management ...

Gross income vs. costs  
YoY change, constant €  
(%)



Developed



Control and reduction plans

Emerging

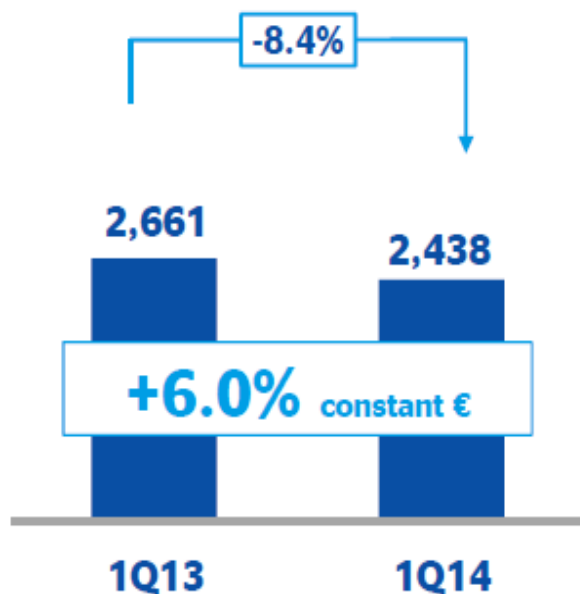


Investment for the future

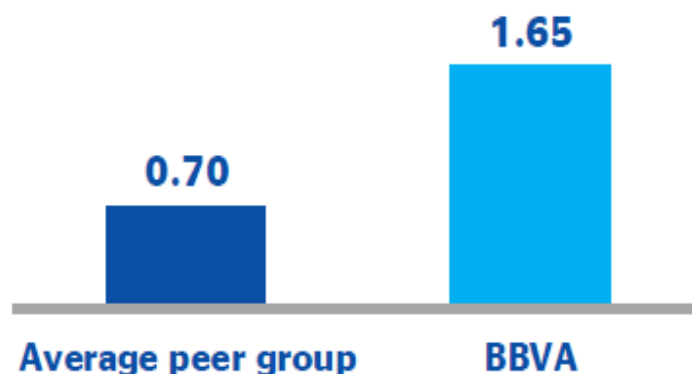
Note: excludes Holding

... and this is reflected by operating income ...

Operating income  
€m



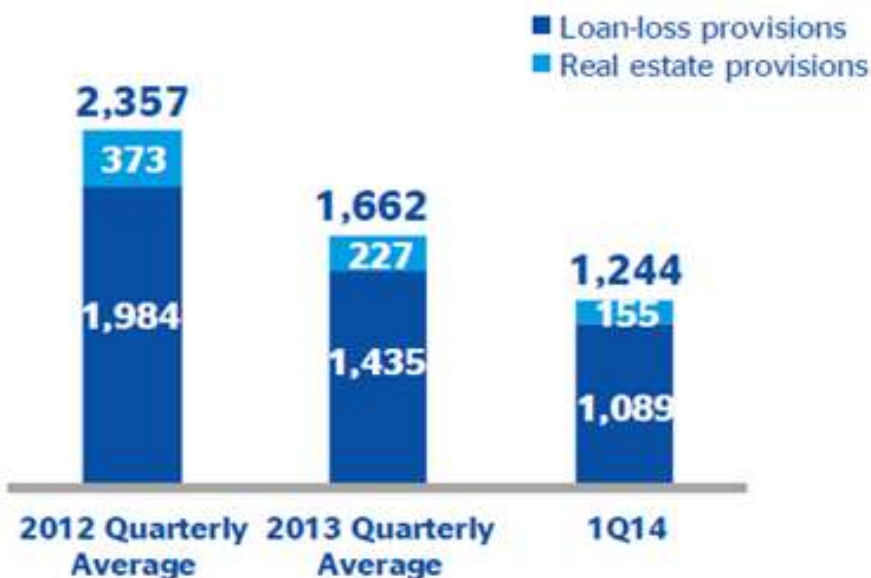
Operating income/ATAs  
BBVA vs peer group; 12M13  
(%)



Maintaining leadership in terms of profitability

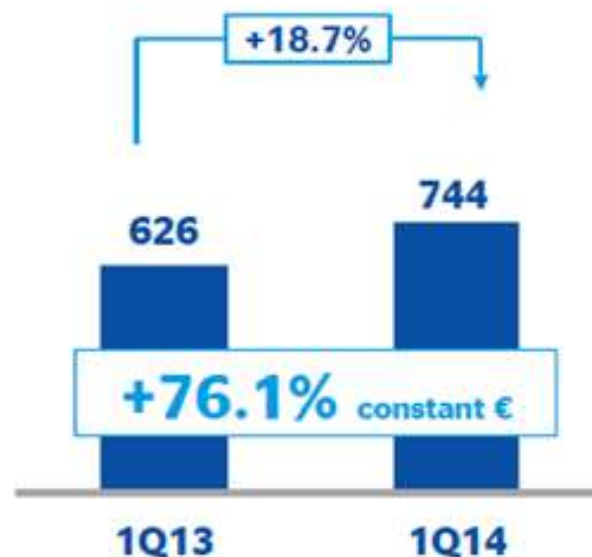
... and aided by lower provisions, this results in strong earnings growth

Loan-loss + real estate provisions  
€m



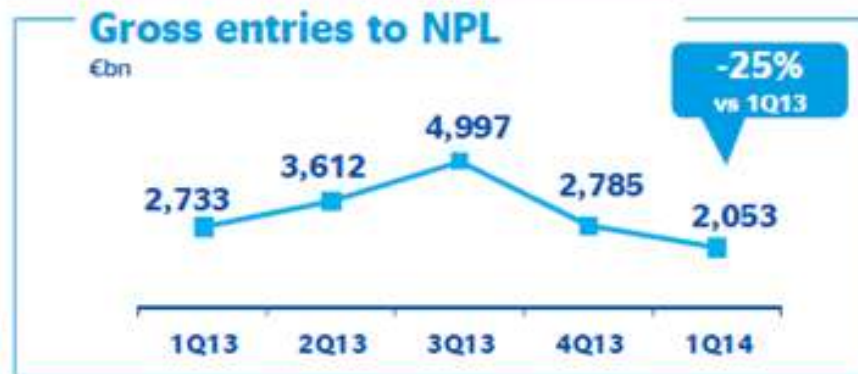
- Lower provisions
- Moving towards normal levels

Net income ex corporate operations  
€m



- Consolidating growth

## Risk: indicators are improving



## Capital: excellent management

**Strong capital position**

Core Capital CRD IV		Leverage Ratio
<b>10.8%</b>	<b>9.9%</b>	<b>5.8%</b>
(Phased-in)	(Fully-loaded)	(Fully-loaded)

**Capital plans were approved in USA**

**Issuance activity**

- **Additional Tier 1 issue**
- **Tier II issue**



## Summary: good earnings and on the road to a new growth cycle

€m

BBVA Group	Accum.	Growth		% constant
		1Q14/1Q13		
	1Q14	Abs.	%	
Net interest Income	3,391	- 232	-6.4	7.8
Gross Income	5,051	- 368	-6.8	5.0
Operating income	2,438	- 223	-8.4	6.0
Income Before Tax	1,017	186	22.3	79.4
<b>IAT ex corporate operations</b>	<b>744</b>	<b>117</b>	<b>18.7</b>	<b>76.1</b>
Corporate Operations Income	0	- 1,315	n.s.	n.s.
Net Attributable Profit	624	- 1,110	-64.0	-60.5

FX impact

▽ Provisions: driving short-term growth

Recurring earnings



# 2 BBVA COLOMBIA



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## For BBVA Research, the outlook is positive

The economic growth in 2014 will be more balanced. The expansion of construction works will continue to lead the activity, but it will be more moderate than in 2013.

Employment creation remains positive. The employment data encourage the consumption behavior

The change on monetary policy stance began in the second quarter of the 2014.

Inflation slowly converge to the long-term target of 3.0% in 2014

The Colombian economy will grow 4.7% and 5.1% in 2014 and 2015

# BBVA's decentralized model

## Centralized model: Branch office

**One** **Parent company and branches are managed as one unit.**

- Complete responsibility of the parent company in the committees
- Legally connected entities

**Two** **Free cash flow:**  
Centralized funding to maximize the economies of scale.

**Three** **Centralized management of equity**

Investment Banking

## Decentralized model: Subsidiaries.

**One** **Parent company and subsidiaries completely independent**

- Separate legal entities
- Parent company has no obligation to respond for the subsidiary

**Two** **Subsidiary is 100% self - sufficient:**  
Funded under its own brand and rating.

**Three** **Self – equity management**  
Each Subsidiary manage its instruments independently.

Retail Banking

The BBVA's model: "Global thinking, local action"

# Advantages of the decentralized BBVA model in capital and liquidity

## Barriers between the Parent company and subsidiaries

- ✓ Natural protection in crisis situations
- ✓ Limited contagion risk



Resilience during the crisis situation

## Local regulation/ Parent company supervision and control

- ✓ Subsidiaries subject to local supervision and required regulations
- ✓ Subsidiaries follow global group policies on liquidity and capital management.



Clarity and responsibility in the markets through the thel Know how

## Local risk/ Market price

- ✓ Insta – group transactions are made under strict market conditions.
- ✓ Prevention of unfair growth based on preferred parent company price, avoiding price distortion.

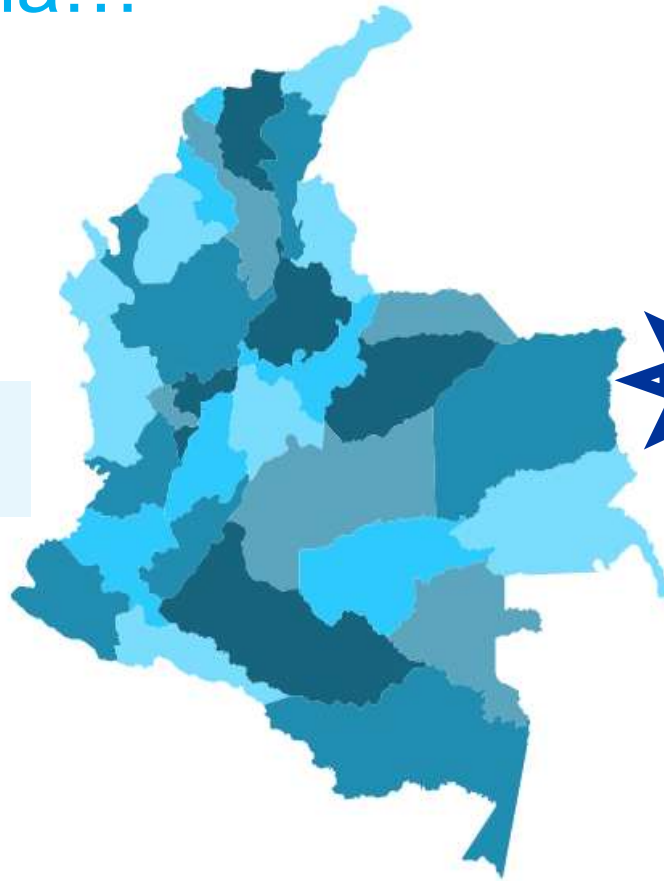


Market discipline.  
Right incentives



# BBVA Colombia...

Presence in Colombia  
since 1996



**Mortgages**

3

**Personal Banking**

**Total Deposits**

4

Assets

Net Loans

**34.5**

Billion Assets

**4,4**

Million customers

**470**

Branches

**1.249**

ATMs

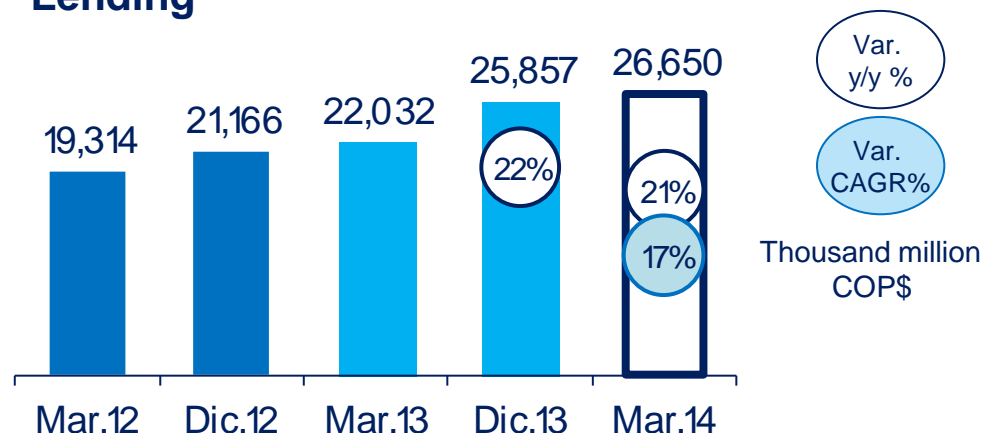
**5.412**

Employees

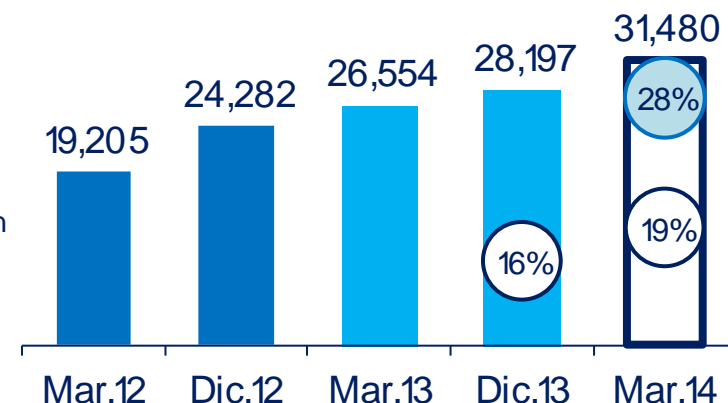
... Committed with the development of the Country.

# High growth in activities and results on BBVA Colombia.

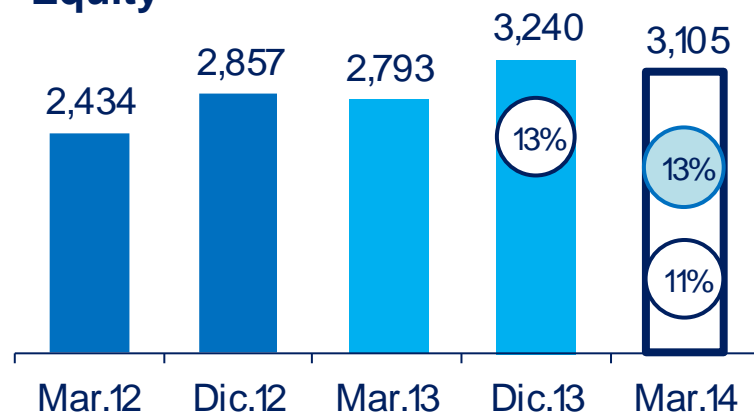
## Lending



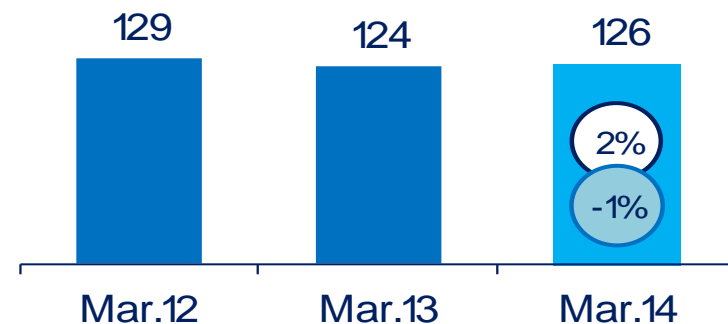
## Deposits



## Equity



## Net Benefit



# Strength in retail activity

## Lending

Thousand million COP\$	Mar.14	Mar.13	Var. 14/13
Consumption	7,802	6,669	17%
Credit Cards	1,137	925	23%
Mortgages	6,529	5,233	25%
Commercial	11,181	9,205	21%
<b>Total lending</b>	<b>26,650</b>	<b>22,032</b>	<b>21%</b>

## Clients Deposits

Thousand million COP\$	Mar.14	Mar.13	Var. 14/13
Checking accounts	4,605	3,402	35%
Savings	17,177	15,091	14%
Term Deposits	9,398	7,807	20%
Others	300	254	18%
<b>Total Deposits</b>	<b>31,480</b>	<b>26,554</b>	<b>19%</b>

Source: BBVA Colombia

## Market share – Lending (%)

Cuota	Feb-14	Var. TAM (pb)
Consumption	13.29	+74
Credit Cards	6.73	+23
Mortgages	18.67	+17
Commercial	6.79	+62
<b>Total lending</b>	<b>9.81</b>	<b>+62</b>
Individuals	14.48	+49
Consumption + CC	11.92	+68

## Market share – Deposits (%)

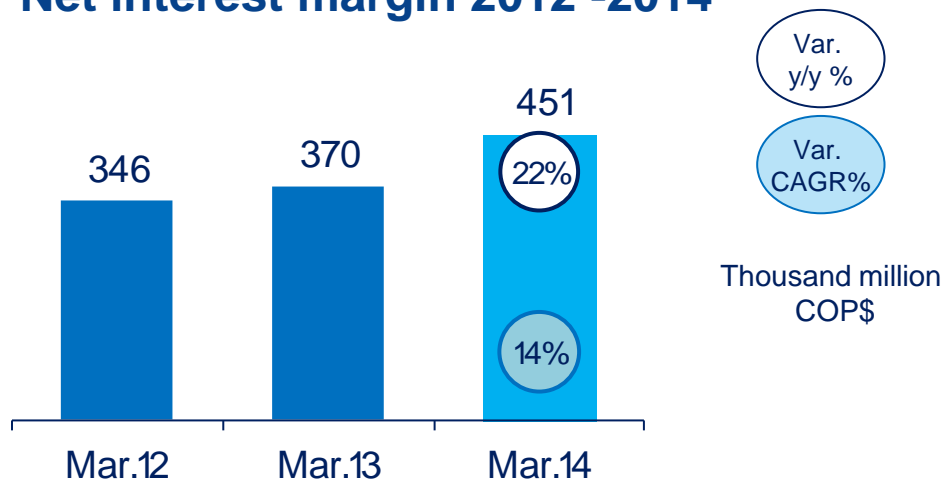
Cuota	Feb-14	Var. TAM (pb)
Checking accounts	10.71	+80
Savings	13.29	-13
Term Deposits	11.28	+90
<b>Total Deposits</b>	<b>12.03</b>	<b>+41</b>

# Maturity of bonds is not concentrated

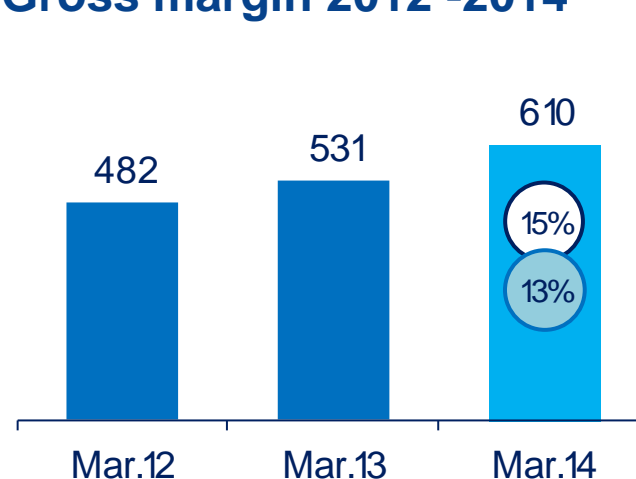
	TYPE	DATE	TERM	NOMINAL VALUE	EXPIRATION DATE	Int. Rates of
IPC / 1	Ordinary Bonds - 2008 - 04 Aug-09	26-Aug-08	6 years	43,110	26/08/2014	IPC+ 4.58%
	Ordinary Bonds - 2008 - 04 Aug-09	26-Aug-08	11 years	155,000	26/08/2019	IPC + 5.69%
	Ordinary Bonds - 2009 - 29 Sept - 10	29-Sep-10	5 years	33,600	29/09/2015	IPC + 3.05%
	Ordinary Bonds - 2009 - 29 Sept - 10	29-Sep-10	7 years	134,050	29/09/2017	IPC + 3.70%
	Subordinated Bonds - 2011 - 19 Sep - 18	19-Sep-11	7 years	102,000	19/09/2018	IPC + 4.28%
	Subordinated Bonds - 2011 - 19 Sep - 21	19-Sep-11	10 years	106,000	19/09/2021	IPC + 4.45%
	Subordinated Bonds - 2011 - 19 Sep - 26	19-Sep-11	15 years	156,000	19/09/2026	IPC + 4.70%
	Subordinated Bonds 2013 - 19 Feb 2013	19-Sep-11	10 years	200,000	19/02/2023	IPC + 3.60%
	Subordinated Bonds 2013 - 19 Feb 2014	19-Sep-11	15 years	165,000	19/02/2028	IPC + 3.89%
	Total Bonds (IPC)			1,094,760		

# Recurrent benefit generation

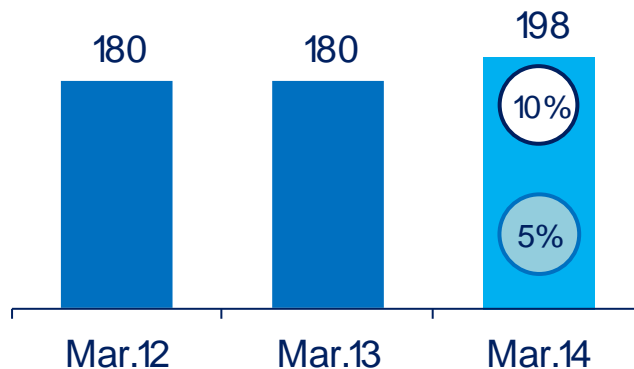
**Net interest margin 2012 -2014**



**Gross margin 2012 -2014**



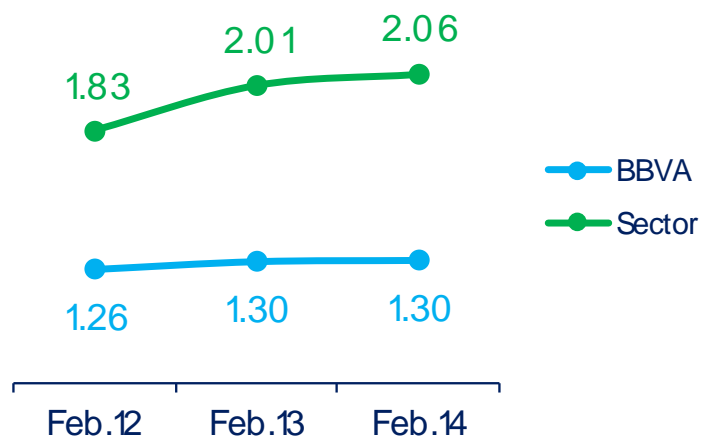
**Net margin 2011 -2013**



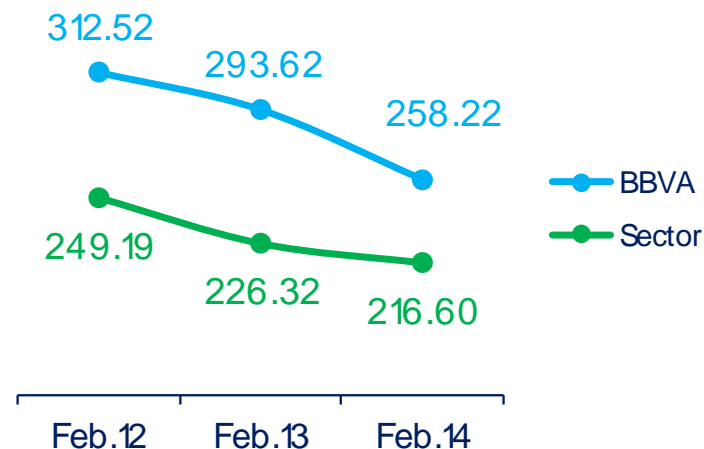


# Outstanding growth with the best quality ratios...

**NPL ratio**  
**2012 -2014**  
(%)



**Coverage NPL ratio**  
**2014 -2014**  
(%)

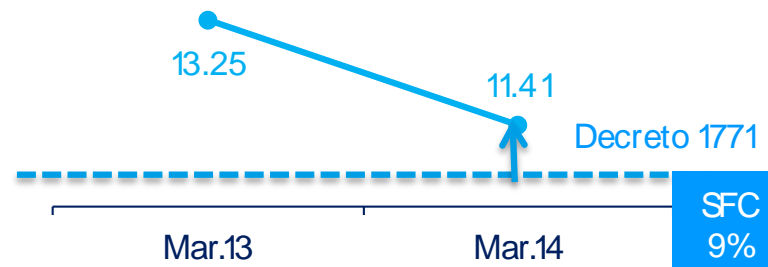


## Comfortable levels in solvency while focused on profitability

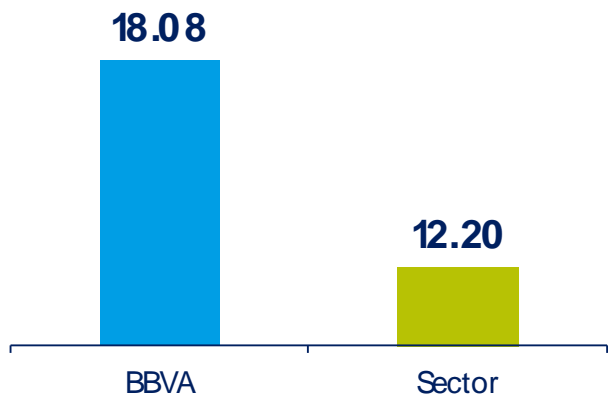
Solvency ratio  
March 2014 (%)

Source: BBVA Colombia

### Solvency

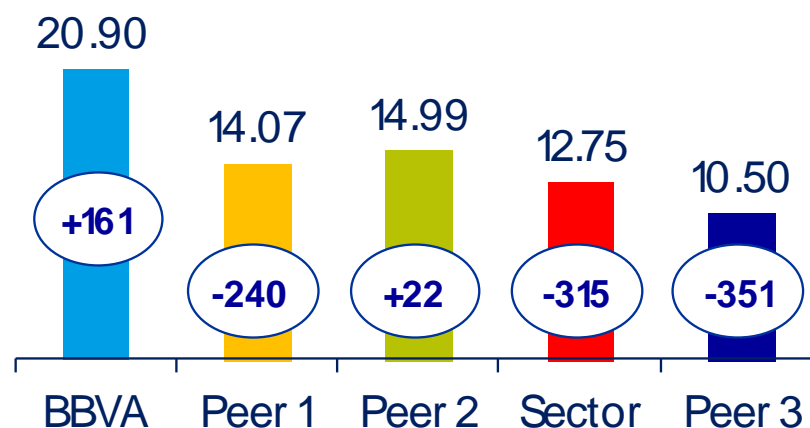


### ROE BBVA vs. System Mar.14 (%)



Source: Superintendencia Financiera de Colombia

### ROE Ex – Goodwill Peer Group Mar.14 (%)



# Ratings – BBVA Colombia

## Internationals

	Fitch	Moody's
Long term FX	BBB	Baa3
Short term FX	F2	P3
Long term ML	BBB	Baa2
Short term ML	F2	P3

## Outstanding...

- Increasing importance of the BBVA Colombia's strategy on the global BBVA Group, because the good performance
- BBVA Colombia's much improved asset quality, ample liquidity and stable profitability reflect its conservative risk management and diversified operations, all of which have positioned the bank well relative to its larger peers in the Colombian banking system

BBVA Colombia has the highest qualification on grade investment

## Locals

### Fitch Ratings Colombia S.A.

	Calification
Long term ML	AAA
Short term ML	F1+ col



Subsidiary Model (Parent company Know How)

Business Model based on sustained and recurrent revenues generation

Healthy growth, with credit quality

Strong solvency level while focused on profitability

The BBVA logo is displayed in a bold, blue, sans-serif font. It is positioned in the top left corner of the slide, above the 'Contact us.' text. The background of the slide features a blurred image of a smiling woman with dark hair tied back, wearing a light-colored blazer and holding a black mobile phone to her ear.

Contact us.

## Investors Relation Team

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Bogotá, Colombia.

BBVA Colombia S.A.



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# BBVA Colombia

“Working for a better future for people”  
”

2014

