

BBVA

BBVA Colombia

“Working for a better future for people”

BBVA COLOMBIA



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A professional woman with dark hair pulled back, wearing a white collared shirt and a dark blue blazer, is smiling warmly at the camera. The background is a blurred office setting with other people. Overlaid on the left side of the image is the BBVA Group logo, consisting of a large blue number '1' followed by the text 'BBVA' and 'GROUP' in a blue, sans-serif font.

**1 BBVA
GROUP**

BBVA: A global financial group, recurrent and in expansion



607 Billion
assets

50 million
customers

31 Countries

7,688
branches

20,282
ATMs

113,293
employees

155 years experience
in banking

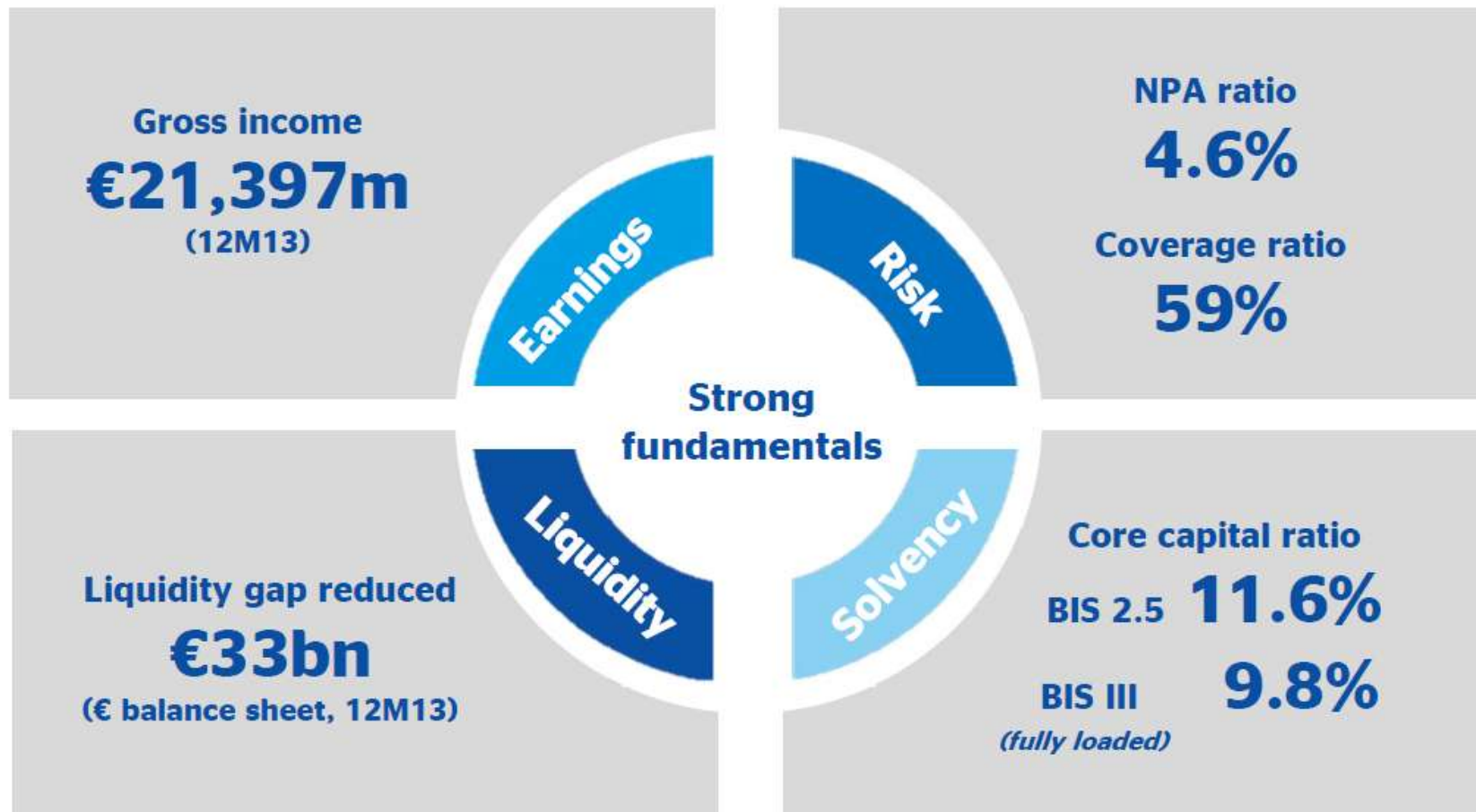
Customer centric Model

Leadership in main markets

Highlights

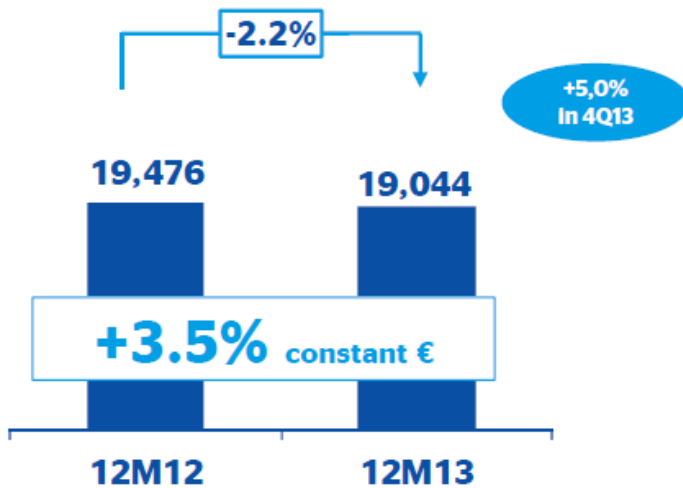


Highlights

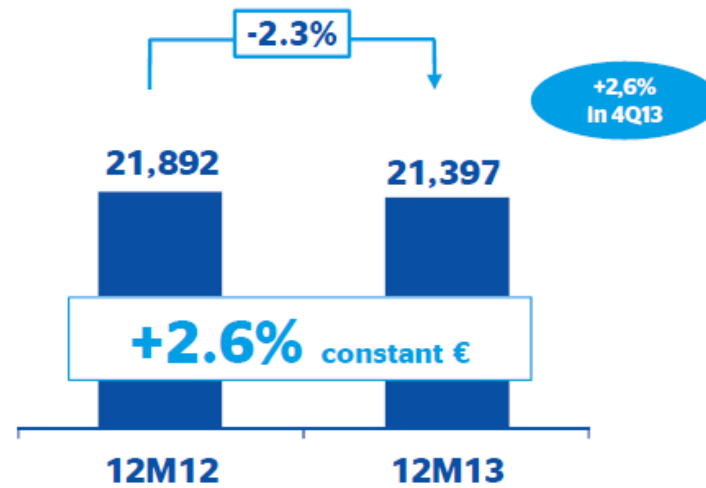


Earnings: strength and recurrence of revenue despite environment ...

Net interest income + fee income
€m



Gross income
€m



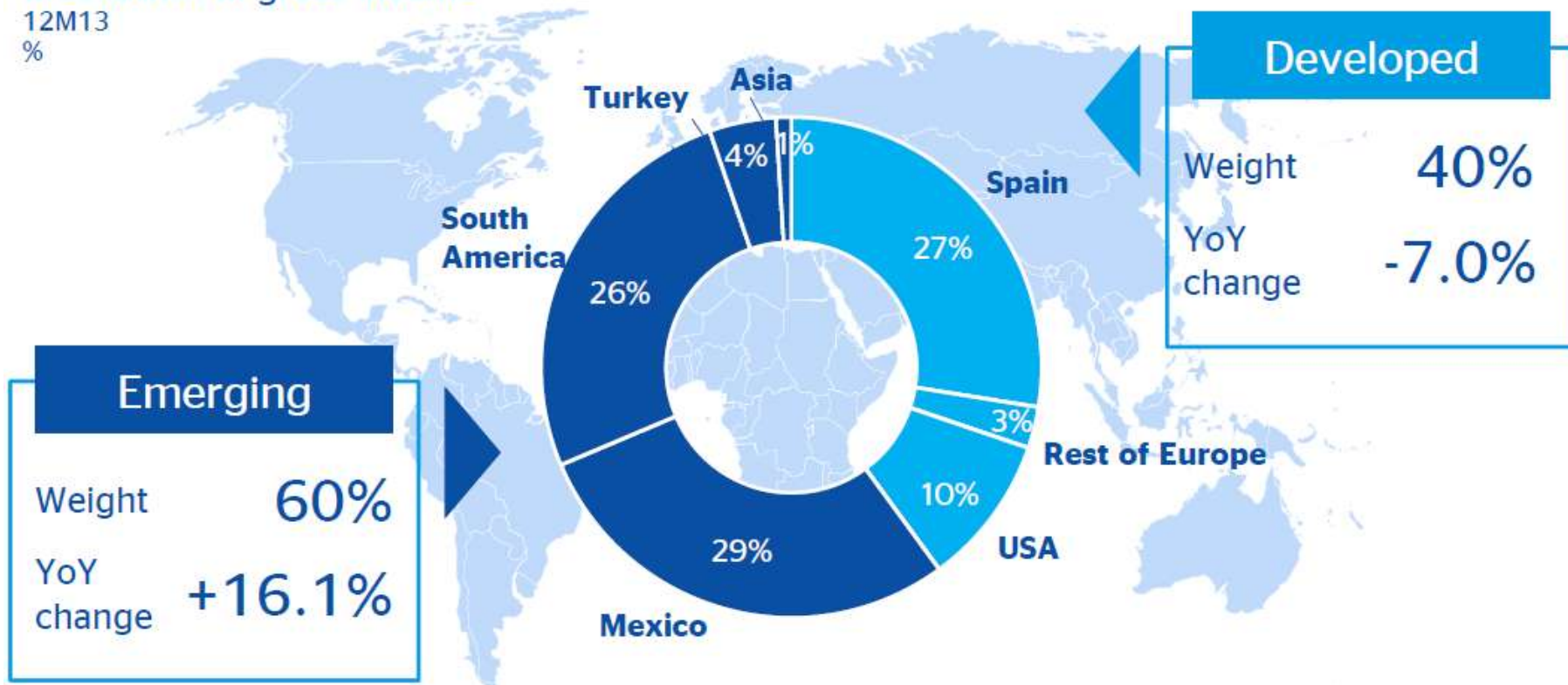
Recurring revenue is growing

... strongly supported by diversification ...

Breakdown of gross income

12M13

%



Driven by emerging markets

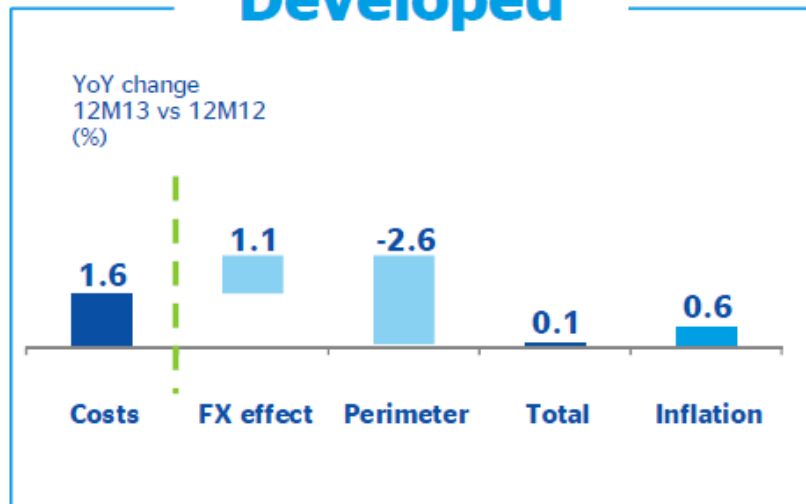
... and cost management adapted to each region ...

Costs
12M13 vs 12M12

+3.8%
Current €

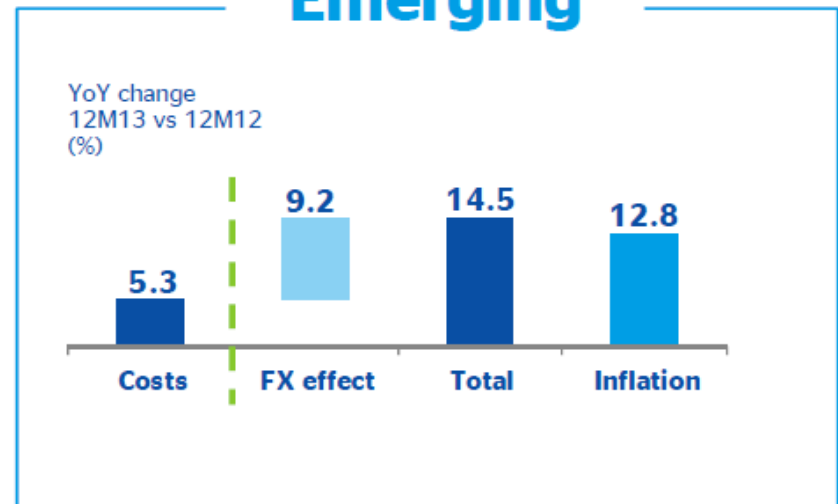
(+8.4%)
Constant €

Developed



- Costs contained
- Perimeter effect

Emerging

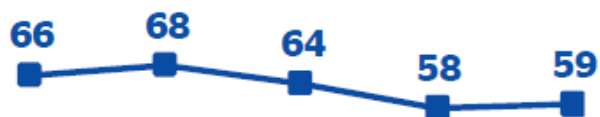


- Investment for the future
- Exposure to inflationary economies

Risk: Spain is still in the spotlight

Indicators

Coverage ratio (%)



NPA ratio (%)



Dec. 12 Mar. 13 Jun. 13 Sept. 13 Dec. 13

Cum. risk premium

1.2%

1.4%

1.4%

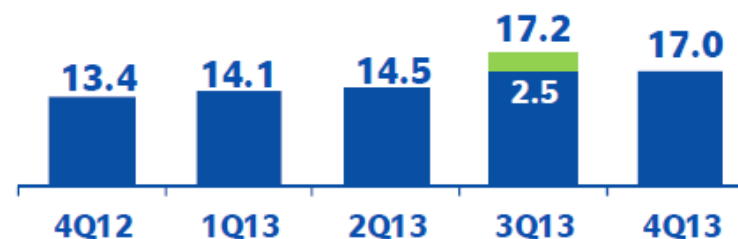
1.6%

1.5%

NPAs

NPAs
€bn

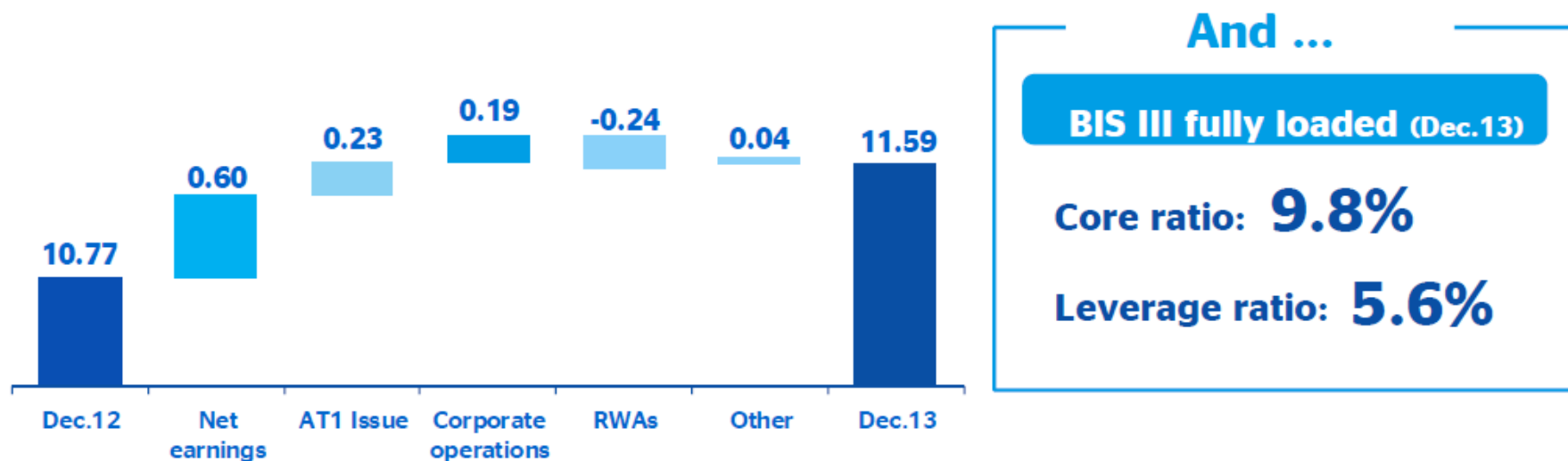
■ Refinancing



Improved trend in new NPAs entries: moving towards normal conditions

Capital: strength and capital generation

Core capital ratio (BIS 2.5)
(%)



Comfortable capital position

Once again ...

Solid earnings (12M13)

Strong revenues

€21bn

Diversified revenues

60%
Emerging

Net attributable profit

€2.2bn

Strong structure (12M13)

Solvency

BIS 2.5	BIS III <small>fully loaded</small>	Leverage ratio
11.6%	9.8%	5.6%

Liquidity

▽ **liquidity gap**
€33bn

Risk

NPA ratio	Coverage ratio
4.6%	59%



2 BBVA COLOMBIA



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For BBVA Research, the expectations are positive

We expect that on 2014 the Government will use the investment as an adjustment variable for the fiscal rule compliance.

Employment: indicators are stable, despite the deceleration

A change on the monetary policy is expected on the second quarter of the 2014.

Consumer inflation would be below 3% in 2014

Forecast: 4.7% GDP growth on 2014.

Political environment: 2014 elections and legal stability (Courthouse and legislative changes) could affect the banks results.

BBVA's decentralized model

Centralized model: Branch office

One The Headquarters and the branches are managed as one unit.

- Complete responsibility of the Headquarters in the committees
- Legally connected entities

Two **Free cash flow:**
Centralized funded to maximize the economies of scale.

Three **Centralized management of the capital**

Investment Banking

Decentralized model: Subsidiaries.

One **Headquarter and subsidiaries completely independent**

- Separate legal entities
- Headquarters has no obligation to respond for the subsidiary

Two **Subsidiary is 100% self - sufficient:**
Funded under its own brand and rating.

Three **Self – capital management**
Each Subsidiary manage its instruments independently.

Retail Banking

The BBVA's model: "Global thinking, local action"

Advantages of the decentralized BBVA model in capital and liquidity

Barriers between the Headquarter and subsidiaries

- ✓ Natural protection in crisis situations
- ✓ Limited contagion risk



Resistance during the crisis situation

Local regulation/ Headquarter supervision and control

- ✓ Subsidiaries subject to local supervision and required regulations
- ✓ Subsidiaries follow global group policies on liquidity and capital management.



Clarity and responsibility in the markets through the thel Know how

Local risk/ Market price

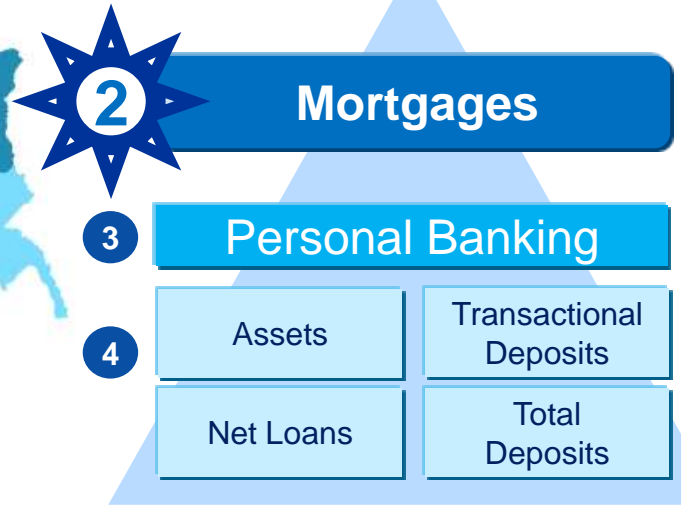
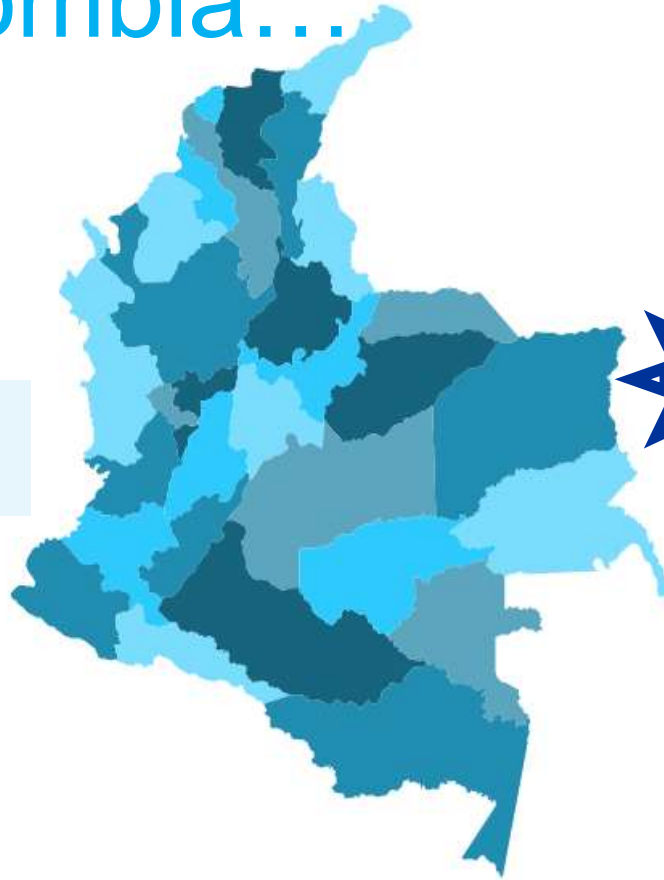
- ✓ Insta – group transactions are made under strict market conditions.
- ✓ Prevention of unfair growth based on preferred head office (matrix) price, avoding price distortion.



Market discipline.
Right incentives

BBVA Colombia...

Presence in Colombia
since 1996

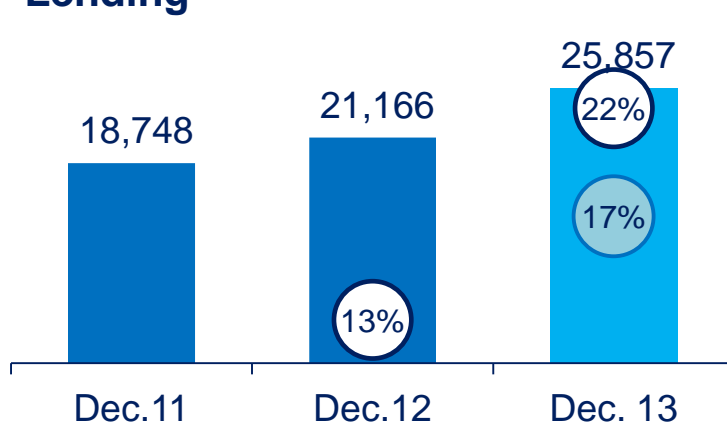


34.8 Billion Assets **4** Million customers **468** Branches **1.125** ATMs **5.359** Employees

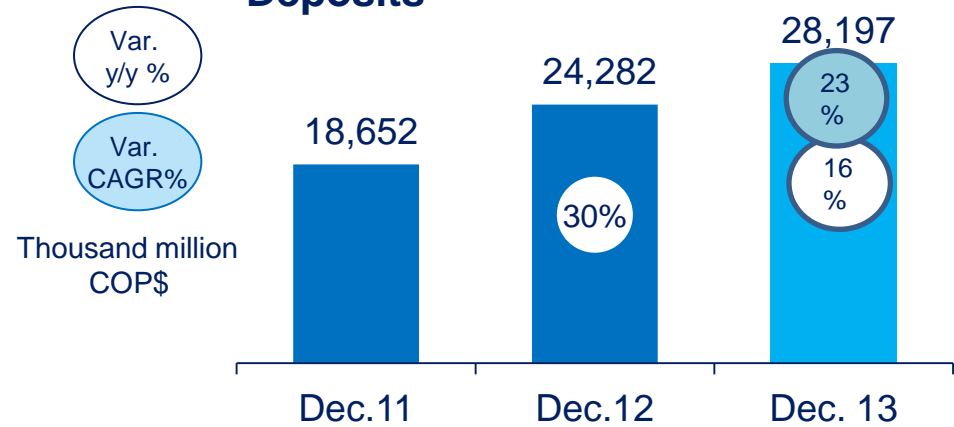
... Committed with the development of the Country.

High growth in activities and results on BBVA Colombia.

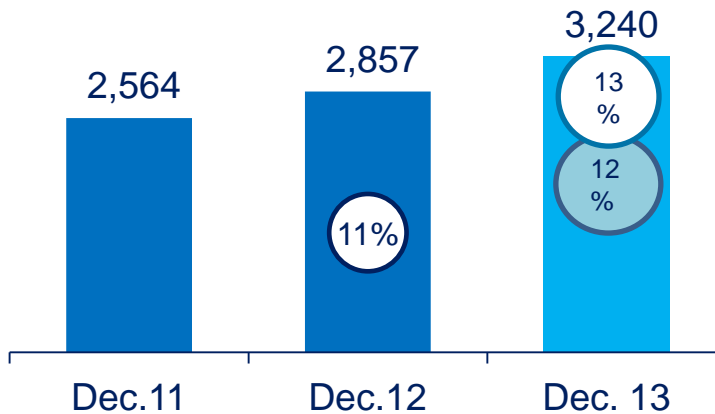
Lending



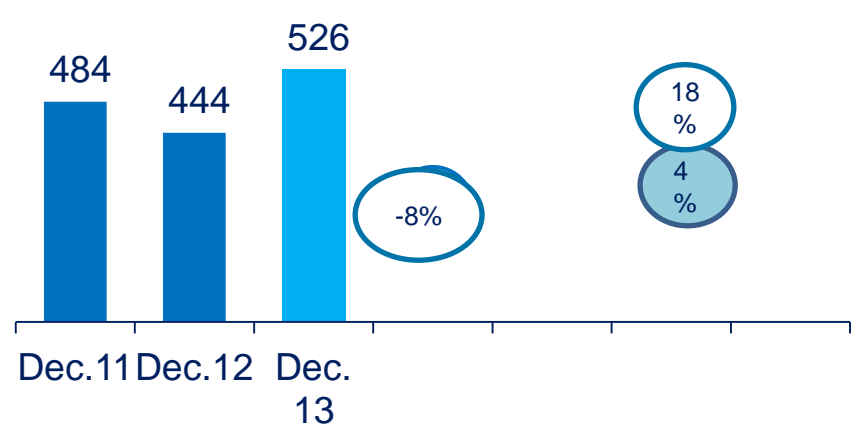
Deposits



Equity



Net Benefit



Strength in retail activity

Lending

Thousand million COP\$	Dec. 13	Dec. 12	Var. 13/12
Consumption	7,625	6,348	20%
Credit Cards	1,108	982	13%
Mortgages	6,208	5,085	22%
Commercial	10,915	8,751	25%
Total lending	25,857	21,166	22%

Clients Deposits

Thousand million COP\$	Dec. 13	Dec. 12	Var. 13/12
Checking accounts	4,687	3,615	30%
Savings	15,514	13,876	12%
Term Deposits	7,630	6,471	18%
Others	366	320	14%
Total Deposits	28,197	24,282	16%

Market share – Lending (%)

Cuota	Dec-13	Var. TAM (pb)
Consumption	13.28	+86
Credit Cards	6.62	+12
Mortgages	18.62	-2
Commercial	6.85	+71
Total lending	9.83	+69
Individuals	14.43	+44
Consumption + CC	11.88	+73

Market share – Deposits (%)

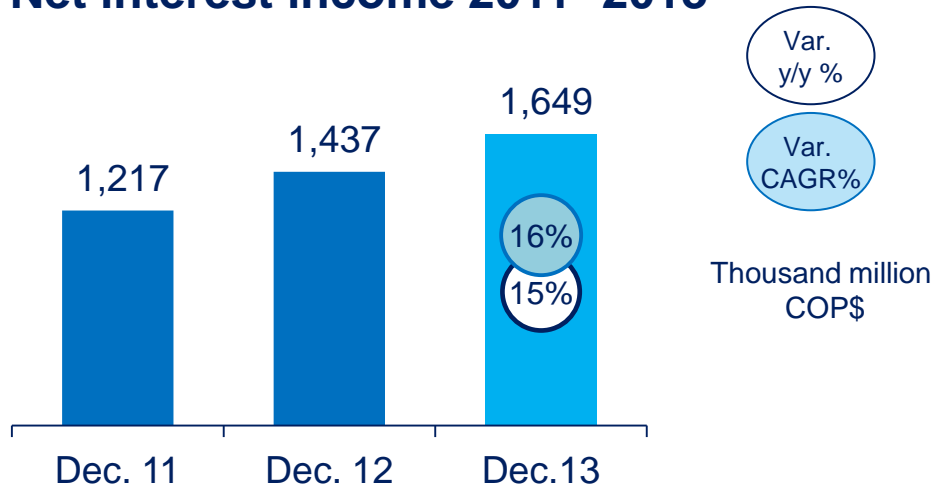
Cuota	Dec-13	Var. TAM (pb)
Checking accounts	10.03	+89
Savings	12.01	-65
Term Deposits	10.27	+64
Total Deposits	10.92	+8

Good situation of the Bank in relation on the maturity of bonds.

	TYPE	DATE	TERM	NOMINAL VALUE	EXPIRATION DATE	Int. Rates of
IPC / 1	Ordinary Bonds - 2008 - 04 Aug-09	26-Aug-08	6 years	43,110	26/08/2014	IPC+ 4.58%
	Ordinary Bonds - 2008 - 04 Aug-09	26-Aug-08	11 years	155,000	26/08/2019	IPC + 5.69%
	Ordinary Bonds - 2009 - 29 Sept - 10	29-Sep-10	5 years	33,600	29/09/2015	IPC + 3.05%
	Ordinary Bonds - 2009 - 29 Sept - 10	29-Sep-10	7 years	134,050	29/09/2017	IPC + 3.70%
	Subordinated Bonds - 2011 - 19 Sep - 18	19-Sep-11	7 years	102,000	19/09/2018	IPC + 4.28%
	Subordinated Bonds - 2011 - 19 Sep - 21	19-Sep-11	10 years	106,000	19/09/2021	IPC + 4.45%
	Subordinated Bonds - 2011 - 19 Sep - 26	19-Sep-11	15 years	156,000	19/09/2026	IPC + 4.70%
	Subordinated Bonds 2013 - 19 Feb 2013	19-Sep-11	10 years	200,000	19/02/2023	IPC + 3.60%
	Subordinated Bonds 2013 - 19 Feb 2014	19-Sep-11	15 years	165,000	19/02/2028	IPC + 3.89%
Total Bonds (IPC)				1,094,760		

Recurrent benefit creation.

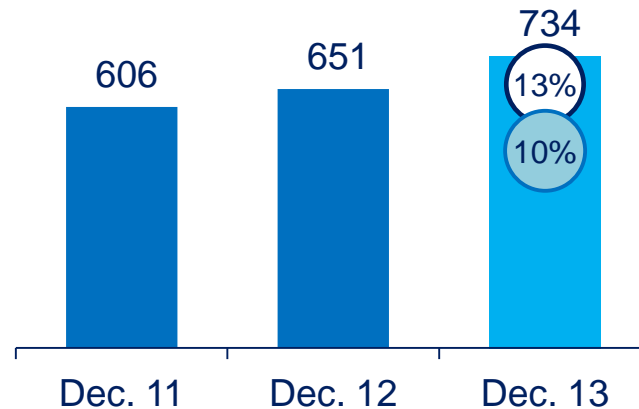
Net interest income 2011 -2013



Gross margin 2011 -2013



Net margin 2011 -2013

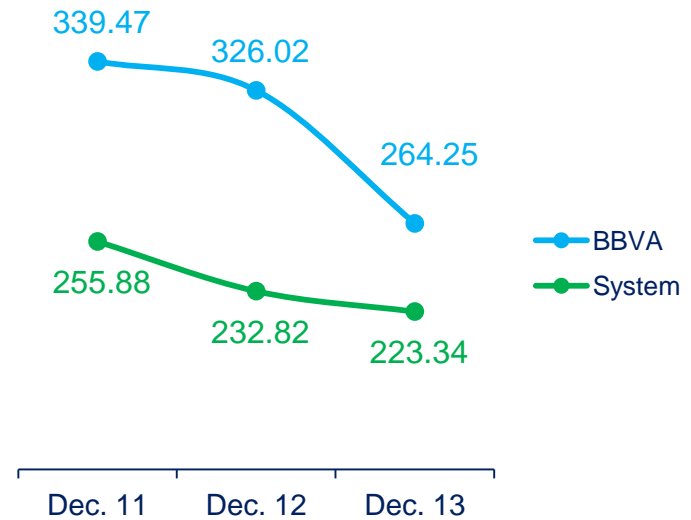


Outstanding growth with the best quality ratios...

**NPL ratio
2011 -2013**
(%)

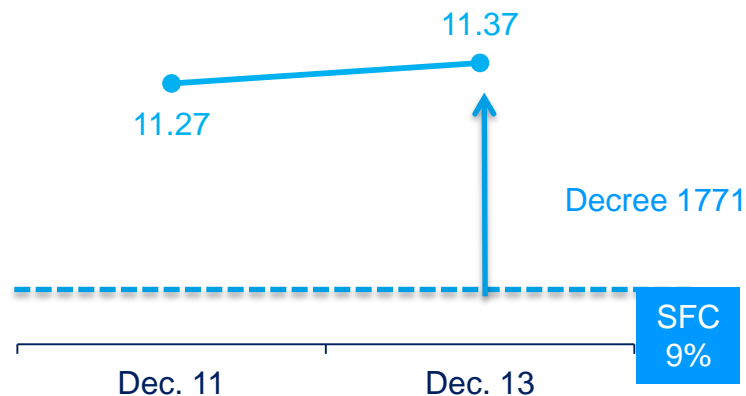


**Coverage NPL ratio
2011 -2013**
(%)

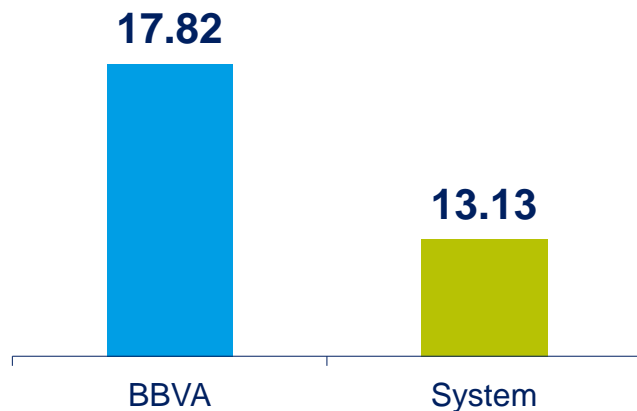


Comfortable levels in Solvency, focused on profitability

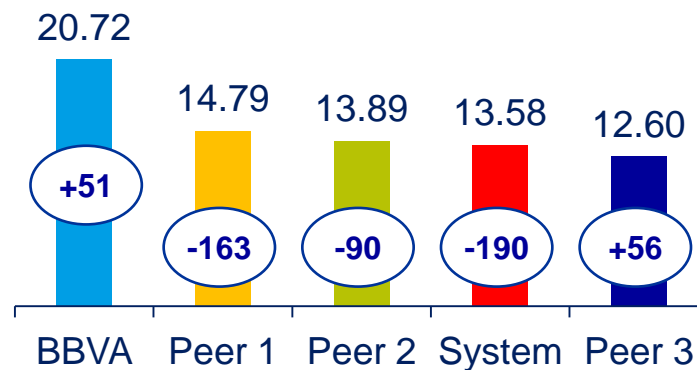
Solvency ratio
December 2013 (%)



ROE BBVA vs. System
Dec.13 (%)



ROE Ex – Goodwill Peer Group
Dec.13 (%)



Ratings – BBVA Colombia

Internationals	Fitch	Moody's
Long term FX	BBB-	Baa3
Short term FX	F2	P3
Long term ML	BBB	Baa2
Short term ML	F2	P3

Outstanding...

- Increasing importance of the BBVA Colombia's strategy on the global BBVA Group, because the good performance
- The viability ratings has improved, by the success efforts of the bank, in the improvement of the assets quality , increased profitability , reserves and capital, which provides solidity

BBVA Colombia has the highest qualification on grade investment

Locals

Fitch Ratings Colombia S.A.	Calificación
Long term ML	AAA
Short term ML	F1+ col



In Summary

Subsidiary Model (Headquarter Know How.)

Business Model based on sustained and recurrent revenues creation.

Healthy growth, with credit quality

Broad levels in solvency, focused on profitability

BBVA

Contact us.

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BBVA Colombia S.A.



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”

2013



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