

Management Report 4Q 2017

Individual and Consolidated Report

Investor Relations

Bogotá D.C, February 2018

Index

Index	2
1. Basics	3
2. Individual Figures	5
3. Consolidated Figures	14

1. Basics

Economic environment

Global economic growth was stabilized at around 1% quarter-on-quarter in the middle of 2017 and was kept in similar values until the end of the year, as anticipated by the set of leading indicators published until now. This positive dynamic shows a better economic performance in all areas with the clearest convergence between the growth rates of advanced and emerging economies, therefore, it allows having a most synchronized recovery from the financial crisis in 2008-2009.

The positive and synchronized economic environment came with moderate levels of inflation and lack of inflationary pressures; also it was generalized by areas, despite the abundance of liquidity in the markets. Thus, Central Banks in the emerging economies had more capabilities of reaction, using monetary policy in order to help the economic growth. Also, Central Banks in advanced economies were able to be cautious at the time to implement normalization and the retreat of monetary stimulus. Particularly, the Federal Reserve raised twice interest rates of 25 basis points, while in Europe the assets purchase was renewed until 2018 to keep the liquidity support to the economy.

In 2017, the Colombian economy continued with a slow and gradual process of decelerating caused by the downturn of the oil price in 2014. This decelerating was heightened by the negative effects of the tax reform about the intern confidence and the consequences of consumption and investment, the higher interest and inflation rates of 2016. As a result, economic expansion was limited, especially during the first half of the year.

During this period, public expenditure and civil engineering were the leading sectors in the domestic demand performance. In fact, GDP without these two components would have only grown 0.3% per year, instead of an annual 1.3% expansion that finally materialized in the first half of 2017. The investment different from construction sector showed significant drop and it had a deep and quick slowdown, despite the incentives and subsidies from the government. Even, the setback of this last sector was maintained until the end of the year. Also, real private consumption restricted by the household confidence maintained growth rates close to the population growth rate.

Since mid-2017, the economy showed greater dynamism due to the reduction of the interest rates, the biggest drop in inflation, the recovery in commodities prices, the continuous dynamism in the construction sector and public expenditures, and the better behavior of exports in an environment of recovery in global economic growth. However, GDP growth rates remained below their historical averages and in the second half of the year, it was estimated to be, on average, 1.7%. Private consumption continued with similar GDP rates, while investment remained affected by the low

residential construction sector dynamism and remained on a negative side, despite an important rebound in investment in machinery and equipment. In summary, the growth during 2017 was approximately 1.5%.

In the other hand, the tendency of inflation throughout the year has been to reduce. Gradually the supply shocks that affected the prices of different types of goods were disappeared, such as the weather phenomenon known as “El Niño”, the devaluation and increase the VAT at the beginning of the year. The dilution of these factors has supported its move towards the inflation target (reaching a minimum of 3.5% for the year and 4.09% in December).

The good behavior of inflation and a weak performance of the economy over the course of 2017, has allowed the Central Bank to cut by 275 basis points their reference rate from 7.50% at the end of 2016 to 4.75% at the end of 2017.

This year the exchange rate has shown a more stable behavior than in previous years. The currency was traded between 2,840 and 3,100 COP/USD. That is, the volatility range was only 9%. The causes of this, among other factors, were the forces found throughout 2017: an appreciation of the price of crude, which favors the currency, and a more marked normalization of monetary policy in the US that weakens it. The final result also FED the smaller deficit in the checking account, which allows a less vulnerability in the financing of the Colombian economy. In addition, capital inflows continue to be robust in Colombia, both in foreign direct investment such as the portfolio. In the case of foreign direct investment, there is a reactivation of flows for the oil industry.

2. Individual Figures

Individual Results

Total assets of BBVA Colombia for the fourth quarter of 2017 closed with a balance of COP \$57.4 billion. This showed an annual growth of 11.9% and a variation of COP \$6.1 billion.

Balance Sheet

Million COP

	4Q17	4Q16 Adjustment	4Q16	TAM	
				abs	%
Cash	4,735,857	4,448,180	4,448,180	287,677	6.5
Active Positions in monetary market	1,032,004	448,960	448,960	583,044	129.9
Investment Securities & Derivatives	8,409,898	6,405,251	6,405,251	2,004,647	31.3
Loan Portfolio and Leasing Operations	43,649,649	39,618,528	39,618,528	4,031,121	10.2
Impairment	(2,290,570)	(1,562,298)	(1,562,298)	(728,273)	46.6
Other Assets	1,890,374	1,972,537	2,166,914	(82,162)	(4.2)
Total Assets	57,427,212	51,331,157	51,525,534	6,096,055	11.9
Deposits and Financial Claims	46,866,106	43,260,193	43,260,193	3,605,913	8.3
Passive Positions in monetary market	2,635,115	533,645	533,645	2,101,470	393.8
Financial Instruments at Fair Value	840,020	950,926	950,926	(110,906)	(11.7)
Banks And Other Financial Obligations	1,842,312	1,552,578	1,552,578	289,734	18.7
Other Liabilities	1,219,666	1,205,257	1,217,490	14,409	1.2
Total Liabilities	53,403,220	47,502,600	47,514,832	5,900,620	12.4
Suscribed and Paid-in-Capital	89,779	89,779	89,779	-	-
Specific Destination Reserves and Funds	2,535,777	2,279,237	2,279,237	256,539	11.3
Surplus	956,523	962,167	1,128,758	(5,644)	(0.6)
Gains or Losses	441,913	497,374	512,928	(55,461)	(11.2)
Stockholder's Equity	4,023,992	3,828,557	4,010,702	195,434	5.1
Total Liabilities and Stockholder's Equity	57,427,212	51,331,157	51,525,534	6,096,055	11.9

In relation with the liquidity resources of the Bank, the available register an increase of COP \$287.677 Million in relation with the last year, explained for an increment in the deposits of the Central Bank of COP\$129 billion, an increase in the deposits in banks and other financial entities of COP \$183 billion. The cash present a variation of COP \$25 billion.

Active positions in monetary market closed with a balance of COP \$1 billion, as a result of the increase of 129.9% in relation to the same period in 2016. This increase of COP \$583.044 Million is explained mostly for an increase of volume in simultaneous operations. On the other hand, investments securities and derivatives registered a positive variation of 31.3% in relation to the same period in 2016, closing with a balance of COP \$8.4 billion. This increase is explained mostly by a

positive variation of COP \$1.9 billion in the investment of the reasonable value with changes in the results.

The gross loan and leasing portfolio registered an annual growth of 10.2% or COP \$4 billion, closing in December of 2017 with a balance of COP \$43.6 billion. On the other hand, the loan Portfolio that corresponds to the generic and specific provisions of portfolio presents an increase of 46.6%. The account of other assets registered a decrease of 4.2% or COP \$82.162 Million.

In relation to liability accounts, deposits and liabilities present an annual growth of 8.3% or COP \$3.6 billion, closing with a balance of COP \$46.9 billion. This growth is explained mostly by the increase of 10.8% in the term deposit certificates. Passive positions in the monetary market grew up by COP \$2.1 billion or 393.8%, explained by the increment registered mostly in simultaneous operations.

Financial instruments at fair value closed with a balance of COP \$840.020 Million, that represent a reduction of 11.7% compared with the same period in 2016. This variation is explained principally by less volume in simultaneous, forwards and swaps operations.

The credit line with Banks and other financial obligations registered an increase of COP \$289.734 Million or 18.7%, explained mainly by the increment of COP \$108 billion in lines of International financial entities. Payable accounts registered a variation of 7.3%, while labor obligations showed an increment of 13.8%.

Finally, the equity showed an increment of 5.1% with a balance of COP \$4.0 billion at the end of December 2017.

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

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

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

Loan portfolio

In December 2017, the gross loan Portfolio closed with a balance of COP \$43.6 billion and registered a variation of 10.2% compared with the same period of 2016. In the same way, the net loan portfolio registered a positive variation of 8.7% and closed with a balance of COP \$41.4 billion.

The Portfolio of BBVA Colombia keeps its attention in the particular segment, which represents 55.9% of the gross portfolio at the close of December 2017, with an increment of 6.9% in relation with the last year and a balance of COP \$24.4 billion.

LOAN PORTFOLIO

Million COP

	4Q17	4Q16	Var TAM	
Gross Loan Portfolio	43,649,649	39,618,528	4,031,121	10.2
Consumer	14,311,984	13,292,263	1,019,721	7.7
Commercial	15,802,077	14,114,413	1,687,664	12.0
Microcredit	-	-	-	N.C
Mortgage	10,075,289	9,519,344	555,946	5.8
Leasing	1,661,208	1,640,013	21,194	1.3
Overdue Loans	286,059	252,328	33,731	13.4
Non-performing loans	1,513,031	800,166	712,865	89.1
Loan -Loss Provision	(2,290,570)	(1,562,298)	(728,273)	(46.6)
Net Loan Portfolio	41,359,078	38,056,230	3,302,848	8.7

On the other hand, the consumer portfolio composed of payroll loans, vehicle, free investment, revolving credit, credit cards and overdrafts showed an increment of 7.7% compared with the same period of 2016. Payroll has the biggest participation in the consumer portfolio with a 57.5%, followed by unrestricted consumption with 25.9% and vehicle with 12.1%. The mortgage portfolio growth to 5.8% or COP \$0.8 billion compared with the fourth quarters of 2016 and it amounts to COP \$555.946 Million that represents 23.1% of the gross portfolio at the close of 2017.

Commercial portfolio showed an annual growth of 12.0% with a variation of COP\$1.7 billion. On the other hand, leasing portfolio showed a growth of 1.3% with a variation of COP \$21.194 Million.

Client's Resources

At the close of 2017, resources of the clients keep adjusted to the needs of liquidity of the Bank, and funding followed the line with the dynamic growth of the Portfolio. Resources of the clients increased 8.3% that represents a variation of COP \$3.6 billion, closing the year on COP \$46.9 billion. The terms deposits certificates represent 42.9% of the total of the resources and registered a variation of 10.8%, achieving a balance of COP \$20.1 billion.

Transactional deposits (checking and savings accounts) increased 8.1% that represents a variation of COP \$1.8 billion. These deposits represent 51% of the total of the client's resources.

CLIENT'S RESOURCES

Million COP

	4Q17	4Q16	Var TAM	
Checking Accounts	6,430,323	5,526,700	903,623	16.4
Saving Accounts	17,463,534	16,579,931	883,603	5.3
Term Deposits Certificates	20,085,801	18,125,563	1,960,238	10.8
Other Deposits	608,484	611,866	(3,382)	(0.6)
Total Client's Deposits	44,588,143	40,844,061	3,744,082	9.2
Investment Securities in Circulation	2,277,963	2,416,132	(138,169)	(5.7)
Total Resources	46,866,106	43,260,193	3,605,913	8.3

Investment securities in circulation closed in COP \$2.3 billion and registered a negative variation of 5.7% compared with 2016.

Eligible Capital and Solvency Ratio

The accounting equity statement registered a positive variation of 5.1% and closed in COP \$4.0 billion. This increment is explained mostly by the increment in the reserves of COP \$256.5 billion. The technical equity closed in December 2017 with a balance of COP \$5.3 billion and registered a variation of 2.4%. According to the Colombian norms the required equity reached in COP \$3.9 billion that involve a surplus equity of COP \$1.4 billion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	4Q17	4Q16 Adjustment	4Q16	%
Accounting Equity	4,023,992	3,828,557	4,010,702	5.1
Eligible Capital	5,339,204	5,216,292	5,231,846	2.4
Ordinary Basic Equity	2,964,083	2,785,250	2,800,804	6.4
Additional Basic Equity	2,994	2,994	2,994	-
Additional Equity (Tier II)	2,372,127	2,428,049	2,428,049	(2.3)
Technical Equity	5,339,204	5,216,292	5,231,846	2.4
Required Equity	3,918,100	3,719,912	3,737,210	5.3
Surplus Equity	1,421,103	1,496,381	1,494,637	(5.0)
Risk weighted assets including market risk	43,534,449	41,332,351	41,524,554	5.3
Value at Risk (VeR)	242,911	207,784	207,784	16.9
Solvency Ratio without VeR	13.07	13.37	13.34	(29)
Solvency Ratio with VeR (minimum 9%)	12.26	12.62	12.60	(36)
Tier 1 (%)	6.81	6.74	6.74	7

¹Basic Equity against risk-weighted assets

Risk-weighted assets including market risk (RWA's) levels closed in COP \$43.5 billion and showed a growth of 5.3% in line with the growth in the activity. On the other hand, the value in market risk (VeR) increased 16.9%.

The relation of solvency of the Bank closed in 12.26% with a decrease in 36 basis points compared with the same period of 2016.

Income Statements

Next, it is showing the results of BBVA Colombia accumulated at the end of the fourth quarters of 2016 and 2017:

Accumulated Income Statement

Million COP

	4Q17	4Q16	Var TAM	
Loan Portfolio	4,712,894	4,361,985	350,909	8.0
Interest Expense	(2,237,399)	(2,279,665)	(42,266)	(1.9)
NET INTEREST INCOME	2,475,496	2,082,320	393,175	18.9
NET COMMISSION INCOME	154,743	125,091	29,652	23.7
Investment Portfolio	488,268	399,168	89,100	22.3
Dividends	10,940	9,929	1,011	10.2
Other Incomes	157,423	257,722	(100,299)	(38.9)
OTHER OPERATING INCOME	656,630	666,819	(10,189)	(1.5)
GROSS MARGIN	3,286,869	2,874,230	412,639	14.4
Net Asset Allocation	(1,186,035)	(647,577)	538,458	83.1
Administration General Expenses	(1,530,871)	(1,438,836)	92,036	6.4
Personal Expenses	(569,009)	(524,304)	44,704	8.5
General Expenses	(362,100)	(306,844)	55,256	18.0
Taxes	(133,868)	(147,668)	(13,800)	(9.3)
Other	(460,929)	(452,164)	8,765	1.9
Operational Risk	(4,965)	(7,855)	(2,890)	(36.8)
NON-INTEREST EXPENSES	(2,716,906)	(2,086,413)	630,493	30.2
INCOME BEFORE TAX	569,963	787,818	(217,854)	(27.7)
Income Tax	(112,497)	(274,890)	(162,393)	(59.1)
NET PROFIT	457,466	512,928	(55,462)	(10.8)

Net interest income registered an interannual increase of 18.9%. On one side, incomes for loan portfolio concept registered a growth of COP \$350.909 Million, while expenses registered an increase of COP \$42.266 Million. In that way, net incomes for interest increased in COP \$393.175 Million.

Net commission's income closed in the fourth quarters of 2017 with a variation of 23.7%. Moreover, incomes generated for the investment portfolio showed a growth of COP \$89.100 Million or 22.3% and were driven by incomes in the exchange rate difference and for incomes obtained in securities. Dividends registered an increase of 10.2% and closed with a balance of COP \$10.940 Million.

On the other hand, the line of other incomes that include operational incomes for financial services provided and recoveries of operative risk and others, registered a reduction of 38.9%, basically because during 2016 it was registered two extraordinary income: i) the sale of the part of the Bank's in CIFIN, in consequence, generating extraordinary gains for COP \$63.4 billion and ii) the valued at market prices of the investment in Credibanco for a value of COP \$78.8 billion.

The net assets allocations showed an increment of 83.1%. Nevertheless, it is important to remark that at the close of December 2017, the Bank had an extraordinary expense for the concept of provisioning of Electricaribe for a value of COP \$194.5 billion that means a hedge of 80.0% of the total of the exposure. The remaining increase is in line with the growth of the loan portfolio and the deterioration of the quality indicators of the loan portfolio.

The administration general expenses registered an increment of 6.4% compared with the last year. Personal expenses increased 8.5% compared with 2016. On the other hand, general expenses growth to 18.0%. Expenses for contributions and taxes registered a reduction of 9.3%.

The income tax decreased 59.1%, and the effective rate of taxes showed a reduction that goes from 34.9% at the end of 2016 to 19.7% for 2017.

Finally, BBVA Colombia registered a net profit at the end of December of 2017 for a value of COP \$457.466 Million.

In addition, it is showing the results of BBVA Colombia at the end of the fourth quarters of 2016 and 2017 not accumulated:

Income Statement

Million COP

	4Q17	4Q16	Var TAM	
Loan Portfolio	1,182,697	1,147,082	35,615	3.1
Interest Expense	(522,888)	(618,894)	(96,006)	(15.5)
NET INTEREST INCOME	659,809	528,187	131,621	24.9
NET COMMISSION INCOME	36,295	38,586	(2,291)	(5.9)
Investment Portfolio	100,473	99,022	1,451	1.5
Dividends	0	-	0	-
Other Incomes	75,339	128,319	(52,980)	(41.3)
OTHER OPERATING INCOME	175,812	227,341	(51,529)	(22.7)
GROSS MARGIN	871,916	794,115	77,802	9.8
Net Asset Allocation	(302,564)	(176,379)	126,185	71.5
Administration General Expenses	(408,394)	(392,084)	16,310	4.2
Personal Expenses	(144,946)	(131,206)	13,740	10.5
General Expenses	(109,806)	(78,529)	31,277	39.8
Taxes	(35,933)	(41,644)	(5,710)	(13.7)
Other	(116,141)	(136,835)	(20,694)	(15.1)
Operational Risk	(1,568)	(3,871)	(2,303)	(59.5)
NON-INTEREST EXPENSES	(710,958)	(568,463)	142,495	25.1
INCOME BEFORE TAX	160,958	225,652	(64,694)	(28.7)
Income Tax	(57)	(71,674)	(71,617)	(99.9)
NET PROFIT	160,901	153,978	6,923	4.5

Net interest income registered an interannual increase of 24.9%. On one side, incomes for loan portfolio concept registered a growth of COP \$35.615 Million, while expenses decreased COP \$96.006 Million. In that way, net income for interest increased COP \$131.621 Million.

Net commission's income closed in the fourth quarterly with a negative variation of 5.9%. Also, other operating income registered a decrease of COP \$51.529 Million compared with the same period in the last year. On the other hand, operating expenses grew 25.1%.

The income tax decreased 99.9% which implies a reduction in the effective rate of taxes that goes from 34.9% at the end of 2016 to 19.7% for 2017.

Finally, BBVA Colombia registered a net profit for the close of the fourth quarter 2017 for a value of COP \$160.901 Million.

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 portfolio and a profile of risk prudent and competitive characteristic of the entity.

NON-PERFORMING LOANS AND COVERAGE

Million COP

	4Q17	4Q16	Var TAM
Gross Loan Portfolio	43.649.649	39.618.528	10,2%
Total Overdue loans	1.799.090	1.052.494	70,94%
Overdue loans	286.059	252.328	13,37%
Non-performing loans	1.513.031	800.166	89,09%
Non-performing loans ratios	%	%	%
Overdue Loans ratio	0,66	0,64	0,02
NPL ratio	3,47	2,02	1,45
Loan -Loss Provision	2.290.570	1.562.298	46,62%
Coverage overdue loans	151,39	195,25	-43,86

At the close of December of 2017, the NPL ratio was located at 3.47%. On the other hand, the coverage overdue indicator is located at 151.39%.

3. Consolidated Figures

Consolidated Results

Total assets of BBVA Colombia for the fourth quarters of 2017 showed an annual growth of 12.1%, closing with a balance of COP \$58.1 billion and a variation of COP \$6.3 billion.

BALANCE SHEET - Consolidated Million COP

	4Q17	4Q16 Adjustment	4Q16	TAM	
				abs	%
Cash and cash equivalents	5.777.721	4.904.170	4.904.171	873.551	17,8
Investments	7.330.899	807.758	5.560.278	6.523.141	807,6
Derivative Financial Instruments and Cash Operations	688.630	5.301.213	807.758	(4.612.583)	(87,0)
Gross Loan Portfolio and Leasing	44.302.900	40.204.316	39.792.351	4.098.584	10,2
Provision for credit losses	(1.931.594)	(1.318.863)	(1.284.459)	(612.731)	(46,5)
Other	1.898.804	1.882.244	2.298.646	16.560	0,9
Assets	58.067.360	51.780.838	52.078.745	6.286.522	12,1
Deposits	44.530.966	40.806.777	40.806.777	3.724.189	9,1
Money Market Operations	2.635.115	533.645	533.645	2.101.470	393,8
Financial instruments at fair value	840.021	950.927	950.927	(110.906)	(11,7)
Payable accounts	449.048	454.100	454.100	(5.052)	(1,1)
Other	4.738.689	4.521.211	4.636.973	217.478	4,8
Labor Obligations	215.054	192.641	192.641	22.413	11,6
Other Liabilities	203.129	204.566	204.566	(1.437)	(0,7)
Liabilities	53.612.022	47.663.867	47.779.629	5.948.155	12,5
Paid-in Capital	89.779	89.779	89.779	-	-
Reserves	2.845.449	2.488.775	2.279.743	356.674	14,3
Surplus	1.028.943	965.850	1.357.027	63.093	6,5
Net Profit for the period	491.167	572.567	572.567	(81.400)	(14,2)
Stockholder's Equity	4.455.338	4.116.971	4.299.116	338.367	8,2
Total Liabilities and Stockholder's Equity	58.067.360	51.780.838	52.078.745	6.286.522	12,1

In relation to the liquidity resources, the cash and cash equivalents registered an increase of COP \$0.8 billion compared with the last year. This increase explained by an increment in deposits in banks and other financial entities for a value of COP \$290 billion and an annual increase in money market operations related to COP \$583 billion worth.

Derivatives financial instruments and cash operations closed with a balance of COP \$688.630 Million with a variation of 14.7% compared with 2016. Investments closed with a balance of COP \$7.3 billion that showed a variation of 38.3%. This variation is explained principally for an increment in positions

in reasonable value investment with changes in the results delivered in money market operations of COP \$1.1 billion and a variation of COP \$800 billion in fair value investment with changes in net income.

The gross loan portfolio and leasing registered an annual growth of 10.2% or COP \$4.1 billion, closing in December 2017 with a balance of COP \$44.3 billion. On the other hand, the Provision for credit losses accounts that corresponds to generics provisions and specifics of the portfolio had an increase of 46.5%. The account of other assets registered a growth of 1.1% or COP \$21.287 Million.

In relation to the liability accounts, deposits and claims showed an annual growth of 9.1% or COP \$3.7 billion, achieving COP \$44.5 billion. This growth is explained principally by the increase of 10.8% in term deposits certificates. Liabilities positions in market operations growth COP \$2.1 billion or 393.8%, increased that registered mainly in simultaneous operations.

Financial instruments at fair value closed with a balance of COP \$840.021 Million and showed a decrease of 11.7% compared with the same period of 2016. This variation is explained principally for a less volume in simultaneous, forwards and swaps operations.

The payable accounts decreased 1.1%, while labor obligations showed an increment of 11.6%. Other liabilities decreased 0.7% or COP \$1.437 Million, closing with a balance of COP \$203.129 Million.

Finally, the equity showed an increment of 8.2% reporting a balance of COP \$4.5 billion at the close of December of 2017.

Loan Portfolio

In December of 2017, Gross loan portfolio closed with a balance of COP \$44.3 billion and registered a variation of 10.2% compared with the same period of 2016. At the same time, the net loan portfolio registered a positive variation of 9.0% and closed with a balance of COP \$42.4 billion.

LOAN PORTFOLIO

Million COP

	4Q17	4Q16	Var TAM	
Gross Loan Portfolio	44.298.653	40.195.711	4.102.942	10,2
Consumer	15.388.206	14.053.541	1.334.665	9,5
Commercial	18.296.709	16.218.962	2.077.747	12,8
Microcredit	2	2	-	-
Mortgage	10.221.331	9.568.272	653.059	6,8
Leasing	392.405	354.934	37.471	10,6
Loan -Loss Provision	(1.931.594)	(1.318.863)	(612.731)	(46,5)
Net Loan Portfolio	42.367.059	38.876.848	3.490.211	9,0

The portfolio of BBVA Colombia keeps its attention in the particular segment that represents 57.8% of the gross portfolio at the close of December 2017, with an increment of 8.4% in relation with the last year, and a balance of COP \$25.6 billion. On the other hand, the mortgage portfolio represents 23.1% of the gross portfolio at the close of the fourth quarters showed a growth of 6.8% that represents a variation of COP \$653.059 Million.

The commercial Portfolio showed an annual increase of 12.8% or COP \$2.1 billion, ending December of 2017 with a balance of COP \$18.3 billion.

Client's Resources

At the end of 2017, the client's resources have kept adjusted to the needs of liquidity of the Bank and funding kept in line with the dynamic of growth of the Portfolio. The resources of the clients increased 8.3% and a variation of COP \$3.6 billion, closing the year in COP \$46.8 billion, the Term Deposits Certificates represented 42.9% of the total of the resources and registered a variation of 10.8% achieving COP \$20.1 billion.

CLIENT'S RESOURCES

Million COP

	4Q17	4Q16	Var TAM	
Checking Accounts	24.445.165	22.681.214	1.763.951	7,8
Saving Accounts	20.085.801	18.125.563	1.960.238	10,8
Total Client's Deposits	44.530.966	40.806.777	3.724.189	9,1
Investment Securities in Circulation	2.277.963	2.416.132	(138.169)	(5,7)
Total Resources	46.808.929	43.222.909	3.586.020	8,3

Checking accounts increased 7.8% that registered a variation of COP \$1.8 billion. These checking accounts represented 52.2% to the total of the client's resources.

Investment securities in circulation closed in COP \$2.3 billion and registered a negative variation of 5.7% in relation of 2016.

Eligible Capital and Solvency Ratio

The accounting equity registered a positive variation of 8.2% and closed in COP \$4.5 billion. This increase is explained for the increment in reserves in COP \$256.5 billion.

Technical equity closed in December of 2017 with a balance of COP \$5.4 billion and registered a variation of 2.6%. According to the Colombian norms the required equity reached in COP \$3.9 billion that involve a surplus equity of COP \$1.5 billion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	4Q17	4Q16	%
Accounting Equity	4.455.338	4.116.971	8,2
Eligible Capital	5.370.564	5.232.451	2,6
Ordinary Basic Equity	2.996.956	2.803.015	6,9
Additional Basic Equity	2.994	2.994	-
Additional Equity I (Tier II)	2.370.614	2.426.442	(2,3)
Technical Equity	5.370.564	5.232.451	2,6
Required Equity	3.914.835	3.734.991	4,8
Surplus Equity	1.455.729	1.497.460	(2,8)
Risk weighted assets including market risk	43.498.167	41.499.896	4,8
Value at Risk (VeR)	243.802	208.634	16,9
Solvency Ratio without VeR	13,17	13,35	(19)
Solvency Ratio with VeR (minimum 9%)	12,35	12,61	(26)
Tier 1 (%) ¹	6,89	6,75	14

- ¹ Basic Equity against risk-weighted assets

Risk-weighted assets including market risk closed in COP \$43.5 billion and registered a growth of 4.8% and showed a growth of 4.8% in line with the growth in the activity. On the other hand, the value in market risk (VeR) increased 16.9%.

The solvency ratio closed at 12.35%, with a decrease of 26 basis points in relation to the same period of 2016.

Income Statement

Next, it is showing the results of BBVA Colombia accumulated at the end of the fourth quarters of 2016 and 2017:

Net interest income registered an interannual increase of 15.3%. On one side, incomes for loan portfolio concept registered an increase of COP \$275.694 Million, while expenses registered a decreased of COP \$43.526 Million. In that way, net income for interest increased COP \$319.220 Million.

Accumulated Income Statement

Million COP

	4Q17	4Q16	Var TAM	
Loan Portfolio	4.637.679	4.361.985	275.694	6,3
Interest Expense	(2.233.769)	(2.277.295)	43.526	(1,9)
NET INTEREST INCOME	2.403.910	2.084.690	319.220	15,3
NET COMMISSION INCOME	329.514	207.582	121.932	58,7
Investment Portfolio	484.658	437.083	47.575	10,9
Dividends	11.430	10.345	1.085	10,5
Other Incomes	136.122	261.700	(125.578)	(48,0)
OTHER OPERATING INCOME	632.210	709.128	(76.918)	(10,8)
GROSS MARGIN	3.365.634	3.001.400	364.234	12,1
Net Asset Allocation	(1.186.080)	(647.813)	(538.267)	83,1
Administration General Expenses	(1.556.857)	(1.455.148)	(101.709)	7,0
Personal Expenses	(583.457)	(530.050)	(53.407)	10,1
General Expenses	(364.133)	(308.639)	(55.494)	18,0
Taxes	(136.156)	(150.237)	14.081	(9,4)
Other	(468.146)	(457.567)	(10.579)	2,3
Operational Risk	(4.965)	(8.655)	3.690	(42,6)
NON-INTEREST EXPENSES	(2.742.937)	(2.102.961)	(639.976)	30,4
Minority Interest	(1.356)	(1.023)	(333)	32,6
INCOME BEFORE TAX	621.341	897.416	(276.075)	(30,8)
Income Tax	(130.174)	(324.849)	194.675	(59,9)
NET PROFIT	491.167	572.567	(81.400)	(14,2)

Net commission's income closed in the fourth quarterly with a positive variation of 58.7%. Moreover, incomes generated for the investment portfolio show a growth of 10.9% or COP \$47.575 Million and were driven for incomes in the exchange rate difference and for higher incomes obtained in

securities. Dividends registered an increase of 10.5% and closed with a balance of COP \$11.430 Million.

On the other hand, the line of other incomes that include operational incomes for financial services provided and recoveries of operative risk and others, registered a reduction of 48.0%, basically because during 2016 it was registered two extraordinary income: i) the sale of the part of the Bank's in CIFIN, in consequence generating an extraordinary gain for COP \$63.363 Million and ii) the valued at market prices of the investment in Credibanco for a value of COP \$78.8 billion. However, during 2017 also registered extraordinary incomes: i) the reversal of provisions of the valued of Credibanco for COP \$22.2 billion and ii) COP \$50 billion generating in the assets trading operation after the fusion between Bolsa de Valores de Colombia and Deceval.

In relation to the net assets provisions, it was registered an interannual increment of 83.1%. It is important to remark that at the close of December 2017, the Bank had an extraordinary expense for the concept of provisioning of Electricaribe for a value of COP \$194.5 billion that means a hedge of 80% of the total of the exposure. The remaining increase is in line with the growth of the loan portfolio and the deterioration of the quality indicators of the loan portfolio.

The administration general expenses registered an increment of 7.0% compared with the last year. Personal expenses increased 10.1% compared with 2016. On the other hand, general expenses growth to 18.0%. Expenses for contributions and taxes registered a reduction of 9.4%.

The income tax decreased 45.1%, and the effective rate of taxes decreased 988 basis points, is located in 36.9% in the third quarters of 2016 to 27.0% for 2017.

Finally, BBVA Colombia registered a net profit at the end of December of 2017 for a value of COP \$491.167 Million.

In addition, it is showing the results of BBVA Colombia at the end of the fourth quarters of 2016 and 2017 not accumulated:

Net interest income registered an interannual increase of 10.7%. On the other hand, incomes for loan portfolio concept registered a negative variation of COP \$39.599 Million, while expenses decreased COP \$96.179 Million. In that way, net income for interest increased COP \$56.579 Million.

Income Statement

Million COP

	4Q16	4Q17	Var TAM	
Loan Portfolio	1,147,081	1,186,482	39,401	3.4
Interest Expense	(618,235)	(522,056)	96,179	(15.6)
NET INTEREST INCOME	528,846	664,425	135,579	25.6
NET COMMISSION INCOME	71,241	71,935	694	1.0
Investment Portfolio	134,525	105,329	(29,196)	(21.7)
Dividends	9	(14)	(23)	(253.1)
Other Incomes	129,056	51,659	(77,397)	(60.0)
OTHER OPERATING INCOME	263,590	156,974	(106,616)	(40.4)
GROSS MARGIN	863,677	893,334	29,657	3.4
Net Asset Allocation	(176,408)	(302,598)	(126,190)	71.5
Administration General Expenses	(391,216)	(420,039)	(28,823)	7.4
Personal Expenses	(127,446)	(152,092)	(24,647)	19.3
General Expenses	(79,036)	(110,653)	(31,617)	40.0
Taxes	(42,202)	(36,512)	5,690	(13.5)
Other	(138,462)	(119,214)	19,248	(13.9)
Operational Risk	(4,071)	(1,568)	2,503	(61.5)
NON-INTEREST EXPENSES	(567,624)	(722,637)	(155,013)	27.3
Minority Interest	(224)	(464)	(240)	107.3
INCOME BEFORE TAX	295,829	170,233	(125,596)	(42.5)
Income Tax	(102,718)	(8,194)	94,524	(92.0)
NET PROFIT	193,111	162,039	(31,072)	(16.1)

Net commissions incomes closed the fourth quarterly with a positive variation of 1%. On the other hand, other operating income showed a decrease of COP \$106.616 Million compared with the same period of the last year.

Income tax decreased 92.0% which implies a reduction in the effective rate of taxes that goes from 34.9% at the end of 2016 to 19.7% for 2017.

Finally, BBVA Colombia registered a net profit for the close of December 2017 for a value of COP \$162.039 Million.

Subsidiaries

BBVA Asset Management

The main objective of the society is the celebration of the trust company contracts, in terms of the title XI of the Book IV of the commerce code, the celebration of the trust businesses based in the law forty five (45) of one thousand nine hundred twenty three (1923) in the chapter IV, the state contracts celebration of Trust company based in the law eighty (80) of one thousand nine hundred and three(1993) and, in general, the celebration of all business for legal provisions.

For 2017, BBVA Asset Management S.A -Trust company, keeps their strategy of being an enhancing of the banking business of BBVA Colombia through the business line, so:

Collective investments Funds: The FCI's will impulse the acquisition of the resources of the competence, supporting the strategic approach to liabilities resources of the group, in the same way, it has looked to extend the catalog of products especially for the clients segment of huge value, all taking into account the different profiles of risk of our clients.

Structured trust company: Through different trust schemes, it is looked to make easier the banking business of credit operations in their different modalities taking into account the presence of guarantees business and the source of payment, deepen the constructor credit and in that way strengthening and improving the trust schemes , and supporting all business that involve the develop and modernization of the infrastructure of the country through schemes of administration and payments, even though it is interesting for the group.

Additionally, the company strengthens technological platforms that will support the growth and focus of the business, looking better standards in the quality of the service, the operative efficiency and transactional security, in direction of the positioning of the brand and the profit of our clients.

Results

At the end of the fourth quarterly of 2017, the Trust company present a value of the asset for COP \$118 billion or 12.3% A/A, liabilities for COP \$18.5 billion or 110.6% A/A and equity for a value of COP \$99.7 billion that registered a positive variation of 3.3% A/A. At the close of 2017, BBVA Asset Management showed a pre-tax profit of COP \$45 billion and net profit after taxes of COP \$27.3 billion.

BBVA Valores

BBVA Valores Colombia S.A is a brokerage society; whose principal shareholder is BBVA Colombia and its main objective consist in the development of the commission contracts for the sell and buy of the securities.

This count with the authorization of the Superintendencia Financiera de Colombia to do its own activities of the securities market and for the advising in activities related to capital market allowed for the law to the brokerage society. They have a huge trajectory from 1990 in the Colombian stock market, it accounts with a M1 qualification (superior) in the assets administration of investment given by Fitch Ratings and a qualification AAA (triple AAA) in counterparty risk given by BRC Investor Services S.A.

During 2018 the brokerage continues with its strategic plan oriented to the attention of the following segments: Clients of the premium and personal banking, institutional clients, international clients, clients for contracts with investment banking.

Apart from developing the area of business with commission agreement for the purchase and sale of securities, BBVA Valores also give advising in activities related with the capital markets, being the client its bigger priority, for that reason, products are designed for the satisfaction of the clients in general.

Shares: Shares are aimed at all type of natural or legal person with the capacity of investment and take the risk of the shares purchased, giving an alternative of investment for a more aggressive profile, prepare to support a major volatility in its portfolio, in exchange of a better profitability .

Administration of Securities: BBVA Valores is in charge of the custody of the values administered, doing a dividend payout, coupons etc. It is aimed at all type of long-term investors that wish to preserve their securities and its yield is composed only by dividends and coupons paid by the issuer. These investors would not like to be exposed to market risk.

Investment Banking: It is a product that offers different solutions to companies in accordance with their needs, BBVA Valores is in charge of structuring of issuances of fixed and variable rent, also ensuring the operability in the placement of the issuances and valuation of companies in an objective way and under acceptable standards, this valuation can be used with the objective of structure an issuance, or with the objective of optimize the administration of itself. It is aimed at institutional clients, real and financial sector companies.

Fixed Income: It is an option of investment that can be adjusted in accordance with the risk profile, the maturity and cash flow of each client. Some securities such as TES IPC allow keeping the purchasing power of investment. Securities of fixed rent are aimed at companies and natural people, with the possibility of attending particular needs of each client.

Results

BBVA Valores closed 2017 with a total asset of COP \$15.112 Million, which showed a variation of 4.3% compared to 2016. The total liabilities closed with a balance of COP \$13.652 Million with a positive variation of 13.2% compared to 2016.

At the close of 2017, BBVA Valores registered a profit before taxes of COP -\$2.244 Million and a profit after taxes of COP -\$2.511 Million.

Investor Relations Team

Director

Carolina Ramírez López

3471600 Ext. 12842

carolina.ramirezlopez@bbva.com / bbvacolombia-ir@bbva.com

Shareholders Senior Officer

Luz Stella Landinez Calderon

3471600 Ext. 11111

luz.landinez@bbva.com / acciones@bbva.com

IR Professional

Katherine García Buitrago

3471600 Ext. 11286

katherine.garcia@bbva.com / bbvacolombia-ir@bbva.com

Website: <https://www.bbva.com.co/meta/atencion-al-inversionista/>