

# BBVA COLOMBIA

## Results 3Q18

November 30<sup>th</sup> 2018

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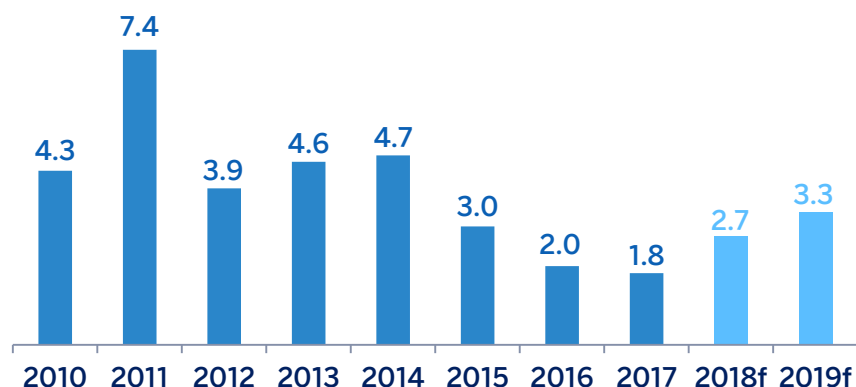
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# The Colombian Economy will Consolidate its Recovery in 2019

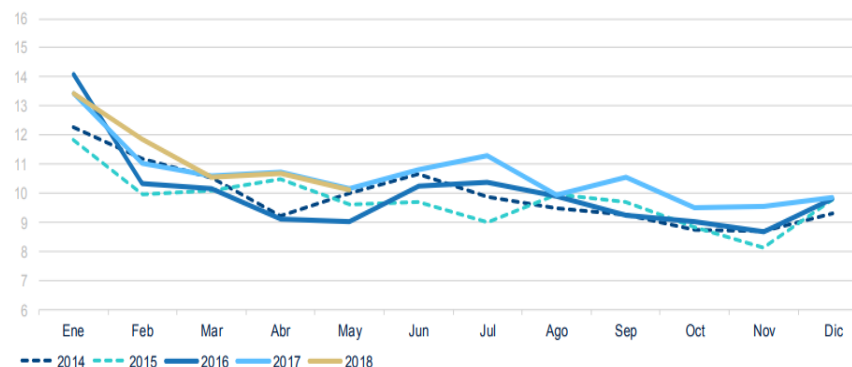
## GDP

(y/y,%)



## Urban Unemployment Rate

(% of EAP, 13 cities)



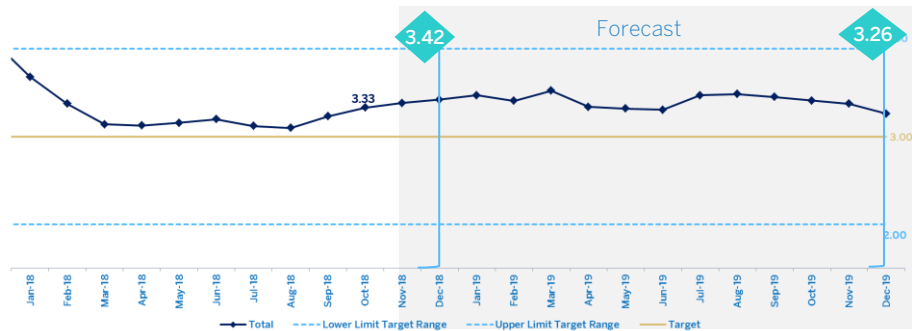
The global economy continues to show a positive performance, but in an environment of growing doubts about the protectionist escalation between China and the United States

In Colombia, we anticipate growth of 2.6% for 2018 and of 3.3% for 2019. The acceleration of investment and the continued recovery of private consumption, will be key to this result

The labor market continues to be affected by low economic growth. As of 2019 we expect the unemployment rate to go down

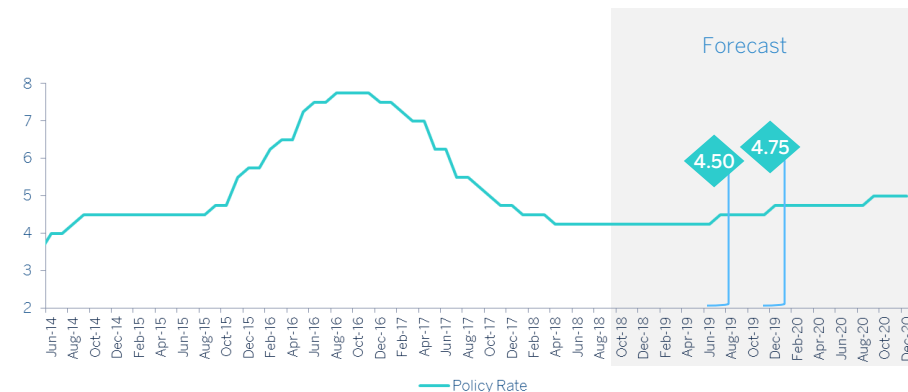
# Interest Rates are Likely to Increase in 2H19

## Inflation % y/y



Inflation will remain stable, around the inflation target at 3%, ending 2018 at 3.4% and 2019 at 3.2%

## Policy Interest Rates (%, nominal interest rates)



BanRep will maintain its rates at 4.25% for the remaining of the year. Given the acceleration of the economy and higher external interest rates, we expect the Central Bank to raise its rates by 50bps points in 2H19

# Main Consolidated Figures 3Q18

## Results (Billion)

\$ 1.983.711	\$ 2.612.576	\$ 531.052
+9.1% YoY	+5.7% YoY	+61.4% YoY
<b>Net Interest Income</b>	<b>Gross Margin</b>	<b>Net Profit</b>

**Outstanding** results in the quarter

## Balance Sheet (Billion)

\$ 58.069	\$ 4.441	\$ 44.949	\$ 45.548
+7.2% YoY	+3.5% YoY	+9.2% YoY	+9.4% YoY
<b>Total Assets</b>	<b>Equity</b>	<b>Gross Loan Portfolio</b>	<b>Customer Deposits*</b>

**Market share gains** driven by commercial loan growth

**10.40%**  
+38 bps

## Risk Ratios

3.93%  
+ 27 bps YoY  
+20 bps QoQ  
**NPL Ratio%**

2.45%  
-10 bps YoY  
**Cost of Risk%**

Risk indicators affected by the **macroeconomic context**

## Solvency

12.23%	7.06%
-53 bps YoY	-23 bps YoY
<b>Total Solvency</b>	<b>Basic Solvency</b>

**Sound capital position,** well above requirements

## Efficiency

40.72%  
-319 bps YoY  
**Efficiency Ratio**

**Significant Improvement** in Efficiency

\*Excluding other deposits, individual figures

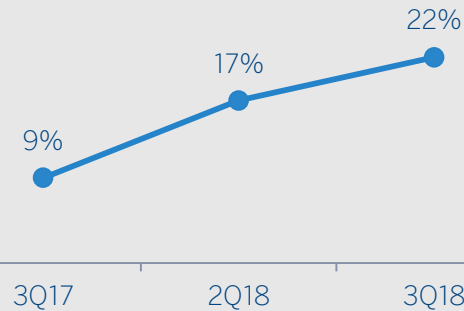
# Outstanding trend in Digital and Customers Sales



**BBVA APP:**  
«Most innovative product»  
Accenture Awards

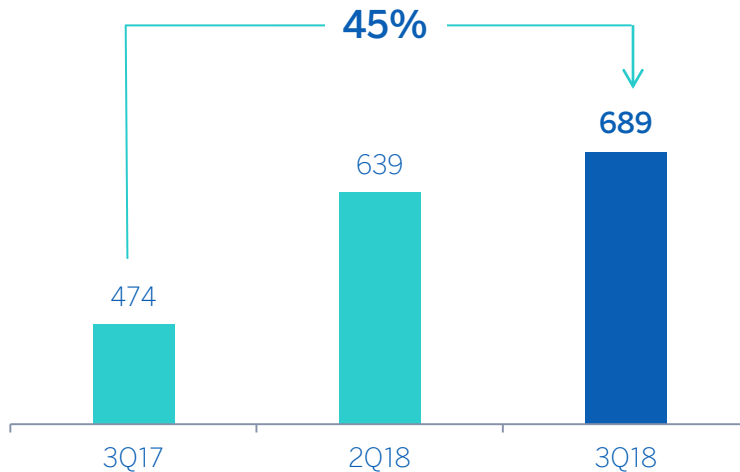
## Digital Sales

Digital Sales (Ex insurance) / Total Sales



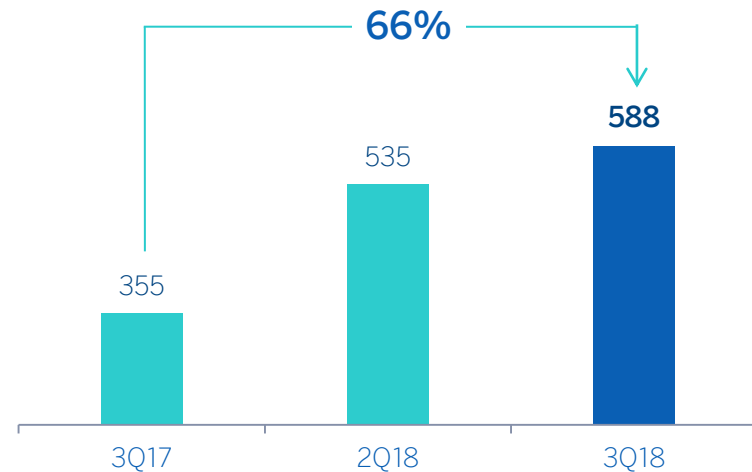
## Digital Customers

Thousands of Customers



## Mobile Customers

Thousands of Customers





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- 2 Balance Sheet and Business Activity
- 3 Solvency

Annex



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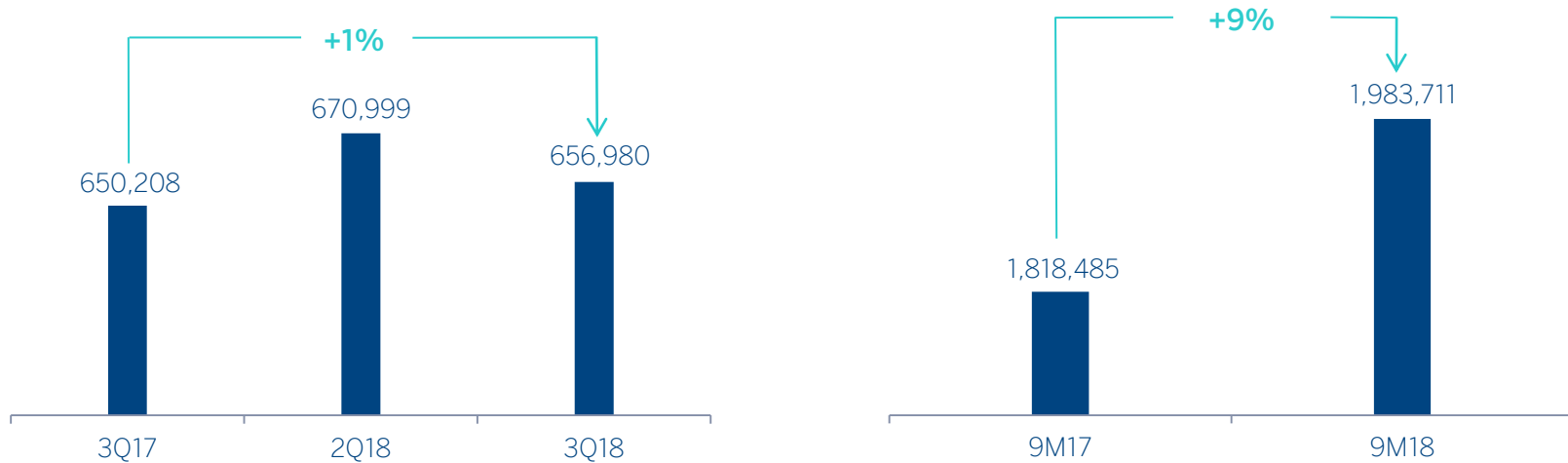
# Consolidated Results 3Q18



# Positive Trend in Net Interest Income

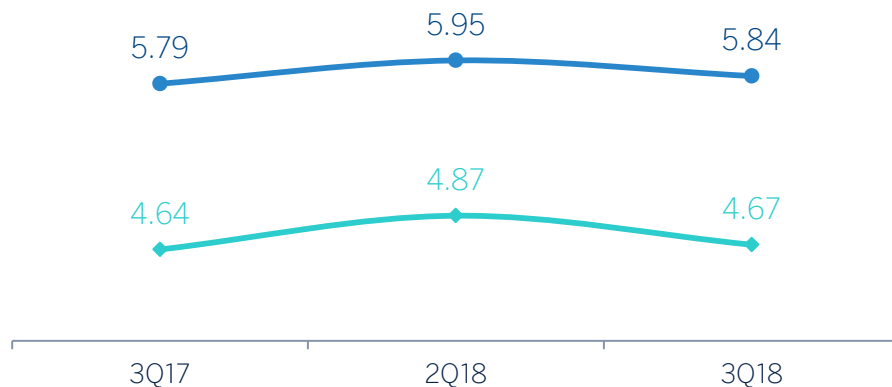
## Net Interest Income

Million COP



## Spreads

— NIM/Spread — Costumer/Spread



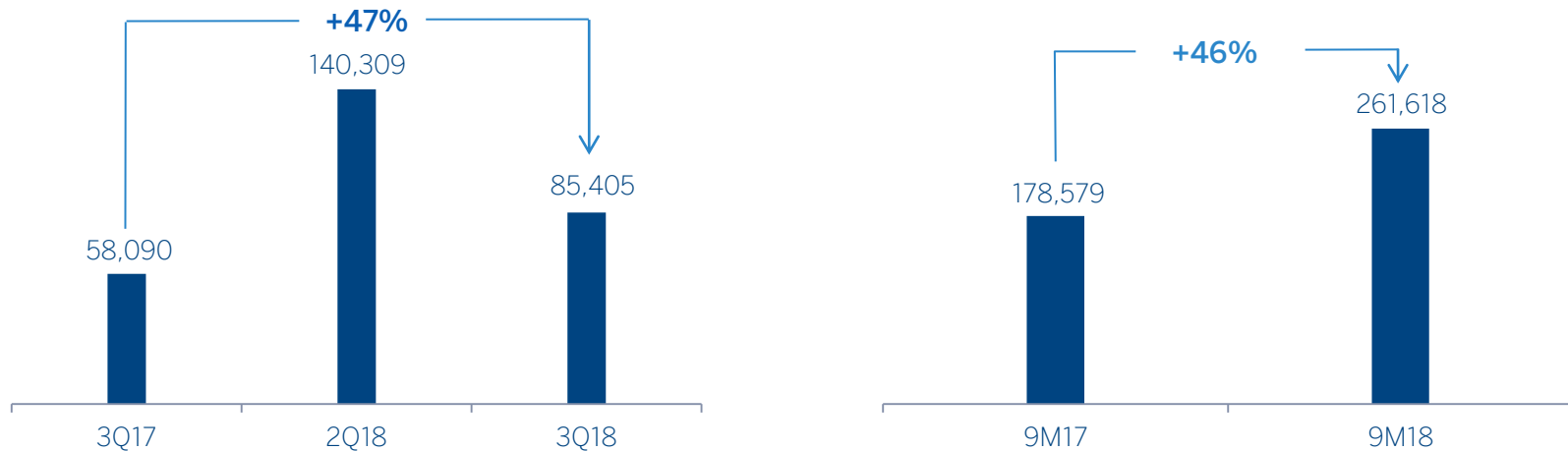
+5 bps  
YoY

NIM continues to  
benefit from high  
commercial spreads

# Strong Fee Income Growth

## Net fee income

Million COP



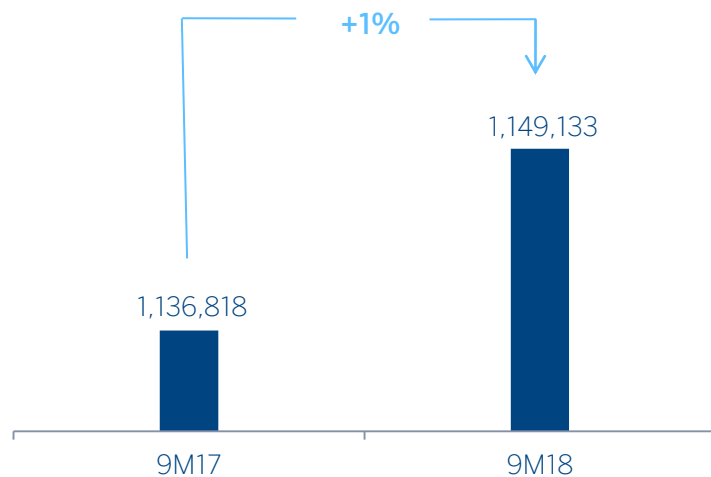
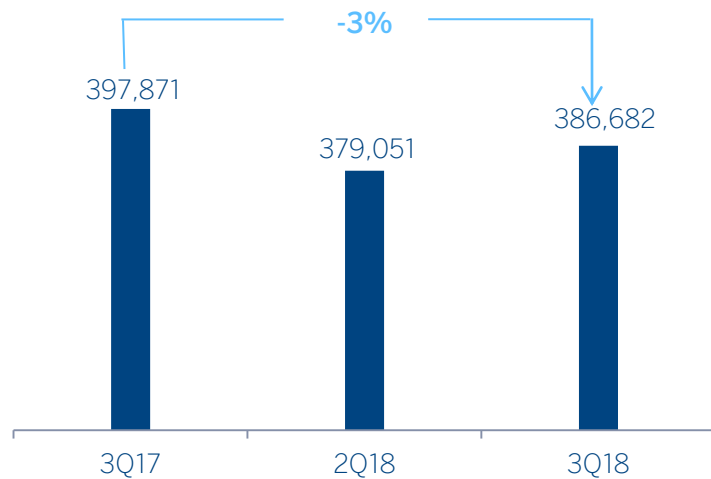
Annual fee income driven by:

- Reduction in fees of our external sales force
- Reduction in fee income for lower cash purchases

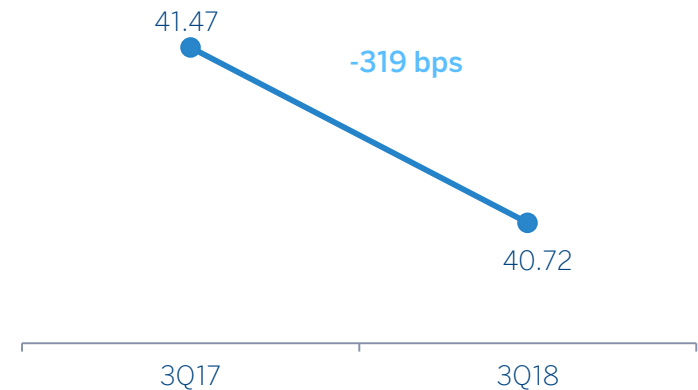
# Expenditure Control and Efficiency Improvement

## Administrative costs

Million COP



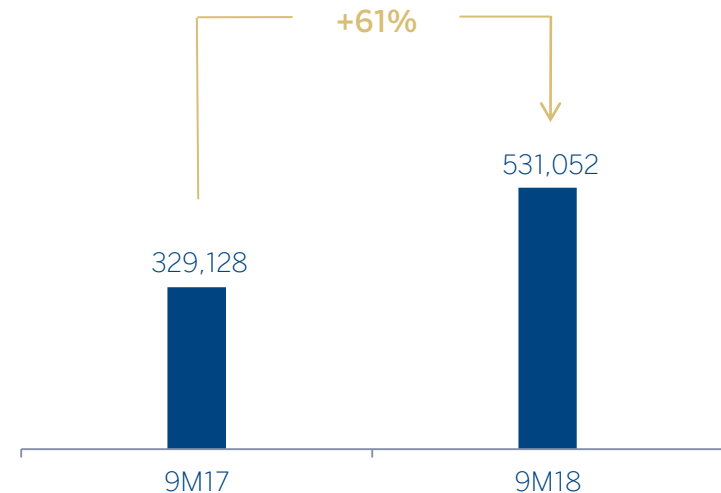
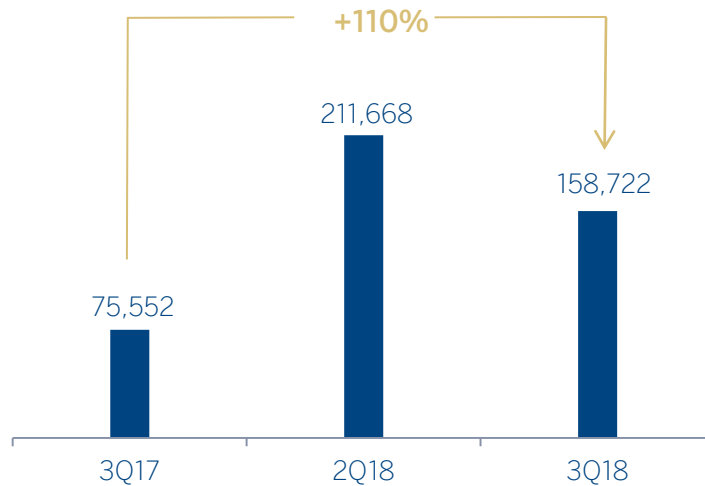
## Efficiency Ratio %



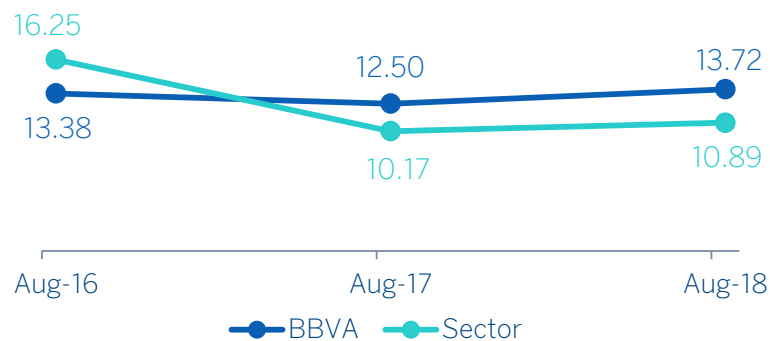
# Outstanding Results for the Quarter

## Net Income

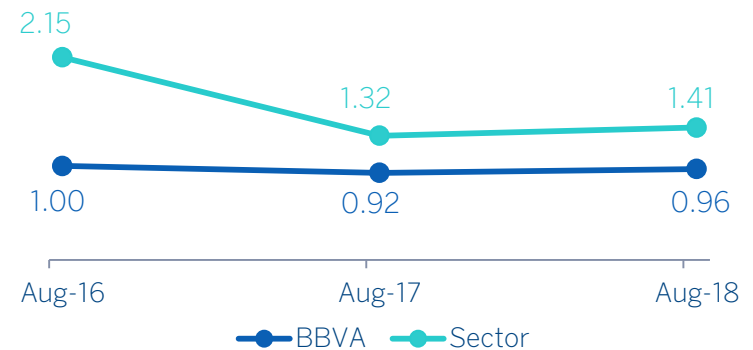
Million of COP



## ROE %



## ROA %



# Consolidated Income Statement

Accumulated – Million COP

	3Q17	2Q18	3Q18	Var TAM	
				abs	%
Loan Portfolio	3,530,197	2,351,376	3,524,595	(5,602)	(0.2)
Interest Expense	(1,711,713)	(1,024,645)	(1,540,884)	170,829	(10.0)
<b>Net interest income</b>	<b>1,818,485</b>	<b>1,326,731</b>	<b>1,983,711</b>	<b>165,226</b>	<b>9.1</b>
<b>Net commission income</b>	<b>178,579</b>	<b>176,213</b>	<b>261,618</b>	<b>83,039</b>	<b>46.5</b>
Investment Portfolio	379,329	183,087	281,311	(98,018)	(25.8)
Dividends	11,444	16,807	17,070	5,626	49.2
Other Incomes	84,463	46,161	68,866	(15,597)	(18.5)
<b>Other operating income</b>	<b>475,236</b>	<b>246,055</b>	<b>367,247</b>	<b>(107,989)</b>	<b>(22.7)</b>
<b>Gross margin</b>	<b>2,472,300</b>	<b>1,748,999</b>	<b>2,612,576</b>	<b>140,276</b>	<b>5.7</b>
<b>Net Asset Allocation</b>	<b>(883,482)</b>	<b>(449,782)</b>	<b>(641,468)</b>	<b>242,014</b>	<b>(27.4)</b>
<b>Administration General Expenses</b>	<b>(1,136,818)</b>	<b>(762,451)</b>	<b>(1,149,133)</b>	<b>(12,315)</b>	<b>1.1</b>
Personal Expenses	(431,365)	(292,434)	(432,892)	(1,527)	0.4
General Expenses	(253,480)	(176,591)	(271,008)	(17,528)	6.9
Taxes	(99,644)	(61,911)	(93,185)	6,459	(6.5)
Other	(348,932)	(227,633)	(345,443)	3,489	(1.0)
Operational Risk	(3,397)	(3,882)	(6,605)	(3,208)	94.4
<b>Non-interest expenses</b>	<b>(2,020,300)</b>	<b>(1,212,233)</b>	<b>(1,790,601)</b>	<b>229,699</b>	<b>(11.4)</b>
Minority Interest	(892)	(927)	(1,348)	(456)	51.2
<b>Income before tax</b>	<b>451,108</b>	<b>535,839</b>	<b>820,627</b>	<b>369,519</b>	<b>81.9</b>
Income Tax	(121,980)	(163,509)	(289,574)	(167,594)	137.4
<b>Net profit</b>	<b>329,128</b>	<b>372,330</b>	<b>531,052</b>	<b>201,924</b>	<b>61.4</b>

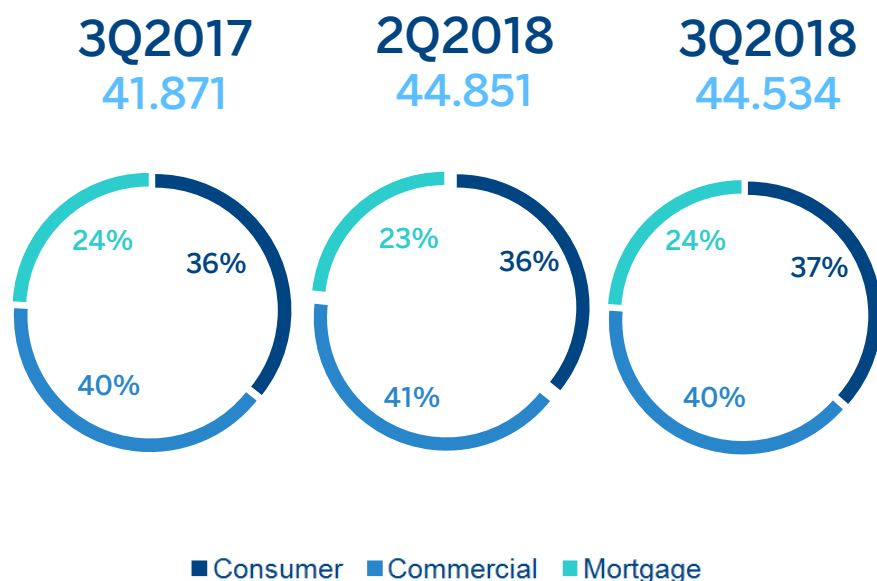


# 2

## Balance Sheet and Business Activity

# Portfolio growth driven by the commercial and consumer portfolio

## Portfolio Composition



## Gross Loan Portfolio +6.4% yoy

Billion

### Commercial

+5.0% YoY

### Consumer

+8.8% YoY

### Mortgages

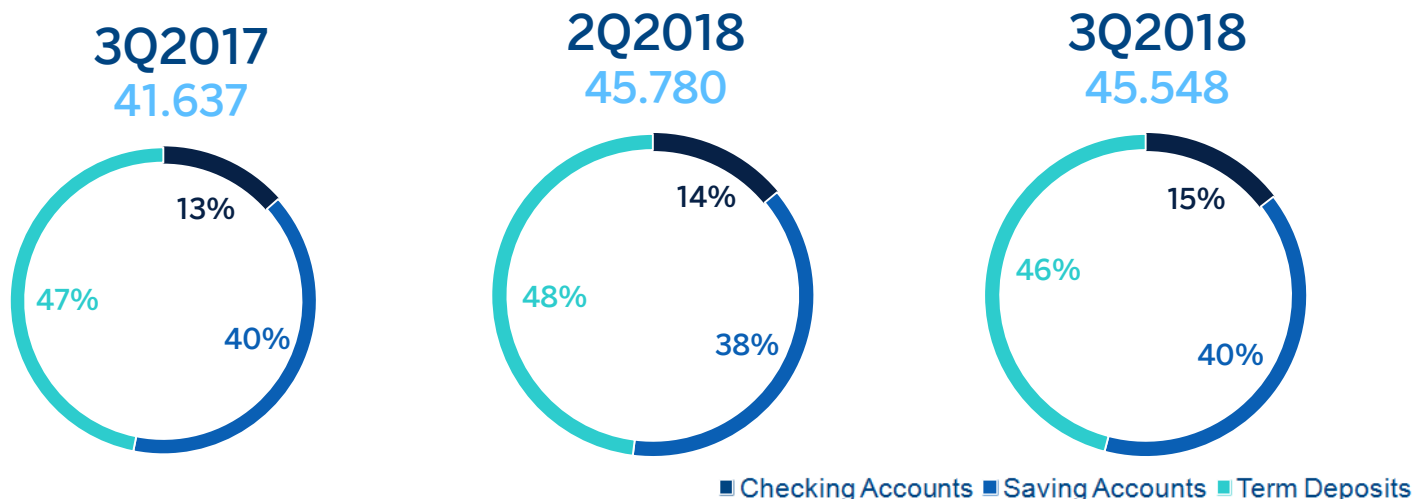
+5.0% YoY



- Activity focused on the retail segment, which represents 60% of the gross loan portfolio at the end of September 2018
- Significant growth in the consumer portfolio in 3Q18

# Strategic Management of Our Funding Sources

## Deposits Composition



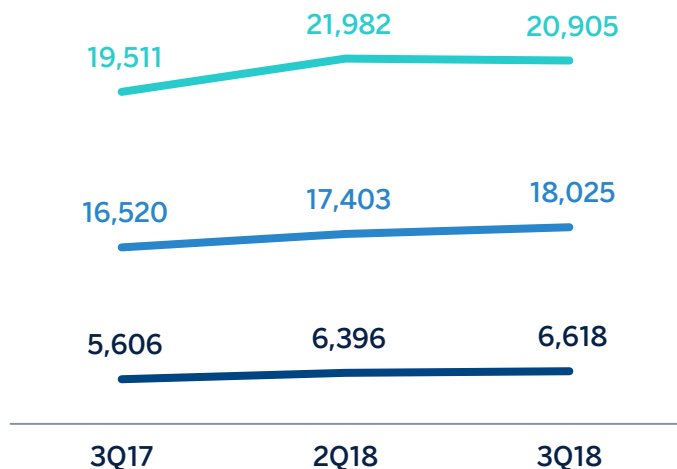
## Deposits Growth +9.4% yoy

Billion

**Term Deposits**  
+7.1% YoY

**Saving Accounts**  
+9.1% YoY

**Checking Accounts**  
+18.1% YoY



Deposits growth driven by an increase in all three main sources of funding



# Market Share Gains Led by the Commercial Portfolio

## Market Shares

### Loan Portfolio

**\$45**  
Trillion

Market Share **10.40%**  
+38 bps YoY

#### Individuals\*

Market Share  
**14.76%**  
-13 bps YoY

#### Commercial

Market Share  
**7.18%**  
+50 bps YoY

#### Consumer\*\*

Market Share  
**13.42%**  
+17 bps YoY

#### Credit Cards

Market Share  
**7.22%**  
-11 bps YoY

#### Mortgages\*\*\*

Market Share  
**16.64%**  
-80 bps YoY

### Deposits

**\$46**  
Trillion

Market Share **11.98%**  
+43 bps YoY

#### Saving Accounts

Market share  
**10.63%**  
YoY Growth +33 bps

#### Checking Accounts

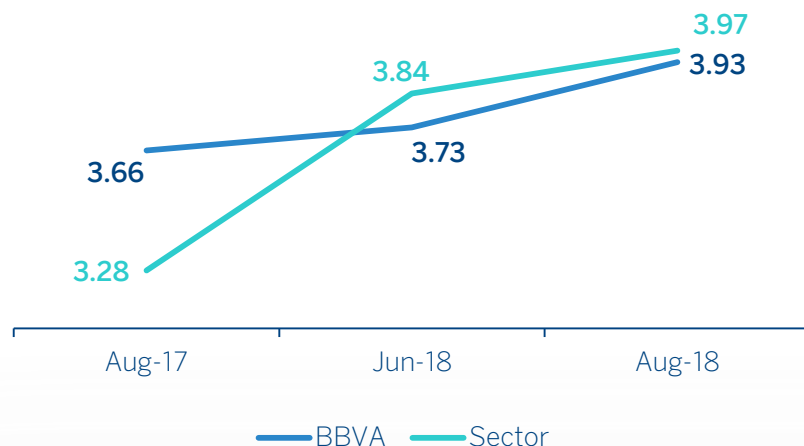
Market share  
**12.57%**  
YoY Growth +27 bps

#### Term Deposits

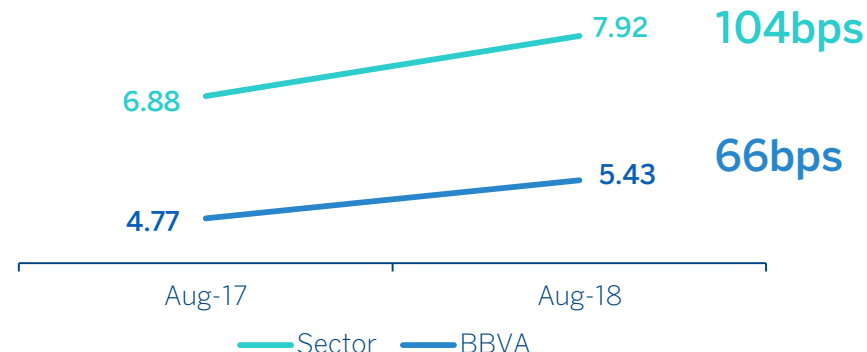
Market share  
**13.74%**  
YoY Growth +64 bps

# NPL Ratios Stayed Below the Sector's Average

NPL (%)\*



NPL + Write-off (%)

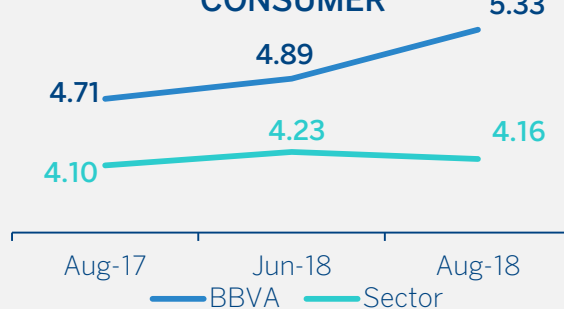


- NPL ratio increased 28 bps yoy, a better performance than the sector
- BBVA Colombia's write-off policies are tighter than the sector

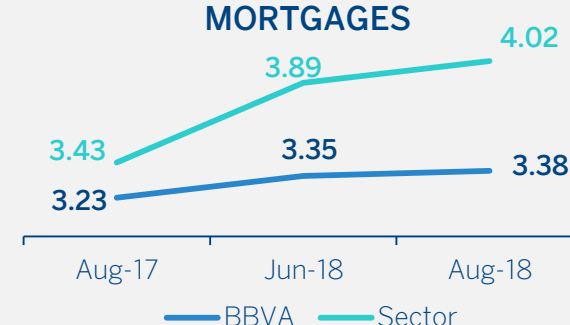
## COMMERCIAL



## CONSUMER



## MORTGAGES



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

Source: SFC

# Consolidated Balance Sheet

Million COP

	3Q17	2Q18	3Q18	Var TAM	
				abs	%
Cash and cash equivalents	4,802,052	4,951,806	5,233,422	431,370	9.0
Investments	5,528,174	7,677,266	7,398,935	1,870,761	33.8
Derivative Financial Instruments and Cash Operations	709,668	758,997	781,680	72,012	10.1
Gross Loan Portafolio and Leasing	42,258,074	44,854,297	44,949,470	2,691,396	6.4
Provision for credit losses	-1,735,799	-2,498,435	-2,656,066	-920,267	53.0
Other	1,985,223	2,259,896	2,361,918	376,695	19.0
<b>Assets</b>	<b>53,547,391</b>	<b>58,003,827</b>	<b>58,069,359</b>	<b>4,521,968</b>	<b>8.4</b>
Deposits	42,031,349	46,333,626	46,107,461	4,076,112	9.7
Money Market Operations	785,031	506,161	363,076	-421,955	-53.8
Financial instruments at fair value	845,439	890,283	942,900	97,461	11.5
Banks and other financial obligations	1,782,546	2,128,343	2,329,938	547,392	30.7
Investment in debt securities	2,281,293	2,241,006	2,162,141	-119,152	-5.2
Liabilities by deferred tax	265,046	273,047	376,319	111,273	42.0
Estimated liabilities and provisions	239,853	297,176	273,108	33,255	13.9
Payable accounts	621,882	619,068	627,916	6,034	1.0
Labor Obligations	210,151	198,604	228,484	18,333	8.7
Other Liabilities	222,740	227,674	216,427	-6,313	-2.8
<b>Liabilities</b>	<b>49,285,330</b>	<b>53,714,988</b>	<b>53,627,770</b>	<b>4,342,440</b>	<b>8.8</b>
Paid-in Capital	89,779	89,779	89,779	-0.2	-0.0
Reserves	2,536,282	2,764,985	2,764,985	228,703	9.0
Surplus	1,306,873	1,061,745	1,055,772	-251,101	-19.2
Net Profit for the period	329,128	372,330	531,053	201,925	61.4
<b>Stockholder's Equity</b>	<b>4,262,063</b>	<b>4,288,839</b>	<b>4,441,589</b>	<b>179,526</b>	<b>4.2</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>53,547,391</b>	<b>58,003,827</b>	<b>58,069,359</b>	<b>4,521,968</b>	<b>8.4</b>



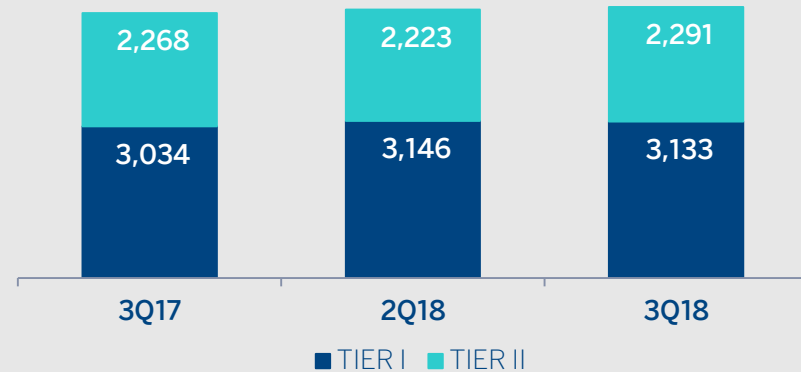
3

Solvency

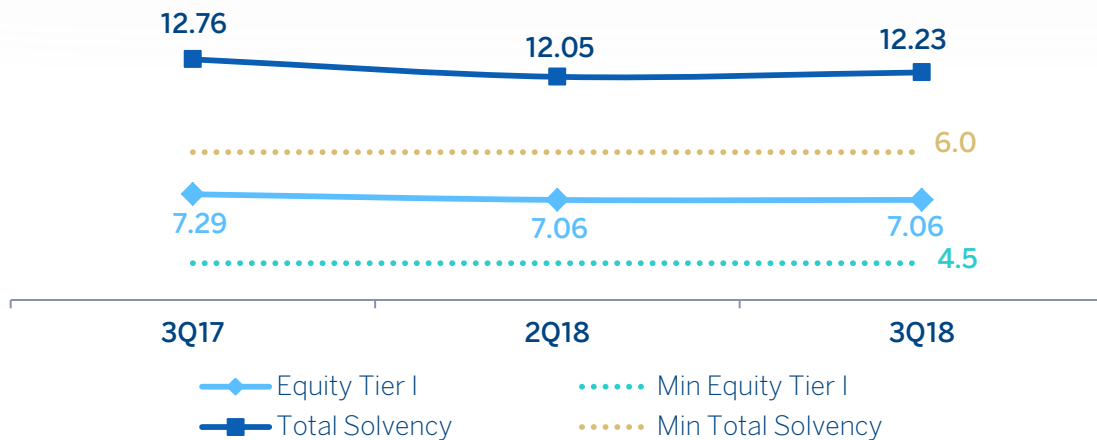
# Capital Adequacy

**Strong**  
Capital Position

Billion of COP



## Evolution of the capital ratio %



**323 bps**  
Above the Minimum  
Regulatory Level

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**BBVA Colombia S.A.**



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# Annex

# Main Macroeconomic Variables

## Macroeconomic Forecast

	2014	2015	2016	2017	2018	2019
<b>GDP (% YoY)</b>	<b>4.7</b>	<b>3.0</b>	<b>2.0</b>	<b>1.8</b>	<b>2.6</b>	<b>3.3</b>
Private Consumption (% YoY)	4.6	3.1	1.4	1.8	2.8	3.6
Public Consumption (% YoY)	4.7	4.9	1.8	4.0	4.4	2.4
Investment (% YoY)	11.8	(1.2)	0.3	0.6	0.3	5.6
<b>Inflation (% YoY, eop)</b>	<b>3.7</b>	<b>6.8</b>	<b>5.7</b>	<b>4.1</b>	<b>3.3</b>	<b>3.0</b>
<b>Inflation (% YoY, average)</b>	<b>2.9</b>	<b>5.0</b>	<b>7.5</b>	<b>4.3</b>	<b>3.3</b>	<b>2.8</b>
<b>Exchange rate (eop)</b>	<b>2,392</b>	<b>3,149</b>	<b>3,001</b>	<b>2,984</b>	<b>2,880</b>	<b>2,900</b>
<b>Depreciation (% eop)</b>	<b>24.2</b>	<b>31.6</b>	<b>(4.7)</b>	<b>(0.6)</b>	<b>(3.5)</b>	<b>0.7</b>
<b>Exchange rate (average)</b>	<b>2,001</b>	<b>2,742</b>	<b>3,055</b>	<b>2,951</b>	<b>2,834</b>	<b>2,918</b>
<b>Depreciation (% eop)</b>	<b>7.1</b>	<b>37.0</b>	<b>11.4</b>	<b>(3.4)</b>	<b>(4.0)</b>	<b>3.0</b>
<b>BanRep Rate (% eop)</b>	<b>4.50</b>	<b>5.75</b>	<b>7.50</b>	<b>4.75</b>	<b>4.25</b>	<b>4.50</b>
<b>DTF Reference Rate (% eop)</b>	<b>4.3</b>	<b>5.2</b>	<b>6.9</b>	<b>5.3</b>	<b>4.6</b>	<b>4.8</b>
<b>Central Gvt. Fsical Bal. (% of GDP)</b>	<b>(2.4)</b>	<b>(3.0)</b>	<b>(4.0)</b>	<b>(3.6)</b>	<b>(3.1)</b>	<b>(2.4)</b>
<b>Current Account (% of GDP)</b>	<b>(5.2)</b>	<b>(6.5)</b>	<b>(4.4)</b>	<b>(3.3)</b>	<b>(2.8)</b>	<b>(3.3)</b>
<b>Urban Unemployment Rate (% eop)</b>	<b>9.3</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>10.0</b>	<b>9.5</b>

Source: Banco de la Republica, DANE, BBVA Research



# Consolidated Income Statement of the Quarter

Million COP

	3Q17	2Q18	3Q18	Var TAM	
				abs	%
Loan Portfolio	1,172,451	1,186,413	1,173,219	768	0.1
Interest Expense	(522,244)	(515,414)	(516,239)	6,005	(1.1)
<b>Net interest income</b>	<b>650,208</b>	<b>670,999</b>	<b>656,980</b>	<b>6,772</b>	<b>1.0</b>
<b>Net commission income</b>	<b>58,090</b>	<b>140,309</b>	<b>85,405</b>	<b>27,315</b>	<b>47.0</b>
Investment Portfolio	106,052	96,706	98,224	(7,828)	(7.4)
Dividends	81	125	263	182	225.6
Other Incomes	15,119	22,784	22,705	7,586	50.2
<b>Other operating income</b>	<b>121,252</b>	<b>119,615</b>	<b>121,192</b>	<b>(60)</b>	<b>(0.0)</b>
<b>Gross margin</b>	<b>829,550</b>	<b>930,923</b>	<b>863,577</b>	<b>34,027</b>	<b>4.1</b>
<b>Net Asset Allocation</b>	<b>(373,092)</b>	<b>(258,679)</b>	<b>(191,686)</b>	<b>181,406</b>	<b>(48.6)</b>
<b>Administration General Expenses</b>	<b>(397,871)</b>	<b>(379,051)</b>	<b>(386,682)</b>	<b>11,189</b>	<b>(2.8)</b>
Personal Expenses	(137,633)	(143,192)	(140,458)	(2,825)	2.1
General Expenses	(90,212)	(86,678)	(94,417)	(4,205)	4.7
Taxes	(33,697)	(30,729)	(31,274)	2,423	(7.2)
Other	(135,016)	(116,347)	(117,810)	17,206	(12.7)
Operational Risk	(1,313)	(2,105)	(2,723)	(1,410)	107.3
<b>Non-interest expenses</b>	<b>(770,963)</b>	<b>(637,730)</b>	<b>(578,368)</b>	<b>192,595</b>	<b>(25.0)</b>
Minority Interest	(335)	(484)	(421)	(86)	25.8
<b>Income before tax</b>	<b>58,252</b>	<b>292,709</b>	<b>284,788</b>	<b>226,536</b>	<b>388.9</b>
Income Tax	17,300	(81,042)	(126,065)	(143,365)	(828.7)
<b>Net profit</b>	<b>75,552</b>	<b>211,668</b>	<b>158,722</b>	<b>83,170</b>	<b>110.1</b>

# Individual Balance Sheet

Million COP

	3Q17	3Q17 Adjustment	3Q18	Var TAM	
				abs	%
Cash	3,420,312	3,420,312	2,767,226	-653,086	-19.1
Active Positions in monetary market	1,374,349	1,374,349	2,460,482	1,086,133	79.0
Investment Securities & Derivatives	6,315,276	6,315,276	8,318,944	2,003,668	31.7
Loan Portfolio and Leasing Operations	42,066,154	42,066,154	44,949,470	2,883,316	6.9
Impairment	-2,159,345	-2,159,345	-2,824,216	-664,871	30.8
Other Assets	2,461,727	1,900,405	1,909,811	9,406	0.5
<b>Total Assets</b>	<b>53,478,473</b>	<b>52,917,150</b>	<b>57,581,716</b>	<b>4,664,566</b>	<b>8.8</b>
Deposits and Financial Claims	44,383,955	44,383,955	48,333,041	3,949,086	8.9
Passive Positions in monetary market	785,031	785,031	363,098	-421,933	-53.7
Financial Instruments at Fair Value	845,439	845,439	942,900	97,461	11.5
Banks And Other Financial Obligations	1,782,546	1,782,546	2,329,938	547,392	30.7
Accounts payable	969,013	589,836	758,032	168,195	28.5
Labor obligations	207,603	207,603	225,753	18,150	8.7
Other Liabilities	462,245	462,245	448,753	-13,492	-2.9
<b>Total Liabilities</b>	<b>49,435,833</b>	<b>49,056,656</b>	<b>53,401,514</b>	<b>4,344,858</b>	<b>8.9</b>
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	1,120,518	953,927	917,590	-36,337	-3.8
Gains or Losses	296,565	281,012	408,354	127,343	45.3
<b>Stockholder's Equity</b>	<b>4,042,640</b>	<b>3,860,495</b>	<b>4,180,203</b>	<b>319,708</b>	<b>8.3</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>53,478,473</b>	<b>52,917,150</b>	<b>57,581,716</b>	<b>4,664,566</b>	<b>8.8</b>

# Our Bank...

September 2018

## ATM's



**1.343**

YoY Growth  
variation  
-0.52%

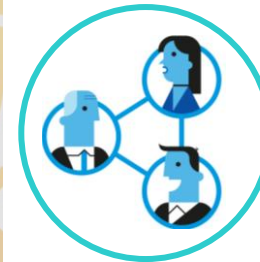
## Branch Offices



**552**

YoY Growth  
variation  
+3.56%

## Employees



**5.176**

YoY Growth  
variation  
-2.60%

## Banking Agents

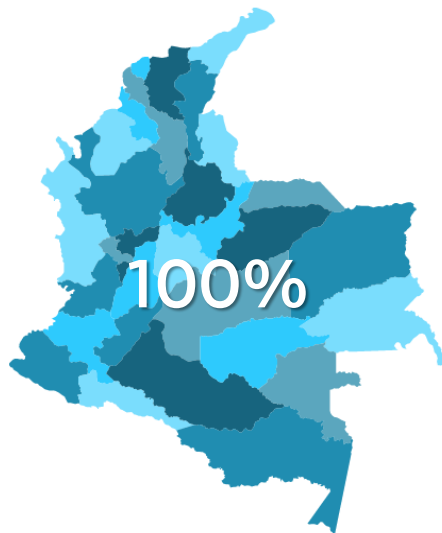


**5.854**

YoY Growth  
variation  
+0.48%

# Participation in Colombia

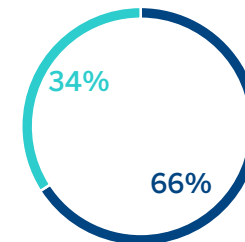
**BBVA**



Focused on the Local Market

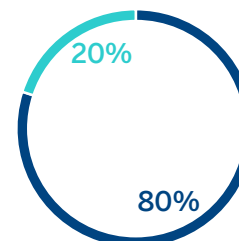
**Sector**

**Peer 1**



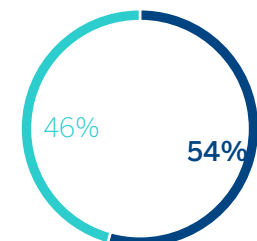
■ Col ■ Central America

**Peer 2**



■ Col ■ Central America

**Peer 3**



■ Col ■ Central America

Source: Annual Report of each bank, September 2017