

Management Report 3Q 2018

Individual and Consolidated Report

Investor Relations

Bogotá D.C. November 2018

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1. Basics

Economic Environment

Since May, the expectation of an accelerated adjustment of global liquidity, higher oil prices potentially pushing inflation and robust activity in the United States have caused an increase in the volatility of the markets, especially in emerging economies. In this area, it has been these economies that faced the most demanding short-term financing conditions that have received most of the negative adjustment of capital flows. Manifesting itself in an accelerated and significant depreciation of its exchange rates, a vertiginous fall of its stock market assets and an important punishment in the cost of risk and the interest rates.

However, in the middle of this difficult scenario, several emerging economies have managed to have a lower impact, achieving a positive differentiation on the part of markets and investors. Among them, the Colombian economy has remained robust in the face of recent fluctuations. With some impact on the exchange rate, closing the gaps that it had in front of its peers on account of a higher appreciation at the beginning of the year, thanks by good oil prices, but with little or no effect on other assets. With this, the exchange rate on April 16th reached its minimum record of the year with 2,706 pesos per dollar and its maximum on September 6th with a record of 3,100 pesos per dollar.

Apart from the effects on the exchange rate, there are few channels to the markets of local assets affected by this turbulence, especially the most recent and marked in the month of August. The sovereign curve between July 31th and the third week of August presented a marginal movement of less than 8.3 bps, and even in this same period there were net entries of portfolio investors (USD 476 million). However, it should be noted the episode of net outflows of investors between May and July (USD 797 million), possibly motivated by the end of the downward cycle of rates of the Issuer rather than by own risks among emerging markets.

In the stock market, the net effect is difficult to trace because there has been a sale of relevant species in the index on account of a rebalancing of international investors, outside the context of the event of risk aversion in emerging markets, and, at the same time, there has been an important appreciation in assets related to oil due to its good price moment. But, perhaps, the variable that allows us to make a clearer judgment is the country risk. It has remained relatively stable in recent months, which shows that the impact has been low and especially contained in the foreign exchange market.

There were several factors that determined that the impact of the volatility of emerging markets has been low on the Colombian economy. First of all, it is noted the reduction in the current deficit account in the last years in around 3 percentage points. This task has been achieved with a moderation of domestic expenditure, which allows a sustainable economic growth. To this factor is added that the financing of the deficit has been concentrated, even in excess, in direct foreign investment in a context in which investors have continued to enter in evidence of confidence in the local economic and financial situation. Secondly, some institutional factors contribute, such as the

inflation target scheme that has proven the independence of the Central Bank, keeping inflation under control with policies that could be judged unpopular in times of economic weakness.

Despite this, there are several elements that should be closely monitored. Today, foreign holdings of local sovereign debt are around 25%, therefore, a lower appetite for investors could cause volatility in the domestic debt market. Likewise, the rating agencies have also been alert, considering the external fiscal and growth factors in the evaluation of the Colombian economy to withstand the greater global volatility. Therefore, the strategy of incorporating new reserves recently launched by the Central Bank is a positive step in the face of having greater instruments and tools to face a new outbreak of volatility, although it pushed up the local exchange rate.

In this scenario, our forecasts for the short-term exchange rate have been revised upward, closing at 2,960 in 2018, 80 pesos above the previously estimated closing. In terms of the dynamics, we believe that in the coming months we will be able to see a reduction in stress in emerging economies that will give rise to new investor entries and allow a scenario of appreciation, limited by the purchases of the Central Bank's reserves. For the remainder of 2018 and 2019, the rate increase of the FED will maintain the exchange rate close to its close of 2018 and only until the second half of 2019 we anticipate an appreciation of the local exchange rate seeking to converge at its long-term level term of 2,900 pesos.

The global forecasts for the next two years remain unchanged, at 3.8%, supported by solid US growth. Nevertheless, the lower degree of synchronization observed recently is reflected in a downward revision in the growth expected for 2018-19 for both Argentina and Turkey, while we maintain the forecasts for the coming years in the US and Europe.

In Colombia, several trends that we anticipated were confirmed throughout 2018. First, the recovery of final consumption materialized. High growth in public spending was maintained and household spending rebounded, mainly in services and non-durable goods. Second, exports returned to positive territory, and will grow in their accumulated of 2018, something that did not happen for a full year since 2015. It is not only due to the better price in commodities, but also to a rebound of non-traditional exports, although from quite low levels. Third, investment maintained a heterogeneous dynamic: positive in machinery and equipment and negative in the construction sector. Finally, there was an increase in imports that is related to the greater traction of the consumption of non-durable goods and part of the investment.

The inflation of 2018 will end slightly above 3.0%, lower than the rate of 4.1% that we saw at the end of 2017. Between December 2017 and September of this year, most of the components of inflation have slowed down: food inflation went from 1.9% to 2.0%, non-tradable inflation went from 5.5% to 4.2% and tradable inflation went from 3.8% to 1.7%. The only group that has not contributed to the decline in inflation has been the regulated group, whose inflation went from 5.9% to 6.4%, mainly due to the acceleration of energy inflation. By the beginning of 2019, inflation would have an additional decrease that will place it temporarily below 3.0%. The inertia to the downside that brings some components such as the inflation of leases, educational and health services will be the key to keep prices very close to 3.0%.

The recent devaluation of the exchange rate will have very short-term effects, and without macroeconomic risks due to the low mismatch of the companies, and we believe that the path we expect from the 2019 exchange rate (very stable on average if compared to 2018) will help keep tradable inflation below 3.0%. Regulated inflation, meanwhile, will begin to slow down from the end of 2018. The percentage increase in the price of fuel in 2019 should be lower than the one we saw in 2018, given the downward path we foresee for Brent in 2019. Additionally, the costs of electric power should be reduced by the end of the measure that increased the restriction charge for 36 months since the end of 2015 that our regulator established to compensate the costs incurred in the generation of electricity through hydroelectric power during the El Niño phenomenon. In this context, in 2019, we believe that inflation could end at a rate close to 3.2%.

With a controlled inflation scenario, around the midpoint of the target range, and an activity that, although it is beginning its recovery trend, is doing so at a slow pace, the Central Bank would maintain its reference rate stable until mid-2019 at 4.25%. It is estimated that the Central Bank will make its first increase in the rate in the second semester of 2019 (July) and will take it gradually to its neutral level, with a second increase before the end of 2019, closing the year at 4.75%.

2. Individual Figures

Individual Results

Total assets of BBVA Colombia for the third quarter of 2018 closed with a balance of COP \$57.6 trillion. This showed an annual growth of 8.8% and a variation of COP \$4.7 trillion.

Balance Sheet

Million COP

	3Q17	3Q17 Adjustment	3Q18	TAM	
				abs	%
Cash	3,420,312	3,420,312	2,767,226	(653,086)	(19.1)
Active Positions in monetary market	1,374,349	1,374,349	2,460,482	1,086,133	79.0
Investment Securities & Derivatives	6,315,276	6,315,276	8,318,944	2,003,668	31.7
Loan Portfolio and Leasing Operations	42,066,154	42,066,154	44,949,470	2,883,316	6.9
Impairment	(2,159,345)	(2,159,345)	(2,824,216)	(664,871)	30.8
Other Assets	2,461,727	1,900,405	1,909,811	9,406	0.5
Total Assets	53,478,473	52,917,150	57,581,716	4,664,566	8.8
Deposits and Financial Claims	44,383,955	44,383,955	48,333,041	3,949,086	8.9
Passive Positions in monetary market	785,031	785,031	363,098	(421,933)	(53.7)
Financial Instruments at Fair Value	845,439	845,439	942,900	97,461	11.5
Banks And Other Financial Obligations	1,782,546	1,782,546	2,329,938	547,392	30.7
Accounts payable	969,013	589,836	758,032	168,195	28.5
Labor obligations	207,603	207,603	225,753	18,150	8.7
Other Liabilities	462,245	462,245	448,753	(13,492)	(2.9)
Total Liabilities	49,435,833	49,056,656	53,401,514	4,344,858	8.9
Suscribed and Paid-in-Capital	89,779	89,779	89,779	-	-
Specific Destination Reserves and Funds	2,535,777	2,535,777	2,764,479	228,702	9.0
Surplus	1,120,518	953,927	917,590	(36,337)	(3.8)
Gains or Losses	296,565	281,012	408,354	127,343	45.3
Stockholder's Equity	4,042,640	3,860,495	4,180,203	319,708	8.3
Total Liabilities and Stockholder's Equity	53,478,473	52,917,150	57,581,716	4,664,566	8.8

In relation to the liquidity resources of the Bank, cash balances decreased by COP 653.1 billion compared to 2017. This decrease was due to a variation of COP 606.2 billion reduction in cash at the Bank and other financial entities, and a variation of 51.6 billion reductions in cash at the Banco de la República. On the other hand, the deposits of the Bank showed a positive variation of \$4.9 billion compared to 2017.

The active positions in money market closed with a balance of COP 2.5 trillion and presented a growth of 79% with respect to the same period of 2017. This increase of COP 1.1 trillion was due to a greater volume in simultaneous operations. Investments and Operations with derivatives presented a positive variation of 31.7% compared to the end of September 2017, closing at COP 8.3 trillion.

The gross loans and leasing portfolio registered an annual growth of 6.9% or COP 2.9 trillion, closing in September 2018 with a balance of COP 44.9 trillion. On its part, the Impairment account, this includes specific and general provisions on the loan portfolio increased by 30.8%. The other assets account increased by 0.5% or COP 9.4 billion.

In relation to liabilities accounts, deposits and financial claims present an annual growth of 8.9% or by COP 3.9 trillion, closing with a balance of COP 48.3 trillion. This growth is explained mostly by the increase of COP 1.5 trillion in saving accounts, an increase of COP 1.4 trillion in term deposits certificates and an increase of COP 1.0 trillion in checking accounts. Liability positions in the monetary market decreased by COP 421.9 billion, due to a decrease of COP 350.1 billion in repo operations, a decrease of COP 72.3 billion in simultaneous operations and COP 65.0 billion in interbank funds; On the other hand, there was an increase of COP 65.5 billion in short positions.

Financial instruments at fair value closed with a balance of COP 942.9 billion, which represent an increase of 11.5% compared with the same period in 2017. This variation is primarily the result of an increase in trading forwards (COP 82.3 billion) and an increase in hedging SWAPS (COP 27.9 billion) and trading options (COP 14.4 billion). On the other hand, trading swaps decreased by COP 27.6 billion.

Credit lines with banks and other financial obligations registered an increase of COP 547.4 billion explained mainly by the increment of COP 411.3 billion of other financial obligations, of COP 381.9 billion in obligations with Findeter, of COP 56.1 billion with Bancoldex, and a decrease of obligations with foreign entities and Finagro of COP 263 billion and COP 29.9 billion respectively.

Accounts payable registered a positive variation of 28.5%, while labor obligations showed an increase of 8.7%. Other liabilities decreased by 2.9% or COP 13.5 billion, closing with a balance of COP 448.8 billion.

Finally, Equity increased by 8.3%, closing at COP 4.2 trillion at the end of September 2018.

Loan portfolio

In September 2018, the gross loan portfolio closed with a balance of COP 44.9 trillion and registered a variation of 6.9% compared with the same period of 2017. Similarly, the net loan portfolio increased by 5.6%, closing at COP 42.1 trillion.

The loan portfolio of BBVA Colombia keeps its attention in the particular segment, which represents 57.5% of the gross loan portfolio at the close of September 2018. This segment increased by 7.9% compared to 2017, closing at COP 25.9 trillion.

LOAN PORTFOLIO

Million COP

	3Q17	3Q18	Var TAM	
Gross Loan Portfolio	42,066,154	44,949,470	2,883,316	6.9
Consumer	13,949,805	15,258,596	1,308,791	9.4
Commercial	13,270,070	15,242,365	1,972,295	14.9
Microcredit	-	-	-	N.C
Mortgage	10,028,913	10,606,190	577,277	5.8
Leasing	1,604,122	1,687,621	83,499	5.2
Overdue Loans	369,775	348,987	(20,788)	(5.6)
Non-performing loans	2,843,469	1,805,712	(1,037,757)	(36.5)
Loan - Loss Provision	(2,159,345)	(2,824,216)	(664,871)	(30.8)
Net Loan Portfolio	39,906,809	42,125,254	2,218,446	5.6

The consumer portfolio, which includes payroll loans, vehicle, hedge funds, revolving credit, credit cards and overdrafts increased at an annual rate of 9.4%. Payroll loans account has the biggest participation in the consumer portfolio with a 58.8%, followed by free consumption with 26.1% and vehicle with 10.8%.

Mortgage loans grew by 5.8%, which represented a variation of COP 577.3 billion. At the end of the third quarter of 2018, it represents 23.6% of the gross loan portfolio.

Commercial portfolio showed an annual growth of 14.9% with a variation of COP 1.9 trillion. For its part the leasing portfolio showed a growth of 5.2% with a variation of COP 83.5 billion.

Client's Resources

At the end of the third quarter of 2018, client's resources keep adjusted to the needs of liquidity of the Bank and funding grew in line with the dynamic growth of the loan portfolio. Resources of the clients increased by 8.9%, that represents a variation of COP 3.9 trillion, closing the quarter at COP 48.3 trillion. The term deposits certificates represent 43.3% of the total of the resources and registered a variation of 7.1%, achieving a balance of COP 20.9 trillion.

Transactional deposits (checking and saving accounts) increased by 11.4%, which represents a positive variation of COP 2.5 trillion. These deposits represent 51.0% of the total of the client's resources.

CLIENT'S RESOURCES

Million COP

	3Q17	3Q18	Var TAM	
Checking Accounts	5,605,543	6,618,391	1,012,848	18.1
Saving Accounts	16,520,411	18,024,945	1,504,534	9.1
Term Deposits Certificates	19,511,339	20,905,054	1,393,715	7.1
Other Deposits	465,369	622,510	157,140	33.8
Total Client's Deposits	42,102,663	46,170,900	4,068,237	9.7
Investment Securities in Circulation	2,281,293	2,162,141	(119,152)	(5.2)
Total Resources	44,383,955	48,333,041	3,949,086	8.9

Investment securities in circulation closed at COP 2.2 trillion, equivalent to a decrease of 5.2% compared to 2017. It should be noted that ordinary bonds issued in 2010 came due in September 2017 in the amount of COP 134 billion.

Eligible Capital and Solvency Ratio

The accounting equity registered a positive variation of 8.3% and closed in COP 4.2 trillion. This increase is primarily explained by the increase in reserves of COP 228.7 billion, due to the increase of COP 127.3 billion in fiscal year earnings, and by the decrease of COP 36.3 billion in Surplus.

The technical equity closed in September 2018 with a balance of COP 5.4 trillion and registered a variation of 2.6%. According to the Colombian regulation, the required equity reached in COP 4.0 trillion, which implies an excess of equity over the required amount of COP 1.4 trillion.

Risk-weighted assets including market risk (RWA's) closed at COP 44.4 trillion, equivalent to growth of 7.3% in line with the growth in the activity. On its part, the value in market risk (VeR) increased by 42.0%.

The Bank's solvency ratio closed at 12.23%, a 56 bps reduction compared with the same period in 2017.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	3Q17	3Q17 Adjustment	3Q18	%
Accounting Equity	4,042,640	3,860,495	4,180,203	8.3
Eligible Capital	5,302,219	5,286,666	5,424,155	2.6
Ordinary Basic Equity	3,031,033	3,015,479	3,130,382	3.8
Additional Basic Equity	2,994	2,994	2,994	-
Additional Equity (Tier II)	2,268,193	2,268,193	2,290,780	1.0
Technical Equity	5,302,219	5,286,666	5,424,155	2.6
Required Equity	3,740,395	3,721,472	3,992,339	7.3
Surplus Equity	1,561,824	1,565,194	1,431,817	(8.5)
Risk weighted assets including market risk	41,559,947	41,349,686	44,359,321	7.3
Value at Risk (VeR)	160,520	160,520	227,877	42.0
Solvency Ratio without VeR	13.33	13.36	12.97	(39)
Solvency Ratio with VeR (minimum 9%)	12.76	12.79	12.23	(56)
Tier 1 (%), ¹	7.29	7.29	7.06	(24)

¹Basic Equity against risk-weighted assets

Income Statement

Next, it is showing the results of BBVA Colombia accumulated at the end of September 2017 and 2018:

Net interest income registered an interannual increase of 13.8%. Loan portfolio revenues increased by COP 78.3 billion, while expenses decreased by COP 171.8 billion. The above was driven by the scenario of lower interest rates, which leads to deposits being re-priced more quickly than portfolio. For this reason, net interest revenues increased by COP 250.1 billion.

Net commission income closed in September 2018 with a negative variation of 1.6%. On its part, incomes generated for the investment portfolio decreased by COP 85.3 billion or -22.0%, explained by a decrease in incomes in derivatives and for a decrease in incomes obtained in securities. Dividends registered an increase of 52.5% and closed with a balance of COP 16.7 billion. On the other

hand, the line of other incomes, which includes operational incomes from financial services provided and recoveries of operative risks and other, registered a 20.2% decrease.

Accumulated Income Statement

Million COP

	3Q17	3Q18	Var TAM	
Loan Portfolio	3,530,197	3,608,546	78,348	2.2
Interest Expense	(1,714,510)	(1,542,744)	171,767	(10.0)
NET INTEREST INCOME	1,815,687	2,065,802	250,115	13.8
NET COMMISSION INCOME	118,448	116,593	(1,855)	(1.6)
Investment Portfolio	387,795	302,543	(85,251)	(22.0)
Dividends	10,940	16,682	5,742	52.5
Other Incomes	82,084	65,466	(16,618)	(20.2)
OTHER OPERATING INCOME	480,818	384,691	(96,127)	(20.0)
GROSS MARGIN	2,414,953	2,567,086	152,133	6.3
Net Asset Allocation	(883,471)	(797,856)	85,615	(9.7)
Administration General Expenses	(1,122,477)	(1,129,165)	(6,688)	0.6
Personal Expenses	(424,063)	(421,273)	2,790	(0.7)
General Expenses	(252,295)	(269,554)	(17,260)	6.8
Taxes	(97,935)	(91,741)	6,194	(6.3)
Other	(344,788)	(339,993)	4,795	(1.4)
Operational Risk	(3,397)	(6,605)	(3,208)	94.4
NON-INTEREST EXPENSES	(2,005,948)	(1,927,022)	78,926	(3.9)
INCOME BEFORE TAX	409,005	640,064	231,059	56.5
Income Tax	(112,440)	(216,156)	(103,716)	92.2
NET PROFIT	296,565	423,908	127,343	42.9

Administration general expenses increased by 0.6% compared with the last year. Personal expenses decreased by 0.7% compared with 2017. On the other hand, general expenses increased by 6.8% and expenses on taxes and fees decreased by 6.3%.

Finally, BBVA Colombia registered a net profit at the end of September of 2017 in the amount of COP 423.9 billion.

In that way, it is showed the results of BBVA Colombia at the close of the third quarterly of 2017 and 2018 not accumulated.

Income Statement

Million COP

	3Q17	3Q18	Var TAM	
Loan Portfolio	1,172,450	1,201,749	29,298	2.5
Interest Expense	(523,251)	(516,914)	6,336	(1.2)
NET INTEREST INCOME	649,200	684,835	35,635	5.5
NET COMMISSION INCOME	39,079	33,737	(5,342)	(13.7)
Investment Portfolio	107,800	104,882	(2,919)	(2.7)
Dividends	-	264	264	-
Other Incomes	14,553	21,895	7,342	50.4
OTHER OPERATING INCOME	122,354	127,041	4,687	3.8
GROSS MARGIN	810,632	845,612	34,980	4.3
Net Asset Allocation	(373,274)	(246,876)	126,398	(33.9)
Administration General Expenses	(395,211)	(379,989)	15,222	(3.9)
Personal Expenses	(137,660)	(136,604)	1,056	(0.8)
General Expenses	(89,775)	(93,769)	(3,994)	4.4
Taxes	(33,063)	(30,758)	2,304	(7.0)
Other	(133,400)	(116,135)	17,265	(12.9)
Operational Risk	(1,313)	(2,723)	(1,410)	107.4
NON-INTEREST EXPENSES	(768,485)	(626,865)	141,620	(18.4)
INCOME BEFORE TAX	42,147	218,747	176,600	419.0
Income Tax	28,714	(80,781)	(109,495)	(381.3)
NET PROFIT	70,861	137,966	67,105	94.7

The interest margin registered an interannual increase of 5.5%. For one side, incomes for concept of loan portfolio registered an increase of COP 29.3 billion, while expenses increased COP 6.3 billion. In that way, net interest income increased to COP 35.6 billion.

Net commission income closed in the third quarterly with a negative variation of 13.7%. As well as other operational incomes that showed an increase of COP 4.6 billion compared with the same period of the last year. On the other hand, non-interests expenses showed an increase of COP 141.6 billion compared to the second quarter of last year.

Finally, BBVA Colombia registered a net profit at the end of the third quarterly 2018 for a value of COP 137.9 billion.

Performance Measures and Indicators

The adequate management of the risk that is followed in BBVA Colombia, allow the bank to develop a commercial operation keeping well quality indicators of the loan portfolio and a prudent risk profile.

NON-PERFORMING LOANS AND COVERAGE

Million COP

	3Q17	3Q18	Var TAM
Gross Loan Portfolio	42,066,154	44,949,470	6.9
Total Overdue loans	3,213,243	2,154,698	(32.9)
Overdue loans	369,775	348,987	(5.6)
Non-performing loans	2,843,469	1,805,712	(36.5)
Non-performing loans ratios	%	%	%
Overdue Loans ratio	0.88	0.78	(0.1)
NPL ratio	6.76	4.02	(2.7)
Loan -Loss Provision	2,159,345	2,824,216	30.8
Coverage overdue loans	75.94	156.40	80.5

At the end of September 2018, the NPL ratio was located at 4.02%. Also, the coverage overdue loan indicator is located at 156.40%.

Individual Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia for the year ended on December 31, 2017 and the intermediate period ended on September 30th, 2018:

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts stated in millions of Colombian pesos and thousands of shares)

Concept	Suscribed and paid-in capital				Retained Earnings						Total Shareholder Equity	
	Non-voting preferred shares		Ordinary shares		Legal and occasional reserves	Additional- paid in capital	Net profit For the period	Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)		Article 6 Law 4 of 1980
	Number	Value	Number	Value								
Balance of December 31 of 2017	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 2,535,777	\$ 651,950	\$ 457,466	\$ -	\$ 273,652	\$ 14,862	\$ 506	\$ 4,023,992
Transfers	-	-	-	-	-	-	(457,466)	457,466	-	-	-	-
Dividends paid in cash, preferred and common shares	-	-	-	-	-	-	-	(228,764)	-	-	-	(228,764)
Appropriation for legal reserve	-	-	-	-	228,702	-	-	(228,702)	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	423,908	-	-	-	-	423,908
Fixed asset valuation update	-	-	-	-	-	-	-	-	335	-	-	335
Deferred tax	-	-	-	-	-	-	-	-	(469)	-	-	(469)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Hedging with derivatives cash flow	-	-	-	-	-	-	-	-	-	(4,450)	-	(4,450)
Defined contributions pensions	-	-	-	-	-	-	-	-	-	-	-	-
Investments by equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in he OCI of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in uncontrolled investments	-	-	-	-	-	-	-	-	-	(2,626)	-	(2,626)
Accumulated unrealized gains on investments - Debt securities	-	-	-	-	-	-	-	-	-	(9,861)	-	(9,861)
Net deferred tax	-	-	-	-	-	-	-	-	-	(21,862)	-	(21,862)
Balance of September 30 of 2018	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 2,764,479	\$ 651,950	\$ 423,908	\$ -	\$ 273,518	\$ (23,937)	\$ 506	\$ 4,180,203

3. Consolidated Figures

Consolidated Results

Total assets of BBVA Colombia for the third quarter of 2018 closed with a balance of COP 58.1 trillion. This represents an annual growth rate of 8.4%, equivalent to a COP 4.5 trillion increase.

BALANCE SHEET - Consolidated

Million COP

	3Q17	3Q18	TAM	
			abs	%
Cash and cash equivalents	4,802,052	5,233,422	431,370	9.0
Investments	5,528,174	7,398,935	1,870,761	33.8
Derivative Financial Instruments and Cash Operations	709,668	781,680	72,012	10.1
Gross Loan Portafolio and Leasing	42,258,074	44,949,470	2,691,396	6.4
Provision for credit losses	(1,735,799)	(2,656,066)	(920,267)	53.0
Other	1,985,223	2,361,918	376,695	19.0
Assets	53,547,391	58,069,359	4,521,968	8.4
Deposits	42,031,349	46,107,461	4,076,112	9.7
Money Market Operations	785,031	363,076	(421,955)	(53.8)
Financial instruments at fair value	845,439	942,900	97,461	11.5
Banks and other financial obligations	1,782,546	2,329,938	547,392	30.7
Investment in debt securities	2,281,293	2,162,141	(119,152)	(5.2)
Liabilities by deferred tax	265,046	376,319	111,273	42.0
Estimated liabilities and provisions	239,853	273,108	33,255	13.9
Payable accounts	621,882	627,916	6,034	1.0
Labor Obligations	210,151	228,484	18,333	8.7
Other Liabilities	222,740	216,427	(6,313)	(2.8)
Liabilities	49,285,330	53,627,770	4,342,440	8.8
Paid-in Capital	89,779	89,779	(0)	(0.0)
Reserves	2,536,282	2,764,985	228,703	9.0
Surplus	1,306,873	1,055,772	(251,101)	(19.2)
Net Profit for the period	329,128	531,053	201,925	61.4
Stockholder's Equity	4,262,063	4,441,589	179,526	4.2
Total Liabilities and Stockholder's Equity	53,547,391	58,069,359	4,521,968	8.4

In relation to the Bank's liquidity resources, cash and cash equivalents presented an increase of COP 431.4 billion compare to 2017. This increase was the result of a COP 1.1 trillion in money market operations and a negative variation of a COP 654.5 billion in cash and deposits in banks.

Financial instruments at fair value closed with a balance of COP 781.7 billion, showing a positive variation of COP 72.0 billion.

Investments presented a positive variation of COP 1.9 trillion closing with a balance of \$7.4 trillion. This variation is mainly explained by the increase in investments at fair value with a change in ORI of COP \$2.2 trillion and of investments at fair value with a change in results of COP \$231.2 billion and by the decrease in investments with change in results in the money market and in guarantee of operations of 115.6 billion decrease and COP 407.1 billion decrease respectively.

The gross loan and leasing portfolio grew at an annual rate of 6.4% or COP 2.7 trillion, closing in September 2018 with a balance of COP 44.9 trillion. On its part, the impairment account, this includes specific and general provisions on the loan portfolio, increased by 53.0%. The other assets account increased by 19.0% or COP 376.7 billion.

In relation to the liability accounts, deposits and claims showed an annual growth of 9.7% or COP 4.1 trillion, closing with a balance of COP 46.1 trillion. This growth is explained mainly by a COP 2.7 trillion increase in checking accounts and an increase of COP 1.4 billion in term deposits. Liability positions in market operations decreased by COP 422 billion, due to a decrease of COP 72.3 billion in simultaneous operations and a decrease of COP 350.4 billion in short positions.

Financial instruments at fair value closed with a balance of COP 942.9 billion, which represent an increase of 11.5% compared with the same period in 2017. This variation is primarily the result of a decrease in trading SWAPS (COP 27.6 billion), and an increase in forwards (COP 82.3 billion), hedging SWAPS (COP 27.9 billion) and trading option (COP 14.4 billion).

Credit lines with banks and other financial obligations increased by COP 547.4 billion as a result of a COP 411 billion increases in other financial obligations, COP 381.9 billion in obligations with Findeter, COP 47.1 billion with Bancoldex and a COP 263.0 billion decrease with other international financial entities and COP 29.9 billion decrease with Finagro.

Accounts payable increased by 1.0%, while labor obligations showed an increase of 8.7%. Other liabilities decreased by 2.8% or COP 6.3 billion, closing at COP 216.4 billion.

Finally, Equity increased by 4.2% to COP 4.4 trillion at the end of September 2018.

Loan Portfolio

In September 2018, the gross loan portfolio closed at COP 44.9 trillion, equivalent to a 6.4% increase compared to the same period in 2017. Similarly, the net loan portfolio increased by 4.4%, closing at COP 42.3 trillion.

LOAN PORTFOLIO

Million COP

	3Q17	3Q18	Var TAM	
Gross Loan Portfolio	42,258,074	44,949,470	2,691,396	6.4
Consumer	14,945,360	16,265,200	1,319,840	8.8
Commercial	16,834,471	17,668,947	834,476	5.0
Microcredit	2	2	0	32.5
Mortgage	10,091,226	10,600,167	508,941	5.0
Leasing	387,015	415,154	28,139	7.3
Loan -Loss Provision	(1,735,799)	(2,656,066)	(920,267)	53.0
Net Loan Portfolio	40,522,274	42,293,404	1,771,130	4.4

The loan portfolio of BBVA Colombia keeps its attention in the particular segment, which accounts for 59.8% of its total gross loan portfolio at the end of September 2018. This segment increased by 7.3% compared to 2017, closing with a balance of COP 26.9 trillion.

The consumer portfolio, which includes payroll loan, vehicle, free investment, revolving credit, credit cards and overdrafts increased at an annual rate of 8.8%.

Mortgage loan portfolio grew by 5.0%, equivalent to an increase of COP 508.9 billion, and at the end of the third quarter of 2018 it accounted for 23.6% of the total gross loan portfolio.

Commercial portfolio grew at an annual rate of 5.0%, increasing by COP 834.5 billion.

Client's Resources

At the end of the third quarter of 2018, client's resources keep adjusted to the needs of liquidity of the Bank and funding grew in line with the dynamic growth of the loan portfolio. Resources of the clients grew by 8.9%, equivalent to an increase of COP 4.0 trillion, closing the quarter at COP 48.3 trillion. Term deposits certificates accounted for 43.3% of the total of the resources and showed a variation of 7.1%, closed with a balance of COP 20.9 trillion.

CLIENT'S RESOURCES

Million COP

	3Q17	3Q18	Var TAM	
Checking Accounts	22,520,010	25,202,407	2,682,397	11.9
Saving Accounts	19,511,339	20,905,054	1,393,715	7.1
Total Client's Deposits	42,031,349	46,107,461	4,076,112	9.7
Investment Securities in Circulation	2,281,293	2,162,141	(119,152)	(5.2)
Total Resources	44,312,641	48,269,602	3,956,961	8.9

Checking account increased 11.9%, which represented a positive variation of COP 2.7 trillion. These deposits represented 52.2% of total client's resources.

Investment securities in circulation closed at COP 2.2 trillion, equivalent to a decrease of 5.2% compared to 2017. It should be noted that ordinary bonds issued in 2010 came due in September 2017 in the amount of COP 134 billion.

Eligible Capital and Solvency Ratio

The accounting equity increased by 4.2%, closing at COP 4.4 trillion. This increase is primarily explained by the increase in reserves in the amount of COP 228.7 billion and of COP 201.9 billion in fiscal year earnings, COP 42.9 billion in other results. And by the decrease of COP 294.6 billion in retained earnings.

Technical Equity closed in September 2018 with a balance of COP 5.4 trillion, equivalent to an increase of 2.6%. Required equity according to Colombian regulations was COP 4.0 trillion, which implies an excess of equity over the required amount of COP 1.4 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	3Q17	3Q18	%
Accounting Equity	4,262,063	4,441,637	4.2
Eligible Capital	5,286,418	5,424,558	2.6
Ordinary Basic Equity	3,016,875	3,132,460	3.8
Additional Basic Equity	2,994	2,994	-
Additional EquityI (Tier II)	2,266,549	2,289,105	1.0
Technical Equity	5,286,418	5,424,558	2.6
Required Equity	3,597,881	3,986,911	10.8
Surplus Equity	1,688,537	1,437,647	(14.9)
Risk weighted assets including market risk	39,976,456	44,299,011	10.8
Value at Risk (VeR)	159,705	227,505	42.5
Solvency Ratio without VeR	13.84	12.99	(85.2)
Solvency Ratio with VeR (minimum 9%)	13.22	12.25	(97.4)
Tier 1 (%) ¹	7.55	7.07	(47.5)

¹ Basic Equity against risk-weighted assets

Risk-Weighted Assets closed at COP 44.3 trillion, equivalent to growth of 10.8%, reflecting the growth of the business. On its part, the Market Value at Risk (VeR) increased by 42.5%.

The Group's solvency ratio closet at 12.25%, a 97 bps reduction compared to the same period in 2017.

Income Statement

Next, it is showing the results of BBVA Colombia accumulated at the end of the third quarter of 2017 and 2018:

Net interest income registered an interannual increase of 9.1%. Loan portfolio revenues decreased by COP 5.6 billion, while expenses decreased by COP 170.8 billion. The above was driven by the scenario of lower interest rates, which leads to deposits being re-priced more quickly than loans. For this reason, net interest revenues increased by COP 165.2 billion.

Net commission income closed at the end of September 2018 with a variation of 46.5%. On its part, Investment portfolio revenues decreased by COP 98.0 billion or -25.8%, explained by the income generated in securities and derivatives. Dividends increased by 49.2%, closing with a balance of COP 17.1 billion. On the other hand, the other revenues line, which includes operating revenues from financial services and recoveries of operating and other risks, posted an 18.5% decrease.

Accumulated Income Statement

Million COP

	3Q17	3Q18	Var TAM	
Loan Portfolio	3,530,197	3,524,595	(5,602)	(0.2)
Interest Expense	(1,711,713)	(1,540,884)	170,829	(10.0)
NET INTEREST INCOME	1,818,485	1,983,711	165,226	9.1
NET COMMISSION INCOME	178,579	261,618	83,039	46.5
Investment Portfolio	379,329	281,311	(98,018)	(25.8)
Dividends	11,444	17,070	5,626	49.2
Other Incomes	84,463	68,866	(15,597)	(18.5)
OTHER OPERATING INCOME	475,236	367,247	(107,989)	(22.7)
GROSS MARGIN	2,472,300	2,612,576	140,276	5.7
Net Asset Allocation	(883,482)	(641,468)	242,014	(27.4)
Administration General Expenses	(1,136,818)	(1,149,133)	(12,315)	1.1
Personal Expenses	(431,365)	(432,892)	(1,527)	0.4
General Expenses	(253,480)	(271,008)	(17,528)	6.9
Taxes	(99,644)	(93,185)	6,459	(6.5)
Other	(348,932)	(345,443)	3,489	(1.0)
Operational Risk	(3,397)	(6,605)	(3,208)	94.4
NON-INTEREST EXPENSES	(2,020,300)	(1,790,601)	229,699	(11.4)
Minority Interest	(892)	(1,348)	(456)	51.2
INCOME BEFORE TAX	451,108	820,627	369,519	81.9
Income Tax	(121,980)	(289,574)	(167,594)	137.4
NET PROFIT	329,128	531,052	201,924	61.4

Administrative expenses increased by 1.1% compared to the previous year. Payroll expenses increased by 0.4% compared to 2017. In the other hand, general expenses grew by 6.9%. Taxes and contributions expenses decreased by 6.5%.

Lastly, BBVA Colombia posted a net profit at the end of September 2018 in the amount of COP 531.1 billion.

In that way, it is showed the results of BBVA Colombia at the close of the third quarterly of 2017 and 2018 not accumulated.

Income Statement

Million COP

	3Q17	3Q18	Var TAM	
Loan Portfolio	1,172,451	1,173,219	768	0.1
Interest Expense	(522,244)	(516,239)	6,005	(1.1)
NET INTEREST INCOME	650,208	656,980	6,772	1.0
NET COMMISSION INCOME	58,090	85,405	27,315	47.0
Investment Portfolio	106,052	98,224	(7,828)	(7.4)
Dividends	81	263	182	225.6
Other Incomes	15,119	22,705	7,586	50.2
OTHER OPERATING INCOME	121,252	121,192	(60)	(0.0)
GROSS MARGIN	829,550	863,577	34,027	4.1
Net Asset Allocation	(373,092)	(191,686)	181,406	(48.6)
Administration General Expenses	(397,871)	(386,682)	11,189	(2.8)
Personal Expenses	(137,633)	(140,458)	(2,825)	2.1
General Expenses	(90,212)	(94,417)	(4,205)	4.7
Taxes	(33,697)	(31,274)	2,423	(7.2)
Other	(135,016)	(117,810)	17,206	(12.7)
Operational Risk	(1,313)	(2,723)	(1,410)	107.3
NON-INTEREST EXPENSES	(770,963)	(578,368)	192,595	(25.0)
Minority Interest	(335)	(421)	(86)	25.8
INCOME BEFORE TAX	58,252	284,788	226,536	388.9
Income Tax	17,300	(126,065)	(143,365)	(828.7)
NET PROFIT	75,552	158,722	83,170	110.1

The interest margin registered an interannual increase of 1%. For one side, incomes for concept of loan portfolio registered an increase of COP 768 million, while expenses increased COP 6 billion. In that way, net interest income increased to COP 6.7 billion.

Net commission income closed in the third quarterly with a positive variation of 47%. As well as other operational incomes that showed a decrease of COP 91.0 billion compared with the same period of the last year. However, other operating income did not show a variation with respect to the same period of the previous year. On the other hand, operating expenses showed a negative variation of 25% compared to the third quarter of 2017.

Finally, BBVA Colombia registered a net profit at the end of the third quarterly 2018 for a value of \$158.7 billion.

Consolidated Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia for the year ended on December 31, 2017 and the intermediate period ended on September 30th, 2018.

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts stated in millions of Colombian pesos and thousands of shares)

Concept	Subscribed and paid-in capital				Retained Earnings						Total Shareholder Equity	
	Non-voting preferred shares		Ordinary shares		Legal and Occasional Reserves	Premium on share Placement	Net Profit For the period	Retained Earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)		Article 6 Law 4 of 1980
	Number	Value	Number	Value								
Balance of December 31 of 2017	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 2,535,777	\$ 651,950	\$ 457,466	\$ -	\$ 273,652	\$ 14,862	\$ 506	\$ 4,023,992
Transfers	-	-	-	-	-	-	(457,466)	457,466	-	-	-	-
Dividends paid in cash, preferred and common shares	-	-	-	-	-	-	-	(228,764)	-	-	-	(228,764)
Appropriation for legal reserve	-	-	-	-	228,702	-	-	(228,702)	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	423,908	-	-	-	-	423,908
Fixed asset valuation update	-	-	-	-	-	-	-	-	335	-	-	335
Deferred tax	-	-	-	-	-	-	-	-	(469)	-	-	(469)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Hedging with derivatives cash flow	-	-	-	-	-	-	-	-	-	(4,450)	-	(4,450)
Defined contributions pensions	-	-	-	-	-	-	-	-	-	-	-	-
Investments by equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in the OCI of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in uncontrolled investments	-	-	-	-	-	-	-	-	-	(2,626)	-	(2,626)
Accumulated unrealized gains on investments - Debt securities	-	-	-	-	-	-	-	-	-	(9,861)	-	(9,861)
Net deferred tax	-	-	-	-	-	-	-	-	-	(21,862)	-	(21,862)
Balance of September 30 of 2018	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 2,764,479	\$ 651,950	\$ 423,908	\$ -	\$ 273,518	\$ (23,937)	\$ 506	\$ 4,180,203

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