

BBVA COLOMBIA

Results 1Q18

May 2018



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Macroeconomic Outlook

✓ Global growth remains firm at 3.8% in both 2018 and 2019. However there are rising risks related to trade protectionism, US fiscal policy and monetary policy normalization

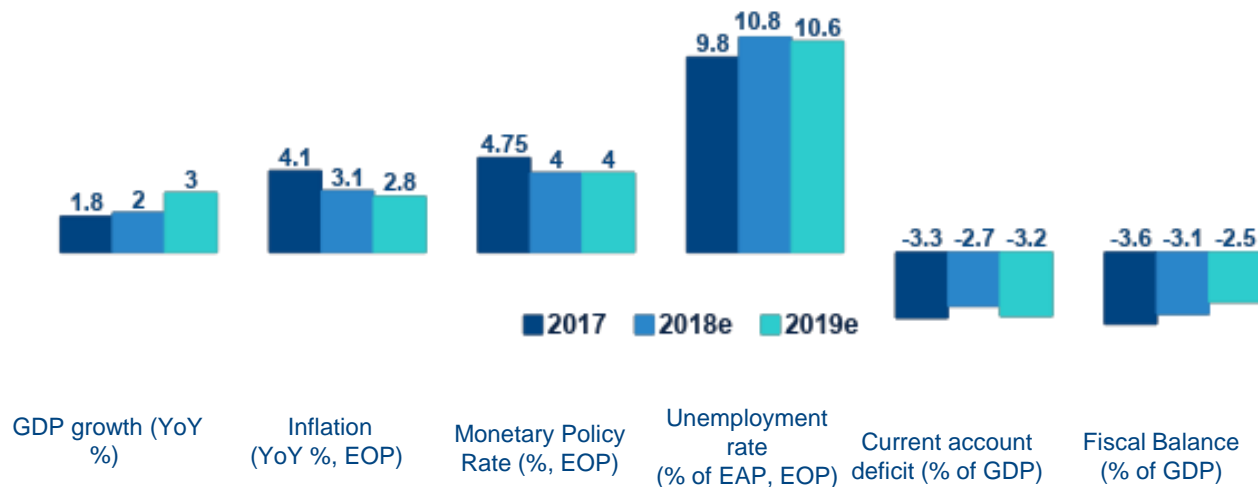
✓ Colombian economy shows signs of recovery, especially in private consumption. In 2018, we estimate GDP will grow 2.0% (with a slight upward bias). In 2019, it will accelerate to 3.0%

✓ Inflation is controlled and will be close to the BanRep target: in 2018 we expect it to end at 3.1% and in 2019 at 2.8%

✓ The labor market will suffer somewhat in 2018 due to low GDP growth. As of 2019 we expect the unemployment rate to go down

✓ Room for further monetary stimulus is limited. At most, there will be an additional cut that would bring the monetary policy rate to 4.0% in 2018. No rate movements expected in 2019.

Main economic indicators



2018 First Quarter Performance Highlights

Results (Million)

\$ 655.732 +15% YoY Net Interest Income	\$ 818.076 +6% YoY Gross Margin	\$ 160.662 +39% YoY Net Profit
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Very strong results in the quarter

Balance Sheet (Billion)

\$ 56.894 +5% YoY Total Assets	\$ 4.089 -4% YoY Equity	\$ 43.862 +10% YoY Gross Loan Portfolio	\$ 44.812 +5% YoY Customer Deposits*
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Market share gains driven by consumer and commercial growth

10.42% +53bps

Risk Ratios

3.59% + 121 bps YoY +13bps QoQ NPL ratio %	2.1% -23 bps YoY Cost of Risk %
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Trend Improvement in NPL ratios

Solvency

12.22% -61 bps YoY Total Solvency	7.32% -17 bps YoY Basic Solvency
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Solvency ratios well **above minimum required**

Efficiency

46.87% -208 bps YoY Efficiency Ratio

Efficiency improvement

*Excluding other deposits, individual figures

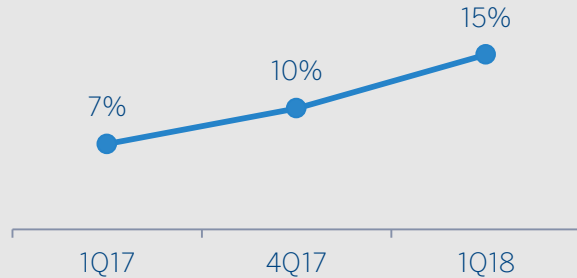
Continued progress in the digital transformation of the financial sector

Outstanding trend in digital sales and customers

«BBVA opens the door to e-commerce to more than three million customers»

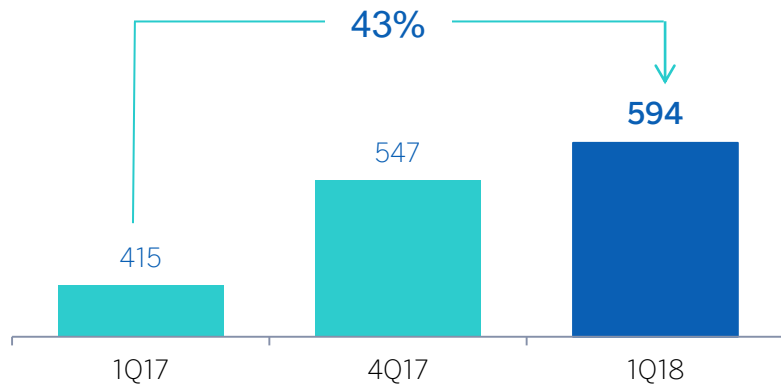
Digital Sales

Digital Sales (ex insurance) / Total sales



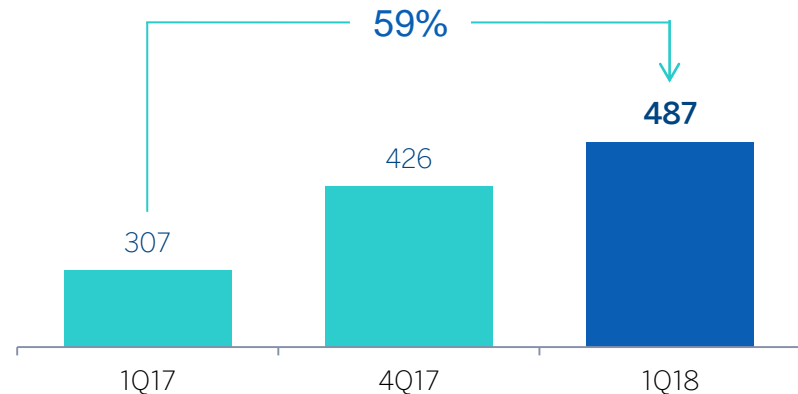
Digital Customers

Thousands of customers



Mobile Customers

Thousands of customers





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Annex



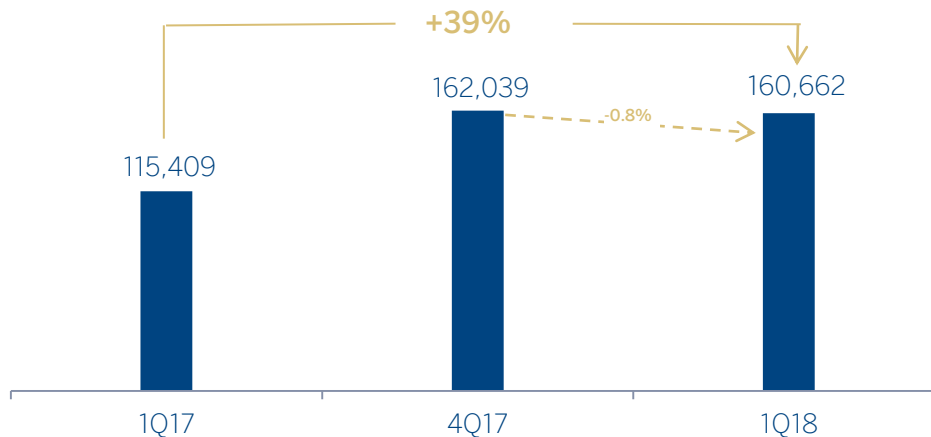
01

Results 1Q18

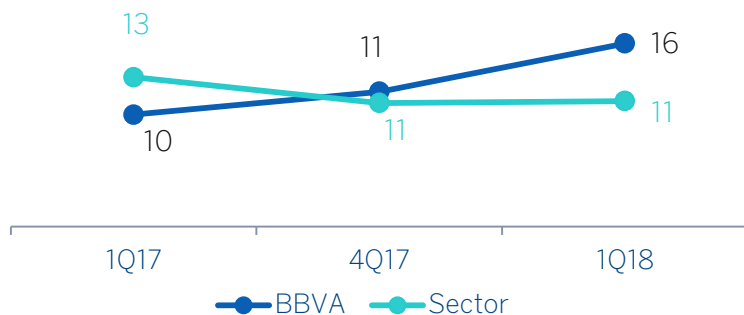
Consolidated Results for the Quarter

Net Income

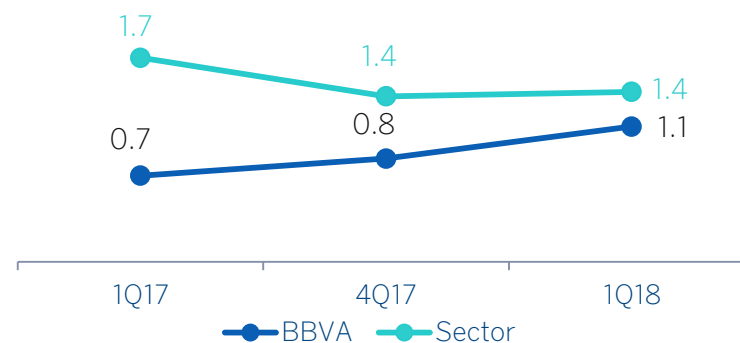
Million of COP



ROE %



ROA %

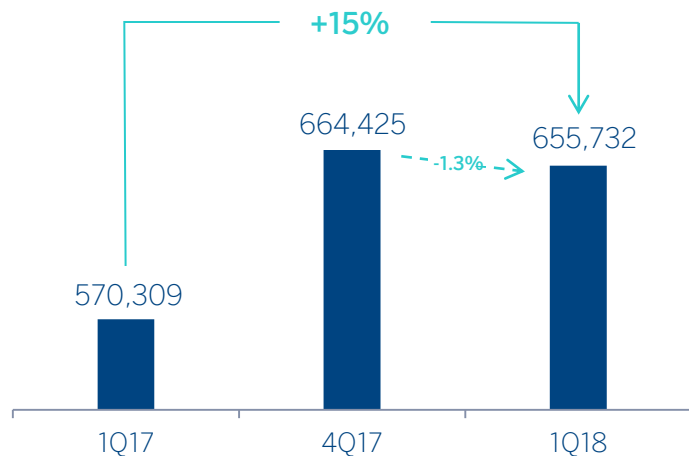


Strong results supported by recurring income

Strong Recurring Income Growth

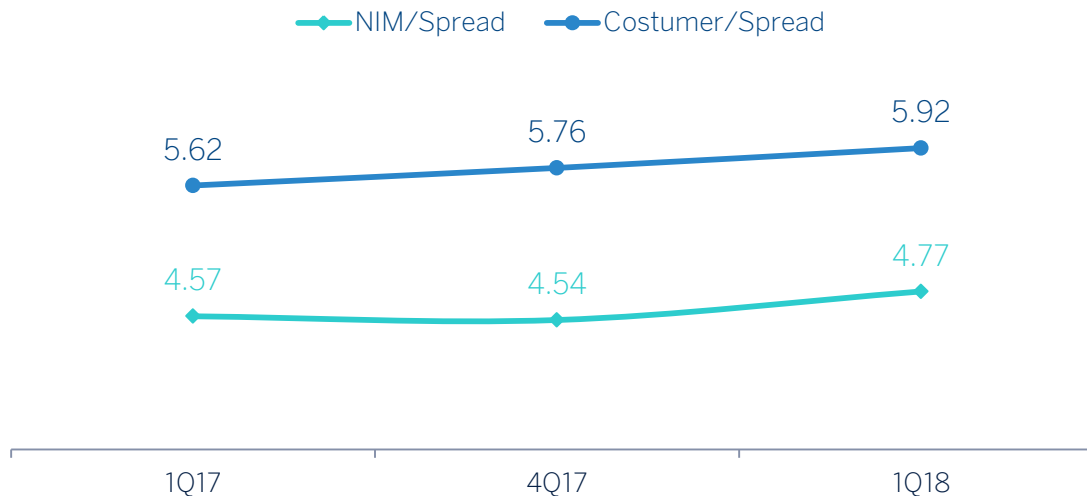
Net Interest Income

Million of COP

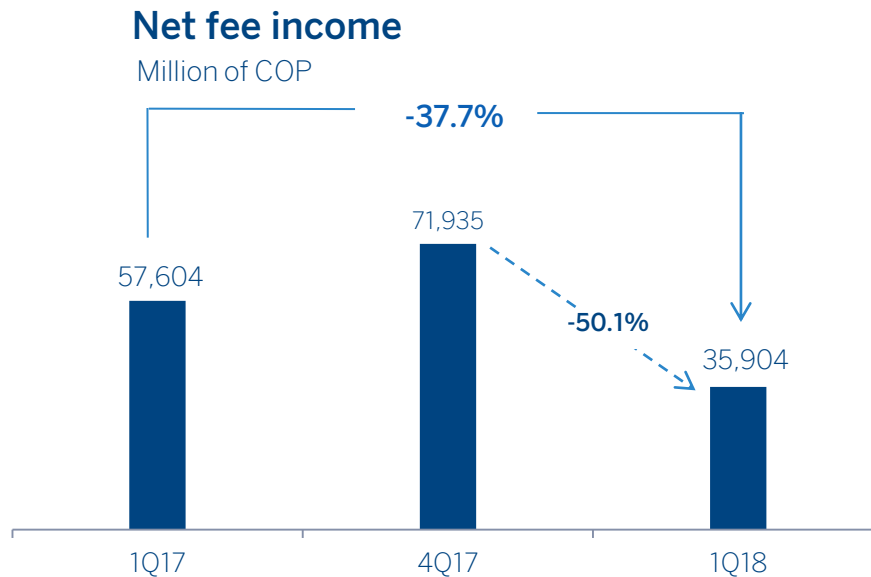


Net interest income continues to benefit from lower interest rates and high commercial spreads

Spreads



Given our strategy towards digital channels, fee income saw a reduction in 1Q18

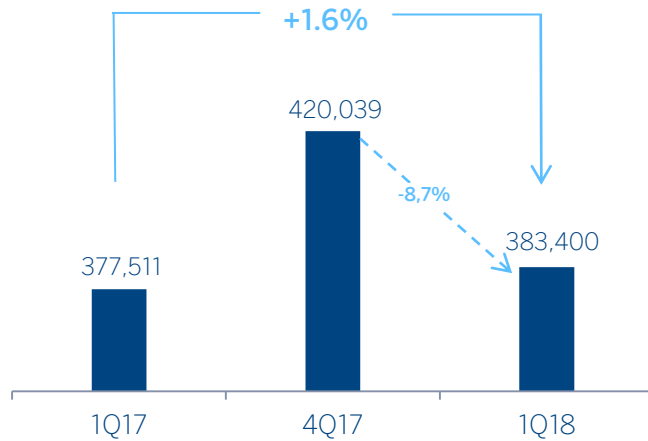


Annual fee income decrease due to:

- A reduction of digital interbank-transfer-fees
- Migrating customers to electronic channels

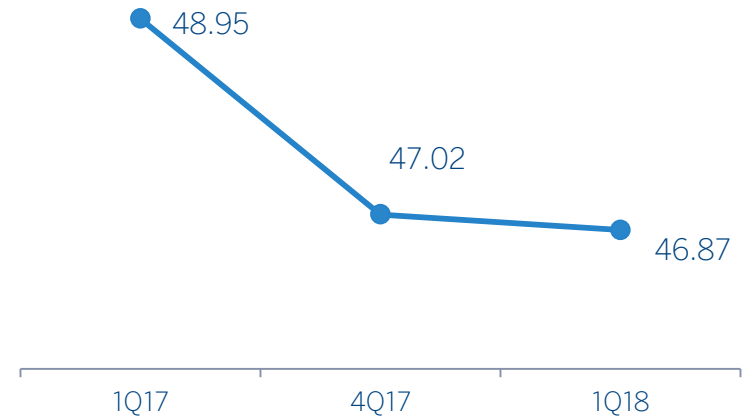
Expenditure Control and Efficiency Improvement

Administrative costs
Billion \$



Expenses grew well below inflation compared to 1Q17

Efficiency Ratio
%



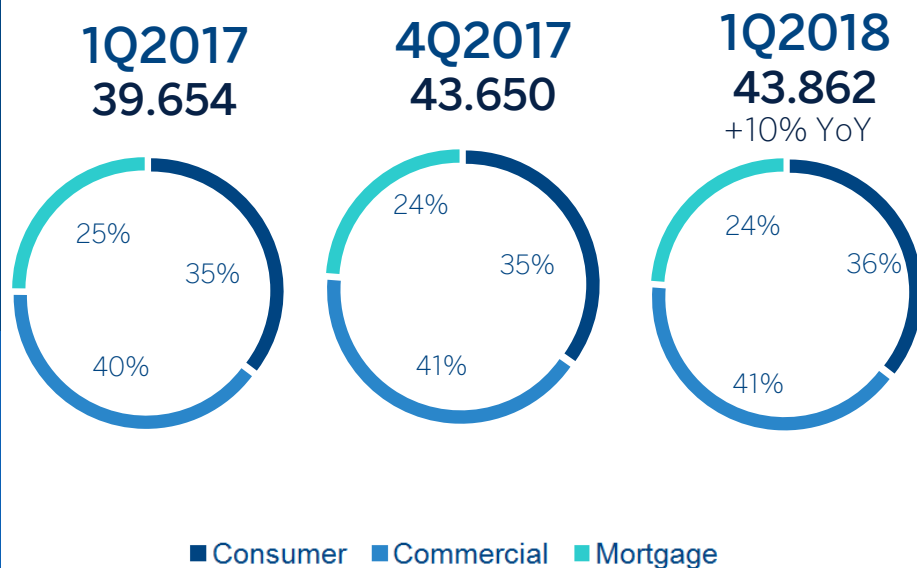


02

Balance Sheet and Business Activity

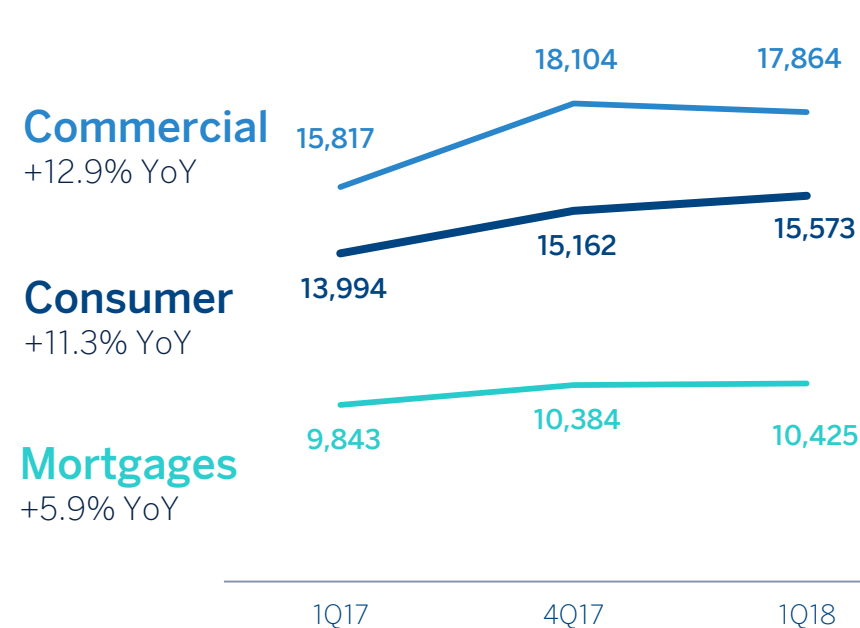
Diversified and Growing Business

Portfolio Composition



Gross Loan Portfolio Growth

Billion

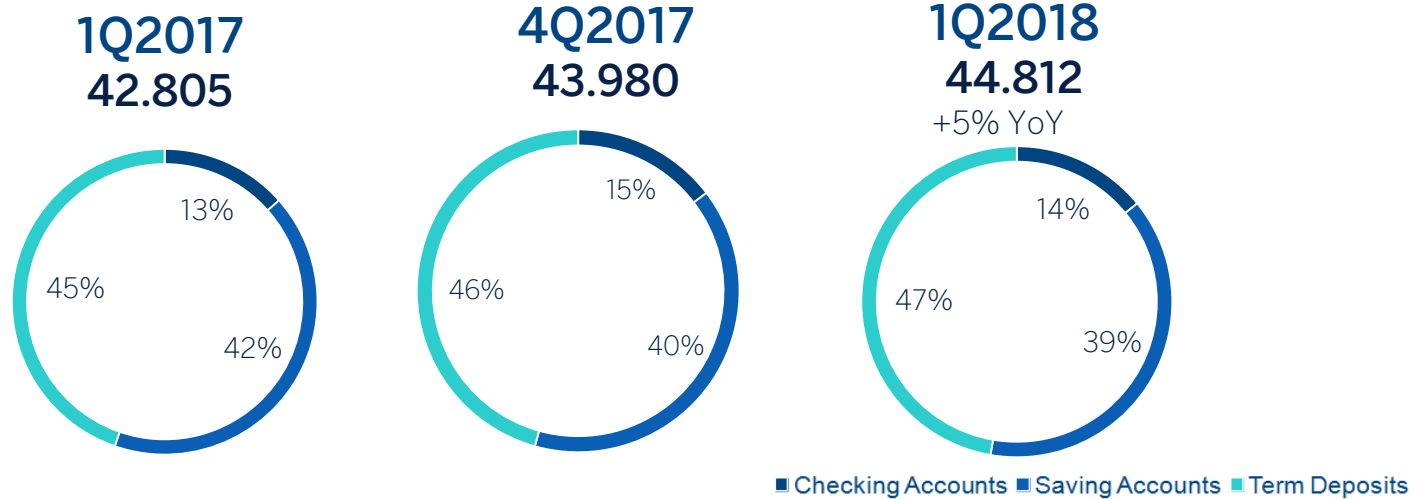


- Activity focused on Retail segment, weighed on payroll loans with a 57% share of the consumer portfolio
- Relevant growth in commercial loans, driven by the institutional segment

• Note: Portfolio includes Leasing. Commercial includes microcredit

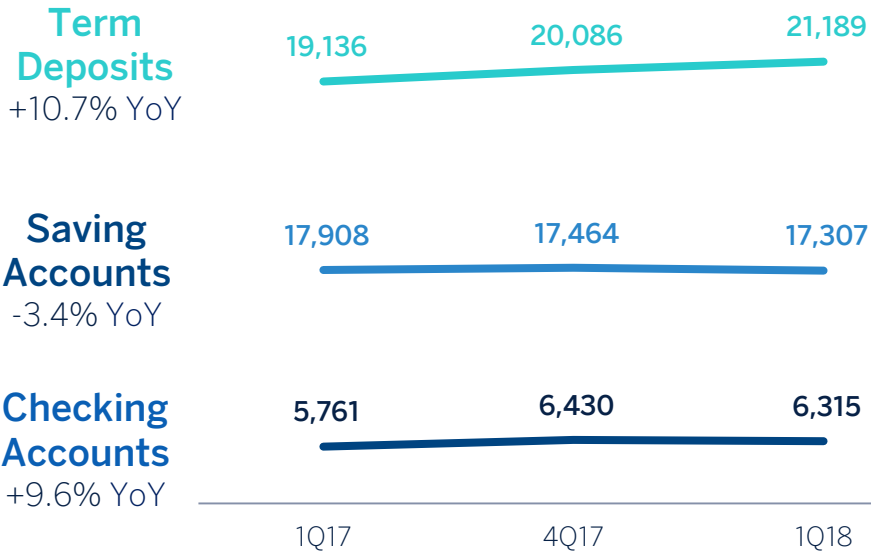
Strategic Management of Our Funding Sources

Deposits Composition



Deposits Growth +4.7%

Billions



- Growth driven by an increase in term deposits at a fixed rate in line with the funding strategy

Leaders in Retail Banking

Market Share Gains in 1Q18

Loan Portfolio

\$44 Trillion
 Market Share **10.4%**
 YoY Growth +53 bps

Deposits

\$44 Trillion
 Market Share **11.7%**
 YoY Growth +28 bps

Individuals

Market share
14.74%
 YoY Growth -7 bps

Commercial

Market share
7.30%
 YoY Growth +77 bps

Consumer

Market share

14.64%

YoY Growth +19 bps

Credit Cards

Market share

6.67%

YoY Growth -23 bps

Mortgages

Market share

17.07%

YoY Growth -56 bps

Saving Accounts

Market share
9.99%
 YoY Growth -66 bps

Checking Accounts

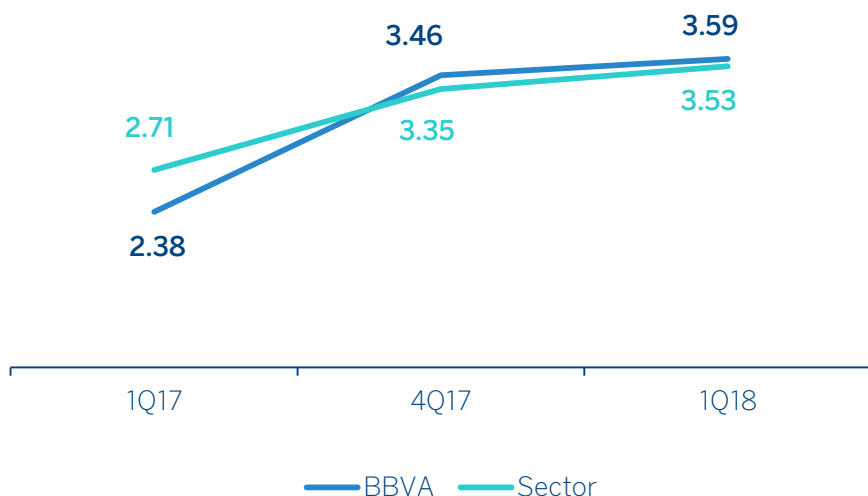
Market share
13.02%
 YoY Growth +51 bps

Term Deposits

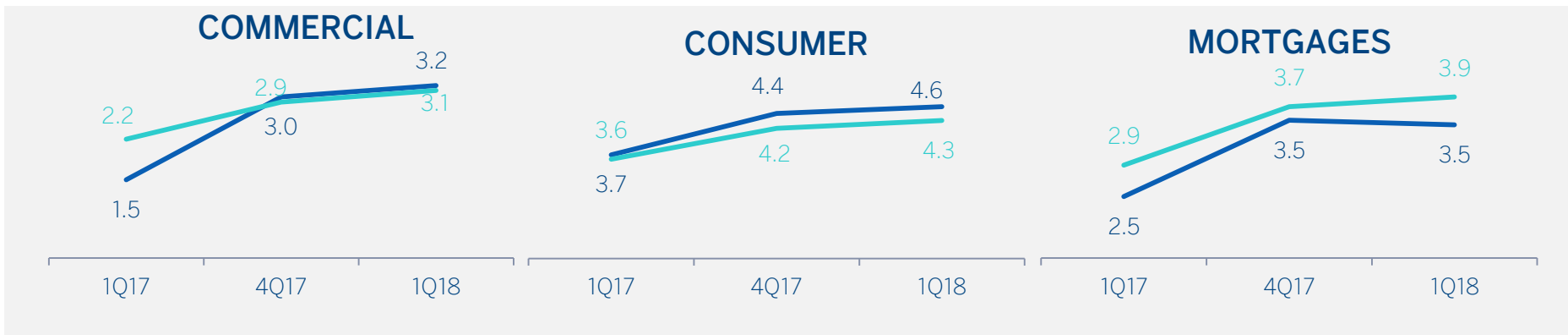
Market share
13.77%
 YoY Growth +14 bps

NPL Evolution

NPL (%)*



- NPL ratio show a slight deterioration of 13 bps taking, showing an improved trend
- In line with our portfolio admission policies, consumer NPLs have a reduced deterioration compared to the previous quarter



*NPL: commercial portfolio greater than 90 days, consumer greater than 60 days and mortgage greater than 120 days
Source: SFC

Consolidated Balance Sheet

Million of COP

	1Q17	1Q17 * Adjustment	4Q17	1Q18	Var TAM	
					abs	%
Cash and cash equivalents	5,982,573	5,982,573	5,777,721	5,398,209	-584,364	-9.8
Investments	6,601,826	6,601,826	7,330,899	6,474,430	-127,396	-1.9
Derivative Financial Instruments and Cash Operations	978,051	978,051	688,630	961,317	-16,734	-1.7
Gross Loan Portafolio and Leasing	39,832,950	39,832,950	44,302,900	43,861,900	4,028,950	10.1
Provision for credit losses	-1,437,967	-1,437,967	-1,931,594	-2,400,339	-962,372	66.9
Other	1,913,074	1,946,921	1,898,804	2,598,793	651,872	33.5
Assets	54,206,950	53,904,354	58,067,360	56,894,310	2,989,956	5.5
Deposits	43,256,936	43,256,936	44,530,966	45,336,187	2,079,251	4.8
Money Market Operations	205,470	205,470	2,635,115	522,279	316,809	154.2
Financial instruments at fair value	1,028,689	1,028,689	840,021	1,083,246	54,557	5.3
Banks and other financial obligations	1,472,912	1,472,912	1,842,312	2,005,774	532,862	36.2
Investment in debt securities	2,382,905	2,382,905	2,277,963	2,190,036	-192,869	-8.1
Liabilities by deferred tax	348,029	227,578	307,806	202,922	-24,656	-10.8
Estimated liabilities and provisions	211,446	211,446	224,100	270,271	58,825	27.8
Payable accounts	823,157	823,157	449,048	704,039	-119,118	-14.5
Labor Obligations	194,996	194,996	215,054	195,086	90	0.0
Other Liabilities	193,407	193,407	289,637	295,774	102,367	52.9
Liabilities	50,117,947	49,997,496	53,612,022	52,805,614	2,808,118	5.6
Paid-in Capital	89,779	89,779	89,779	89,779	-	-
Reserves	2,535,777	2,536,283	2,845,449	2,764,985	228,702	9.0
Surplus	1,348,038	1,165,387	1,028,943	1,073,270	-92,117	-7.9
Net Profit for the period	115,409	115,409	491,167	160,662	45,253	39.2
Stockholder´s Equity	4,089,003	3,906,858	4,455,338	4,088,696	181,838	4.7
Total Liabilities and Stockholder´s Equity	54,206,950	53,904,354	58,067,360	56,894,310	2,989,956	5.5

*Restatement of the Financial Statements: Goodwill Credit Elimination with an impact on deferred income tax

Restatement of the Financial Statements 1Q2017 Adjusted

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.



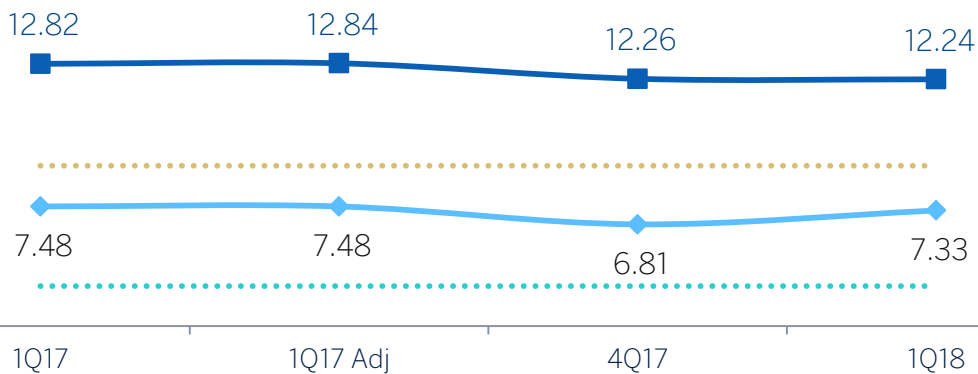
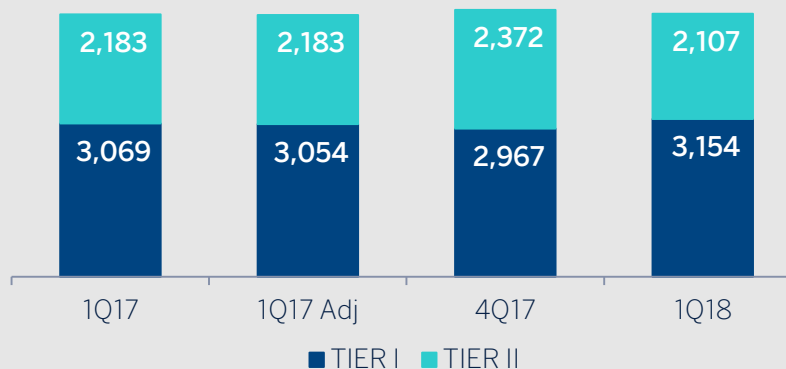
03

Solvency

Capital Adequacy

Billion COP

Strong
Capital Position



Evolution of the capital ratio %

324 basis points
Above the required level of
Total Solvency



Contact

E-mail: bbvacolombia-ir@bbva.com

Investor Relations Team:

Carolina Ramírez López
Tel 3471600 Ext. 12842
carolina.ramirezlopez@bbva.com
Director – IR

Katherine García Buitrago
Tel 3471600 Ext. 11286
katherine.garcia@bbva.com
IR – Professional

Bogotá, Colombia.

BBVA Colombia S.A.



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Annex

Consolidated Income Statement of the Quarter

Million of COP

	1Q17	4Q17	1Q18	Var TAM	
				abs	%
Loan Portfolio	1,173,771	1,186,482	1,164,963	(8,808)	(0.8)
Interest Expense	(603,462)	(522,056)	(509,231)	94,231	(15.6)
Net interest income	570,309	664,425	655,732	85,423	15.0
Net commission income	57,604	71,935	35,904	(21,700)	(37.7)
Investment Portfolio	116,165	105,329	86,381	(29,784)	(25.6)
Dividends	8,026	(14)	16,682	8,656	107.8
Other Incomes	19,147	51,659	23,377	4,230	22.1
Other operating income	143,338	156,974	126,440	(16,898)	(11.8)
Gross margin	771,251	893,334	818,076	46,825	6.1
Net Asset Allocation	(233,864)	(302,598)	(191,103)	42,761	(18.3)
Administration General Expenses	(377,511)	(420,039)	(383,400)	(5,889)	1.6
Personal Expenses	(147,622)	(152,092)	(149,242)	(1,620)	1.1
General Expenses	(82,995)	(110,653)	(89,913)	(6,918)	8.3
Taxes	(31,546)	(36,512)	(31,182)	364	(1.2)
Other	(114,087)	(119,214)	(111,286)	2,801	(2.5)
Operational Risk	(1,261)	(1,568)	(1,777)	(516)	40.9
Non-interest expenses	(611,375)	(722,637)	(574,503)	36,872	(6.0)
Minority Interest	(324)	(464)	(443)	(119)	36.7
Income before tax	159,552	170,233	243,130	83,578	52.4
Income Tax	(44,143)	(8,194)	(82,467)	(38,324)	86.8
Net profit	115,409	162,039	160,662	45,253	39.2

Individual Balance Sheet

Million COP

	1Q17	1Q17 * Adjustment	1Q18	Var TAM	
				abs	%
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	0	-
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

*Restatement of the Financial Statements

Goodwill Credit Elimination with an impact on deferred income tax

Individual Income Statement of the Quarter

Million COP

	1Q17	4Q17	1Q18	Var TAM	
				abs	%
Loan Portfolio	1,173,771	1,182,697	1,195,242	21,470	1.8
Interest Expense	(604,291)	(522,888)	(509,842)	94,449	(15.6)
Net interest income	569,480	659,809	685,400	115,919	20.4
Net commission income	39,868	36,295	44,800	4,932	12.4
Investment Portfolio	123,442	100,473	93,555	(29,888)	(24.2)
Dividends	7,602	0	16,418	8,816	116.0
Other Incomes	18,227	75,339	22,945	4,718	25.9
Other operating income	149,272	175,812	132,918	(16,354)	(11.0)
Gross margin	758,620	871,916	863,117	104,497	13.8
Net Asset Allocation	(232,121)	(302,564)	(232,434)	(312)	0.1
Administration General Expenses	(379,236)	(408,394)	(377,465)	1,771	(0.5)
Personal Expenses	(151,197)	(144,946)	(145,370)	5,827	(3.9)
General Expenses	(82,654)	(109,806)	(89,571)	(6,917)	8.4
Taxes	(30,999)	(35,933)	(30,735)	264	(0.9)
Other	(113,126)	(116,141)	(110,013)	3,113	(2.8)
Operational Risk	(1,261)	(1,568)	(1,777)	(516)	41.0
Non-interest expenses	(611,357)	(710,958)	(609,899)	1,458	(0.2)
Income before tax	147,263	160,958	253,218	105,955	71.9
Income Tax	(54,017)	(57)	(95,603)	(41,586)	77.0
Net profit	93,246	160,901	157,616	64,369	69.0

Our Bank...

March 2018

ATM's



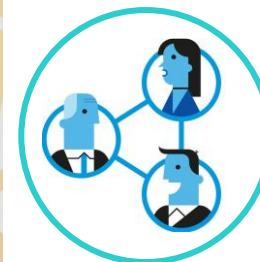
1.339
YoY Growth
variation
+1.05%

Branch Offices



550
YoY Growth
variation
-3.41%

Employees



5.221
YoY Growth
variation
-14.86%

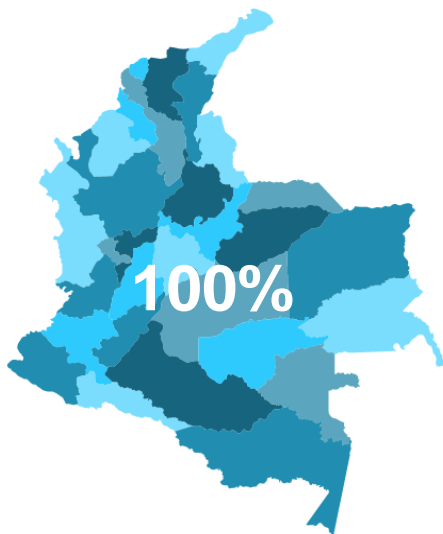
Banking Agents



5.854
YoY Growth
variation
+0.48%

Participation in Colombia

BBVA

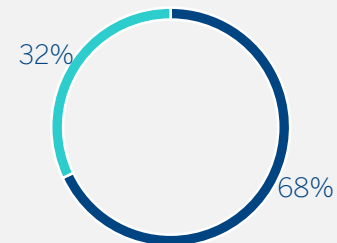


Focused on the Local Market

Source: Annual Report of each bank, March 2017

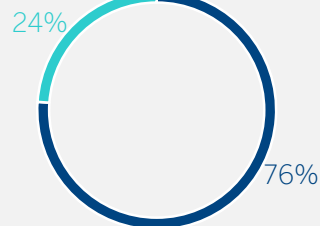
Sector

Peer 1



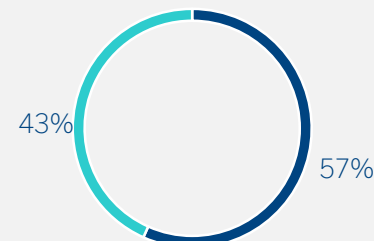
■ Col ■ Central America

Peer 2



■ Col ■ Central America

Peer 3



■ Col ■ Central America