



# Corporate Responsibility Report 2015

Colombia

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# Letter from the President

For BBVA Colombia reaching its ninth Corporate Responsibility Report is not only a matter of pride for what it means but also a representative sample of what we have built throughout the years of permanence in the country.

This report, that every year brings to the table the progress of our initiatives with which we get involved in the social development of Colombia, is a sample also of our growth and solidity since we set forth herein our public commitment to invest 1% of our annual earnings, percentage increased substantially every year.

In BBVA we believe in a differentiating banking model. There are many things to improve yet, we have clarity that being profitable does not mean doing business no matter what. This is the reason why we talk about principle adjusted profitability

And in these times when BBVA seeks to become a more digital

bank every day, concurrently we look for consolidating as the Bank for the education in Colombia, endeavor where we have found vital allies as the Ministry of Education, entity with which we have developed several projects successfully for its coverage, quality and scope.

In BBVA we believe in a  
differentiating banking model.

Thus, we have a banking in which our financial activity is developed thinking about people, our employees are more and more committed to foster a social support culture and shared values and

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we contribute to the society, education and science as the primary pillars of the development, involving also our clients such as SMEs, to which in 2015 we supplied face-to-face and virtual training and to whom we also rewarded their business and environmental practice.

Such results are clearly related to our situation in the Colombian financial market where we have consolidated and it has allowed us to end in 2015 our expansion plan with the opening of 100 more offices, the installation of 290 additional ATM's, and approximately 7,200 Banking Correspondent.

This report in your hands reflect the big bet made by us for Colombia, its social and economic development; it is a reflection of the optimism for this economy and this country and above all, for its people which makes us feel increasingly proud of being part of its future.

Move on Forward.

Oscar Cabrera Izquierdo  
President  
BBVA Colombia

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# BBVA Colombia Profile

BBVA is present in Colombia through the following entities: BBVA Colombia and affiliates BBVA Fiduciaria S.A. and BBVA Valores S.A.

Likewise, there are other companies of BBVA Group in Colombia: Compañía de Seguros BBVA Seguros Generales S.A. and BBVA Seguros de Vida S.A.

BBVA arrived in Colombia in 1996 as a result of Banco Bilbao Vizcaya Argentaria S.A. and Bilbao Vizcaya America purchasing 40% of Banco Ganadero; thus, the entity's corporate purpose changed to Banco Bilbao Vizcaya Argentaria Colombia S.A. –BBVA Colombia. For the next years (1997-2001) BBVA made purchasing transactions of the remaining shareholding interest until reaching 95.16 % shareholding in April, 2001.

Currently, BBVA Group holds 95.43% shareholding in BBVA Colombia.

BBVA Colombia shareholding structure	
Name	Interest
BBV America SL	19.23 %
Banco Bilbao Vizcaya	76,20 %
Argentaria S.A.	76.20 %
<b>Others</b>	<b>4.57 %</b>
<b>Total</b>	<b>100.00 %</b>

BBVA Colombia Profile

## Main Milestones of BBVA Colombia

- 1 Growth of activity** in an economic environment of lower dynamism, generating \$604 MM net earnings.
- 2 Growth** accompanied by a credit quality that **exceeds sector indicators**.
- 3 Excellent performance** for consumption facilities where **BBVA was ranked in the first place of the Colombian financial sector versus total consumption**.
- 4 Growth** of digital customers (+21.8%) and mobile customers (+82.2%) that reflects the advance towards an ever **increasingly digital bank**.
- 5 As a result of the expansion plan**, BBVA Colombia ended the year with 421 offices, 1,300 ATM's, 7,136 CBs and 5,713 headcount.
- 6 Successful issuance of bonds** in international market for USD \$400 million.



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## Datos relevantes de BBVA Colombia

	2013	2014	2015	Var.\$
<b>BBVA Colombia balance (In billion Colombian pesos)</b>				
Total assets	34.871	41.654	50.184	8.530
Managed resources	28.561	33.639	39.821	6.182
Net credit investment	25.122	30.040	35.663	5.623
Own funds	3.115	3.458	3.819	361
<b>BBVA Colombia income statement (In billion Colombian pesos)</b>				
Net income for interests	1.694	1.926	2.182	255
Net income for commissions	153	145	136	-9
Other income for operation	381	385	366	-19
Personnel expenses	434	472	466	-6
Overhead expenses	369	271	298	26
Income before taxes	738	866	925	59
Income after taxes	526	602	604	2

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	2013	2014	2015	Var.\$
<b>Ratios</b>				
ROE	17,82%	14,89%	16,91% **	202
ROA	1,55%	1,26%	1,34% **	8
Default	1,25%	1,43%	1,58%	15
Coverage of default	264,54%	234,53%	213,33%	-2.119
<b>Market share</b>				
Deposits	10,89%	11,33%	11,40% **	7
Placements (Gross portfolio + Securities)	9,72%	10,08%	10,18% **	9
Deposits + Placements	10,30%	10,68%	10,76% **	8
<b>Other information</b>				
Employees	5.359	5.567	5.713	146
Commercial banking offices	344	385	390	5
Corporate & investment banking offices	3	3	3	-
Business banking offices	13	13	14	1
Institutional banking offices	1	1	1	-
Retail banking offices	7	9	12	3
Premium banking offices	1	1	1	-
Other service points (Agencies, In- houses, Kiosks)	99	101	106	5
Banking correspondent (Points)	1.218	11.160	7.136	-4.024
ATMs	1.125	1.210	1.300	90

\* Statement of account in conformity with the International Financial Reporting Standards (IFRS) and SFC methodology (Financial Superintendence of Colombia - SFC, per its acronym in Spanish), not comparable to the information published in 2014

\*\* Last information reported by the SFC at October 2015 \*\* Last information reported by the SFC at October 2015

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### Key indicators of responsible banking

Indicators	2013	2014	2015
<b>Economic (million Colombian pesos)</b>			
Generated economic value (million Colombian pesos)	\$ 1.980.732	\$ 2.173.610	\$ 2.683.743
Distributed economic value (million Colombian pesos)	\$ 1.254.416	\$ 1.358.709	\$ 1.827.020
Retained economic value (million Colombian pesos)	\$ 726.316	\$ 814.901	\$ 856.723
<b>Social</b>			
Investment in social programs (million Colombian pesos)	5.967	5.965	6.710*
Attributable net profit dedicated to social programs (%)	1	1	1
Number of beneficiaries of the Financial Literacy programs	12.316	18.719	38.510
Students benefited by "Escuela para el emprendimiento BBVA" program	29.380	40.000	45.000
Number of beneficiaries of "Niños Adelante" program	9.380	10.333	18.963
Number of entrepreneurs supported by Fundacion Microfinanzas (Bancamia)	604.603	698.642	785.535
Claims from customers	47.037	42.659	39.876
<b>Human Capital</b>			
Employees	6.019	6.678	7.268
Gender diversity of employees (women/total headcount; %)	57,50%	59%	58,8%
Gender diversity in senior management (women/total senior management; %)	-	24%	22%
Employees average age (years)	36	36,5	36,6
Labor stability (% fixed employment)	93,45	93,55	92,5
Absenteeism (%)	1,02%	1,47	2,2
Net jobs created (11)	260	659	37
Labor seniority (years)	9,9	11,4	11,4
Training hour per employee	84	58	66,6
BBVA employees involved in voluntary work	350	297	0
<b>Environmental</b>			
Emissions CO2 scope 1 (Ton.)	48.157	52.545	22.570
Emissions CO2 scope 2 (Ton.)	-	6.795	5.939
Emissions CO2 scope 3 (Ton.)	649	799	700



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Indicators	2013	2014	2015
Paper consumption per person (Kg)	61	62	41
Total diesel fuel consumption per person (Lt)	2	4	4
Electricity consumption per person (MWh)	5.514	4.838	3.885
Water consumption per person (m3)	20,7	23	22
Paper managed waste (Kg)	43.488	31.582	25.595
Toner managed waste (Kg)	2.648	3.214	2.489
Other managed waste (Kg)	23.384	29.700	39.804
<b>Corporate governance</b>			
Board of Directors	5	5	5
Independent members	2	2	2
Appointments	-	-	-
Gender diversity in the Executive Committee (women/total members of EC; %)	11,10%	20%	20%
<b>Suppliers</b>			
Number of on-line negotiations through Adquiria	718	668	524
Number of requests recorded in Neon	208	192	380
Number of requests recorded through GPS	-	-	1.060
Homologated suppliers by year end	648	752	506
Increase of suppliers	-0,18	0,16	7,00%

\* Investment in social programs + personnel costs

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For BBVA Colombia it is a priority that its actions lead increasingly to a larger percentage of population to have access to financial services. Therefore, and under an ambitious expansion plan, BBVA increased its presence by 527 offices or points of service, 1,300 ATMs and 7,136 Banking Correspondent in the main cities of the country.

Our office network operates in 92 cities, in some of them as the sole bank. Likewise, the bank is present in 30 departments and has the fourth largest office network in the Colombian financial system. BBVA Colombia not only provides products and financial services to individuals but it also has specialists to meet the financial needs of the small, medium and large companies sector in the country.



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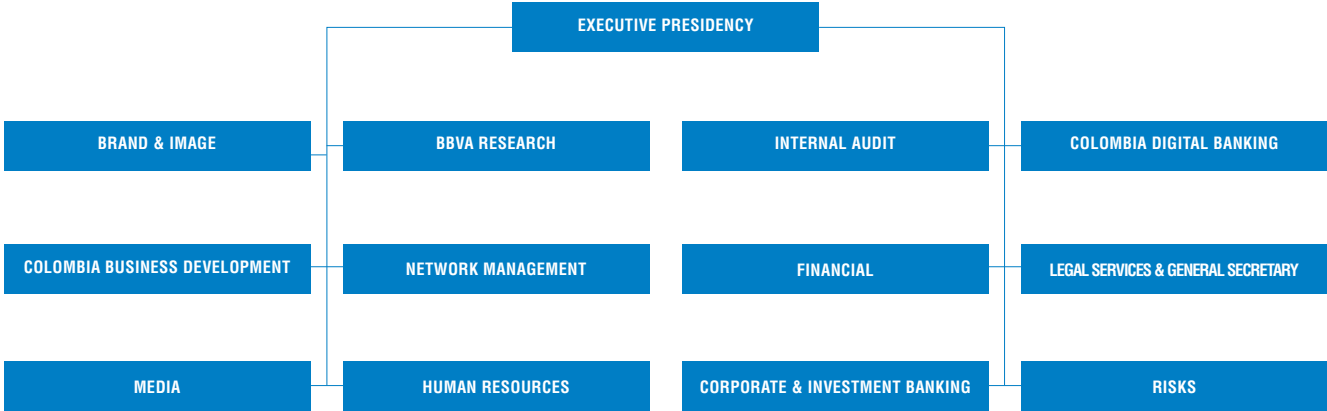
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# Bank Organizational Chart



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# Goal and Policy

Goal and Policy

## Goal

The digital transformation process of BBVA has experienced an important advance in 2015, year when, among other things, the new organizational strategy and structure have been defined.

Our business model is focused toward the client, offering him a differential service with a quite ambitious goal: become the leaders in customer's satisfaction all over the geographies where we operate.

We are witnessing a new climate for the financial industry that implies a great challenge for the members of this sector. Transformation journey: The transformation from and to the client is the new way of BBVA to face such climate.

In 2015, a new Goal has been defined: make available to everyone the opportunities of this new era. We put first the verb "make available" to reflect our facilitator role.

We are here to provide access to money, tools, products and advisory. We want to help people to better manage their money, and be better informed. We are here to facilitate the people with such opportunity.

We have incorporated the universe "everyone" because we want an inclusive purpose, that the opportunities are accessible to people, families, entrepreneurs, owners of companies, startups and public and private corporations, as well as to our employees.

"The opportunities of this new era" is how this moment has been framed in time; not because of the technology itself but because of the great benefit of the contribution of technology to the society and to people in every corner of the world. Ultimately, our Goal is our reason for being which inspires and motivates the entire Organization and must guide our strategy and decision making process.

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## Goal and Policy

## Política de Responsabilidad Corporativa

Through its Corporate Social Responsibility, BBVA undertakes basically the following commitments:

- Excellent performance of its main activity on a permanent basis.
- Minimize the negative impacts arisen from the business operation.
- Develop "business social opportunities" that generate social and economic value for BBVA.
- Invest in communities where the Bank operates through supporting social initiatives, in particular those related to education.

The policy provides the guidelines that should rule the Group's actions with regard to CSR (Corporate Social Responsibility) and which are:

- 1** Perform our financial activity thinking about people.
- 2** Establish balanced and long-term relationships with our customers.
- 3** Help our customers to make always reported decisions through a transparent, clear, and responsible communication and Financial Literacy.
- 4** Offer high-social products and services adapted to our customers' needs and the context where they live.
- 5** Encourage the financial inclusion and universalization of responsible access to financial services.
- 6** Boost a social commitment and shared values culture among Group's employees.
- 7** Support the development of the societies where we are present through the financial activity, as well as through the social programs focused toward education and knowledge.

The CSR policy has been updated in 2014 and approved by the Administrative Board, that is responsible thereof, according to its Regulation. Also, the Administrative Board receives the implementation and completion report of the policy on an annual basis.

The CSR policy is developed and supplemented through a series of specific policies, standards and commitments that ensure the proper compliance with this Global Policy in its appropriate application areas.

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## Responsible business plan

Current environment certainly represents a challenge to the financial sector. The financial activity is undergoing a loss of its social legitimacy, a global outreach loss, permanent with an increasing demand of responsibilities. Besides, the pressure on the sector regulation, particularly as to the client's protection grows every day.

Under such context, in BBVA we believe in a differentiating banking model. We are aware that there is much room for improvement, yet we have it clear that being profitable does not go through doing business no matter what. That is why we talk about return adjusted to principles.

This has been the great motivation to work on the Responsible Business strategy, approved in 2014, that was created with the challenge of differentiate ourselves and regain the confidence of society.

The responsible business strategy revolves around three large interdependent pillars that form its strategic framework:

- **Customers:** customer-centric bank. It consists of performing our financial activity thinking about people.
- **Committed employees:** It consists of boosting a social commitment and shared values culture among the Bank employees.
- **Society:** education and culture. It consists of developing actions basically in education as well as in culture.

Once said strategic framework was established, the definition of

three strategic priorities was carried out with the involvement of more than 400 directors from the entire BBVA Group:

**Transparent, clear, and responsible communication:** Transparency and clarity are vital to help people understand always the products contracted. Any communication with the client, any document or contract must be transparent and clear. In order to achieve it, the Bank is developing leaflets to facilitate the decision making when contracting products, as well as new contracts that will be drafted with the client in mind, with a simple, rigorous and precise language.

**Financial Literacy:** It is the strategic priority of social programs, through:

- Financial culture to prepare kids and young people for their future.
- Financial Literacy for adults, that together with TCR communication, is the other piece for the client to make reported decisions.
- Education in finance and skills for SMEs that play an important role for developing the economic and business fabric of the country.

**High-social impact products:** It assumes the development of financial products with high-social impact; i.e., products that integrate differential social attributes, products that boost the growth, financial inclusion and respond to people with special needs.



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# Governance Systems

Governance Systems

## Corporate Governance

The Corporate Governance Systems of BBVA Colombia is in line with the recommendations and international, corporate and local trends; its principles and elements are contained in the Corporate Governance Code, the Regulation of the Shareholders' General Meeting that governs its operation, powers and rights of the shareholders; the Regulation of the Board of Directors and the rules of the Supporting Committees to the Board. The foregoing, supplemented by internal conduct standards provided in the Code of Conduct of BBVA Group, the Code of Conduct in the Stock market sector and the Code of Conduct for Prevention of Money Laundering and Terrorist Financing that govern the premises ruling the acts of directors, administrators and employees.

The Corporate Governance Systems rests primarily on the distribution of functions between the Board of Directors and its Supporting Committees, each one with specific tasks: Audit Committee, Corporate Responsibility, Corporate Governance and Appointments and Remunerations, and for the proper decision making process.

In conformity with the Bank's Bylaws, the Board of Directors constitutes the natural administration, management and supervision body of the corporation and is made up by five Senior Directors, two of them independent, who are aware of the responsibility implied by the management of several risks and know the processes and the Bank business structures, allowing

them to provide the due support and follow-up.

With regard to risks, the Board of Directors of the Bank is responsible for approving the Control and Risk Management Policy, defining the Risk Profile desired for the entity, as well as the regular follow-up of the internal systems of information and control. For the better exercise of such role the Board has its Supporting Committees, the Risks Committees (Central Risks Committee – CRC and the Operations Technical Committee – OTC) and other main actors in risk management, such as the Risk Units of business areas, each one with well-defined roles and responsibilities.

At each ordinary meeting of the Board of Directors the risks positions of the entity are reported clearly, precisely, concisely and swiftly, indicating the exposition per risk type, business area and portfolio and operations with related companies or people.

The risk function in the entity is unique and independent, which principles are: the risks assumed must be compatible with the target solvency level, they have to be identified, measured and valued and there should be procedures for its follow-up and management, besides of sound control and mitigation mechanisms; all risks should be managed comprehensively during its life cycle, giving them a treatment differentiated on the basis of their typology; the risk integration model recognizes the diversification among the different types of risks, credit, market, liquidity, operation, etc.; the

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business areas are responsible for proposing and maintaining the Risk profile within their autonomy and the framework of action (defined as set of risk policies and procedures). The infrastructure of risks is adequate in terms of Human Resource, tools and technology, information systems, methodologies to measure the different types of risks and procedures, which facilitates the clear definition of roles and responsibilities, ensuring the independence between negotiation areas, risk control and accounting, as well as the efficient allocation of resources.

The risk integrated management system is structured on three pillars: I) a set of tools, circuits and procedures that configure the differentiated management schemes; II) an internal control system and, III) a corporate governance risk scheme, with segregation of functions and responsibilities.

The risk management evolves toward a new model set by the corporation upon the implementation of specialists in the operational risk model, the consolidation of corporate application STORM (Support Tool for Operational Risk Management) and the calculation of the Operational Risk Indicator - ORI that evaluates the tolerance to such risk, highlighting that both business areas or support areas have, in turn, operational risk managers that are in charge to implement the model in the day-to day activities of the areas. This gives a view with the process where risks are identified and prioritized and mitigation decisions are made timely.

The Audit and Compliance Committee of BBVA Colombia is made up by three members of the Board of Directors, from which two are independent. During year 2015, the Committee supported the management of the Board of Directors through different meetings with the attendance of the Statutory Audit, the Compliance and the Internal Auditor, among others, ensuring and keeping a permanent communication line with the Board of Directors and the Bank management.

The Committee carried out all activities required to fulfill the functions assigned by the local regulation in force, the Bylaws and its Regulation. Main activities performed in year 2015 were the following:

- Four meetings pursuant to its Regulation.
- Approve the Internal Audit Plan 2015, intended to the identification and risk management in main processes of the Bank.
- Approve the update of the Internal Audit Statute, which was adapted to the new structure and functions according to the new supervision models.
- Analyze the operation of information systems, their reliability and integrity for the decision making and being attentive to the preparation, presentation and disclosure of financial information in order to be adjusted to the current regulation, verifying the existence of the necessary controls.
- Analyze the Financial Statements together with its notes, opinions, observations from control entities and any other related documents.
- Follow up the risk exposure levels, the measures adopted for their control or mitigation and present to the Board of Directors the report on the most relevant aspects of this management.
- Analyze the reports on the effectiveness of the Internal Control System made by the control entities.
- Analyze the monitoring to SARLAFT (Risk Management System of Prevention of Money Laundering and Terrorist

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Financing) and recommend to follow up the improvement actions in technological infrastructure and management processes.

- Analyze the reports prepared by the firm Deloitte & Touche Ltda. -Statutory Auditor, with regard to the work plan presented for year 2015.
- Follow up the implementation of the recommendations made by the Statutory Audit and the Internal Audit.

Finally, the Committee also verified that both the Internal Audit and the Statutory Audit monitored that: I) the operations with third parties and related parties of the Bank were conducted within the limits in market conditions; II) that the Internal Control System implemented by the Bank complied reasonably with the criteria set by the Financial Superintendence of Colombia in External Circular Letter 038 of 2009 and, III) that no material deficiencies were detected that affected the Financial Statements or the

Management's Report.

## Recognition IR (Investor Relations)

ELast September 23, 2015, BBVA Colombia S.A., was granted for the third time with the Recognition IR (Investor Relations), initiative promoted by the Bolsa de Valores de Colombia (BVC) (Colombia Stock Market) in order to encourage among the issuers of the Colombian stock market the voluntary adoption of practices that enhance the relation with their investors.

As a result of the measures adopted, BBVA Colombia currently has a channel for direct communication with investors as stakeholders which allows the entity to position as the main foreign bank in the country and reiterate its commitment to implement the good practices with regard to information disclosure and corporate governance, strengthening the reassurance, confidence and trustworthiness among the national and international investment community.

## Governance Systems

### Compliance System

The Compliance function is incorporated in BBVA Colombia culture and should be deemed as an integral part of business and support activities established for developing and achieving the corporate purpose.

The compliance risk has been defined as the likelihood that Bank is subject to legal or regulatory sanctions, financial, material or reputation loss as a consequence from breaching any laws, regulations, and standards, self-regulation standards of the organization and codes of conduct applicable to its activities. In BBVA, such risk has been delimited in four critical matters:

- Conduct in markets.
- Management of conflicts of interests.
- Prevention of assets laundering and terrorist financing.
- Protection of personal information.

Throughout 2015, the Area goals were fully accomplished which focused toward aspects such as: managing and mitigating adequately the risks of Compliance, active involvement in New

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Products Committee, providing support and accompaniment to the Bank commercial management and any other companies of BBVA in Colombia, strict compliance with the delivery of internal and external reports, timely fulfillment of the requirements from control and supervision entities of the State and training to all employees in matters related to compliance.

Consequently, BBVA Colombia has the Compliance Area made up by an interdisciplinary team of professionals responsible for leading the management of compliance issues aforementioned, in coordination with the responsibilities that in this regard the remaining employees and Bank areas undertake.

Governance Systems

## Prevention of Money Laundering and Terrorist Financing

Bearing in mind our responsibility for contributing with progress and sustainable development actions of society, BBVA Colombia performed relevant activities aimed at preventing that illegal origin funds have access and use the Financial System, for such purpose it continued strengthening its policies for the Risk Management System of Money Laundering and Terrorist Financing.

It is worth mentioning following activities:

- Headcount of Compliance Area was strengthened upon the approval to hire two new resources for the purpose to assist initially the new dimensioning demands of the function of the Money Laundering scope.
- The new policy about any bond to political campaigns and higher risk activities was issued with the purpose to update its linkage requirements, particularly, with regard to the requirements that such activities must meet in order to exercise the corporate purpose on a legal basis.
- The segmentation methodology of risk factors of customers and products was strengthened upon the inclusion of new variables and the allocation of new Colombian pesos.
- Adjustments to improve the control environment has been performed on the basis of the unification of criteria such as the homogenization of risks and controls in the BBVA entities in Colombia.
- The methodology to integrate the consolidated LAFT Risk Profile was established with the results of risk segmentation.
- The single table of Politically Exposed Persons - PEPs was developed and implemented thus enhancing the control of the bonds of offices and the special monitoring by the Compliance Area on such group of customers.
- The new corporate tool Risk Based Approach was implemented in production.

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- The requirements from the Financial Superintendence of Colombia, as well as the requirements of information from investigation bodies were responded timely.
- The training plan was executed by applying virtual and face-to-face strategies covering 90% of Bank employees. Both the scheduling of attendants and the contents of the courses were specially designed to meet the needs of those employees that work in the highest risk areas.
- The action plans of control entities were responded within the terms provided.
- The Compliance Testing of the proper operation of SARLAFT was carried out, making calls both in Bogota and the country.

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## Internal Audit

BBVA Colombia has defined its internal control structure around the "Three lines of defense model - (3LoD)". In this model, the Internal Audit is constituted as the third line of defense and, consequently, it will assess the activity performed by the first and second lines of defense. The tests and verifications made by the Internal Audit do not substitute the controls that in compliance with its responsibilities, must be defined and carried out by the other two lines of defense. The Internal Audit has a defined and own methodology, developed pursuant to the "Standards for professional exercise" of the Institute of Internal Auditors (IIA) and the best practices of the sector.

The function of the Internal Audit depends directly from the Group Presidency, it is fully independent from its audited functions and will not be integrated with any other activity subject to audit.

The functions of the Internal Audit are:

- |   |   |
|---|---|
| a) Assess the efficiency and effectiveness of the policies and systems of internal control, risk management and the processes and policies of governance established by BBVA Colombia.                                  | c) Assess the processes for measuring of capital and liquidity.   |
| b) Assess the reliability and integrity of the preparation processes of financial information and management available to the executive and administrative bodies, as well as the information delivered to supervisors. | d) Evaluate the consistency of the information security systems to verify its confidentiality and immunity, as well as of the assets protection and safeguarding systems.   |
|   | e) Assess the effectiveness of processes established for the compliance with the internal regulation, the specific banking regulation and any other legislation applicable. |

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- f) Investigate irregular behaviors or those that might not be in conformity with the regulation applicable or with the Codes of Conduct of BBVA. This action will be carried out both by own initiative and as a consequence of the audit works conducted, with regard to the request from other areas such as Compliance, Legal Services, Risks, etc.

Year 2015 represented a modification in the general model of banking supervision, both worldwide and in the country. The implementation of the Single Supervisory Mechanism by the European Central Bank - ECB, and locally of the Integrated Supervisory Framework -ISF by the Financial Superintendence of Colombia -FSC, has required that the Internal audit unit adapts its structure, methodology and resources in order to comply with the standards and best practices of international functions established by the Basel Committee on Banking Supervision, the European Banking Authority and in Colombia, by the Financial Superintendence.

The new regulatory models drive up the risk based focus and establish a close communication between supervisors and Internal Audit departments, to such point that as a result of such relationship the supervisor not only draws up an opinion of the climate of control of the entity but assesses the risk level thereof. In line with the foregoing, the Internal Audit carried out relevant changes in the risk evaluation and assessment methodology, including objective criteria (quantitative and qualitative) for measuring the impact of its weaknesses. Likewise, it developed works to assess the main risks incorporated in the new supervision model.

For the assessment of operative risks in business processes, the tracking and commercial recovery portfolio circuits, the compliance with the conditions for managing the accounts with public resources, the intelligence model of prices, the outsourcing management process, and the operational risk model for Banco de España were analyzed, as well as the analysis of the outsourced processes of collection and Banking Correspondent. Taking into



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account the relevance that both the strategy and the regulation provide as to customers protection, the audit integrated the evaluation of compliance with local regulations on consumer assistance with the evaluation of processes to improve the experience of the client as the Bank strategic target.

With regard to technology risks, the processes to back up the information was evaluated and the profile of transactions, thus contributing to improve the integrity, safeguarding and protection of information. Simultaneously, the management of technology projects was valued in order to boost the operative and economic resources enhancement. In the digital world, also in line with the Bank strategic plan, the climate of the Mobile Banking security control, its availability and usability were evaluated with the purpose to improve the client's experience.

In the regulatory field, integrated reviews were carried out on the stages and elements of SARLAFT, SCI, SARL, and SARO models, as well as the testing of controls that are part of SOX model. Additionally, the process of regulatory assurance was evaluated from the analysis of the impact generated by the changes in

the regulation until its implementation within the processes and applicatives affected. Also, the generation and validation processes of reports that are consolidated and forwarded to the European Banking Authority were evaluated.

In the context of the strategic plan "másBBVA", the Internal Audit streamlined the use of its resources to achieve the coverage required for the analysis of the risks associated in the offices network, developing cross-sector works that allowed identifying core issues and that in turn, ensured the proper execution of controls. With such focus, activities were developed to assess the operational risk, the risk of asset laundering and the operational risk associated to credit, thus achieving 25% coverage of the entire commercial network. Likewise, in business banking its operative processes and the quality of portfolio placed by such Banking was thoroughly evaluated.

Finally, supported by the Management, the Internal Audit designed an implementation plan of recommendations to boost the closing of actions delayed, achieving at the end of the year the implementation of 98% thereof.

Activities of Internal audit	2013	2014	2015
<b>Audit in Branches</b>			
In Situ Network (dy f)	115	138	138
Antifraud	17	17	17
Remote audit ( c )	3	1	1
Credit risk audit (d)	10	4	4
Continuous audit and processes (a) and (f)	10	9	9
Regulatory	7	7	7
IT audit	4	6	6
Antifraud(b)	4	1	1

- (a) In situ network includes cross-sector works and calls to offices.  
 • Reviews in-situ includes individual reports of 16 Offices.  
 • Integrated cross-business banking includes the individual reports of 22 Offices.  
 • Cross-PLD includes the individual reports of 50 Offices  
 • Cross-ROAC includes the individual reports of 50 Offices
- (b) Anti-fraud investigation other than offices network.
- (c) Consolidated alerts report

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## Integrity in Business

BBVA Colombia has a Code of Conduct, approved by the Administrative Board, which reflects its specific commitments to develop one of the principles of the Corporate Culture: "Integrity as a way to understand and develop its business". Such Code also provides the appropriate channel of claims for eventual violations thereof, and is subject to permanent training and update programs for key personnel in the financial function.

The Code of Conduct results from the application to all entities that configure the BBVA Group, as well as to its employees and directors; therefore, it has been released and posted in the web page of the Bank and in the web page of employees (intranet) to disseminate its contents.

Additionally, the new hirings to the Group undertake to observe its principles and standards through the express declaration of knowledge and adhesion. As to its contents, the Code of Conduct has been structured around following principles and standards: ethical values, relational integrity, integrity in markets, personal integrity and organizational integrity.

The dissemination of its contents is supplemented by welcoming training actions to new collaborators, that are supported by the mandatory online training course to all employees once becoming a member of BBVA Colombia and face-to-face reinforcement actions when deemed necessary. Such training is intended to

both the General Code of Conduct and the Corporate Conduct policy in markets and its local development through the Internal Regulation of Conduct in the securities markets.

Following are the main guidelines of the Code of Conduct of BBVA:



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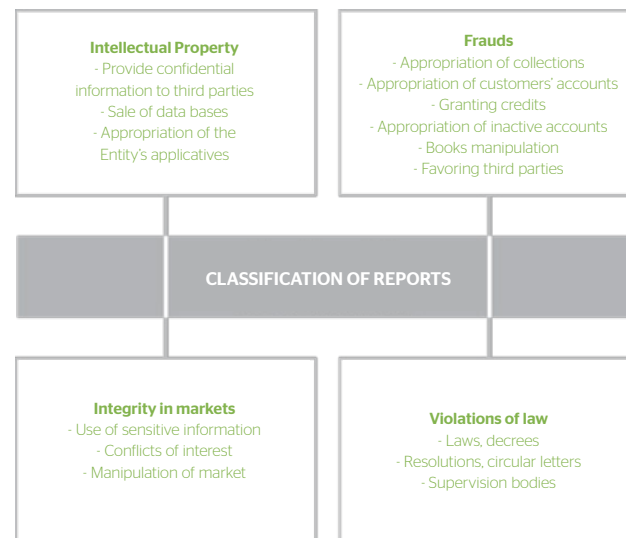
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One of the main tools that support the management of the Code of Conduct are the so called communication channels with Responsible Attitude through which the employees are able to report on a confidential and safe basis any situation that might be in violation of the provisions contained in the Code or of the applicable legal requirements; such actions deemed as ethically questionable are known by the Corporate integrity Committee that is made up by the senior leadership of Legal Services, Human Resources, Compliance and Internal Audit.

Main issues that may be treated in the Responsible Attitude Channels:



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## International Agreements Subscribed

BBVA also maintains following agreements in force and keeps on supporting such initiatives:

- United Nations Global Compact ([www.globalcompact.org](http://www.globalcompact.org))
- UN Environment Program Finance Initiative (unepfi) ([www.unepfi.org](http://www.unepfi.org))
- Equator Principles ([www.equator-principles.com](http://www.equator-principles.com))
- UN Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)).

On the other hand, BBVA publicly recognizes its respect for the United Nations Declaration on Human Rights ([www.un.org](http://www.un.org)) and the basic labor standards of the International Labor Organization ([www.ilo.org](http://www.ilo.org)).

BBVA is working to connect the Goals of the Sustainable Development in 2016 that were approved in September 2015 by UN, with the initiatives and their materiality.

Our contribution to achieve the MDG is shown in following chart:

Millennium objective	Iniciativa de BBVA
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> <li>• Fundación Microfinanzas BBVA</li> <li>• Integration scholarships program «Niños Adelante»</li> </ul>
Achieve universal primary education	<ul style="list-style-type: none"> <li>• OEI Project «Primera Infancia»</li> </ul>
Promote gender equality and empower women	<ul style="list-style-type: none"> <li>• Global Gender Diversity Plan</li> <li>• Fundación Microfinanzas BBVA</li> </ul>
Reduce child mortality of kids under 5 years	<ul style="list-style-type: none"> <li>• There are no specific initiatives</li> </ul>
Improve maternal health	<ul style="list-style-type: none"> <li>• There are no specific initiatives</li> </ul>
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> <li>• Fundación BBVA Initiatives for research on health care</li> <li>• Fundación BBVA Awards "Fronteras del Conocimiento" - "Cambio Climático y Ecología y Biología de la Conservación" Awards</li> </ul>
Ensure environmental sustainability	<ul style="list-style-type: none"> <li>• Global Eco-efficiency Plan</li> <li>• Application of Equator Principles</li> <li>• Fundación BBVA "Fronteras del Conocimiento" - "Cambio Climático y Ecología y Biología de la Conservación" Awards</li> <li>• Fundación BBVA awards to Biodiversity Preservation</li> </ul>
Encourage a global partnership for development	<ul style="list-style-type: none"> <li>• Fundación BBVA awards to "Fronteras del Conocimiento - Cooperación al Desarrollo"</li> </ul>

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# Materiality and dialogue with stakeholders

Materiality and dialogue with stakeholders

## Listening and dialogue Tools

At BBVA we have a wide repertoire of tools for consultation and dialogue with all stakeholders in each of the countries where we are present and in each business area.

Such tools ensure two things: I) that the stakeholders have the proper channels for assistance, and II) that BBVA has enough sources of information to know their priorities and expectations with regard to their relationship with the Bank and thus, be able to provide the response.

Listening and dialogue tools	Scope
<b>Customers and Society</b>	
Satisfaction and recommendation survey of customers and other quantitative and qualitative / satisfaction research managed by the areas of Customer Experience	BBVA Group
Customer service and committees for analysis of complaints and claims	BBVA Group
Customer's Ombudsman	BBVA Group
External reputation survey to customers and society in general (RepTrak)	BBVA Group
Continuous tracking or follow up on advertising and branding	BBVA Group
Focus groups and work journeys with customers to know their opinion about specific issues (additional to the service quality)	BBVA Group
Analysis of presence in Social networks (Facebook, Twitter, etc.) and online media: <ul style="list-style-type: none"> <li>• HootSuite</li> <li>• Blog bbvasocialmedium.com</li> <li>• Epsilon Dashboard</li> <li>• Alto Analytics</li> </ul>	BBVA Group
Analysis of presence in media	BBVA Group

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Listening and dialogue tools	Scope
Direct dialogue with NGOs, media, experts, academic and research centers	BBVA Group
Secondary sources about public opinion trends and expectations of the civil society organizations	BBVA Group
Participation in events and forums of Corporate Responsibility and Reputation	BBVA Group
BBVA research studies services	BBVA Group
Communication and Responsible Business / Corporate Responsibility and Reputation Department. It uses most of such tools/sources and complies with the "radar" function	BBVA Group
Customer service and analysis committees of complaints and claims	BBVA Group
Customer's Ombudsman	BBVA Group
External reputation survey to customers and society in general (RepTrak)	BBVA Group
<b>Employees</b>	
Employee assistance service	BBVA Group
Employees' satisfaction surveys	
Internal reputation survey, RepTrak	BBVA Group
Tu&BBVA Magazine - "Passion for People"	BBVA Group
Employee Portal: Tu&BBVA	BBVA Group
<b>Interviews to set goals, competencies and feedback</b>	
HHRR Managers	BBVA Group
Google+ Communities	BBVA Group (except USA)
"Apúntate"	BBVA Group
Meeting for presenting the results	BBVA Group
<b>Shareholders and Investors</b>	
Shareholders General Board	BBVA Group
Web page (accionistaseinversores.bbva.com)	BBVA Group
Annual report, quarterly reports and relevant events	BBVA Group
Permanent contact with shareholders and investors (electronic inbox, help lines, events in branches, etc.)	BBVA Group
Road shows and meetings with investors and shareholders	BBVA Group
Attendance to conferences for investors and shareholders	BBVA Group
Relationship with rating analysts and agencies	BBVA Group
Alert services and mailings of relevant information	BBVA Group
Analysis of expectations and priorities of sustainability analysts (MSCI, RobeSAM, Sustainalytics, Vigeo, CDP, GS Sustain, Oeken, EIRIS) and investors with inquiries regarding this material	BBVA Group



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Listening and dialogue tools	Scope
<b>Regulators</b>	
Institutional relationships: Coordination of Bank participation in different formal and informal groups to improve the understanding of regulators' concerns	BBVA Group
Departments that manage the relationship with regulators: General Secretariat, Legal Services, Institutional Relationships, Internal Control, Risks, Institutional Relationships, Chairman's Office	BBVA Group
Reports of regulatory trends: <ul style="list-style-type: none"> <li>• KPMG - Evolving Banking Regulation</li> <li>• Deloitte - Top 10 or 2015: Our Outlook for financial markets, regulation and supervision</li> <li>• Sustainability Accounting Standards Board (SASB)</li> </ul>	BBVA Group
<b>Suppliers</b>	
BBVA suppliers' mailbox	BBVA Group
Suppliers satisfaction survey	BBVA Group
Suppliers global assistance table	BBVA Group

Materiality and dialogue With stakeholders

## Analysis of materiality

This year, unlike previous ones, the definition process of material issues has been bottom-up; i.e., each of the countries made its materiality exercise taking into account the local reality and, afterwards, all the exercises have been consolidated in order to have the global vision of the Group. Such methodology has been designed following the guidance recommendations to prepare the sustainability reports of GRI G4.

The final result of the process is a materiality matrix in which each of the relevant issues identified is classified upon the basis of two variables: importance for stakeholders and importance for BBVA business.

### Definition process of material issues

a) Identification of material issues: To prepare the final list of material issues we have based upon those matters that have been defined as reputational risks for BBVA, and on the identification of other material issues that do not represent a risk.

In both cases, the sources consulted have been the following:

1. Investigations and contacts that provide information about the stakeholders' perceptions through the consultation tools described above.

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2. Analysis of information from expert watchers (NGOs, sustainability analysts, unions and other civil associations) that assess the behavior of the companies.
3. Regulatory trends of sector.
4. Analysis of competitors, which are the most relevant issues or conflictive matters that affect them and that could also affect us.
5. Analysis of media and social networks: negative news, hot topics, social concerns, etc.

**b) Prioritization of material issues:** To prioritize the material issues, we have analyzed two aspects: the relevance for stakeholders and relevance for BBVA business.

- Relevance for stakeholders: to measure the relevance of such matters for stakeholders we have taken into account the importance of such matters for these groups, as well as if there are legal requirements or commitments related entered into by BBVA. In this way, a matter is more relevant when:
  - The higher number of stakeholders is affected and the importance of such stakeholders for BBVA is greater.
  - The impact of issues for affected stakeholders is greater.
  - There are legal requirements or commitments by BBVA related to this matter.
- Relevance for business: The relevance for business consists of determining the impact of the matter in current and future business of BBVA. The Global Responsible Business department identified who are the responsible ones for management of each matter on a global level and they identified their local counterparties. Such counterparties are those that valued the impact in business of the matters in their management environment.

### Materiality matrix

According to this process, we constructed a materiality matrix for Colombia, as from which the global materiality matrix was obtained for the entire Group.

The consolidation process has been carried out by making a weighted average of the relevance for stakeholders and the relevance for the business of all countries. The weighting factor used has been the gross margin in each country.

The materiality matrix resulting is the following:

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No.	BBVA Group Matter	Relevance in stakeholders						Current or potential impact for BBVA	Materiality Connection BBVA Colombia
		Society	Customers	Shareholders	Regulator	Employees	Suppliers		
1	Products with good quality/ price ratio (without unfair terms,...)	X	X	X	X	X	-	HIGH	TCR communication, Knowledge of the client, Management of complaints and claims, omni-channel system, Client's protection, Model of reputational risk, Process responsible for credit
2	Communication and marketing practices	X	X	X	X	X	-	HIGH	TCR communication - Knowledge of the client -Management of complaints and claims, omni-channel system
3	Customer service quality	X	X	X	-	X	-	HIGH	TCR communication Financial Literacy Knowledge of the client
4	Response to the demand of credit by society	X	X	-	X	X	-	MEDIUM	Integrity in businesses, Management model of reputational risk, Process responsible of credit, Equator Principles
5	Security, privacy and Client's protection (including big data)	X	X	X	X	X	-	HIGH	Corporate governance - Compliance system-Client's protection
6	Assistance to customers in hard situation	X	X	-	X	X	-	MEDIUM	Knowledge of the client, Management of complaints and claims, Omni- channel system, Client's protection
7	Job quality (temporality, outsourcing, relocations...)	X	-	-	X	X	-	MEDIUM	Recruiting, training, Labor conditions
8	Respect for the rights of employees	X	-	X	X	X	-	MEDIUM	Human talent management, Labor conditions, Executed international commitments
9	Talent training and development	X	X	X	-	X	-	MEDIUM	Human talent management
10	Compensation policy of top directors and Administrative Board	X	-	X	X	X	-	MEDIUM	Team
11	Responsible social and environment financing	X	-	X	X	X	-	HIGH	Integrity to businesses - Responsible granting of credit, Microfinance, Credit facilities for agriculture and industrial support, Financing of sustainable development and energy efficiency projects

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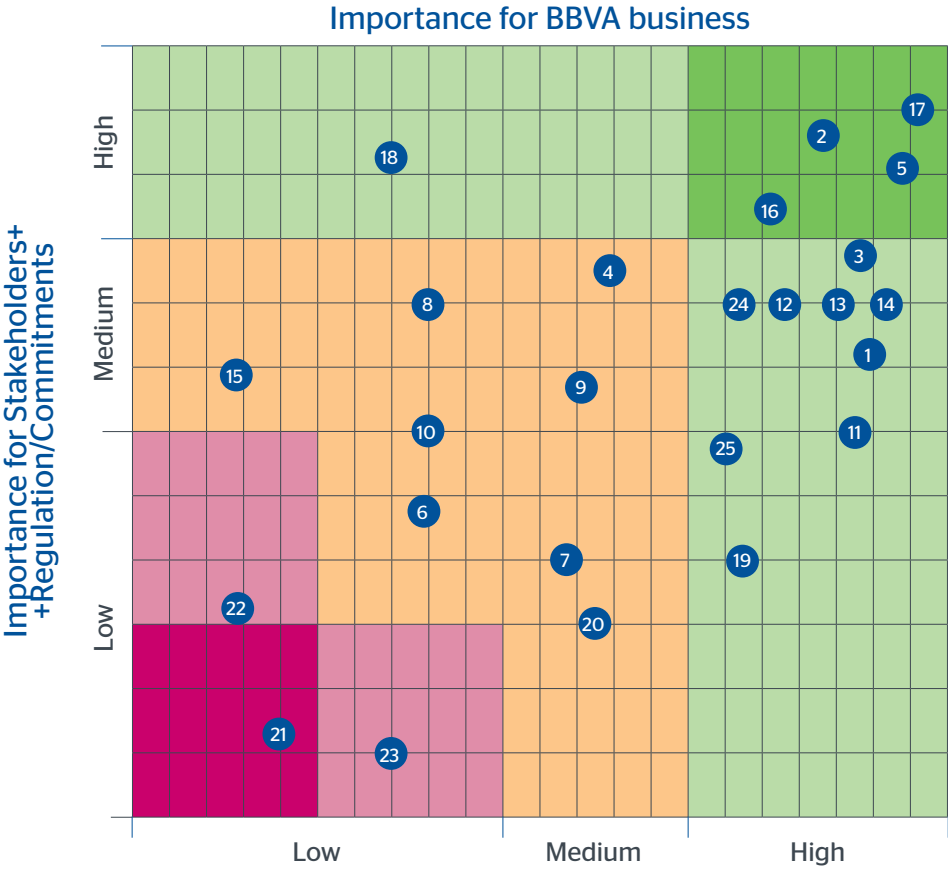
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No.	BBVA Group Matter	Relevance in stakeholders						Current or potential impact for BBVA	Materiality Connection BBVA Colombia
		Society	Customers	Shareholders	Regulator	Employees	Suppliers		
12	Prevention of assets laundering / financing of terrorist activities	X	-	X	X	X	-	HIGH	Prevention of Money Laundering and Terrorist Financing
13	Compliance of tax regulations	X	-	X	X	X	-	HIGH	Compliance system- Internal audit- Process responsible for credit - Prevention of Money Laundering and Terrorist Financing, Management model of reputational risk
14	Ethical behavior	X	-	X	X	X	-	HIGH	Integrity in businesses - Compliance system, Impact on the society
15	Responsible procurement /outsourcing	X	-	X	X	X	X	MEDIUM	Suppliers
16	Good corporate governance	X	-	X	X	X	-	HIGH	Corporate governance - Compliance system, Impact on the society
17	Solvency and financial management	X	X	X	X	X	X	HIGH	Corporate governance - Compliance system-Prevention of Money Laundering and Terrorist Financing. Economic value and tax contribution, Impact on the society
18	Respect for human rights	X	X	X	X	X	X	HIGH	Executed international commitments, impact on the society
19	Contribution to development of local societies (job creation, support to SMEs...)	X	-	-	X	X	X	HIGH	Financial Literacy, Financial inclusion, Microfinance, Support to SMEs, Support to individuals with special needs
20	Financial inclusion	X	-	-	-	-	-	MEDIUM	Financial Literacy, Support to individuals with special needs, Productive microfinance
21	Social action	X	-	-	-	-	-	LOW	Impact on the society
22	Diversity and reconciliation	X	-	-	X	X	-	LOW	Team
23	Eco-efficiency and environment	X	-	X	X	-	-	LOW	Environment
24	Digitalization	X	X	X	X	X	X	HIGH	Omni-channel system - Financial inclusion
25	Financial literacy	X	X	-	X	-	-	HIGH	Financial Literacy, Productive microfinance

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Below is the matrix if the classification is made taking into account the importance of their impact and influence in stakeholders:



Ultimately, we may say that our business model is virtually a reflection of what the stakeholders are asking for, and that replying to their expectations is one of our priorities at the highest possible level; this is the reason why in BBVA Colombia we emphasize the management and communication of those matters in green color which outline the importance both for stakeholders and the business.

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# Impact on the society

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## Indicators of impact on the society

The Corporate Social Responsibility policy of BBVA, updated in 2014, assumes as two of its main commitments maximizing the creation of sustainable and shared value for the group of societies where the Bank operates as well as identifying, preventing and mitigating the possible negative impacts.

The Bank's role in society is simple: collecting savings from families, companies and other agents in order to preserve them and make them grow and lending them to third parties with rigor and prudence. The difference between what the Bank pays for deposits and the interest charged for the loans, the brokerage margin, is the main income source. This margin allows it to assume the costs of its operation -- as the salaries or the payment to suppliers-- and obtain a return. It is, therefore, a role with a positive impact on society.

In the social balance of BBVA, the main positive impacts of its financial business on society are:

- The contribution for the development of societies where we are present through financing and supporting the productive fabric and financial inclusion.
- The improvement of social wellbeing of people that receive financing for the purchase of house or of lasting consumption goods.
- Wealth creation of stakeholders derived from the distribution of dividends to shareholders, the payment to suppliers, salaries of employees, accrued and paid taxes, etc.
- Job creation, both directly through new hirings in the Group and through the support to initiatives for job creation.
- The contribution to society in social programs with direct



investment that benefit different collectives, focused toward education.

In turn, BBVA attempts to minimize the social costs with regard to environment and the negative effects derived from default and losses of housing with refinancing or assistance to families.



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## Investment in social programs

In 2015, we allocated 5,708 billion Colombian pesos to social initiatives. Such figure corresponds to 1% of earnings of BBVA companies in Colombia.

Strategic priorities	Investment	%
Education		
Financial Literacy "Adelante con tu futuro"	593	58
Financial Literacy "Escuela para el emprendimiento BBVA"	700	
Education and training for business	320	
Education for society	1.696	
High-social impact products		
Support to SMEs for growth	489	9
Other strategic lines		
Culture	240	33
Support to social entities	471	
Others	1.199	

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## Economic value and tax contribution

BBVA undertakes the commitment to maximize the creation of sustainable and shared value to its shareholders and any other stakeholders and the societies where operates under its Corporate Social Responsibility policy.

A sustainable and shared value that, collectively and pursuant to the methodology provided in GRI for EC1 indicator, we can measure and detail as generated economic value, distributed and retained by the Group.

### Generated and Distributed Economic Value (Million of Colombian pesos)

Indicator value	2013	2014	2015	Var.\$	Var. %
Generated Economic Value (GEV)	2.227.466	2.456.653	2.683.743	227.090	9
Interest net income	1.693.694	1.926.237	2.181.541	255.304	13
Fees net income	153.004	144.958	135.963	-8.995	-6
Result of valuation of investment portfolio	284.294	318.760	256.433	-62.327	-20
Other operating Income <sup>1</sup>	96.474	66.698	109.807	43.109	65
Allocated economic value (DEV)	1.505.817	1.617.540	1.827.020	209.480	13
Indicator sent to dividends	250.988	231.766	288.184	56.418	24
Results attributed to minority	12.018	11.098	13.799	2.702	24
Suppliers and other administrative expenses (Wages and salaries excluded)	490.975	562.460	606.751	44.291	8
Taxes <sup>2</sup>	318.064	340.174	452.548	112.374	33
Personnel expenses	433.772	472.042	465.737	-6.305	-1
Retained economic value (VER=VEG-VED)	721.649	839.113	856.723	17.610	2
Reserves	262.831	242.951	301.983	59.032	24
Net provision of assets and amortizations	458.818	479.688	554.740	75.052	16
Contributions, taxes on returns and other taxes	318.064	340.174	452.548	112.374	33

<sup>1</sup> It includes Disposals, Rentals, Company's Dividends and Operative Risk

<sup>2</sup> It includes Income tax and Other taxes

Note: Data from the Bank P&L per IFRS and SFC methodology

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## Generated and Distributed Homogeneous Economic Value (Million of Colombian pesos)

Indicator value	2013	2014	2015	Var.\$	Var. %
Generated economic value (GEV) <sup>1</sup>	1,728.742	1,985.175	2,173.611	188.436	9
Interest margin	1,487.703	1,748.796	1,940.950	192.154	11
Net fees	266.902	272.268	287.415	15.147	6
ROF	155.007	131.168	144.205	13.036	10
Other profit or loss, net <sup>1</sup>	-180.869	-167.058	-198.959	-31.900	19
Distributed Economic Value (DEV)	1,505.730	1,675.821	1,827.020	151.199	9
Dividends	250.904	287.383	288.184	801	0
Results attributed to minority	12.014	13.761	13.799	38	0
Suppliers and other administrative expenses (Wages and salaries excluded)	490.975	562.460	606.751	44.291	8
Taxes	318.064	340.174	452.548	112.374	33
Personnel expenses	433.772	472.042	465.737	-6.305	-1
Retained economic value (VER=VEG-VED)	223.013	309.354	346.591	37.237	12
Reserves	263.006	242.864	301.983	59.119	24
Provisions and amortizations <sup>2</sup>	332.022	390.678	494.935	104.257	27

<sup>1</sup> It includes remaining of net ordinary and non-ordinary income

<sup>2</sup> It includes amortizations + loss for impairment of assets + provisions to allowances

Note: Bank P&L per BBVA methodology

## Creation of Direct Tangible Value: Detail per stakeholders (Million of Colombian pesos)

Group	Indicator value	2013	2014	2015	Var.\$	Var. %
Shareholders	Dividends <sup>1</sup>	263.006	242.864	301.983	59.119	24
Employees	Personnel expenses	433.772	472.042	465.737	-6.305	-1
Customers	Interests and similar charges	919.752	1,050.630	1,285.650	235.020	22
Suppliers	Other administrative expenses <sup>2</sup>	490.975	562.460	606.751	44.291	8
Companies	Contributions, Taxes on returns and other taxes	318.064	340.174	452.548	112.374	33

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# TCR communication

Transparent, Clear, and Responsible Communication (TCR) is one of the strategic priorities of the Responsible Business Plan since it is one of the most relevant issues for customers and regulators.

Communicating in TCR language helps the client making an informed financial decision, avoids unexpected surprises and is a key element to generate confidence.

Also, being a bank that communicates on a TCR basis increases the consideration (that a non-client considers us as a possible supplier of financial services) and the recommendation (recommended by a client already in the bank).

Following this path means promoting the growing legislation with regard to transparency and clarity to favoring and protecting customers.



## TCR contents:

- It tells to the client all the relevant information, keeping a balance between advantages and costs (clear).
- It is easily understood (clear).
- It takes care of the client's interests in the short, medium and long term (responsible).

BBVA has continued with such initiative that was launched in 2014

- Leaflets of TCR product. They describe the products briefly, providing the advantages but also the costs and associated risks. They deliver to customers all information needed for making an informed decision without further surprises, with a simple language and a glossary of terms. They are delivered before contracting, when the customers show interest for a product. Before the implementation, a leaflet of each family of products is tested with banking population.

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During 2015, 36 commercial offers were carried out that represent the different categories of the product of the Retail Segment, which are found in the Banking Business Portal, a web tool that includes the relevant information of products under the principle of transparency and clarity.

Accordingly, the Bank is seeking to create a successful-based experience to the client by allowing the customers making informed decisions throughout their relationships with the Bank in Offices, Fuvex and Call; the latter will enter the TCR model as from the first semester of 2016 as a pilot model where the script for sale of Insurance and Credit Cards will be modified as well as the sale forms for external sales forces initiating with the mortgage offers

- **TCR contracts.** The project consists of reconsidering current contracts with customers and structure them in a more intuitively manner and with an easy-to-understand language. In 2015 the first contracts under TCR criteria have been drafted and tested. In 2016 the TCR contracts will be delivered to customers when contracting one of the five most requested products.os.
- **TCR Digital.** This refers to expanding the initiative of TCR communication to the digital sphere within the framework of BBVA digitalization strategy. Thus, in 2016 the TCR good practices will be identified and prioritized in digital environments before, during and after contracting.
- **Code of TCR Commercial Communication.** This is a document with principles to be observed by the commercial communication and advertising in the Group in order to guarantee that is under TCR. This Code has general principles and a classification per type of product. It has been developed in 2015 and implemented in 2016.

In order to facilitate the project implementation, in 2015 training workshops have been conducted both on leaflets and contracts. The workshops have had the attendance of 25 and 50 people from different areas, such as business development (Product, Segment, Marketing), Legal Services, Regulatory Compliance, etc. In 2016, the target is to be perceived as one of the two more transparent and clear banks in Colombia.

## Financial Literacy

The Financial Literacy is another initiative of BBVA which, in line with TCR communication, is intended to help customers making financial informed decisions. Therefore, both the TCR communication and Financial Literacy are strategic priorities in the Responsible Business Plan.

In the framework of a global program of Financial Literacy born in 2011, we have initiatives that encourage:

- The financial and entrepreneurship culture to prepare kids and young people for their future. "BBVA Escuela para el emprendimiento"

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- Financial Literacy for adults looking for them to be able to make informed decisions and become constant savers and responsible debtors. "Adelante con tu futuro" (Forward with your future).
- Training in finance and business skills; such businesses, mostly SMEs, play an important role in developing the social-economic and business fabric of the country. "Camino al Exito" (Path to Success).

#### Advances in 2015:

- 38,510 people benefited with Financial Literacy programs.
- 170 SMEs supported by education programs.
- 45,000 young people benefited with "Escuela para el emprendimiento BBVA"

Financial Literacy

### "Escuela para el emprendimiento BBVA" (Training for entrepreneurship)

Besides of the Financial Literacy workshops, we have made an intense dissemination of more friendly training contents and in a clear language through massive channels, particularly in social networks and radio as well as through our local web.

BBVA Colombia, within its corporate responsibility policies is working in the "Escuela para el emprendimiento BBVA" program which during 2015 benefited 45,000 young people of departments as Santander, Cundinamarca, Antioquia, Caldas, Risaralda, Quindio and Atlantico in which framework more than 4,000 projects have been developed aimed at social, environmental and technological matters.

"Escuela para el emprendimiento BBVA" is a training center in personal finance and entrepreneurship for young people in school age and for their teachers who have the opportunity to receive a diploma in finance and which primary purpose is to educate them to have a proper management of money, thus, impacting their life



project and encouraging them to create productive businesses in the school, generating innovative ideas and allowing that at the completion of high school they have an option to find a project that enables them continuing their studies and supporting their families.

## “Adelante con tu futuro” (Forward with your future)

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The Financial Literacy initiatives for adults are aimed at improving or increasing their financial education and then being able to make informed decisions. The most important is the one made through the Financial Literacy workshops addressed to both customers and non-customers and that is developed in the mobile classroom that incorporates state-of-the-art technology, with capacity for 25 people and one trainer; it travels all over different cities and municipalities of the country. Such workshops encompass varied subjects following the financial life cycle of a person and are adapted to local realities and needs.

The program is formed by five workshops that permit a global view of Financial Literacy.

**Savings:** It develops contents that allow understanding that savings form part of the planning and organization processes, thus facilitating the design of strategies to prepare the savings plan and recognition of main banking instruments in such a way that we are able to discover the investor inside us.

**Credit card:** This workshop allows understanding that the credit is not bad for personal finances and that it might help to have a more pleasant and safe life; also, this workshop teaches to identify, among others, the parts and elements of a credit card, to interpret adequately the statement of account, to be efficient managing our economic obligations and to plan for our future.

**Credit health:** The difference between having difficulties with credits and enjoy a perfect credit health is only a matter of planning and organization. In the workshop teaches the good practices for using the credit and better organizing the debts; detecting financial problems through the proper interpretation of the credit record and identification of their most important elements. It teaches which are the credit habits and provides guidance to use the credit

health calculator that allows knowing the status of people with regard to debts and credits.

**Transaction channels and banking security:** In this workshop, people learn how to manage the basic standards of security to be taken into account when using the means through which having access to their accounts and financial products, which might be face-to-face or virtual.

**Mortgage credit:** Real estate sector in Colombia has shown an increasing growth over last years. This is the reason why from our commitment with the financial culture, we have opened a space for more Colombians to be able to have access to the information needed for being granted a credit and become owners of a house. The workshop takes a journey through several types of mortgage credit, the variables to keep in mind to obtain a credit and make recommendations based on real life cases and experiences.

The module is interactive; it allows performing arithmetical exercises, making a real calculation of the financial statements and foresee the course of the process of the mortgage credit. We are aware of what means for each person to constitute his estate, which is way this workshop facilitates gathering the information and making conscious and responsible decisions. The main purpose of the module is that the interested parties may have access to their own house on the basis of their personal reflection, the analysis of their financial statements and the definition of clear goals and real purposes.

Upon the incorporation of this new workshop, our Financial Literacy program, “Adelante con tu futuro”, BBVA expects to cover the growing demand in the market of tools that facilitate to users of mortgage credit to have clarity on how, what and when to access to their own housing.



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## Business education and training

The program "Camino al Exito BBVA" (Path to success), is an initiative designed and structured together with Los Andes University and offered on a free-basis by the Bank to a group of 170 businessmen of Bogota, Cali, Medellin, Barranquilla and Bucaramanga of different sectors of domestic economy and ownerships of SMEs, who returned to the university after completing their studies and who are working in their own businesses.

Likewise, more than 456 SMEs from all over the country accessed virtually to different training courses and received workshops on accounting, marketing, value and business ideas, among others.

For the past three years, such initiative has been extended also to a group of women that form part of "Fundación MET" (Women, entrepreneurship and technology) developing several forums in Bogota and Medellin, also, it provides them a training program on

accounting, marketing and networks and held the first Feminine Entrepreneurship Fair that has helped them to consolidate their companies and carry forward their entrepreneurship processes in a simple way.

One of the strategic priorities of responsible business is the inclusive growth with three social goals:

- Drive the banking for everyone through solutions for the financial inclusion segment and the activity of Fundacion Microfinanzas BBVA.
- Support the growth of SMEs and their social impact.
- Support public with special needs.

## High-social impact products

As the third strategic priority of the Responsible Business Plan, the high-social impact products have been developed as financial products and services that integrate differential social attributes.

With the daily activity a great social impact is already generated. There are many people who live financed by mortgages of the Bank or companies that generate growth and jobs upon the assistance of BBVA financing. Therefore, there is a great opportunity to design products and services with a higher social impact, keeping always in mind the customers' need and the context where they live.

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## Financial inclusion

Banking correspondents appear in order to enlarge the number of service points to customers, particularly in those places where there are no bank branches, providing basic financial services through entities such as small stores, supermarkets, drug stores, among others, including in some countries mobile phone operators.

Banking Correspondent has become a major channel for developing commercial strategies such as the assistance for payment of payrolls in municipalities where there is no presence with office network or ATMs, thus allowing the assistance to business customers by locating officials in remote places.

BBVA closes 2015 totaling 7,136 points of banking correspondents, taking into account that for this year a network clearing was carried out in order to offer a higher stability and better service quality to our customers. As an indicator, it is worth mentioning that during this period the channel serviced a total of 978 thousand transactions for \$261,984 Million Colombian pesos.

Additionally, the commercial offer of the channel was strengthened developing transactions such as withdrawal from the account and electronic deposits through OTP, which allows customers to withdraw cash from a correspondent point without a physical means but through the Mobile banking application. The foregoing as part of the strategy toward the use of digital means through non-conventional channels.

Banking Correspondent	2013	2014	2015
Number of BC	1,218	11,160	7,136
Total of transactions	2,009,787	1,629,457	978,000

High-social impact products

## Digital banking

BBVA has continued its consolidation as a Digital Bank; seeking to deliver new strategies and channels to provide universal access to customers from any cell phone and operator; enabling them to make their monetary and non-monetary transactions from any place only through their cell phone at no charge for this new service. This translates into simplicity, convenience, easiness and better life quality to customers.

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## Digital channels

The strategy was focused toward the increase of digital customers through the strengthening of digital channels, supplemented by campaigns of communication through which customers were informed about the functionalities available to perform financial operations at any time and place. Additionally, since September 2015 the "BBVA Movil y BBVA Net, literalmente te llevan a cine" ("literally take you to the movies") campaign was launched, which handed over tickets to customers that registered in BBVA Net or in BBVA Mobilel and in November 2015 the "Volverte a ver" ("See you again") campaign was launched to reactivate customers. As a result of the foregoing, it is worth mentioning that in 2015 more than 500,000 customers used BBVA Net or BBVA mobile on a permanent basis.

## Digital sale

Supporting the digitalization strategy of the Bank and with customers as the core of the business, products in digital channels were provided to facilitate the client's management, such as: Credit cards via web and Instant Cash.

The setting up of digital term investments, activation of revolving credits, consumption credits, credit cards and assistance insurance policies were encouraged.

To support the production start-up of such products, the Bank has a sound digitalization strategy and simultaneously it has strengthened the Search Engine Optimization (SEO) and Search Engine Marketing (SEM), Content and Email Marketing practices as the main motivators and sales booster, besides of the enhancement of product operation to build a user's experience adequate to the expectations and needs of customers and increase the efficiency of the effort and investment of resources. In this way, BBVA Colombia starts executing its digital strategy intended to offer simplicity and practicality to their customers.

## Digital Factory

The Digital Factory was made in order to perform the development of software under the Agile methodology, generating early and continuous deliveries of quality software, incorporating during the process the changes pursuant to the dynamic of business with the support of self-organized teams, thus improving the communication and efficiency.

High-social impact products

## Productive microfinance - Fundacion Microfinanzas BBVA

In the framework of our commitment with the financial inclusion, in 2007 the Fundacion Microfinanzas BBVA<sup>1</sup> was created with the purpose to encourage the sustainable and inclusive economic and social development of underprivileged people of society through Responsible Productive Finance. For such purpose, the Fundacion facilitates products and financial services, advisory, training and accompaniment, which generate positive impacts in economic activities of entrepreneurs and, additionally, favor the permanence of their children within the education system, as well as improvements in the health indicators and the infrastructure of their housings.

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During 2015, the Fundacion continued working to deepen into the areas with more needs, and it has 7.910 employees and 509 offices in the seven countries where it is present through its eight microfinance entities: the Banco de las Microfinanzas-Bancamia in Colombia; Financiera Confianza in Peru; Banco de Ahorros y Credito Adopem in Dominican Republic, Emprande Microfinanzas and Fondo Esperanza en Chile; Contigo Microfinanzas in Argentina; Microserfin in Panama and Corporacion para las Microfinanzas in Puerto Rico.

From its constitution, the Fundación has delivered loans for 7,176 million of US dollars, in accrued terms, more than 5 million of low-income entrepreneurs for the development of their productive activities (2007-2015) to whom the advisory and training services are also rendered, impacting currently in the life of 6.9 million of people and being one of the main operators by number of customers, with individual methodology, in Latin America.

At the end of 2015, the Fundacion Microfinanzas BBVA serves 1,712,801 entrepreneurs, from which 83% is in vulnerability condition and to whom 998 million of US dollars have been granted in productive credits. Nearly 60% of entrepreneurs with access to the financial system thanks to the labor of Fundacion Microfinanzas BBVA are women, which contributes directly to reduce the gender inequality.

In Colombia, where Fundacion Microfinanzas BBVA is present through Banco de las Microfinanzas - Bancamia, 785,535 low-income entrepreneurs had received support at year end of 2015, from which 56% are women, with a customized offer of products and financial services. Also, throughout the year, 164,334 customers have received Financial Literacy.

Bancamia has currently 3,583 employees, with presence all over the Colombian territory through 200 offices and more than 3,500 points of Banking Correspondent, among own and through Movilred.

Bancamia reached in 2015 important achievements to strengthening its mission to improve the life quality of low-income families. Among them, throughout the year it has advanced in the reduction of barriers to access to banking services for populations in remote locations thanks to the use of mobile applications and in particular, in digital services for agricultural financing, which are key for mitigating the gap to access financing in rural areas.

With the name "Midiendo lo que realmente importa" (Measuring what matters) the Fundacion publishes on an annual basis its Performance Report, that summarizes the main magnitudes of the impact of its activity in its customers life, at an aggregated level in the region and in each of its geographies where it is present. This social measurement system is a reference to the sector.

On the other hand, the Fundacion Microfinanzas BBVA has been recognized in 2015 by the Sustainable Development Goals Fund (SDG) of UN as well as one of the 13 worldwide private institutions that form part of its Private Sector Advisor Group. Besides, it has entered into the collaboration agreement with the Gender Equality and Women's Empowerment Agency of the United Nations aimed at promoting the huge entrepreneurship potential of women and their capacity to impact in reducing poverty and becoming a motor for prosperity. Also, in Colombia it participates in the Microfinance and Climate Change Adaptation project of the United Nations Program for Environment, for low-income rural customers to adapt their crops to the climate change.

With regard to its institutional activity, the Fundacion Microfinanzas BBVA has been receiving recognitions to its microfinance entities, customers and its first levels.

Facing 2016, it is pursued to increase the scale and scope with an extended value proposal that ensures the development and progress of entrepreneurs through technological solutions besides of improving the efficiency, the processes and the utilization of synergies of the Group.

1. Fundacion Microfinanzas BBVA is born from the corporate responsibility of BBVA Group but as a non-profit entity is independent thereof, therefore, from its governance and management. Consequently, the BBVA Group intention is to reflect in its Annual Report the circumstance that Fundacion Microfinanzas BBVA does not form part of BBVA Financial Group. As a result of the foregoing, BBVA Group does not manage nor is liable for any activity developed by the Fundacion or by the financial entities acquired by the Fundacion to accomplish its goals.

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## Support to SMEs

BBVA understands that the SMEs are the driving force behind the social development of the country and through education as the best lever of development and developer of social equity, the Bank has designed together with Los Andes University the first training program for SMEs made in Colombia by a financial entity.

Through the different credit facilities offered by the Bank, a great quantity of new customers in the segment could be reached, in 2015 we have 110,223 customers, invoicing \$3,345 trillion intended for the acquisition of productive assets, providing more competitiveness to our customers in the market and helping them to grow on a steady way.

In 2015 the SMEs Segment leveraged its growth in credit investment with a strategy focused toward agriculture and industry and trade. The main vectors were Leasing and Agrocredit and it is quite relevant to mention the advance in the model of generation of pre-approved, becoming a generator of new operations. As to transactional operations, it was an excellent year in the evolution of collections and acquisitions.

Another achievement to highlight is the positioning of BBVA

Colombia as a reference bank with regard to the support and differentiating attention to SMEs. In 2015 the "Camino al Exito" Platform was launched, which is an evolution of the SMEs BBVA Prize. Such platform was supplemented by the Training Program to SMEs and allowed getting 170 businessmen into the classroom in five of the main cities of the country. Additionally, 550 businessmen had access to online training programs.

For the first time, the SMEs Segment launched the powerful visibility with printed presence in the main written media, besides of the radio advertising in the largest country radio stations, with the central message "Tu Pyme ya no está sola" (Your SME is no longer alone).

With regard to distribution channels, the second phase of strengthening the external sales force for SMEs was conducted, reaching 30 sales reps of Medellín, Cali, Barranquilla, Bucaramanga and the Coffee Axis region. Likewise, the update and training process was performed for 100% business executives in subjects such as product and management model in order to strengthening them for the integral and consultative sale of SMEs portfolio.

High-social impact products

## Support to individuals with special needs

### "Heroes" Affinity Card

We continue strengthening the commercial relation with active members and administrative officials of the National Police and the Armed Forces of Colombia by making it easier to reach their goals through preferential products and services in payroll, orders of payment, credit cards, and other asset and liability products, thus having invoicing for 14,819 million pesos at the end of the year.

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At the end of year 2015, the "Heroes de BBVA" Program in agreement with the Ministry of Defense, has contributed by more than \$150 million of Colombian pesos through the Heroes Card, for those wellbeing projects of the Vice-ministry of the "Grupo Social y Empresarial de Defensa (GSED)" (Social and Business Group of Defense). Additionally, within the value offer of the Heroes Program, an agreement was executed with Caja Honor to provide preferential benefits to support the acquisition of household for military and police personnel.

Also, the Corporate Responsibility Program was reinforced reaching more than 17,000 military and police personnel that received training through 68,000 workshops of Financial Literacy with the "Adelante con tu futuro" program. More than 1,000 school kits were delivered as support and incentive to education of childhood in the wellbeing project to society that is led by different Armed Forces of Colombia in the Colombian territory.

### **"Mujer BBVA" Affinity Credit Card**

Several years ago we decided that women needed a special card in the offer of products and services of BBVA Colombia. They are the basis of the household economy, they are the wellbeing generators in every surrounding: they are involved in a very important manner in the important decisions that pursue the family development such as choosing the school of children, the location of residence, the quality of meals, the control of expense, among others. In summary, we know their role in Colombian society and their enormous capacity of influence and thanks to this, we defined that it was necessary to have such a special product with promotions and services exclusively dedicated to them. To accompany them in their daily life, BBVA offers the "Mujer BBVA" credit card in alliance with Visa.

"Mujer BBVA" credit card offers the assistance to the household to keep at hand the service of experts in the event of incidents that might occur unexpectedly at home: plumbing, locksmith, and electrical services, among others, that are available to them on a free basis. Also, taking into account their likes and needs, we make

also promotions and discounts in their preferred shops.

### **Credit facilities to support the agricultural and industrial sector**

In 2015, BBVA aware of the challenges for streamlining and specialization of the country productive structure, designed financing alternatives and offered a comprehensive portfolio of products and services with agricultural solutions, (Agricultural Development Facilities, Agrocredit and Agroleasing). Likewise, specialized advisory and accompaniment was provided for the structuring of more than 3,000 agricultural projects focused toward meeting the needs of each one of the participants in the agricultural productive chain.

For BBVA it is clear the commitment focused toward working for the growth in a sustainable and competitive way of agricultural producers and companies by contributing to their agricultural products to be integrated in the worldwide economy in line with the strategies to expand the market. The results evidence credits granted for \$468,817 million positioning the Bank as the leader in the financing sector.

### **Financing sustainable development and infrastructure projects**

BBVA in 2015 financed sustainable development and infrastructure and efficiency energy project, \$142,176,792.97 to priority sectors (green energies, urban development, SMEs, export sector).

### **Foreign Trade**

During 2015, the country face a devaluation of the Colombian peso of 32% and for the first 11 months of the year the exports were reduced by 35.1%. Notwithstanding the foregoing, the Foreign Trade area had very good results and BBVA Colombia was able to get consolidated in the market and comply with its purpose of "being closer to the customers".

Income was generated by the placement of the purchasing credit supported by the Agencia de Credito a la Exportación (ECA) (Export

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Credit Agency), solution that enabled the long-term financing to customers at competitive rates for the acquisition of foreign machinery and services and to the Bank to be able to have a reasonable return at lower risk. The execution of such agreements links several offices of the BBVA in the world and generates a commercial bond of several years with the client, showing BBVA Colombia as an integrator of solutions in Foreign Trade.

BBVA Colombia was the sole bank in the market that proactively and in synergy with BBVA Provincial (Venezuela) achieved that exporting customers had a safe payment in Venezuelan market and with rapid processes, allowing the reactivation of commercial relationships with food, medicine and cleaning items companies, providing support, guidance and excellent service to deliver the top-to-bottom operation to the client according to the guidelines of the Global Trade Finance (GTF) global program of BBVA.

During 2015 the product operations in Yuans was relaunched; such service allows both making and receive wire transfers in such currency in such a way that customers have new options

for mitigating the exchange risk in their Foreign Trade operations.

The Bank is also recognized for training and supporting the companies in their foreign trade processes. With the Education Sector with universities in Bogota and Medellin and together with entities of the External Sector such as the Binational Chambers of Commerce (Colombian-Chinese Chamber of Commerce, Colombian-Chilean Chamber of Commerce, Colombian-Indian Chamber of Commerce), the plan of activities was developed in order to be able to get closer to customers that arrive to Colombia and/or want to go abroad.

During the year 2015 the National Tour took place for training customers in subjects such Exchange Regime, new provisions of control entities and Comex products. More than 3,000 customers received training in the 10 main cities of the country on matters of international standards. Also, in 2015 a training program was designed on banking products with emphasis in Foreign Trade with the participation of Los Andes University, reinforcing the subject of innovation to the participant companies.

## Customer's responsible management

Customer's responsible management

Knowledge of customer

BBVA purpose is to become the best bank for customers, providing them the most convenient products and services in a simple, clear, accessible, fast way, at any time and from any device. Therefore, the challenge is to be the most recommended Bank by our customers.



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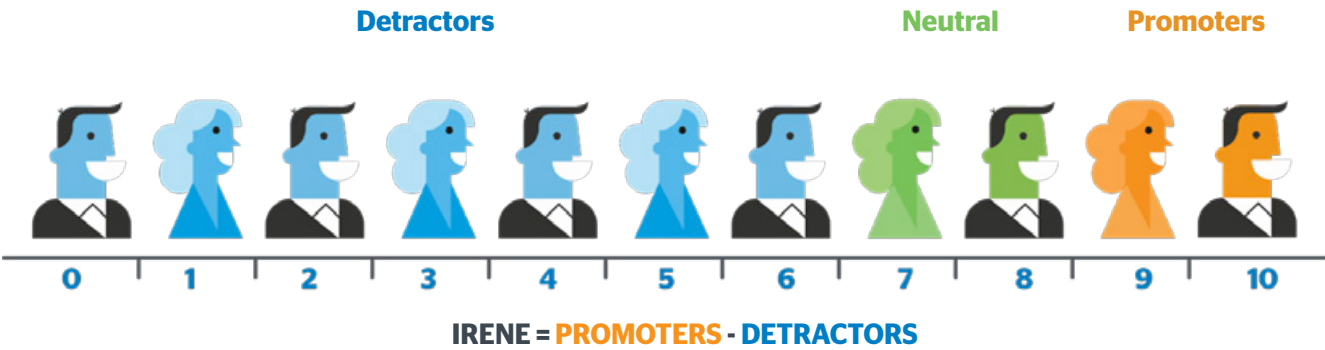
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In order to improve on a permanent basis the experience with the Bank and the recommendation thereof, the tracking model on the voice of the client was reinforced by implementing a systematic tool specific for the supervision and analysis of what is the opinion of customers, treating each experience individually, to apply improvement actions that meet real needs. Such effort fostered that the IReNe of offices has been the best ever.

The customers' evaluation of the perception on how Transparent, Clear and Responsible the Bank is was reinforced and the improvement initial actions were defined. The review of process with customer vision was deepened in order to enhance the experience over the life cycle of products. Likewise, for delivering to the customer of clear and comprehensive information a functionality that facilitates and measures the communication between the offices network with central areas was developed.



The contents for the net recommendation to open market strengthened the second position yet reducing the distance with the leader, thus resulting in technical draw. Also, the global IReNe Global improved.

**Global Net Recommendation Index (IReNe)**

	Cumulative	Cumulative August 2015*	Cumulative December 2015*
IReNe Global Bank	64%	65%	65%
	August 2015*	Cumulative	
	December 2015*		

\* Cumulative since March 2015

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## Complaints and claims management

Claims as the source of the voice of the customer allow identifying the root causes behind the complaints and activating action plans. Certainly, they represent a moment of truth which analysis and management provide relevant information on the reasons for customers' dissatisfaction.

The model of complaints and claims management has following goals:

- More agility and simplicity through fast processes and service agreements with the different areas that allow the online resolution of non-complex complaints.
- More transparency, providing to both the official and customer clear and precise information with reference to the claim through mechanisms that enable its traceability.
- Resolution of claims in the entity' sphere that are not transferred to Regulatory Bodies, thus achieving that the Management of Claims and Complaints makes us leaders in the response to our customers' dissatisfactions.
- Facilitate the communication with the client from several channels, having defined the management model as a multichannel process.
- In order to achieve our goals, we will be supported upon the digital processes enforced by the Bank.
- Ultimately, BBVA bets for technology and digitalization of customer service and the customer as the reference point in all the process.

In C&C of individuals, the reduction of complaints filed stands out which matches with the mitigation plans of the claiming causes. Simultaneously, progress was made with regard to the enhancement of the customer service process that led to an improvement in the percentage of complaints assisted timely and increased the percentage settled in the first contact. With regard to legal entities, the products to be assisted in the first contact were defined and the solution at that very moment was reinforced.

### IReNe C&C

#### Complaints Net Recommendation Index (IReNe)

	Cumulative	Cumulative August 2015*	Cumulative December 2015*
IReNe Claims	0%	8%	-3%
	June - August 2015	Cumulative	
	September - November 2015		

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Although the result obtained in IReNe for 2015 did not have the expected trend, we could use the customer's perception to identify points for improvement both for the assistance of C&C as for the management made by three different areas thus allowing to prepare action plans for 2016 with which we will impact the indicator.

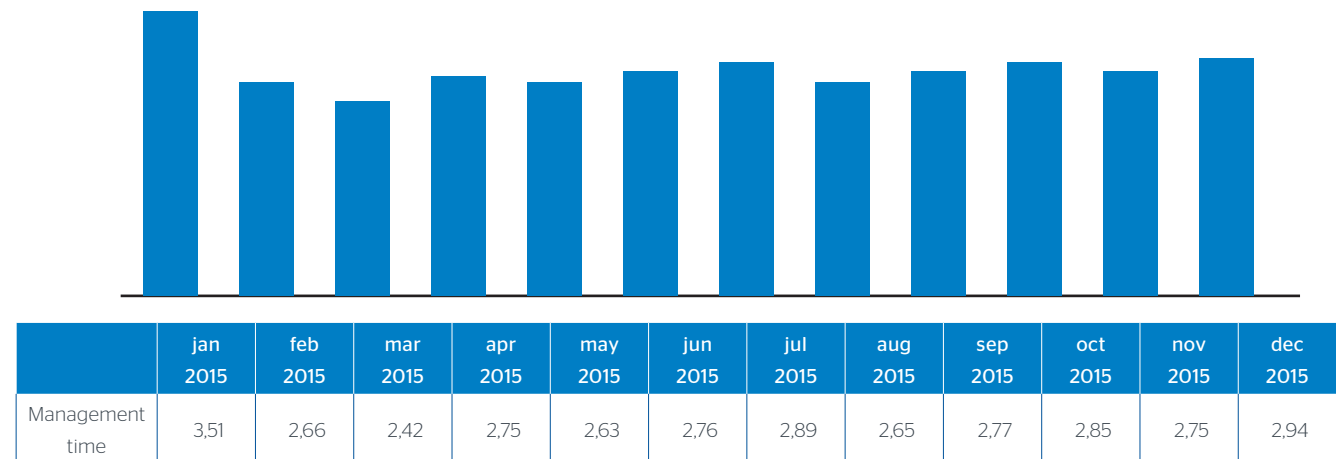
The most relevant actions defined were:

1. Intervention in the preparation of product leaflets focused to TCR (Transparency, Clarity and Responsibility) aimed at the issues that most impact the C&C.
2. Continue with the migration to First Contact Resolution since time is one of the indicators of higher impact in IReNe.
3. The training continues in the different contact areas with the client that will allow us immediate attention and timely resolution of the respective needs.

#### Number of claims with regard to respect for privacy and leak of customers' personal information

	jan 2015	feb 2015	mar 2015	apr 2015	may 2015	jun 2015	jul 2015	aug 2015	sep 2015	oct 2015	nov 2015	dec 2015	Total 2015
Law on protection of personal information	1	3	4	6	2	1	12	7	9	5	5	5	60

#### Time of claims resolution (business days)



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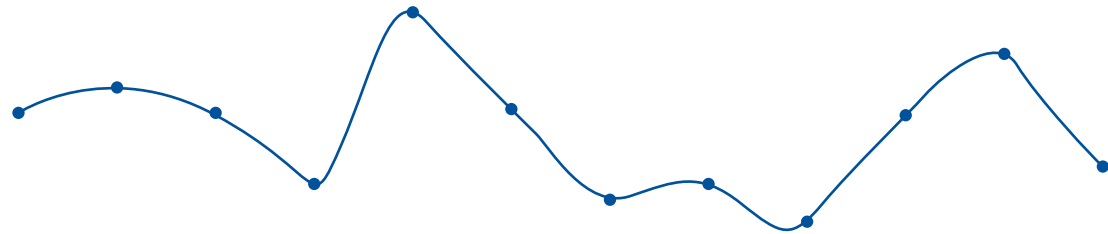
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### Percentage of claims resolved timely

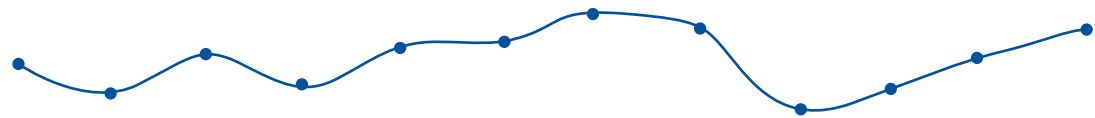
Average for the year 92.4%



	jan 2015	feb 2015	mar 2015	apr 2015	may 2015	jun 2015	jul 2015	aug 2015	sep 2015	oct 2015	nov 2015	dec 2015
Perc/ of Opportunity	92,99%	93,53%	92,72%	91,00%	95,37%	93,29%	90,69%	90,95%	90,01%	92,67%	94,34%	91,73%

### Percentage of complaints and claims managed by First Contact Solutions

Average for the year 59.19%



	jan 2015	feb 2015	mar 2015	apr 2015	may 2015	jun 2015	jul 2015	aug 2015	sep 2015	oct 2015	nov 2015	dec 2015
Claims filed SPC	5,107	5,056	5,350	5,705	5,034	4,981	6,275	5,102	5,586	5,975	5,546	6,267
Claims managed SPC	2,996	2,853	3,182	3,251	3,028	3,032	3,929	3,173	3,101	3,379	3,286	3,849
Perc/ Participation	58,66%	56,43%	59,48%	56,99%	60,15%	60,87%	62,61%	62,19%	55,51%	56,55%	59,25%	61,42%

Finally, the figure of Customer's Ombudsman formulates permanently recommendations and proposals to favor the good banking practices and the relations of confidence that must exist between the Bank and its customers.

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## Customer's responsible management

## Omni-channel system

BBVA has designed its omni-channel strategy in such a way that customers are enabled to contact the bank in their own way, regardless of when, how, or where from they want to have access: from any place at their most convenient time and through any device.

BBVA omni-channel strategy is supported on three main pillars:

- The customer could choose the channel that is more appealing for each operation.
- The customer must perceive one single experience in his dialogue with BBVA, not detecting multiple channels as different forms of access.
- With the analysis of processes, allowing the customer an agile and sound experience that responds to his needs.

In order to get the Bank omni-channel transformation, we have developed several work lines. On one hand, in terms of customer's experience, we are boosting a new model in which the mobile represents one of the main points of interaction with the customer and becomes a key piece of the omni-channel strategy.

The primary characteristics of such model are self-service, "one-click" access, the possibility to receive notifications and commercial proposal, as well as the digital signature of contracts.

On the other hand, the distribution model is characterized by a friendly digital offer, the use of customized remote managers that help customers to resolve any incidence or doubt in a simple way, through the telephone, e-mail or web.

In addition, we are developing new business models such as the BBVA Wallet, a vertical application designed to allow customers making both payments with the mobile and managing their cards.

Such application includes also other functionalities that provide a superior customer experience as the consumption financing, the possibility to associate photos to expenses or the geolocation of payments.

Said transformation has been clearly evidenced in 2015:

- Foster the sale of products through Mobile Banking, Bbva Net and ATMs such as consumer credits and pre-approved credit cards.
- New functionalities that allow the client requesting a credit card via BBVA web site.
- Increase of 71% of mobile customers reaching 282,000 active customers by end of 2015.

	2013	2014	2015
<b>Operations per channels (%)</b>			
OFFICES	14,80%	13,10%	12,00%
CB	1,00%	0,80%	0,80%
ATMs	35,30%	35,80%	33,70%
BBA line	0,20%	0,20%	0,10%
BBVA net	13,70%	13,60%	13,70%
Mobile banking	0,10%	0,80%	1,90%
Purchasing in establishments	14,00%	14,70%	15,40%
Automatic debit	20,80%	21,00%	22,10%
<b>Customers per channels</b>			
BBVA line	N/A	96.000	121.000
BBVA net	N/A	330.000	331.843
Mobile banking	N/A	167.817	281.838

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## Customer's responsible management

## Customer's protection

The new Code of Conduct establishes the importance of safeguarding the confidentiality of our customers, employees and third parties including the compliance with legal requirements and corporate standards applicable with regard to protection of personal information, the foregoing has been set forth in the internal policies intended to encourage such policy for the protection of our customers.

The general principles of the model, as well as local regulatory guideline have been supplied as training to Bank employees in 2015.

For developing the provisions in the BBVA corporate policies, the area conducted in 2015 the Compliance Testing in 32 offices of the network in order to validate the controls associated to the function of protection of personal information. According to the results obtained, improvement plans will be addressed to strengthening the application of corporate principles and the legal regulations. The Compliance Testing is a methodology oriented to verify that the controls set for mitigating the Risks are being executed adequately.

During year 2015, Management of Fraud and Security of Information continued strengthening the model for the comprehensive management of fraud and the logic assurance with solutions in logical security systems for preventing and mitigating the fraud risks that allow counteracting the new trends of attacks from organized crime.

With regard to fraud prevention, in 2015 it was reduced by 16%, accomplishing the goals of reduction that had been proposed. Likewise, BBVA Colombia has positioned as one of the reference entities in the banking sector in subjects such as prevention,

recovery of skimmed monies and mitigation of such type of events. Throughout year 2015, the Bank was actively and permanently involved in the best practices programs, creating synergies with different entities and commercial establishments.

Upon the acquisition of new security technologies, security tools were implemented for the protection of confidential information of the Bank; tools for prevention of information leakage such as: Data Lost Prevention Red and CloudLock to control the leakage of information in the network and Google, respectively; Network Access Control to monitor the access to the network allowing the surveillance on the equipment entering in the network; among others.

The Profile Corporate Model is implemented which monitors the management of access permits to the Bank information systems.

As to the Management of Technological Risk and Governance, actions have been focused toward strengthening the Cibersecurity thus allowing to counteract the IT threats in line with international standards such as those defined by the European Central Bank (ECB). The Technological Risks events are permanently monitored in order to minimize them, supported on awareness campaigns and the celebration of the international day of Security of information with the slogan ¡Cibersecurity: ensuring the digital transformation in BBVA!

Similarly, with regard to Internal Control issues, the proper compliance with Audit requirements has been maintained in the technological sphere, issued by various Control entities, in such way, confidence is provided to customers and users as to the prevention of technological fraud risk.

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# Social, environmental and reputational risks

Social, environmental and reputational risks

## Model of Reputational Risk Management

Together with financial variables, BBVA's risk management takes into consideration the environmental, social and reputational aspects. These risks can affect the credit profile of the borrowers or of projects financed by us and, therefore, the quality of the risk taken and, in short, the repayment of the loans.

The risk forms part of the banking business, is an element inherent to the activity and its management represents a daily challenge for the companies of the sector. BBVA applies the principle of caution over all the operations.

This principle becomes a general criterion that involves assuming only prudent, consistent, and experienced-based risks. Financial activity is exposed to rapid changes and; therefore, to new risks that must be detected and assessed adequately, risks of different nature linked not only to financial aspects but also to social, environmental and reputational concerns.

In response to this constant transformation of the operating

context and the plurality of possible risks, BBVA Group maintains several complementary targets.

On the one hand, preserving the entity's solvency. For such purpose, BBVA makes sure that the exposure to risk is kept within controlled limits, based on the pre-established parameters and with a balanced profile. Likewise, risk management is approached in such a way that the policies arisen thereof are clearly connected to the Group's strategic targets. Finally, BBVA works around the idea of risk adjusted profitability; i.e., that all decisions contribute to create value through the consideration of risks.

To fulfill such purposes, the Bank has in the first place the basic principles for action.

The first one recognizes the independence and globalism of risk management within the Group. The second states that risk management must be produced throughout its life; that is, from the analysis previous to approval and to risk extinction.

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## Concesión responsable de crédito

BBVA has incorporated the best practices for responsible granting of loans to consumers and has policies and procedures thus improving the transparency of banking services and responsibility.

Credit risk management in BBVA Colombia is framed under a set of standards which provides the action framework for the management and control. The general policy, within the conservative profile, sets up certain requirements that condition the life of the operation from its time of formalization until its expiration.

When granting a loan it is indispensable to bear in mind the resources generation, asset solvency, knowledge of customer and sufficient guarantees to cover the risk in the event of any contingency. During the evaluation process, it is necessary a correct analysis to support the credit decision, which must seek a balance among the purpose, amount, term and amortization.

Following the guidelines of the Financial Superintendence of Colombia, BBVA Colombia has incorporated in its methodology the reference models for calculating the provisions:

- Commercial reference model (crm): the calculation takes into consideration the size of the company, existing guarantees and an alignment component that depends on the internal and external payment record.

- Consumption reference model (corm): its methodology is based on the purpose of the credit, the payment history over the last 36 months, the external alignment variable and the guarantees, among others.

The provisions system defined by the regulatory entity includes the calculation of countercyclical provisions which are intended to increase the provisions in times of economic expansion in order to mitigate the impact on the statement of income in the event of changes in the debtor's credit risk.

With regard to the follow-up of portfolio, the tool designed for assessing such risk was reinforced in conformity with the corporate framework for early warnings, based on statistical information that enables the determination of the more predictable warnings. In turn, its scope was broadened in order to be able to post the tool on the intranet with which a more efficient interaction is foreseen between central areas and the office network. Thus, customers are identified according to their management priority, with the support from the central monitoring areas.

At year end 2015, the portfolio shows a delinquent balance of \$ 585Mm, 1.58% ratio. During 2015, BBVA has maintained the leadership in the ratio of doubtful accounts with 51 pbs below the sector that shows 2.12% ratio (figures at November, 2015).



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## Equator Principles



The equator principles (EPs) are the financial sector reference for determining, assessing and managing the environmental and social risks of the projects. They are based on the International Finance Corporation's Policy and Performance Standards on Social and Environmental Sustainability and the World Bank's Environmental, Health and Safety General Guidelines.

EPs are applicable to financing new projects and significant expansions through four financial products: advisory for projects funding, projects funding, corporate loans linked to projects and bridge loans.

The latest version of the Equator Principles was published in 2013 and it extends its scope, addresses new environmental and social concerns and makes a relevant progress on the transparency and consistency of its implementation.

Since the adoption of the EPs, BBVA has applied them with a broader scope than the standard, extending them to projects in the operational stage and those funded with other financial

products: project bonds, assignment of credit rights and project-linked guarantees. BBVA does not apply the minimum threshold established, US\$10 m, and reviews all operations under the EPs, irrespective of their amount.

BBVA has a EPs dedicated team, made up in the Corporate & Investment Banking (CIB) area that analyzes the projects, represents the Bank before the stakeholders, is accountable to the executive management and designs the management system, proposing the adoption of best practices and gets involved in training and communication of all EPs aspects.

The analysis of projects is incorporated in the internal processes of structuring, admission and monitoring. Each transaction is subject to the environmental and social due diligence process that is initiated upon the allocation of one category (A, B or C) in conformity with the IFC's classification process that reflects the level of risk and environmental and social impact of the project.

\*In 2015, there was no project financed under EP methodology.

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# Suppliers

The relationship of BBVA with its suppliers is governed by the BBVA Code of Conduct and is based on the respect for legality, integrity, concurrence, objectivity, transparency, creation of value and confidentiality.

In BBVA we hope that suppliers share our own standards in social and environmental issues and the values fostered by the United Nations Global Compact.

Besides, since 2012 we have a Responsible Procurement policy to encourage the social and environmental aspects in our relation with suppliers.

Suppliers

## Homologation of suppliers

The homologation process for recurring suppliers with higher volumes of procurement, where eleven aspects are evaluated:

- Technical and human infrastructure.
- Economic-financial solvency.
- Compliance with payment commitments.
- Consolidation in the market.
- References.
- Capacity of supply.
- Capacity of procurement (informative).
- Quality (processes and products/services).
- Post-sale and guarantees service.

- Organization and technology.
- Sustainability (environment, diversity, equality, labor security, etc.).

Such homologation consists of assessing the productive, technical, financial, legal, and commercial capacity required by BBVA, thus ensuring the compliance with the commitments contracted, as well as validating that the suppliers share the same values of BBVA in terms of Corporate responsibility.

In 2015 the work was based on the suppliers' questionnaire of greater value, the adherence of suppliers to the 10 principles of the Global Compact or otherwise, and depending upon the service rendered, on guaranteeing that the supplier has clear policies to favor the environment and the respect for human rights.

On the other hand, contracting with suppliers that foster the hiring of disabled personnel or women heading households were enabled, as follows:

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**Granfundación: Support to women heading households:**

- Procurement Contracting HUB \$21,642,000 effectiveness from 24/11/2015 to 24/11/2016 for collection of documents of real estate property of the Bank in the country.
- Procurement Contracting Colombia \$ 396,720,000 effectiveness from 01/10/2015 to 30/9/2018 for contracting the custody, maintenance, and management of properties in Lieu of Payment.

**Atento: Support to physical disabled personnel**

- Procurement Contracting Colombia: \$ 526,945,560

effectiveness from 1/7/2015 to 30/6/2018 for switchboard operators in Singular buildings in Bogota.

**Indra:**

- Procurement Contracting Colombia \$34,375,000 Technical assistance to implement SGA ISO 14001 - environment certificate of Singular buildings in Bogota.

For 2016 it is expected to include in our contracts the environmental clause that is intended to ensure the proper management of civil works waste; it is actually under review by our legal area.

## Suppliers

## GPS - Global Procurement System

It is the Goba Technological Platform that supports every stage of the Procurement Process in BBVA Group (budgeting, purchasing and finance). The advances of GPS in 2015 have been as follows:

- The entire cycle of purchasing is operative in the GPS platform.
- The GPS platform has been supplemented with the Center of Relationships with Suppliers Latam: peripheral global service for capturing and support level 1 to Latin America suppliers incorporated to the Portal of Adquiria Marketplace Suppliers (it enables online interaction between the Group's companies and their suppliers in a collaborative environment; it covers the main scenarios of the Procurement Process, from the issuance of orders to the registration of invoices, and allows the electronic exchange of documents in paper)
- As from March 2015, the corporate model was incorporated into the regional Hub from where the needs for procurement of 7 countries of the region were consolidated: Colombia, Chile, Peru, Argentina, Uruguay, Paraguay and Venezuela.

Higher amount	Intermediate amount	Minor amount
Payments >\$2,000 M	Payments between \$200 M and <= \$2,000M	Payments below \$200 M.
48	168	905

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# The team

In BBVA we believe that people construct companies and, therefore; we want to bring professionals that contribute with higher value.

General information			
General information	2013	2014	2015
Average age	36	36,5	36,6
Average tenure	9,9	11,4	11,4
Employees	6019	6.678	7.268
Men	42,5	41%	41,2
Women	57,5	59%	58,8

\* It refers to the total of employees of BBVA companies in Colombia

Headcount per age groups			
Range of age	2013	201	2015
Minor 25	12,90%	11,9%	12%
Between 25 and 45	68,10%	65,0%	64%
Older than 45	19,00%	23,1%	24%

Scope: BBVA companies in Colombia

Average monthly income (million of Colombian pesos)		
Category	F	M
Directors	\$ 270.890.130	\$ 290.380.986
Mid-level management	\$ 112.153.478	\$ 124.467.825
Specialists	\$ 54.297.600	\$ 61.897.953
Sales force	\$ 65.481.969	\$ 71.875.616
Base posts	\$ 28.444.578	\$ 30.685.636

Scope: BBVA companies in Colombia

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Contracts per Gender			%	%
Category	F	M	F	M
Directors	18	55	0,5%	2,3%
Specialists	987	873	29,4%	37,1%
External sales force	916	497	27,3%	21,1%
Mid-level management	115	133	3,4%	5,7%
Base posts	1.324	795	39,4%	33,8%
Total general	3.360	2.353	58,8%	41,2%

Scope: BBVA companies in Colombia

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## Managing the human resource

During 2015 we kept the consolidation with the transparency in the internal promotion processes with 543 promoted employees, 15% more than in 2014 through "Apúntate a la Vacante" (Sign up for the vacancy). In different processes of immediate recruiting and internships we have recorded 5,311 registries, 3,264 psychometric tests, 1,335 interviews with supervisors and in on single year in Territorial Antioquia, 12% of headcount was removed, in Bogota 10.2%, in Western 8.5%, in the Center 7.0% and Northern 6.3%.

In general, we stand out as the country with higher rate of vacancies publication that corresponds to 92% and higher effectiveness of such publications, equivalent to 75%. Locally, we increased 15% versus 2015 the number of promoted people in the Bank, favoring the professional development of our collaborators.

As to training issues, coverage was 100% to collaborators through Campus BBVA with more than 800 courses in different subjects, our Language Center with 10 English levels and 295 moocs, open courses developed by the best universities in matters such as digital banking, finance, marketing, among others.

In large figures, during 2015 the training program delivered 399,405 hours for 85,712 participants, equivalent to 66.6 hours per employee. From said 399,405 hours, 75.5% were delivered through:

Hours of training	No. Hours	% Total hours	Participants
Face-to-face	98.035	25%	85.712
Virtual	301.370	75%	4.297
Total	399.405	100,0%	81.415

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Culture and leadership continued through the Leadership Local Schools (“LIDERARTE” and “TRANSFORMARTE”) which have been implemented in different cities intended to keep on providing to our leaders the tools that enable them a higher effectiveness in results and strengthening the links of confidence with their collaborators. Some relevant data we can share from such programs are: Participation of more than 230 people of the network, more than 5,500 hours of training and more than 600 hours of coaching.

Perhaps as a specific event it is also relevant to mention the impulse around the enhancement of the Skill One Team which stages achieved the consolidation of action plans required for strengthening such skill.

In order to enhance the Value Proposal to our collaborators, we launched the “Tú&BBVA más felices” program (You & BBVA happier) which integrates initiatives that encourage the wellbeing of our people and their family group, offering benefits of all type within which we can outline the following: The agreements portal that might be consulted in the web page and APP; it has more than 309 affiliate commercial establishments, 820 agreements, 15 categories and 5,749 points of sale in the country. The opening of “Café de las Letras in BBVA” (Coffee of letters), that serves 42% of population of General Management, the launching of “En Bici al Trabajo” initiative (Biking to work) with the inauguration of our excellent cyclo-parking and the participation of 220 employees, and special date with involvement of 100% headcount.

The “Salud y Vida” program (Health and Life) developed promoting and prevention activities in each of the 574 offices and singular buildings achieving 100% coverage, including expansion plan offices in order to seek a healthy and safe environment for BBVA employees to perform their activities with no incidents.

The team

Working conditions

In 2015, the negotiations with Convention Collective that framed the benefits of workers were carried out, achieving improvements of the existing working conditions. Such processes have been characterized for being developed in a respectful and cordiality mood, favoring the relationship of the Bank with the representatives of the Collective Agreement and Unions.

Bank Labor Map	Percentage
Agreement	80,2%
Convention	18,8%

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## Education for society

In BBVA our vision is working for a better future for people. Therefore, the focus of social programs is the education for society in order to boost the social integration and training in values of kids and young people..

### Scholarship Program “Niños Adelante”

“Niños Adelante” is a program of BBVA Colombia in conjunction with different initiatives of the Ministry of National Education that has contributed to the reduction of the dropout school index in Colombia by supporting 18,963 kids with scholarships that allowed them acquiring their uniforms and shoes and others with 65,000 back-packs with school supplies.

### Support to high education

In alliance with Corporacion Manos Visibles and Icesi and Eafit universities, of Cali and Medellin respectively, BBVA is funding the education of a 12 young people group that is studying in the fifth and sixth semester of different university careers with high academic performance.

### Support to technical training

BBVA supports the Fundacion Plan through the financing of the technical education of a group of young people who in Sincelejo and other cities of the country are trained on trades such as masonry, gardening, stone work, among others, enabling them, when completed their education plan, to have a labor occupation immediately, becoming qualified work force with great demand in regional markets.



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## Innovation and knowledge

The innovation is one of the main axes of our Group strategy and we believe that this is the lever for growth not only for our business but for the entire society; in this regard, we have created the Center for Innovation, a meeting point to the community where through different events and actions of connection with the ecosystem make us more involved with the different players of the Colombian entrepreneurship.

During 2015, we continued the bet for open innovation and the activity of the BBVA Center for Innovation BBVA with a set of activities focused toward driving up the development of the innovation and entrepreneurship ecosystem.

This has allowed us to position as an active agent in this field internationally, as well as identifying initiatives of interest for the entity.

The BBVA Center of Innovation has a set of realistic scenarios that

represent the places where BBVA customers relate with their bank. It is an authentic laboratory where new projects are tested since their early stages for enriching them and enable us to adapt to people's needs and offer new financial experiences, our highest commitment.

In 2015, the BBVA Center of Innovation has performed different events and activities aimed at disseminating innovation trends and entrepreneurship activity, generating opportunities of networking and powering the training. Such events have been conducted in cooperation with different organizations, such as The App Date, Knowsquare, Marketing Thinkers, Founder Institute, Entrepreneurs Magazine, and MITEF, among others; similarly, the BBVA Center of Innovation was the meeting space of the MET which was helpful for developing the work and training sessions of a group of entrepreneur women who, through several sessions and talks, could consolidate the training in subjects such as corporations, accounting, networking and marketing, among others.

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## BBVA Research

As to the exchange of knowledge, BBVA Research has prepared 678 economic publications throughout the year 2015, all of them published in the web of BBVA Research; the subjects addressed in such publications include both macroeconomic, regional or sectorial analysis as well as the study of different financial and banking regulation systems. The financial inclusion, pensions, labor market or real estate sector have been also facets of the economy that BBVA Research has managed in its publications.



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## Environment

The BBVA environmental policy contains the commitment with the responsible management of natural resources. The principal expression of such commitment is the Global Eco-efficiency Plan (GEP), which sets the following objectives per employee for the period 2013-2015:

- 6% reduction in CO2 emissions.
- 3% reduction in paper consumption.
- 3% reduction in water consumption.
- 3% reduction in electricity usage.
- 33% of people working in buildings and offices that have been awarded environmental certifications.

In addition, the Plan includes controls on the generation of waste such as paper, toner, electrical and electronic appliances and other dangerous waste.

### BBVA is working in Protocolo Verde ("Green Protocol") initiatives.

For the fourth consecutive year BBVA Colombia participated in "Protocolo Verde"; this Protocol is intended to facilitate the convergence of efforts from the National Government and the Colombian financial sector to incorporate and implement the policies and practices that are precursors, multipliers, demonstrative as examples in terms of environmental responsibility in harmony with a sustainable development that meets the needs of present generations, without compromising the possibilities of future generations.

The subscription of the Protocolo Verde includes the development of strategies to advance in three fundamental aspects:

**Strategy 1:** Generate guidelines and instruments to encourage the financing of development with sustainability through credit facilities and/or investment, as well as programs that foster the sustainable use of renewable natural resources, the protection of environment and the competitiveness of productive sectors of the country, thus contributing to the improvement of people's life quality.

**Strategy 2:** Encourage in its internal processes the sustainable consumption of renewable natural resources or of goods and services derived thereof.

**Strategy 3:** Consider the risk analyses of credit and investment, the environmental and social impacts and costs generated from the activities and projects to be financed based upon the compliance with the Colombian environmental regulation.

### Environmental initiatives

In order to accomplish the goals stated and perform improvements in environmental practices, since 2007 the indicators of resources consumption are being collected; during these past years improvements have been applied in the quality of data reported and it has been planned for 2016 to launch a virtual tool that enables the gathering of consumer data generated by the Bank branches and that this, in turn, allows us to perform the analysis of information for developing specific campaigns pursuant to the needs of the zone, region or ecologic matters.

This with the purpose to mitigate the direct and indirect effects of activities in the field.

The outstanding indicators in compliance with goals of initiatives are the reduction of consumption by the employee and the environmental impact generated.

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## Environmental training and awareness initiatives

During 2015 BBVA Colombia conducted internally with suppliers, customers, employees and their families diverse awareness campaigns which were intended to teach good practices for the use of natural resources available in the surrounding, seeking the reduction of the impact of the climate change.

Upon remodeling the social areas of the Bank, jointly with HHRR in General Management and Teusaquillo, pedagogic campaigns were implemented to improve the segregation of material from the source.

Consult Green is the entity with which we conducted the accompaniment, advisory and activities needed to implement successfully the campaigns and who is in charge to collect all recyclable material; such alliance has enabled the recovery of all materials that are potentially susceptible of being recycled regardless their commercial value; thus allowing with the contribution to the sustainability, both for society in general and our business.

The program produced satisfactory results by achieving that employees improve their recycling tasks and enhancement when separating the different materials which is translated into a better performance by the company in charge to collect and recycle our materials and which final result is 55,149 kilograms total of solid reusable waste with the breakdown is as follows:

Mes/material	Cardboard	Plastic	Glass	Pet	Newspaper	Junk	Folding	Recycled paper	Total
January	828	61	482	359	102	-	120	3.313	5.265
February	704	76	581	252	121	99	111	1.746	3.690
March	1.176	84	526	209	305	56	7.446	2.779	12.581
April	1.027	43	707	185	233	58	69	1.907	4.229
May	500	27	439	170	255	36	73	2.307	3.807
June	289	40	432	191	259	56	65	1.541	2.873
July	557	62	533	146	274	95	56	3.081	4.804
August	334	54	497	154	330	19	66	1.342	2.796
September	471	82	597	200	426	54	283	2.134	4.247
October	565	29	440	119	194	24	61	1.813	3.245
November	604	64	637	171	328	86	83	1.686	3.659
December	834	39	462	172	223	88	189	1.946	3.953
Total	7.889	661	6.333	2.328	3.050	671	8.622	25.595	55.149

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## Savings of Resources

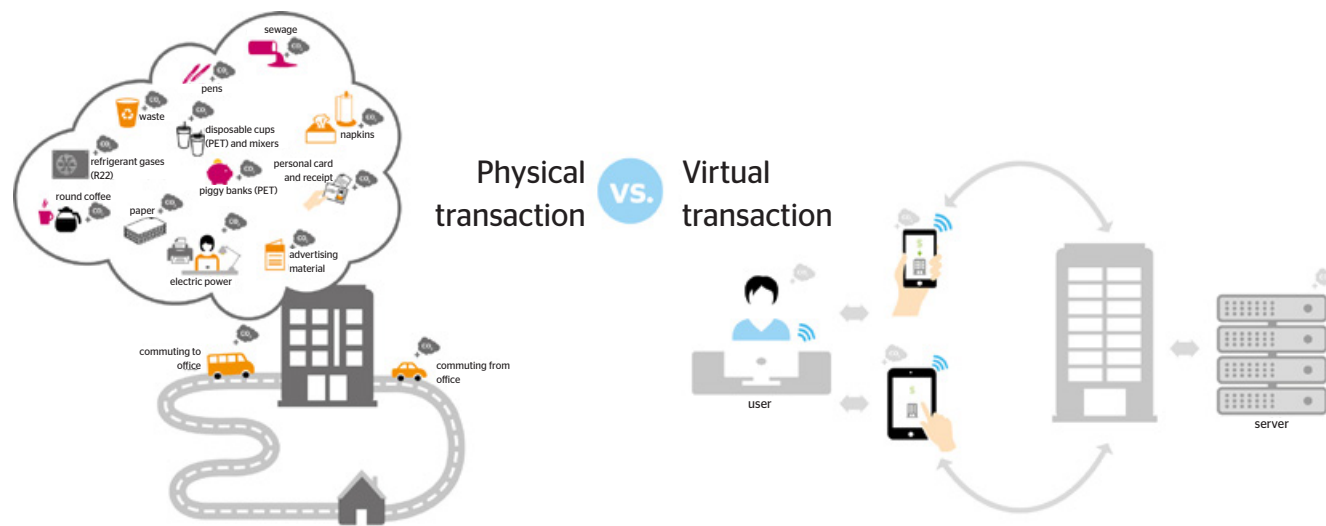
Following are the resources saved thanks to the recovered recyclable resources during said period of time (year 2015):

Material	Water (m3)	Energy (kWh)	Co2 (Kg)	No. Trees
Paper	19.868,6	343.185,6	76.765,2	767,7
Plastic	5.978,0	17.258,5	926,6	
Glass	6,3	266,0	1.393,3	
Metal	67,1	1.342,0	973,5	
Total	25.920,1	362.052,1	80.058,6	767,7

## Carbon footprint from banking transactions

BBVA measured the carbon footprint of an average transaction through the physical branch versus the virtual branch and this is what we found:

The carbon footprint measures the contribution of an activity or product to global warming.



The footprint of physical transaction is 5.3 times higher than the virtual.

## Obsolete electronic equipment

For the final and adequate disposal of obsolete electronic equipment, Consult Green was consulted about the process of preparedness, loading and warehouse order where 10,250 kilograms of obsolete electronic items were collected. From such amount, 6,150 kg of equipment and parts for reuse were collected that met the minimum conditions.

The remaining 4,100 kilograms were handled by a final agent who made again the classification process according to its characteristics: Recyclable, Non-Recyclable, Special, and Dangerous.

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## Environmental management system (EMS) / Process of ISO 14001 certification

Keeping in mind that several years ago BBVA Colombia adopted the respect for environment and the efficiency in the use of natural resources as one of the dimensions of its corporate responsibility by means of the awareness of the officials through diverse communication campaigns, in July 2014 the process to implement the Environmental Management System was initiated and in 2015 it was decided to advance to the ISO 14001 certification in order to align to the goals of the Bank stated in the Global Eco-efficiency Plan; such process was led by the Human Resources area, and the Property and General Services Direction.

To obtain the certification by Bureau Veritas we have the consultancy and technical assistance of INDRA firm to implement the Environmental Management System in four (4) BBVA buildings in Bogota, General Management, Teusaquillo, Media Building and Mortgage Center.

The implementation process had following phases:

### Launching

- Socialization of the project with officials of the areas of the Bank involved.
- Diagnosis of buildings to certificate based on the visits.

### Collection of information

- Field works to review, inter alia:
  - Environmental aspects (points of pollution, consumption of water and energy, impact of activities performed).
  - Update of legislation applicable and level of compliance (licenses, permits, waste management).

- Strengths and weaknesses of the organization with regard to EMS implementation.

### Implementation and training

- Start up of the current corporate EMS.
- Definition of the general program of implementation.
- Implementation, tracking of records and decision making
- Preparation of the chart of environmental indicators of buildings.
- Training to the personnel of the building involved in the management system.

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## Internal Audit and action plan

- Verification of proper implementation of EMS in compliance with the standard requirements.
- Simulation of the certification process as part of the training to building staff.
- Resolution of deviations detected previous to the certification audit.

## Training

- Training addressed to the official of the areas of the Bank involved with environmental matters, suppliers and contractors of the four (4) buildings that perform maintenance, cleaning and disposal of recyclable and dangerous waste activities
- The training delivered following matters:
  - Introduction: general concepts of motivation and awareness, background of environmental management and accreditation and certification
  - ISO 14001 Standard: EMS pillars, structure, documentation and implementation of the EMS in four buildings.

## Certification Audit

The certificate audit was conducted by Bureau Veritas and it took two stages; the first one on November 23 and 24, 2015, which was oriented basically towards the verification of the documentary system and its adaptation to the standard requirements; as well as the review of the facilities in order to focus the stage 2 that took place in the week from December 14 to 18, 2015. Such second stage was focused to the review of manuals, standards,

procedures, guidelines, records and any other documentation to verify the compliance; likewise, the facilities of the four (4) buildings were visited to verify that the Environment Management System Environment was implemented and is being maintained.

- Results of the audit: the certification with improvement plans that should be performed throughout 2016 was issued in following specific matters:
  - Extension of coverage of training on the environmental management system to all employees and external personnel of the four (4) buildings.
  - Segregation of waste from the source; i.e., from the very work posts.
  - Proper identification of the fuel security sheet (ACPM) kept in tanks rooms.
  - Condemn or install the control of siphon grates of the floor of rooms of electric plants in the General Management building, in order to prevent that a possible oil spill of equipment is disposed in the sewage.

## Highlights of the external audit

- Commitment from top management to implement, maintain and improve the Environmental Management System that was defined.
- High level of sensitivity for the environmental subject by involved areas, Bank employees, external staff, cleaning and maintenance staff in the four buildings.
- Constant dissemination of tips related to the efficiency and savings of natural resources such as water, energy, paper, etc.

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Main consumption indicators in BBVA	2013	2014	2015
<b>Paper consumption - Kg</b>			
Total paper consumption	364.234	415.889	294.442
Consumption per employee	61	62	41
<b>Diesel oil consumption - L.</b>			
Total diesel oil consumption	11.853	26.482	29.439
Consumption per employee	2	4	4
<b>Energy consumption - kWh</b>			
Total energy consumption	29.549.992	32.305.787	28.238.295
Consumption per employee	5.514	4.838	3.885
<b>Water consumption - m3</b>			
Total water consumption	111.128	151.188	161.891
Consumption per employee	20,7	23	22
<b>Waste handled - Kg</b>			
Paper waste	47.053	31.582	25.595
Toner waste	2.648	3.214	2.489
Other waste	23.384	29.700	39.804
<b>Emissions Scope 1 - Tons</b>			
Emissions for diesel oil consumption	N/A	73	21
Emissions per Km of own vehicles	48.157	52.474	22.549
Total	48.157	52.545	22.570
<b>Emissions Scope 2 - Tons</b>			
Emissions for consumption of electric energy	N/A	6.795	5.939
<b>Emissions Scope 3 - Tons</b>			
Emissions for flights	649	799	700

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# Criteria and information standards

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## Profile, scope, relevance, materiality and coverage of the report

Since 2007 BBVA has been preparing the Annual Corporate Responsibility Report. This information refers to BBVA as defined in the Annual Report for 2015, which includes comparative data for 2013 and 2014, indicating their scope. For the purposes of facilitating the comparability of information, if said information has experienced any modification with regard to the one presented in the previous year this is due to an improvement in the quantification and measurement methods of the affected variables or the criteria used.

For determining the relevance and materiality of the contents to be included, special attention has been given to the most significant stakeholders providing continuity in the consultation processes pursuant to the recommendations provided in the Guideline for the preparation of the sustainability reports and in the Global Reporting Initiative (GRI4).

With this regard, a specific analysis was conducted with the public information and the available information in BBVA to assess the validity and relevance of these issues in current context. This report is completed with the Financial report 2015 and other information available at the web page ([www.bbva.com.co](http://www.bbva.com.co)).

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## Referencias básicas y estándares

This report has been prepared pursuant to the best practices and most renowned international standards and meets the GRI G4 methodology with the essential option "in conformity with".

Likewise, information is provided about the actions in connection to the United Nations' Millennium Development Goals and reply is given to the Progress Report 2009 with regard to the compliance with the United Nations Global Compact, as provided in the GRI and the Global compact, making the connections.

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## Rigor and verification

BBVA Colombia has several instruments to ensure the quality and during the process different areas have been involved that provide the information and that have been subject also to the supervision, verification and audit methods usually used in the Bank. In the second place, the reports about Corporate Responsibility are forwarded to the Group through the Information Management System that ensures their quality and scope. The Bank Brand & Image department is responsible for gathering the information. This report has been verified by Deloitte & Touche Ltda.

Criteria and information standards

## Criteria and information standards



### Independent Assurance Report

Independent Assurance Report on the 2015 Corporate Responsibility Report of BBVA Colombia.

### Scope of our work

We have performed a review of the adherence of the contents of the 2015 Corporate Responsibility Report to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 4.0 (G4).

### Review standards and procedures

We have conducted our review work in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Our review work consisted of making inquiries to Management and certain areas of BBVA Colombia involved in the preparation of the 2015 Corporate Responsibility Report and the application of certain analytical procedures and sample-based review tests as described below:

- Interviews with BBVA Colombia personnel to ascertain the principles, systems and management approaches applied.
- Analysis of how, from the exercise of materiality performed in 2014 based upon BBVA España corporate guidelines (and its "bottom-up" update: materiality fed by three affiliates of the Group in 2015), the contents, structure and indicators of the report have been defined pursuant to the suggestions of GRI G4 methodology.
- Analysis of the collection, consolidation and validation processes of the information presented in the report.
- Review of GRI indicators and own ones included in the 2015 Corporate Responsibility Report and their proper gathering as from the data supplied by the three sources of information of BBVA Colombia.

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### Responsibilities of BBVA management and of Deloitte

- The preparation and content of the 2014 Corporate Responsibility Report is the responsibility of the organization which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared solely for the interest of the organization according to the terms of our services proposal. We do not accept any liability to any third party other than the Company's management.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Since a limited assurance is substantially less than an audit, we do not provide an audit opinion on the Corporate Responsibility Report.

DELOITTE & TOUCHE LTDA.

Jorge Enrique Múnera D.

Partner

Bogotá, March 2016

Firm member of **Deloitte Touche Tohmatsu**



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**Assurance that the 2015 Corporate Responsibility Report of BBVA has been prepared according to the GRI G4 methodology in its essential option "in conformity with" the Guideline.**

#### General basic contents

It was confirmed that the report is adjusted to the requirements of the Essential option "in conformity with" the Guideline with regard to general basic contents: G4-1 to G4-34 and G4-56 indicators were reported. Following general basic contents have been verified externally by Deloitte:

G4-10, G4-11, G4-12, G4-13.

#### Specific basic contents

We reviewed the management approach of GRI indicators of following material issues:

Material issues	GRI Indicator and/or own BBVA Colombia
TCR communication	*G4-PR7
Financial Literacy	*BBVA 1. Number of benefited persons by the Financial Literacy program "Adelante con tu futuro"
Financial inclusion	*FS13 (GRI "Financial Services" Sector guideline) *FS14 (GRI "Financial Services" Sector guideline)
Productive microfinance / Fundación Microfinanzas BBVA	*FS7 (GRI "Financial Services" Sector guideline )
Support to SMES	*BBVA2. Number of customers SMEs
Support to individuals with special needs	*FS8 / BBVA4. Monetary value of products and services designed to provide a specific environmental benefit per line of products and broken down per purpose (BBVA 4. Value of credits granted for financing of agricultural and industrial projects).
Knowledge of the client	*BBVA 6. Contents of Net Recommendation (IReNe)
Management of complaints and claims	*BBVA 8. Percentage of claims resolved timely
Omni-channel system	*BBVA 10. Operations per channels
Client's protection	*G4-PR1; *G4-PR3; *G4-PR9.
Responsible investment (associated to "Management model of Reputational Risk", "Responsible granting of credit", "Equator Principles").	*FS10; *FS11 (GRI "Financial Services" Sector guideline)
Recruiting, training and development	*G4-LA9
Diversity and reconciliation	*G4-LA12
Compensation and remuneration	*G4-LA13
Volunteering	*BBVA 11. Number of BBVA volunteers
Education for society (scholarships)	*BBVA 12. Number of backpacks delivered
	*BBVA 13. Number of people benefited by education support programs (backpacks with school supplies and education scholarships).
Innovation and knowledge	Indicator currently under construction - expected to be reported in year 2016.
Environment	*EN1, *EN3, *EN8, *EN17, *EN23

#### **Conclusions**

As a result of our review, no other matters were disclosed that would lead us to believe that the 2015 Corporate Responsibility Report of BBVA Colombia contains significant material errors or that it was not prepared in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G4) in its Essential option "in conformity with" the Guideline.

#### **Recommendations**

In addition, we presented to BBVA Colombia our recommendations relating to the areas for improvement to consolidate the processes, programs and systems in connection to the sustainability management. The most relevant recommendations are referred to:

- Prioritize the stakeholders (GI) of the organization and define and prioritize the Bank relationship instances in order to:
  - Identifying concerns exposed by the GI
  - Respond promptly to such concerns
  - Identifying and managing the main risks and opportunities associated to such GI
- Strengthen the management of relevant issues in construction in the 2014 Corporate Responsibility Report (Innovation).
- Strengthen the collection and consolidation of environmental information since some elements verified (EN23) show significant differences.
- Establish and communicate short, medium and long-term quantitative goals to:
  - Measure the global performance in sustainability of BBVA;
  - Provide on an annual basis details about exceeded and/or not reached goals and the steps to be followed in order to achieve them and/or define new ones.

## Table of GRI Indicators - Independent Assurance Report

## General basic contents

Indicator	Response	Page	External audit
Strategy and analysis			
G4.1 Statement from the top responsible for making decisions of the organization on the relevance of sustainability to the organization.	Letter from the President	3 - 4	
G4.2 Description of main impacts, risks and opportunities.	Mission and vision Responsible business plan	12 - 13	
Perfil de la Organización			
G4.3 Report the name of the organization.	Profile of BBVA Colombia	5	
G4.4 Report the main brands, products and services.	Profile of BBVA Colombia		
G4.5 Report the location of the Parent Company.	Cra. 9 No. 72 - 21 Bogota, Colombia		
G4.6 Report the number of countries where the company operates and the name of the countries where the company has significant operations or that are relevant for sustainability issues addressed in the report.	BBVA Group operates currently in 32 countries, including Colombia		
G4.7 Nature of ownership and legal entity.	Profile of BBVA Colombia	5	
G4.8 Markets delivered (including the geographical break down, the sectors supplied and the types of customers).	Organizational chart and business structure	10 - 11	
G4.9 Report of the scale of organization, including: - Number of employees. - Number of total operations. - Net sales or income.	Profile of BBVA Colombia	5	
G4.10 Report following labor information: - Report the total number of employees per contract and gender. - Report the total number of employees per region and gender.	Team	58	✓
G4.11 Reporte el porcentaje de empleados cubiertos por una convención colectiva.	The team	60	✓
G4.12 Describe the suppliers chain of the organization.	Suppliers	56 - 57	✓
G4.13 Significant changes during the period covered by the report in size, structure, property or in the chain of suppliers of the organization.	Suppliers		
G4.14 Description of how the organization has adopted an approach or principle of precaution.	Governance systems	15 - 24	
G4.15 Principles or social, environmental and economic programs, developed externally, as well as any other initiative subscribed or supported by the organization.	Governance systems- Executed international commitments		
G4.16 Main associations (such as sectorial associations) and/or national and international entities supported by the organization.	Asobancaria Asobolsa Asofiduciaria		

Indicator	Response	Page	External audit
Identification of aspects and limiting factors			
G4.17 List the entities included in the consolidated financial statements and report whether any of such entities has not been included in the sustainability report.	Profile of BBVA The consolidated information is: *Social investment *Number of employees (chart of key indicators of responsible banking) *Statement of account of BBVA Group Colombia	5 - 69	✓
G4.18 Explain the process to define the contents of the report and aspects to be reported.	Materiality and dialogue with stakeholders	25 - 31	✓
G4.19 List all material aspects identified in the process to define the contents of the report.	Materiality and dialogue with stakeholders - Relevant matters in 2015		
G4.20 For each material issue, report if it applies to all the organization; otherwise, indicate what aspect is not material for any entity of the organization.	Materiality and dialogue with stakeholders - Relevant matters in 2015		
G4.21 For each material issue, report if it applies outside the organization.	Materiality and dialogue with stakeholders - Relevant matters in 2015		
G4.22 Description of the possible effect of the restatement of information that belong to previous reports, together with the reasons of such restatement.	Society - Environment (emissions)		
G4.23 Significant changes related to previous periods in the scope, the coverage or valuation methods applied from the report.	During 2015 there were changes in the valuation methods applied to CO2 emissions reported by the Bank. The method used was sent by Corporate BBVA		
Stakeholders			
G4.24 List the stakeholders related to the organization.	Materiality and dialogue with stakeholders	25 - 31	✓
G4.25 Report the basis for identification and selection of stakeholders related to the organization.	Materiality and dialogue with stakeholders		
G4.26 Approaches adopted for the dialogue with stakeholders, included the frequency of its participation per type of stakeholders, indicate if any of the dialogues was made as part of the process to prepare the report.	Materiality and dialogue with stakeholders		
G4.27 Main concerns and matters of interest arisen through the dialogues with stakeholders and how the organization has responded to such matters in the preparation of the report. Report the stakeholders and matters identified as relevant.	Materiality and dialogue with stakeholders		
Report profile			
G4.28 Period covered by the information included in the report.	2015	1	✓
G4.29 Latest date of previous report.	2014		
G4.30 Cycle of report (Annual-Biannual).	Annual		
G4.31 Contact point for issues related to the report or its contents.	Cra. 9 No. 72 - 21, Piso 10 Bogota, Colombia	78	
G4.32 Report the option according to the GRI methodology selected by the organization (Core-Comprehensive). Report the GRI table of contents.		69 - 71	
G4.33 Report the policy or approach of the company to seek the report external audit.			
Governance			
G4.34 The governance structure of the organization, including the committees of the highest body of governance. Identifying if there is any committee responsible for supervision of economic, social and environmental issues.	Governance systems	15 - 24	✓
Ethics and integrity			
G4.56 Describe the values, principles, standards and rules of behavior of the organization such as Codes of Conduct and Codes of Ethics.	Goal and Policy	12 - 14	✓

## Specific Basic Contents

Axis	Relevant Matter	GRI aspect related	Management approach	Indicator	Page of indicator response	Omission	External assurance
TCR communication	TCR communication	No aspect GRI related	TCR communication	G4-PR7. Number of total incidents resulting from the non-compliance of regulations related to the marketing communications, including publicity, promotion and sponsorship, distributed as the function of the type of results of said incidents	During 2015 the Bank did not show incidents resulting from the non-compliance of regulations related to the marketing communications, including publicity, promotion and sponsorship.		✓
Financial Literacy	Financial Literacy	Labeling of products and services	Financial Literacy	Own BBVA1. Number of persons benefited by the Financial Literacy program "Adelante con tu futuro".	37 - 38	N/A	✓
High-social impact products	Financial inclusion	Local communities	High-social impact products	FS13. Accessibility in low-density population areas or disadvantaged locations.	40 - 46		✓
				*FS14. Initiatives to improve the access to financial services for disadvantaged people.			✓
	Productive microfinance / Fundacion Microfinanzas BBVA	Products portfolio	High-social impact products	FS7. Monetary value of products and services designed to provide a specific social benefit for each business line broken down pursuant to its purpose	44 - 45	The information reported does not mention the monetary value of products that provide a social benefit.	✓
	Support to SMEs	No GRI aspect related	High-social impact products	Own BBVA2. Number of SMEs customers	44 - 45	N/A	✓
				Own BBVA3. Number of financing to SMEs customers		N/A	
	Support to individuals with special needs	Products portfolio		FS8. Monetary value of products and services designed to provide a specific environmental benefit for each product line broken down pursuant to its purpose	44 - 75	FS8. Currently not available, the amount reported is not broken down per product line or per purpose. Such breaking down is expected to be reported in subsequent years.	✓
				Own BBVA4. Value that corresponds to disbursements of 2015 to finance sustainable development and infrastructure and energetic efficiency projects			
				BBVA 5. Value of credits granted for financing agricultural and industrial projects.		N/A	

Axis	Relevant Matter	GRI aspect related	Management approach	Indicator	Page of indicator response	Omission	External assurance
Customer's responsible management	Knowledge of the client	No GRI aspect related	Knowledge of the client	Own BBVA6. Contents of Net Recommendation (IReNe)	46 - 52	N/A	✓
	Management of complaints and claims	No GRI aspect related	Management of complaints and claims	Own BBVA7. Timing for claims resolution	64-69	N/A	
				Own BBVA8. Percentage of claims resolved timely	50	N/A	✓
				Own BBVA9. Percentage of C&C managed by the SPC		N/A	
	Omni-channel system	No GRI aspect related	Omni-channel system	Own BBVA10. Operations per channels	51	N/A	
	Customer's protection	Health and Security of the client  Labeling of products and services  Privacy of the client  Regulatory compliance	Client's protection	G4-PR1. Stage of the life cycle of products and services evaluated for improvement for their health and security of customers, and percentage of categories of significant products and services subject to such evaluation procedures.	52	The information reported does not describe the evaluation of the stages of the life cycle of the product/ service.	✓
				G4-PR3. Types of information on products and services required by the procedures in force and the standard, and percentage of products and services subject to such requirements.	The Bank is governed by the legal basic circular letter of SFC, as well as by the Code of TCR advertisement (Pages 36 - 37). The only products subject to approval by the SFC are the housing products.		✓
				G4-PR8. Total number of claims with regard to the respect for privacy and leak of customer's personal information.			
				G4-PR9. Cost of such significant penalties arising from the non-compliance of the standard with regard to the supply and use of products and services of the organization.	During year 2015 no significant penalty was recorded (i.e., exceeding the materiality set forth by the Statutory Audit of the Bank) related to the non-compliance of the standard with regard to the supply and use of products and services of the Bank.		✓

Axis	Relevant Matter	GRI aspect related	Management approach	Indicator	Page of indicator response	Omission	External assurance
Social, environmental and reputational risks	Risk management (associated to the management model of reputational risk, responsible granting of credit, Equator Principle)	Products portfolio. Share involvement to asset	Management model of reputational risk.	FS 10. Percentage and number of companies in portfolio with interaction in social or environmental matters	55		√
				FS 11. Percentage of assets subject to a positive or negative social or environmental analysis	During 2015, BBVA Colombia did not perform positive or negative social or environmental analysis		√
Managing the human resource	Recruiting, training and development	Training and education	Team	LA9. Average of training hours/year per employee, per gender and broken down per category of employee.	9, 58 - 60		√
	Diversity and reconciliation	Diversity and equality of opportunities		LA12. Composition of governance bodies and breaking down of headcount per professional category and gender, age, minorities and other diversity indicators	58 - 60		√
	Compensation and remuneration	Presence in market		LA13. Ratio between salary of men versus women, broken down per professional category	58		√
		Job					
		Equality of compensation between women and men					
	Volunteering	No GRI aspect related		Own BBVA11. Number of BBVA volunteers	During 2015, the Bank did not have volunteering activities. During 2016 the corporate volunteering policy will be published.	N/A	√

Axis	Relevant Matter	GRI aspect related	Management approach	Indicator	Page of indicator response	Omission	External assurance
Society	Education for society (scholarships)	No GRI aspect related	Education for society	Own BBVA12. Number of backpacks delivered	61		✓
				Own BBVA13. Number of people benefited by education support programs (backpacks with school supplies and educational scholarships).			
	Innovation and knowledge	No GRI aspect related	Innovation and knowledge	Indicator currently under construction. Expected to be reported in subsequent years		No information available. The Innovation Area is redefining the indicators for 2016. They will have qualitative and quantitative components with direct impact on Star Tabs, Fintech and the development of such ecosystem	✓
	Environment	Material Energy Water Waste Emissions	Environment	EN1. Measurement of paper and toner consumption	68		✓
				EN3. Internal energy consumption		Information reported not in joules or multiple	✓
				EN8. Measurement of water consumption		Total amount of water consumed comes from surface source (aqueduct)	✓
				EN15. Direct emissions of gases from greenhouse effect (Scope 1)			
				EN16. Direct emissions of gases from greenhouse effect (Scope 2)			
				EN17. Direct emissions of gases from greenhouse effect (Scope 3)		The information reported does not detail the calculation methodology of emissions of scope 3, they are expected to be reported in subsequent years	✓
				EN23. Total weight of waste handled per type and treatment method		The information reported does not detail the treatment method for waste	✓

Other relevant indicators

Additional matter	Indicators	Page /Response	Omission	Page	External audit
Strategy and analysis					
Economic value	EC1. Generated and distributed economic value	35		39	√



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