

Evolution and Financial Performance

Key Financials

(Millions of Pesos)

	Jun.12	Dec.12	Jun.13
Balance Sheet			
Total Assets	27,677,143	30,540,886	35,051,093
Net Loan Portfolio	19,629,596	20,361,307	22,881,541
Client's Deposits	19,716,091	24,281,660	27,764,389
Equity	2,563,797	2,857,240	2,880,881
Income Statement			
Gross Income	924,666	1,848,019	1,017,832
Net Margin	532,263	1,034,052	589,626
Net profit	247,626	444,272	244,302
Capitalization			
Eligible Capital	1,904,827	2,646,265	3,273,392
Required Eligible Capital	1,632,887	2,114,059	2,402,147
Eligible Capital in Excess	271,940	532,206	871,245
Adequacy ratio (9% minimum Legal)	10.50	11.27	12.26
Additional information			
Employees	4,646	4,808	4,836
Offices ¹	383	414	429
Número de Cajeros Automáticos	853	1,009	1,034

¹ Includes agencies, Centre of services, In-house and mini-banks

Balance Sheet

BBVA Colombia reported a satisfactory performance in its Balance Sheet as a result of activities and equity strengthening.

The total assets of BBVA Colombia recorded a growth of 26.6% over the previous year, and 14.8% compared to December 2012, reaching \$ 35.1 billion.

Balance Sheet

(Million pesos)

	Jun. 12	Dec. 12	Jun. 13	Var. Year (%)	Var. TAM (%)
Cash, Central Bank and other bank accounts	2,845,025	3,356,468	3,427,767	2.1	20.5
Deposits from Central Bank and credit institutions	116,787	649,599	1,473,426	126.8	1,161.6
Securities Portfolio	3,112,754	4,194,977	5,207,550	24.1	67.3
Net Loan Portfolio	19,629,596	20,361,307	22,881,541	12.4	16.6
Foreclosure and returned assets	6,099	5,601	8,447	50.8	38.5
Net Tangible assets	257,054	267,347	268,917	0.6	4.6
Other assets	1,709,829	1,705,587	1,783,445	4.6	4.3
Total assets	27,677,143	30,540,886	35,051,092	14.8	26.6
Deposits from central banks and credit institutions	2,250,978	921,973	1,092,869	18.5	(51.4)
Client's deposits	19,716,091	24,281,660	27,764,389	14.3	40.8
Senior and Subordinated debt	1,496,060	1,262,890	1,627,890	28.9	8.8
Equity	2,563,797	2,857,240	2,880,881	0.8	12.4
Paid-in capital	89,779	89,779	89,779	-	-
Reserves	1,901,166	1,901,166	2,123,293	11.7	11.7
Surplus	325,226	422,023	423,508	0.4	30.2
Profit for previous years	-	-	-	-	-
Profit	247,626	444,272	244,302	(45.0)	(1.3)
Other liabilities	1,650,218	1,217,123	1,685,065	38.4	2.1
Total liabilities and equity	27,677,143	30,540,887	35,051,094	14.8	26.6
Memorandum					
Assets expressed in foreign currency	(632,866)	(2,444,918)	5,805,981	337.5	1,017.4
Liabilities expressed in foreign currency	(376,844)	(2,429,701)	6,238,093	356.7	1,755.4

Bank's liquidity, in the Cash, Central Bank and Other Bank Accounts recorded a significant growth of 20.5% y/y. The results demonstrate the positive liquidity position of BBVA Colombia.

The deposits from Central Bank and credit institutions had important increase, as a result of interbank transactions which increased due the treasury strategy focused in simultaneous transactions.

The securities portfolio exceeded the levels of the previous year, growing at 67.3% y/y, and 24.1% so far this year, reaching \$ 5.2 billion more at the end of the 1st semester last year.

In 2013 the growth trend of credit portfolio has continued as a result of the lending activity of business areas, which concludes in a net final balance of the portfolio of \$22.9 billion, \$3.3 billion (16.6% y/y) more than the previous year and \$2.5 trillion over the end of 2012 (12.4%).

Client's deposits increased 40.8% y/y reaching \$27.8 billion at June, responding to the lending activity. During the 1st semester the insurances of transactional products increased, recording growths of 21.2% and surpassing \$17.5 billion, represented 72% of the deposits of customers.

Senior and Subordinated Debt amounted \$1.6 billion, increasing 28.9% from the end of 2012 as a result of successful issuance of subordinated bonds in February 2013 for \$ 250 mM.

Equity increased by 12.4% y/y, 0.8% over 2013, reaching a balance of \$2.9 Billion, which demonstrate the strengthening of the solvency of BBVA Colombia.

Loan Portfolio

BBVA Colombia continues its growth path on credit fields. The gross loan portfolio grew 16.2% y/y recorded \$ 23.7 billion which represents an increase of \$ 2.6 billion over 2013. The Net Portfolio Growth increased 16.6% y/d and 12.4% y/d.

The retail portfolio increased its participation to 55% of the total portfolio, which highlights the growth of consumption and the credit card lines. The Consumption line grew around 23.8% y/y, as a result of the different strategies of the commercial team. The Bank's mortgage portfolio grew 14.2% with a balanced of \$5.1 billion.

Loan Portfolio

(Million pesos)

	Jun.12	Dec.12	Jun.13	Var. Year (%)	Var. TAM (%)
Gross loan portfolio	20,404,915	21,165,647	23,719,256	12.1	16.2
Consumption	6,275,549	7,118,886	7,771,838	9.2	23.8
Commercial	7,132,421	6,570,855	7,447,361	13.3	4.4
Micro-credits	72	44	45	2.2	(37.8)
Mortgage	4,510,485	4,788,041	5,149,994	7.6	14.2
Leasing	891,128	1,116,131	1,264,855	13.3	41.9
Loan portfolio expressed in foreign currency	1,216,863	1,174,080	1,589,750	35.4	30.6
Non -performing loans	129,274	150,896	181,671	20.4	40.5
Overdue loans	249,123	246,716	313,743	27.2	25.9
Loan – Loss Provisions	775,319	804,340	837,715	4.1	8.0
Net loan portfolio	19,629,596	20,361,307	22,881,541	12.4	16.6

The business segment, which includes the commercial, leasing, microcredit and the foreign currency portfolio, reaches a figure of \$10.3 billion pesos.

In summary, BBVA Colombia retail, business and commercial portfolios expanded vigorously during 2013.

Quality of the Portfolio

BBVA Colombia continues with risk management strategies.

Non – Performing Loans and Coverage

(Millions of pesos)

	Jun.12	Dec.12	Jun.13
Gross loan Portfolio	20,404,915	21,165,647	23,719,256
Total Non -performing loans	378,397	397,611	495,414
Non performing loans	129,274	150,896	181,671
Overdue loans	249,123	246,716	313,743
Non performing loans ratios	%	%	%
Non performing loans	0.63	0.71	0.77
Overdue loans	1.22	1.17	1.32
Coverage Ratio	%	%	%
Non performing loans	622.2	533.0	461.1
Overdue loans	322.9	326.0	267.0

The total non-performing loan portfolio increased by \$98 m.M y/y. Overdue loans Ratio ended the semester at 1.32% and the non performing ratio at 0.77%. The Overdue Ratio was 267, 0%.

Customer funds

The customers funds had an activity according to the liquidity and portfolio requirements. Therefore, the total client's deposits, which include issued bonds, recorded a balance of \$29.4 billion, an increase of 38.6%.

Client's Deposits

(Millions of pesos)

	Jun.12	Dec.12	Jun.13	Var. Año (%)	Var. TAM (%)
Current Accounts	3,300,433	3,614,875	3,977,172	10.0	20.5
Savings deposit	11,015,403	13,876,027	15,863,056	14.3	44.0
Time Deposits	5,203,223	6,470,785	7,678,345	18.7	47.6
CDAT's	-	-	-	-	-
Other deposits	197,032	319,973	245,815	(23.2)	24.8
Total client's deposits	19,716,091	24,281,660	27,764,389	14.3	40.8
Senior and Subordinated debt	1,496,060	1,262,890	1,627,890	28.9	8.8
Total client's deposits	21,212,151	25,544,550	29,392,279	15.1	38.6

Client's deposits showed a balance of \$ 27.8 billion. Since 2010 the transactional liabilities have strengthened, and as a result the savings deposits presented a significant increase, registering \$15.9 billion at the end of June, 44.0% over the previous year and 14.3% since December 2012.

All over the 2013 the issuance of CDT's had increased, registering a balance of \$7.7 billion with a positive annual variation of 47.6% and 18.7% over the year.

Senior and subordinated debt increased by 8.8% y/y, growing 28.9% year due to the issuance of subordinated bonds for \$ 250 mM in February 2013.

Shareholders' equity and Adequacy Ratio

The strengthening of capital continues all over the 2013, showing an increase of 12.4% y/y, reaching \$ 2.9 trillion. The Bank's eligible capital evolves according to the business activity, it increased \$3.3 billion y/y, 27.7%. The core capital remains at \$2,2 billion and the Tier 2 increased to \$ 1.0 trillion.

The equity strength is a priority for BBVA Colombia. According to this the eligible capital presented an excess of \$871 m.M. higher than level minimum required by the supervisor.

Equity and Adequacy Ratio

(Millions of pesos)

	Jun.12	Dec.12	Jun.13	Var. Año (%)	Var. TAM
Shareholders' Equity	2,563,797	2,857,240	2,880,881	0.8	12.4
Eligible Capital	2,563,772	2,646,265	3,273,392	23.7	27.7
Capital Tier 1	1,962,729	1,991,239	2,235,373	12.3	13.9
Tier 2	601,043	655,025	1,038,018	58.5	72.7
Required Eligible Capital	2,036,573	2,114,059	2,402,147	13.6	18.0
Eligible Capital in excess	527,199	532,206	871,245	63.7	65.3
Risk-weighted assets	21,357,109	21,725,572	24,717,626	13.8	15.7
Value at risk (VaR)	114,433	158,757	177,561	11.8	55.2
Adequacy ratio without VaR ¹	12.00	12.18	13.24	106	124
Adequacy ratio with VaR (minimum 9%)	11.33	11.27	12.26	99	93
Tier 1 (%) ²	9.19	9.17	9.04	(13)	(15)

¹ In international terms this is the BIS Ratio

² Capital tier 1 against risk-weighted assets

Despite the growth of the portfolio, the level of risk-weighted assets increased only 15.7% and 13.8% over the year, reaching \$24.7 billion. Moreover, market risk (VaR) value increased according to the activity of the investment portfolio, reaching \$178 m.M.

The Adequacy Ratio of BBVA Colombia is suitable and sufficient, surpassing 326 bp as it is required by The Superintendencia Financiera de Colombia.

Income Statement

All the results are consequence of the growth of the Net Interest Income, which had a positive variation of 14.3% y/y. Commissions had a similar performance against previous year, while trading income results reflected market volatility that characterized the 2nd quarter. Consequently, the Gross Income balanced \$ 1.0 billion with a growth of 10.1%.

Income Statement

(Millions of pesos)

	Jun.12	Dec.12	Jun.13	Var. TAM (%)
Financial income	1,167,285	2,440,514	1,361,287	16.6
Financial costs	-436,850	-952,811	-526,087	20.4
NET INTEREST INCOME	730,436	1,487,703	835,200	14.3
Net fees and commissions	133,309	266,902	139,895	4.9
Trading income	79,184	155,007	61,649	(22.1)
Other operating income and expenses	-18,264	-61,593	-18,913	3.6
GROSS INCOME	924,666	1,848,019	1,017,832	10.1
Operating costs	-362,247	-751,515	-396,581	9.5
-Personnel expenses	-183,352	-377,941	-197,815	7.9
-General expenses	-149,964	-306,920	-164,390	9.6
-Contributions and taxes	-28,930	-66,653	-34,377	18.8
Depreciation and amortization	-30,156	-62,452	-31,625	4.9
NET MARGIN	532,263	1,034,052	589,626	10.8
Impairment on financial assets (net)	-118,009	-269,570	-173,354	46.9
-Provisions credit losses of other assets	-117,624	-264,818	-171,333	45.7
-Provisions	-385	-4,752	-2,021	424.5
Operating Income	126	-124	285	125.2
OTHER GAINS (LOSSES)	414,380	764,358	416,557	0.5
Income before taxes	-60,825	-119,276	-59,771	(1.7)
INCOME TAX	353,555	645,082	356,786	0.9
Net Profit (1)	-105,930	-200,809	-112,484	6.2
Bº NETO	247,626	444,272	244,302	(1.3)

(1)The present count of results responds to the corporate structure of the BBVA group, the Income Tax include equity tax

Operating Costs increased 9.5% y/y as a result of the investment required by business activity, and more contributions and taxes. The Operating Income increased to \$ 590 M. M., 10.8% y/y.

Impairment on Financial Assets increased by 49.9% y/y, as a consequence of a higher level of provisions on consumer and credit card.

Profit Before Taxes reached \$357 m.M, which is a similar result of the 2012. It can be explained by the positive business activity, the control of expenditure, and a risk strategy. Finally, Profit After Tax increased \$244 m.M, slightly lower than the result of the same period last year.

In conclusion, at the end of the first semester BBVA Colombia continued with positive results, consequences of a period of higher activity in portfolio and funds, accompanied by a prudent risk policy, as well as the strengthening of the shareholders' equity.