BBVA Creating Opportunities

Management Report 1Q 2018

Individual and Consolidated Report

Investor Relations

Bogotá D.C. May 2018

Index

1. Basics

Economic Environment

Advanced economies' output measured in terms of industrial production and retail sales was somewhat weak in the first months of the year, suggesting that domestic demand is losing steam. On the other hand, continued strong industrial production in China is driving recovery in the region. Emerging markets also displayed improved manufacturing production indicators. Similarly, retail sales continue to grow in Latin America, amidst very high confidence levels, though with signs of exhaustion. Additionally, exports picked up considerably in February, following general sluggishness in the last months of last year, displaying growth in all regions, which is the consequence of the continued recovery of both industrial production and investment.

As a result, global growth may have picked up in the first quarter of 2018, reaching a growth rate similar to last year. BBVA forecasts GDP quarterly growth of 1% between January and March this year, following growth of 0.9% in the fourth quarter of 2017. At the same time, underlying inflation has only increased gradually in recent months, though surveys point to higher inflationary pressures both by regions and by industry.

Moreover, following a general mood of optimism and risk-taking in the financial markets in 2017, a more cautious mood is appreciated during the first quarter of the year. On the one hand, financial conditions, which had until now have been very accommodating, have begun to tighten. On the other, the volatility environment, which has been unusually low, seems to be moving towards more "normal" behavior (of greater volatility and, possibly, more persistent shocks).

Global financial conditions are tightening due to action was taken by the central banks and the rise in long-term interest rates. Monetary policy continues to normalize, in alignment with the environment of a good economic growth. The European Central Bank (ECB), as expected, is winding down its bond buying program, and is preparing to communicate upcoming interest rate hikes. In the case of the US Federal Reserve, this process is expected to accelerate following the fiscal stimulus.

In 2017, the Colombian economy grew by 1.8%. This is the slowest growth rate since 2009 and the lowest since the drop in oil prices in 2014. This growth rate was the result of several shocks, including the drop in oil prices, which put a damper on investment in the mining-energy sector and oil-related industries; the drop in internal confidence and disposable income due to rising inflation and higher intervention interest rates in 2016, as well as the effects of the tax reform; and a greater slowdown of the construction industry, especially in high-priced housing and non-residential properties, which is partly due to the first two factors.

Last year, public spending played a major role, contributing one-half of a percentage point to economic growth. The other, primarily private, components of local demand grew below the overall GDP growth rate, reflecting weak private spending in the first half of the year and the gradual and not yet consolidated recovery of household consumption and investment by companies during the year and in the first quarter of 2018.

In the context of still weak demand, and following the dilution of the effect of the higher VAT tax rate on the products of the CPI, inflation to date in 2018 has dropped considerably. This lower inflation rate is concentrated especially in food and tradable goods prices, assisted by a lower exchange rate during the first months of the year. In this context, the current policy rate (4.5% as of the reporting date) is slightly expansionist, according to the Central Bank. According to our calculations, it is in the upper neutral range, because we expect lower inflation than the Central Bank, which would leave room for future reductions in the intervention rate. Lastly, the scenario of higher commodity prices that began in late 2017, combined with still broad global liquidity and the need for greater returns than those available in local markets, has recently produced significant exchange rate appreciation. However, the expected increase in the Fed’s policy rate and a correction in commodity prices in the second half of the year might lead to currency devaluation.

2. Individual Figures

Individual Results

Total assets of BBVA Colombia for the first quarter of 2018 closed with a balance of COP $56.7 trillion. This showed an annual growth of 6.0% and a variation of COP $3.2 trillion.

Balance Sheet
Million COP

	1Q17	1Q17 Adjusment	1Q18	TAM abs	TAM %
Cash	4,286,328	4,286,328	4,146,975	(139,353)	(3.3)
Active Positions in monetary market	1,691,294	1,691,294	1,244,892	(446,402)	(26.4)
Investment Securities & Derivatives	7,583,493	7,583,493	7,835,074	251,581	3.3
Loan Portfolio and Leasing Operations	39,654,097	39,654,097	43,861,900	4,207,803	10.6
Impairment	(1,700,678)	(1,700,678)	(2,444,328)	(743,650)	43.7
Other Assets	2,321,843	1,990,692	2,061,452	70,760	3.6
Total Assets	**53,836,377**	**53,505,226**	**56,705,964**	**3,200,739**	**6.0**
Deposits and Financial Claims	45,687,680	45,687,680	47,580,724	1,893,044	4.1
Passive Positions in monetary market	205,470	205,470	522,292	316,822	154.2
Financial Instruments at Fair Value	1,028,689	1,028,689	1,083,246	54,557	5.3
Banks And Other Financial Obligations	1,472,912	1,472,912	2,005,774	532,861	36.2
Accounts payable	1,026,955	877,947	923,697	45,750	5.2
Labor obligations	189,911	189,911	193,656	3,745	2.0
Other Liabilities	404,285	404,285	457,055	52,771	13.1
Total Liabilities	**50,015,902**	**49,866,894**	**52,766,444**	**2,899,550**	**5.8**
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	1,101,673	935,082	943,198	8,116	0.9
Gains or Losses	93,246	77,693	142,063	64,370	82.9
Stockholder´s Equity	**3,820,475**	**3,638,331**	**3,939,520**	**301,189**	**8.3**
Total Liabilities and Stockholder´s Equity	**53,836,377**	**53,505,226**	**56,705,964**	**3,200,739**	**6.0**

In relation to the liquidity resources of the Bank, cash balances decreased by COP 139.4 billion compared to 2017. This reduction arises from a COP 216.1 billion reduction in cash at the Bank and an increase in the deposits in banks and other financial entities of COP 62.7 billion; the remaining were due to a COP 14 billion increase in the deposits of the Central Bank.

Asset positions in monetary market closed with a balance of COP 1.2 trillion, as a result of the decrease of 26.4% compared to the same period in 2017. This reduction of COP 446.4 billion is primarily due to lower volume in simultaneous operations. Investments and transactions in derivatives increased by 3.3% compared to the end of March 2017, closing at COP 7.8 trillion.

The gross loan and leasing portfolio registered an annual growth of 10.6%, or COP 4.2 trillion, closing in March 2018 with a balance of COP 43.9 trillion. On its part, the impairment account, this includes specific and general provisions on the loan portfolio, increased by 43.7%. The other assets account increased by 3.6% or COP 70.8 billion.

In relation to liabilities accounts, deposits and financial claims present an annual growth of 4.1% or by COP 1.9 trillion, closing with a balance of COP 47.6 trillion. This growth is explained mostly by the increase of COP 2.1 trillion in term deposits certificates. Liability positions in the monetary market increased by COP 316.8 billion, primarily in short positions (+COP 205.7 billion) and in inter-bank funds (+COP 80 billion).

Financial instruments at fair value closed with a balance of COP 1.1 trillion, which represent an increase of 5.3% compared with the same period in 2017. This variation is primarily the result of an increase in hedging SWAPS (COP 48.5 billion).

Credit lines with banks and other financial obligations registered an increase of COP 532.9 billion or 36.2%, explained mainly by the increment of COP 236.9 billion in obligations with Findeter and COP 208 billion with other international financial entities.

Accounts payable registered a variation of 5.2%, while labor obligations showed an increment of 2.0%. Other liabilities increased by 13.1% or COP 52.8 billion, with a balance of COP 457.1 billion.

Finally, Equity increased by 8.3%, closing at COP 3.9 trillion at the end of March 2018.

Loan portfolio

In March 2018, the gross loan portfolio closed with a balance of COP 43.9 trillion and registered a variation of 10.6% compared with the same period of 2017. Similarly, the net loan portfolio increased by 9.1%, closing at COP 41.4 trillion.

The loan portfolio of BBVA Colombia keeps its attention in the particular segment, which represents 56.5% of the gross loan portfolio at the close of March 2018. This segment increased by 8.6% compared to 2017, closing at COP 24.8 trillion.

LOAN PORTFOLIO
Million COP

	1Q17	1Q18	Var TAM	
Gross Loan Portfolio	**39,654,097**	**43,861,900**	**4,207,803**	**10.6**
Consumer	13,203,733	14,659,290	1,455,557	11.0
Commercial	13,876,644	15,472,766	1,596,122	11.5
Microcredit	-	-	-	N.C
Mortgage	9,623,430	10,123,473	500,043	5.2
Leasing	1,589,914	1,657,314	67,399	4.2
Overdue Loans	**415,035**	**375,219**	**(39,816)**	**(9.6)**
Non-performing loans	945,340	1,573,839	628,498	66.5
Loan -Loss Provision	**(1,700,678)**	**(2,444,328)**	**(743,650)**	**(43.7)**
Net Loan Portfolio	**37,953,419**	**41,417,572**	**3,464,153**	**9.1**

The consumer portfolio, which includes payroll loans, vehicle and personal loans, vehicle, free investment, revolving credit, credit cards and overdrafts increased at an annual rate of 11.0%. Payroll loans account has the biggest participation in the consumer portfolio with a 57.5%, followed by personal loans with 26.8% and vehicle with 11.4%.

Mortgage loans grew by 5.2%, a COP 500 billion increase, and at the end of the first quarter of 2018 it represents 23.1% of the gross loan portfolio

Commercial portfolio showed an annual growth of 11.5% with a variation of COP 1.6 trillion. The leasing portfolio showed a growth of 4.2% with a variation of COP 67.4 billion.

Client’s Resources

At the end of the first 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 4.1%, that represents a variation of COP 1.9 trillion, closing the quarter at COP 47.6 trillion. The term deposits certificates represent 44.5% of the total of the resources and registered a variation of 10.7%, achieving a balance of COP 21.2 trillion.

Transactional deposits (checking and savings accounts) decreased by 0.2%, equivalent to a reduction of COP 46.3 billion. These deposits represent 49.6% of the total of the client´s resources.

CLIENT'S RESOURCES
Million COP

	1Q17	1Q18	Var TAM	
Checking Accounts	5,760,634	6,315,459	554,826	9.6
Saving Accounts	17,908,041	17,306,881	(601,160)	(3.4)
Term Deposits Certificates	19,136,221	21,189,176	2,052,955	10.7
Other Deposits	499,879	579,172	79,293	15.9
Total Client's Deposits	**43,304,775**	**45,390,688**	**2,085,913**	**4.8**
Investment Securities in Circulation	2,382,905	2,190,036	(192,869)	(8.1)
Total Resources	**45,687,680**	**47,580,724**	**1,893,044**	**4.1**

Investment securities in circulation closed at COP 2.2 trillion, equivalent to a decrease of 8.1% 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 3.9 trillion. This increase is primarily explained by the increase in reserves in the amount of COP 228.7 billion.

The technical equity closed in March 2018 with a balance of COP $5.3 billion and registered a variation of 0.5%. According to the Colombian regulation, the required equity reached in COP $3.9 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 43.0 trillion, equivalent to growth of 5.4% in line with the growth in the activity. On its part, the value in market risk (VeR) decreased by 0.8%.

The Bank's solvency ratio closed at 12.24%, a 60 bp reduction compared with the same period in 2017.

ELIGIBLE CAPITAL AND SOLVENCY RATIO
Million COP

	1Q17	1Q17 Adjusment	1Q18	%
Accounting Equity	**3,820,475**	**3,638,331**	**3,939,520**	**8.3**
Eligible Capital	5,252,450	5,236,897	5,261,271	0.5
Ordinary Basic Equity	3,066,366	3,050,812	3,150,875	3.3
Additional Basic Equity	2,994	2,994	2,994	-
Additional Equity (Tier II)	2,183,091	2,183,091	2,107,401	(3.5)
Technical Equity	**5,252,450**	**5,236,897**	**5,261,271**	**0.5**
Required Equity	3,687,797	3,670,791	3,868,176	5.4
Surplus Equity	1,564,653	1,566,105	1,393,094	(11.0)
Risk weighted assets including market risk	**40,975,522**	**40,786,572**	**42,979,736**	**5.4**
Value at Risk (VeR)	195,693	195,693	194,045	(0.8)
Solvency Ratio without VeR	13.54	13.56	12.89	(5)
Solvency Ratio with VeR (minimum 9%)	12.82	12.84	12.24	(5)
Tier 1 (%)[1]	7.48	7.48	7.33	(2)

[1]Basic Equity against risk-weighted assets

Income Statement

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

Net interest income registered an interannual increase of 20.4%. Loan portfolio revenues increased by COP 21.5 billion, while expenses decreased by COP 94.4 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 115.9 billion.

Net commission income closed in March 2018 with a variation of 12.4%. On its part, incomes generated for the investment portfolio decreased by COP 29.9 billion or -24.2%, explained by incomes in the exchange rate difference and for incomes obtained in securities. Dividends registered an increase of 116.0% and closed with a balance of COP 16.4 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, posted a 25.9% increase.

Accumulated Income Statement

Million COP

	1Q17	1Q18	Var TAM	
Loan Portfolio	1,173,771	1,195,242	21,470	1.8
Interest Expense	(604,291)	(509,842)	94,449	(15.6)
NET INTEREST INCOME	**569,480**	**685,400**	**115,919**	**20.4**
NET COMMISSION INCOME	**39,868**	**44,800**	**4,932**	**12.4**
Investment Portfolio	123,442	93,555	(29,888)	(24.2)
Dividends	7,602	16,418	8,816	116.0
Other Incomes	18,227	22,945	4,718	25.9
OTHER OPERATING INCOME	**149,272**	**132,918**	**(16,354)**	**(11.0)**
GROSS MARGIN	**758,620**	**863,117**	**104,497**	**13.8**
Net Asset Allocation	**(232,121)**	**(232,434)**	**(312)**	**0.1**
Administration General Expenses	**(379,236)**	**(377,465)**	**1,771**	**(0.5)**
Personal Expenses	(151,197)	(145,370)	5,827	(3.9)
General Expenses	(82,654)	(89,571)	(6,917)	8.4
Taxes	(30,999)	(30,735)	264	(0.9)
Other	(113,126)	(110,013)	3,113	(2.8)
Operational Risk	(1,261)	(1,777)	(516)	41.0
NON-INTEREST EXPENSES	**(611,357)**	**(609,899)**	**1,458**	**(0.2)**
INCOME BEFORE TAX	**147,263**	**253,218**	**105,955**	**71.9**
Income Tax	(54,017)	(95,603)	(41,586)	77.0
NET PROFIT	**93,246**	**157,616**	**64,369**	**69.0**

Administration general expenses decreased by 0.5% compared with the last year. Personal expenses decreased by 3.9% compared with 2017. On the other hand, general expenses increased by 8.4%. Expenses on taxes and fees decreased by 0.9%.

Finally, BBVA Colombia registered a net profit at the end of March of 2017 in the amount of COP 157.6 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

	1Q17	1Q18	Var TAM
Gross Loan Portfolio	**39,654,097**	**43,861,900**	**10.6%**
Total Overdue loans	1,360,375	1,949,058	43.27%
Overdue loans	415,035	375,219	-9.59%
Non-performing loans	945,340	1,573,839	66.48%
Non-performing loans ratios	**%**	**%**	**%**
Overdue Loans ratio	1.05	0.86	-0.19
NPL ratio	2.38	3.59	1.20
Loan -Loss Provision	1,700,678	2,444,328	43.73%
Coverage overdue loans	179.90	155.31	-24.59

At the end of the first quarter of 2018, the NPL ratio was located at 3.59%. Also, the coverage overdue loan indicator is located at 155.31%.

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 March 31, 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								
	Number	Value	Number	Value	Legal and Occasional Reserves	Premium on share Placement	Net Profit For the period	Retained Earnings (NICF Application)	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	
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)
Appropiation for legal reserve	-	-	-	-	228,702	-	-	(228,702)	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	-	-	157,617	-	-	-	157,617
Fixed asset valuation update	-	-	-	-	-	-	-	269	-	-	269
Hedging with derivatives cash flow	-	-	-	-	-	-	-	-	(8,675)	-	(8,675)
Defined Contributions Pensions	-	-	-	-	-	-	-	-	-	-	-
Investments by equity method	-	-	-	-	-	-	-	-	(19)	-	(19)
Participation in he OCI of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Participation in uncontrolled investments	-	-	-	-	-	-	-	-	(6,853)	-	(6,853)
Accumulated unrealized gains on investments - Debt securities	-	-	-	-	-	-	-	-	(2,195)	-	(2,195)
Deferred Tax	-	-	-	-	-	-	-	(100)	4,248	-	4,148
Balance of March 31 of 2018	**$ 479,760**	**$ 2,994**	**$ 13,907,929**	**$ 86,785**	**$ 2,764,479**	**$ 651,950**	**$ 157,617**	**$ 273,821**	**$ 1,368**	**$ 506**	**$ 3,939,520**

3. Consolidated Figures

Consolidated Results

Total assets of BBVA Colombia for the first quarter of 2018 closed with a balance of COP 56.9 trillion. This represents an annual growth rate of 5.5%, equivalent to a COP 3.0 trillion increase.

BALANCE SHEET - Consolidated
Million COP

	1Q17 Adjusment	1Q18	TAM abs	TAM %
Cash and cash equivalents	5,982,573	5,398,209	(584,364)	(9.8)
Investments	6,601,826	6,474,430	(127,396)	(1.9)
Derivative Financial Instruments and Cash Operations	978,051	961,317	(16,734)	(1.7)
Gross Loan Portafolio and Leasing	39,832,950	43,861,900	4,028,950	10.1
Provision for credit losses	(1,437,967)	(2,400,339)	(962,372)	66.9
Other	1,946,921	2,598,793	651,872	33.5
Assets	**53,904,354**	**56,894,310**	**2,989,956**	**5.5**
Deposits	43,256,936	45,336,187	2,079,251	4.8
Money Market Operations	205,470	522,279	316,809	154.2
Financial instruments at fair value	1,028,689	1,083,246	54,557	5.3
Banks and other financial obligations	1,472,912	2,005,774	532,862	36.2
Investment in debt securities	2,382,905	2,190,036	(192,869)	(8.1)
Liabilities by deferred tax	227,578	202,922	(24,656)	(10.8)
Estimated liabilities and provisions	211,446	270,271	58,825	27.8
Payable accounts	823,157	704,039	(119,118)	(14.5)
Labor Obligations	194,996	195,086	90	0.0
Other Liabilities	193,407	295,774	102,367	52.9
Liabilities	**49,997,496**	**52,805,614**	**2,808,118**	**5.6**
Paid-in Capital	89,779	89,779	-	-
Reserves	2,536,283	2,764,985	228,702	9.0
Surplus	1,165,387	1,073,270	(92,117)	(7.9)
Net Profit for the period	115,409	160,662	45,253	39.2
Stockholder´s Equity	**3,906,858**	**4,088,696**	**181,838**	**4.7**
Total Liabilities and Stockholder´s Equity	**53,904,354**	**56,894,310**	**2,989,956**	**5.5**

In relation to the liquidity resources, cash and cash equivalents decreased by COP 584.4 billion compared to 2017. This reduction was the result of a COP 446.6 billion decrease in money market operations and a reduction in cash and deposits in banks of COP 137.8 billion.

Asset positions in market transactions closed with a balance of COP 961.3 billion, equivalent to a decrease of 1.7% compared to the same period in 2017. This reduction of COP 16.7 billion was due to a lower volume of derivative operations. Investments decreased by 1.9% compared to the end of March 2017, closing at COP 6.5 trillion.

The gross loan and leasing portfolio grew at an annual rate of 10.1% or COP 4.0 trillion, closing in March 2018 with a balance of COP 43.9 trillion. On its part, the impairment account, this includes specific and general provisions on the loan portfolio, increased by 66.9%. The other assets account increased by 33.5% or COP 651.9 billion.

In relation to the liability accounts, deposits and claims showed an annual growth of 4.8% or COP 2.1 trillion, closing with a balance of COP 45.3 trillion. This growth is explained mainly by a COP 2.1 trillion increase in term deposits certificates. Liability positions in market operations increased by COP 316.8 billion, primarily in short positions (+COP 205.7 billion) and in inter-bank funds (+COP 80 billion).

Financial instruments at fair value closed with a balance of COP 1.1 trillion, equivalent to a 5.3% increase compared to the same period in 2017. This change is primarily the result of an increase in hedging SWAPS (COP 48.5 billion).

Credit lines with banks and other financial obligations increased by COP 532.9 billion or 36.2%, as a result of a COP 236.9 billion increases in obligations with Findeter and a COP 208 billion increase with other international financial entities.

Accounts payable decreased by 14.5%, while labor obligations remained unchanged. Other liabilities increased by 52.9% or COP 102.4 billion, closing at COP 295.7 billion.

Lastly, Equity increased by 4.7% to COP 4.1 trillion at the end of March 2018.

Loan Portfolio

At the end of March 2018, the gross loan portfolio closed at COP 43.9 trillion, equivalent to a +10.1% increase compared to the same period in 2017. Similarly, the net loan portfolio increased by 8.0%, closing at COP 41.5 trillion.

LOAN PORTFOLIO
Million COP

	1Q17	1Q18	Var TAM	
Gross Loan Portfolio	**39,832,950**	**43,861,900**	**4,028,950**	**10.1**
Consumer	14,028,535	15,469,119	1,440,584	10.3
Commercial	15,816,603	17,864,021	2,047,418	12.9
Microcredit	2	2	1	33.3
Mortgage	9,628,361	10,133,384	505,023	5.2
Leasing	356,450	395,374	38,924	10.0
Loan -Loss Provision	**(1,437,967)**	**(2,400,339)**	**(962,372)**	**(66.9)**
Net Loan Portfolio	**38,394,983**	**41,461,561**	**3,066,578**	**8.0**

The loan portfolio of BBVA Colombia keeps its attention in the particular segment, which accounts for 58.4% of its total gross loan portfolio at the end of March 2018. This segment increased by 8.2% compared to 2017, closing with a balance of COP 25.6 trillion.

The consumer portfolio, which includes payroll, vehicle, free investment, revolving credit, credit cards and overdrafts increased at an annual rate of 10.3%. Payroll loans remained with the highest share of consumer loans, followed by personal and vehicle loans.

Mortgage loan portfolio grew by 5.2%, equivalent to an increase of COP 505 billion, and at the end of the first quarter of 2018 it accounted for 23.1% of the total gross loan portfolio.

Commercial portfolio grew at an annual rate of 12.9%, increasing by COP 2.0 trillion.

Client's Resources

At the end of the first 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 4.1%, equivalent to an increase of COP 1.9 trillion, closing the quarter at COP 47.5 trillion. Term deposits certificates accounted for 44.6% of the total of the resources and posted a10.7% increase to a balance of COP 21.2 trillion.

CLIENT'S RESOURCES
Million COP

	1Q17	1Q18	Var TAM	
Checking Accounts	24,120,715	24,147,011	1,763,951	7.8
Saving Accounts	19,136,221	21,189,176	1,960,238	10.8
Total Client's Deposits	**43,256,936**	**45,336,187**	**3,724,189**	**9.1**
Investment Securities in Circulation	2,382,905	2,190,036	(138,169)	(5.7)
Total Resources	**45,639,841**	**47,526,223**	**3,586,020**	**8.3**

Transactional deposits (checking and savings accounts) grew by 0.1%, equivalent to an increase of COP 26.3 billion. Such deposits accounted for 50.8% of the client´s resources.

Investment securities in circulation closed at COP 2.2 trillion, equivalent to a decrease of 8.1% 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 4.7%, closing at COP 4.1 trillion. This increase is primarily explained by the increase in reserves in the amount of COP 228.7 billion.

At March 2018, Technical Equity closed at COP 5.3 trillion, equivalent to an increase of 0.2%. Required equity according to Colombian regulations totaled COP 3.9 trillion, which implies an excess of equity over the required amount of COP 1.4 trillion.

ELIGIBLE CAPITAL AND SOLVENCY RATIO

Million COP

	1Q17	1Q18	%
Accounting Equity	**3,906,858**	**4,088,696**	**4.7**
Eligible Capital	5,251,653	5,260,994	0.2
Ordinary Basic Equity	3,067,176	3,152,221	2.8
Additional Basic Equity	2,994	2,994	-
Additional Equityl (Tier II)	2,181,483	2,105,779	(3.5)
Technical Equity	**5,251,653**	**5,260,994**	**0.2**
Required Equity	3,684,933	3,874,896	5.2
Surplus Equity	1,566,720	1,386,098	(11.5)
Risk weighted assets including market risk	**40,943,695**	**43,054,405**	**5.2**
Value at Risk (VeR)	196,520	204,629	4.1
Solvency Ratio without VeR	13.55	12.90	(65)
Solvency Ratio with VeR (minimum 9%)	12.83	12.22	(61)
Tier 1 (%)1	7.49	7.32	(17)

[1] Basic Equity against risk-weighted assets

Risk-Weighted Assets closed at COP 43.1 trillion, equivalent to growth of 5.2%, reflecting the growth of the business. On its part, the Market Value at Risk (VeR) increased by 4.1%.

The Group's solvency ratio closet at 12.22%, a 61 bp 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 first quarter of 2018 and 2017:

Net interest income registered an interannual increase of 15.0%. Loan portfolio revenues decreased by COP 8.8 billion, while expenses decreased by COP 94.2 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 85.4 billion.

Net commission income closed at the end of March 2018 with a variation of -37.7%. On its part, Investment portfolio revenues decreased by COP 29.8 billion or 25.6%, explained by incomes in the exchange rate difference and for incomes obtained in securities. Dividends increased by 107.8%, closing with a balance of COP 16.7 billion.

Accumulated Income Statement

Million COP

	1Q17	1Q18	Var TAM	
Loan Portfolio	1,173,771	1,164,963	(8,808)	(0.8)
Interest Expense	(603,462)	(509,231)	94,231	(15.6)
NET INTEREST INCOME	**570,309**	**655,732**	**85,423**	**15.0**
NET COMMISSION INCOME	**57,604**	**35,904**	**(21,700)**	**(37.7)**
Investment Portfolio	116,165	86,381	(29,784)	(25.6)
Dividends	8,026	16,682	8,656	107.8
Other Incomes	19,147	23,377	4,230	22.1
OTHER OPERATING INCOME	**143,338**	**126,440**	**(16,898)**	**(11.8)**
GROSS MARGIN	**771,251**	**818,076**	**46,825**	**6.1**
Net Asset Allocation	**(233,864)**	**(191,103)**	**42,761**	**(18.3)**
Administration General Expenses	**(377,511)**	**(383,400)**	**(5,889)**	**1.6**
Personal Expenses	(147,622)	(149,242)	(1,620)	1.1
General Expenses	(82,995)	(89,913)	(6,918)	8.3
Taxes	(31,546)	(31,182)	364	(1.2)
Other	(114,087)	(111,286)	2,801	(2.5)
Operational Risk	(1,261)	(1,777)	(516)	40.9
NON-INTEREST EXPENSES	**(611,375)**	**(574,503)**	**36,872**	**(6.0)**
Minority Interest	(324)	(443)	(119)	36.7
INCOME BEFORE TAX	**159,552**	**243,130**	**83,578**	**52.4**
Income Tax	(44,143)	(82,467)	(38,324)	86.8
NET PROFIT	**115,409**	**160,662**	**45,253**	**39.2**

The other revenues line item, which includes operating revenues from financial services and recoveries of operating and other risks, posted a 22.1% increase.

Administrative expenses increased by 1.6% compared to the previous year. Payroll expenses increased by 1.1% compared to 2017. General expenses grew by 8.3%. Taxes and contributions expenses decreased by 1.2%.

Lastly, BBVA Colombia posted a net profit at the end of March 2018 in the amount of COP 160.7 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 March 31, 2018

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 capital	Premium on share Placement	Legal and Occasional Reserves	Net Profit For the period	Retained Earnings (NICF Application)	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	**Total Shareholder Equity**	Non controlled Participation	**Total Equity**
Balance of December 31 of 2017	**$ 14,387**	**$ 89,779**	**$ 651,950**	**$ 2,535,777**	**$ 491,167**	**$ 370,256**	**$ 309,672**	**$ 506**	**$ 4,449,107**	**$ 6,231**	**$ 4,455,338**
New measurements of financial instruments under IFRS 9	-	-	-	-	-	(422,761)	-	-	-	-	(422,761)
Deferred taxes for new measurements under IFRS 9	-	-	-	-	-	143,711	-	-	-	-	143,711
Balance of January 01st of 2017	**$ 14,387**	**$ 89,779**	**$ 651,950**	**$ 2,535,777**	**$ 491,167**	**$ 91,206**	**$ 309,672**	**$ 506**	**$ 4,449,107**	**$ 6,231**	**$ 4,176,288**
Non controlled interest (Minority Interest)	-	-	-	-	-	-	-	-	-	(956)	(956)
Transfers	-	-	-	-	(491,167)	457,466	-	-	(33,701)	-	(33,701)
Dividends paid in cash, preferred and common shares	-	-	-	-	-	(228,764)	-	-	(228,764)	-	(228,764)
Appropiation for legal reserve	-	-	-	228,702	-	(228,702)	-	-	-	-	-
Release of reserves	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the Period	-	-	-	-	160,662	-	-	-	160,662	-	160,662
Retained Earnings Sales Force	-	-	-	-	-	117,778	-	-	117,778	-	117,778
Other comprehensive results	-	-	-	-	-	(110,122)	7,511	-	(102,611)	-	(102,611)
Fixed asset valuation update	-	-	-	-	-	269	-	-	269	-	269
Hedging with derivatives cash flow	-	-	-	-	-	-	(8,675)	-	(8,675)	-	(8,675)
Defined Contributions Pensions	-	-	-	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Participation in other comprehensive Income of the	-	-	-	-	-	-	(12,665)	-	(12,665)	-	(12,665)
Loan portafolio measurements Incurred Loss											
Accumulated unrealized gains on investments - Debt securities											
Deferred Tax	-	-	-	-	-	(110,391)	(10,068)	-	(120,459)	-	(120,459)
Valuation of financial instruments measured at fair value with	-	-	-	-	-	-	38,919	-	38,919	-	38,919
Balance of March 31 of 2018	**$ 14,387**	**$ 89,779**	**$ 651,950**	**$ 2,764,479**	**$ 160,662**	**$ 98,862**	**$ 317,183**	**$ 506**	**$ 4,362,471**	**$ 5,275**	**$ 4,088,696**

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