

Quarterly Report January-September 2019

3Q19

Individual and Consolidated Report

Investor Relations

Bogotá D.C. November 2019

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1. Basics

Economic Environment

Tensions between the US and China rose significantly yet again in August following a new bilateral increase in tariffs and the US government officially accusing China of currency manipulation, after the Chinese Yuan slipped to its lowest level in over 11 years. Although negotiations have resumed in recent weeks, uncertainty remains high and recent data appears to confirm that growing protectionism and uncertainty are behind the slowdown in global activity. There has been a loss of buoyancy in exports, the manufacturing sector and investment. There are further contributing factors, such as concerns over a no-deal Brexit, the previously mentioned doubts about the effectiveness and scope of monetary policy, the upturn in oil prices following the attack on production facilities in Saudi Arabia and geopolitical tensions in other countries.

Although some trade agreement between China and US is expected, it will not be comprehensive and will keep the bilateral trade stressed, as it will be attentive to new requirements and activities that parts judge necessary. The less growth derivate from these trade restrictions will have a structural effect on the oil market, with the main applicants growing at lower rates than anticipated. Crude oil is expected to continue its downward tendency from an average of USD 62 Brent barrel in 2019 to USD 55 Brent barrel in 2020. Other global effects, which may have a limited effect in Colombia, are the United Kingdom's exit from the European Union and regional tensions that are already beginning to have an effect on ours buyers in the region.

In geographical terms, this slowdown is primarily notable in China and the Eurozone, but also in the US. Trade tensions are having a particularly negative effect on China, in combination with the structural slowdown of the Chinese economy. In the Eurozone, recent negative surprises in terms of growth are also linked to fears of a no deal Brexit. Finally, in the US, where the slowdown has been more gradual, growth is converging with its potential rate following the waning of the fiscal stimulus applied in 2018.

Given the high level of uncertainty and signs of moderation, and considering that inflation remains generally low, in recent months central banks have announced further monetary easing measures. In the US, the Federal Reserve cut interest rates by 50 bps to a range of between 1.75% and 2.0% as of July. This prompted a stream of similar actions from several central banks around the world. Measures taken in Europe aimed at expanding liquidity were of particular note, including a rate cut (10 bps) and additional stimuli. In China, in addition to actions in the fiscal area and exchange rate depreciation, a 50 bps cut in reserve requirements for banks was announced. Furthermore, official interest rates were cut from 4.35% to 4.20% between July and September.

Although there are growing doubts regarding the ability of monetary policy to further underpin economic activity, at least in the US and Europe, recent measures have helped to keep financial tensions under control. For example, the CBOE Volatility Index (VIX), which had risen at the beginning of August following trade tensions, eased more recently. However, markets remain cautious and

sovereign debt yields are holding at particularly low levels in both Europe and the US. While low yields stimulate the search for alternative financial investments, risk aversion remains relatively high on a macroeconomic level, as seen, for example, in the recent weakness of most currencies against the US dollar.

For the Fed, we expect an additional reduction before closing this year, but there is still high uncertainty about the end of this rate adjustment cycle. In Europe, far from knowing position of the new director of the ECB, we anticipate some more stimuli on several fronts, including interest rates. Finally, we anticipate some additional rate reductions in China at 3.75% in mid-2020. Furthermore, it is expected that monetary measures can be combined with fiscal actions that support demand in developed economies. However, complications such as the opening of a removal process for Donald Trump are on this field. Therefore, unlike what happened in the last global crisis following the bankruptcy of Lehman Brothers in 2008, a coordination of policies among the countries of greatest weight in the global economy is now less likely.

Due to this, we have revised downward the growth prospects for the global economy, as well as for the US, China and Europe. Global growth is expected to reach 3.2% in 2019 and 3.1% in 2020, significantly below that recorded in previous years and less than previously expected (3.3% in 2019 and 2020). In the US, following growth of 2.9% in 2018, GDP is set to expand 2.3% in 2019 and 1.8% in 2020 (0.2 pp below what was previously expected in both periods). In China, the rate of GDP expansion is expected to fall from 6.6% in 2018 to 6.0% in 2019 and 5.6% in 2020 (the forecast for this year is therefore unchanged, while that for next year has been lowered by 0.2 pp). Finally, the growth forecast for the Eurozone is also unchanged at 1.1% for 2019 but cut by 0.4 pp for 2020 to 0.8%.

The challenging external scenario, combined with a large current account deficit, created an environment conducive to sharp exchange rate depreciation over the course of the year, especially in the months of April and May, and subsequently in August and September. In September the exchange rate even reached a new record peak of 3,503 pesos per dollar. Movements in recent months have moved away from the fundamentals that have traditionally shaped exchange rate fluctuations, such as country risk, which is close to its lowest level, and oil, with a Brent barrel price of USD 62 this year; figures that do not justify the current exchange rate. At the same time, Colombian debt held in dollars is performing well, on a similar level to US bonds, and while local debt rates are no Colombia Economic Outlook / Fourth quarter 2019 5 longer rising, they have sustained the levels reached prior to the escalation of risk events, indicating an absence of credit risk or intrinsic risk for the economy. Going forward, we expect local markets to remain shaped by global risk that is benefiting from an economy with a considerable current account deficit, despite this being generated by capital goods imports and being largely financed by foreign direct investment during the year. Thus, we expect the dollar to close at around 3,388 pesos, with an average for the full year of 3,278 pesos per dollar. Looking ahead to 2020, we do not anticipate any changes to the risk scenario. There will be some further deterioration in oil prices, but with stronger local growth that will help curb depreciation of the exchange rate, which is set to close 2020 at 3,370 with an average for the full year of 3,380. We do not believe this exchange rate represents a new normal, but we do expect a somewhat more gradual correction than usual given that the external scenario will remain strained in the medium term.

Exchange rates have had a minor impact on inflation and an additional effect may still be in store, considering that the various pass-through mechanisms create a 4-month transmission lag. As such, although some transfers were observed in September, this has not exceeded 170 basis points on total tradable inflation and would account for some 50 bps in total inflation amid a twelve-month depreciation of slightly more than 10%, in line with our pass-through estimates. We expect the tradable inflation group to remain strained for some months until annual depreciation begins to ease toward the end of the year. That said the most recent major impact on total inflation has been a sharp surge in food prices. Initially, this was driven by a significant reduction in crops to avert risks associated with a potential "El Niño" event, which ended up being less severe than anticipated. It was also linked to a considerable demand for food outside of the home and purchases in border areas. These factors led to food price inflation of up to 5.6% in September from levels below the 3.0% target a year ago. Food inflation is expected to slow gradually over the remainder of the year and early next year, with price inflation moving close to the target by mid-2020. We thus expect inflation to stand at around 3.7% by year-end 2019 and 3.3% by the end of 2020

In this context, the issuer will face a rather unclear scenario shaped by the following factors: i) rising exchange rates that stand at peak levels, to date only partially affecting consumer inflation; ii) inflation at the top end of the target range, largely due to a food shock; iii) a current account deficit that complicates macroeconomic adjustment; iv) an output gap that remains on negative ground; v) a more lax external environment allowing for an easing of intervention rates in various countries; and vi) a drop in Federal Reserve rates. We therefore expect the Central Bank of Colombia to leave rates unchanged at the current rate of 4.25%. It should be noted that this level is expansionary. Considering the current level of inflation and the level forecast over the next 12 months, a real rate of less than 1.0% is anticipated. However, the rate may remain stable until early 2021, when a small increase may be considered to bring rates to neutral levels.

2. Individual Figures

Individual Results

Total assets of BBVA Colombia closed the third quarter of 2019 with a balance of COP 64,4 trillion. This showed an annual growth of 11.9% with a variation of COP 6,9 trillion.

Balance Sheet

Million COP

	3Q18	3Q19	TAM	
			abs	%
Cash	2,767,226	4,655,699	1,888,473	68.2
Assets positions in money market operations	2,460,482	1,168,772	(1,291,710)	(52.5)
Investment and derivatives transactions	8,318,944	10,785,111	2,466,167	29.6
Loan portfolio and leasing operations	44,949,470	48,278,276	3,328,806	7.4
Impairment	(2,824,216)	(2,814,501)	9,715	(0.3)
Other Assets	1,909,811	2,367,291	457,480	24.0
Total Assets	57,581,717	64,440,646	6,858,929	11.9
Deposits and financial claims	48,333,041	50,147,289	1,814,248	3.8
Liabilities positions in money market operations	363,098	2,932,913	2,569,816	707.7
Financial instruments at fair value	942,900	2,608,065	1,665,164	176.6
Banks and other financial obligations	2,329,938	2,204,374	(125,564)	(5.4)
Accounts payable	758,032	952,513	194,482	25.7
Labor obligations	225,753	244,306	18,553	8.2
Other Liabilities	448,753	679,994	231,241	51.5
Total Liabilities	53,401,514	59,769,454	6,367,940	11.9
Suscribed and paid-in-capital	89,779	89,779	-	-
Specific destination reserves and funds	2,764,479	3,039,130	274,651	9.9
Surplus	917,590	1,033,395	115,805	12.6
Gains or losses	408,354	508,889	100,535	24.6
Stockholder's Equity	4,180,203	4,671,193	490,991	11.7
Total Liabilities and Stockholder's Equity	57,581,717	64,440,646	6,858,929	11.9

In relation to the Bank's liquidity resources, cash balances increased by COP 1,9 trillion compared to 2018. This increase was due to a variation of COP 1,2 trillion in cash at the Banks and other financial entities, a positive variation of COP 586,9 billion in Banco de la República and a positive variation of COP 54,8 billion in cash at the Bank.

The active positions in money market closed with a balance of COP 1,2 trillion and showed a decrease of 52.5% with respect to the same period of 2018. This decrease of COP 1,3 trillion was due to a lower

volume in simultaneous operations, which showed a negative variation of COP 1,1 trillion and a decrease of COP 189,1 billion in inter-bank transactions.

For its part, Investments and Operations with derivatives showed a positive variation of 29.6% compared to September of 2018, closing with a balance of COP 10,8 trillion.

The gross loan and leasing portfolio registered an annual growth of 7.4% or COP 3,3 trillion, closing in September 2019 with a balance of COP 48,3 trillion. On its part, the Impairment account, this includes specific and general provisions of the loan portfolio decreased by 0.3%. The other assets account increased by 24.0% or COP 457,5 billion.

In relation to liabilities accounts, deposits and financial claims showed an annual growth of 3.8% or by COP 1,8 trillion, closing with a balance of COP 50,1 trillion. This growth is explained mostly by an increase of COP 3,2 trillion in saving accounts, an increase of COP 205,2 billion in service charges, an increase of COP 128,3 billion on investment securities, an increase of COP 12,1 billion in special deposits and an increase of COP 12,2 billion in banks and correspondent banks. Furthermore, term deposits and checking accounts showed a negative variation of COP 1,5 trillion and COP 201,3 billion respectively.

Liability positions in monetary market increased by COP 2,6 trillion, due to an increase of COP 2,0 trillion in repo operations, an increase of COP 322,5 billion in short positions, an increase of COP 165,0 billion in interbank funds and an increase of COP 109,4 billion in simultaneous operations.

Financial instruments at fair value closed with a balance of COP 2,6 trillion, which represent an increase of 176.6% compared with the same period in 2018. This variation is primarily the result of an increase of COP 1,3 trillion in trading swaps, an increase of COP 475,3 billion in trading forwards and an increase of COP 9,2 billion in trading options. Furthermore, hedging swaps showed a decreased of COP 157,7 billion.

Credit lines with banks and other financial obligations registered a decreased of COP 125,6 billion explained by the decrease of COP 118,6 billion in foreign entities and a decrease of COP 59,6 billion in Bancoldex obligations. Furthermore, Findeter and Finagro obligations showed an increase of COP 30,5 billion and COP 21,8 billion respectively.

Accounts payable registered a positive variation of 25.7%, while labor obligations showed an increase of 8.2%. Other liabilities increased by 51.5% or COP 231,2 billion, closing with a balance of COP 680,0 billion.

Finally, Equity increased by 11.7%, closing at COP 4,7 trillion at the end of September 2019.

Loan portfolio

In September of 2019, the gross loan portfolio closed with a balance of COP 48,3 trillion and registered a variation of 7.4% compared with the same period of 2018. Similarly, the net loan portfolio increased by 7.9%, closing with a balance of COP 45,5 trillion.

LOAN PORTFOLIO

Million COP

	3Q18	3Q19	Var TAM	
Gross loans	44,949,470	48,278,276	3,328,806	7.4
Consumer	15,258,596	16,682,992	1,424,396	9.3
Commercial	15,242,365	16,448,100	1,205,735	7.9
Microcredit	-	-	-	N.C
Mortgage	10,606,190	11,489,498	883,308	8.3
Leasing	1,687,621	1,640,899	(46,722)	(2.8)
Non-performing loan portfolio	348,987	308,581	(40,406)	(11.6)
Non-performing loans	1,805,712	1,708,207	(97,505)	(5.4)
Provisions	(2,824,216)	(2,814,501)	9,715	0.3
Total loans, net	42,125,254	45,463,775	3,338,521	7.9

The loan portfolio of BBVA Colombia keeps its attention in the retail segment, which represents 60.9% of the gross loan portfolio at the close of September 2019. This segment increased by 8.9% compared to 2018, closing at COP 28,2 trillion.

The consumer portfolio, which includes payroll loans, vehicle, hedge funds, revolving credit, credit cards and overdrafts increased at an annual rate of 9.3%. Payroll loans account has the biggest participation in the consumer portfolio, followed by free consumption and vehicle. The growth of payroll advance stands over the previous year.

Mortgage loans grew by 8.3%, which represented a variation of COP 882,4 billion. At the end of the third quarter of 2019, it represents 23.8% of the gross loan portfolio.

Commercial portfolio showed an annual increase of 7.9% with a positive variation of COP 1,2 trillion. For its part, the leasing portfolio showed a decrease of 2.8% with a variation of COP 46,7 billion.

Client's Resources

At the end of the third quarter of 2019, client's resources keep adjusted to the needs of liquidity of the Bank. Resources of the clients increased by 3.8%, that represents a variation of COP 1,8 trillion, closing the quarter at COP 50,1 trillion. Term deposits represented 38.7% of total resources and registered a negative variation of 7.1%, achieving a balance of COP 19,4 trillion.

CLIENT'S RESOURCES

Million COP

	3Q18	3Q19	Var TAM	
Checking Accounts	6,618,391	6,417,106	(201,285)	(3.0)
Saving Accounts	18,024,945	21,169,712	3,144,767	17.4
Term Deposits	20,905,054	19,417,816	(1,487,237)	(7.1)
Other Deposits	622,510	852,210	229,700	36.9
Total Client's Deposits	46,170,900	47,856,845	1,685,945	3.7
Investment Securities in Circulation	2,162,141	2,290,444	128,303	5.9
Total Resources	48,333,041	50,147,289	1,814,248	3.8

Transactional deposits (checking and saving accounts) increased by 11.9%, which represents a positive variation of COP 2,9 trillion. These deposits represented 55.0% of the total of the client's resources.

Investment securities in circulation closed at COP 2,3 trillion, equivalent to an increase of 5.9% compared to 2018.

Eligible Capital and Solvency Ratio

The accounting equity registered a positive variation of 11.7% and closed in COP 4,7 trillion. This increase is primarily explained by the increase in reserves of COP 274,7 billion, due to the increase of COP 100,5 billion in fiscal year earnings, and by the increase of COP 115,8 billion in Surplus.

The technical equity closed in the third quarter of 2019 with a balance of COP 5,7 trillion and registered a variation of 5.5%. According to the Colombian regulation, the required equity reached in COP 4,5 trillion, which implies an excess of equity over the required amount of COP 1,2 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	3Q18	3Q19	%
Accounting Equity	4,180,203	4,671,193	11.7
Eligible Capital	5,424,155	5,720,819	5.5
Ordinary Basic Equity	3,130,382	3,210,178	2.5
Additional Basic Equity	2,994	2,994	-
Additional Equity (Tier II)	2,290,780	2,507,647	9.5
Technical Equity	5,424,155	5,720,819	5.5
Required Equity	3,992,339	4,480,392	12.2
Surplus Equity	1,431,817	1,240,427	(13.4)
Risk weighted assets including market risk	44,359,321	49,782,133	12.2
Value at Risk (VeR)	227,877	358,649	57.4
Solvency Ratio without VeR	12.97	12.49	-48 bps
Solvency Ratio with VeR (minimum 9%)	12.23	11.49	-74 bps
Tier 1 (%) ¹	7.06	6.45	-61 bps

¹Basic Equity against risk-weighted assets

Risk-weighted assets including market risk (RWA's) closed at COP 49,8 trillion, equivalent to growth of 12.2% in line with the growth in the activity. On its part, the value in market risk (VeR) increased by 57.4%.

The Bank's solvency ratio closed at 11.49%, with a decrease of 74 bps compared with the same period in 2018.

Income Statement

Net interest income registered an interannual increase of 6.4%. Loan portfolio revenues increased by COP 71,0 billion, while expenses decreased by COP 60,9 billion. The above was driven by the good management of the Bank. For this reason, net interest income increased by COP 132,0 billion.

Net fee income closed with a negative variation of 7.0%. On its part, incomes generated for the investment portfolio increased by COP 13,3 billion or 4.4%, explained by an increase in incomes in derivatives and incomes obtained in securities. Dividends registered an increase of 3.1% and closed with a balance of COP 17,2 billion. Furthermore, the line of other incomes, which includes operational incomes from financial services provided and recoveries of operative risks and other, registered a 59.2% increase.

Net provisions closed with a balance of COP 772,9 billion and showed a decrease of 3.1%.

Next, it is showing the results of BBVA Colombia accumulated at the close of the third quarter of 2018 and 2019:

Accumulated Income Statement

Million COP

	3Q18	3Q19	Var TAM	
Interest Income	3,608,546	3,679,554	71,008	2.0
Interest Expense	(1,542,744)	(1,481,787)	60,957	(4.0)
NET INTEREST INCOME	2,065,802	2,197,767	131,965	6.4
NET FEE INCOME	116,593	108,382	(8,211)	(7.0)
Investment Portfolio	302,543	315,864	13,321	4.4
Dividends	16,682	17,194	512	3.1
Other incomes	65,466	104,238	38,772	59.2
OTHER OPERATING INCOME	384,691	437,296	52,605	13.7
GROSS MARGIN	2,567,086	2,743,445	176,359	6.9
Net Provisions	(797,856)	(772,956)	24,900	(3.1)
Operational Costs	(1,129,165)	(1,183,344)	(54,179)	4.8
Personal Expenses	(421,273)	(446,264)	(24,991)	5.9
General Expenses	(269,554)	(294,735)	(25,181)	9.3
Taxes	(91,741)	(95,352)	(3,611)	3.9
Other	(339,993)	(341,447)	(1,454)	0.4
Operational Risk	(6,605)	(5,547)	1,058	(16.0)
OPERATING EXPENSES	(1,927,022)	(1,956,301)	(29,279)	1.5
PROFIT BEFORE TAX	640,064	787,145	147,080	23.0
Income Tax	(216,156)	(262,702)	(46,545)	21.5
NET INCOME	423,908	524,443	100,535	23.7

Operational cost registered an increase of COP 54,2 billion compared with the last year. Personal expenses increased by 5.9% compared with 2018. Furthermore, general expenses increased by 9.3% and expenses on taxes and fees increased by 3.9%.

Finally, BBVA Colombia registered a net income at the end of the third quarter of 2019 of COP 524,4 billion which was 23.7% higher than the profit of the previous year.

In that way, it is showed the results of BBVA Colombia at the close of the third quarterly of 2018 and 2019 not accumulated:

Income Statement

Million COP

	3Q18	3Q19	Var TAM	
Interest Income	1,201,749	1,242,825	41,076	3.4
Interest Expense	(516,914)	(503,619)	13,296	(2.6)
NET INTEREST INCOME	684,835	739,206	54,372	7.9
NET FEE INCOME	33,736	28,520	(5,215)	(15.5)
Investment Portfolio	104,882	96,801	(8,081)	(7.7)
Dividends	264	(995)	(1,259)	(477.2)
Other incomes	20,685	35,458	14,773	71.4
OTHER OPERATING INCOME	125,831	131,264	5,433	4.3
GROSS MARGIN	844,401	898,991	54,589	6.5
Net Provisions	(246,876)	(238,728)	8,147	(3.3)
Operational Costs	(378,779)	(402,319)	(23,540)	6.2
Personal Expenses	(136,604)	(149,283)	(12,679)	9.3
General Expenses	(93,769)	(102,279)	(8,511)	9.1
Taxes	(30,758)	(32,490)	(1,732)	5.6
Other	(114,925)	(116,392)	(1,467)	1.3
Operational Risk	(2,723)	(1,875)	848	(31.1)
OPERATING EXPENSES	(625,655)	(641,048)	(15,393)	2.5
PROFIT BEFORE TAX	218,746	257,943	39,197	17.9
Income Tax	(80,781)	(91,261)	(10,480)	13.0
NET INCOME	137,965	166,682	28,717	20.8

The net interest income registered an interannual increase of 7.9%. For one side, interest income registered an increase of COP 41,1 billion, while interest expense decreased by COP 13,3 billion. In that way, net interest income increased to COP 54,4 billion.

Net fee income closed in the third quarterly with a negative variation of 15.5%. Furthermore, other operating incomes showed an increase of COP 5,4 billion compared with the same period of the last year. Operating expenses showed an increase of COP 15,4 billion compared to the third quarter of last year.

Finally, BBVA Colombia registered a net income at the end of the third quarterly 2019 for a value of \$166,7 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

	3Q18	3Q19	Var TAM
Gross Loan Portfolio	44,949,470	48,278,276	7.41
Total Overdue loans	2,154,698	2,016,788	(6.40)
Overdue loans	348,987	308,581	(11.58)
Non-performing loans	1,805,712	1,708,207	(5.40)
Non-performing loans ratios	%	%	%
Overdue Loans ratio	0.78	0.64	(0.14)
NPL ratio	4.02	3.54	(0.48)
Loan -Loss Provision	2,824,216	2,814,501	(0.34)
Coverage overdue loans	156.40	164.76	5.34

At the end of September 2019, the NPL ratio was located at 3.54%. Also, the coverage overdue loan indicator is located at 164.76%.

Individual Statement of Changes in Equity

Below is the statement of changes in shareholders' equity of BBVA Colombia for the year ended on December 31th, 2018 and September 30th 2019.

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	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 2018	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 2,764,479	\$ 651,950	\$ 549,312	\$ -	\$ 273,676	\$ 17,054	\$ 506	\$ 4,346,756
Transfers	-	-	-	-	-	-	(549,312)	549,312	-	-	-	-
Cash dividends paid in preferred and common shares	-	-	-	-	-	-	-	(274,661)	-	-	-	(274,661)
Appropriation for legal reserve	-	-	-	-	274,651	-	-	(274,651)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	524,443	-	-	-	-	524,443
Fixed asset valuation update	-	-	-	-	-	-	-	-	(4,503)	-	-	(4,503)
Net deferred tax (Net effect of labor obligations and net fixed assets)	-	-	-	-	-	-	-	-	(4,965)	-	-	(4,965)
Hedging with cash flow derivatives	-	-	-	-	-	-	-	-	-	12,896	-	12,896
Actuarial gains and losses on defined contributions pensions	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income:												
Investments by equity method	-	-	-	-	-	-	-	-	-	424	-	424
Deferred tax on defined contributions pensions	-	-	-	-	-	-	-	-	-	198	-	198
Deferred tax on equity investment management	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax on equity instruments	-	-	-	-	-	-	-	-	-	(17)	-	(17)
Deferred tax on investments available for sale	-	-	-	-	-	-	-	-	-	(7,811)	-	(7,811)
Deferred tax on cash flow hedge	-	-	-	-	-	-	-	-	-	(4,771)	-	(4,771)
Unrealised retained earnings in equity instruments	-	-	-	-	-	-	-	-	-	62,094	-	62,094
Retained earnings by new measurements of financial assets on investments available for sale	-	-	-	-	-	-	-	-	-	21,111	-	21,111
Balance of September 30th of 2019	\$ 479,760	\$ 2,994	\$ 13,907,929	\$ 86,785	\$ 3,039,130	\$ 651,950	\$ 524,443	\$ -	\$ 264,208	\$ 101,177	\$ 506	\$ 4,671,192

3. Consolidated Figures

Consolidated Results

Total assets of BBVA Colombia closed the third quarter of 2019 with a balance of COP 65,2 trillion. This showed an annual growth rate of 12.2%, which represented a variation of COP 7,1 trillion.

BALANCE SHEET - Consolidated Million COP

	3Q18	3Q19	TAM	
			abs	%
Cash and cash equivalents	5,233,422	5,826,662	593,240	11.3
Investments	7,398,935	8,166,599	767,664	10.4
Derivative Financial Instruments and Cash Operations	781,680	2,465,692	1,684,012	215.4
Gross Loan Portafolio and Leasing	44,949,470	48,278,276	3,328,806	7.4
Provision for credit losses	(2,656,066)	(2,439,064)	217,002	(8.2)
Other	2,361,918	2,863,623	501,705	21.2
Assets	58,069,359	65,161,788	7,092,429	12.2
Deposits	46,107,461	47,782,563	1,675,102	3.6
Money Market Operations	363,076	2,932,683	2,569,607	707.7
Financial instruments at fair value	942,900	2,608,064	1,665,164	176.6
Banks and other financial obligations	2,329,938	2,204,374	(125,564)	(5.4)
Investment in debt securities	2,162,141	2,290,444	128,303	5.9
Liabilities by deferred tax	376,319	583,976	207,657	55.2
Estimated liabilities and provisions	273,108	323,500	50,392	18.5
Payable accounts	627,916	723,901	95,985	15.3
Labor Obligations	228,484	247,562	19,078	8.3
Other Liabilities	216,427	435,445	219,018	101.2
Liabilities	53,627,770	60,132,512	6,504,742	12.1
Paid-in Capital	89,779	89,779	-	-
Additional-paid in capital	651,950	651,950	-	-
Noncontrolling interests	6,197	6,630	433	7.0
Reserves	2,764,985	3,039,636	274,651	9.9
Surplus	397,625	728,982	331,357	83.3
Net income	531,053	512,299	(18,754)	(3.5)
Stockholder´s Equity	4,441,589	5,029,276	587,687	13.2
Total Liabilities and Stockholder´s Equity	58,069,359	65,161,788	7,092,429	12.2

In relation to the Bank's liquidity resources, cash and cash equivalents showed an increase of COP 593,2 billion compared to 2018. This increase was the result of a COP 1,9 trillion in cash and deposits in banks and a negative variation of COP 1,3 trillion in money market operations.

Derivative financial instruments and cash operations closed with a balance of COP 2,5 trillion, showed a positive variation of COP 1,7 trillion.

Investments showed a positive variation of COP 767,7 billion closing with a balance of COP 8,2 trillion. This variation is mainly explained by the increase in investments at fair value with a change in results in the money market operations of COP 1,5 trillion and 107,4 billion in investments at amortized cost. Furthermore, investments at fair value with a change in results showed a decrease of COP 560,9 billion, investments with change in other comprehensive income showed a decrease of COP 256,0 billion and investments delivered in guarantee operations showed a decrease of COP 24,2 billion.

The gross loan and leasing portfolio grew at an annual rate of 7.4% or COP 3,3 trillion closing in September 2019 with a balance of COP 48,3 trillion. On its part, the impairment account, this includes specific and general provisions on the loan portfolio, increased by 8.2%. The other assets account increased by 25.7% or COP 584,7 billion.

In relation to the liability accounts, deposits and claims showed an annual growth of COP 1,7 trillion, closing with a balance of COP 47,8 trillion. This growth is explained mainly by a COP 3,2 trillion increase in checking accounts and a decrease of COP 1,5 trillion in term deposits. Liability positions in market operations increased by COP 2,6 trillion, due to an increase of COP 2,0 trillion in repo operations, an increase of COP 322,5 billion in short positions, an increase of COP 165,0 billion in interbank funds and an increase of COP 109,4 billion in simultaneous operations.

Derivative financial instruments closed with a balance of COP 2,6 trillion, which represented an increase of 176.6% compared with the same period in 2018. This variation is primarily the result of an increase of COP 1,8 trillion in trading swaps and by the decrease of COP 157,7 billion in hedging instrument.

Credit lines with banks and other financial obligations decreased by COP 125,6 billion as a result of a decrease of COP 118,6 billion with international financial entities, a decrease of COP 59,6 billion with Bancoldex. In addition, obligations with Findeter and Finagro showed a positive variation of COP 30,5 billion and COP 21,8 billion respectively.

Accounts payable showed a positive variation of 15.3%, while labor obligations showed an increase of 8.3%. Other liabilities increased by 101.2% or COP 219,0 billion, closing at COP 435,4 billion. Finally, Equity increased by 13.2%, closing with a balance of COP 5,0 trillion in September 2019.

Loan Portfolio

In September 2019, the gross loan portfolio closed at COP 48,3 trillion, equivalent to a 7.4% increase compared to the same period in 2018. Similarly, the net loan portfolio increased by 8.4%, closing at COP 45,8 trillion.

LOAN PORTFOLIO

Million COP

	3Q18	3Q19	Var TAM	
Gross Loan Portfolio	44,949,470	48,278,276	3,328,806	7.4
Consumer	16,265,200	17,639,413	1,374,213	8.4
Commercial	17,668,947	18,637,941	968,994	5.5
Microcredit	2	2	-	-
Mortgage	10,600,167	11,536,818	936,651	8.8
Leasing	415,154	464,102	48,948	11.8
Loan -Loss Provision	(2,656,066)	(2,439,064)	217,002	(8.2)
Net Loan Portfolio	42,293,404	45,839,212	3,545,808	8.4

The loan portfolio of BBVA Colombia keeps its attention in the retail segment, which accounts for 60.4% of its total gross loan portfolio at the end of September 2019. This segment increased by 8.6% compared to 2018, closing with a balance of COP 29,2 trillion.

The consumer portfolio, which includes payroll loan, vehicle, free investment, revolving credit, credit cards and overdrafts increased at an annual rate of 8.4%.

Mortgage loan portfolio grew by 8.8%, equivalent to an increase of COP 936,7 billion, and at the end of September 2019 it accounted for 23.9% of the total gross loan portfolio.

Commercial portfolio showed an annual rate of 5.5% increase with a positive variation of COP 968,9 billion.

Client's Resources

At the end of the third quarter of 2019, client's resources keep adjusted to the liquidity needs of the Bank and funding grew in line with the dynamic growth of the loan portfolio. Client's resources increased by COP 1,8 trillion, closing the quarter at COP 50,1 trillion. Term deposits represented 38.8% of total of the resources and showed a negative variation of 7.1%, closed with a balance of COP 19,4 trillion.

CLIENT'S RESOURCES Million COP

	3Q18	3Q19	Var TAM	
Checking Accounts	25,202,407	28,364,747	3,162,340	12.5
Saving Accounts	20,905,054	19,417,816	(1,487,238)	(7.1)
Total Client's Deposits	46,107,461	47,782,563	1,675,102	3.6
Investment Securities in Circulation	2,162,141	2,290,444	128,303	5.9
Total Resources	48,269,602	50,073,007	1,803,405	3.7

Checking account increased 12.5%, which represented a positive variation of COP 3,2 trillion. These deposits represented 56.6% of total client's resources.

Investment securities in circulation closed at COP 2,3 trillion, equivalent to an increase of 5.9% compared to 2018.

Eligible Capital and Solvency Ratio

The accounting equity increased by 13.2%, closing at COP 5,0 trillion. This increase is primarily explained by the increase in reserves in the amount of COP 274,7 billion, by the increase of COP 331,4 billion in surplus and by the increase of COP 433 million in non-controlled investments. Furthermore, there was a decrease of COP 18,8 billion in fiscal year earnings.

Technical Equity closed in September 2019 with a balance of COP 5,7 trillion, equivalent to an increase of 5.6%. Required equity according to the Colombian regulations was COP 4,5 trillion, which implies an excess of equity over the required amount of COP 1,2 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	3Q18	3Q19	%
Accounting Equity	4,441,589	5,029,276	13.2
Eligible Capital	5,424,558	5,726,457	5.6
Ordinary Basic Equity	3,132,460	3,215,805	2.7
Additional Basic Equity	2,994	2,994	-
Additional Equity I (Tier II)	2,289,105	2,507,658	9.5
Technical Equity	5,424,558	5,726,457	5.6
Required Equity	3,986,911	4,492,268	12.7
Surplus Equity	1,437,647	1,234,189	(14.2)
Risk weighted assets including market risk	44,299,011	49,914,084	12.7
Value at Risk (VeR)	227,505	359,858	58.2
Solvency Ratio without VeR	12.99	12.47	(51)
Solvency Ratio with VeR (minimum 9%)	12.25	11.47	(78)
Tier 1 (%) ¹	7.07	6.44	(63)

¹ Basic Equity against risk-weighted assets

Risk-Weighted Assets closed at COP 49,9 trillion, equivalent to growth of 12.7%, reflecting the growth of the business. On its part, the Market Value at Risk (VeR) increased by 58.2%.

The Group's solvency ratio closed at 11.47% with a negative variation of 78 bps compared to the same period of 2018.

Income Statement

Net interest income registered an interannual increase of 2.8%. Loan portfolio revenue showed a decrease of COP 6,3 billion as well as expenses, which registered a decrease of COP 61,0 billion. For this reason, the net interest income showed an increase of COP 54,7 billion.

Net fee income closed in September 2019 with a positive variation of COP 44,2 billion. On its part, Investment portfolio revenues increased by COP 13,8 billion or 4.9%, explained by the increase in securities (+ \$ 41,2 billion), an increase of difference in net change (+ \$ 57,2 billion) and the decrease in derivatives of \$ 84,6 billion. Dividends showed a positive variation of 3.2%, closing with a balance of COP 17,6 billion. Furthermore, the other revenues line, which includes operating revenues for financial services and recoveries of operating and other risks, recorded an increase of 54.5%.

Next, it is showing the results of BBVA Colombia accumulated at the end of September 2018 and 2019:

Accumulated Income Statement

Million COP

	3Q18	3Q19	Var TAM	
Interest Income	3,524,595	3,518,322	(6,273)	(0.2)
Interest Expense	(1,540,884)	(1,479,928)	60,956	(4.0)
NET INTEREST INCOME	1,983,711	2,038,394	54,683	2.8
NET FEE INCOME	261,618	305,841	44,223	16.9
Investment Portfolio	281,311	295,104	13,793	4.9
Dividends	17,070	17,622	552	3.2
Other Incomes	68,866	106,421	37,555	54.5
OTHER OPERATING INCOME	367,247	419,147	51,900	14.1
GROSS MARGIN	2,612,576	2,763,382	150,806	5.8
Net Provisions	(641,468)	(773,415)	(131,947)	20.6
Operational Costs	(1,149,133)	(1,204,532)	(55,399)	4.8
Personal Expenses	(432,892)	(458,408)	(25,516)	5.9
General Expenses	(271,008)	(296,886)	(25,878)	9.5
Taxes	(93,185)	(96,996)	(3,811)	4.1
Other	(345,443)	(346,695)	(1,252)	0.4
Operational Risk	(6,605)	(5,547)	1,058	(16.0)
OPERATING EXPENSES	(1,790,601)	(1,977,947)	(187,346)	10.5
Minority Interest	(1,348)	(1,375)	(27)	2.0
PROFIT BEFORE TAX	820,627	784,059	(36,568)	(4.5)
Income Tax	(289,574)	(271,760)	17,814	(6.2)
NET PROFIT	531,052	512,299	(18,753)	(3.5)

Operational costs registered an increase of COP 55,4 billion compared to the previous year. Personal expenses increased by 5.9% compared to 2018. Furthermore, general expenses grew by 9.5%. Taxes and contributions expenses registered an increase 4.1%. The net provisions showed an increase of 20.6% and closed with a balance of COP 773,4 billion. This variation is explained by the greater activity of the Banking Group, by the deterioration of the macroeconomic environment and by higher write-offs in commercial loans made in the year.

Lastly, BBVA Colombia posted a net profit at the end of September 2019 in the amount of COP 512,2 billion. This profit is 3.5% lower than that registered in the third quarter of 2018. It was important to emphasize that for the third quarter of 2018, adjustments were recorded in the income statement (provisions) under IFRS9 regulations. Since December 2018, the adjustments were included in the balance sheet. Discounting this effect, the Group's profit showed an increase of 20.9%.

In that way, it is showed the results of BBVA Colombia at the close of the third quarterly of 2018 and 2019 not accumulated:

Income Statement

Million COP

	3Q18	3Q19	Var TAM	
Interest Income	1,173,219	1,257,553	84,334	7.2
Interest Expense	(516,239)	(502,839)	13,400	(2.6)
NET INTEREST INCOME	656,980	754,714	97,734	14.9
NET FEE INCOME	85,405	41,234	(44,171)	(51.7)
Investment Portfolio	98,224	89,053	(9,171)	(9.3)
Dividends	263	(995)	(1,258)	(478.3)
Other Incomes	22,705	36,029	13,324	58.7
OTHER OPERATING INCOME	121,192	124,087	2,895	2.4
GROSS MARGIN	863,577	920,035	56,458	6.5
Net Provisions	(191,686)	(238,907)	(47,221)	24.6
Operational Costs	(386,681)	(409,798)	(23,117)	6.0
Personal Expenses	(140,457)	(153,502)	(13,045)	9.3
General Expenses	(94,417)	(102,964)	(8,547)	9.1
Taxes	(31,274)	(33,133)	(1,859)	5.9
Other	(117,810)	(118,323)	(513)	0.4
Operational Risk	(2,723)	(1,876)	847	(31.1)
OPERATING EXPENSES	(578,367)	(648,705)	(70,338)	12.2
Minority Interest	(421)	(456)	(35)	8.3
PROFIT BEFORE TAX	284,789	270,873	(13,916)	(4.9)
Income Tax	(126,065)	(99,344)	26,721	(21.2)
NET PROFIT	158,722	171,529	12,807	8.1

The interest margin registered an interannual increase of 14.9%. For one side, interest income registered an increase of COP 84,3 billion, while interest expense increased COP 13,4 billion. In that way, net interest income increased to COP 97,7 billion.

Net fee income closed in the third quarterly with a negative variation of 51.7%. As well as other operating incomes showed an increase of COP 2,8 billion compared with the same period of the last year. Furthermore, operating expenses showed a decrease of COP 70,3 billion compared to the third quarter of last year.

Finally, BBVA Colombia registered a net income at the end of the third quarter of 2019 for a value of \$171,5 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 31th 2018 and September 30th 2019.

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

Concept	Number of shares	Subscribed and paid-in capital	Additional- paid in capital	Legal and occasional reserves	Net profit for the period	Retained earnings (NICF Implementation)	Adjustments in the adoption for the first time NICF	Other comprehensive income (OCI)	Article 6 Law 4 of 1980	Total shareholders' equity	Non-controlling interest	Total Equity
Balance of December 31th of 2018	\$ 479,760	\$ 86,785	\$ 651,950	\$ 2,764,479	\$ 563,653	\$ 130,462	\$ (24,582)	\$ 449,954	\$ 506	\$ 4,626,201	\$ 6,972	\$ 4,633,173
Non controlled interest (minority interest)	-	-	-	-	-	-	-	-	-	-	(1,717)	(1,717)
Transfers	-	-	-	-	(563,653)	563,653	-	-	-	-	-	-
Dividends paid in cash, preferred and common shares	-	-	-	-	-	(274,661)	-	-	-	(274,661)	-	(274,661)
Appropriation for legal reserve	-	-	-	274,651	-	(274,651)	-	-	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	512,299	-	-	-	-	512,299	1,375	513,674
Retained earnings sales force	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	(5,071)	-	-	(5,071)	-	(5,071)
Unrealised retained earnings in new measurements of financial	-	-	-	-	-	-	-	-	-	(14,341)	-	(14,341)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset valuation update	-	-	-	-	-	-	(3,411)	-	-	(3,411)	-	(3,411)
Hedging with derivatives cash flow	-	-	-	-	-	-	-	12,895	-	12,895	-	12,895
Actuarial losses	-	-	-	-	-	-	-	-	-	-	-	-
Defined contributions pension	-	-	-	-	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Participation in other comprehensive income of the noncontrolled investments - internal model	-	-	-	-	-	-	-	40,050	-	40,050	-	40,050
Loan portfolio measurements Incurred Loss	-	-	-	-	-	-	-	-	-	-	-	-
IFRS 9 Earnings	-	-	-	-	-	-	-	178,883	-	178,883	-	178,883
Unrealised retained earnings in new measurements of financial instruments	-	-	-	-	-	(14,341)	-	21,112	-	21,112	-	21,112
Net deferred tax	-	-	-	-	-	-	-	(70,778)	-	(70,778)	-	(70,778)
Profits (losses) other patrimonial items of subordinates	-	-	-	-	-	-	-	453	-	453	-	453
Balance of September 30th of 2019	\$ 479,760	\$ 86,785	\$ 651,950	\$ 3,039,130	\$ 512,299	\$ 130,462	\$ (33,064)	\$ 632,569	\$ 506	\$ 5,023,631	\$ 6,630	\$ 5,030,261

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